Supporting Statement

Internal Revenue Service
Reporting Requirements for Recipients of Points Paid
on Residential Mortgages
OMB Control Number 1545-1380

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC), section 6050H requires any person engaged in a trade or business who, in the course of such trade or business, receives from any individual interest aggregating $600 or more for any calendar year on any mortgage to file an information return with the Internal Revenue Service (IRS).

Treasury Decision (TD) 8571 sets forth final regulations regarding the information reporting requirements for recipients of prepaid interest in the form of points paid on residential mortgages and affects any taxpayer that, in the course of a trade or business, receives $600 or more of interest, including points, in a calendar year on a residential mortgage.

Form 1098 Mortgage Interest Statement is used to report mortgage interest, including points of $600 or more received during the year in the course of your trade or business from an individual, including a sole proprietor.

2. USE OF DATA

The information furnished to the payer/borrower is additionally provided to IRS with Form 1098. The information collected from Form 1098 is used to prepare and file taxes and verify compliance with IRC 6050H and its regulations.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 1098.

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 collection of information requirement will not have a significant economic impact on a substantial number of small entities. The form can be filed electronically, which further reduces any burden to small businesses.

6. <u>CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES</u>

Consequences of less frequent collection on federal programs or policy activities affect the ability of the IRS from being able to promptly verify that taxpayers have deducted and reported the proper amount of mortgage interest expense on their tax returns which would not allow IRS to meet its mission.

7. <u>SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)</u>

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

8. <u>CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS</u>

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 1098.

We received no comments during the comment period in response to the Federal Register notice (91 FR 26247), dated May 12, 2026.

9. <u>EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS</u>

No payment or gift has been provided to any respondents.

10. <u>ASSURANCE OF CONFIDENTIALITY OF RESPONSES</u>

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. <u>JUSTIFICATION OF SENSITIVE QUESTIONS</u>

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Information Returns Master File (IRMF)" system and a Privacy Act System of Records Notice (SORN) has been issued for this system under: IRS 22.061, Information Returns Master File (IRMF); IRS 24.030, Customer Account Data Engine (CADE) Individual Master File (IMF); IRS 24.046, CADE Business Master File (BMF) and IRS 34.047, IRS Audit Trail & Security Records System SORNs. The Internal Revenue Service PIAs can be found at: https://www.irs.gov/uac/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 social security numbers (SSNs) in IRS systems.

The Privacy Act Statement for Form 1098 can be found in the General Instructions for Certain Information Returns.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

26 CFR Section 1.6050H-1 tax regulation requires the information reporting of mortgage interest received in a trade or business from an individual.

26 CFR Section 1.6050H-2 of the Internal Revenue Code provides guidance on the time, form, and manner of reporting interest received on a qualified mortgage.

Form 1098 is used by an interest recipient to report mortgage interest of $600 or more received on a qualified mortgage for a calendar year.

The burden estimate is as follows:

Authority	Description	# of Respondents	# of Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6050H	TD 8571	37,644	33.38008	1,256,560	.23	283,056
IRC § 6050H	Form 1098	74,655,500	1	74,655,500	.25	18,663,875
Total				75,912,060		18,946,931

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-1380 to these regulations.

1.6050H-1 1.6050H-2

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected in form.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The IRS currently estimates the cost burden on respondents to be nominal. There are no start-up or maintenance costs for this collection. The collection does not require respondents to obtain specialized equipment or professional services.

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 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 per product for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form 1098	$34,689	+	$6,943	=	$41,632
Instructions 1098	$6,504	+	$0	=	$6,504
Grand Total	$41,193	+	$6,943	=	$48,136
Table costs are based on 2024 actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

IRS has updated the burden estimates to reflect projected number of filers from Publication 6961. This has decreased the number of respondents by -21,446,900 and the corresponding burden hours by -5,361,725 due to Agency Estimate.

	Total Requested	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	75,912,060	0	0	-21,446,900	0	97,358,960
Annual Time Burden (Hr)	18,946,931	0	0	-5,361,725	0	24,308,656

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

The IRS believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the collection expires 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 for this collection.