

Supporting Statement
(Form 8976, Notice of Intent to Operate Under Section 501(c)(4))
1545-XXXX

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Protecting Americans from Tax Hikes Act of 2015 (the PATH Act) added new section 506 to the Internal Revenue Code (Code). Section 506 requires an organization described in section 501(c)(4), no later than 60 days after the organization is established, to notify the Secretary that it is operating as a section 501(c)(4) organization (the notification). Section 506(b) provides that the notification must include: (1) the name, address, and taxpayer identification number of the organization; (2) the date on which, and the State under the laws of which, the organization was organized; and (3) a statement of the purpose of the organization.

This submission covers the Form 8976, *Notice of Intent to Operate Under Section 501(c)(4)*, which will be used by organizations to submit the section 506 notification. The IRS expects to release Form 8976 on or around July 1, but testing of the electronic form needs to begin as soon as possible.

2. USE OF DATA

This information will be used by IRS to process the notification for completeness in satisfaction of the statutory requirement, and to determine applicability of the penalties for failure to timely submit the notification imposed by section 6652(c)(4) of the Code.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The Form 8976 will be filed electronically.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible. In general, the statute requires organizations to submit basic information to the IRS within 60 days after they are formed. Previously, such organizations would not have been required to submit the same or similar information to the IRS until they file their first annual return or notice, which is not due until 4 ½ months (or 10 ½ months, with extensions) after the end of the organization's first taxable year. Thus, the need for this information cannot be satisfied by any existing collection.

5. **METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

The collection of information provided for in the form imposes a minimal burden on organizations because it requires only a few pieces of basic information regarding the organization. Form 8976 is completed electronically, reducing paperwork. Furthermore, an organization need only submit the notification once over the course of its existence, within 60 days of legal formation.

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

The collection of information provided in Form 8976 occurs only once, when an organization submits the notification within 60 days of its date of formation.

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**

Shortly after the PATH Act was enacted, the Treasury Department and the IRS issued Notice 2016-09, which provided transition relief for organizations that would otherwise have been required to submit the notification as early as February 16, 2016.

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 U.S.C. 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)" and a Privacy Act

System of Records notice (SORN) has been issued for these systems under IRS 22.062 – Electronic Filing Records; IRS 24.030 – Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA's can be found at <http://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

With respect to the collection of information associated with the one-time submission of the notification, as reported on Form 8976, we estimate approximately 2,500 annual respondents with an expected annual burden per respondent of 45 minutes, equaling 1,875 total hours.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The Notification must be submitted with a user fee, as provided by statute. See section 506(e). The IRS Chief Financial Officer is in the process of calculating the user fee.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Estimates of capital or start-up costs and costs of operation are not available at this time.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection. We are making this submission for OMB approval.

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 regulation

sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of 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.

EMERGENCY JUSTIFICATION

The Protecting Americans from Tax Hikes Act of 2015 (the PATH Act) added new section 506 of the Internal Revenue Code (Code), requiring an organization described in section 501(c)(4) to notify the Secretary, within 60 days after its formation, that it is operating as a section 501(c)(4) organization. The new requirement applies to organizations established after December 18, 2015, the date of enactment of the PATH Act, and to certain organizations existing on that date.

The PATH Act was immediately effective. However, the new notification requirement necessitated rules and procedures to help taxpayers understand and comply with the requirement to submit the notification, in addition to a new form for submitting the information required by statute. Accordingly, the Treasury Department and the IRS issued Notice 2016-09 (2016-06 IRB 306 (February 8, 2016)) to provide interim guidance regarding the new notification requirement. Specifically, Notice 2016-09 extended the due date for submitting the section 506 notification until at least 60 days from the date that implementing regulations are issued in order to provide adequate transition time for organizations to comply with the new procedures. Notice 2016-09 further stated that no penalties under section 6652(c)(4) would apply to a section 501(c)(4) organization that submits the required notification by the due date provided in the regulations.

Since the PATH Act was enacted, IRS has been working to build the electronic platform for submitting notifications. The IRS expects the electronic Form 8976,

Notice of Intent to Operate Under Section 501(c)(4), to be available for use by taxpayers on or around July 1, 2016. To meet that deadline, the IRS needs to finalize the electronic form, including the OMB control number, as soon as possible so that testing on the platform may begin.

Following normal clearance procedures would delay the release of the Form 8976. This delay would further extend the wait time for taxpayers expecting to fulfill their statutory obligation to submit the notification required by section 506 of the Code.

Making the Form 8976 available to the public as soon as the platform is ready would increase voluntary compliance with the new requirement and serve the mission of the IRS to "provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all."