SUPPORTING STATEMENT

Internal Revenue Service

Form 706

United States Estate (and Generation-Skipping Transfer) Tax Return

OMB No. 1545-0015

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Section 2001 imposes a tax on the transfer of the taxable estate of every decedent who was a citizen or resident of the United States. IRC sections 2002-2057 establish rules for computing the tax imposed in Section 2001. IRC section 2601 imposes a tax on some generation-skipping transfers. IRC sections 2602-2663 establish rules for computing the tax imposed in Section 2601. Form 706 is used to report and compute both of these taxes.

2. USE OF DATA

IRS uses the information on Form 706 to enforce the estate and Generation Skipping Tax (GST) tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. IRS also uses the information on Form 706 to prepare a quadrennial Statistics of Income report available 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

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

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 information is collected once per taxpayer after they are deceased and only if they have a net worth in excess of $5.45 million. If we collected the information less frequently, we would not meet our mission.

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

In response to the Federal Register Notice dated December 23, 2016 (81 F. R. 94483), we received no comments during the comment period regarding Form 706.

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:

|  |  |  |  |
| --- | --- | --- | --- |
| Form | Number of Responses | Time per Response | Total Hours |
| 706 | 117,000 | 7.77 | 909,090 |
| 706/CONT Sch. | 70,500 | .93 | 65,565 |
| Schedule A | 64,000 | 1.09 | 69,760 |
| Schedule A-1 | 7,250 | 3.39 | 24,578 |
| Schedule B | 71,500 | 1.11 | 79,365 |
| Schedule C | 75,000 | .93 | 69,750 |
| Schedule D | 71,500 | .79 | 56,485 |
| Schedule E | 60,000 | 1.72 | 103,200 |
| Schedule F | 71,500 | 1.22 | 87,230 |
| Schedule G | 38,000 | 1.24 | 47,120 |
| Schedule H | 38,000 | .98 | 37,240 |
| Schedule I | 21,000 | 1.32 | 27,720 |
| Schedule J | 75,000 | 1.16 | 87,000 |
| Schedule K | 75,000 | 1.02 | 76,500 |
| Schedule L | 56,500 | .89 | 50,285 |
| Schedule M | 46,600 | 1.55 | 72,230 |
| Schedule O | 55,500 | 1.23 | 68,265 |
| Schedule P | 5,750 | .90 | 5,175 |
| Schedule Q | 17,500 | .70 | 12,250 |
| Schedule Q Worksheet | 15,000 | 1.54 | 23,100 |
| Schedule R | 21,000 | 3.07 | 64,470 |
| Schedule R-1 | 4,600 | 1.82 | 8,372 |
| Schedule U | 1,000 | 1.60 | 1,600 |
| Schedule PC | 4,000 | 0.59 | 2,360 |
| Total | 1,082,700 |  | 2,048,710 |

Reporting Regulations

20.2011-lc 20.2106-1(b) 20.6163-1(b)

20.2014-6 20.2204-1(a) 301.6324A-1(a), (b), (d), (g)

20.2016-1 20.2204-1(b) 301.7517-1(a)

20.2031-4 20.2204-2(a) 20.6161-1

20.2031-10 (e) 22.0(a), (b), & (c) 20.6161-2

20.2055-2 (f ) (5) 20.6163 -1 (a) 7.639A-1

Recordkeeping Regulations

20.6001-1

The following regulations impose no additional burden. Please continue to assign OMB number (1545-0015) to these regulations.

20.2031-2(b) 20.3031-2(e) & (f) 20.2031-3

20.2031-6 20.2032-1(b) 20.2032A-3(a)&(c)

20.2032A-4(a) 20.2032A-8(a), (b), & (c) 20.2053-9(a)&(c)

20.2055-1(c) 20.2055-3 20.2056(b)-4(d)

20.6011-1 20.6018-1(a) & (b) 20.6018-2

20.6018-3(a) (b) & (c) 20.6018-4 20.6061-1

20.2065-1(a) 20.2065-1(b) 20.6075-1

20.6081-1 20.6091-1 20.2039-4

20.2053-10(a) & (c) 20.2106-2(b) 26.2662-1(b)

22.0 26.2662-1 20.6166A-3

20.2051-1 26.2662-2 26.2662-1

20.6065-1(b)

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

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 the form is $1,564,896.

15. REASONS FOR CHANGE IN BURDEN

There are no changes to the burden at this time. 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.

1. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, at their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.

We are requesting OMB approval for continued use of the prior version of the form(s) in this clearance package, so that late filers will have the previous versions available to them in future years.

1. 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.