

**Supporting Statement**  
Internal Revenue Service  
(Form 720) Quarterly Federal Excise Tax Return  
OMB #: **1545-0023**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Excise taxes are taxes paid when purchases are made on a specific good, such as gasoline. Excise taxes are often included in the price of the product. There are also excise taxes on activities, such as on wagering or on highway usage by trucks. One of the major components of the excise program is motor fuel. 26 USC 4081 imposes tax for miscellaneous excise taxes, manufacturers excise taxes, automotive and related items, petroleum products and motor and aviation fuel.

Publication 510, *Excise Taxes*, covers the excise taxes for which taxpayers may be liable and which are reported on Form 720 and other forms. [Form 720, Quarterly Federal Excise Tax Return](#), is used to report liability by IRS number and to pay the excise taxes listed on the form. Form 720 is available for optional electronic filing. Simply make the selection through an [IRS-approved software provider](#) and join millions of taxpayers enjoying the convenience and ease of online filing, immediate acknowledgement of receipt and faster service.

**2. USE OF DATA**

The information supplied on Form 720 is used by the IRS to determine the correct liability. Additionally, the data is reported by the IRS to Treasury so that funds may be transferred from the general revenue fund to the appropriate trust fund.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

Electronic filing of Form 720 is currently available through any electronic return originator (ERO), transmitter, and /or intermediate service provider (ISP) participating in the IRS-e-file program for excise taxes.

**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**

Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed

rulemaking (REG–106892–00, 2001–15 I.R.B. 1060), preceding TD 8963, was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business. IRS has attempted to minimize the burden on small businesses or other small entities. The collections of information on this form will not have a significant economic impact on a substantial number of small entities. Small businesses should not be disadvantaged as the requirements are 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**

Consequences of less frequent collection on federal programs or policy activities would result in the Service unable to determine the correct amount of taxes a taxpayer is required to claim, thereby engendering the inability of the IRS to collect the tax in compliance with 26 USC 4081.

**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**

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding excise taxes and Form 720.

In response to the Federal Register notice dated June 24, 2020 (85 FR 38021), no comments were received during the comment period regarding Form 720.

**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 Title 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 “Excise Files Information Retrieval System (EFIRS)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 22.060-Automated Non-Master File (ANMF); IRS 24.046-Customer Account Data Engine (CADE) Business Master File (BMF); IRS 34.037-IRS Audit Trail and Security Records System; IRS 42.002-Excise Compliance Programs; IRS-42.008-Audit Information Management System (AIMS). The Internal Revenue Service PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

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 720, *Quarterly Federal Excise Tax Return*, is used to report liability by IRS number and to pay the excise taxes listed on the form. There are over forty separate tax categories on Form 720. The form is used to report: (1) excise taxes due from retailers and manufacturers on the sale or manufacture of various articles; (2) the tax on facilities and services; (3) environmental taxes; (4) luxury tax; and (5) floor stocks taxes. It enables IRS to monitor excise tax liability for various categories on a single form and to collect the tax quarterly in compliance with the law and regulations.

The estimated burden associated with completing Form 720 is:

Authority	Description	Annual Respondents*	Reporting Burden	Record-keeping Burden	Hours per Response	Reporting Burden	Recordkeeping Burden	Total Burden
26 USC 4081	Pa per Form 720	178,000	3.13	8.98	12.12	557,674	1,599,027	2,156,701
	Electronic Form 720	2,000	2.25	6.22	8.47	4,500	12,440	16,940
<b>Totals</b>		180,000			20.59	562,174	1,611,467	<b>2,173,641</b>

\* Estimates obtained from Publication 6292 (Rev 9-2019)

Estimates of the annualized cost to respondents for the hour burdens shown above are not available at this time.

Please continue to assign OMB number 1545-0023 to these regulations:

46.4371-4	48.4041-10	48.4061(a)-2	48.4221-1	48.6302(c)-1	49.4253-4
46.4374-1	48.4041-11	48.4061(b)-3	48.4221-2	48.6416(a)-1	49.4264(b)-1
46.4701-1	48.4041-12	48.4071-1	48.4221-3	48.6416(e)-1	
48.4041-4	48.4041-13	48.4073-1	48.4221-4	48.6416(f)-1	
48.4041-5	48.4041-19	48.4073-3	48.4221-5	48.6420(c)-2	
48.4041-6	48.4041-20	48.4216(a)-2	48.4221-6	48.6420(f)-1	
48.4041-7	48.4042-2	48.4216(a)-3	48.4221-7	48.6427-1	
48.4041-9	48.4061(a)-1	48.4216(c)-1	48.4223-1	49.4253-3	

### 13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated June 24, 2020, requested 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, IRS did not receive any responses from taxpayers on this subject.

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 government printing cost estimate for this collection is summarized in the table below.

<b>Product</b>	<b><u>Labor &amp; Downstream Impact Costs</u></b>	<b><u>Print &amp; Shipping Costs</u></b>	<b><u>Government Cost Estimate per Product</u></b>
720	\$78,545	\$ 0	\$78,545
Instr for 720	\$35,541	\$ 0	\$35,541
<b>Grand Total</b>	<b>\$114,086</b>	<b>\$ 0</b>	<b>\$ 114,086</b>

**15. REASONS FOR CHANGE IN BURDEN**

Updated filing estimates will result in a decrease to the annual respondents by 225,744 responses per year. This decrease will lower the burden by an estimated 2,302,176 hours.

**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**

It is believed 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 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 if 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.