



DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for U.S. Employment Tax Returns and Related Forms; CT-1, CT-1X, CT-2, SS-8, SS-8 (PR), W-2, W-2 AS, W-2 C, W-2 GU, W-2 VI, W-3, W-3 (PR), W-3 C, W-3 C (PR), W-3 SS, 940, 940 (PR), 940 SCH A, 940 SCH A (PR), 940 SCH R, 941, 941 (PR), 941 SCH B, 941 SCH B (PR), 941 SCH D, 941 SCH R, 941 SS, 941 X, 941 X (PR), 943, 943 (PR), 943 A, 943 A (PR), 943 SCH R, 943 X, 943 X (PR), 944, 944 X, 945, 945 A, 945 X, 2032, 2678, 8027, 8027 T, 8453 EMP, 8850, 8879 EMP, 8922, 8952, and 8974

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Internal Revenue Service, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995 (PRA). The IRS is soliciting comments on U.S. Employment Tax Returns and related Forms.

DATES: Written comments should be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]** to be assured of consideration.

ADDRESSES: Direct all written comments to Andres Garcia, Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW, Washington, DC 20224, or by email pra.comments@irs.gov. Include 1545-0029 or U.S. Employment Tax Returns and Related Forms.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form and instructions should be directed to Kerry Dennis, at (202) 317-5751, Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW, Washington, DC 20224, or through the internet, at Kerry.Dennis@irs.gov.

SUPPLEMENTARY INFORMATION:

Change in PRA Approval of Forms Used by Employers

Under the PRA, OMB assigns a control number to each “collection of information” that it reviews and approves for use by an agency. A single information collection may consist of one or more forms, recordkeeping requirements, and/or third-party disclosure requirements. Under the PRA and OMB regulations, agencies have the discretion to seek separate OMB approvals for forms, recordkeeping requirements, and third-party reporting requirements or to combine any number of forms, recordkeeping requirements, and/or third-party disclosure requirements (usually related in subject matter) under one OMB Control Number. Agency decisions on whether to group individual requirements under a single OMB Control Number or to disaggregate them and request separate OMB Control Numbers are based largely on considerations of administrative practicality.

The PRA also requires agencies to estimate the burden for each collection of information. Accordingly, each OMB Control Number has an associated burden estimate. The burden estimates for each control number are displayed in (1) the PRA notices that accompany collections of information, (2) **Federal Register** notices such as this one, and (3) in OMB’s database of approved information collections. If more than one form, recordkeeping requirement, and/or third-party disclosure requirement is approved under a single control number, then the burden estimate for that control number reflects the burden

associated with all of the approved forms, recordkeeping requirements, and/or third-party disclosure requirements.

As described below under the heading “Updated Burden Estimate Methodology,” the IRS’s currently accepted burden estimate methodology is based on taxpayers’ tax reporting experience taking into account, among other things, the forms and schedules used by those taxpayers and the recordkeeping and other activities needed to complete those forms. The transition of the employer-related reporting burden represents the IRS’s continued effort to improve the ability of IRS to measure the burden imposed on various groups of taxpayers by the Federal tax system. While the improved methodology provides a more accurate and comprehensive description of employer reporting burden, it will not provide burden estimates on a form-by-form basis, as has been done under the previous methodology. When the prior model was developed in the mid-1980s, almost all tax returns were prepared manually, either by the taxpayer or a paid provider. In this context, it was determined that estimating burden on a form-by-form, line-by-line basis was an appropriate methodology. Employer-related returns are increasingly being prepared using software or with preparer assistance. In this current reporting environment, in which many taxpayers’ activities are no longer as directly associated with particular forms, estimating burden on a form-by-form basis is not an appropriate method of estimating taxpayer burden. The currently accepted methodology, which takes into account broader and more comprehensive taxpayer characteristics and activities, provides a much more accurate and useful estimate of taxpayer burden.

Currently, there are 51 forms and 38 regulations used by employers pertaining to their employment-related reporting requirements. These include Forms CT-1, CT-1X, CT-2, SS-8, SS-8 (PR), W-2, W-2 AS, W-2 C, W-2 GU, W-2 VI, W-3, W-3 (PR), W-3 C, W-3 C (PR), W-3 SS, 940, 940 (PR), 940 SCH A, 940 SCH A (PR), 940 SCH R, 941, 941 (PR), 941 SCH B, 941 SCH B (PR), 941 SCH D, 941 SCH R, 941 SS, 941 X, 941 X (PR), 943, 943 (PR), 943 A, 943 A (PR), 943 SCH R, 943 X, 943 X (PR), 944, 944 X, 945, 945 A, 945 X, 2032, 2678, 8027, 8027 T, 8453 EMP, 8850, 8879 EMP, 8922, 8952, and 8974, and their schedules, and all the forms employers attach to employment-related tax returns (see the Appendix to this notice). For most of these forms, IRS has in the past obtained separate OMB approvals under unique OMB Control Numbers and separate burden estimates.

