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.

Product Type	Product Number	Product Title	Labor and Downstream Impact Cost	Print & Ship Cost	Total Product Cost
Form	1042	Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	$78,613.12	$0.00	$78,613.12
Instructions	1042	Instructions for Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	$46,840.32	$0.00	$46,840.32
Form	1096	Annual Summary and Transmittal of U.S. Information Returns (Info Copy Only)	$110,713.47	$66,002.86	$176,716.33
Form	1098	Mortgage Interest Statement	$34,939.16	$10,413.19	$45,352.35
Instructions	1098	Instructions For Form 1098	$6,551.09	$2,273.79	$8,824.88
Form	3921	Exercise of an Incentive Stock Option Under Section 422(b)	$30,571.77	$3,085.77	$33,657.54
Instructions	3921 & 3922	Instructions for Forms 3921 and 3922	$15,613.44	$0.00	$15,613.44
Form	3922	Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)	$30,571.77	$0.00	$30,571.77
Form	5498	IRA Contribution Information	$104,817.49	$3,626.72	$108,444.21
Form	5754	Statement by Person(s) Receiving Gambling Winnings	$26,204.37	$325.45	$26,529.82
Form	8329	Lender's Information Return for Mortgage Credit Certificates (MCCs)	$26,204.37	$0.00	$26,204.37
Form	8809	Application for Extension of Time to File Information Returns	$31,226.88	$0.00	$31,226.88
Form	8811	Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations	$34,065.68	$0.00	$34,065.68
Form	1042S	Foreign Person's U.S. Source Income Subject to Withholding	$153,295.58	$1,143.35	$154,438.93
Instructions	1042S	Instructions for Form 1042-S	$76,647.79	$0.00	$76,647.79
Form	1042T	Annual Summary and Transmittal of Forms 1042-S	$93,680.63	$0.00	$93,680.63
Schedule	Schedule Q (Form 1042)	Schedule Q (Form 1042)	$72,062.02	$0.00	$72,062.02
Form	1095A	Health Insurance Marketplace Statement	$102,197.05	$0.00	$102,197.05
Form	1097BTC	Bond Tax Credit	$30,571.77	$0.00	$30,571.77
Instructions	1097BTC	Instructions for Form 1097-BTC	$72,062.02	$0.00	$72,062.02
Form	1098C	Contributions of Motor Vehicles, Boats, and Airplanes	$111,368.58	$0.00	$111,368.58
Form	1098E	Student Loan Interest Statement	$127,746.32	$2,594.18	$130,340.50
Instructions	1098E & T	Instructions for Forms 1098-E and 1098-T	$17,032.84	$310.77	$17,343.61
Form	1098 F	Fines, Penalties and Other Amounts	$34,939.16	$2,975.38	$37,914.54
Instructions	1098F	Instruction for Form 1098-F	$6,551.09	$0.00	$6,551.09
Form	1098Q	Qualifying Longevity Annuity Contract Information	$119,229.90	$4,152.05	$123,381.95
Instructions	1098Q	Instructions for Form 1098-Q	$29,479.92	$0.00	$29,479.92
Form	1098T	Tuition Statement	$104,817.49	$3,051.09	$107,868.58
Form	1098 VLI	Vehicle Loan Interest Statement	$36,904.49	$0.00	$36,904.49
Instructions	1098 VLI	Instructions for Form 1098-VLI	$6,551.09	$0.00	$6,551.09
Form	1099A	Acquisition or Abandonment of Secured Property	$45,420.91	$45,701.75	$91,122.66
Instructions	1099A & C	Instructions for Form 1099-A and 1099-C	$6,551.09	$2,412.81	$8,963.90
Form	1099B	Proceeds from Broker and Barter Exchange Transactions	$161,812.00	$23,790.73	$185,602.73
Instructions	1099B	Instructions for Form 1099-B	$17,032.84	$956.54	$17,989.38
Form	1099C	Cancellation of Debt	$45,420.91	$51,524.40	$96,945.31
Form	1099CAP	Changes in Corporate Control and Capital Structure	$42,582.11	$0.00	$42,582.11
Instructions	1099CAP	Instructions for Form 1099-CAP	$6,551.09	$0.00	$6,551.09
Form	1099 DA	Digital Asset Proceeds from Broker Transactions	$104,817.49	$0.00	$104,817.49
Instructions	1099 DA	Instructions for Form 1099-DA, Digital Asset Proceeds from Broker Transactions	$32,755.47	$0.00	$32,755.47
Form	1099DIV	Dividends and Distributions	$39,306.56	$0.00	$39,306.56
Instructions	1099DIV	Instructions for Form 1099-DIV	$6,551.09	$0.00	$6,551.09
Form	1099 G	Certain Government Payments	$39,306.56	$9,080.84	$48,387.40
Instructions	1099 G	Instructions for Form 1099-G	$6,551.09	$0.00	$6,551.09
Form	1099INT	Interest Income	$53,937.33	$0.00	$53,937.33
Instructions	1099INT & OID	Instructions for Forms 1099-INT and 1099-OID	$8,734.79	$995.21	$9,730.00
Form	1099K	Merchant card and third-party payments	$45,420.91	$10,926.66	$56,347.57
Instructions	1099K	Instructions for Form 1099-K	$6,551.09	$0.00	$6,551.09
Form	1099LS	Reportable Life Insurance Sale	$39,306.56	$0.00	$39,306.56
Instructions	1099LS	Instructions for Form 1099-LS, Reportable Policy Sale	$6,551.09	$0.00	$6,551.09
Form	1099LTC	Long Term Care and Accelerated Death Benefits	$37,122.86	$0.00	$37,122.86
Instructions	1099LTC	Instructions for Form 1099-LTC	$6,551.09	$0.00	$6,551.09

