

SUPPORTING STATEMENT  
NOTICE 2005-44

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 884 of the American Jobs Creation Act of 2004 amended § 170 of the Internal Revenue Code by adding Section 170(f)(12), which contains new rules for determining the amount that a donor may deduct for a charitable contribution of a qualified vehicle the claimed value of which is more than \$500, and substantiation and information reporting requirements applicable to both donors and donee organizations. Such a contribution must be substantiated by a contemporaneous written acknowledgment from the donee organization, and the acknowledgment must be included with the donor's return on which the deduction is claimed. Section 170(f)(12)(D) requires donee organizations to report to the Secretary the same information that is provided on the acknowledgment sent to the donor. Section 884 also adds § 6720, which imposes penalties on a donee organization that receives a contribution of a qualified vehicle subject to § 170(f)(12) and knowingly furnishes a false or fraudulent acknowledgment of the contribution to the donor, or knowingly fails to properly furnish the acknowledgment. Sections 170(f)(12) and 6720 apply to contributions made after December 31, 2004.

The Notice explains the new provisions and the reporting requirements. The Notice also provides a temporary extension of time in which acknowledgments may be obtained for certain contributions made on or before 30 days after the date of release of the notice. Such an acknowledgment may be obtained within an extra 90 days beyond the time allowed by § 170(f)(12)(C).

2. USE OF DATA

The Internal Revenue Service will use the information collected to ensure that (i) donors are properly claiming the deduction, and (ii) donee organizations are properly furnishing acknowledgments that meet the requirements of § 170(f)(12).

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publications, regulations, notices, and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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 THE GUIDELINES IN 5 C.F.R. 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

We received 1 comment during the comment period in response to the Federal Register Notice dated September 8, 2011, (76 FR 55742). No response is required, per the Federal Register notice, we are currently accepting comment only as to the following:

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 shall have 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 respondents, including through the use of automated collection techniques 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.

Whereas, the public comment is requesting "a relaxing of the 2005 rules."

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 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

## 12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Approximately 730,000 donors donated vehicles in 2000, and approximately 4,300 donee organizations received donated vehicles in that year. Approximately one-half of all donated vehicles are of such low value that they are sent directly to scrap yards without sale or use by the donee, and thus are not subject to the new rules. Of the half remaining (365,000 vehicles) approximately one-half are sold at auction and generate gross proceeds of \$500 or less. Thus, we are basing our estimates of the burden on the assumption that 182,500 donations will be subject to the new rules, and an equal number will continue to be subject to the current rules. Although we do not know whether the new laws will have the effect of further reducing the number of vehicle donors or donee organizations that receive vehicles, we are using these statistics because they are the most recent available.

The response time per donee organization is estimated to be between 3 minutes and 30 minutes per acknowledgment, with 7 minutes being the average response time. The total estimated burden on donee organizations is approximately 21,500 hours. This burden is expected to decrease once donee organizations become familiar with the new provisions, and put in place systems for collecting, validating, and providing information to donors and the Treasury. In addition, we believe that these burdens are somewhat offset by donee organizations' current burden under § 170(f)(8).

The response time per donor is estimated to be between 1 minute and 5 minutes to obtain the acknowledgment and include it with the donor's return on which the deduction is claimed, with 2 minutes being the average response time. The total estimated burden on donors is 3,041 hours.

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

## 13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated September 8, 2011, (76 FR 55742), 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

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the burden previously approved by OMB. This notice is being submitted for renewal purposes only.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS, AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the statutory provisions in §§ 170(f)(12) and 6720 sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

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.