

SUPPORTING STATEMENT
Internal Revenue Service
Form 1099-S, Proceeds from Real Estate Transactions
OMB Control Number 1545-0997

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 6045(e) and the related Treasury Regulations require persons treated as real estate brokers to submit an information return (Form 1099-S) to the Internal Revenue Service (IRS) to report the gross proceeds from real estate transactions.

2. USE OF DATA

The reporting requirements that Internal Revenue Codes § 6045(e) places on persons treated as real estate brokers allows the IRS to verify compliance with the reporting rules and to verify that the recipient has included the proper amount of income on his or her tax return to comply with the Internal Revenue Code.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing on Form 1099-S.

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.

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

Small businesses should not be disadvantaged as the form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service.

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

A less frequent collection will not enable the IRS to verify that real estate sales are being properly reported in accordance with Internal Revenue Code § 6045(e) and would therefore hinder the ability of the IRS to meet its mission.

7. 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 16, 2025 (90 FR 32115) we received no comments during the comment period regarding Form 1099-S.

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

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

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

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Information Returns Master-file (IRMF)" and "Information Returns Processing (IRP)" systems. A Privacy Act System of Records notice (SORN) has been issued for these systems under Treasury/IRS 22.061–Information Return Master File (IRMF); Treasury/IRS 24.030–Customer Account Data Engine Master File; and Treasury IRS 34.037–IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/privacy-disclosure/privacy-impact-assessments-pia>.

Title 26 U.S.C. 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 taxpayer identifying numbers in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
6045(e)	Form 1099-S	5,450,400	1	5,450,400	.16	872,064
Totals		5,450,400		5,450,400		872,064

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0997 to these regulations.

1.6045-3 1.6045-4

We have reviewed the above regulations and have determined that the reporting requirements contained in them are entirely reflected on Form 1099-S. The justification appearing in item 1 of the supporting statement applies to both these regulations and to Form 1099-S.

13. 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	\$ 100,970	+	\$ 22,150	=	\$ 123,120
Form Instructions	\$ 12,621	+	\$ 641	=	\$ 13,262
Grand Total	\$113,591	+	\$ 22,971	=	\$136,382
Table costs are based on 2023 actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

There are no material changes in the paperwork burden previously approved by OMB. However, the burden for Form 1099-S has an increase of 1,250,100 of responses and an adjustment increase of 200,016 hours for the total burden.

	Total Approved	Change Due to New Statute	Change Due to Agency Discretion	Change Due to Adjustment in Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	5,450,400	0	0	1,250,100	0	4,200,300
Annual Time Burden (Hr)	872,064	0	0	200,016	0	672,048

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 form expires as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of the 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 for this collection.