

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**TD 9605, Payout Requirements for Type III Supporting Organizations That Are Not**  
**Functionally Integrated**  
**OMB Control Number 1545-2157**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code (IRC) Section 509(f)(1) requires a Type III supporting organization to provide to each of its supported organizations such information as the Secretary may require to ensure that the Type III supporting organization is responsive to the needs or demands of its supported organization(s). TD 9605 contains both final regulations and temporary regulations regarding the requirements to qualify as a Type III supporting organization that is operated in connection with one or more supported organizations. The regulations reflect changes to the law made by the Pension Protection Act of 2006. The regulations affect Type III supporting organizations and their supported organizations. The collection of information is in §1.509(a)-4(i)(2)(iii) and § 1.509(a)-4(i)(6)(v).

To implement this provision, the regulations require that each taxable year, a Type III supporting organization must provide to each of its supported organizations: (A) a written notice addressed to a principal officer of the supported organization identifying the supporting organization and describing the amount and type of support it provided to the supported organization in the past year; (B) a copy of the supporting organization's most recently filed Form 990; and (C) a copy of the supporting organization's governing documents, including any amendments. Copies of governing documents need only be provided once. The regulations provide that the required notice and documents may be delivered by electronic media. Organizations must satisfy the notification requirement to qualify as a Type III supporting organization and should, therefore, retain proof of delivery in their records.

**2. USE OF DATA**

The information will be used as a tool by a supported organization to ensure that its supporting organizations are responsive to its needs. Additionally, a supporting organization will be required to maintain copies of these statements so that it can prove to the IRS that it is an organization that qualifies as a Type III supporting organization under section 509(f)(1).

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

This is a third-party disclosure requirement between Type III supporting organizations and their supported organizations, thus there is no information being reported to IRS. The regulations do permit this disclosure to be transmitted electronically.

**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. This is a specific requirement of Congress and is not duplicative of any other requirement of a Type III supporting organization. The notification requirements for Type III supporting organization must be made “for each taxable year”.

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

The regulation is not able to provide any flexibility for small entities. Further, the regulations will not impact a substantial number of small entities. The collection of information under § 1.509(a)–4(i)(2) will impose a minimal burden on the affected organizations because all of the information that must be provided is information that the organizations are already required to maintain.

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

Consequences of less frequent collection would result in the IRS not being able to verify the requirements that it is an organization that qualifies as a Type III supporting organization under section 509(f)(1).

**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 9999), we received no comments during the comment period regarding TD 9605.

**9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No gifts or payments are being 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 collection of information under § 1.509(a)–4(i)(2) flows from section 509(f)(1)(A) of the Internal Revenue Code (Code), which requires a Type III supporting organization to provide to each of its supported organizations such information as the Secretary may require, to ensure, that the Type III supporting organization is responsive to the needs or demands of its supported organization(s).

The collection of information under § 1.509(a)–4(i)(6)(v) is required only if a Type III supporting organization that is not functionally integrated wishes for certain amounts set aside for a specific project to count toward the distribution requirement imposed by § 1.509(a)–4(i)(5)(ii).

Burden estimates is as follows:

Authority	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
§ 1.509(a)–4(i)(2) and § 1.509(a)–4(i)(6)(v)	TD 9605	11,994	1	11,994	2	23,988
Totals		11,994		11,994		23,988

The following regulation impose no additional burden. Please continue to assign OMB number 1545-2157 to this regulation:

**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**

This is a third-party disclosure requirement. As such, there is no cost to the federal government.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the burden previously approved by OMB. This submission is for renewal purposes.

**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 sunset 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 this 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.