

**SUPPORTING STATEMENT
(Form 706)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 2001 of the Internal Revenue Code (IRC) imposes a tax on the transfer of the taxable estate of every decedent who was a citizen or resident of the United States. IRC sections 2002-2057 established complex rules for computing the tax. IRC sections 2601 imposes a tax on certain generation-skipping transfers. IRC sections 2602-2663 established complex rules for computing the tax. Form 706 is used to report and compute both of these taxes.

2. USE OF DATA

IRS uses the information on Form 706 to enforce the estate and GST tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. IRS also uses the information on Form 706 to prepare a quadrennial Statistics of Income report available 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.

In response to the Federal Register Notice dated June 10, 2010 (75 F. R. 32989), we received no comments during the comment period regarding Form 706.

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 |
|-----------------------------|----------------------------|--------------------------|--------------------|
| 706 | 117,000 | 7.77 | 909,090 |
| 706/CONT Sch. | 70,500 | .93 | 65,565 |
| Schedule A | 64,000 | 1.09 | 69,760 |
| Schedule A-1 | 7,250 | 3.39 | 24,578 |
| Schedule B | 71,500 | 1.11 | 79,365 |
| Schedule C | 75,000 | .93 | 69,750 |
| Schedule D | 71,500 | .79 | 56,485 |
| Schedule E | 60,000 | 1.72 | 103,200 |
| Schedule F | 71,500 | 1.22 | 87,230 |
| Schedule G | 38,000 | 1.24 | 47,120 |
| Schedule H | 38,000 | .98 | 37,240 |
| Schedule I | 21,000 | 1.32 | 27,720 |
| Schedule J | 75,000 | 1.16 | 87,000 |
| Schedule K | 75,000 | 1.02 | 76,500 |
| Schedule L | 56,500 | .89 | 50,285 |
| Schedule M | 46,600 | 1.55 | 72,230 |
| Schedule O | 55,500 | 1.23 | 68,265 |
| Schedule P | 5,750 | .90 | 5,175 |
| Schedule Q | 17,500 | .70 | 12,250 |
| Schedule Q Worksheet | 15,000 | 1.54 | 23,100 |
| Schedule R | 21,000 | 3.07 | 64,470 |
| Schedule R-1 | 4,600 | 1.82 | 8,372 |
| Schedule U | 1,000 | 1.60 | 1,600 |
| Total | 1,078,700 | | 2,046,350 |

Reporting Regulations

| | | |
|-----------------------|---------------------|----------------------|
| 20.2011-lc | 20.2106-1(b) | 20.6163-1(b) |
| 20.2014-6 (d), (g) | 20.2204-1(a) | 301.6324A-1(a), (b), |
| 20.2016-1 | 20.2204-1(b) | 301.7517-1(a) |
| 20.2031-4 | 20.2204-2(a) | 20.6161-1 |
| 20.2031-10 (e) | 22.0(a), (b), & (c) | 20.6161-2 |
| 20.2055-2 (f) (5) | 20.6163 -1 (a) | 7.639A-1 |

Recordkeeping Regulations

20.6001-1

The following regulations impose no additional burden. Please continue to assign OMB number (1545-0015) to these regulations.

| | | |
|--------------|------------------------|------------------|
| | 20.2031-2(b) & (f) | 20.3031-2(e) |
| | 20.2031-6 | 20.2031-3 |
| | 20.2032A-3(a)&(c) | 20.2032-1(b) |
| | 20.2032A-4(a) | 20.2032A- |
| | 8(a), (b), & (c) | 20.2053-9(a)&(c) |
| | 20.2055-1(c) | 20.2055-3 |
| | 20.2056(b)-4(d) | |
| | 20.6011-1 | 20.6018-1(a) |
| | & (b) | 20.6018-2 |
| | 20.6018-3(a) (b) & (c) | 20.6018-4 |
| | 20.6061-1 | |
| 20.2065-1(a) | 20.2065-1(b) | |
| 20.6075-1 | | |
| | 20.6081-1 | 20.6091-1 |
| | 20.2039-4 | |
| | 20.2053-10(a) & (c) | 20.2106-2(b) |
| | 26.2662-1(b) | |
| | 22.0 | 26.2662-1 |
| | 20.6166A-3 | |

20.2051-1
26.2662-1

26.2662-2

20.6065-1(b)

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated June 10, 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 \$1,564,896.

15. REASONS FOR CHANGE IN BURDEN

Changes to the burden previously approved have occurred as a result of a reclassification of how the various schedules are reported to OMB. Previous submissions only addressed the estimated number of respondents. The new submission has separated the various schedules out and accounted for the estimated number of filers of each various part. This reclassification has resulted in an increase in the estimated number of responses by 961,700 and an increase in the estimated burden by 17,920 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.