

1SUPPORTING STATEMENT

Internal Revenue Service

Form 706

United States Estate (and Generation-Skipping Transfer) Tax Return, and
Form Schedule R-1 (Form 706), Generation -Skipping Transfer Tax

O.M.B. Control No. 1545-0015

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Section 2001 imposes a tax on the transfer of the taxable estate of every decedent who was a citizen or resident of the United States. IRC section 2601 imposes a tax on some generation-skipping transfers. Form 706 is used to report and compute both of these taxes. IRC section 2603(a)(2) provides that the Generation-Skipping Transfer Tax imposed on a direct skip from a trust must be paid by the trustee (not the estate). Schedule R-1 (Form 706) serves as a payment voucher for Generation-Skipping Transfer (GST) tax imposed on a direct skip from a trust, which you, the trustee of the trust, must pay. Schedule-R-1 is no longer embedded in Form 706, instead, it is a separate form to complete and file with Form 706.

2. USE OF DATA

IRS uses the information on Form 706 to enforce the estate and Generation Skipping Tax (GST) tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. IRS also uses the information on Form 706 to prepare a quadrennial Statistics of Income report available to the public. Schedule R-1 (Form 706) serves as a payment voucher for the Generation-Skipping Transfer (GST) tax imposed on a direct skip from a trust, which the trustee of the trust, must pay.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Form 706 and Schedule R-1 (Form 706) are available electronically on IRS.gov. However, due to the low filing volume the forms are not available to be filed electronic 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 is minimal to no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute under sections 2001, and 2601.

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

The information requested on the forms are needed to determine and verify that the taxes have been properly computed.

The agency would not be able to fulfill its obligation to enforce the Estate and Generation Skipping Tax (GST) provisions if the information was not collected.

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 20, 2020 (85 FR 43943), we received no comments during the comment period regarding Form 706 and Schedule R-1 (Form 706).

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 24.030 -CADE Individual Master File (IMF); IRS 24.046 CADE Business Master File (BMF); IRS 42.021-Compliance Programs and Project Files. The Internal Revenue Service 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

Form 706 is exclusively used by the executor of a decedent’s estate to figure the estate tax imposed by chapter 11 of the Internal Revenue Code. The tax is levied on the entire taxable estate and not just on the share received by a particular beneficiary. Form 706 is also used to figure the generation-skipping transfer (GST) tax imposed by Chapter 13 on direct skips (transfers to skip persons of interests in property included in the decedent’s gross estate). Schedule R-1 (Form 706) serves as a payment voucher for the Generation-Skipping Transfer (GST) tax imposed on a direct skip from a trust, which the trustee of the trust must pay.

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
2001 and 2601	Form 706	30,529	1	30,529	36.74	1,121,635
2603(a)(2)	Form Schedule-R- 1 (Form 706)	200	1	200	1.34	268
Totals		30,729		30,729		1,121,903

Reporting Regulations

20.2011-1c	20.2106-1(b)	20.6163-1(b)
20.2014-6	20.2204-1(a)	301.6324A-1(a), (b), (d), (g)
20.2016-1	20.2204-1(b)	301.7517-1(a)
20.2031-4	20.2204-2(a)	20.6161-1
20.2031-10 (e)	22.0(a), (b), & (c)	20.6161-2
20.2055-2 (f) (5)	20.6163 -1 (a)	7.639A-1

Recordkeeping Regulations

20.6001-1

The following regulations impose no additional burden. Please continue to assign OMB number (1545-0015) to these regulations.

20.2031-2(b)	20.3031-2(e) & (f)	20.2031-3	20.2031-6	20.2032-1(b)	20.2032A-3(a)&(c)
20.2032A-4(a)	20.2032A-8(a), (b), & (c)	20.2053-9(a)&(c)	20.2055-1(c)	20.2055-3	20.2056(b)-4(d)
20.6011-1	20.6018-1(a) & (b)	20.6018-2	20.6018-3(a) (b) & (c)	20.6018-4	20.6061-1
20.2065-1(a)	20.2065-1(b)	20.6075-1	20.6081-1	20.6091-1	20.2039-4
20.2053-10(a) & (c)	20.2106-2(b)	26.2662-1(b)	26.2662-1	20.6166A-3	20.2051-1
26.2662-2	26.2662-1	20.6065-1(b)			

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no annual start-up costs associated with this collection. Also, there is no cost to the respondents when paying the Estate and Generation Skipping Tax (GST) electronically through the Electronic Federal Tax Payment System (EFTPS). EFTPS is a free service of the Department of Treasury.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

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.

15. REASONS FOR CHANGE IN BURDEN

Changes to the burden estimates of Form 706 are due to the reduction in filers based on the most recent filing data, from 117,00 to 30, 529 responses and reduction in burden hours from 909,090 to 1,121,635. Prior to this collection the schedules that were embedded in Form 706 was counted separately resulting in duplication counting of

burden estimates. Also, Form Schedule R-1 (706) no longer embedded in Form 706, added to the collection which increased the current responses by 200 and the burden hours by 268. Overall, the total responses are 30729 and the total burden hours are 1,121,903. We are making this submission to renew the OMB approval and revise the collection to add Form Schedule R-1 (Form 706).

706 with embedded schedules

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	30,529	0	0	-86471	0	117,000
Annual Time Burden (Hr.)	1,121,635	0	0	212545	0	909,090

Schedule -R-1 (Form 706)

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	200	0	0	-4400	0	4600
Annual Time Burden (Hr.)	268	0	0	-8104	0	8372

Annual IC Burden

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	30,729	0	-961,100	-90,871	0	1,082,700
Annual Time Burden (Hr.)	1,121,903	0	-1,131,248	204,441	0	2,048,710

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 regulations sunset 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.