

1 SUPPORTING STATEMENT
Internal Revenue Service
U.S. Employment Tax Returns and Related Forms
OMB Control Number 1545-0029

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 6011 & 6012 of the Internal Revenue Code (IRC) require entities to prepare and file employment tax returns quarterly. These forms and related schedules are used by employers to report employee income and other compensation subject to tax as well as to report and disclosure taxes paid.

Regulations section 31.6011(a)-5 explains that every employer is required to make a return for the first calendar quarter in which the employer pays wages, other than wages for agricultural labor, subject to the tax imposed by the Federal Insurance Contributions Act, and is required to make a return for each subsequent calendar quarter (whether or not wages are paid therein) until the employer has filed a final return in accordance with § 31.6011(a)-6. The return or statement shall include therein the information required by the applicable regulations or forms.

OMB clearance for the burden estimate will be requested before the relevant tax filing season but after the IRS has had the opportunity to update its models with prior year data and to make necessary revisions to draft forms (including providing drafts to public for comment) and is sought on an annual basis instead of on the regular 3-year Paperwork Reduction Act (PRA) cycle. Doing so ensures that new and updated forms can be made available for use on a timelier basis.

This information collection request (ICR) covers the actual reporting, recordkeeping, and third-party disclosure burden associated with the forms and their associated schedules listed in Appendix A, and the regulations and agency guidance documents listed in Appendix B.

2. USE OF DATA

The data is used by the IRS to verify that the correct taxes have been paid. The Social Security Administration uses some of the Social Security and Medicare tax data for trust fund accounting and estimating purposes.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for these forms and schedules.

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

The IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency also seeks input regarding the burden estimates from the public via notices and tax product instructions. The forms can be filed electronically, which further reduces any burden to small businesses.

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

Consequences of less frequent collection on federal programs or policy activities could consist of a decrease in the amount of taxes collected by the IRS, inaccurate and untimely filing of tax returns, and an increase in tax violations.

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 August 29, 2025 (90 FR 42302), the IRS received one comment during the comment period for this collection of information.

**Bureau of Economic Analysis (BEA) Comment dated November 14, 2025.
Comment on Forms W-2 and W-3.**

	Summary of Bureau of Economic Analysis comment	Responses
1	BEA strongly supports the continued collection of data by the Internal Revenue Service (IRS) on Forms W-2 and W-3. BEA has periodically used data on wages, tips, and other compensation and on Medicare wages and tips to validate wage and salary estimates from other data sources. Also, the data are used indirectly for estimating government social benefits to persons.	The IRS appreciates the support and comment.

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 U.S.C. 6103.

11. 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)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business 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.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION &

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

PRA Approval of Forms Used by Employers

Under the PRA, OMB assigns a control number to each "collection of information" that it reviews and approves for use by an agency. The PRA also requires agencies to estimate the burden for each collection of information. Burden estimates for each control number are displayed in (1) PRA supporting statement that accompanies collections of information, (2) Federal Register notices, and (3) OMB's database of approved information collections.

This collection includes payroll tax returns and related forms, schedules, attachments, and published guidance used by employers to report and pay their payroll taxes.

RAAS Taxpayer Burden Model for Employer Reporting Burden

Tax compliance burden is defined as the time and money taxpayers spend to comply with their tax filing responsibilities. Time-related activities include recordkeeping, tax planning, gathering tax materials, learning about the law, and completing and submitting the return. Out-of-pocket costs include expenses such as purchasing tax software, paying a third-party preparer, and printing and postage. Tax compliance burden does not include a taxpayer's tax liability, economic inefficiencies caused by sub-optimal choices related to tax deductions or credits, or psychological costs.

The IRS uses the RAAS Taxpayer Burden Model for Employer Reporting Burden (Employer Reporting Burden Model) to estimate the burden experienced by employer taxpayers when complying with Federal tax laws. The model is based on a survey of Tax Year 2022 employer reporting tax return filers that was fielded in 2023. The model is updated annually to account for technical, legislative, and agency adjustments.

