



[4830-01-

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Form 8881

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Internal Revenue Service (IRS), 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 information collections, as required by the Paperwork Reduction Act of 1995. The IRS is soliciting comments concerning the Form 8881 - Credit for Small Employer Pension Plan Startup Costs, Auto-Enrollment, and Military Spouse Retirement Plan, as amended to include changes by the SECURE 2.0 Act.

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 N.W., Washington, DC 20224, or by email to pra.comments@irs.gov. Include "OMB Number 1545-1810 - Form 8881 - Credit for Small Employer Pension Plan Startup Costs, Auto-Enrollment, and Military Spouse Retirement Plan" in the subject line of the message.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of this collection should be directed to

Martha R. Brinson, at (202)317-5753, or at Internal Revenue Service, Room 6526, 1111 Constitution Avenue N.W., Washington, DC 20224, or through the Internet at Martha.R.Brinson@irs.gov.

SUPPLEMENTARY INFORMATION:

Title: Credit for Small Employer Pension Plan Startup Costs, Auto-Enrollment, and Military Spouse Retirement Plan.

OMB Number: 1545-1810.

Form Number: 8881.

Abstract: Qualified small employers use Form 8881 to claim a credit for start-up costs and auto-enrollment arrangements related to eligible retirement plans. Form 8881 implements section 45E of the Internal Revenue Code (IRC), which provides a credit based on costs incurred by an employer in establishing or administering an eligible employer plan or for the retirement-related education of employees with respect to the plan.

Form 8881 also implements IRC section 45T, which provides a credit for including an eligible automatic contribution arrangement (as defined in section 414(w)(3)) in a qualified employer plan sponsored by the employer. For an eligible employer, the section 45E credit is 50% of the qualified start-up costs for a tax year, up to \$500 for the tax year in which the plan is established or becomes effective and each of the two subsequent tax years. For an eligible employer, the section 45T credit is \$500 for the first tax year in which the automatic contribution arrangement is included in the plan and for each of

the two subsequent tax years.

Current Actions: The Secure 2.0 Act of 2022 added new IRC section 45AA, Military Spouse Retirement Plan Eligibility Credit for Small Employers. Section 45AA provides a general business tax credit to eligible small employers who offer defined contribution plans with specific features that benefit military spouses. The section 45AA credit is, for a tax year during which a military spouse participates in the plan, up to 3 tax years beginning with the tax year during which the military spouse began participating in the plan, \$200, plus the amount of employer contributions (other than elective deferrals) made on behalf of the military spouse for any of the 3 tax years, up to \$300 for a tax year. The Form 8881 is being revised to add the Section 45AA credit. Additionally, the Secure 2.0 Act amended section 45E to permit eligible employers, with 1-50 employees, an increased start-up costs credit of 100% of the qualified start-up costs for a tax year, up to \$500 for the tax year in which the plan is established or becomes effective and each of the two subsequent tax years. The Secure 2.0 Act also amended section 45E to permit an additional credit for employer contributions by certain eligible employers, in an amount equal to an applicable percentage of eligible employer contributions to a defined contribution plan, for up to 5 tax years beginning with the tax year in which the plan is established. The Form 8881 is being revised to include these additions under section 45E.

Type of Review: Revision of a currently approved

collection.

Affected Public: Businesses or other for-profit organizations.

Estimated Number of Respondents: 66,667.

Estimated Time per Respondent: 8 hours, 38 minutes.

Estimated Total Annual Burden Hours: 575,337.

The following paragraph applies to all of the collections of information covered by this notice:

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.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. Comments will be 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 has 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 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: November 7, 2023.

Martha R. Brinson,

Tax Analyst.

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