

**SUPPORTING STATEMENT**  
**Internal Revenue Service (IRS)**  
**Simplified Employee Pension-Individual Retirement Accounts Contribution Agreement**  
**Form 5713 and Schedules A, B, and C**  
**OMB Control Number 1545-0216**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

— Any entity that has operation in or related to a "boycotting" country must file Form 5713. If the entity participates or cooperates with an international boycott, a portion of the following benefits may be lost: the foreign tax credit, deferral of income of a controlled foreign corporation, deferral of income of a domestic international sales corporation (IC-DISC), and deferral of income of a foreign sales corporation (FSC).

The loss of tax benefits is figured on Schedules A and C or Schedules B and C (Form 5713). The international boycott factor (Schedule A) must be used to figure the reduction to foreign trade income qualifying for the extraterritorial income exclusion. To figure the loss of all other tax benefits, taxpayers can use either the international boycott factor (Schedule A) or determine taxes and income specifically attributable to boycott operations (Schedule B). And the loss of tax benefits is figured on Schedule C.

Schedule C is completed by partners. Partnerships do not complete Schedule C, however partnerships must complete parts of both Schedules A and B. However, if all partners figure the loss of their tax benefits using the boycott factor exclusively, or specifically identifiable taxes and income attributable to boycott operations exclusively, then the partnership is only required to complete parts of Schedule A or parts of Schedule B.

**2. USE OF DATA**

The IRS uses Form 5713 and Schedules A, B, and C to determine the number of entities that have operations in a "boycotting country," and to determine what benefits the entity will lose due to boycott participation or cooperation. The information is also used as the basis for a report to Congress.

**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. Form 5713 and Schedules A, B, and C are available electronically.

**4. EFFORTS TO IDENTIFY DUPLICATION**

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

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

There is no burden on small businesses or other small entities due to the inapplicability of the authorizing statute to this type of entity.

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

The information required is needed to verify compliance with the Internal Revenue Code of the Treasury Regulations. A 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 Code and hinder the IRS from meeting its mission.

**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 March 28, 2018 (83 FR 13348), we received no comments during the comment period regarding these regulations.

**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 U.S.C. 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. The Internal Revenue Service PIAs 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.

This is an attachment to the Federal tax return. The Privacy Act statement associated with this attachment is listed in the Federal tax return instructions.

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

Form	Description	# Respondents	# Responses Per Respondent-Approximate	Total Annual Responses	Hours Per Response	Total Burden
5713	International Boycott Report	4,882	1	4,882	28.37	138,503
5713 Sch A	International Boycott Factor (Section 999(c)(1))	244	1	244	3.57	872
5713 Sch B	Specifically Attributable Taxes and Income (Section 999(c)(2))	280	1	280	7.46	2,089
5713 Sch C	Tax Effect of the International Boycott Provisions	226	1	226	9	2,034
<b>TOTAL</b>		<b>5,632</b>		<b>5,632</b>		<b>143,498</b>

The following regulations impose no additional burden. Please continue to assign OMB Number 1545-0216 to these regulations.

7.999-1(b)  
1.999-1Q5

**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**

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as; complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>	<u>Printing and Distribution</u>	<u>Government Cost Estimate per Product</u>
Form 5713	\$ 13,903		\$ 13,903
Form 5713 Instructions	\$ 3,972		\$ 3,972
Form 5713 Sch A	\$ 11,917		\$ 11,917
Form 5713 Sch B	\$ 11,917		\$ 11,917
Form 5713 Sch C	\$ 11,917		\$ 11,917
<b>Grand Total</b>	<b>0</b>		<b>0</b>

Table costs are based on 2016 actuals obtained from IRS Chief Financial Office and Media and Publications

\* New product costs will be included in the next collection update.

## **15. REASONS FOR CHANGE IN BURDEN**

There have been no changes to the forms that would increase burden. However, the agency has updated its estimated number of responses for each form based on recent filing data.

	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	5,632	0	0	3,048	0	2,584
Annual Time Burden (Hr)	143,498	0	0	74,003	0	69,495

## **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**

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations 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.