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SUPPORTING STATEMENT
OMB Control Number 1545-2050
Notice 2006-109

Interim Guidance Regarding Supporting Organizations and Donor Advised Funds

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 1231 and 1244 of the Pension Protection Act of 2006 (PPA '06), enacted on August 17, 2006, added section 4966 to the Internal Revenue Code, and amended sections 4942(g)(4) and 4945(d)(4)(A) to the Code. New Code section 4966 imposes a new excise tax on a sponsoring organization that maintains donor advised funds for certain distributions to individuals from the funds, including for disaster relief grants or educational grants. The amendments to sections 4942 and 4945 impose excise taxes on private foundations that make grants to 501(c)(3) organizations classified as supporting organizations under certain circumstances. Prior to PPA 06', although private foundations were subject to excise taxes on non-qualifying distributions and on taxable expenditures, grants to these certain supporting organizations were not subject to those requirements.

Section 1231 is effective for taxable years beginning after date of enactment. Section 1244 applies to distributions and expenditures made after date of enactment. The attached document entitled *Interim Guidance Regarding Supporting Organizations and Donor Advised Funds* ("Notice" provides relief with respect to the applicability of new excise taxes imposed on private foundations and sponsoring organizations by sections 1231 and 1244 of PPA 06'.

2. USE OF DATA

Section 3.01 of the Notice provides private foundation with options in collecting information to assist in determining whether grants to certain supporting organizations are qualifying distributions and are not be taxable expenditures. Collecting such information will provide private foundations with relief from the new excise taxes imposed under amended sections 4942 and 4945 of the Code.

Sections 5.01 and 5.02 of the Notice provides relief from excise taxes imposed under new section 4966 of the Code. A sponsoring organization of certain donor advised funds will not be subject to the new taxes for distributions from employer-sponsored disaster relief funds or for distributions of certain educational grants if the organization collects and maintains the required documentation. The Notice clarifies that existing documentation requirements for employer-sponsored relief programs and educational grants apply to these funds.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

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.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication by the organizations subject to these requirements, and within the agency, wherever possible. To that extent, we are utilizing existing documentation requirements to the extent 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

If less frequent collections were done on Federal programs, collecting such information will not provide private foundations the relief from the new excise taxes imposed under amended sections 4942 and 4945 of the Code. . Also, a sponsoring organization of certain donor advised funds will be subject to the new taxes for distributions from employer-sponsored disaster relief funds or for distributions of certain educational grants if the organization collects and not maintain the required documentation.

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 THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

This notice was published in the Internal Revenue Bulletin on December 18, 2006 (2006-51 I.R.B. 1121).

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 regarding Notice 2006-109.

We received no comments during the comment period in response to the *Federal Register* notice dated September 26, 2016 (81 FR 66125).

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 personally identifiable information (PII) is collected .

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

We estimate that there are 80,000 private foundations, and that 64,000 private foundations will avail themselves of the relief provided in Section 3.01 of the Notice, with an estimated average of 9 hours, 48 minutes for each foundation. The total estimated burden for 64,000 private foundations is 606,270 hours annually.

We estimate that there are 1,000 sponsoring organizations of donor advised funds and that 800 of them will avail themselves of the relief provided in Section 5 of the Notice. With an estimated average of 7 hours, 53 minutes

for each organization. The total estimated burden for 800 organizations is 6,024 hours annually.

Notice 2006-109	Respondents/and or Recordkeepers	Time/per/response	Total Annual Burden Hours	
Section 3.01	Private Foundation 64,000	9 hrs., 48 minutes	606,270	
Section 5	Sponsoring Organizations 1,000	7hrs., 53 minutes	6,024	
Totals	65,000	Average 8 hrs., 30 minutes	612,294	

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO TAXPAYERS

There are no capital/start-up or ongoing operation/ maintenance cost associated with this information collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are no known annualized costs 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 would cause confusion by leading taxpayers to believe that the notice sunsets as of the expiration date. Taxpayers may not 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 for this collection.

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 the 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.