The RAAS methodology for estimating burden focuses on the characteristics of activities undertaken by employers in meeting their tax filing obligations. It is based on the primary drivers associated with observed employer reporting burden. These include number of employees, employee turnover, level of compensation, economic activity associated with employment related credits, preparation method,

frequency of filing, and presence of amended Forms W-2. Developments in tax law and changes in the tax forms and instructions are incorporated into the model as appropriate.

Note: Analysis of the survey data indicates that reported out-of-pocket costs for smaller employers likely reflect fees that are paid for more than just federal employment tax reporting services. For example, respondents may be reporting a flat fee paid for a suite of services and they simply do not know how to break out the fee paid for just federal employment tax and W-2-related activities. As a result, the monetized burden could be overstated.

Taxpayer Burden Estimates

Summary results for Fiscal Year 2026 using the Employer Reporting Burden Model estimation methodology are presented below. The data shown are the best forward-looking estimates available for employer reporting tax returns filed for Tax Year 2025. The burden estimates are based on statutory requirements as of November 21, 2025.

Table 1					
Burden Estimates for U.S. Employment Tax Returns and Related Forms, Schedules, Attachments, and Published Guidance					
Fiscal Year 2026					
	Fiscal Year 2025	Program Change due to Technical Adjustment	Program Change due to Legislative Adjustment	Program Change due to Agency Adjustment	Fiscal Year 2026
Number of Respondents	7,408,820	(154,820)	0	0	7,254,000
Time (Hours)	470,000,000	(25,000,000)	0	0	445,000,000
Monetized Time	\$15,420,000,000	(\$200,000,000)	\$0	\$0	\$15,220,000,000
Out-of-Pocket Costs	\$19,870,000,000	(\$300,000,000)	\$0	\$0	\$19,570,000,000
Total Monetized Burden*	\$35,290,000,000	(\$500,000,000)	\$0	\$0	\$34,790,000,000

Source: IRS:RAAS:KDA:BRDN (10-1-2025)

*Total Monetized Burden = Monetized Time + Out-of-Pocket Costs

Note: Reported time and cost burdens are national averages and do not necessarily reflect a "typical" case. Most taxpayers experience lower than average burden, with taxpayer burden varying considerably by taxpayer type.

Tax return data are used to calculate a monetization rate for each employment tax return based on the average wage paid by each firm plus benefits and administrative overhead. A lower bound is set at the federal minimum wage plus employment taxes. An upper bound is set using labor rates from the U.S. Bureau of Labor Statistics (BLS) Occupational and Employment Wage Statistics (OEWS) and the BLS

Employer Costs for Employee Compensation from the National Compensation Survey. Specifically, we use the OEWS 90th percentile for payroll and timekeeping clerks plus the ratio of total compensation to wages and salaries from private industry workers (management, professional, and related occupations) to account for fringe benefits. An additional adjustment accounts for administrative overhead.

The following additional breakouts of average burden are provided for transparency in understanding the average estimated burden experienced by employers.

Table 2						
Estimated Average Burden per Employer by Activity						
Fiscal Year 2026						
	Total Time (Hours)	Recordkeeping Time	Time Spent on W-2 Activities	All Other Time	Out-of-Pocket Costs	Total Monetized Burden
Filers with Form 941	62	18	4	40	\$2,760	\$4,890
Filers with Form 943	54	15	6	33	\$970	\$2,030
Filers with Form 944	24	4	3	18	\$420	\$710

Source: IRS:RAAS:KDA:BRDN (10-1-2025)

