

SUPPORTING STATEMENT

U.S. Income Tax Return for Estates and Trusts
(Form 1041, Schedules D, D-1, I, J, and K-1)
OMB No. 1545-0092

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 March 4, 2010 (75 FR 10018), we received no comments during the comment period regarding Form 1041 and related schedules.

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 1041	Title	Responses	Hrs. Per Response	Total Burden
Form 1041	U.S. Income Tax Return for Estates and Trusts	3,684,000	74.77	275,452,680
	Qualified Mortgage Insurance Premiums Deduction Worksheet	150	1.94	291
	Exemption Worksheet for Qualified Disability Trusts Only	1,000	1.70	1,700
	Qualified Dividends Tax Worksheet	30,000	4.37	131,100
Schedule D (Form 1041)	Schedule D - Capital Gains and Losses	1,400,000	23.48	32,872,000
	Unrecaptured Section 1250 Gain Worksheet - (Sch. D Inst)	200,000	4.78	956,000
	28% Rate Gain Worksheet (Sch. D Inst)	37,500	1.90	71,250
	Capital Loss Carryover Worksheet (Sch. D Inst)	165,000	3.40	561,000
	Schedule D Tax Worksheet (Sch. D Inst)	87,500	8.75	765,625
Schedule D-1 (Form 1041)	Schedule D-1 - Continuation Sheet for Schedule D (Form 1041)	10,000	1.47	14,700
Schedule I (Form 1041)	Schedule I - Alternative Minimum Tax - Estates and Trusts	1,365,000	26.92	36,745,800
Schedule J (Form 1041)	Schedule J - Accumulation Distribution for Certain Complex Trusts	1,000	15.37	15,370
Schedule K-1 (Form 1041)	Schedule K-1 - Beneficiary's Share of Income, Deductions, Credits, etc.	3,532,000	7.78	27,478,960
		10,513,150		375,066,476

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)	1.6012-3(c)
1.642(c)-6(c)(4)	20.2055-2(h)
301.7207-1	

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register** notice dated March 4, 2010, 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 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.