

Supporting Statement
OMB Control # 1545-XXXX
REG-118867-10—Requirements for Type I and Type III Supporting Organizations

1. Circumstances necessitating collection of information

The collection of information in the proposed regulations is necessary to establish that organizations satisfy the public charity requirements for certain Type III supporting organizations under IRC section 509(a)(3). Type III supporting organizations will collect the required information from their supported organizations and make it available to the Internal Revenue Service on request. The respondents are Type III supporting organizations. The collection of information in these proposed regulations is in §1.509(a)-4(i)(4)(iv)(D) (written record of close cooperation and coordination by the governmental supported organizations) and §1.509(a)-4(i)(6)(iii)(B) (written record of contributions received by the supported organization). Requiring the supporting organization to collect written records of its governmental supported organizations' close cooperation and coordination with each other and written records of the contributions its supported organizations directly received in response to solicitations by the supporting organization permits the IRS to determine whether the supporting organization satisfies the requirements to be a functionally integrated or non-functionally integrated Type III supporting Organization.

2. Use of data

Supporting organizations collect and maintain the required information from their supported organizations. The IRS (TEGE Exam) may request production of the information during an examination to verify compliance with the requirements for Type III supporting organizations.

3. Use of improved information technology to reduce burden

Supporting organizations may collect, maintain and transmit the records by any means (including electronic).

4. Efforts to identify duplication

The requirements for collecting and maintaining these records is new, reflecting changes in the law by the Pension Protection Act of 2006. Similar information is not already available.

5. Methods to minimize burden on small businesses or other small entities

The proposed information collection will not have a significant economic impact on a substantial number of small entities. The information collection is limited to only those Type III supporting organizations that seek to qualify as supporting governmental supported organizations or to count as qualifying distributions their expenses to solicit contributions to their supported organizations. The information collection is limited to the Type III supporting organization obtaining information from their supported organizations and maintaining those records for compliance purposes.

6. Consequences of less frequent collection on federal programs or policy activities

The proposed regulations do not require organizations to complete any IRS forms in connection with the information collection.

The collection of information is necessary for and limited to certain Type III supporting organizations to substantiate that they support governmental supported organizations or satisfy their distribution requirements through solicitation expenses. Applicable organizations only need to obtain the

required information when they engage in these limited activities.

7. Special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(D)(2)

This data collection is not inconsistent with the 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

A notice of proposed rulemaking was published in the Federal Register on February 19, 2016, at 81 FR 33, and provided an opportunity for public comments. Comments received will be summarized in the final regulation.

9. Explanation of decision to provide any payment or gift to respondents

The NPRM does not provide for any payment or gift to respondents.

10. Assurance of confidentiality of responses

The information is taxpayer information protected from disclosure under 26 USC 6103. The NPRM does not require organizations to disclose this information on Form 990 information returns.

11. Justification of sensitive questions

No personally identifiable information (PII) is being collected.

12. **Estimated burden of information collection**

According to IRS statistics of income data for 2013, there are a total of 7,872 Type III supporting organizations. The frequency of the information collection is no more than annual. The estimated annual burden is expected to be no more than 2 hours per affected organization.

<u>Respondents</u>	<u>Time/Respondent</u>	<u>Total</u>
7,872	2hrs.	15,744 Hours

13. **Estimated total annual cost burden to respondents**

The total annual cost burden to affected Type III supported organizations to collect and maintain the required information is expected to be less than \$100, based on the estimated 2-hour time expenditure.

14. **Estimated annualized cost to the federal government**

There is no estimated additional cost to the federal government. The records are collected and maintained by the applicable organizations. The IRS only would review the collected information in connection with an audit of the applicable organization.

15. **Reasons for change in burden**

This is a new collection. The collection is necessary to establish compliance with the requirements for Type III supporting organizations.

16. **Plans for tabulation, statistical analysis, and publication**

There are no plans for tabulations, statistical analysis or publication.

17. Reasons why displaying the OMB expiration date is inappropriate

The information collection and retention is for organization's own records. It is not required to be reported on an IRS form.

18. Exceptions to the certification statement

There are no exceptions to the certification statement for this proposed information collection.

19. Reason for emergency submission

This is not an emergency submission.