

SUPPORTING STATEMENT
Internal Revenue Service
(Form 709) United States Gift (and Generation Skipping Transfer) Tax Return
OMB No. 1545-0020

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The American Taxpayer Relief Act, Public Law 112-240, (the Affordable Care Act); section 101 of the Act makes the extension of tax year 2001 permanent and implements modifications, that impact both estates of decedents dying, gifts made, or generation skipping transfers. Internal Revenue code (IRC) sections 6019 and 6075 require gift tax returns and specify when they are to be filed. Form 709 is used to report gift transfers and to compute the gift tax on the transfers. Form 709 is also used to report direct transfers subject to the generation-skipping transfer (GST) tax and to compute the tax on those transfers.

2. USE OF DATA

Internal Revenue Service (IRS) uses the information to collect and enforce the gift and generation-skipping transfer taxes, to verify that these taxes are properly computed, and to compute the tax base for the estate tax.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS plans to electronically enabled both existing and future tax products on a practical basis in accordance with the IRS Reform and Restructuring Act.

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 no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute to this type of entity.

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

A less frequent collection would restrict the Internal Revenue Service (IRS) from collecting and enforcing the gift and generation-skipping transfer taxes. The Internal Revenue Service needs the information collected to verify that these taxes are properly computed, and to compute the tax base for the estate tax in order 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

In response to the Federal Register notice dated September 10, 2020 (85 FR 55937), the IRS received no comments during the comment period regarding Form 709.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift will be 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 “Enforcement Revenue Information System (ERIS)” 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, and IRS 24.046 – Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA> . Name, SSN, TIN, and address are collected as authorized by 26 USC 6109.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

| Authority | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|---------------------|-------------|------------------|----------------------------|------------------|--------------------|------------------|
| IRC § 6019 and 6075 | Form 709 | 255,500 | 1 | 255,500 | 6.2 | 1,584,100 |
| Totals | | 255,500 | | | | 1,584,100 |

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| Please continue to assign the OMB number to these regulations as they do not contribute to the burden. |
| 1.1015-1 |
| 1.1015-1(g) recordkeeping |
| 1.170A-12 |
| 1.401-1 |
| 1.664-4 |
| 20.2031-7 |
| 25.2512-1(j) |
| 25.2512-2(b),(e),(f) |
| 25.2512-3(a) |
| 25.2512-5 |
| 25.2512-9(e) |

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|-------------------------|
| 25.2513-1(c) |
| 25.2513-2 |
| 25.2513-3(a) & (b) |
| 25.2522(a)-1 |
| 25.2522(c)-3 |
| 25.6001-1 recordkeeping |
| 25.6011-1 |
| 25.6019-1(a) & (b) |
| 25.6019-1(d) |
| 25.6019-2 |
| 25.6019-3 |
| 25.6019-4 |
| 25.6061-1 |
| 25.6065-1 |
| 25.6075-1 |
| 25.6081-1 |
| 25.6091-1 |
| 25.6091-2 |
| 25.6151-1 |
| 25.6161-1(b) & (c) |
| 26.2662-1(b) |
| 27.1-1(a) |
| 27.642-1(b) & (c) |

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 Form 709 is summarized in the table below. The 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.

| Product | Aggregate Cost per Product (factor applied) | Printing and Distribution | Government Cost Estimate per Product |
|---|--|----------------------------------|---|
| Form 709 | \$ 50,745 | \$ 988 | \$ 50,745 |
| Instructions | \$ 28,214 | \$ 492 | \$ 28,214 |
| Grand Total | \$ 78,959 | | \$78,959 |
| 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 are no changes being made to the form at this time that would affect burden. However, the agency is updating the estimated number of respondents based on the most recent filing data, resulting in a decrease in respondents and overall annual burden hours. Previous estimated respondents decreased by 23,000 (278,500 to 255,500), resulting in an annual overall decrease of 142,600 hours (1,726,700 to 1,584,100 hours).

| | 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 | 255,500 | 0 | 0 | -23,000 | 0 | 278,500 |
| Annual Time Burden (Hr) | 1,584,100 | 0 | 0 | -142,600 | 0 | 1,726,700 |

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 agency believes 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 IRS 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.