

SUPPORTING STATEMENT  
(IRS Forms 990-PF and 4720)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Tax Reform Act of 1969 provides definitions for certain kinds of charitable, tax exempt organizations. The Act also sets out certain penalty taxes in IRC Chapter 42 that apply to private foundations (defined in section 4947(a)(1)), and officers and other persons connected with these organizations (defined in Chapter 42). In addition to the penalty taxes, there are taxes on the net investment income of domestic foundations and nonexempt charitable trusts (under section 4940) and foreign private foundations (under section 4948).

Section 6033 of the Code requires organizations exempt from Federal income tax under section 501(a) and described in section 501(c) to file annual information returns giving very specific information on their finances and operations. Public Law 96-603 applies the filing requirements for exempt private foundations to taxable private foundations and to nonexempt charitable trusts. Form 990-PF is the annual return required by section 6033. Section 6033, as modified by Public Law 96-603, allows nonexempt charitable trusts to meet their filing requirements under section 6012 by filing Form 990-PF in lieu of Form 1041 when they have no taxable income.

Section 6011 requires the above organizations and the persons described in Chapter 42 to file a return reporting any violations of chapter 42 and paying the tax on the act or acts. Form 4720 is the required return.

2. USE OF DATA

Form 990-PF is used by the IRS to monitor the activities of private foundations, nonexempt charitable trusts, and their officers and other related persons. All private foundations and nonexempt trusts treated as private foundations are required to file a Form 990-PF every year. If a foundation or related party engages in a prohibited act they are required to so state and to furnish information relating to the act on the Form 990-PF.

Form 4720 is used by foundations and/or related persons(s)

to report prohibited activities in detail and pay the tax on them.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Forms 990-PF and 4720 cannot be filed electronically, since their relatively low volume and do 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 Forms 990-PF and 4720.

In response to the Federal Register Notice (4 FR 45902), dated September 4, 2009, we received no comments during the comment period regarding Forms 990-PF and 4720.

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>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 990-PF	54,000	203.05	10,964,700
Form 4720	900	96.44	86,796
Form 4720 (Sch. I)	100	10.98	<u>1,098</u>
			11,052,594

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 1545-0052 to these regulations.

Reporting Regulations (Form 990-PF)

1.507-1(b)(1)(f)	53.4948-1(c)(3)(ii)(a)
1.507-1(b)(9)	53.4942(a)-3(b)(7)(i)
1.507-2(b)(3)	53.4942(a)-3(b)(7)(ii)
1.507-2(b)(7)	53.4942(a)-2(c)(4)(iv)(b)
1.507-2(c)(1)(ii)	53.4942(a)-3(b)(4)
1.507-2(c)(1)(iv)(b)	53.4942(a)-3(c)(1)(ii)
1.507-2(c)(2)(i)(b)	53.4945-4(c)(2)
1.507-2(c)(2)(ii)(b)	53.4945-4(c)(3)
1.507-2(c)(4)	53.4945-6
1.507-2(d)(3)	53.4945-5(a)(5)
1.507-2(g)(2)	53.4945-5(d)(3)
1.508-1	53.4940-1(a)

1.509(c)-1	53.4942(a)-3(a)
1.6033-3	53.4942(a)-3(d)
1.6056-1	53.4948-1(a)
53.4942(a)-1	53.6001-1
53.4942(a)-3(b)(3)	53.6011-1
53.4942(b)-3	53.6065-1
53.4945-4(a)(4)(iii)	56.4911-6
53.4945-4(c)	56.4911-7
53.4945-5(a)(6)(ii)	56.4911-9
53.4945-5(a)(3)	56.4911-10
53.4945-5(c)(1)	53.4945-5(c)(3)

Recordkeeping Regulations (Form 930-PF)

1.170A-9(e)(5)	53.4945-4(c)(3)
1.507-1(a)(1)	53.4945-4(c)(6)
1.507-2(b)	53.4945-5(a)
1.507-(c)-1(a)	53.4945-5(c)
53.4940-1	53.4948-1(c)
53.4942(a)-2(c)	53.6001-1(a)
53.4942(a)-3(c)	53.6001-1(b)
53.4942(a)-3(d)	53.6001-1(c)
53.4945-1	53.6065-1
53.4945-4(a)	1.6056-1(b)(1) and (3)
53.4945-4(c)(1)	53.4942(a)-1

Regulations which impose no additional burden (Form 4720)

1.6033-2(a)(2)(j)	1.6033-2(j)
1.6033-2(a)(2)	
1.6033-3	
53.6011-1	
53.6011-1(a), (b), (c)	

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice, dated September 4, 2009, 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 consultations with various functions with the Service, we have determined that the cost of developing, printing, processing, distribution, and overhead for Form 990-PF is \$23,104 and for Form 4720 is \$2,516.

15. REASONS FOR CHANGE IN BURDEN

There are no changes to these forms from the previous OMB approval. 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.