The currently accepted methodology estimates the aggregate burden imposed on employers, based upon their reporting-related characteristics and activities. IRS therefore will seek OMB approval of all 51 employer-related tax forms as a single “collection of information.” The aggregate burden of these tax forms will be accounted for under OMB Control Number 1545–0029, which is currently assigned to Form 941. OMB Control Number 1545–0029 will be displayed on all employer tax forms and related information collections. As a result of this change, burden estimates for employers will now be displayed differently in PRA Notices on tax forms and other information collections, and in **Federal Register** notices. This new way of displaying burden is presented below under the heading “Proposed PRA Submission to OMB.”

Updated Burden Estimate Methodology

The updated burden estimate methodology revises the estimates of the levels of burden experienced by employers when complying with their Federal reporting requirements pertaining to employment related taxes. It replaces the earlier burden estimate methodology developed in the mid-1980s. Since that time, improved technology and modeling sophistication have enabled the IRS to improve the burden estimates. The new methodology provides taxpayers and the IRS with a more comprehensive understanding of the current levels of taxpayer burden. It reflects major changes over the past two decades in the way taxpayers prepare and file their returns. The new burden estimate methodology also represents a substantial step forward in the IRS’s ability to assess likely impacts of administrative and

legislative changes on employers.

The updated burden estimate methodology focuses on the characteristics and activities of employers rather than solely focusing on the forms they file. Key determinants of taxpayer burden in the model are the number of employees, employee turnover, level of compensation, economic activity associated with employment related credits, and frequency of filing. Indicators of tax law and administrative complexity, as reflected in the tax forms and instructions, are incorporated into the model. Tax compliance burden does not include a taxpayer's tax liability, economic inefficiencies caused by sub-optimal choices related to tax deductions or credits, or psychological costs. The previous estimates primarily focused on the number of line items of each tax form. The changes between the old and new burden estimates are due to the improved ability of the new methodology to measure burden and the expanded scope of what is measured. These changes create a one-time shift in the estimate of imposed burden. It is important to note that the difference between the legacy and revised estimates do not reflect any change in the actual burden imposed by taxpayers.

Methodology

Burden is defined as the time and out-of-pocket costs incurred by taxpayers to comply with their Federal tax reporting responsibilities. As has been done for individual taxpayer burden since 2005, business entity burden since 2014, and tax-exempt organization burden since 2018 both the time expended and the out-of-pocket costs for employers are estimated. The burden estimation methodology relies on surveys that gather data about time and out-of-pocket costs that employers spend on pre-filing and filing activities. The methodology establishes econometric relationships between tax return characteristics and reported compliance costs. The methodology controls for the substitution of time and money by monetizing time and reporting total compliance costs in dollars. This methodology better reflects taxpayer compliance burden, because in a world of electronic tax preparation, time and out-of-pocket costs are governed by the information required rather than the form on which it is ultimately reported. Importantly, even where various employers complete the same tax form lines, the new methodology differentiates the cost incurred to complete those forms based on characteristics of those employers. Key employer characteristics that serve as coefficients in the employer reporting burden model are:

- Number of employees
- Employee turnover
- Level of compensation
- Economic activity associated with employment related credits and/or benefits
- Frequency of filing
- Type of primary form filed

The new burden estimate methodology uses the following classifications of employers:

Strata			
Primary Form	Number of W2s Filed	Percent of Forms W-2 with Reported Benefits	Reported Tips
Form 941	1 to 4	None	ANY
	5 to 19	None	ANY
	20 to 99	None	NO

	100 to 299	None	NO
	300 to 999	None	NO
	Over 1000	None	NO
	1 to 19	Less Than 10%	NO
	20 to 99	Less Than 10%	NO
	100 to 299	Less Than 10%	NO
	300 to 999	Less Than 10%	NO
	Over 1000	Less Than 10%	NO
	1 to 19	Greater Than 10%	NO
	20 to 99	Greater Than 10%	NO
	100 to 299	Greater Than 10%	NO
	300 to 999	Greater Than 10%	NO
	Over 1000	Greater Than 10%	NO
	1 to 19	ANY	YES
	20 to 99	ANY	YES
	100 to 299	ANY	YES
	300 to 999	ANY	YES
	Over 1000	ANY	YES
Form 944	ANY	ANY	ANY
Form 943	ANY	ANY	ANY

Proposed PRA Submission to OMB

Title: U.S. Employment Tax Returns and related Forms.

