

**SUPPORTING STATEMENT
(Form 5300 and Schedule Q (Form 5300))**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code sections 401(a) and 501(a), respectively, set out requirements for qualification of employee benefit trusts and the tax exempt status of these trusts. The requirements of sections 401(a) and 501(a) (and the regulations there under) are reviewed by the IRS for retirement plans submitted on Form 5300. Schedule Q provides information related to the manner in which a plan satisfies certain qualification requirements relating to minimum participation, coverage, and nondiscrimination.

2. USE OF DATA

The form provides the IRS with the information necessary to verify that the sponsor (employer) has a qualified plan and may make tax deductible contributions to it.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 5300 and Schedule Q are available for electronic filing.

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 comment regarding Form 5300 or Schedule Q.

In response to the Federal Register notice dated October 6, 2010 (75 FR 61840), we received no comments during the comment period regarding Form 5300 or Schedule Q.

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 5300	85,000	63Hr.36Min.	5,406,000
Form 5300(SCH Q)	<u>100,000</u>	42Hr.19Min.	<u>4,232,000</u>
Total	185,000		9,638,000

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 1545-0197 to these

regulations.

Reporting Regulations:

1.401(b)-1(e)	1.401-1(e)
1.7476-1(a)(1)	1.7476-(b)(1)
1.7476-2	54.4972-1(a)
11.401(d)(1)(b) through (g)	

We have reviewed the above regulations and have determined that the reporting requirements contained in them are entirely reflected on Form 5300. The justification appearing in item 1 of the supporting statement applies both to these regulations and to Form 5300.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice October 6, 2010 (75 FR 61840), 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. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

After consultation within the Service, we have determined the cost of developing, printing, processing, distribution, and overhead for Form 5300 is \$340,243.

15. REASONS FOR CHANGE IN BURDEN

Changes have been made to separate the burden associated with each form approved under this approval number. Creating separate burden computations for each form will enable the IRS to more accurately report the impact on the users of these documents.

Changes were made to the Form 5300 to streamline the requested information while complying with current regulations. Revenue Procedure 2007- 44, requests that taxpayer must provide information to indicate whether or not a ruling is being requested for:

1. A determination regarding the ratio percentage under Regulations section 1.410(b)-2(b)2;
 2. A determination regarding one of the special requirements under Regulations section 1.410(b)-2(b)(5), (6) or (7), or
 3. A determination regarding the nondiscrimination designed-based safe harbors of section 401(a)(4).
- The overall affect on burden relating to the changes made to Form 5300 will result in a total burden decrease of 46,750 hours.

Changes were made to the Schedule Q (Form 5300), based on suggestions received from the Tax Exempt/Government Entities office within the IRS to comply with changing regulations. These editorial and stylistic changes had a nominal affect on the overall burden associated with this schedule. New reporting requirements for requests for determination of the gateway requirements under section 1.401(a)(4)-8 have been added to this collection tool. The description should provide;

- Which test is being satisfied,
- If using the minimum amount test, provide the DB and DC information and rates separately, and
- State whether the NHCE rate are averaged or tested separately.

The result of these changes to the Schedule Q will result in a total burden increase of 1,712,000 burden hours.

The combined impact on burden, approved under this approval number, will result in a net total burden increase of 1,665,250 hours.

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.