

## Supporting Statement (Form 990)

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 6033 requires organizations exempt under section 501(c) to file an annual return. Form 990 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 is largely specified by 26 CFR 1.6033-2.

Schedule A (Form 990) is filed by all Form 990 filers who are exempt under Code section 501(c)(3). The contents of Schedule A, Parts I, II, III, VI, and VII are specified in Code section 6033(b). Part V of Schedule A is required by section 501(c)(3). Part IV of Schedule A is required to determine that the organization is not a private foundation (which would subject it to certain excise taxes).

Schedule B was requested by the Ogden Service Center (TEGE) because it was no longer possible to process the existing attached schedule of contributors within the requirements of Code section 6104(b). This section mandates that IRS not disclose to the public the schedule of contributors (the information on Schedule B). With the previous attachment, the contributors were often inadvertently disclosed along with the other (disclosable) attachments to Form 990. Schedule B places this non-disclosable information on its own distinct form, enabling the IRS to quickly and consistently distinguish it from all the other attachments to the form and thus withhold it from public disclosure. The schedule also contains a section 527 box which allows IRS to distinguish and disclose the contributors list of political organizations (section 527), which are required by new law to be released to the public.

This collection last received approval for extension in 2010. However, at that time the forms submitted for approval were for tax year 2009. During the intermediate time, IRS used forms for tax years 2010, 2011, and 2012 without receiving approval for those forms from OMB. The failure to receive approval for these tax years will be reported as violations in the next Information Collection Budget (ICB).

### 2. USE OF DATA

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

The IRS uses the information on Schedule A (Form 990) to determine whether or not the filing organization is operated according to the rules of Code section 501(c)(3).

The IRS uses the information on Schedule B (Form 990) to determine whether or not the people who make large contributions have undue influence over the operation of the organization. The Schedule B is also used to distinguish and disclose the section 527 contributors list of political organizations, which are required by new law to be released to the public.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering for the first time this year electronic filing on Form 990, Schedules A and B; however, it cannot be predicted how many will be filed electronically.

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 990 and Schedules A and B (Form 990).

We received no responses to the March 4, 2010, Federal Register Notice (75 FR 10022), regarding Form 990.

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

<u>Form</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
990 & Schedules			403,068
			63.79
			25,710,979

Estimates of 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 1545-0047 to these regulations.

1.501(c)(9)-5(a)	1.501(c)(17)-3(c)
1.503(c)-1	1.509(a)-3
1.509(a)-5(a)(3)	1.512(a)-4
1.1388-1	1.6012-2
1.6012-3	1.6033-2
1.6043-3	

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated March 4, 2010, 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

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form and schedules is \$20,000.

15. REASONS FOR CHANGE IN BURDEN

There is no change to the paperwork burden previously approved by OMB. 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. EXCEPTION 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.