

**Supporting Statement**  
**Internal Revenue Service**  
**(Form 5305A-SEP) Salary Reduction Simplified Employee Pension-Individual Retirement**  
**Accounts Contribution Agreement**  
**OMB # 1545-1012**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code (IRC) Section 404 identifies the deduction limitations for contributions an employer makes to a qualified pension or profit-sharing plan as ordinary or necessary business expenses. IRC Section 404(h) details the limitations employer contributions to a simplified employee pension are subject to.

IRC Section 408 defines individual retirement account (IRA) as a trust created or organized in the United States for the exclusive benefit of an individual or his beneficiaries, but only if the trust meets specific requirements. IRC Section 408(k) defines simplified employee pension (SEP), the participation requirements, and the guidelines for the contributions.

Form 5305-A-SEP is used by employers to permit employees to make elective deferrals to a Simplified Employee Pension (SEP).

**2. USE OF DATA**

The Form 5305A-SEP is a model salary reduction simplified employee pension (SEP) used by an employer to permit employees to make elective deferrals to a SEP described in section 408(k). This form is not filed with the IRS but is to be retained in the employer's records as proof of establishing such a plan.

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

IRS has no plans to offer electronic enabling because this is record keeping requirement.

**4. EFFORTS TO IDENTIFY DUPLICATION**

The record retained 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**

Small businesses should not be disadvantaged as the form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service.

**6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL**

## **PROGRAMS OR POLICY ACTIVITIES**

Consequences of less frequent collection would delay an employer's ability to establish Simplified Employee Plan or Individual Retirement Account.

### **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 February 17, 2021 (86 FR 10002), the agency received no comments during the comment period regarding Form 5305A-SEP.

### **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 "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. 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**

The burden estimate is as follows:

<b>Authority</b>	<b>Description</b>	<b># of Respondents</b>	<b>#Responses per Respondent</b>	<b>Annual Responses</b>	<b>Hours per Response</b>	<b>Total Burden</b>
IRC 408(k), 408(k)(6), 404(h)	Form 5305A-SEP	100,000	1	100,000	9.72	972,000
Totals		100,000		100,000		972,000

**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. The primary cost to the government consists of the cost of printing Form 5305A-SEP. It is estimated that the cost of printing the form is \$1,279.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. The IRS is 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 IRS 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.