

SUPPORTING STATEMENT
OMB Control Number: 1545-XXXX
Form 8971

Information Regarding Beneficiaries Acquiring
Property from a Decedent

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Form 8971 is being developed to satisfy the reporting requirements of section 2004 of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (Pub.L. 114-41), enacted on July 31, 2015. The legislation adds a new section 6035 to the Internal Revenue Code which mandates that executors of estates provide statements of value of property acquired from a decedent to both the Internal Revenue Service and the recipient of the property before February 29, 2016.

Notice 2015-57 delays filing of statements until February 29, 2016. This delay is to allow the Treasury Department and IRS to issue guidance implementing the reporting requirements of section 6035.

Section 2004 of the Act also creates a new section 1014(f) of the Internal Revenue Code. Section 1014(f) requires a consistency in basis of property acquired from a decedent when it is sold or deemed sold.

2. USE OF DATA

Section 6035(a)(1) provides that the executor of any estate required to file a return under section 6018(a) must furnish, both to the IRS and the person acquiring any interest in property included in the decedent's gross estate for federal estate tax purposes, a statement identifying the value of each interest in such property.

Section 6035(a)(2) provides that each person required to file a return to the IRS and each other person who holds a legal or beneficial interest in the property, a statement identifying the information described in section 6035(a)(1).

The Form 8971 will be used by executors and reported on its Schedule A will be the estate tax value or basis of the property at the decedent's date of death.

The information collected will be used to ensure the taxpayer's compliance with section 1014(f) by providing the IRS and the beneficiary with the beneficiary's initial basis in property received from an estate.

IRS will use the information to confirm consistency in basis of property acquired from a decedent when it is sold or deemed sold.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

At this time, no technology will be used in the collection of this information because IRS Estate & Gift does not currently have capability for electronic filing.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible. The information requested on Form 8971 is not currently collected by the IRS in any other form or format.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There is no impact on small businesses of small entities.

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

If the information collection were not conducted, the recipient's basis in property acquired from an estate would not be consistent with the value of the property as determined for federal estate tax purpose. Failure to provide this information to the IRS and the beneficiary by the executor of estate would result in monetary penalties imposed on the executor and inaccurate information reported on tax returns.

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

There are no special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

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 8971.

This information collection is being submitted for emergency considerations. A Federal Register notice will be published to provide the public an opportunity to comment.

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

No payments or gifts are being provided to respondents.

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 <https://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 reporting requirements of section 6035 apply to most

executors filing Form 706. Based on 2013 and 2014 estate tax filing statistics compiled by IRS' Statistics of Income unit, it is estimated that 5,000 to 10,000 Forms 8971 will be filed each year. It is also estimated that approximately 5.31 hrs. will be required for recordkeeping, reporting, and third-party disclosure.

Responses	Time per respondent	Burden
10,000	5.31 hrs.	53,100

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, software costs, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Estimate of printing costs and overhead costs to the agency are not available at this time.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection of information.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis or publication.

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

There are no exceptions to the certification statement.

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.