

SUPPORTING STATEMENT

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))
Form 990-T
OMB Control Number 1545-0687

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 990-T is used to figure and report unrelated business income tax imposed on exempt organizations by IRC section 511 and the proxy tax imposed by section 6033(e). It also used to claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT), on undistributed long-term capital gain. In addition, Form 990-T can be used to request a credit for certain federal excise taxes paid or for small employer health insurance premiums paid, and report unrelated business income tax on reinsurance entities.

The likely respondents are any domestic or foreign organization exempt under section 501(a) or section 529(a) if it has gross income of \$1,000 or more from a regularly conducted unrelated trade or business. The return is required by IRC sections 6012(a)(2) and (4) and Regulations section 1.6012-2(e) and is to be filed annually at the end of the respondents tax year.

PL 115-97, section 14103 has a retroactive effective date of 2017. In order for taxpayers to fulfill their filing obligations and report the correct amount of tax under Section 14103 the IRS developed FAQ's to alert taxpayers how and where to report this income on their 2017 return. This is seen as a priority for the Internal Revenue Service as this is a high revenue raiser. A critical part of this effort includes alerting taxpayers of their filing obligations and educating them on how and where this would be reported.

A person that is required to include amounts in income under section 965 in its 2017 taxable year, whether because it is itself a United States shareholder of a deferred foreign income corporation or because it is a direct or indirect partner in a domestic partnership or a shareholder in an S corporation that is a United States shareholder of a deferred foreign income corporation, is required to report amounts under section 965 on a 2017 return. Such amounts should be reported on the return as reflected in the table included in Appendix: Q&A1 of the FAQ.

2. USE OF DATA

The form provides the IRS with the information necessary to determine that the tax has been properly computed.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS has no plans to offer electronic filing because of low filing volume compared to cost of electronic enabling.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

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

There is no burden on small businesses or other small entities due to the inapplicability of the authorizing statute to this type of entity.

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

The 990-T collects tax dollars from exempt organization's business activities. Less frequent collection of taxes could adversely affect the governments effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Service Code section 6012(a)(2) and (4) and Regulations section 1.6012-2(e).

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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 990-T.

In response to the Federal Register notice dated March 28, 2016 (81 F.R. 17244), we received no comments during the comment period regarding Form 990-T.

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 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 Privacy Act System of Records notices (SORN) have been issued under IRS 24.046 - CADE Business Master File (BMF) and IRS 34.037 - Audit Trail and Security Records. The Internal Revenue Service PIAs can be found at

<http://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.

This is an attachment to the Federal tax return. The Privacy Act statement associated with this attachment is listed in the Federal tax return instructions.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The table below shows the detailed estimates of the annual burdens:

Form	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
990-T	207,500	1	207,500	141.83	29,429,725
FAQs for PL 115-97 Section 14103	5,000	1	5,000	12	60,000
TOTALS	212,500		212,500		29,489,725

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**

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.

15. **REASONS FOR CHANGE IN BURDEN**

The agency has updated the **Agency Estimates** for number of responses based on its most recent filing data (31,703 to 207,500). The additional responses result in a burden increase of 24,167,406 hours.

Changes due to new statute resulting from PL 115-97, section 14103 have a retroactive effective date of 2017. The agency has updated the **Changes due to statute** by adding another 5,000 respondents as a result. The additional responses create a further burden increase of 60,000

hours, which combined with the changes due to agency estimates result in a new total burden of 29,489,725 hours and 212,500 responses for the overall collection.

The changes resulting from PL 115-97, section 14103 are an administrative priority to collect deferred foreign income from US and foreign partnerships and corporations. Due to a lack of resources, the IRS must inform taxpayers how to calculate and report the deferred foreign income on their 2017 returns without disrupting information technology programs. As a result, FAQs were developed to alert taxpayers how and where to report this income on their 2017 return. This is seen as a priority for the Internal Revenue Service as this is a high revenue raiser. A critical part of this effort includes alerting taxpayers of their filing obligations and educating them on how and where this would be reported. This change will affect approximately 5,000 Form 990-T filers and will take an estimated 12 hours to comply, resulting in an overall burden increase of 60,000 hours.

	Total Request	Previously 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
Annual Number of Responses	212,500	37,103	5,000	0	170,397	0
Annual Time Burden (Hr)	29,429,725	5,262,319	60,000	0	24,167,406	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

The 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 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.