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SUPPORTING STATEMENT
Internal Revenue Service
Form 1116
Foreign Tax Credit (Estate or Trust)
OMB No. 1545-0121

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 901 of the Internal Revenue Code (IRC) allows taxpayers to claim a foreign tax credit subject to the limitations of IRC section 904. Form 1116 is used to determine the foreign tax credit. If a taxpayer had taxes paid or accrued on more than one type of foreign income, he or she would use a separate Form 1116, Part I, II, III, for each type, and combine them on one Form 1116, Part IV.

The information collection burden estimates associated with the filing of Form 1116 by individuals are covered under OMB Control Number 1545-0074. This information collection request (ICR) reflects only the burdens associated with the filing of a Form 1116 by estates and trusts that are claiming a foreign tax credit.

2. USE OF DATA

IRC sections 901, 904, and 905(b) place on the taxpayers claiming a foreign tax credit certain reporting and record keeping requirements as reflected in Form 1116. The information collected on Form 1116 will be used by the IRS to determine if the foreign tax credit is properly computed by a taxpayer.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 1116 is currently available.

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 flexibility to reduce burden on small businesses or other small entities because the statutes apply to small businesses and small entities.

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

A less frequent collection would not allow IRS to make the determination of the tax treatment of the foreign tax credit and therefore not allow the IRS to meet its mission.

1. 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 CFR 1320.5(d)(2).

2. 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 (85 FR 33792), dated June 2, 2020, the IRS received no comments during the comment period regarding Form 1116.

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

No payment or gift has been provided to any respondents.

4. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

5. 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" and "Customer Account Data Engine" system and Privacy Act System of Records notices (SORN) has been issued for these systems under IRS 24.030-Customer Account Data Engine Individual Master File; IRS 24.046-Customer Account Data Engine Business Master File; IRS 26.009-Lien Files, (open and closed); IRS 26.013-Trust Fund Recovery Penalty Cases; IRS 26.019-Taxpayer Delinquent Account Files, and IRS 34.037-IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIAs>.

Title 26 U.S.C. 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

6. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden associated with this information collection accounts for that which is imposed on estates and trusts. Burden imposed on individual taxpayers is identified under OMB No. 1545-0074.

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 901, 904 & 905(b)	Foreign Tax Credit	400,000	1.03581375	414,320	6.05	2,506,600
Totals	Foreign Tax Credit	400,000	1.03581375	414,320	6.05	2,506,600

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0121 to these regulations:

- 1.1502-9
- 1.6011-1
- 1.861-9T
- 1.904(f)-1 thru 6
- 1.904-1 thru 5

7. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no capital/start-up or ongoing operation/maintenance cost associated with this information collection.

8. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing Form 1116. The agency estimates that the cost of printing the form is \$7,775.

9. REASONS FOR CHANGE IN BURDEN

The burden associated with OMB Control No. 1545-0121 has been updated to reflect only the burdens associated with filing of Form 1116 for estates and trusts; the burdens for individual filers is now covered under OMB Control No. 1545-0074.

10. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

11. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

The agency believes the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to

be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplied owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, 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.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons the IRS requests authorization to omit printing the expiration date on the form(s) in this package.

12. 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.