

SUPPORTING STATEMENT (GL-238-88)

CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The regulations provide a mechanism by which returns preparers of fiduciary returns, that are now required to be filed on April 15 according to IRC section 645, can use a facsimile signature and avoid the penalty for using a facsimile signature on a tax return imposed by IRC section 6695.

USE OF DATA

Returns preparers who prepare and file multiple fiduciary returns wish to use facsimile signatures on them to reduce the burden of manually signing the return during the busy filing season. Some larger returns preparers are involved in the preparation of thousands of fiduciary returns during a given filing season. Returns preparers using facsimile signatures on multiple fiduciary returns will be required to send a letter each year listing each fiduciary for whom a return with a facsimile signature was filed as well as the identification number of each fiduciary. A manually signed copy of the letter must be retained on an annual basis. In addition, returns preparers who correct arithmetical errors after affixation of the facsimile signature must also retain a record of any errors corrected. The letter and recordkeeping are necessary so that the Service can monitor the returns to prevent abuse of the system.

USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency whenever possible.

METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The regulation will minimize burdens on small businesses and

other small entities, a category into which fall many returns preparers, by not requiring a manual signature on every fiduciary return if the preparer follows the guidelines of the regulation.

. **CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES**

Not applicable.

. **SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

Not applicable.

. **CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

A notice of proposed rulemaking was published in the **Federal Register** on April 22, 1993 (58 FR 21548). No public hearing was held as none was requested, and no comments were received in response to this proposed regulation. A final regulation was published in the Federal Register on June 29, 1994 (59 FR 33431).

In response to the **Federal Register Notice** dated **June 24, 2011 (76 FR 37195)**, we received no comments during the comment period regarding GL-238-88.

. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

Not applicable.

. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and return information are confidential as required by 26 USC 6103.

. **JUSTIFICATION OF SENSITIVE QUESTIONS**

Not applicable.

. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Section 1.6695-1(b)(4)(iv) permits a returns preparer to use

a facsimile signature on a fiduciary return without penalty by submitting a letter with the returns which provides the name and identification number of each return with a facsimile signature and a declaration that the return has not been altered. It is estimated that 20,000 respondents will make one response each, which is estimated to take 30 to 60 minutes depending on the number of fiduciary forms which must be reported, with an estimated average of 45 minutes for a total estimated burden of 15,000 hours.

Section 1.6695-1(b)(4)(iv) provides that a manually signed copy of the letter sent to the Service must be retained on an annual basis. It is estimated that 20,000 recordkeepers will retain a manually signed copy of the letter sent to the Service necessitating recordkeeping of 5 to 20 minutes depending on individual circumstances, with an estimated average of 7.5 minutes for a total estimated burden of 2,500 hours.

Section 1.6695-1(b)(4)(iv) provides that a returns preparer must retain a record of any mathematical errors corrected on a return with a facsimile signature which were made after the signature was affixed. It is estimated that 10,000 respondents will alter 25,000 returns to correct mathematical errors necessitating recordkeeping of 10 to 40 minutes depending on the number of corrected fiduciary forms for which records must be maintained, with an estimated average of 20 minutes for a total estimated burden of 8,325 hours.

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 24, 2011 (76 FR 3795)**, 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

Not applicable.

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

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

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.