Table 3			
Estimated Average Reporting Burden Per Employee			
Fiscal Year 2026			
Table 3A - Average Burden by Number of Forms W-2 Filed			
Number of Forms W-2 Filed	Total Time (Hours)	Out-of-Pocket Costs	Total Monetized Burden
All Employers	11.0	\$440	\$760
1 to 5	15.9	\$620	\$1,070
6 to 10	5.9	\$280	\$480
11 to 25	4.4	\$200	\$350
26 to 50	3.5	\$130	\$250
51 to 100	2.6	\$100	\$190
101 to 250	1.8	\$90	\$160

251 to 500	1.2	\$70	\$120
501 to 1,000	0.7	\$50	\$80
Over 1,000	0.4	\$20	\$30
Table 3B Average Burden by Primary Form Filed			
Form 941	10.9	\$440	\$770
Forms 943	19.1	\$300	\$630
Form 944	11.4	\$220	\$360

Source: IRS:RAAS:KDA:BRDN (10-1-2025)

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The federal government cost estimate for product development is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. These costs do not include any activities such as taxpayer assistance and enforcement.

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. See the attached Government Cost document in the supplementary documents section for more information.

Product	Aggregate Cost per Product (factor applied)	Print & Distribution	Government Cost Estimate per Product
All Forms attached*	\$ 2,797,445	+	\$ 3,036,147
Total			\$ 3,036,147

Table costs are based on 2024 actuals obtained from IRS Chief Financial Office and Media and Publications
 *New product costs will be included in the next collection update.

The government cost estimates for processing tax returns and performing related functions in the Submission Processing Campus(es) includes salaries and benefits only. Other costs such as real estate, programming, recruitment, equipment, and supplies are not included.

Estimated Filers	Processing Cost - Paper Returns*		Processing Cost - Electronic Returns*		Government Cost Estimate
7,254,000	\$ 6,302,497	+	\$ 1,037,402	=	\$ 7,339,898

Total	\$ 7,339,898
*Table costs estimates are based on FY2024 IRS Cost Estimate References.	

The total government cost estimate for this collection is \$ 10,376,045.

15. REASONS FOR CHANGE IN BURDEN

The year-over-year change in burden is analyzed and reported by technical adjustments, legislative adjustments, and agency adjustments.

Changes Due to Technical Adjustment: The majority of the year-over-year change in burden is due to technical changes. The table provided below breaks down the major changes by technical adjustment type.

Updates to FY2025 estimates resulted in a 4.2% decrease in total monetized burden. This net decrease is primarily driven by a revision to FY2025 filer counts.

The Fiscal Year 2026 population adjustments transition the underlying tax data file from Fiscal Year 2025 to Fiscal Year 2026 which includes aging the data for macroeconomic factors and adjusting weights to account for changes in the year-over-year population differences. The Fiscal Year 2026 filer population is forecasted to increase by 39,100 returns. The increase in filer population combined with macroeconomic factors are estimated to increase total monetized burden by 2.9%. The total change to monetized burden includes a 0.5% increase in time burden and a 2.9% increase in out-of-pocket costs.

Altogether, these technical adjustments resulted in a net decrease in total monetized burden of 1.4%. This includes decreases in filer population of 2.1%, in time burden of 5.3%, and in out-of-pocket costs of 1.5%.

Table 4					
Program Change Due to Technical Adjustments					
Fiscal Year 2026					
	Change in Respondents	Change in Time (Hours)	Change in Monetized Time	Change in Out-of-Pocket Costs	Change in Total Monetized Burden*
Fiscal Year 2025 Updates**	(193,920)	(27,000,000)	(\$620,000,000)	(\$850,000,000)	(\$1,470,000,000)
Update to Burden Survey Data and Model	0	0	\$0	\$0	\$0
Projection to Fiscal Year 2026***	39,100	2,000,000	\$420,000,000	\$550,000,000	\$970,000,000

Total Technical Adjustments	(154,820)	(25,000,000)	(\$200,000,000)	(\$300,000,000)	(\$500,000,000)
-----------------------------	-----------	--------------	-----------------	-----------------	-----------------

