

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

**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(T) is used to compute and report the tax due on generation-skipping transfers that result from the termination of interests in a trust. The return will be filed by the trustee of the trust with respect to which the termination has occurred. The trustee is also liable for paying the tax.

The trustee will file only one Form 706-GS(T) per year for any given trust, regardless of the number of taxable terminations that occur. (A termination is not necessarily the termination of the entire trust, but can be the termination of a single beneficiary's interest in the trust.) The trustee will not file the return if no taxable terminations occur during the year.

Most trusts will file only one Schedule A per year, though the more complex trusts with multiple contributions and multiple beneficiaries will often file more than one. Terminations that have different "inclusion ratios" (a figure used to determine the taxable portion of a termination) must file a separate Schedule A for each different inclusion ratio. At most, one Schedule B will be filed for each Schedule A.

**2. USE OF DATA**

IRS will use the information on Form 706-GS(T) 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(T) to prepare a quadrennial Statistics of Income report to the public.

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

We have no plans at this time to offer electronic filing because of the low volume compared to 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(T).

In response to the **Federal Register** Notice dated July 30, 2009, (74 FR 38086), we received no comments during the comment period regarding Form 706-GS(T).

**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:

	Total	Number of	Time per	
Form		<u>Responses</u>	<u>Response</u>	<u>Hours</u>
208	Form 706-GS(T)	100		2.08
266	Schedule A	200		1.42
<u>210</u>	Schedule B	<u>200</u>		1.42
	Total	500		684

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-1145 to this regulation.

26.2662-1(b)

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

As suggested by OMB, our **Federal Register** notice dated July 30, 2009 (74 FR 38086), 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**

The primary cost to the government consists of the cost of printing Form 706-GS(T). We estimate that the cost of printing the form is \$300.00.

**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**

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.

**OMB EXPIRATION DATE**

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.