

SUPPORTING STATEMENT

Election of Alternative Deficit Reduction Contributions and Plan Amendments
OMB No. 1545-1883

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Procedures are set forth for electing an alternative deficit reduction contribution under §412(l)(12) of the Internal Revenue Code (the Code) (which was added by section 102 of the Pension Funding Equity Act of 2004 (PFEA), Pub. L. No. 108-218), as modified by section 402(i) of the Pension Protection Act of 2006 (PPA), Pub. L. No. 109-280.

Section 412(l)(12) of the Code permits certain employers who are required to make additional contributions under § 412(l) to elect a reduced amount of those contributions (“alternative deficit reduction contributions”) for plan years beginning after December 27, 2003, and before December 28, 2005. Section 412(l)(12) is generally limited to a plan maintained by either (1) a commercial passenger airline or (2) an employer primarily engaged in the production or manufacture of a steel mill product or the processing of iron ore pellets. Section 302(d)(12) of Employee Retirement Income Security Act of 1974 (ERISA) permits an identical election and provides identical requirements with respect to the minimum funding standard of section 302.

- Announcement 2004-38, 2004-1 C.B. 878, provides procedures for electing an alternative deficit reduction contribution including a model election form.
- Announcement 2004-43, 2004-1 C.B. 955, provides guidance on the types of notices that must be given by an employer to plan participants and their beneficiaries and to the Pension Benefit Guaranty Corporation (the PBGC) if that employer elects to make an alternative deficit reduction contribution described in Announcement 2004-38. In addition Announcement 2004-43, as corrected by Announcement 2004-51, 2004-1 C.B. 1041, sets forth timing requirements for the election.
- Notice 2004-59, 2004-2 C.B. 447, provides guidance on the restrictions that are placed on plan amendments following an employer’s election of an alternative deficit reduction contribution under § 412(l)(12) of the Code and section 302(d)(12) of ERISA.

2. USE OF DATA

This information is used to monitor and make valid determinations with respect to employers that elect an alternative deficit reduction contribution for certain plans and make restricted amendments.

Election may cause the excise tax for failure to meet the minimum funding standards not to be incurred and if an employer does not give timely notice of an election to make a deficit reduction contribution (including all of the requirements described above), a court may in its discretion impose a penalty.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, regulations, published guidance, e.g., revenue rulings and revenue procedures, notices, letters, and letter rulings 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

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)

Statute requires, in general, that notice must be given 30-day from the date of an election to make an alternative deficit reduction contribution. As a result, the filing of a certification may be earlier than the date prescribed in guidelines.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

- Announcement 2004-38 (2004-18 IRB 878; May 3, 2004), provides procedures for electing an alternative deficit reduction contribution (by employer).
- Announcement 2004-43 (2004-21 IRB 955; May 24, 2004); provides guidance on the type of notices that must be given by an employer to participants; with correction to Announcement 2004-43 on June 7, 2004, issued under Announcement 2004-51 (2004-23 IRB 1041). Modifies Announcement 2004-38.

- Notice 2004–59, (2004–36 IRB 447; September 7, 2004), provides guidance on the restrictions that are placed on plan amendments.
- Notice 206-105 (2006-50 IRB 1093; December 11, 2006), provides procedures for election as modified section 402(i) of the Pension Protection Act of 2006. Modifies Announcement 2004-38, amplifies Announcement 2004-43 and Notice 2004-59.

In response to the **Federal Register** notice dated August 16, 2013 (78 FR 50143), we received no comments.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Submissions under this notice are considered tax returns and tax return information, which are confidential as required by 26 U.S.C. § 6103. In general, certain matters relating to taxability and deductibility are disclosable under 26 U.S.C. § 6110.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

	# Respondents	# Responses Per Respondent	Annual Responses	Hours Per Response	Total Burden
Ann. 2004-38	200	1	200	4	800
Ann. 2004-43	200	2	400	60	12,000
Notice 2004-59	100	1	100	4	400
Totals	200	3.5	700	18.86	13,200

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 August 16, 2013, 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

We are combining OMB numbers 1545-1883, 1545-1884, and 1545-1889 under a single OMB number: 1545-1883. These information collections relate to the election of alternative deficit reduction contributions and the increase in burden is attributed to an adjustment due to the consolidation of these three information collections.

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 announcement 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.