

SUPPORTING STATEMENT
Internal Revenue Service
Form 1041-ES /OCR/Payment Voucher
Estimated Income Tax for Estates and Trusts
OMB Control Number 1545-0971

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code section 6654(1) imposes a penalty on trusts, and in certain circumstances, a decedent's estate, for underpayment of estimated tax. Form 1041-ES is used by the fiduciary to make the estimated tax payments.

For "first-time" filers, the form is available in an Over The Counter (OTC) version, paper form, at IRS offices. For previous filers, the form is sent to them with preprinted vouchers in the Optical Character Resolution (OCR) version. ORC are machine-readable forms with pre-populated information, which are sent to estate and trust filers after they submit their first payment.

2. USE OF DATA

Form 1041-ES provide IRS with information to give estates and trusts proper credit for estimated tax payments. Estimated tax is the amount of tax an estate or trust expects to owe for the year after subtracting the amount of any tax withheld and the amount of any credits.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Current Electronic Federal Tax Payment System (EFTPS) accepts Form 1041-ES tax payments electronically.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaption 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 affected by this collection. The collection only affects estates and trusts per IRC section 6654(1).

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

Consequences of less frequent collection on federal programs or policy activities

would create a burden on estates and trusts in not keeping current with their tax liability, creating an increased balance due.

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 14, 2020 (85 FR 42489), we received no comments during the comment period regarding Form 1041-ES.

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 "Individual Master File (IMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.030--Customer Account Data Engine Individual Master File, formerly Individual Master File, and IRS 34.037--IRS Audit Trail and Security Records System. 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

Internal Revenue Code section 6654(1) imposes a penalty on trusts, and in certain circumstances, a decedent's estate, for underpayment of estimated tax. Form 1041-ES is used by the fiduciary to make the estimated tax payments. For first-time filers, the form is available in an Over The Counter (OTC) version at IRS offices. For previous filers, the form is sent to them by the IRS with preprinted vouchers in the Optical Character Resolution (OCR) version.

Form 1041-ES	Domestic(U.S.)	Puerto Rico	Canadian	Mexican	Other Foreign	Total Filers
OCT-Filers	2,707	N/A	N/A	N/A	N/A	2707
OCR-Filers	579,317	151	187	03	537	580,195
Total Filers	582,024	151	187	03	537	582,902

The burden estimate is as follows:

Authority	Description	Number of Respondents	Number of Responses per Respondent	Annual Responses	Hours per Response	Total Burden
§ 6654(1)	Form 1041ES OCT	2707	1	2707	3.29	8906
§ 6654(1)	Form 1041-ES OCR	580,195	1	580,195	3.29	1,908,842
Totals		582,024		582,024		1,917,748

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0971 to this regulation.

1.6302

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

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution, and overhead for Form 1041-ES and Instructions is \$294,536.

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 1041-ES	\$41,009	\$3,531	\$44,540
Form 1041-ES -OCR	\$53,311	\$189,850	\$243,161
Instructions for 1041-ES	\$6,835	\$0	\$6,835
Grand Total	\$101,155	\$193,381	\$294,536
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

Changes in the burden estimates previously approved by OMB, are due to the reduction in filers based on the most recent filing data, from 2,400,110 to 582,902 responses and reduction in burden hours from 3,161,236 to 1,917,748. With an overall reduction in responses of (1,817,208) and reduction in burden hours of (1,243,488). This form is being submitted for renewal purposes only.

	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 for this IC	582,902	0	0	- 1,817,208	0	2,400,110
Annual IC Time Burden (Hours)	1,917,748	0	0	- 1,243,488	0	3,161,236
Annual Cost Burden (\$)	0	0	0	0	0	0

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 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.