

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Reporting of suspected tax law violations
OMB Control Number **1545-1960**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Taxpayers use the Form 3949-A, *Information Referral*, to report alleged tax law violations by individuals or businesses. The information provided is voluntary and kept confidential.

The types of tax law violation that can be reported with Form 3949-A include:

- False exemptions or deductions,
- Kickbacks,
- A false or altered document,
- Failure to pay tax or withhold taxes,
- Unreported or unsubstantiated income,
- Organized crime,
- Failure to file a return,
- Multiple filings or filing multiple returns,
- Earned Income Credit violations,
- Illegal wagering or gambling income,
- Illegal drug income,
- Public or political corruption.

The authority for IRS to collect this information is under 26 USC 7801.

There are no changes to the burden previously approved. This request is being submitted for renewal purposes.

2. USE OF DATA

This information requested in this collection is used by the IRS to identify and evaluate whether there is legitimate concern of tax law violations.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The public can submit Form 3949-A by mail or online through the [Form 3949-A Information Referral](#) online experience.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

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

The IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency also seeks input regarding the burden estimates from the public via notices and tax product instructions. This form can be accessed electronically, which further reduces any burden to small businesses or other small entities.

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

The information requested is needed to verify the accuracy of the accusation of whether there was a violation of the Internal Revenue Code. A less frequent collection of tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code and hinder the IRS from meeting its mission.

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 September 30, 2024 (89 FR 79692), IRS received no comments during the comment period regarding Form 3949-A.

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 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Compliance Data Warehouse (CDW)" system

and a Privacy Act System of Records notice (SORN) has been issued for this system under:

- IRS 22.034--Individual Returns Files, Adjustments and Miscellaneous Documents
- IRS 22.054--Subsidiary Accounting Files
- IRS 22.060--Automated Non-Master File (ANMF)
- IRS 22.062--Electronic Filing Records
- IRS 24.030--CADE Individual Master File (IMF)
- IRS 24.046--CADE Business Master File (BMF)
- IRS 26.020--Taxpayer Delinquency Investigation (TDI) Files
- IRS 34.037--IRS Audit Trail and Security Records System
- IRS 42.008--Audit Information Management System (AIMS)
- IRS 42.021--Compliance Programs and Projects Files

The Internal Revenue Service PIAs 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

The burden associated with reporting tax law violations to IRS is reflected in the table below. IRS expects about 215,000 reports will be filed annually and it will take 15 minutes to report the information.

The estimated burden:

Authority	Description	Number of Respondents	Number of Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
	Form 3949-A	215,000	1	215,000	.25	53,750
TOTAL		215,000		215,000		53,750

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no out-of-pocket costs to respondents to provide this information to the IRS.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Cost estimate for product development is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. The costs to the federal government will vary depending on whether the IRS will incur printing or copying costs for all the materials. These costs do not include any activities such as taxpayer assistance and enforcement. The IRS estimates have determined that the cost of developing, printing, distribution and overhead for the form is \$11,821.

15. REASONS FOR CHANGE IN BURDEN

There are no changes being made to this form at this time. IRS is making this submission for renewal purposes.

	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 for this IC	215,000	0	0	0	0	215,000
Annual IC Time Burden (Hours)	53,750	0	0	0	0	53,750

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

IRS believes 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 IRS intends to request renewal of the 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 for this collection.