

**SUPPORTING STATEMENT  
(TD 8633)  
OMB 1545-1442**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Regulation §1.671-4(a) provides that, with two exceptions, items of income, deduction, and credit attributable to any portion of a trust that is treated as owned by the grantor or another person should be reported by the trust on a separate statement to be attached to Form 1041. Under these two exceptions, a Form 1041 is not required to be filed. The regulations extend, at the trustee's option, these exceptions to all trusts that are treated as owned by the grantor or another person, including trusts treated as owned by persons other than individuals, trusts with third-party trustees, and trusts with one or more grantor.

**2. USE OF DATA**

The information is used in auditing taxpayers.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Section 1.671-4(b) provides optional exceptions to the requirement that a trustee of a grantor trust file a Form 1041 with an attached statement under § 1.671-4(a). We have no plans to offer electronic filing to grantor trusts who continue to file a Form 1041 with an attached statement. IRS publication, regulations, notices and letters are to be electronically enabled on a 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**

There are no small entities affected by this collection.

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

The owners of grantor trusts are required to include the items of income, deduction, and credit of the trust on their annual tax returns. Less frequent collection of information would thwart the government's ability to audit the owners' annual 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**

A notice of proposed rulemaking was published in the Federal Register on July 22, 1994(59 FR 37450). A public hearing was held on September 21, 1994. The final regulations were published in the Federal Register on December 21, 1995 (60 FR 66085).

In response to the Federal Register notice (80 FR 75168), dated December 1, 2015, we received no comments during the comment period regarding TD 8633.

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

No payment or gift has been provided to any 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**

No PII is collected.

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

Section 1.671 -4(b) of the regulations provide, at the trustee's option, exceptions to the requirement that the

trustee of a grantor trust file a Form 1041 with an attached statement. Under these exceptions, trustees of certain grantor trusts, all of which are treated as owned by the grantor or another person, have no obligation to file any type of return. Trustees of other grantor trusts, all of which are treated as owned by the grantor or another person, are required to file the appropriate Forms 1099 reporting the income of the trust. The burden for this requirement is reflected in the burden for Form 1099.

Section 1.671-4(b) also provides that trustees that report as provided in section 1.671-4(b) must furnish the grantor or other person with a statement showing the items of income, deduction, and credit of the trust attributable to the grantor or other person. We estimate that 1,840,000 persons will be affected by this provision and that it will take an average of 30 minutes to submit to the grantor or other person the required information. The total burden of this reporting requirement is 920,000 hours.

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

There is no estimated cost to the federal government.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB.

This form is being submitted for renewal purposes only.

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

There are no plans for tabulation, statistical analysis and 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 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**

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.