

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Generation-Skipping Transfer Tax Return for Distributions
Form 706-GS(D)
OMB Number 1545-1144

18448. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 2601 imposes a tax on certain generation skipping transfers. IRC sections 2602 and 2663 establish complex rules for computing the tax. Form 706 GS(D) is used to compute and report the tax due on distributions from trusts. The distributee is liable for filing the return and paying the tax. The distributee will file a single Form 706 GS(D) annually and will report on it all taxable distributions from any trust received during the year. An individual will not file Form 706 GS(D) for any year in which he/she received no taxable distributions.

The trustee of the trust making the distribution must provide the distributee with most of the information necessary to complete Form 706 GS(D). The trustee will use Form 706 GS(D 1), Notification of Distribution From a Generation Skipping Trust, to provide this information.

18449. USE OF DATA

IRS will use the information on Form 706 GS(D) to enforce the GST tax provisions of the Internal Revenue Code to verify that the taxes have been properly computed. IRS also will use the information on Form 706 GS(D) to prepare a quadrennial Statistics of Income report to the public.

18450. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The agency has determined that low filing volume does not justify the cost of electronic enabling.

18451. EFFORTS TO IDENTIFY DUPLICATION

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

18452. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Small businesses should not be disadvantaged as the form has been structured to request the least amount of information and still satisfy the requirements of the statute and the needs of the Service.

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

With a less frequent collection, the IRS will not be able to use the information on Form 706 GS(D) to enforce the GST tax provisions of the Internal Revenue Code, nor to verify that the

taxes have been properly computed. Without this information, government effectiveness could be adversely affected and would reduce the oversight of the public in ensuring compliance with 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 September 13, 2019 (84 FR 48384), we received no comments during the comment period regarding these regulations.

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 "Returns Inventory and Classification System (RICS)" and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 34.047-IRS Audit Trail and Security Records System; IRS 24.046, BMF. IRS 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

The agency expects that 1,000 taxpayers will file Form 706 (GS)(D) and it will take .98 hours to complete for a total of 980 overall annual burden hours.

	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
Form 706 (GS)(D)	Generation-Skipping Transfer Tax Return for Distributions	1,000	1	1,000	.98	980
Totals		1,000	1	1,000	.98	980

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1144 to these regulations.

26.2662-1(b)

20.6018-4

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 (GS)(D)	\$ 10,024	0	\$ 10,024
Grand Total	\$10,024	0	\$10,024
Table costs are based on 2016 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 in the paperwork burden previously approved by OMB. The agency is 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

The 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 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.