Source: IRS:RAAS:KDA:BRDN (10-1-2025)

*Change in Total Monetized Burden = Change in Monetized Time + Change in Out-of-Pocket Costs

**Includes updated population counts, macroeconomic adjustments, and updated tax return data

***Includes updated population counts and macroeconomic adjustments

Changes Due to Legislative Adjustment: We assessed the provisions of P.L. 119-21 (One Big Beautiful Bill Act) that come into effect for FY2026 and estimate that while they will likely impact taxpayer burden, the effect is not expected to be significant for this taxpayer segment for this fiscal year. Some provisions, such as Section 70201 No tax on tips and Section 70202 No tax on overtime, while in effect for FY2026, may not have a material impact on burden until FY2027 due to the timing of reporting rules affecting this taxpayer segment.

Changes Due to Agency Adjustment: There were no significant year-over-year Agency changes impacting the burden calculations for this collection.

Table 5						
Burden Estimates for U.S. Employment Tax Returns and Related Forms, Schedules, Attachments, and Published Guidance						
Fiscal Year 2026						
	Requested	Program Change Due to Agency Adjustment	Program Change Due to Legislative Adjustment	Program Change Due to Technical Adjustment	Program Change Due to Potential Violation of the PRA	Previously Approved
Number of Respondents	7,254,000	0	0	(154,820)		7,408,820
Time (Hours)	445,000,000	0	0	(25,000,000)		470,000,000
Monetized Time	\$15,220,000,000	\$0	\$0	(\$200,000,000)		\$15,420,000,000
Out-of-Pocket Costs	\$19,570,000,000	\$0	\$0	(\$300,000,000)		\$19,870,000,000
Total Monetized Burden*	\$34,790,000,000	\$0	\$0	(\$500,000,000)		\$35,290,000,000

Source: IRS:RAAS:KDA:BRDN (10-1-2025)

*Total Monetized Burden = Monetized Time + Out-of-Pocket Costs

Note: Reported time and cost burdens are national averages and do not necessarily reflect a “typical” case. Most taxpayers

experience lower than average burden, with taxpayer burden varying considerably by taxpayer type.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

The intent of this collection is to collect data in areas of income, gains, losses, deductions, credits, and to figure the income tax liability of an employer. There are no plans for the IRS to publish the information collected.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the forms and regulations expire 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.

Appendix-A: Forms and Schedules

Form No.	Form Name
Form CT-1	Employer's Annual Railroad Retirement Tax Return.
Form CT-1X	Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund.
Form CT-2	Employee Representative's Quarterly Railroad Tax Return.
Form SS-8	Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding.
Form W-2	Wage and Tax Statement.
Form W-2 AS	American Samoa Wage and Tax Statement.
Form W-2 C	Corrected Wage and Tax Statement.
Form W-2 GU	Guam Wage and Tax Statement.
Form W-2 VI	U.S. Virgin Islands Wage and Tax Statement.
Form W-3	Transmittal of Wage and Tax Statements.
Form W-3 (PR)	Transmittal of Withholding Statements (Puerto Rican Version).
Form W-3 C	Transmittal of Corrected Wage and Tax Statements.
Form W-3 C (PR)	Transmittal of Corrected Wage and Tax Statements (Puerto Rican Version).
Form W-3 SS	Transmittal of Wage and Tax Statements.
Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return.