OMB Number: 1545-0029.

Form Numbers: CT-1, CT-1X, CT-2, SS-8, SS-8 (PR), W-2, W-2 AS, W-2 C, W-2 GU, W-2 VI, W-3, W-3 (PR), W-3 C, W-3 C (PR), W-3 SS, 940, 940 (PR), 940 SCH A, 940 SCH A (PR), 940 SCH R, 941, 941 (PR), 941 SCH B, 941 SCH B (PR), 941 SCH D, 941 SCH R, 941 SS, 941 X, 941 X (PR), 943, 943 (PR), 943 A, 943 A (PR), 943 SCH R, 943 X, 943 X (PR), 944, 944 X, 945, 945 A, 945 X, 2032, 2678, 8027, 8027 T, 8453 EMP, 8850, 8879 EMP, 8922, 8952, and 8974.

Abstract: These forms are used by employers to report their employment tax related activity. The data is used to verify that the items reported on the forms are correct.

Current Actions: The burden estimation methodology for employment tax is being transitioned from the legacy ADL model to the Taxpayer Burden Model. The changes discussed above result in a burden hour estimate of 456,000,000 hours, a decrease in total estimated time burden of 492,967,465 hours. The newly reported total out-of-pocket costs is \$18,910,000,000 and total monetized burden is \$33,540,000,000. The change related to the transition of the burden estimate from the legacy Arthur D.

Little Model methodology to the RAAS Taxpayer Burden Model, is a one-time change. In addition, changes are being made to the form to be current with enacted legislation.

Type of Review: Revision of currently approved collections.

Affected Public: Employers.

Estimated Number of Respondents: 7,128,000.

Total Estimated Time: 456,000,000 hours.

Estimated Time Per Respondent: approximately 64 hours.

Total Estimated Out-of-Pocket Costs: \$18,910,000,000.

Estimated Out-of-Pocket Cost Per FY2020 Respondent: \$2,653.

Total Estimated Monetized Burden: \$33,540,000,000.

Estimated Monetized Burden Per FY2020. Respondent: \$4,705.

Fiscal Year (FY) 2023 Burden Total Estimates for employment tax forms, schedules, and regulations					
FY2023					
	FY20	Program Change due to Adjustment	Program Change due to New Legislation	Program Change due to Agency	FY23
Responses per year	339,405,986*	(332,277,986)	0	0	7,128,000**
Burden in Hours	948,967,465	(492,967,465)	0	0	456,000,000
Time Burden in Monetized Hours	\$0	\$146,265,62000	0	0	\$146,265,62000
Out-of-Pocket Costs	\$0	\$18,910,000,000	0	0	\$18,910,000,000
Total Monetized Burden*	\$0	\$33,540,000,000	0	0	\$33,540,000,000

Source: IRS:RAAS:KDA (04-15-23)

*FY20 responses per year is count of all forms and schedules filed under legacy A.D. Little burden estimate methodology

**FY23 responses per year is count of all employers under taxpayer-centric RAAS burden estimate methodology. This approach is also used for OMB 1545-0074 individuals, 1545-0123 (business entities), and 1545-0047 (tax-exempt organizations).

***Total monetized burden = Monetized hours + Out-of-pocket costs

Note: Reported time and cost burdens are national averages and do not necessarily reflect a “typical” case. Most taxpayers experience lower than average burden, with taxpayer burden varying considerably by taxpayer type. Detail may not add due to rounding.

Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's

estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: July 18, 2023.

Kerry Dennis,

Tax Analyst.

