

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 8918 - Disclosure of Reportable Transactions
OMB Control No. 1545-0865

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) 6111 requires a sub-set of promoters called “material advisors” to disclose information about the promotion of certain types of transactions called “reportable transactions.”

A material advisor is a person who provides any material aid, assistance, or advice with respect to organizing, managing, promoting, selling, implementing, insuring, or carrying out any “reportable transaction”, and who directly or indirectly derives gross income in excess of the following threshold amounts (IRC 6111(b)(1), 6112(a)):

- Individuals promoting non-listed reportable transactions--\$50,000
- Individuals promoting listed transactions--\$10,000
- Non-individuals (corporations, partnerships, etc.) promoting non-reportable transactions--\$250,000
- Non-individuals promoting listed transactions--\$25,000

TD 9351 (72 F.R. 43154), published August 3, 2007, contains final regulations under section 6111 of the Internal Revenue Code that provide the rules relating to the disclosure of reportable transactions by material advisors. These regulations affect material advisors responsible for disclosing reportable transactions under section 6111 and material advisors responsible for keeping lists under section 6112.

TD 9556 (76 F.R. 70340), published November 14, 2011, contains final regulations that provide rules relating to the disclosure of listed transactions and transactions of interest with respect to the generation-skipping transfer tax under section 6011 of the Internal Revenue Code (Code), conforming amendments under sections 6111 and 6112, and rules relating to the preparation and maintenance of lists with respect to reportable transactions under section 6112.

Material advisors to any reportable transaction must disclose certain information about the reportable transaction by filing a Form 8918 with the IRS. Material advisors who file a Form 8918 will receive a reportable transaction number from the IRS. Material advisors must provide the reportable transaction number to all taxpayers and any material advisors they advised.

Generally, a Material Advisor must maintain a list identifying each entity or individual with respect to whom the advisor acted as a Material Advisor with respect to a reportable transaction. A separate list must be prepared and maintained for each transaction or group of substantially similar transactions. This list must be maintained for 7 years

following the earlier of the date on which the Material Advisor last made a tax statement relating to the transaction, or the date the transaction was last entered. Form 13976, Itemized Statement Component of Advisee List (approved under OMB control number 1545-1686) may be used by Material Advisors for preparing and maintaining lists. Taxpayers are not required to submit this list with the filing of the Form 8918; however, the IRS may make a written request for this information. If taxpayers receive this request, they are required to fulfill the request within 20 business days or be subject to a penalty of \$10,000 for each day they are late.

2. USE OF DATA

The information is used by the IRS to monitor these reportable transactions in order to identify and deter participation and promotion of abusive tax transactions. A material advisor can be an individual, trust, estate, partnership, or corporation.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 8918 is currently available.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

1. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

This information collection will not have a significant economic impact on small businesses or other small entities.

2. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Consequences of less frequent collection would result in the IRS being unable to monitor compliance with the Federal tax rules related to Form 8918, thereby jeopardizing the ability of the IRS to meet its mission.

3. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON

AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

In response to the *Federal Register* notice dated July 3, 2025 (90 FR 29627), we received no comments during the comment period regarding Form 8918.

1. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

2. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

3. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Business Master File (BMF)” and “Individual Master File (IMF)” systems, and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046 BMF, IRS 34.047 Audit Trail and Security Records, and IRS 24.030 CADE Individual Master File. The Internal Revenue Service PIAs can be found at: <https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

4. ESTIMATED BURDEN OF INFORMATION COLLECTION

Internal Revenue Code (IRC) 6111 requires a sub-set of promoters called “material advisors” to disclose information about the promotion of certain types of transactions called “reportable transactions.” Material advisors who file a Form 8918 will receive a reportable transaction number from the IRS. Material advisors must provide the reportable transaction number to all taxpayers and material advisors for whom the material advisor acts as a material advisor. It is anticipated that there will be 2,279 respondents annually and the per response time would be 16 hours and approximately 30 minutes per respondent.

The burden estimate below covers trust and estate filers, and individual filers. The burden for business filers is covered under 1545-0123.

OMB Collection	Authority	Form	Annual Responses	Hours per Response	Total Burden
IRS 1545-0865	IRC 6111	8918	2,279	16.50	37,627
IRS TOTAL			2,279		37,627

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0865 to these regulations.

1.6001-1 301.6111-1 301.6111-2 301.6112-1
301.6707-1 301.6708-1

5. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start-up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>	<u>Printing and Distribution</u>	<u>Government Cost Estimate per Product</u>
Form 8918	\$20,013	\$0	\$20,013
Form 8918 Instructions	\$5,003	\$0	\$5,003
Grand Total	\$25,016	\$0	\$25,016

15. REASONS FOR CHANGE IN BURDEN

There are no changes to the previously approved information collection.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the collection sunsets as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.