

SUPPORTING STATEMENT  
Revenue Procedure 97-19

. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 7502(f)(2) of the Internal Revenue Code provides, in part, that the term "designated delivery service" means any delivery service provided by a trade or business if such service is designated by the Internal Revenue Service (Service). Pursuant to section 7502 the Service may only designate a trade or business that satisfies the requirements of section 7502(f)(2)(A) through (D). To determine whether a trade or business meets (and maintains) those requirements, it must submit relevant information to the Service.

. USE OF DATA

The Service will use the collection of information mentioned above to determine whether a private delivery service (hereinafter "PDS") initially meets (and continues to meet) the statutory and nonstatutory requirements necessary for designation.

. USE OF IMPROVED INFORMATION 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.

. 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

We published Announcement 96-108, 1996-44 I.R.B. 15, as a precursor to this revenue procedure. In the announcement we invited comments and provided notice of a public hearing. We held the public hearing on December 6, 1996. We considered all comments in our drafting of the revenue procedure.

Revenue Procedure 97-19 was published in the **Internal Revenue Bulletin** on March 10, 1997 (Revenue Procedure 97-19, 1997-10 I.R.B. 55).

We received no comments during the comment period in response to the **Federal Register** notice (77 FR 37099), dated June 20, 2012.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Information identified as a trade secret by a PDS on its application for designation will remain confidential. Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103. However, information set forth in an application for designation is neither a tax return nor tax return information subject to 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

1. Section 5--A PDS must submit a written application to the Service to become "designated." The Service estimates the existence of five PDSs with the potential to qualify. Further, the Service estimates that the application process will take approximately ten hours.

<u>Respondents</u>	<u>Time</u> <u>Annual burden<sup>1</sup></u>
5	10 Hrs. 50 Hrs.

2. Section 9.03--A PDS, denied designation, may obtain an administrative review of the denial by providing a written response to the Service. The Service estimates that it will deny a designation to at least one PDS on an annual basis and that a request for an administrative review will take 15 hours per respondent.

<u>Respondents</u>	<u>Time</u> <u>burden</u>	<u>Annual</u>
1	15 Hrs.	15 Hrs.

3. Section 9.06--If the Service confirms a denial of designation, the PDS may appeal by submitting to the Service: (1) a written explanation with supporting documentation, (2) a copy of the original application, (3) a copy of the letter from the Service denying the initial application, (4) a copy of the PDS's request for administrative review, and (5) a copy of the Service's confirmation of the denial following the administrative review. The Service estimates that it will confirm an administrative denial once per calendar

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<sup>1</sup> <sup>2</sup> The application process, in general, is a one-time rather than annual, occurrence.

year and that it will take the PDS 24 hours to effectuate its appeal.

<u>Respondents</u>	<u>Time</u> <u>Annual burden</u>
1	24 Hrs. 24 Hrs.

4. Section 10.01--A PDS must provide written notification to the Service if any information in its application changes. The Service estimates that one PDS might have a change in information and that it will take approximately 30 minutes for that PDS to notify the Service.

<u>Respondents</u>	<u>Time</u> <u>Annual burden</u>
1	30 Mins. 30 Mins.

5. Section 11.05--If a designated PDS advertises its designation by audio or video media, it must pre-record the advertisement and retain it for 36 months. The Service estimates that four PDSs will make four nonidentical recordings each during a year and that it will take three hours for a PDS to effectuate the storage of each broadcast for 36 months.

<u>Annual occurrence</u>	<u>Respondents</u>	<u>Time</u>	<u>Annual burden</u>
4	4	3 Hrs.	48 Hrs.

6. Section 11.06--If a designated PDS advertises its designation by written media, the PDS must retain a copy of the advertisement and prepare and retain a list or other description of the persons to whom the communication was directed for 36 months. The Service estimates that four PDSs will make four nonidentical advertisements each by written media during a year. Further, the Service estimates that it will take two hours to make each related list and that it will take three hours for a PDS to effectuate the storage of each advertisement for 36 months.

<u>Annual occurrence</u>	<u>Respondents</u>	<u>Time</u>	<u>Annual burden</u>
4	4	5 Hrs.	80 Hrs.

7. Section 4.03--A designated PDS making a delivery subject to section 7502 must record the date on which it receives the item being delivered by one of two methods. Under one of these methods, a PDS must enter into an agreement with the Service to provide the date on which the document was received by the PDS and any other related information concerning the document to the Service. The Service estimates that four PDSs will use this method and will enter into agreements with the Service. We estimate that it will take 40 hours to enter into agreements with the Service. Further, the Service estimates that it will ask for the dates of approximately 20,000 documents from each of the four PDSs. We estimate that it will take two minutes to provide each date to the Service.

	<u>Annual occurrence</u>	<u>Respondents</u>	<u>Time</u>	<u>Annual burden</u> <sup>2</sup>
Agreements	4		40 Hrs	160 Hrs.
20,000 Documents	4		2 Mins.	2,667 Hrs.

8. Section 12.03--The Service may revoke the designation of a PDS that fails to comply with the revenue procedure. In that event, the PDS may appeal the revocation by providing a detailed explanation with supporting documentation of why the revocation should not be made, a copy of the warning letter, and a copy of the proposed revocation letter. The Service estimates that it will make a revocation once and that it will take a PDS approximately 24 hours to effectuate its appeal of the revocation.

<u>Respondents</u>	<u>Time</u>	<u>Annual burden</u>
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<sup>2</sup> We did not consider the other method as having a paperwork requirement because PDSs using this method do so as part of their normal business operations.

**TOTAL ANNUAL BURDEN = 3,069 Hrs.**

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 June 20, 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 could cause confusion by leading taxpayers to believe that the revenue procedure sunsets 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.

## **OMB EXPIRATION DATE**

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.