

SUPPORTING STATEMENT
Qualified Conservation Contributions
1.170A-14
OMB Control Number 1545-0763

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 170(a)(1) of the Internal Revenue Code of 1986 (Code) allows an income tax deduction for any charitable contribution (defined in Code section 170(c)), payment of which is made during the taxable year. Code section 170(f)(3) generally denies the deduction for charitable contributions of certain partial interests in real property, but not "qualified conservation contributions." That term is defined by Code section 170(h) to mean contributions of a "qualified real property interest" to a qualified organization exclusively for conservation purposes.

Code section 170(h)(2) provides that a "qualified real property interest" can be a restriction on the use which may be made of the real property, but that restriction (the conservation interest) must be granted in perpetuity. To carry out this rule, section 1.170A-14(g)(5)(i) provides that if a taxpayer retains a property interest which may have an adverse impact on the qualified conservation interest (e.g., retaining the right to mine property for which the scenic view is donated to a conservation organization for the benefit of the general public), the taxpayer must make available to the conservation organization documentation establishing the condition of the qualified conservation interest (e.g., a picture of property). This is the minimum information necessary for the donee conservation organization (or any successor organization) to have in order to enforce its property interest. For example, in the parentheses above, if the taxpayer starts mining the property, the conservation organization must have a picture of the property in its original state in order to determine that the scenic view is, or is not, being damaged.

The value of a perpetual conservation restriction, and accordingly the amount of the charitable deduction, will generally be equal to the difference between the fair market value of the land it encumbers before and after the granting of the restriction. However, code section 170(a)(1) provides that the charitable deduction is only allowed if verified under regulations prescribed by the Secretary. To carry out this rule, section 1.170A-14(i) requires a taxpayer claiming a charitable deduction to maintain records of (1) the fair market value of the underlying property before and after the donation and (2) the conservation purpose of the donation. That information will be required to be included with the taxpayer's income tax return if required by the return or its instructions.

2. **USE OF DATA**

The information is used by the Internal Revenue Service (IRS) and the taxpayer to verify that the proper amount of tax is reported or excluded.

3. **USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

We have no plans to offer electronic filing. IRS publication, regulations, notices and letters are to be electronically enabled on a 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**

Businesses have only to record this information one time.

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

The information required under Code section 1.170A-14(g)(5)(i) and section 1.170A-14(i) will be used by the IRS and the taxpayer to verify that the proper amount of tax is reported or excluded. Less frequent collection of taxes and tax information, could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Service Code.

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**

These regulations were published in the *Federal Register* as a Notice of Proposed Rulemaking on May 23, 1983 (48 FR 22940). A public hearing was held on September 15, 1983, following a 60-day period in which public

comments upon any aspect of the proposed regulations were submitted. They were published as final regulations on January 14, 1986 and were approved by OMB prior to publication.

In response to the *Federal Register Notice* dated September 7, 2016 (81 F.R. 61738), we received no comments during the comment period regarding TD 8069.

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

No PII (Personally Identifiable Information) is being collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Sections 1.170A-14(g)(5)(i) and 1.170A-14(i) impose recordkeeping requirements that will affect 1,000 recordkeepers and will take them approximately 1.25 hours to complete. The total burden is 1,250 hours.

Information will be required to be included with the taxpayer's income tax return if required by the return itself or its instructions. Any burden associated with this reporting requirement is included under the OMB control number assigned to that return.

	<u>Response</u>	<u>Time per per Response</u>	<u>Annual Time Burden</u>
1.170A-14	1,000	1.25 hrs.	1,250

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up cost 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

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the 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 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.