SUPPORTING STATEMENT

INTERNAL REVENUE SERVICE (IRS)

IRS TAXPAYER BURDEN SURVEYS

TIRNO-10-Q-00152

OMB Control Number 1545-2212

PART A – JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary.

The IRS Taxpayer Burden Surveys gather statistically representative data that allow the Internal Revenue Service (IRS) to provide Congress, the Administration, and the public with accurate estimates of taxpayer compliance burden. These surveys also help the IRS understand how and why taxpayer burden changes over time. An ongoing survey effort is necessary to help the IRS assess how changes in tax law, regulations, tax administration, and filing technology affect taxpayer compliance burden.

The information collected by these surveys is not available in IRS administrative data and cannot be directly observed. The surveys depend significantly on the ability to crosswalk current results back to previous iterations. By doing so, the IRS has developed the Taxpayer Burden Model that can be used to assist the IRS and policymakers in determining the sources of change in taxpayer burden.

Changes in tax regulations, tax administration, tax preparation methods, and taxpayer behavior continue to alter the amount and distribution of taxpayer burden. We intend to conduct surveys to reflect current tax rules and regulations, increased usage of tax preparation software, increased efficiency of such software, changes in tax preparation regulations, increased use of electronic filing, the behavioral response of taxpayers to the tax system, changing use of services (both IRS and external), and related information collection needs. These data will be used as inputs to create, update, and validate econometric models that allow the IRS to estimate compliance burden for the entire population and serve as a baseline for future surveys of taxpayer populations.

These burden evaluation surveys are authorized under 44 USC 3501 - 3507.

2. Purpose and Use of the Information Collection.

The purpose of these surveys is to gather data that will be used to update and expand the IRS Taxpayer Burden Model, a robust predictive model based on an improved burden estimation methodology. Information gathered by the surveys is not available in the administrative tax return data, so survey data is a critical input to the model. The survey data is not viewed discretely. Rather, because the data are used as inputs to the Taxpayer Burden Model (discussed below), they provide an end-to-end, taxpayer facing view of compliance burden. The related behavioral studies further inform IRS's understanding of taxpayer behavior, inform burden model design, and help IRS improve processes and identify opportunities to reduce taxpayer burden.

The micro-simulation models are used to develop baseline and 'what-if" compliance cost estimates. These estimates are used to support recommendations to simplify tax forms and schedules or provide better IRS instructions to taxpayers. The models are also used to better understand the choices taxpayers make when preparing their tax returns (e.g., filing electronically, using a paid tax preparer). In addition, the models are used to provide estimates for information reporting to OMB for baseline compliance burden of proposed or recently enacted legislative or regulatory changes. The models also provide insight into the role of technological advancements in mitigating compliance burden. Technology advancements have continued to mitigate burden even as the tax law becomes more complex because the tax preparer and tax software industries continue to develop innovative ways to help taxpayers comply with new tax laws and IRS regulations. The role of these preparation methods is represented in the model.

Advancements in electronic tax administration also play a role in reducing burden. OMB's burden reduction data calls have emphasized the relationship between technology and burden. Estimates generated by the burden model allow us to provide this information.

The information collected via the IRS Burden Surveys will be used by IRS to support or achieve several important goals:

1. Support Treasury and IRS annual burden reporting required by the Paperwork Reduction Act (P.L. 104-13)
2. Fulfill its mission to provide top quality service to taxpayers.
3. Better understand taxpayer time and out-of-pocket cost burden.
4. Improve the accuracy and comparability of the information collection budget estimates it provides under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).
5. Provide data to be used in micro-simulation models to allow estimation of the impact of proposed legislation on taxpayer burden before the legislation is enacted.
6. Support ongoing analysis of the role of compliance costs in influencing taxpayer behavior and identifying taxpayer needs.
7. Provide information to the IRS Executives and Operating Divisions to assess the impact of programs on taxpayer burden.
8. Support the IRS Executives and Operating Divisions in their efforts to identify and implement burden reduction initiatives.
9. Support tax analysis in the Treasury Department Offices.
10. Assist the IRS in evaluating the effectiveness and associated impact on taxpayer costs and behavior of IRS initiatives.
11. Inform IRS process improvement in support of a better taxpayer experience.

