

SUPPORTING STATEMENT  
Internal Revenue Service (IRS)  
REG-118867-10  
Requirements for Type I and Type III Supporting Organizations  
OMB Control No. 1545-2271

1. CIRCUMSTANCES NECESSITATING THE COLLECTION OF INFORMATION

The collection of information in these final regulations is necessary to establish that organizations satisfy the public charity requirements for certain Type III supporting organizations under 26 IRC 509(a)(3). Type III supporting organizations will collect the required information from their supported organizations and make it available to the Internal Revenue Service (IRS) on request. The respondents are Type III supporting organizations. The collection of information in the regulations are:

26 CFR 1.509(a)-4(i)(4)(iv)(D) (written record of close cooperation and coordination by the governmental supported organizations); and

26 CFR 1.509(a)-4(i)(6)(iii)(B) (written record of contributions received by the supported organization).

Requiring the supporting organization to collect written records of (i) its governmental supported organizations' close cooperation and coordination with each other and (ii) written records of the contributions its supported organizations directly received in response to solicitations by the supporting organization permits the IRS to determine whether the supporting organization satisfies the requirements to be a functionally integrated or non-functionally integrated Type III supporting Organization.

-  
2. USE OF DATA

Supporting organizations collect and maintain the required information from their supported organizations. The IRS (TEGE Exam) may request production of the information during an examination to verify compliance with the requirements for Type III supporting organizations.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Supporting organizations may collect, maintain, and transmit the records by any means (including electronic). The text of these provisions in the regulations is intended to provide flexibility to the supporting organization in meeting this compliance obligation. Commenters to the proposed regulations requested clarification that this information may be collected in electronic format and these suggestions were accepted in revisions to the text.

4. EFFORTS TO IDENTIFY DUPLICATION

The requirements for collecting and maintaining these records are new, reflecting changes in the law by the Pension Protection Act of 2006. Similar information is not already collected or available.

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

The information collection will not have a significant economic impact on a substantial number of small entities. The information collection is limited to only (i) those Type III supporting organizations that seek to qualify as supporting governmental supported organizations or (ii) to count as qualifying distributions their expenses to solicit contributions to their supported organizations. Affected organizations represent a minimal percentage of all Type III supporting organizations and, overall, Type III supporting organizations represent a minimal percentage of tax-exempt organizations.

The information collection is limited to the Type III supporting organization obtaining information from their supported organizations and maintaining those records for compliance purposes.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS

The collection of information is necessary for, and limited to, certain Type III supporting organizations to substantiate that they support governmental supported organizations or satisfy their distribution requirements through solicitation expenses. Applicable organizations only need to obtain the required information when they engage in these limited activities.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA 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 proposed rule published in the Federal Register on February 19, 2016 (81 FR 8446), two public comments were received regarding these collections of information. The summary of the comments and the IRS responses are below:

**Comments  
REG-118867-10**

**Requirements for Type I and Type III Supporting Organizations**

Note: Page numbers are based on the PDF document

<b>Page No</b>	<b>Summary of Comment: Council on Foundations</b>	<b>Response to OMB</b>
2	The commenter provided comment in response to the collection of information proposed in 26 CFR 1.509(a)-4(i)(6)(iii)(B) (written record of contributions received by the supported organization). The commenter suggested supporting organizations be permitted to collect a single annual summary written substantiation	The commenter's suggestions were accepted in clarifications made to the final text of 26 CFR 1.509(a)-4(i)(6)(iii)(B) (written record of contributions received by the supported organization).

	from each supported organization, aggregating all contributions the supported organization received from the supporting organization.	
<b>Page No</b>	<b>Summary of Comment: American Bar Association</b>	<b>Response to OMB</b>
3	The commenter provided comment in response to the collection of information proposed in 26 CFR 1.509(a)-4(i)(6)(iii)(B) (written record of contributions received by the supported organization). The commenter suggested supporting organizations be permitted to collect this information electronically, such as by the receipt of electronic mail from a supported organization.	The commenter's suggestions were accepted in clarifications made to the final text of 26 CFR 1.509(a)-4(i)(6)(iii)(B) (written record of contributions received by the supported organization).

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 IRC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No sensitive personally identifiable information is being collected by the agency. Information is being shared by supporting organizations and only provided during an inquiry or audit.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

According to IRS statistics of income data, there are a total of 6,089 Type III supporting organizations. The frequency of the information collection is no more than annual. The estimated annual burden is expected to be no more than 2 hours per affected organization.

The burden estimate for the reporting and recordkeeping are as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
26 CFR 1.509(a)-4(i)(4)(iv)(D) and 4(i)(6)(iii)(B)	written record of close coordination or collaboration by certain governmental supported organizations); written	6,089	1	6,089	2	12,178

	record of contributions received by certain supported organizations					
<b>Total</b>		<b>6,089</b>	<b>1</b>	<b>6,089</b>	<b>2</b>	<b>12,178</b>

13. ESTIMATED ANNUAL COST TO RESPONDENTS

The annual labor cost for affected Type III supported organizations to collect and maintain the required information is expected to average \$120<sup>1</sup> per respondent, based on the estimated 2-hour time expenditure.

14. ESTIMATED ANNUALIZED FEDERAL COST TO FEDERAL GOVERNMENT

There is no estimated additional cost to the federal government. The records are collected and maintained by the affected Type III supporting organizations. The IRS only would review the collected information in connection with an audit of the applicable organization.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection. The collection is necessary to establish compliance with the requirements for Type III supporting organizations.

	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	6,089	0	6,089	0	0	0
Annual Time Burden (Hr.)	12,178	0	12,178	0	0	0

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 compliance path 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.

---

<sup>1</sup> The above Hourly Wage Rate is the May 2022 Bureau of Labor Statistics mean wage for "Accountants and Auditors (Major Group (13-2011))" of \$41.70 times the wage rate benefit multiplier of 1.4488 (to account for fringe benefits) equaling \$60.41.

18. EXCEPTION TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collection 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 it 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 return and tax return information are confidential, as required by 26 IRC 6103.