

## SUPPORTING STATEMENT

### 1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 121 of the Economic Recovery Tax Act of 1981 amended sections 63 and 170 of the Internal Revenue Code of 1954 by adding new provisions that allowed charitable contribution deductions for nonitemizers. Due to the anticipated wide use of these provisions and the resulting loss of revenue, Congress intended that the Internal Revenue Service prescribe additional rules and regulations to assure substantiation and verification of charitable contributions. In 1984, the Internal Revenue Service issued these regulations pursuant to section 170(a) of the Code, which provides that "[a] charitable contribution shall be allowable as a deduction only if verified under regulations prescribed by the Secretary." In addition, section 6001 of the Code provides that "[w]henever in the judgement of the Secretary it is necessary, he may require any person,...by regulations, to make such return, render such statements or keep such records as the Secretary deems sufficient to show whether or not such person is liable for tax under this title."

Although the provisions that allowed charitable contribution deductions for nonitemizers has terminated for contributions made after December 31, 1986, the rules and regulations prescribed pursuant to these provisions are still applicable to itemizers. The regulations describe what type of information will be considered sufficient to substantiate an itemizer's claim for a charitable contribution deduction.

### 2. USE OF DATA

The Internal Revenue Service will use this information upon examination to determine whether the taxpayer has taken a questionable position on his or her tax return with regard to claims for charitable contributions.

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

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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

We have been unable to reduce the burden on small businesses.

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 April 25, 1983 (48 FR 17616). No public hearing was held because none was requested. The final regulations were published in the **Federal Register** on December 31, 1984 (49 FR 50663).

In response to the Federal Register Noticed (78 FR 73) dated **April 16, 2013**, we received no comments during the comment period regarding LR-255-81.

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

Under section 1.170A-13 of the regulations, itemizers who claim deductions for contributions on Schedule A (Form 1040) and Form 1120 filers are required to keep records in order to complete their returns and to substantiate their deductions upon examination. We estimate that approximately 26 million itemizers will claim charitable contribution deductions for contribution of money and property and that it will take .083 hours to maintain the records. The total recordkeeping burden for itemizers is 2,158,000 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 April 16, 2013, 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.