

**SUPPORTING STATEMENT
(PS-100-88)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The attached regulations provide amendments to the regulations under the Internal Revenue Code relating to the valuation of an annuity, an interest for life or a term of years, or a remainder or reversionary interest. These amendments are necessary because section 7520, which provides a new method for valuing such interests was added to the Internal Revenue Code by section 5031 of the Technical and Miscellaneous Revenue Act of 1988 (Pub. L. 100-647, 102 Stat. 3342).

2. USE OF DATA

The information will be processed by the IRS and used in the administration of the Internal Revenue laws to assess the reported tax and determine whether taxpayers have complied with the statutory provisions (sections 2031 and 2512) relating to the valuation of annuities, interests for life or a term of years, and remainder or reversionary interests.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We have no plans to offer electronic filing. IRS Publications, 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**

The notice of proposed rulemaking was published in the **Federal Register** on November 2, 1992. No public hearing was held as none was requested. The final regulations were published in the **Federal Register** on June 10, 1994 (59 FR 30100).

In response to the **Federal Register Notice** dated **December 2, 2013 (78 FR 72152)**, we received no comments during the comment period regarding PS-100-88.

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**

This collection does not request PII.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

Section 7520 provides rules for determining the valuation of an annuity, an interest for life or a term of years, or a remainder or reversionary interest. Section 7520(a) allows a respondent to make an election to value an interest that qualifies, in whole or in part, for the charitable deduction, by use of a different interest rate component that is more favorable to the respondent. We estimate that, on average, the election requirement, as described in

sections 20.7520-2(b)(2) and 25.7520-2(b)(2) of the regulation, will affect 6,000 respondents and that they will expend approximately 45 minutes each in activities relating to this election requirement. The total burden for this election requirement is 4,500 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 **December 2, 2013 (78 FR 72152)**, 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.