

SUPPORTING STATEMENT  
Internal Revenue Service  
OMB Control Number 1545-0390  
Form 5306, Application for Approval of Prototype or Employer Sponsored  
Individual Retirement Arrangement (IRA)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Banks and insurance companies may establish prototype individual retirement arrangement account trusts or annuity contracts. Employers may establish individual retirement account trusts for the use of their employees. In order to ensure that these trusts or annuity contracts meet the requirements under IRC section 408(a), 408(b), or 408(c), these persons may request an approval letter from IRS.

2. USE OF DATA

The data supplied on Form 5306 is used to determine if the individual retirement account trust or annuity contract meets the requirements of section code 408, so the Internal Revenue Service may issue an approval letter.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The form is not electronically filed because Modernized efile has not chosen to enable it for electronic filing by devoting the necessary time, money, and resources to do so. The IRS has concluded that budgetary considerations require that the limited resources available for enabling electronic filing be allocated to ICs other than the Form associated with this information collection, where the benefits of electronic filing are greater.

4. EFFORTS TO IDENTIFY DUPLICATION

There is no plan to offer electronic filing for this collection due to the low volume of filers.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

Consequences of less frequent collection on federal programs or policy activities could result in an increase of individual retirement account trusts not meeting the requirements of the code.

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.

In response to the *Federal Register* notice dated February 26, 2019, (84 FR 6199), we received no comments during the comment period regarding Form 5306.

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 24.030- CADE Individual Master File; IRS-24.046 – CADE Business Master File (BMF) and Treas./IRS 34.037 IRS Audit Trail and Security Records System. 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.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Approximately 600 banks and insurance companies may establish prototype individual retirement arrangement account trusts or annuity contracts and/or employers may establish individual retirement account trusts for the use of their employees. In order to ensure that these trusts or annuity contracts meet the requirements under IRC section 408(a), 408(b), or 408(c), these persons may request an approval letter from IRS. The approximate response time would be 13 hours and 45 minutes for a total annual burden of 8,244 hours.

<u>Form</u>	<u>Number of Responses</u>	<u>Time Per Response</u>	<u>Total Burden Hours</u>
Form 5306	600	13.74	8,244

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0390 to these regulations:

Reporting Regulation  
1.408-6(a) & (d)

Recordkeeping Regulations  
1.408-2(c) (3) & (4)  
1.408-2(b) (2) (ii)  
1.408-2(c) (2)

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

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>	<u>Printing and Distribution</u>	<u>Government Cost Estimate per Product</u>
Form 5306			10,936
Form Instructions			
<b>Grand Total</b>			<b>10,936</b>
Table costs are based on 2018 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 are no changes to the burden previously approved by OMB. We are making this

submission for renewal purposes only.

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 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 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. 103.