

**SUPPORTING STATEMENT
(Form 706-GS(T))
OMB # 1545-1145**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 2601 imposes a tax on certain generation-skipping transfers. IRC sections 2602-2663 establish complex rules for computing the tax. Form 706-GS(T) is used to compute and report the tax due on generation-skipping transfers that result from the termination of interests in a trust. The return will be filed by the trustee of the trust with respect to which the termination has occurred. The trustee is also liable for paying the tax.

The trustee will file only one Form 706-GS(T) per year for any given trust, regardless of the number of taxable terminations that occur. (A termination is not necessarily the termination of the entire trust, but can be the termination of a single beneficiary's interest in the trust.) The trustee will not file the return if no taxable terminations occur during the year.

Most trusts will file only one Schedule A per year, though the more complex trusts with multiple contributions and multiple beneficiaries will often file more than one. Terminations that have different "inclusion ratios" (a figure used to determine the taxable portion of a termination) must file a separate Schedule A for each different inclusion ratio. At most, one Schedule B will be filed for each Schedule A.

2. USE OF DATA

IRS will use the information on Form 706-GS(T) to enforce the GST tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. IRS also will use the information on Form 706-GS(T) to prepare a quadrennial Statistics of Income report 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

There are no small entities affected by this collection.

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

If the IRS did not collect this information, the IRS would not be able to enforce the GST tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. Also, the IRS will not be able to prepare a quadrennial Statistics of Income report to the public.

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 706-GS(T).

In response to the Federal Register notice dated April 5, 2016, (81 FR 19741), we received no comments during the

comment period regarding Form 706-GS(T).

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

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:

	Total	Number of	Time per
Form	<u>Responses</u>	<u>Response</u>	<u>Hours</u>
Form 706-GS(T)	100		2.08
208 Schedule A	200		1.33
266 Schedule B	<u>200</u>		1.05

210

Total	500	684
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Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-1145 to this regulation.

26.2662-1(b)

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing Form 706-GS(T). We estimate that the cost of printing the form is \$300.00.

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

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 form 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 for this collection.

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.

