

SUPPORTING STATEMENT
(Forms 945, 945-A, 945-X)

1) CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Code section 3402(o)(1)(B) requires employers to deduct the income tax imposed by the section from certain annuity payments. Section 3402(q) requires income tax withholding on gambling winnings. Code section 3402(r) requires income tax withholding on distributions of Indian gaming profits to tribal members. Section 3402 also requires income tax withholding on retirement pay for service in the Armed Forces of the United States. Code section 3405 requires payers of pensions, annuities, and certain other deferred income to withhold income tax from most payments. Code section 3501 states that all these taxes will be collected by the Secretary and paid over to the U.S. Treasury.

Section 3406 of the Code requires certain payers to withhold 31% of reportable payments if payees fail to furnish payers with the correct taxpayer identification number.

Section 6011 of the code and sections 31.6011(a)-1, and 31.6011(a)-4 of the Employment Tax Regulations require payers to report amounts withheld for income.

Sections 31.6302(c)-1, 2, & 3 of the regulations require employers to deposit the withheld income tax with an authorized depository within specified time limits.

Nonpayroll income tax withholding is reported on Form 945, Annual Return of Withheld Federal Income Tax. These nonpayroll items include backup withholding and withholding on pensions, annuities, IRAs, military retirement, and gambling winnings and Indian gaming profits.

The deposit requirements for Forms 945 and employment tax returns (e.g., Form 941) are separate, although the deposit rules for the two forms will be basically the same. Form 945 filers who deposit using the semiweekly deposit schedule will report their tax liabilities on Form 945-A, Annual Record of Federal Tax Liability.

Form 945-V, the Form 945 Payment Voucher, will be filed with Form 945 by those taxpayers who submit a payment with their return. Only those taxpayers who have a total tax liability under \$500 for the year, or who are monthly schedule depositors making a payment under the Accuracy of Deposits Rule, are entitled to make payments with the return.

2) USE OF DATA

The data is used by the IRS to verify that the correct taxes have been paid.

3) USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

These forms are available electronically.

4) EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

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

Not applicable.

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

Not applicable.

7) SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d) (2)

Not applicable.

8) CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

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

31.3401(a)(8)(A)(2)	31.6205-1
31.6001-6	31.6414-1(a)
31.6011(a)-6,7,8,9	31.6302-1,2,3
31.6011(b)-2	31.6313(a)-1
31.3402(r)-1T	

13) ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated August 23, 2010, (75 FR 51707), requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

14) ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form is \$50,000.

15) REASONS FOR CHANGE IN BURDEN

Changes were made to the burden previously approved to correct inconsistencies in the prior submission.

16) PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17) REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the statutes/regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of OMB approval and obtain a new expiration date before the old one expires.

18) EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.