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SUPPORTING STATEMENT  
Internal Revenue Service  
OMB Control Number 1545-0023  
Form 720, Quarterly Federal Excise Tax Return

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code § 4081 imposes tax for miscellaneous excise taxes, manufacturers excise taxes, automotive and related items, petroleum products and motor and aviation fuel. There are over forty separate tax categories on Form 720. The form is used to report: (1) excise taxes due from retailers and manufacturers on the sale or manufacture of various articles; (2) the tax on facilities and services; (3) environmental taxes; (4) luxury tax; and (5) floor stocks taxes. It enables IRS to monitor excise tax liability for various categories on a single form and to collect the tax quarterly in compliance with the law and regulations. Schedule A (Form 720) is used to report the liability for the six, semi-monthly periods of each quarter. This enables the IRS to determine if deposit penalties are applicable. Schedule C (Form 720) is used by taxpayers to explain adjustments or claims taken on line 4. It insures that taxpayers only take adjustments and credits to which they are entitled. This information allows the Internal Revenue Service to allocate the adjustment to the proper trust fund.

**2. USE OF DATA**

The information supplied on Form 720 is used by the IRS to determine the correct liability. Additionally, the data is reported by the IRS to Treasury so that funds may be transferred from the general revenue fund to the appropriate trust fund.

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

Electronic filing of Form 720 is currently available through any electronic return originator (ERO), transmitter, and /or intermediate service provider(ISP) participating in the IRS-e-file program for excise taxes.

**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 flexibility to reduce burden on small businesses or other small entities because the statutes apply to small businesses and small entities.

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

Consequences of less frequent collection on federal programs or policy activities would result in the Service unable to determine the correct amount of taxes a taxpayer is required to claim, thereby engendering the inability of the IRS to collect the tax in compliance with the law and regulations.

**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 720.

In response to the **Federal Register** notice dated April 07, 2017 (82 FR 17089), we received no comments during the comment period regarding Form 720.

**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 “Excise Files Information Retrieval System (EFIRS)” and a Privacy Act System of Records Notice (SORN) has been issued for this system under IRS 22.060-Automated Non-Master File (ANMF); IRS 24.046-Customer Account Data Engine (CADE) Business Master File (BMF); IRS 34.037-IRS Audit Trail and Security Records System; IRS 42.002-Excise Compliance Programs; IRS-42.008-Audit Information Management System (AIMS). The Internal Revenue Service PIAs can be found at <http://www.irs.gov/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 estimates for Form 720 and existing regulations associated with them is as follows:

Authority	Description	Respondents	#Responses Per Respondent	Annual Responses	Reporting Hours	Recordkeeping Hours	Total Hours Per Response	Total Annual Burden
IRC § 4081	Form 720 Part I	36991	3.21304	118,854	6.06	20.09	26.15	3,108,032
IRC § 4081	Form 720 Part II	5007	3.21304	16,088	2.25	6.22	8.47	136,265
IRC § 4081	Form 720 Part III	38886	3.21304	124,942	0.49	4.79	5.27	658,445
IRC § 4081	Form 720-OCR Vouchers	5,353	3.21304	17,200	0.00	0.24	0.24	4,128
IRC § 4081	Form 720 Schedule A	33663	3.21304	108,161	0.06	3.83	3.89	420,747
IRC § 4081	Form 720 Schedule C	778	3.21304	2,499	2.52	42.81	45.33	113,280
IRC § 4081	Form 720 Schedule T	5602	3.21304	18,000	0.03	1.91	1.94	34,920
<b>Totals</b>		<b>126,280</b>		<b>405,744</b>			<b>11.03</b>	<b>4,475,817</b>

The following regulations impose no additional burden. Please continue to assign OMB No. 1545-0023 to these regulations.