Form No.	Form Name
Form 940 SCH A	Multi-State Employer and Credit Reduction Information.
Form 940 SCH R	Allocation Schedule for Aggregate Form 940 Filers.
Form 941	Employer's Quarterly Federal Tax Return.
Form 941 SCH B	Report of Tax Liability for Semiweekly Schedule Depositors.
Form 941 SCH D	Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations.
Form 941 SCH R	Reconciliation for Aggregate Form 941 Filers.
Form 941 X	Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund.
Form 943	Employer's Annual Tax Return for Agricultural Employees.
Form 943 A	Agricultural Employer's Record of Federal Tax Liability.
Form 943 SCH R	Allocation Schedule for Aggregate Form 943 Filers
Form 943 X	Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund.
Form 944	Employer's ANNUAL Federal Tax Return.
Form 944 X	Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund.
Form 945	Annual Return of Withheld Federal Income Tax.
Form 945 A	Annual Record of Federal Tax Liability.
Form 945 X	Adjusted ANNUAL Return of Withheld Federal Income Tax or Claim for Refund.
Form 2032	Contract Coverage Under Title II of the Social Security Act.
Form 2678	Employer/Payer Appointment of Agent.
Form 8027	Employer's Annual Information Return of Tip Income and Allocated Tips.
Form 8027 T	Transmittal of Employer's Annual Information Return of Tip Income and Allocated Tips.
Form 8453 EMP	Employment Tax Declaration for an IRS e-file Return.
Form 8850	Pre-Screening Notice and Certification Request for the Work Opportunity Credit.
Form 8879 EMP	IRS e-file Signature Authorization for Forms 940, 940-PR, 941, 941-PR, 941-SS, 943, 943-PR, 944, and 945.
Form 8922	Third-Party Sick Pay Recap.
Form 8952	Application for Voluntary Classification Settlement Program (VCSP).
Form 8974	Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

Appendix-B: Regulations and Agency Guidance Documents

Treasury Regulations

31.3102-3

31.3121(a)-1

31.3121(b)(19)-1

31.3121(r)-1	31.6001-1 through 6	32.1
31.3121(s)-1(a)	31.6011(a)-1 through 9	32.2
31.3306(C)(18)-1	31.6011(b)-1 and 2	33.3401(a)(6)-1(d)(3)
31.3401(a)(8)(A)(2)	31.6053-1	36.312(1)(10)-3(a)
31.3401(a)(8)(c)(1)	31.6071(a)-1	36.3121(a)(10)-1
31.3401(a)(1)(b)(12)	31.6091-1	36.3121(L)(10)(3)
31.3401(a)-l(b)(12)	31.6109-1 and 2	49.3121(1)(10)-3
31.3401(h)(1)(2)(ii)	31.6205-1	49.6109-1
31.3402(h)(3)-1	31.6302-1,2,3	301.6316-7
31.3404-1	31.6413(a)-1 and 2	301.9100-2 and 3
31.3504-1(a)	31.6414-1(a)	601.401(a)

Document	Title
Announcement 2000-19	Tip Reporting Alternative Commitment (TRAC) agreement for use in industries other than the food and beverage industry and the cosmetology and barber industry in which tipped employees receive both cash and charged tips.
Announcement 2000-20	Tip Reporting Alternative Commitment (TRDA) for use in industries other than the food and beverage industry and the gaming industry.
Announcement 2000-21	Tip Reporting Alternative Commitment (TRAC) Agreement for Use in the Cosmetology and Barber Industry to Employment Tax.
Announcement 2000-22	Tip Reporting Alternative Commitment (TRAC) agreement for use in the food and beverage industry.
Announcement 2000-23	Tip Rate Determination Agreement (TRDA) for use in the food and beverage industry.
Notice 2000-21	Employer-designed Tip Reporting Program (EmTRAC) for the Food and Beverage Industry.
Revenue Procedure 2025-23	Changes in Accounting Periods and in Methods of Accounting.
TD 6516	Employment Taxes, Applicable on and after January 1, 1955 (26 CFR 31.6001-1; 26 CFR 31.6001-2; 26 CFR 31.6001-3; 26 CFR 31.6001-5;).
TD 9405	Employment Tax Adjustments (Reg-111583-07).
TD 9645	Rules Relating to Additional Medicare Tax (REG-130074-11).
TD 9860	Certified Professional Employer Organizations.
TD 10033	Catch-Up Contributions