

Internal Revenue Service  
SUPPORTING STATEMENT  
(Form 5884-D)  
Employee Retention Credit for Certain Tax-Exempt Organizations Affected by  
Qualified Disasters  
OMB Control Number 1545-2298

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Public Law 116-260 (Consolidated Appropriations Act, 2021), Division EE, Section 303(d); provides guidance regarding qualified tax-exempt organizations, claiming a credit against the tax on wages paid with respect to employment of all employees of the organization during the calendar quarter for an amount equal to 40 percent of the qualified wages paid to eligible employees of such organization during such calendar quarter.

Internal Revenue Code (IRC), Section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 allows for a new payroll tax credit for certain tax-exempt organization affected by certain qualified disasters. Form 5884-D- Employer Retention Credit for Certain Tax-Exempt Organizations Affected by Qualified Disasters, will be used by a qualified tax-exempt organization (including certain governmental entities) to figure and claim a credit against certain payroll taxes. A qualified tax-exempt organization (including certain governmental entities) that continued to pay or incur wages after activities of the organization became inoperable because of damage from a qualified disaster may be able to claim the 2020 qualified disaster employee retention credit against certain payroll taxes. The credit is equal to:

- 40% of up to \$6,000 of qualified wages paid to or incurred for each eligible employee, and
- The credit is claimed against the employer portion of social security tax on wages paid to all employees during an employment tax period.

A list of

qualified disasters are available in the instructions.

2. USE OF DATA

IRS has developed Form 5884-D, Employee Retention Credit for Certain Tax-Exempt Organizations Affected by Qualified Disasters, for taxpayers claiming the credit. This is a new credit and will only be viable for one tax year.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 5884-D will be filed on paper as it is not practical to electronically enable the form given the time-sensitivity in issuing it and the short-term nature of its use. Paper versions of this form must be sent to: Department of the Treasury, Internal Revenue Service, Ogden UT, 84201.

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

The IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency also seeks input regarding the burden estimates from the public via notices and tax product instructions. The information requested is the minimum required to claim the credit and there is no provision to further reduce the burden for small entities.

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

This a new program and it is voluntary. Employers can claim or elect not to claim the employee retention credit for certain tax-exempt organizations affected by qualified disasters.

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 July 08, 2021 (86 FR 36187), we received no comments during the comment period regarding form 5664-D.

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)” and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 - Electronic Filing Records; IRS 24.030 - Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. Treasury/IRS 50.222 Tax Exempt and Government Entities (TE/GE) Case Management. The Internal Revenue Service PIA’s 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

Form 5884-D- Employer Retention Credit for Certain Tax-Exempt Organizations Affected by Qualified Disasters, will be used by a qualified tax-exempt organization (including certain governmental entities) to figure and claim a credit against certain payroll taxes. File form 5884-D after the organization has filed its employment tax return for the employment tax period for which it is claiming the credit.

The estimate of exempt organizations that could file Form 5884-D is approximately 23,000. The numbers of potential governmental employers that could file Form 5884-D filers are 100 and 3,200, respectively. Based upon the rough estimates, the potential number of Form 5884-D filers is 26,300.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC §§ 3111(a)	F5884-D	26,300	1	26,300	2.23	58,649
Totals		26,300		26,300		58,649

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 primary cost to the government consists of the cost of printing Form 5884-D and its instructions. We estimate that the cost of printing the form and instructions is \$14,835.

The estimated annualized cost to the Federal Government is based on a model that considers the following three 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 Federal Government estimated annualized cost per product.

The federal government estimated annualized cost is as follows:

Document s	<u>Aggregate Cost per Product (factor applied)</u>		Printing and Distribution		<u>Government Cost Estimate per Product</u>
Form 5884-A	\$8,000	+	0	=	\$8,000
Instruction s	\$6,835		0		\$6,835
Grand Total	\$14,835	+	0	=	\$14,835
Table Costs are based on actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

The change in burden previously approved by OMB, resulted from an adjustment to estimates made by the Department in the decreased number of responses based on its most recent data on Form 5884-D filings, from 516,266, to 26300. The total annual burden hours decreased from 1,151,273 to 58,649.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	26,300	0	0	-489,966	0	516,266
Annual Time Burden (Hr.)	58,649	0	0	-1,092,624	0	1,151,273

Also, 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 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.

**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.