

**SUPPORTING STATEMENT**  
**(Form 1041, Schedule D, Schedule J, and Schedule K-1)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

26 USC 6012(b) requires the fiduciary of a decedent's estate or trust with gross income for the tax year of \$600 or more and for a bankruptcy estate under chapter 7 or 11 of title 11 of the United States Code with gross income of more than the exemption and standard deduction to file an income tax return. 26 USC 55(a) imposes an alternative minimum tax. 26 USC 59(c) requires estates and trusts to compute their alternative minimum taxable income by applying Part I of Subchapter J with the adjustments provided in Part IV of Subchapter A. 26 USC 641 imposes an income tax on the taxable income of the decedent's estate or trust that is not distributed during the tax year that it is received. 26 USC 652 requires the beneficiaries of a simple trust to include in their gross income the amount of the income required to be distributed currently. 26 USC 662 requires beneficiaries of estates and trusts to include in their income the sum of: (1) the income required to be distributed currently; and (2) all other amounts properly paid, credited, or required to be distributed. 26 USC 643(g) allows a trustee to make an election to treat any payment of estimated tax paid by the trust, or by an estate in the final year, as a payment made by the beneficiary. 26 USC 666 requires a beneficiary of a complex trust to include in income an accumulation distribution from the complex trust. 26 USC 671-677 and 26 USC 679 treat grantors as owners of the trust when the grantor retains certain powers over the trust. The grantors are required to include in their income all or part of the income that otherwise would be taxable to the trust. 26 USC 6654(1) requires estates, with certain exceptions, and trusts to make estimated tax payments.

**2. USE OF DATA**

Form 1041, Schedule A of Form 1041, Schedule B of Form 1041, Schedule D (Form 1041), and Schedule G (Form 1041) are used by IRS to verify that the income tax reported is correct. Schedule I of Form 1041 is used by the IRS to verify the correctness of adjustments and items of tax preference in computing the fiduciary's alternative minimum tax; and the amount of distributable net income computed on a minimum tax basis that is distributed to the beneficiaries. Schedule J

(Form 1041) and Schedule K-1 (Form 1041) are used by IRS to verify that the beneficiaries included the correct amounts on their returns.

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

We are currently offering electronic filing on Form 1041.

**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 1041.

In response to the **Federal Register** notice dated January 25, 2007 (72 3483), we received no comments during the comment period regarding Form 2041 Schedule D, J, and K-1.

**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	Number of Responses	Time per Response	Total Hours
1041	3,684,000	82.04	302,235,360
1041 EX L-20 WK	1,000	1.46	1,460
Schedule G L-1a	30,000	4.62	138,600
Schedule D	1,400,000	19.29	27,006,000
Schedule D L-15c WK	0		0
Schedule D L-15d WK	200,000	4.78	956,000
Schedule D L-15e WK	37,500	1.90	71,250
Schedule D Ls 28-40	0	0	0
Schedule D Tax WK	87,500	8.99	786,625
Schedule I	1,365,000	28.21	38,506,650
Schedule J	1,000	42.74	42,740
Schedule K-1	3,532,000	12.81	45,244,920

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 1545-0092 to these regulations.

1.642(c)-2	1.642(g)-1
1.642(I)-1(c)	1.663(b)-2(a)
1.47-5(a)	1.671-4(a)
1.642(I)-1(d)	1.671-4(b)(2)(iv)
1.666(d)-1A(a)	1.6012-3(a)
1.641(b)-2(a)	1.6012-3(b)

1.642(c)-1(b)(3)(4)  
1.642(c)-6(c)(4)  
301.7207-1

1.6012-3(c)  
20.2055-2(h)

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

As suggested by OMB, our **Federal Register** notice dated January 25, 2007, 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 the form is \$5,710,689.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in paperwork burden previously approved by OMB. We 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.