

SUPPORTING STATEMENT  
Form 706  
OMB No. 1545-0015

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 August 1, 2013 (78 F. R. 46688), 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

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Estate/Inheritance and Gift Non-filer and Under-reporter" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 42.021-Compliance Programs and Project Files. The Department of Treasury PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA> .

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
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
Schedule PC	4,000	0.59	2,360
Total	1,082,700		2,048,710

Reporting Regulations

20.2011-lc	20.2106-1(b)	20.6163-1(b)
20.2014-6	20.2204-1(a)	301.6324A-1(a), (b), (d), (g)
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)	20.3031-2(e) & (f)
	20.2031-3	
	20.2031-6	20.2032-1(b)
	20.2032A-3(a)&(c)	
	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	26.2662-2
	26.2662-1	
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 August 1, 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

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

A new Schedule PC (Protective Claims) was added to the form based on guidance received as Revenue Procedure 2011-48. Additional changes in support of the implementation of Schedule PC were made in Part 4-General Information (page 2, line 6) and Schedules J, K, and L (“Note” on all pages). Schedule PC will allow taxpayers who have unresolved claims (which are not deductible under section 2053 as of the end of the limitations period) related to assets included in the decedent's estate to preserve the right to a refund once resolution is reached. This results in a net increase of 2,360 burden 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.

## **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, at 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.