

SUPPORTING STATEMENT  
REG-246250-96

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Under section 6104(e) of the Internal Revenue Code, certain tax-exempt organizations are required to make their annual information returns and applications for tax exemption available for public inspection. In addition, certain tax-exempt organizations are required to comply with requests made in writing or in person from individuals who seek a copy of those documents or, in the alternative, to make their documents widely available. The regulations provide guidance concerning the annual information returns and applications for recognition of tax exemption that tax-exempt organizations must make available for public inspection. The regulations also provide guidance concerning a tax-exempt organization's compliance with requests made in writing or in person from individuals who seek a copy of the organization's annual information returns and application for recognition of tax exemption. The regulations also provide that an organization may be relieved from its obligation to provide copies if the organization has made the requested documents widely available or the District Director determined, upon application, that the organization was subject to a harassment campaign. The regulations provide guidance concerning methods organizations can use to make their documents widely available. In addition, the regulations contain rules and procedures concerning an application for a harassment campaign determination.

2. USE OF DATA

The requirement that certain tax-exempt organizations make their annual information returns and application for tax exemption available for public inspection and comply with requests made in writing or in person from individuals who seek a copy of those documents or, in the alternative, make the documents widely available, will be used by the public to obtain information about tax-exempt organizations. The information that a tax-exempt organization provides when filing an application for a determination that a group of requests is part of a harassment campaign will be used by the Internal Revenue Service to make such determination.

The collection of information is required to obtain relief from the requirement to comply with requests for copies if such requests are determined to be part of a harassment campaign.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The regulations provide that a tax-exempt organization is not required to comply with requests for copies if it has made the requested documents widely available. The regulations provide the means by which an organization can make its application for tax exemption or an annual information return widely available. Generally, an organization may make its application for tax exemption or an annual information return widely available by posting it on the Internet or by other methods prescribed by the Commissioner by revenue procedure or other guidance. We estimate that 0.09 percent (1,000) of the organizations will use the Internet for this purpose.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

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

Not applicable.

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

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

The notice of proposed rulemaking was published in the Federal Register on September 26, 1997 (62 FR 50533). A public hearing was held on February 4, 1998. The final

regulations were published in the Federal Register on April 9, 1999 (64 FR 17279).

We received no comments during the comment period in response to the Federal Register notice dated June 26, 2009 (74 FR 30684).

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

Not applicable.

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

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collections of information are in 301.6104(d)-3, 301.6104(d)-4, and 301.6104(d)-5. Section 301.6104(d)-3 requires certain tax-exempt organizations to make their applications for tax exemption and their annual information returns available for public inspection at their principal, regional and district offices. These tax-exempt organizations are required to provide a copy of their applications and returns to any individual making such request. We are estimating that **1,100,000 tax-exempt organizations** will be required to maintain copies of the applications and returns for the purposes of public inspection and providing copies, or other methods of disclosing the information to the public. We estimate that the number of requests that a tax-exempt organization receives to inspect or provide copies will vary from 0 to 100 per year. Because the majority of organizations will not receive any requests, we estimate that on average an organization will receive 1 request per year at an average burden of 0.5 hours for each recordkeeper for a total burden of 550,000 hours.

Under 301.6104(d)-4, as an alternative to providing copies, the tax exempt organizations may make their applications and returns widely available by posting them on the

Internet or by other methods prescribed by the Commissioner by revenue procedure or other guidance. We estimate that 1,000 organizations will post their applications and returns on the Internet at an average burden of 1 hour for each recordkeeper for a total burden of 1,000 hours. We estimate that 1,000 organizations will have to provide notices to the public informing individuals where their applications and returns are available. The estimated burden per respondent is anticipated to be 0.25 hours for a total burden of 250 hours.

Under 301.6104(d)-5, a tax-exempt organization may be the subject of a harassment campaign and file an application for relief from the requirement to provide copies with the appropriate key district director. We estimate that 50 organizations per year will file harassment campaign applications. The estimated burden per respondent is anticipated to be 5 hours for a total burden of 250 hours.

The total burden for all of the above requirements is **551,500 hours**.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated June 26, 2009 (74 FR 30684), requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe 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 ON OMB FORM 83-I

Not applicable.

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.

## **OMB EXPIRATION DATE**

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.