

**OMB control # 1545-0160**  
**SUPPORTING STATEMENT**  
**(IRS Form 3520-A)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 6048 requires that foreign trusts that have at least one U.S. beneficiary file an annual information return. The contents of the return are set forth in regulation section 404.6048-1. This regulation requires that the information be submitted on Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner.

**2. USE OF DATA**

The grantor trust rules apply to the U.S. person who establishes or transfers property to the trust. The IRS uses Form 3520-A to determine the tax liability of the U.S. person who established the trust or who transferred property to the trust. The form provides information about the foreign trust to its U.S. owners and beneficiaries.

**Third-party Disclosure**

A copy of this statement (page 3 of Form 3520-A) must be furnished to each U.S. person who is treated as an owner of the foreign trust under the grantor trust rules.

A copy of this statement (page 4 of Form 3520-A) must be furnished to each U.S. beneficiary who receives a distribution (including the uncompensated use of trust property) from the foreign trust during the tax year.

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

Low filing volume does not justify the cost of enabling electronic filing.

**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**

We have attempted to minimize burden on small businesses and other small entities.

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

The IRS uses Form 3520-A to determine the tax liability of the U.S. person who established the trust or who transferred property to the trust. With a less frequent collection, the IRS will not be able to confirm the correct tax liability.

**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 3520-A.

In response to the Federal Register notice dated May 5, 2016 (81 FR 27191), we received no comments during the comment period regarding Form 3520-A.

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

No payments or gifts are being provided.

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 personally identifiable information is being collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Overall burden encompasses reporting, recordkeeping, and third-party disclosure burden. Third-party disclosure burden is included and reported under recordkeeping.

Third-party Disclosure Burden

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A copy of this statement (page 4 of Form 3520-A) must be furnished to each U.S. beneficiary who receives a distribution (including the uncompensated use of trust property) from the foreign trust during the tax year.

The overall burden estimate is as follows:

	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
Form 3520-A	500	43.40 hrs.	21,700

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0160 to this regulation.

404.6048-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no estimated total annual cost burden to respondents.

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 Form 3520-A is \$9,400.

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.

14. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

15. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.

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.