

SUPPORTING STATEMENT
Internal Revenue Service
Form 706-NA,
United States Estate (and Generation- Skipping
Transfer) Tax Return
Estate of nonresident not a citizen of the United States
OMB Control Number 1545-0531

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Under section 6018 of the Internal Revenue Code, an executor must file an estate tax return for a nonresident noncitizen that had property in the U.S. The executor uses Form 706-NA for this purpose. The following United States Codes (USC) are applicable: 26 USC 6103, 26 USC 2012, 26 USC 2056, 26 USC 2057, 26 USC 2101, 26 USC 2011, 26 USC 877, and 26 USC 2106.

2. USE OF DATA

Form 706-NA gives the IRS information with which it determines the correct amount of tax and credits. This information includes:

- a) Information to identify the decedent, personal representatives, and estate tax attorneys;
- b) Tax computation;
- c) Information regarding circumstances that might affect the tax rate used, eligibility for certain credits, or what property should be taxed;
- d) Schedule of property in the U.S.;
- e) Schedule of relationship between property in the U.S. and the total estate, the taxable estate, and allowable deductions.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 706-NA is available electronically on IRS.gov. However, based on the low filing volume it is not available for electronic filing 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.

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

There are no small businesses or entities affected by this collection. This IC relates to the estate tax returns for nonresident noncitizens with property in the United States.

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

The information requested on the form is needed to determine the correct amount of tax and credits to apply to an estate tax return, for a nonresident noncitizen that had property in the United States.

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 March 31, 2020(85 FR 17951), we received one comment letter. The first part of the letter is recommendations for the Form 706-NA. As far as the first two points they suggest just having the executor and attorney use their TIN and/or CAF number instead having to supply personal information. The third and fourth points, suggested ideas of wanting to include more specific detail explanations, and incorporating more requirements for the return such as a Schedule F from the Form 706 and/or supply prior year Forms 709 just like the Form 709. The second section of the letter focused more with the Form 706-NA Instructions. The last comments addressed updated information on the websites for IRS

Statistics of Income Division not being updated since 2014.

After consideration of all of the comments in the letter, it was determined best to forward this letter to the appropriate business operating division (BOD), for further review and consideration. Any changes or final determinations will be made by the BOD, in accordance with applicable laws.

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 statement (PIA) has been conducted for information collected under this request as part of the "Estate/Inheritance and Gift Non-Filer and Underreporter" 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 - Treasury/IRS.

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

| Authority | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|------------------|--------------------|-------------------------|-----------------------------------|-------------------------|---------------------------|---------------------|
| §6018 | Form 706NA | 800 | 1 | 800 | 4.48 | 3,584 |
| Totals | | 800 | 1 | 800 | 4.48 | 3,584 |

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.

| <u>Product</u> | <u>Aggregate Cost per Product (factor applied)</u> | <u>Printing and Distribution</u> | <u>Government Cost Estimate per Product</u> |
|---|--|----------------------------------|---|
| Form 706 NA | 10,936 | | 10,936 |
| Form Instructions | 2,734 | | 2,734 |
| Grand Total | 13,670 | | 13,670 |
| 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. The IRS 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

IRS believes 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. for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

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.