

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 5316, Application for Group or Pooled Trust Ruling

OMB Control Number 1545-2166

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Treasury Regulations section 601.201, as authorized by 5 U.S.C. 301 and 5 U.S.C. 552, provides that it is the practice of the IRS to answer inquiries of individuals and organizations, whenever appropriate in the interest of sound tax administration, as to their status for tax purposes and as to the tax effects of their acts or transactions. Rev. Proc. 2022-4, updated annually, explains how the IRS provides advice to taxpayers on issues under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division, Employee Plans Rulings and Agreements Office. It also details the types of advice available to taxpayers and the procedures for requesting such advice.

Internal Revenue Code (IRC) section 501(a) provides, in part, that a trust described in IRC section 401(a) shall be exempt from income tax. IRC section 401(a) requires that a qualified trust be created or organized in the United States and form part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of its employees or their beneficiaries. Qualified group or pooled trusts are described in Rev. Rul. 81-100, as clarified and modified by Rev. Rul. 2004-67, Rev. Rul. 2011-1, Rev. Rul. 2014-24, and section 336(e) of the Protecting Americans from Tax Hikes Act of 2015, P.L. 114-113.

Form 5316 is used by trust sponsors to apply for a determination letter from the IRS on the qualified status of a group or pooled trust.

2. USE OF DATA

The IRS uses the information provided on Form 5316 to determine if the trust qualifies as a group or pooled trust arrangement exempt from tax. The IRS will issue a determination letter based on the information provided.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

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

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 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 PROGRAMS OR POLICY ACTIVITIES

A less frequent collection will not allow the IRS to determine if a trust meets the qualifications of a group or pooled trust and issue a determination letter. This could result in the IRS being unable to meet its mission and serve the public.

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

We received no comments during the public comment period in response to the Federal Register notice (87 FR 22627), dated April 15, 2022.

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 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Employee Plans Exempt Organization Determination System" and a Privacy Act System of Records notice (SORN) has been issued for these systems under Treasury/IRS 34.037-IRS Audit Trail and Security Records System; Treasury/IRS 50.001-Employee Plans/Exempt Organizations Correspondence Control Records; Treasury/IRS 50.003-Employee Plans/Exempt Organizations, Reports of Significant Matters; Treasury/IRS 50.222-Tax Exempt/Government Entities (TE/GE) Case Management Records. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/privacy-disclosure/privacy-impact-assessments-pia>.

Title 26 U.S.C. 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 5316 is used by trust sponsors to apply for a determination letter from the IRS on the qualified status of a group or pooled trust. The time needed to complete and file the forms will vary depending on individual circumstances. The IRS anticipates that there will be 200

respondents annually, for a total estimated burden of 2,820 hours annually.

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
26 CFR 601.201	Form 5316	200	1	200	14.10	2,820
Totals		200		200		2,820

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

From our Federal Register notice, dated April 15, 2022, no public comments on the estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information were received. However, to ensure more accuracy and consistency across its information collections, the IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, the 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 Federal Government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. These costs do not include any activities such as taxpayer assistance and enforcement.

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 government cost estimate per product.

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

Product	Aggregate Cost per Product (factor applied)	Printing and Distribution	Government Cost Estimate per Product
Form 5316	\$19,024	\$0	\$19,024
Grand Total	\$19,024	\$0	\$19,024

Table costs are based on 2021 actuals obtained from IRS Chief Financial Office and Media and Publications

15. REASONS FOR CHANGE IN BURDEN

The change in burden reflects the addition of line 1(l) for the group trust's employer identification number (EIN), the addition of Revenue Ruling and statutory citations, and the

removal of six lines that collected duplicate information (lines 2(b) through 2(g)). Lines in the Procedural Requirements Checklist on Form 5316 do not collect information and were removed from the burden calculation. This decreases the burden by 980 hours due to Agency Discretion.

	Total Approved	Change Due to New Statute	Change Due to Agency Discretion	Change Due to Adjustment in Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	200	0	0	0	0	200
Annual Time Burden (Hr)	2,820	0	-980	0	0	3,800

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

The 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.