

**Internal Revenue Service  
Supporting Statement 1  
OMB Number 1545-1798  
Form 8718**

**User Fee for Exempt Organization Determination Letter Request**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 7528 of the Code directs the Secretary of the Treasury or delegate (the “Secretary”) to establish a program requiring the payment of user fees for requests to the Service for letter rulings, opinion letters, determination letters, and similar requests.

Form 8718, User Fee for Exempt Organization Determination Letter Request, was created as a result of The Omnibus Reconciliation Act of 1990 which requires payment of a “user fee” with each application for a determination letter. Form 8718 provides filers with the means to enclose their user fee payment and indicate what type of request they are making.

**2. USE OF DATA**

The information provided on the Form 8718 assists the IRS in both its processing of the money and application and as an indicator as to what type of service the filer is requesting.

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

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

**4. EFFORTS TO IDENTIFY DUPLICATION**

The IRS has attempted to eliminate duplication within the agency wherever possible.

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

There is no burden on small businesses or entities by this collection 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**

Form 8718, User Fee for Exempt Organization Determination Letter Request, is used by filers requesting a determination letter, to enclose their user fee payment and indicate of the type of request being made. A less frequent collection would result in the IRS being unable to process the filer’s application and payment and the IRS being unable to

determine the type of service being requested. This could result in the IRS being unable to meet 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 (83 FR 23339), dated May 18, 2018, the IRS received no comments during the comment period regarding Form 8718.

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**

There is no sensitive personally identifiable information (PII) in this collection.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The burden estimate is as follows:

<b><u>Authority</u></b>	<b><u>Form</u></b>	<b><u>Number of Response</u></b>	<b><u>Time per Response</u></b>	<b><u>Total Hours</u></b>
<b><u>IRC 7528</u></b>	8718	14,376	5 minutes	719

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**

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.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>		<b>Printing and Distribution</b>		<b>Government Cost Estimate per Product</b>
Form 8718	\$10,924	+	(\$0)	=	\$10,924
<b>Grand Total</b>	<b>\$10,924</b>		<b>(\$0)</b>		<b>\$10,924</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 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**

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