

**SUPPORTING STATEMENT
Internal Revenue Service
(TD 8960)**

**Deductibility, Substantiation, and Disclosure of Certain Charitable Contributions; Correction
OMB #1545-1464**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Sections 170(f)(8) and 6115 were added to the Code by sections 13172 and 13173 of the Omnibus Budget Reconciliation Act of 1993, Pub. L. 103-66. 107 Stat. 455, 1993-3 C.B. 43. Section 170(f)(8) generally provides that no charitable contribution deduction will be allowed under section 170(a) for a contribution of \$250 or more unless the taxpayer substantiates the contribution with a contemporaneous written acknowledgment from the donee organization. Section 6115 generally requires that a donee organization provide a written statement to the donor if it receives a "quid pro quo contribution" in excess of \$75. These regulations provide guidance regarding the substantiation and disclosure requirements for certain charitable contributions.

2. USE OF DATA

The data is used by taxpayers to substantiate their charitable contributions.

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. We have no plans to offer electronic record keeping because this is record keeping requirements.

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

There is no flexibility to reduce burden on small businesses or other small entities because the statutes apply to small businesses and small entities.

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

If the information was not collected per the regulations above, the IRS will not be able to verify the substantiation and disclosure requirements for certain charitable contributions.

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 19, 2017, (82 FR 18534), we received a comment during the comment period regarding TD 8960.

The Council on Foundation addressed current requirements related to the substantiation requirements, rules and obligations of charitable organizations related to the gifts of publicly traded securities, disregarded goods and services in the form of food and beverage received in return for charitable contributions and the proper method by which a taxpayer may refuse goods or services provided by a done organization. Additionally, the Council encourages an increase in the minimum value of charitable contributions that require substantiation, and the minimum value of contributions that require disclosure in a quid pro quo situation.

The suggestion for increasing the minimum threshold for contemporaneous written acknowledgement requires a change in legislation in order to be implemented. Quid pro quo will negate charitable intent, particularly where value of food and beverages equals or exceeds "donation" amount per Revenue Ruling 67-246.

The request for consideration of regulatory guidance regarding the proper manner of substantiating a refusal or rejection of benefits by a donor consistent with the guidance provided by previous Revenue Ruling 67-246 has been taken under advisement. The \$75 threshold in the special rules correlates with the threshold in Internal Revenue Code § 6115, this allows for consistency.

The Council requested clarification regarding the provision in Treasury Regulation § 1.170A-13(f)(2)(i) describing the information required in a written acknowledgement from a done organization and specifically: "The amount of cash the taxpayer paid and a description (but not necessarily the value) of any property other than cash the taxpayer transferred to the done organization" The language is regulatory language and follows Internal revenue Code § 170(f)(8)(B)(i). Charities are free to add value to description, but value does not substitute for description.

9. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No payment or gift will be 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 "Information Returns Processing (IRP)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.061 - Information Return Master File; IRS 24.030 - Customer Account Data Engine Master File; IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

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

Section 1.170A-13(f)(1) generally provides that no charitable contribution deduction will be allowed under section 170(a) for a contribution of \$250 or more unless the taxpayer substantiates the contribution with a contemporaneous written acknowledgment from the donee organization.

Section 1.170A-13(f)(8) provides that unreimbursed expenditures made incident to the rendition of services may be substantiated with two documents in lieu of a single acknowledgment provided by the donee organization.

Section 1.170A-13(f)(15) provides that if a partnership or an S corporation makes a charitable contribution of \$250 or more, the partners or shareholders will be treated as satisfying the requirements of section 170(f)(8) for that contribution if the partnership or S corporation obtains and maintains in its records a contemporaneous written acknowledgment of the contribution.

Section 1.6115-1 generally requires that a donee organization provide a written statement to the donor if it receives a "quid pro quo contribution" in excess of \$75.

We believe that there are approximately 750,000 respondents subject to the reporting requirements in sections 1.170A-13(f)(1), 1.170A-13(f)(8), and 1.6115-1. We estimate that on occasion the respondents will be required to respond to the reporting requirements. We also estimate that the burden per respondent is 2.5 hours, and the total annual reporting burden for all respondents is 1,875,000 hours.

We believe that there are approximately 1,000,000 recordkeepers subject to the recordkeeping

requirements of section 1.170A-13(f)(15). We estimate that the annual burden per recordkeeper is .10 hour, and the total annual recordkeeping burden for all recordkeepers is 100,000 hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
TD 8960	1.170A-13(f)(1), 1.170A-13(f)(8), 1.6115-1	750,000	1	750,000	2.5	1,875,000
TD 8960	1.170A-13(f)(15)	1,000,000	1	1,000,000	.1	100,000
Totals				1,750,000		1,975,000

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

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.