

SUPPORTING STATEMENT

1545-1892

TD 9208 (REG-153841-02)

Election Out of GST Deemed Allocations

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

These regulations provide rules for taxpayers who elect to have the generation-skipping transfer tax (GST) deemed allocation rules contained in section 2632(c)(1) of the Internal Revenue Code not apply to the current transfer and/or to future transfers to the trust or to terminate such election. These regulations also provide rules for taxpayers who elect to treat trusts, that are not subject to the GST deemed allocation rules, as GST trusts or to terminate such election.

2. USE OF DATA

The final regulation requires taxpayers, who make or terminate one of the two elections described in paragraph 1 to attach a statement to a timely filed Form 709 for the calendar year in which the transfer was made. The statement must identify the trust (or separate share), describe the current transfer, and specifically provide that the transferor is making (or terminating) one of the elections described in paragraph 1. The information collected will be used by the IRS to identify the trusts to which the election or termination of election will apply. The collection of information is required in order to have a valid election or termination of election. If there was no reporting requirement, the IRS would be unable to achieve its objectives.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS publication, regulations, notices and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

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

A notice of proposed rulemaking was published in the Federal Register on July 13, 2004 (69 FR 42000). The final regulation was published in the Federal Register on June 29, 2005 (70 FR 37258).

We received no comments during the comment period in the response to the Federal Register notice dated July 29, 2013 (78 FR 45614).

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

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Sections 26.2632-1(b)(2)(ii) and 26.2632-1(b)(2)(iii) of the regulations provide a reporting requirement for taxpayers who elect to have the automatic allocation rules not apply to the current transfer and/or to future transfers to the trust or to terminate such election. Section 26.2632-1(b)(3) of the regulations provides a reporting requirement for taxpayers who elect to treat trusts described in section 2632(c)(3)(B)(i) through (vi) as GST trusts or to terminate such election. Taxpayers must attach a statement to a timely filed Form 709 for the calendar year in which the transfer was made. The statement must identify the trust (or separate share), describe the current transfer, and specifically provide that the

transferor is making (or terminating) the election. This information will be used to identify the trusts to which the election or termination of election will apply. The collection of information is required in order to have a valid election or termination of election.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated July 29, 2013 (FR 78 45614) 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 have been no changes to the regulation, however, in 2010, the regulation was repealed for one year and the estimated number of responses was decreased. Since then, the one year repeal has expired and the regulation as well as the GST tax is in effect. Therefore, the estimates are as follows:

<u>Respondents</u>	<u>Time per Respondents</u>	<u>Estimated Annual Burden Hours</u>
25,000	30 minutes	12,500

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 regulations sunset 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.