

**SUPPORTING STATEMENT  
(Form 706-GS(D))**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

IRC section 2601 imposes a tax on certain generation-skipping transfers. IRC sections 2602-2663 establish complex rules for computing the tax. Form 706-GS(D) is used to compute and report the tax due on distributions from trusts. The distributee is liable for filing the return and paying the tax. The distributee will file a single Form 706-GS(D) annually and will report on it all taxable distributions from any trust received during the year. An individual will not file Form 706-GS(D) for any year in which he/she received no taxable distributions.

The trustee of the trust making the distribution must provide the distributee with most of the information necessary to complete Form 706-GS(D). The trustee will use Form 706-GS(D-1), Notification of Distribution From a Generation-Skipping Trust, to provide this information.

**2. USE OF DATA**

IRS will use the information on Form 706-GS(D) to enforce the GST tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. IRS also will use the information on Form 706-GS(D) to prepare a quadrennial Statistics of Income report to the public.

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

Low filing volume does not justify the cost of electronic enabling.

**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**

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 706-GS(D).

In response to the **Federal Register** Notice dated September 21, 2006 (71 FR 55276), we received no comments during the comment period regarding Form 706-GS(D).

**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 burden estimate is as follows:

Form	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
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706-GS(D)            1,000                            .98                            980

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time. The following regulations impose no additional burden. Please continue to assign OMB number 1545-1144 to these regulations.

26.2662-1(b)  
20.6018-4

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our **Federal Register** notice dated September 21, 2006 (71 FR 55276), 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**

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution, and overhead for Form 706-GS(D) is \$1,692.

**15. REASONS FOR CHANGE IN BURDEN**

4 line items were deleted to reflect the expiration of the credit for certain state generation-skipping transfer (GST) taxes. This results in a net decrease of 100 total burden hours. 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**

See attachment.

**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.