

SUPPORTING STATEMENT
Rulings and determination letters
Revenue Procedure 2016-1
1545-1522

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Revenue Procedure 2016-1 explains how the Service provides advice to taxpayers on issues under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), and the Associate Chief Counsel (Tax Exempt and Government Entities). It explains the forms of advice and the manner in which advice is requested by taxpayers and provided by the Service. This information is required to evaluate and process the request for a letter ruling or determination letter.

The likely respondents are businesses or other for-profit institutions and tax exempt organizations.

2. USE OF DATA

The data will be used by the Service in determining whether certain letter rulings and determination letters should be issued. In addition, this information will be used to help the Service delete certain information from the text of the letter ruling or determination letter before it is made available for public inspection as required by § 6110.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

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**

The collections of information in this revenue procedure are initiated by the taxpayer's submission of a request to the Service for written advice regarding the proper application of tax laws, or principles or precedents announced by the Service, to the taxpayer's specific set of facts. The procedures in this revenue procedure are designed to require the collection of only the information necessary for the Service to respond to the taxpayer's request, and may vary with the complexity of the request. These procedures permit the taxpayer to request a pre-submission conference with the Associate office, at which the taxpayer and Associate office representative(s) may discuss substantive or procedural issues prior to the taxpayer's submission of the request. The procedures are also designed so that additional information will only be requested when the initial request lacks essential information.

Small businesses or other small entities may be eligible for reduced user fees when the gross income of the partnership or corporation, or the gross receipts of the exempt organization, falls below specified threshold amounts.

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

The collections of information in this revenue procedure permit the Service to collect information necessary to respond to taxpayer requests for written determinations regarding the proper application of the tax laws, as well as principles and precedents announced by the Service, to the taxpayer's specific set of facts. Decreases in the collection of this information would hinder the Service's ability to provide written advice to taxpayers through its private letter ruling and determination letter programs.

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**

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.

In response to the **Federal Register** notice dated November 19, 2015 (80 FR 72486) we received no comments during the comment period regarding Revenue Procedure 2016-1.

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**

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

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 Treas/IRS 24.046 BMF, and Treas/IRS 34.047 Audit trail and security records, The Internal Revenue Service PIAs can be found at

<https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>

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 this revenue procedure are in sections 5.06, 6.03, 7.01, 7.02, 7.03, 7.04, 7.05, 7.07, 7.08, 8.02, 8.05, 8.07, 10.01, 10.06, 10.07, 11.11, 13.02, 15.02, 15.07, 15.08, 15.09, 15.11, paragraph (B)(1) of Appendix A, Appendix C, Appendix D, Appendix E, and Appendix G (subject matter—rate orders; regulatory agency; normalization). This information is required to evaluate and process the request for a letter ruling or determination letter. In addition, this information will be used to help the Service delete certain information from the text of the letter ruling or determination letter before it is made available for public inspection as required by § 6110. The collections of information are required to obtain a letter ruling or determination letter. The likely respondents are businesses or other for-profit institutions, and tax exempt organizations. The estimated number of respondents and/or recordkeepers is 3,956.

The estimated annual burden per respondent/recordkeeper varies from 1 to 200 hours, depending on individual circumstances, with an estimated average burden of 80 hours.

The estimated total annual reporting and/or recordkeeping burden is 316,020 hours.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no annualized cost to the Federal Government.

15. REASONS FOR CHANGE IN BURDEN

Revenue Procedure 2016-1 modifies and supersedes Revenue Procedure 2015-1. This revenue procedure is updated annually, which means that the current version also incorporates changes that were made to Revenue Procedure 2014-1 and Revenue Procedure 2013-1. The changes to this revenue procedure include revisions to indicate that jurisdiction over certain letter rulings, which was formerly with the Commissioner, Tax Exempt and Government Entities Division, has been delegated to the Associate Chief Counsel (Tax Exempt and Government Entities). These changes include the addition of new sections 5.14 and 5.15, which address

letter rulings issued by the Associate Chief Counsel (Tax Exempt and Government Entities) in exempt organizations, qualified retirement plan, and IRA matters. Additional checklists for government pick-up plan and church plan letter ruling requests, which were previously in Rev. Proc. 2014-4, 2014-1 I.R.B. 125, were also added as Appendix D and E, respectively. Additional changes include a new schedule of user fees, a new section 5.16 addressing letter ruling requests to revoke an election made on a return, and a new section 7.03, which provides additional instructions for letter ruling requests involving welfare benefit funds (including voluntary employees' beneficiary associations). Revisions were also made throughout section 9 to indicate that the procedures for requesting a change in method of accounting have been updated as reflected in Rev. Proc. 2015-13, 2015-5 I.R.B. 419, and that those procedures now apply to exempt organizations submitting a Form 3115 to request a change in method of accounting.

The estimated number of respondents and/or recordkeepers (3,956) has been updated to reflect the most recent data on the number of responses received. The estimated average recordkeeping/reporting burden per respondent remains the same (80 hours).

In addition, we removed the burden associated with PGP-123721-09 Guidance on Making Late Elections to Adjust Basis in Partnership Property (25 responses and 400 hours). The burden is already being accounted for under Revenue Procedure 2016-1 and was resulting in duplicate reporting of burden.

The information collection for Revenue Procedure 2009-25 Rulings and Determination Letters (Amplifies RP 2009-1 & 2009-3) 26 CFR 601-.201 was also removed as burden hours associated with partnerships are being reported under 1545-0123.

These changes have increased the overall number of responses by 131 (3,825 to 3,956) and overall burden hours 305,540 to 316,020. The estimated average burden per respondent remains the same (80 hours/recordkeeping).

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

See below.

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

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, at 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.

We are requesting OMB approval for continued use of the prior version of the form(s) in this clearance package, so that late filers will have the previous versions available to them in future years.