

SUPPORTING STATEMENT  
Internal Revenue Service  
Form 1023 Application for Recognition of Exemption Under Section 501(3)(c)and  
Form 1023-EZ Streamlined Application for Recognition of Exemption Under Section 501(3)(c)  
OMB No. 1545-0056

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Unless specifically exempted by a provision in the Internal Revenue Code, all organizations and individuals are subject to Federal income tax. Certain organizations may be exempt from Federal income taxes under section 501(a) of the Code if they are described in section 501(c)(3) and meet certain other conditions set out in the Code.

Section 508(a) of the Internal Revenue Code requires organizations that are broadly classified as charitable to notify the Internal Revenue Service (authority delegated by the Secretary of the Treasury) that they intend to apply for exempt status under section 501(c)(3). Section 1.501(a)-1(a) of the Income Tax Regulations requires these organizations to apply for exempt status. Section 509(a) of the Code requires them to provide information on their private foundation status or show why they are not private foundations. Form 1023 was developed to serve all these requirements.

Form 1023-EZ was created as a method for tax exempt entities to apply for exemption under IRC 501 (c)(3) in a streamlined three page form if an organization meets specific requirements as first determined by completing the Form 1023-EZ Eligibility Worksheet. This form will ease the process for TEGE in processing tax exempt applications as well as the organizations applying for recognition of exemption

**2. USE OF DATA**

The reporting requirements that IRC §§ 501(a) and 501(c)(3) place on the filers of the Forms 1023 and 1023-EZ provides the IRS with information to determine the applicant's exempt status and private foundation status in accordance with the Internal Revenue Code.

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

IRS Publication, Regulations, Notices, and Letters are to be electronically enabled on as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998. We intend to offer electronic filing to the extent it is practicable however in the case of Form 1023 it isn't practicable because of the evaluative nature of the determination.

Form 1023-EZ applicants must file electronically.

**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. An eligibility worksheet and checklist are completed by applicants to determine if an organization may qualify to use the Form 1023-EZ.

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

Small entities should not be disadvantaged as the Form 1023-EZ has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service. The Form 1023-EZ will reduce the burden significantly because applicants will be able to use this three page form rather than the Form 1023, which is a much longer application. The Form 1023-EZ is simpler; therefore applicants are less likely to need to consult with advisors when completing the form.

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

A less frequent collection on federal programs would result in the IRS being unable to determine the exempt status thereby engendering the inability of IRS to meet its mission. If the Internal Revenue Service (IRS) did not collect this information, the IRS will not be able to provide the information to determine the applicant's exempt status and private foundation status.

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

In response to the Federal Register notice dated April 7, 2017 (82 FR 17097), we received no comments regarding Form 1023 and Form 1023-EZ.

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 "Exempt Organization (EO) and Government Entity (GE) Audit System (DEXP)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 24.046 - CADE Business Master File; IRS 34.037 - IRS Audit Trail and Security Records System; IRS 42.008 - Audit Information Management System; IRS 50.222 - Tax Exempt/Government Entities. (TE/GE) Case Management Records. The Department of Treasury



	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	80,000	0	0	0	0	80,000
Annual Time Burden (Hr)	4,714,236	0	-44,954	0	0	4,759,190

**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 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**

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 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.