

Supporting Statement
Internal Revenue Service
Request for Miscellaneous Determination
OMB#: 1545-2211

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Rev. Proc. 2020-5, updated annually, lists procedures for issuing determination letters on issues under the jurisdiction of the Director, EO Rulings and Agreements. It explains the procedures for issuing determination letters on exempt status in response to applications for recognition of exemption from federal income tax under IRC 501 or 521 (other than those subject to Rev. Proc. 2020-4 (OMB #: 1545-1520), updated annually), private foundation classification, and other determinations related to exempt organizations. Rev. Proc. 2020-5 also provides guidance on the exhaustion of administrative remedies for purposes of declaratory judgement under IRC 7428 and guidance on applicable user fees for requesting determination letters.

Organizations exempt under section 501(c)(3) may file Form 8940 for miscellaneous determinations under Internal Revenue Code sections 507, 509(a), 4940, 4942, 4945, and 6033. Nonexempt charitable trusts may also file a Form 8940 for an initial determination under section 509(a)(3) and other miscellaneous determinations described above.

2. USE OF DATA

The data will be used by the Exempt Organizations Determinations Office at the Service to evaluate requests for miscellaneous determinations.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS has no plans to offer electronic filing at this time because of the low volume compared to the cost of electronic enabling.

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

IRS has attempted to minimize the burden on small businesses or other small entities. The collections of information on this form will not have a significant economic impact on a substantial number of small entities.

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

A less frequent collection on federal programs would result in the IRS unable to determine the miscellaneous determination requests that should be allowed on the tax return thereby engendering the ability of IRS 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 dated May 26, 2020 (85 FR 31613), IRS received no comments during the comment period regarding Form 8940.

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 Title 26 USC 6103. However, under Public Disclosure Requirements, Exempt Organizations must make available for public inspection certain annual returns and applications for exemption and must provide copies of such returns and applications to individuals who request them.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Modified Employee Plans Exempt Organization Determination, (MEDS)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 50.222 Tax Exempt/Government Entities (TE/GE) Case Management Records, and IRS 34.037 Audit Trail and Security Records. 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

Organizations exempt under section 501(c)(3) may file Form 8940 for miscellaneous determinations under sections 507, 509(a), 4940, 4942, 4945, and 6033. Nonexempt charitable trusts may also file a Form 8940 for an initial determination under section 509(a)(3).

Authority	Description	# of Respondents	#Responses per Respondent	Annual Responses	Hours per Response	Total Burden
507, 509(a), 4940, 4942, 4945, and 6033	Form 8940	2,100	1	2,100	13.79	28,959
Totals		2,100				28,959

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated May 26, 2020, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, IRS did not receive any responses from taxpayers on this subject.

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

Product	<u>Labor & Downstream Impact Costs</u>	<u>Print & Shipping Costs</u>	<u>Government Cost Estimate per Product</u>
8940	\$12,758	\$ 0	\$12,758
Instructions for 8940	\$5,012	\$ 0	\$5,012
Grand Total	\$17,770	\$ 0	\$ 17,770

15. REASONS FOR CHANGE IN BURDEN

There are no changes to the paperwork burden previously approved by OMB. This form is being submitted 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 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 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 if 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.