

## **SUPPORTING STATEMENT**

### **Revenue Procedure 97-29**

#### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

This revenue procedure is needed to further implement § 408(p) of the Internal Revenue Code pertaining to Savings Incentive Match Plans for Employees of Small Employers - Individual Retirement Arrangements (SIMPLEs) as added by § 1421(a) of the Small Business Job Protection Act of 1996, Pub. L. No. 104-188.

The revenue procedure (1) provides a model amendment that could be used, prior to January 1, 1999, by a sponsor of a prototype individual retirement account or annuity ("IRA") to establish a SIMPLE IRA, i.e., an IRA used in conjunction with a SIMPLE IRA Plan described in § 408(p); (2) provides guidance to drafters of prototype SIMPLE IRAs on obtaining opinion letters on these documents, (3) provides permissive amendments to sponsors of nonSIMPLE IRAs, i.e., IRAs that are designed to accept contributions other than under SIMPLE IRA Plans, (4) announces the opening of a prototype program for SIMPLE IRA Plans; and (5) provides transitional relief for users of SIMPLE IRAs and SIMPLE IRA Plans that have not been approved by the Service.

#### **2. USE OF DATA**

The data will be used by the Service to (1) issue sample language and process opinion letter requests for SIMPLE IRAs, (2) issue sample language and process opinion letter requests for nonSIMPLE IRAs, and (3) issue sample language and process opinion letter requests for SIMPLE IRA Plans.

#### **3. USE OF IMPROVED TECHNOLOGY TO REDUCE BURDEN**

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 ENTITIES**

Model SIMPLE IRAs, Form 5305-S and Form 5305-SA, as well as model SIMPLE IRA Plans, Form 5305-SIMPLE (For Use with a Designated Financial Institution) and Form 5304-SIMPLE (Not Subject to the Designated Financial Institution Rules), were revised and republished by the Service in March 2002. In addition, the Service published Notice 97-6, 1997-1 C.B. 353, which was modified and superseded by Notice 98-4, 1998-1 C.B. 269, in question and answer format to assist in the implementation and operation of SIMPLE IRA plans described found in § 408(p) of the Code. Those businesses that use the model forms or file for an opinion letter under this revenue procedure will then market the form plan to small businesses. If utilized, the use of these programs tend to lessen the administrative costs associated with such plans to small businesses. In addition, if a business uses a model plan, there are no user fees due the Service.

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 THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

Revenue Procedure 97-29 was published in the **Internal Revenue Bulletin** on June 16, 1997 (1997-24 IRB 9), and republished in the **Cumulative Bulletin** at 1997-I.C.B. 698.

In response to the **Federal Register** notice dated September 14, 2012 (77 F.R. 56912), we received no comments during the comment period regarding Rev. Proc. 97-29.

9. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

Not applicable.

10. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Submissions under this revenue procedure are not part of an individual taxpayer's return but are subject to the confidentiality requirements set forth in 26 U.S.C. §6104.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

Not applicable.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The revenue procedure involves the collection of five types of information.

Section 3.03(2) and (3) of the revenue procedure involves the filing of an application for an opinion letter by a sponsor of a prototype SIMPLE-IRA sponsor and the certification that the model language in the appendix of the revenue procedure has been used on a word-for-word basis. We estimate that 1,000 taxpayers will make such submissions annually. The estimated burden per respondent is from 2 hours to 4 hours, with an average burden of 3 hours, for a total estimated burden of 3,000 hours annually.

Similarly, section 3.03(5) provides that mass submitters, as that term is defined in section 7 of Rev. Proc. 87-50, 1987-2 C.B. 647, must provide the data contained in section 3.03(2) and 3.03(3) on behalf of each sponsoring organization that is an identical adopter of the mass submitter's prototype. We estimate that 500 taxpayers will make such submissions annually. The estimated burden per respondent is from 2 hours to 4 hours, with an average burden of 3 hours, for a total estimated burden of 1,500 hours annually.

Section 4.01 describes how a prototype sponsor (including a mass submitter) applies to the Service for an opinion letter for nonmodel SIMPLE IRAs. We estimate that 705 taxpayers will make such submissions annually. The estimated burden per respondent is from 6 hours to 8 hours, with an average burden of 7 hours, for a total estimated burden of 4,935 hours annually.

Section 6.01 describes how a prototype sponsor (including a mass submitter) applies to the Service for an opinion letter for a SIMPLE IRA Plan. We estimate that 2,205 taxpayers will make such submissions annually. The estimated burden per respondent is from 4 hours to 8 hours, with an average burden of 6 hours, for a total estimated burden

of 13,230 hours annually.

Sections 4.03 and 6.03 state that sponsors may obtain sample language for SIMPLE IRAs, nonSIMPLE IRAs, and SIMPLE IRA Plans by requesting that sample language from the Service. We estimate that 3,205 taxpayers will make such submissions annually. The estimated burden per respondent is from ½ hour to 2 hours, with an average burden of 1 hour, for a total estimated burden of 3,205 hours annually.

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

13. **ESTIMATED TOTAL ANNUAL COST BURDEN TO TAXPAYERS**

As suggested by OMB, our **Federal Register** notice dated September 14, 2012, 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 paperwork burden previously approved by OMB. We are making this submission to renew OMB approval.

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 would cause confusion by leading taxpayers to believe that the revenue procedure sunsets as of the expiration date. Taxpayers may not be aware that the Service may 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 number. Books and records relating to the collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, an application for an opinion letter is treated as an application for a determination letter and is subject to the confidentiality requirements of 26 U.S.C. § 6104.