

SUPPORTING STATEMENT
(Form 990-EZ)

4952. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRS section 6033 requires organizations exempt under section 501(c) to file an annual return. Form 990-EZ is required by the Income Tax Regulations under Code section 6033. Exemptions from filing are provided in 26 CFR 1.6033-2(g). IRS has liberalized these exemptions by raising the \$5,000 limit to \$25,000. The content of Form 990-EZ is largely specified by 26 CFR 1.6003-2.

Form 990-EZ is for use by filers whose gross receipts are less than \$1,000,000 and whose total assets are less than \$2,500,000 at the end of the year. Approximately 25% of exempt organizations filing information returns will be able to use the form. For these smaller organizations, reporting lines for income have been consolidated; expenses are described by object classification, and only minimal balance sheet and other informational reporting is required.

4953. USE OF DATA

IRS uses the information from Form 990-EZ to assure that tax exempt organizations are operating within the limitations of their exemption.

4954. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing will be provided for Form 990-EZ and schedules.

4955. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

4956. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

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

Not applicable.

7. **SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

Not applicable.

8. **CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

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 990-EZ.

In response to the **Federal Register Notice** dated **July 8, 2008(73 FR 39089)** and the **Correction Notice** dated **July 29, 2008 (73 FR 43978)**, we received no comments during the comment period regarding Form 990-EZ.

9. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

Not applicable.

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**

Not applicable.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The burden estimate is as follows:

<u>Form</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
990-EZ	412,315	60.54	24,961,551
Sch A (990-EZ)	280,374	54.60	15,308,421
Sch B (990-EZ)	84,112	9.32	783,924

Sch C (990-EZ)	23,914	23.78	568,675
Sch E (990-EZ)	5,772	7.42	42,829
Sch G (990-EZ)	75,866	25.36	1,923,962
Sch L (990-EZ)	4,123	7.82	32,242
Sch N (990-EZ)	<u>3,711</u>	9.44	<u>35,032</u>
	890,187		43,656,636

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0047 to these regulations.

1.6003-2

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated **July 8, 2008(73 FR 39089)** and the **Correction Notice** dated **July 29, 2008 (73 FR 43978)**, 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 response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for the form is \$734,165.

15. REASONS FOR CHANGE IN BURDEN

Form 990-EZ was revised, adding 7 new schedules by request of Tax Exempt and Government Entities-Exempt Organizations Division (TEGE-E0) and 17 line items due to the addition of Part VI. The responses were increased by 288,131 due to the new filing requirements. The schedules added were:

Schedule A - Resulted in an addition of 280,374 responses, 69 code references and 167 line items.

Schedule B - Resulted in an addition of 84,112 responses, 16 code references and 25 line items.

Schedule C - Resulted in an addition of 7 code references, 92 line items and 23,914 responses.

Schedule E - Resulted in an addition of 5,772 responses, 23 line items and 9 code references.

Schedule G - Resulted in an addition of 75,866 responses, 4 code references and 101 line items.

Schedule L - Resulted in an addition of 4,123 responses, 11 code references and 23 line items.

Schedule N - Resulted in an addition of 3,711 responses, 7 code references and 33 line items.

The following information assumes that filers will file a 990-EZ if they are allowed to do so, and also assumes the following 990-EZ filing requirements:

2008 gross receipts < 1M & EOY assets < 2.5M

2009 gross receipts < 500,000 & EOY assets < 1.25M

2010 gross receipts < 250,000 & EOY assets < 500,000

In the past, the 990/990-EZ filing population has been divided about 28% 990-EZ and about 72% 990 filers. That will change drastically with the new filing requirements. The figures below are based on the number of returns filed for TY2005. While the absolute numbers may increase somewhat (3 – 5% annually), the percentage breakdown between 990 and 990-EZ filers should be close to this:

TY2008 990-EZ		412,315	79.7%
TY2008 990		105,103	20.3%
TY2009 990-EZ		367,199	71.0%
TY2009 990		150,219	29.0%
TY 2010 990-EZ		301,221	58.2%
TY 2010 990		216,197	41.8%

Here are the expected percentages of 2008 Form 990/990-EZ filers who will file the following schedules for the 2008 tax year, along with the basis for the estimate:

Schedule	990-EZ	990	Basis for estimate
Sch A	68.0%	71.9%	Percentage of filers described in IRC 501(c)(3) or 4947(a)(1)
Sch B	20.4%	41.8%	Percentage of filers that filed Schedule B
Sch C	5.8%	13.0%	Percentage of filers reporting political expenditures greater than \$10, plus filers answering yes to Schedule A, Part III,

			line 1, plus filers answering proxy tax questions in Part VI of Form 990
Sch D	n/a	63.7%	Percentage of filers reporting "other assets" in Part IV, line 58 or "other liabilities" in Part IV, line 65
Sch E	1.4%	5.0%	Percentage of filers listed as Foundation Code 11 on BMF
Sch F	n/a	1.4%	Percentage of filers that checked foreign grants checkbox
Sch G	18.4%	20.3%	Percentage of filers that checked line 9a (Form 990) or 6a (Form 990-EZ) and reported more than \$15,000 in expenses
Sch H	n/a	2.0%	Percentage of filers listed as Foundation Code 12 on BMF
Sch I	n/a	17.6%	Percentage of filers that reported more than \$5,000 in line 22
Sch J	n/a	1.3%	Percentage of filers that reported officer compensation greater than average officer compensation (average calculated only with respect to those with compensation greater than zero)
Sch K	n/a	2.8%	Percentage of filers that reported more than \$100,000 on line 64a
Sch L	<1%	1.2%	Percentage of filers that reported more than \$0 in Pt. IV, line 50a
Sch M	n/a	12.7%	Based on Guidestar data for 501(c)(3) returns only
Sch N	0.9%	0.3%	Percentage of filers that filed a final return
Sch R	n/a	28.5%	Percentage of filers that answered "yes" to line 80aPt. IV, line 50a

The above revisions and additions resulted in a total burden increase of 36,651,416 hours.

This form is being submitted to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

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.