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**1 SUPPORTING STATEMENT**

Internal Revenue Service

(Form 5306-A)

Application for Approval of Prototype Simplified Employee Pension (SEP) or Savings Incentive Match Plan  
for Employees of Small Employers (SIMPLE IRA Plan)

OMB Control Number 1545-0199

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code allows Banks and insurance companies to establish prototype simplified employee pensions (SEP) or savings incentive match plans (SIMPLE). In order to ensure that these prototypes meet the requirements under IRC section 408(k) or (p), these entities may request an approval letter from IRS. The banks or insurance companies must complete Form 5306A so the IRS can determine if the plan qualifies as a simplified employee pensions (SEP) or savings incentive match plans (SIMPLE).

**2. USE OF DATA**

The information collected by Form 5306A is used by IRS to verify that these simplified employee pensions (SEP) or savings incentive match plans (SIMPLE) meet the requirements of Internal Revenue Code § 408(k) or (p) so that IRS may issue an approval letter.

**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**

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

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

Application, Form 5306-A, is designed to aid small businesses apply for approval of a self-created SEP. The Agency has provided Pre approved template plans that small business can model without needing to fill out the application.

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

A less frequent collection would result in the IRS being unable to determine if the simplified employee pensions (SEP) or savings incentive match plans (SIMPLE) qualified as a plan per Internal Revenue Code Section 401(k) or (p) thereby engendering the inability of IRS to meet its mission. Application is only completed once when a SEP is first submitted for approval.

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 regarding Form 5306-A.

In response to the Federal Register notice (82 FR 15557), dated March 29, 2017 we received no comments during the comment period regarding Form 5306-A.

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)" 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 <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

Authority	Description	# of	# Responses	Annual	Hours per	Total Burden
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		Respondents	3 per Respondent	Responses	Response	
IRC § 401(k) and (p)	SEP Prototype Approval	21	1	21	19.37	407
<b>Totals</b>		<b>21</b>				<b>407</b>

Section 408 (k) and (p) provides for simple retirement accounts. The burden of applying for approval of a SEP prototype required by section 408(k) and (p) is estimated to be 407 hours with an average burden to each respondent of 19.37 hours. The estimated number of respondents is 21 (21 respondents x 19.3 hrs. = 407 total burden hour estimate.)

**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**

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form is \$1,000.

**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. Total Burden hours did change because the organization that processes 5306-A provided updated numbers of actual filers. We are making this submission for renewal purposes.

**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 the public interest will be better served by not printing an expiration date on the form(s) in this package.

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

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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.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I**

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.