

SUPPORTING STATEMENT  
Internal Revenue Service  
(Form 709) United States Gift (and Generation Skipping Transfer) Tax Return  
OMB No. 1545-0020

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue code (IRC) sections 6019 and 6075 require gift tax returns and specify when they are to be filed. Form 709 is used to report gift transfers and to compute the gift tax on the transfers. Form 709 is also used to report direct transfers subject to the generation-skipping transfer (GST) tax and to compute the tax on those transfers.

**2. USE OF DATA**

Internal Revenue Service (IRS) uses the information to collect and enforce the gift and generation-skipping transfer taxes, to verify that these taxes are properly computed, and to compute the tax base for the estate tax.

**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 is no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute to this type of entity.

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

A less frequent collection would restrict the Internal Revenue Service (IRS) from collecting and enforcing the gift and generation-skipping transfer taxes. The Internal Revenue Service needs the information collected to verify that these taxes are properly computed, and to compute the tax base for the estate tax in order to meet its 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**

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 709.

In response to the Federal Register notice dated April 24, 2017 (82 FR 18969), we received two comments during the comment period regarding Form 709.

SAX LLP, Accounting and Tax Advisory Service made suggestions to modify the reporting requirements related to transfers and providing descriptions or copies of the trust agreement with the 709. Additionally, it was suggested to implement automated collection techniques and other forms of information technology.

Tax Section State Bar of Texas is requesting the Form 709 be electronically enabled in order to e-file the return with the attachments submitted as pdf files. Additionally, they are suggesting a change to the instruction of Form 709 regarding split gifts of community property.

Comments received suggested changes to the reporting requirements and to the collection techniques as well as an instruction change. The submitted comments have been taken under advisement.

As noted earlier, there are no plans currently for the implementation of electronic filing of Form 709 due to the low volume of responses compared to the cost of implementing electronic reporting.

IRS generally agrees with clarifying that gifts of community property do not need to be split and that spouses should each report one-half of gifts of community property. Clarifying language may also be useful to explain reporting procedures where there are split gifts and gifts of community property being reported on the same return. IRS will continue to review this matter and consider the best way to incorporate this comment in future revision of the Instructions for Form 709. IRS also generally agrees with adding language to clarify the "Gift Split mandate." The suggested language will be considered for inclusion in whole or in part for future revisions of the Instructions for Form 709.

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

No payment or gift will be 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 “Enforcement Revenue Information System (ERIS)” and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030 – Customer Account Data Engine Individual Master File, and IRS 24.046 – Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>. Name, SSN, TIN, and address are collected as authorized by 26 USC 6109.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6019 and 6075	Form 709	278,500	1	278,500	6.2	1,726,700
<b>Totals</b>		<b>278,500</b>				<b>1,726,700</b>

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

Please continue to assign the OMB number to these regulations as they do not contribute to the burden.
1.1015-1
1.1015-1(g) recordkeeping
1.170A-12
1.401-1
1.664-4
20.2031-7
25.2512-1(j)
25.2512-2(b),(e),(f)
25.2512-3(a)
25.2512-5
25.2512-9(e)
25.2513-1(c)
25.2513-2
25.2513-3(a) & (b)
25.2522(a)-1
25.2522(c)-3
25.6001-1 recordkeeping
25.6011-1
25.6019-1(a) & (b)
25.6019-1(d)
25.6019-2
25.6019-3
25.6019-4
25.6061-1
25.6065-1
25.6075-1
25.6081-1
25.6091-1
25.6091-2
25.6151-1
25.6161-1(b) & (c)
26.2662-1(b)
27.1-1(a)

**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 Form 709 is \$257,915.

**15. REASONS FOR CHANGE IN BURDEN**

On page 4, Schedule C, Part 2, added new entry box (Restored Exclusion Amount) for line 5. This change will result in a program change increase of 8,355, and a new total burden of 1,726,700 hours.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	278,500	0	0	0	0	278,500
Annual Time Burden (Hr)	1,726,700	0	8,355	0	0	1,718,345

We are also 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 IRS 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.