Product Type	Product Number	Product Title	Labor and Downstream Impact Cost	Print & Ship Cost	Total Product Cost
Form	1099MISC	Miscellaneous Income	$51,098.53	$103,926.80	$155,025.33
Form	1099PATR	Taxable Distributions Received From Cooperatives	$104,817.49	$2,899.66	$107,717.15
Form	1099Q	Payments From Qualified Education Programs (Under Sections 529 and 530)	$32,755.47	$0.00	$32,755.47
Instructions	1099Q	Instructions for Form 1099-Q	$6,551.09	$0.00	$6,551.09
Form	1099QA	Distributions from ABLE Accounts	$30,571.77	$0.00	$30,571.77
Instructions	1099QA & 5498QA	Instructions for Forms 1099-QA and 5498-QA	$8,516.42	$0.00	$8,516.42
Form	1099R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	$137,572.96	$17,260.09	$154,833.05
Instructions	1099R & 5498	Instructions for Forms 1099-R and 5498	$75,337.57	$1,379.28	$76,716.85
Form	1099S	Proceeds from Real Estate Transactions	$34,939.16	$22,142.74	$57,081.90
Instructions	1099S	Instructions for Form 1099-S	$6,551.09	$530.65	$7,081.74
Form	1099SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA	$32,755.47	$0.00	$32,755.47
Instructions	1099SA & 5498SA	Instructions for Forms 1099-SA and 5498-SA	$6,551.09	$0.00	$6,551.09
Form	1099SB	Seller's Investment in Life Insurance Contract	$32,755.47	$0.00	$32,755.47
Instructions	1099SB	Instructions for Form 1099-SB, Seller's Basis in Life Insurance Contract	$6,551.09	$0.00	$6,551.09
Form	5498ESA	Coverdell ESA Contribution Information	$34,939.16	$0.00	$34,939.16
Instructions	5498ESA	Instructions for Form 5498-ESA	$6,551.09	$0.00	$6,551.09
Form	5498QA	ABLE Account Contribution Information	$45,420.91	$0.00	$45,420.91
Form	5498SA	HSA, Archer MSA, or Medicare Advantage MSA Information	$42,582.11	$0.00	$42,582.11
Form	7004	Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns	$31,226.88	$0.00	$31,226.88
Instructions	7004	Instructions for Form 7004	$6,551.09	$0.00	$6,551.09
Form	W2G	Certain Gambling Winnings (Info Copy Only)	$39,306.56	$0.00	$39,306.56
Instructions	W2G & 5754	Instructions for Forms W-2G and 5754	$6,551.09	$387.41	$6,938.50
Form	W9	Request for Taxpayer Identification Number and Certification	$45,420.91	$0.00	$45,420.91
Publication	1179	Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G, and 1042-S	$99,904.17	$0.00	$99,904.17
Publication	1099	General Instructions for Certain Information Returns	$55,684.29	$0.00	$55,684.29
Grand Total			**$3,512,368.60**	**$393,870.17**	**$3,906,238.77**

Table costs are based on 2025 actuals obtained from IRS Chief Financial Officer and Media and Publications