## Reporting regulations

Law	Description		
48.4261		48.4041-8	
40.6011(a)-2		48.4041-9	
40.6071(a)-1		48.4041-9, 11, 12, & 13	recordkeeping
40.6071(a)-2		48.4042-12	
40.6091-1		48.4042-2	recordkeeping
40.6101-1		48.4061(a)-1	recordkeeping
40.6151(a)-1		48.4061(a)-2	
40.6302(c)-1		48.4061(b)-3	recordkeeping
45.4051-1T		48.4071-1	
46.4374-1(b)	recordkeeping	48.4071-1(a)(2)(b)	
48.4041-0		48.4073-1(c)(e)	recordkeeping
48.4041-10		48.4073-3	
48.4041-11		48.4081-18(f)	
48.4041-12		48.4081-2(c)(h)	recordkeeping
48.4041-13		48.4081-2(h)(4)	
48.4041-14		48.4081-20(g)	
48.4041-15		48.4081-7(c)	
48.4041-16		48.4083-1	
48.4041-17		48.4101-1(a)(b)(c)	
48.4041-18		48.4102-1(b)(c)	
48.4041-19		48.4182-1	recordkeeping
48.4041-20		48.4216(a)-2	
48.4041-21		48.4216(a)-3	
48.4041-3		48.4216(c)-1	
48.4041-4		48.4221-1(b)(c)	
48.4041-5		48.4221-2	
48.4041-5(c) & 6	recordkeeping	48.4221-2(c)	
48.4041-6		48.4221-3	
48.4041-7		48.4221-4	
		48.4221-4(d)(2)(ii)	recordkeeping
		48.4221-4(d)(2)(ii)	recordkeeping
		48.4221-4(d)(2)(l)	recordkeeping
		48.4221-4(d)(2)(l)	recordkeeping
		48.4221-5	
		48.4221-6	
		48.4221-7(c)	
		48.4221-8(e)	
		48.4221-9	
		48.4222(a)-1	
		48.4222(b)-1	
		48.4222(b)-1	recordkeeping
		48.4223-1(c)	recordkeeping
		48.4243-11	
		48.4264(b)-1(a), (b),(c)	recordkeeping
		48.6416(a)	
		48.6416(a)-1(c)	
		48.6416(a)-1(d)	
		48.6416(a)-1(d)(2)	recordkeeping
		48.6416(b)-1(d)	recordkeeping
		48.6416(b)-2	recordkeeping
		48.6416(b)-3(a),(c)	recordkeeping
		48.6416(b)-4(c)	recordkeeping
		48.6416(b)-5(c)	recordkeeping
		48.6416(e)-1	recordkeeping
		48.6416(f)-1	recordkeeping
		48.6420(c)-2	
		48.6427-1	
		49.4253-3	
		49.4253-3	recordkeeping
		49.4253-4	

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs and costs of operation, maintenance, and purchase of services associated with this collection.

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

The primary cost to the government consists of the cost of developing, printing, processing, distributing, and overhead for Form 720 is \$770,186.

**15. REASONS FOR CHANGE IN BURDEN**

The change in burden reflects the removal of burden associated with the pre-printed payment vouchers form. While the burden for the preprinted Voucher was removed, the burden associated with the 720-OCR increased because the filers that previously filed the pre-printed 720 voucher are now using the 720-OCR. The removal of the pre-printed voucher did not affect the number of filers because the remaining voucher has an increase of filers equal to the discontinued voucher. The burden decreased over all by 3,139 hours due to the change in time per response for the extra filers. Instead of the previous .97 hour per response the filers were filing the 720 OCR voucher which was response time of .24 and resulted in a net decrease of 3,139 hours.

Description	Description	Respondents	#Responses Per Respondent	Annual Responses	Change in Annual Responses	Total Hours Per Response	Total Annual Burden	Change in Total Hours
Discontinued	Form 720-pre-printed	1,338	3.21304	4,300	(4,300)	.97	4,171	(4,171)
Additional Filers added	Form 720-OCR Vouchers	1,338	3.21304	4,300	4,300	0.24	1,032	1,032
<b>Net change</b>					<b>0</b>			<b>(3,139)</b>

**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.

**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.