

SUPPORTING STATEMENT
Internal Revenue Service
Form 1099-DIV
Dividends and Distributions
OMB Control No.1545-0110

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRS section 6042 and Regulations section 1.6042-2 require the filing of an information return on a separate Form 1099 by any person paying dividends of \$10 or more in a calendar year. Corporations are required by Code section 6043 and the regulations issued under that section to make a return regarding its distributions in liquidation showing the amount of the liquidation distributions (or if in property, the fair market value).

2. USE OF DATA

IRS uses the form to verify compliance with the reporting rules and to verify that the recipient of the income has included the proper amount of income on his or her tax return.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 1099-DIV.

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.

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

Consequences of less frequent collection on federal programs or policy activities, could result in taxpayers not reporting income or correct amount of tax due; thereby endangering the ability of the IRS to verify that taxpayers are complying with section 6042 of the code in order to make timely and accurate assessments.

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

In response to the *Federal Register* notice dated May 23, 2018,(83 FR 23998). We received no comments during the comment period regarding Form 1099-DIV.

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 IRS 24.046-Business Master File and IRS 34.037-Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <https://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

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC 6042	Form 1099-DIV	78,339,500	1	78,339,500	.41	32,119,195
Totals				78,339,500		32,119,195

The following regulations impose no additional burden:

- 1.6042-1 1.67-2T
- 1.6042-2 35A.9999-3, Q/A-89
- 1.6042-4(a),(b) 5c.305-1
- 1.6043-2

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on form. The justification appearing in item 1 of the supporting statement applies both to these regulations and to form.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The estimated annualized cost to the Federal Government is based on a model that considers the following three 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 Federal Government estimated annualized cost per product.

The Federal Government estimated annualized cost is as follows:

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>		<u>Printing and Distribution</u>		<u>Government Cost Estimate per Product</u>
Form 1099-DIV	61,967	+	49,142	=	110,839
Instructions 1099-DIV	5,809	+	0	=	5,809
Grand Total	67,776	+	49,142		116,648
Table costs are based on 2016 actuals obtained from IRS Chief Financial Office and Media and Publications					
* New product costs will be updated in the next revision of this collection.					

15. REASONS FOR CHANGE IN BURDEN

On pages 1, 2, 3, 5, and 6 we added a new Box 5 "Section 199A REIT dividends" and a \$ sign. This new box is needed to help the recipients calculate the deduction they may be allowed under Sec 199A as qualified business income. As a result boxes 5 through 14 were renumbered to 6 through 15. This has

increased the burden by a total of 1,566,790 total annual hours.

There is also a change in the updated filing estimates in response to this Form. Filings decreased from 87,476,600 to 78,339,500 a decrease of 9,137,100 filings and resulting in a decrease of total burden hours of 3,563,469.

The decrease in estimated filing figures offsets the increase in burden, resulting in a total burden decrease of (1,996,679) hours.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	78,339,500	0	0	-9,137,100	0	87,476,600
Annual Time Burden (Hr)	32,119,195	1,566,790	0	-3,563,469	0	34,115,874

We are also making this submission for renewal purposes.

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

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form 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

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.