Appendix A

Form	Title/description	OMB number
CT-1	Employer's Annual Railroad Retirement Tax Return	1545-0001
CT-1X	Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund	1545-0001
CT-2	Employee Representative's Quarterly Railroad Tax Return	1545-0002
SS-8	Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding	1545-0004
SS-8 (PR)	Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax (Puerto Rican Version)	1545-0004
W-2	Wage and Tax Statement	1545-0008
W-2 AS	American Samoa Wage and Tax Statement	1545-0008
W-2 C	Corrected Wage and Tax Statement	1545-0008
W-2 GU	Guam Wage and Tax Statement	1545-0008
W-2 VI	U.S. Virgin Islands Wage and Tax Statement	1545-0008
W-3	Transmittal of Wage and Tax Statements	1545-0008
W-3 (PR)	Transmittal of Withholding Statements (Puerto Rican Version)	1545-0008
W-3 C	Transmittal of Corrected Wage and Tax Statements	1545-0008

Form	Title/description	OMB number
W-3 C (PR)	Transmittal of Corrected Wage and Tax Statements (Puerto Rican Version)	1545-0008
W-3 SS	Transmittal of Wage and Tax Statements	1545-0008
940	Employer's Annual Federal Unemployment (FUTA) Tax Return	1545-0028
940 (PR)	Employer's Annual Federal Unemployment (FUTA) Tax Return (Puerto Rican Version)	1545-0028
940 SCH A	Multi-State Employer and Credit Reduction Information	1545-0028
940 SCH A (PR)	Multi-State Employer and Credit Reduction Information (Puerto Rican Version)	1545-0028
940 SCH R	Allocation Schedule for Aggregate Form 940 Filers	1545-0028
941	Employer's Quarterly Federal Tax Return	*1545-0029
941 (PR)	Employer's Quarterly Federal Tax Return	*1545-0029
941 SCH B	Report of Tax Liability for Semiweekly Schedule Depositors	*1545-0029
941 SCH B (PR)	Supplemental Record of Federal Tax Liability (Puerto Rican Version)	*1545-0029
941 SCH D	Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations	*1545-0029
941 SCH R	Reconciliation for Aggregate Form 941 Filers	*1545-0029
941 SS	Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of Northern Mariana Islands, and the U.S. Virgin Islands)	*1545-0029
941 X	Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund	*1545-0029
941 X (PR)	Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund (Puerto Rico Version)	*1545-0029
943	Employer's Annual Tax Return for Agricultural Employees	1545-0035

Form	Title/description	OMB number
943 (PR)	Employer's Annual Tax Return for Agricultural Employees (Puerto Rican Version)	1545-0035
943 A	Agricultural Employer's Record of Federal Tax Liability	1545-0035
943 A (PR)	Agricultural Employer's Record of Federal Tax Liability (Puerto Rican Version)	1545-0035
943 R	Allocation Schedule for Aggregate Form 943 Filers	1545-0035
943 X	Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund	1545-0035
943 X (PR)	Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund	1545-0035
944	Employer's ANNUAL Federal Tax Return	1545-2007
944 X	Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund	1545-2007
945	Annual Return of Withheld Federal Income Tax	1545-1430
945 A	Annual Record of Federal Tax Liability	1545-1430
945 X	Adjusted ANNUAL Return of Withheld Federal Income Tax or Claim for Refund	1545-1430
2032	Contract Coverage Under Title II of the Social Security Act	1545-0137
2678	Employer/Payer Appointment of Agent	1545-0748
8027	Employer's Annual Information Return of Tip Income and Allocated Tips	1545-0714
8027 T	Transmittal of Employer's Annual Information Return of Tip Income and Allocated Tips	1545-0714
8453 EMP	Employment Tax Declaration for an IRS e-file Return	1545-0967
8850	Pre-Screening Notice and Certification Request for the Work Opportunity Credit	1545-1500

Form	Title/description	OMB number
8879 EMP	IRS e-file Signature Authorization for Forms 940, 940-PR, 941, 941-PR, 941-SS, 943, 943-PR, 944, and 945	1545-0967
8922	Third-Party Sick Pay Recap	*1545-0123
8952	Application for Voluntary Classification Settlement Program (VCSP)	1545-2215
8974	Qualified Small Business Payroll Tax Credit for Increasing Research Activities	1545-0029

**1545-0123 will not be discontinued. It is the Business collection and 8922 will be included in both the Business collection and the Employment Tax collection.*

**1545-0029 will not be discontinued it will be the number assigned to all Forms within the employment tax collection.*

Appendix B

Guidance title/description	OMB number
26 CFR 31.6001-1 Records in general; 26 CFR 31.6001-2 Additional Records under FICA; 26 CFR 31.6001-3, Additional records under Railroad Retirement Tax Act; 26 CFR 31.6001-5 Additional records	1545-0798
Tip Reporting Alternative Commitment (TRAC) Agreement for Use in the Cosmetology and Barber Industry to Employment Tax	1545-1529
Reg-111583-07(TD 9405)(Final)—Employment Tax Adjustments; REG-130074-11—Rules Relating to Additional Medicare Tax	1545-2097

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