3. Consideration Given to Information Technology.

All survey data will be collected via an online survey. The web survey will be posted online using a FedRAMP approved web survey platform. Survey navigation features allow participants to skip questions and complete the survey in more than one session (i.e., the respondent can leave the web survey and come back to finish it at a later time). In addition, the web survey platform allows creation of mobile-friendly surveys, which expands respondents' web survey completion options to smart phones, tablets, and other mobile devices. Participant responses will be stored in a FedRAMP approved storage facility which is only accessible by IRS survey research personnel who are assigned a license to create and conduct survey using that web survey platform.

4. Duplication of Information.

There is no duplication of information. Respondents are not asked to provide information already known to the IRS. The burden surveys ask for information regarding the time and money cost that taxpayers spend preparing and submitting the relevant tax or information return and other qualitative and quantitative data not available in the IRS administrative data. Questions related to information that is related to information available in the administrative data (e.g., the preparation method (use of a paid preparer, use of tax software, or self-preparation without assistance) and submission method (electronically filed or mail) are available from tax return data) may be included for framing purposes to help taxpayers recall their tax reporting experience.

5. Reducing the Burden on Small Entities.

The data collections under this OMB number will impact small businesses to the extent that some selected respondents are self-employed sole proprietors, small corporations, or small partnerships. Collecting information from these small businesses will enable the IRS to better understand what processes or tax items are particularly burdensome for small businesses and will support IRS efforts to focus on small business burden reduction efforts related to tax administration, as well as inform policymakers who are considering legislative changes.

All respondents, including those that are self-employed small businesses, will take the survey via the web. We anticipate that completing a web-based survey will reduce the completion time by allowing small businesses and other taxpayers to complete the survey at their convenience as well as eliminating the need to return the paper survey in the postage-paid business reply envelope.

6. Consequences of Not Conducting Collection.

The IRS taxpayer burden surveys are instrumental to estimating and reporting approximately 75 percent of the total information collection budget of the federal government. This report is required by Congress under the Paperwork Reduction Act. Further, IRS methodology and associated estimates of the monetized value of time derived from these studies have been used by OMB in estimating the overall monetized burden of all federal government information collections. Results from the surveys also support program evaluation and policy design for IRS and other Offices of the Department of the Treasury. Periodic updates of the survey are necessary to consider changes in the impacts of different drivers of taxpayer burden, allowing us to adjust the model and associated estimates appropriately over time. Special studies allow IRS to gather information about taxpayer compliance burden when a survey is not the appropriate means of data collection. Failing to collect these data covered under this OMB number would limit the Government's ability to provide accurate current estimates of taxpayer compliance burden costs.

Support of OMB Initiatives. A major program evaluation question for the Department of the Treasury specifically, and OMB generally, is estimating the extent to which Federal agency partnerships with third parties in the area of Electronic Tax Administration have generated productivity gains which in turn lower burden. A cross-sectional analysis can inform estimation of the impact of more taxpayers using technology-assisted methods but cannot speak to the extent to which such methods have become more productive over time as a result of government and third-party investments. Qualitative evidence discussed in the FY2010 Information Collection Budget pointed to the likely existence of significant burden reductions over the past decade from Treasury Department technology investments and industry partnerships. Such an analysis critically depends on time-series data as the point of the analysis is to estimate how productivity of a given information collection method changes over time. The surveys inform this research by extending the time-series data, which allows more substantive comparison to earlier data collections. This data will be used to update, validate, and expand the IRS Taxpayer Burden Model.

Compliance burden reduction research. The IRS seeks to better understand taxpayer needs and how unmet needs affect tax preparation and filing behavior. A better understanding of compliance burden is foundational to this research because the more costly it is to submit information properly, the less likely it is to be submitted properly. Improperly submitted information is a major driver of IRS administrative costs and associated taxpayer post-filing burden. Better understanding this relationship informs both prioritization of information collection and identification of communications, services, and technology to lower the cost of a given information collection. The taxpayer burden surveys are a key component of this research plan.

Integrated reporting of taxpayer burden across taxpayer segments. The Taxpayer Burden Model is currently being used to provide burden estimates for individual taxpayers, business entities, tax-exempt organizations, employers, and trust and estate income tax return filers. The IRS is developing econometric models that will cover all tax-related OMB forms and is working with Treasury and OMB to transition all taxpayer compliance burden estimates to the new IRS burden model methodology. Integrated reporting across taxpayer segments ensures consistent estimates and avoids duplication of reported burden. To maintain the burden models and ensure that they reflect current taxpayer burden considering tax law and IRS administrative changes, individual taxpayer burden surveys must be conducted every year, and other surveys must be done at least every three years. Ad hoc, unplanned, surveys are often needed to gather data regarding major new tax law provisions as close to the time of filing as possible.

