

SUPPORTING STATEMENT
Information Reporting for Qualified Tuition and Related Expenses
OMB # 1545-1574

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Taxpayer Relief Act of 1997 (Public Law 105–34 (111 Stat. 788)) added section 6050S to the Code. In general, section 6050S requires any eligible educational institution (institution) to file information returns and to furnish information statements to assist taxpayers and the Service in determining the amount of qualified tuition and related expenses (qualified expenses) for which an education tax credit is allowable under section 25A (as well as other tax benefits for higher education expenses).

Congress amended section 6050S in the Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105–206 (112 Stat. 685)) and Public Law 107–131 (115 Stat. 2410) (simplification of reporting requirements relating to higher education tuition and related expenses).

On December 19, 2002, the Treasury Department and the Service issued final regulations under section 6050S describing the information reporting requirements for institutions. See T.D. 9029, 2003–1 C.B. 403 [67 FR 77678] (Dec. 19, 2002). The final regulations are applicable for information returns required to be filed with the Service, and information statements required to be furnished to students.

2. USE OF DATA

The data is used by the IRS to ensure that taxpayers are properly claiming the American Opportunity Credit and Lifetime Learning Credits under section 25A.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Approximately 75% of Forms 1098-T are filed 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

There are no small entities affected by this collection.

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

Section 6050S requires any eligible educational institution (institution) to file information returns and to furnish information statements to assist taxpayers and the Service in determining the amount of qualified tuition and related expenses (qualified expenses) for which an education tax credit is allowable under section 25A (as well as other tax benefits for higher education expenses).

Failure to collect the information will prevent taxpayers from providing the necessary information to comply with the current tax laws.

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**

A notice of proposed rulemaking under section 6050S (REG-105316-98) was published in the Federal Register (65 FR 37728) on June 16, 2000 (the 2000 proposed regulations). The 2000 proposed regulations relating to the information reporting requirements for institutions and insurers were withdrawn and a new notice of proposed rulemaking (REG-161424-01) was published in the Federal Register (67 FR 20923) on April 29, 2002 (the 2002 proposed regulations). No request for a public hearing was received on the 2002 proposed regulations. The IRS received written and electronic comments responding to the 2002 notice of proposed rulemaking. After consideration of all the comments, the 2002 proposed regulations are adopted as amended by TD 9029.

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-T.

In response to the **Federal Register Notice** dated September 28, 2016 (81 FR 66749), we received no comments during the comment period regarding Form 1098-T.

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 USC 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:

Treas/IRS 24.046 BMF

Treas/IRS 34.047 Audit trail and security records system

The Internal Revenue Service PIA's can be found at <http://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

	<u>No. of Form</u>	<u>Response</u>	<u>Time per Responses Total hours</u>
Form 1098-T	21,078,651	.23	4,848,090

Estimates of the annualized cost to respondents for the hour burdens shown above are not available at this time.

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1574 to these regulations.

1.6050S-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated September 28, 2016, 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 the form. We estimate the cost of printing the form is \$250,129.

15. REASONS FOR CHANGE IN BURDEN

There are no changes being made to Form 1098-T at this time. This submission is being made for renewal purposes only.

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

See attachment.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

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.

OMB EXPIRATION DATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.