

SUPPORTING STATEMENT (Form 5227)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC Section 6012 requires every trust having gross income of \$600 or more, regardless of the amount of taxable income for the tax year, to file an income tax return.

Section 4947(a)(2) provides that split-interest trusts (i.e. trusts that are not exempt from tax and have an unexpired interest to be distributed to a charitable organization) be treated as if they were a private foundation and therefore subject to certain excise taxes under Chapter 42.

Income Tax Regulations section 53.6011-1(e) requires every trust described in section 4947(a)(2) that is subject to any of the provisions of Chapter 42, as if it were a private foundation, to file an annual return on Form 5227.

Section 664 establishes criteria for charitable remainder trusts to be exempt from tax, and the character of the distributions in the hands of the beneficiary.

Section 645 requires all trusts, other than one that is exempt from tax under section 501(a) or a trust described in section 4947(a)(1), to have the calendar year as a tax year.

2. USE OF DATA

The IRS uses Form 5227 to verify that the beneficiaries of a split-interest trust include the correct amount and type of income in their tax returns. Form 5227 is also used to verify whether the trust owes any unrelated business income tax or private foundation excise taxes.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 5227 cannot be filed electronically, since its relatively low volume does not justify the cost electronic enabling.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency

wherever possible.

5. 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 5227.

In response to the **Federal Register** Notice dated August 25, 2009 (74 FR 42958), we received no comments during the comment period regarding Form 5227.

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

	No. of Response	Time per Responses Total hours
Form 5227		115,000
		0
		128.34
		14,759,100
Form 5227 (Cap. Gn. Wks)	5,000	10.69
	53,450	
Form 5227 (Dis, Wks)	<u>100,000</u>	3.40
	<u>340,000</u>	
	220,000	
15,152,550		

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0196 to these regulations:

- | | |
|------------|------------------------|
| 1.644-1 | 25.2522(a)-1 |
| 1.664-2(d) | 53.4940- |
| | 1(a) |
| | 1.664-3(b) |
| | 53.6011-1(a) and (b) |
| | 1.664-4(a)(3) and (4) |
| | 53.4947-1 and 2 |
| | 25.2522(c)-3(c)(2)(vi) |
| | 53.6011-1 |
| | 25.2522(c)-3(d)(4) |
| | 53.6011-1(e) |
| | 25.2522(a)-1(d) |
| | 53.4947-1(c)(4) |

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** Notice dated August 25, 2009 (74 FR 42958), 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 responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Form 5227 is a print-on-demand item; cost is relative to the demand.

15. REASONS FOR CHANGE IN BURDEN

Due to the addition of 4 entry spaces, the total burden has increased by 111,550 hours. The additional entry spaces incorporated a donation date which is essential to checking the calculation of the unitrust amount. In previous revisions the date was requested under question 55 on Page 3. We are making this submission 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.