7. Special Circumstances.

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

8. Consultations with Persons Outside the Agency.

Although the program is led and managed by the IRS, the IRS consults with external stakeholders and survey research experts for input related to the program at key decision points. This research program and the associated data collections have been discussed with representatives of the following groups outside of IRS:

- Department of the Treasury, Office of Tax Analysis
- The survey vendor, if applicable
- Enrolled Practitioners
- Stakeholder representatives to the IRS National Public Liaison, Information Reporting Program Advisory Committee, Internal Revenue Service Advisory Council, Reporting Agents Forum
- Academic, non-profit, and public-sector tax policymakers and researchers through the meetings of the National Tax Association and the IRS Research Conference

The IRS received no comments during the public comment period in response to the Federal Register notice (91 FR 12278), dated March 12, 2026.

9. Payment or Gift.

Respondents will not receive an incentive to complete the survey.

10. Confidentiality.

Confidentiality is not promised to respondents, but they are informed that participation is voluntary, and that the information collected will be used for research purposes only.

11. Questions of a Sensitive Nature.

The survey itself does not include questions that would commonly be considered private or sensitive in nature.

12. Burden of Information Collection.

Each respondent will receive a letter signed by the RAAS Director that explains the purpose of the survey and asks them to respond. The one-page letter is expected to take about one minute to read. Each potential respondent will participate only once. The potential response rate, which varies depending on the type of survey, is indicated in the burden table that follows the summary table.

Estimated annual burden hours to be imposed for burden data collection:

Data Collection	Responses	Average Annual Burden Hours	Total Monetized Cost ($) *
Individual Taxpayers	30,000	3,300	323,334
ITB-A (Individual Taxpayers – Amended Returns)	3,500	356	35,110
ITB-L (Individual Taxpayers – Late Filers)	7,000	717	70,219
Individual Taxpayers, Enforcement (ITB-E)	5,000	550	53,889
Business Taxpayer Burden (BTBS & BTBL)	12,500	1,375	134,723
Business Compliance (BCBS & BCBL)	8,875	976	95,653
Tax-Exempt Organization (TEB)	12,000	1,200	117576
TEB 990-N	900	88	8,655
Information Returns (IRBS)	10,000	1,100	107,778
Employer Reporting Burden (ERB)	3,750	413	40,417
Trust/Estate Income (TEIT-T & TEIT-E)	13,500	1,325	129,824
Excise Tax (EXT)	3,000	317	31,027
Estate Transfer Tax (ETT)	3,150	333	32,578
Gift Transfer Tax (GTT)	7,500	792	77,568
Retirement Plan Burden (RPB)	6,150	649	63,605
Special Studies - Ind	37,500	4125	404,168
Special Studies – Entities	37,500	4,125	404,168
Total	**201,825**	**21,741**	**$2,130,289***

*Based on May 2024 average wage rate from the Bureau of Labor and Statistics Occupational Employment Survey. Monetized value at $32.66 per hour.

13. Annual Cost to Respondents.

There are no capital/start-up or ongoing operation/maintenance costs associated with collection of taxpayer burden information.

14. Cost to the Federal Government.

The estimated annualized cost to the Federal government for administering these surveys is estimated to be:

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- Employee labor and materials (for developing the surveys, including developing, printing, storing forms, developing computer systems, screens, or reports to support the collection, travel costs, labor, and materials for collecting the information, analyzing, evaluating, summarizing, and/or reporting on the collected information): $450,333
- Cost of contractor services: $0

15. Reason for Change.

The change in the burden hour estimate is updated to reflect the expected burden hours to be imposed for the relevant period. This effort represents a continuation of the IRS's strategy to gather taxpayer burden data for all types of tax returns and information reporting documents in order to support Taxpayer Service's OMB Improvement Strategy to transition burden estimates for all taxpayers to the preferred RAAS burden estimation methodology.

16. Tabulation of Results, Schedule, Analysis Plans.

Upon conclusion of data collection for each survey, IRS staff will use the results to develop updated estimates of compliance burden for the relevant taxpayer segments. Detailed results from the surveys will be used to update the estimated relationships between taxpayer burden and taxpayer filing attributes. These estimates will then be used to update the micro-simulation model that provides taxpayer burden estimates and other tax-related information.

17. Display of OMB Approval Date.

The IRS will comply with requirements to display the expiration date for OMB approval of the information collection on all instruments under this OMB number.

18. Exceptions to Certification for Paperwork Reduction Act Submission.

There are no exceptions to the certification statement.