

**Internal Revenue Service**  
**SUPPORTING STATEMENT**  
**OMB Control Number 1545-1593**  
**Form 1041-QFT, U.S. Income Tax Return for Qualified Funeral Trusts**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

26 USC 671 provides that when the grantor or another person is treated as the owner of any portion of a trust (grantor trusts), then the income, deductions, and credits from that portion of the trust shall be included in figuring the income and credits of the grantor or other person treated as owing that portion of the trust. 26 USC 685 provides that in the case of qualified funeral trusts that would otherwise be treated as grantor trusts, the trustee can elect to have the trust not treated as a grantor trust and to pay the tax on the income earned by the trust. 26 USC 685(f) provides that the Secretary may prescribe rules for simplified reporting of all trusts having a single trustee.

2. USE OF DATA

Form 1041-QFT is used by IRS to verify that the income tax reported is correct. The trustee can use the form to report information for a single qualified funeral trust (QFT) or for multiple QFTs having the same trustee.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The form is not electronically filed because Modernized efile has not chosen to enable it for electronic filing by devoting the necessary time, money, and resources to do so. The IRS has concluded that budgetary considerations require that the limited resources available for enabling electronic filing be allocated to ICs other than the Form associated with this information collection, where the benefits of electronic filing are greater.

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 Form 1041-QFT would not allow IRS to verify that the income tax reported is correct and therefore not allow the IRS 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 1041-QFT.

In response to the *Federal Register* notice dated April 22, 2019 (84 FR 16761), we received no comments during the comment period regarding Form 1041-QFT.

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 “Business Master File (BMF)” and a Privacy Act System of Records notice (SORN) has been issued for these systems under: IRS 24.030- CADE Individual Master File; IRS-24.046 – CADE Business Master File (BMF) and Treas./IRS 34.037 IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <https://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

Form 1041-QFT is used by IRS to verify that the income tax reported is correct. The approximately 15,000 trustees can use the form to report information taking approximately 18.5 hours for a single qualified funeral trust (QFT) or for multiple QFTs having the same trustee for a total of 277,500 annual burden hours.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC 671	1041-QFT	15,000	1	15,000	18.5	277,500
Totals				15,000		277,500

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**

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as; complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>	<b>Printing and Distribution</b>	<b>Government Cost Estimate per Product</b>
Form 1041-QFT	49757		49757
<b>Grand Total</b>			49757
Table costs are based on 2018 actuals obtained from IRS Chief Financial Office and Media and Publications			
* New product costs will be included in the next collection update.			

**15. REASONS FOR CHANGE IN BURDEN**

There are no changes to the burden previously approved by OMB. We are making this submission to renewal purposes only.

**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**

It is the view of the IRS that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form and / or regulation 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.