

SUPPORTING STATEMENT

Internal Revenue Service

(Form 13925)

Internal Revenue Code Section 6324A Lien Agreement Form

OMB #1545-0757

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Under PL 94-455 and 26 U.S.C 6324A of the Internal Revenue Code, any estate with respect to which an election has been made under section 6166 and files the lien agreement, the deferred amount (plus any interest, additional amount, additional to tax, assessable penalty, and cost attributable to the deferred amount) shall be a lien in favor of the United States on the section 6166 lien property. The election under section 6324A will not be effective unless all parties having an interest in the property, subject to the lien, sign an agreement in which they consent to the creation of the lien. The election may be filed at any time prior to payment of the full amount of the estate tax and interest due.

It must be in a form that is binding on all parties having any interest on the property and must contain the following:

- (i) The decedent's name and taxpayer identification number as they appear on the estate tax return;
- (ii) The amount of the lien;
- (iii) The fair market value of the property to be subject to the lien as of the date of the decedent's death and the date of the election under this section;
- (iv) The amount, as of the date of the decedent's death and the date of the election, of all encumbrances on the property, including mortgages and any lien under section 6324B;
- (v) A clear description of the property, which is to be subject to the lien, and in the case of property other than land, a statement of its estimated remaining useful life; and
- (vi) Designation of an agent (including the agent's address) for the beneficiaries of the estate and the consenting parties to the lien for all dealings with the Internal Revenue Service on matters arising under section 6166 or 6166A (as in effect prior to its repeal by Economic Recovery Tax Act of 1981), or under section 6324A.

The requirements contained in this regulation arise directly from the statutory requirements of section 6324A, which the regulation implements. The regulation itself merely clarifies procedures for complying with the statutory requirements.

2. USE OF DATA

The information is necessary to ensure that taxpayers are complying with these laws and to allow the Internal Revenue Service to figure and collect the right amount of tax.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 13925 is not currently available due to the low number of filers. The IRS has determined that the relatively low volume does not justify electronic enabling at this time.

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. We have attempted to eliminate duplication within the agency wherever possible.

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

There are no small businesses or other small entities affected by this collection.

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

The final regulations relating to a special lien under section 6324A for estate taxes are deferred under section 6166 or 6166A. Changes to the applicable law were made by the Tax Reform Act of 1976, the Revenue Act of 1978, and the Economic Recovery Tax Act of 1981. The regulations provide the public with the guidance needed to comply with the law and would affect those estates electing a special lien in favor of the United States on property as security for deferred payments of estate tax.

These regulations are effective for estates of decedents dying after December 31, 1976. The regulations necessitated by the Economic Recovery Tax Act of 1981 are effective for estates of decedents dying after December 31, 1981.

A less frequent collection would not allow the Internal Revenue Service to make the determination of the tax treatment and therefore, not allow the Internal Revenue Service 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

On May 11, 1983, the Federal Register published proposed amendments to the Estate Tax Regulations (26 CFR Part 20) and to the Procedure and Administration Regulations (26 CFR Part 301) under section 6324A of the Internal Revenue Code of 1954 (48 FR 21167). No comments were received, and no public hearing was requested. They were published as final regulations in the *Federal Register* on February 13, 2004.

Treasury decision 7941 was issued under the authority contained in sections 6324A(a) and 7805 of the Internal Revenue Code of 1954 (90 Stat. 1808, 68A Stat. 917; 26 U.S.C. 6324A(a), 7805). In response to the Federal Register notice dated November 17, 2017 (81 FR 81243), we received no comments during the comment period regarding TD 7941.

We received no comments during the comment period in response to the **Federal Register** notice (85 FR 21935), dated April 20, 2020.

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 "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

For taxpayers making the election under section 6166, the likely respondents are executors or administrators of the estate. The estimated hour burden for preparing the Form 13925 is one hour, which includes time to glean information from Form 706 (U.S. Estate Tax Return, OMB control number 1545-0015) and the current appraisal or valuation documentation. Respondents that file Form 13925 will be required to provide valuation information annually each year thereafter until the estate tax is collected in full. The estimated hour burden for submitting annual valuation documentation is one hour, which is the amount of time it will take to submit the valuation documentation to the IRS. It is estimated that there will be 500 executors who will make an election which results in a total estimate burden for reporting and recordkeeping of 500 hours.

26 CFR	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
6324A	All parties having an interest in the property subject to the lien sign an agreement in which they consent to the creation of the lien	500	1	500	1	500
		500	1	500		500

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice will request public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available currently.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are no known annualized costs to the federal government.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

However, since the creation of Form 13925, there has been a decrease in the estimated number of responses and total annual burden hours, and an increase in the time estimate per response. The number of responses currently requested is based on the agencies most recent filings of Form 13925 (500 responses/respondents using approximately 1 hour of time to comply with the regulation and form completion). The form has yet to be updated for this information.

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 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.

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.