

SUPPORTING STATEMENT
OMB# 1545-0023
(Form 720)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

There are over 40 separate tax categories on Form 720. The form is used to report: (1) excise taxes due from retailers and manufacturers on the sale or manufacture of various articles; (2) the tax on facilities and services; (3) environmental taxes; (4) luxury tax; and (5) floor stocks taxes. It enables IRS to monitor excise tax liability for various categories on a single form and to collect the tax quarterly in compliance with the law and regulations. Schedule A (Form 720) is used to report the liability for the six semimonthly periods of each quarter. This enables the IRS to determine if deposit penalties are applicable. Schedule C (Form 720) is used by taxpayers to explain adjustments or claims taken on line 4. It insures that taxpayers only take adjustments and credits to which they are entitled. This information allows the IRS to allocate the adjustment to the proper trust fund.

2. USE OF DATA

The information supplied on Form 720 is used by the IRS to determine the correct liability. Additionally, the data is reported by the IRS to Treasury so that funds may be transferred from the general revenue fund to the appropriate trust fund.

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 720.

In response to the *Federal Register* Notice dated September 04, 2013 (78 FR 54512), we received one letter in support of the continued use of the Form 720. We have forwarded the comments to the originating office of the form for any potential or necessary follow-up.

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

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Excise Files Information Retrieval System (EFIRS)" and a

Privacy Act System of Records Notice (SORN) has been issued for this system under IRS 22.060-Automated Non-Master File (ANMF); IRS 24.046-Customer Account Data Engine (CADE) Business Master File (BMF); IRS 34.037-IRS Audit Trail and Security Records System; IRS 42.002-Excise Compliance Programs; IRS-42.008-Audit Information Management System(AIMS). The Department of Treasury PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

Form	Number of Responses	Time per Response	Total Hours
720 & Part I	118,854	26.15	3,108,032
Form 720, Part 11	16,088	8.47	136,265
Form 720, Part 111	124,942	5.27	658,445
Schedule A	108,161	3.89	420,747
Schedule T	18,000	1.94	34,920
Schedule C	2,499	45.33	113,280
720-V ORC	12,900	.24	3,096
720-v OTC	4,300	.97	4,171
Total	405,744		4,478,956

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 No. 1545-0023 to these regulations.

Reporting regulations

40.6011(a)-2	48.4041-18
40.6071(a)-1	48.4221-4 48.4041-19
40.6071(a)-2	48.4221-5 48.4041-20
40.6091-1	48.4221-6 48.4041-21
40.6101-1	48.4221-7(c) 48.4042-12
40.6151(a)-1	48.4221-8(e) 45.4051-1T
40.6302(c)-1	48.4221-9 48.4061(a)-2
48.4041-0	48.4222(a)-1 48.4071-1
48.4041-3	48.4222(b)-1 48.4071- 1(a)(2)(b) 48.4243-11
48.4041-4	48.4073-3
48.4041-5	48.6416(a) 48.4081- 2(h)(4)
48.4041-6	48.6416(a)-1(d) 48.4081- 18(f)
48.4041-7	48.6416(a)-1(c) 48.4081- 20(g)
48.4041-8	48.6420(c)-2 48.4083-1

48.4041-9		48.6427-1
		48.4101-
		1(a)(b)(c)
48.4041-10		49.4253-3
		48.4102-1(b)(c)
		49.4253-4
48.4041-11		48.4216(a)-2
		48.4261
48.4041-12	48.4216(a)-3	48.4081-7(c)
48.4041-13	48.4216(c)-1	
48.4041-14	48.4221-1(b)c)	
48.4041-15	48.4221-2	
48.4041-16	48.4221-2(c)	
48.4041-17	48.4221-3	

Recordkeeping Regulations

46.4374-1(b)		48.4221-4(d)(2)(l)
48.4041-5(c) & 6		48.4221-4(d)(2)(ii)
48.4041-9, 11, 12, & 13	48.4223-1(c)	
48.4042-2		48.6416(a)-1(d)
	(2)	
48.4061(a)-1		48.6416(b)-1(d)
48.4061(b)-3		48.6416(b)-3(a), (c)
48.4073-1(c)(e)		48.6416(b)-4(c)
48.4081-2(c)(h)		48.6416(b)-5(c)
48.4182-1		48.6416(e)-1
48.4221-4(d)(2)(l)		48.6416(f)-1
48.4221-4(d)(2)(ii)		48.4264(b)-1(a), (b), (c)
48.4222(b)-1		
48.6416(b)-2		
49.4253-3		

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our *Federal Register* notice dated September 04, 2013, 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 720. We estimate that the cost of printing the form is \$770,186.

15. REASONS FOR CHANGE IN BURDEN

Part I, (Form 720)2nd-qtr, two lines were added to report the sale price of taxable medical devices (Section 4191 of the Internal Revenue Code). Also, Part II, (Form 720)2nd-qtr, 7 lines were added to provide for the reporting and payment of the Patient Centered Outcomes Research Fee (Section 4375 and 4376 of the Internal Revenue Code), which resulted in a program increase of 112,575 burden hours.

Adjustments were also made to combine information collections (IC) for the individual form sections and schedules under one single IC.

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.