

SUPPORTING STATEMENT  
Revenue Procedure 97-19  
1545-1535/ 1545-1899 merging

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.

TD 97-19 provides the criteria that will be used to determine whether a private delivery service (hereinafter "PDS") qualifies as a designated private delivery service under § 7502(f) of the Internal Revenue Code. This revenue procedure also provides the procedures under which a PDS can apply to become a designated PDS.

USE OF DATA

The collection of information originally in this control number, 1545-1899, is necessary in order for taxpayers to be able to establish the postmark date and prima facie evidence of delivery when using registered or certified mail. The Service will use the collection of information mentioned above, formerly included in #1545-1535, to determine whether a PDS initially meets (and continues to meet) the statutory and nonstatutory requirements necessary for designation.

USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are 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.

. 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

There are no small entities affected by this collection.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

The consequences are that the IRS will have to spend more taxpayer assistance resources to collect this data through other means. This will compromise the Agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

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).

Notice 99-41 (1999-35 IRB 325) and Notice 2001-62 (2001-40 IRB 307), modified the application address in section 6 of RP 97-19.

Notice 2015-38 (2015-21 IRB 984), updated the list of designated private delivery services ("designated PDSs") set forth in Notice 2004-83, 2004-2 C.B. 1030, for purposes of the timely mailing treated as timely filing/paying rule of section 7502 of the Internal Revenue Code, provides rules for determining the postmark date for these services, and provides a new address for submitting documents to the Internal Revenue Service ("IRS") with respect to an application for designation as a designated PDS.

A notice of proposed rulemaking (REG-138176-02, 2004-2 C.B. 710) was published in the Federal Register (69 FR 56377) on September 21, 2004. A notice of public hearing on proposed rulemaking was published in the Federal Register (69 FR 68282) on November 24, 2004. A public hearing was held on January 11, 2005. Final regulations (TD 9543) were published on August 23, 2011 (76 FR 52561), in the Federal register.

We received no comments during the comment period in response to the *Federal Register* notice (80 FR 53239), dated September 2, 2015.

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

No payment or gift has been provided to any respondents.

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

Information collected may be in one of two systems.

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Business Master File (BMF)" system and a Privacy Act System

of Records Notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

A PIA has also been conducted for information collected under this request as part of the "Individual Master File (IMF)" system and a Privacy Act System of Records Notice (SORN) has been issued for this system under IRS 24.030--Customer Account Data Engine Individual Master File, formerly Individual Master File, and IRS 34.037--IRS Audit Trail and Security Records System.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

## 12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collections of information in RP 97-19 are in sections 4.03, 5, 9.03, 9.06, 10.01, 11.05, 11.06, and 12.03. This information is required for the Internal Revenue Service to determine whether a private delivery service should be a "designated" private delivery service.

1. 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<sup>1</sup></u>
Agreements	4		40 Hrs	160 Hrs.
20,000 Documents	4		2 Mins.	2,667 Hrs.

2. 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>2</sup></u>
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5	10 Hrs.	50 Hrs.
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3. 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>Annual burden</u>
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1	15 Hrs.	15 Hrs.
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4. 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

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1 ? 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.

2 ? The application process, in general, is a one-time rather than annual, occurrence.

administrative review. The Service estimates that it will confirm an administrative denial once per calendar 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	Hrs.	24
	Hrs.	24

- 5. 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.

- 6. 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.

- 7. 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.

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>
1	24 Hrs.	24 Hrs.

**TOTAL ANNUAL BURDEN (RP 97-19) = 3,069 Hrs.**

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The burden estimate for TD 9543, is as follows:

Number of respondents	Hours per response	Total burden
10,847,647	.1	1,084,765

Please continue to assign OMB number 1545-1899 to these regulations:

301.7502-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our *Federal Register* notice dated September 2, 2015, 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

After consultation with various functions within the Service, we have determined that the cost of developing, Printing, processing, distributing, and overhead for this Form is \$1,500.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to merge the burden previously reported under 1545-1535 into the 1545-1899 OMB approval.

As currently cleared, the separate reporting of burden under different approval numbers (1545-1535 and 1545-1899) may prove to be misleading and is in need of clarification. The combining of the requirements under one approval number (1545-1899) is intended to clarify any misunderstanding.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

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



There are no exceptions to the certification statement.

**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.