

Supporting Statement
Internal Revenue Service
Revenue Procedure 2014-11, Reinstatement and Retroactive Reinstatement for
Reasonable Cause
Notice 2011-43, Transitional Relief for Small Organizations
OMB #1545-2206

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information in Revenue Procedure 2014-11 results from the Pension Protection Act of 2006, Public Law 109-280, § 1223(a) (120 Stat. 780 (2006)) (PPA), which enacted § 6033(j). Section 6033(j) revokes the tax-exempt status of any organization that fails to comply with the reporting requirements of § 6033(a)(1) or (i) for three consecutive years and requires any organization so revoked to apply to obtain reinstatement of its exempt status. If upon application for reinstatement, an organization can show to the satisfaction of the Secretary evidence of reasonable cause for its consecutive three-year failure to file, the organization's exempt status may, in the discretion of the Secretary, be reinstated effective from the date of the revocation.

To meet the reasonable cause standard under § 6033(j)(3), Notice 2011-44 provided that an organization requesting retroactive reinstatement must show evidence that it exercised ordinary business care and prudence in each of the three years (and over the entire three-year period) that it failed to meet its reporting requirements under § 6033.

Revenue Procedure 2014-11 modifies and supersedes Notice 2011-44 to provide a special streamlined retroactive reinstatement procedure for small organizations that meet the qualifications to file a Form 990-N or Form 990-EZ and are applying for reinstatement within 15 months of revocation. If a small organization's application for reinstatement is approved, the organization will be deemed to have reasonable cause for the failure to file and will receive reinstatement retroactive to the date of revocation.

Revenue Procedure 2014-11 also modifies and supersedes Notice 2011-44 to provide that larger sized organizations that apply for reinstatement within 15 months, may establish that they met the reasonable cause standard under § 6033(j)(3) if they show that they exercised ordinary business care and prudence for just one of the three years that they failed to meet its reporting requirement under § 6033 instead of all three years. The information requested in the revenue procedure is necessary for inspection by the Internal Revenue Service (IRS) in determining whether reasonable cause exists.

2. USE OF DATA

The IRS will use the information in this collection to determine whether reasonable cause exists for purposes of granting retroactive reinstatement under section 6033(j)(3).

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS Publications, regulations, published guidance, e.g., revenue rulings and revenue procedures, notices, letters, and letter rulings are to be electronically enabled on an “as practicable” basis in accordance with the IRS Reform and Restructuring Act of 1998. We have no plans to offer electronic record keeping because this is record keeping requirements.

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. The information provided pursuant to section 5 and 6 of Revenue Procedure 2014-11 is necessary for the IRS to determine whether reasonable cause exists for purposes of granting retroactive reinstatement under section 6033(j)(3) and is not duplicative of any other requirement imposed on the affected organizations. In addition, Revenue Procedure 2014-11 requires less information than the superseded Notice 2011-44.

Revenue Procedure 2014-11 will be less burdensome on the exempt organizations providing the information and will reduce the amount of time it takes the IRS to process the application. Furthermore, once an exempt organization provides the evidence of reasonable cause, it will not need to provide such information a second time unless and until it is again auto-revoked under section 6033(j) for a consecutive three-year failure to file and again seeks retroactive reinstatement.

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

Most small organizations (those eligible to file Form 990-EZ or Form 990-N) will not have to submit a reasonable cause statement in order to be retroactively reinstated unless they apply after the Form 1023 and Form 1024 are revised to permit inclusion of such a statement.

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

A less frequent collection will not allow the IRS to determine whether reasonable cause exists for purposes of granting retroactive reinstatement under section 6033(j)(3) thereby hindering the IRS from meeting its mission.

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

In response to the *Federal Register* notice dated April 7, 2017 (82 FR 17087), we received no comments during the comment period regarding Notice 2011-43, Notice 2011-44 and Revenue Procedure 2014-11.

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

No payment of gift has been provided to respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103. However, 26 USC 6104 provides that if an organization described in section 501(c) or (d) is exempt from taxation under section 501(a) for any taxable year, the application filed by the organization with respect to which the Secretary made his determination that such organization was entitled to exemption under section 501(a), together with any papers submitted in support of such application or notice, shall be open to public inspection at the national office of the IRS.

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)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIA's can be found at <https://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.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

We estimate the following burden of information for sections 5 and 6 of the revenue procedure:

| Authority | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|---------------|---------------|------------------|----------------------------|------------------|--------------------|--------------|
| IRC § 6033(j) | Reinstatement | 6,206 | 1 | 6,206 | 1 | 6,206 |
| Totals | | | | 6,206 | | 6,206 |

Additional collection of information is in section 4 and 7 of the revenue procedure, which will be reported and approved through Forms 1023 and 1024 (OBM approval numbers 1545-0056 and 1545-0057, respectively).

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

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

There are no plans for tabulation, statistical analysis and publication.

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

There are no exceptions to the certification statement.