SUPPORTING STATEMENT

Internal Revenue Service

(Form 706-A) United States Additional Estate Tax Return

OMB #1545-0016

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

 Form 706-A is used by individuals to compute and pay the additional estate taxes due under Code section

 2032A(c). IRS uses the information to determine that the taxes have been properly computed. The form

 is also used for the basis election of section 1016(c)(1).

2. USE OF DATA

This form is used to report all dispositions or cessations of qualified use under Section 2032A of the Internal Revenue Code.

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

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

 ACTIVITIES

 If the IRS did not collect this information, the IRS would not be able to report all dispositions or

 cessations of qualified use under Section 2032A of the Internal Revenue Code.

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 July 30, 2019 (84 FR 37011), we received no comments

 during the comment period regarding Form 706-A.

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 “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:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  **Authority** | **Description** |  **Number of Responses** | **#Responses per Respondent** | **Annual Responses** | **Hours per Response** | **Total Burden** |
| IRC §§2032A(c), 1016(c)(1) |   Form 706-A |  180 | 1 | 180 | 9.32 | 1,678 |
| Totals |  |  180 |  |   |  |  1,678 |

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.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Product** | **Aggregate Cost per Product (factor applied)** |  | **Printing and Distribution** |  | **Government Cost Estimate per Product** |
|  Form 706-A | 12,758 | + |  | = | 12,758 |
|  Instructions |  2,734 |  |  |  | 2,734 |
| **Grand Total** | **15,492** |  |  |  | **15,492** |
| 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 is no change to the paperwork burden previously approved by OMB. IRS is making this

 submission for renewal purposes.

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

 IRS believes 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.