

SUPPORTING STATEMENT
Internal Revenue Service
(Form 1041-A)

U.S. Information Return-Trust Accumulation of Charitable Amounts
OMB Control No. 1545-0094

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Sections 6034 and 1.6034-1 require information concerning charitable amounts by trusts claiming a charitable deduction under IRC 642(c) and by split-interest trusts described in IRC 4947(a)(2). IRC 6104(b), Sections 1.6034-1 and 301.6104(b)-1 provide that the information may be inspected by the public. The Tax Cuts and Jobs Act of 2017 (P.L. 115-97) amended section 641(c)(2). As a result, electing small business trusts (ESBTs) are no longer subject to the charitable information reporting requirements under section 6034 and do not file Form 1041-A.

Form 1041-A is filed to claim deductions for charitable contributions incurred by a trust.

2. USE OF DATA

The data is used by the Internal Revenue Service (IRS) to verify deductions for charitable contributions.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 1041-A 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

The IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The Agency also seeks input regarding the burden estimates from the public via notices and tax product instructions. TCJA removed the requirement for Small Business Trusts (ESBTs) report charitable

contributions via Form 1041-A. The forms can be filed electronically, which further reduces any burden to small businesses.

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

Less frequent collection of this information may lead to inaccurate, outdated or incorrect information about trusts that claim charitable or other deductions under section 642(c).

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 C.F.R 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 February 17, 2021(86 FR 10000), we received no comments during the comment period regarding Form 1041-A.

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 "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. 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

Form 1041-A is used to report the charitable information required by section 6034 and the related regulations.

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6034	Form 1041-A	6,700	1	6,700	36.66	245,622
Totals		6,700		6,700		245,622

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1430 to these regulations.

1.6034-1(a)	1.6034-1(c)	301.6104(b)-1
1.6034-1(b)	1.6034-1(d)	

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 revisiting 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, distributing, and overhead for this form is \$11,622.

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-A	\$11,622	\$0	\$11,622
Total	\$11,622	\$0	\$11,622
Table costs are based on 2020 actuals obtained from IRS Chief Financial Office and Media and Publications			

15. REASONS FOR CHANGE IN BURDEN

The change in burden previously approved by OMB, resulted from an adjustment to estimates made by the Department in the decreased number of responses based on its most recent data on Form 1041-A filings, from 119,936, to 6,700. The total annual burden hours decreased from 4,396,854 to 245,622.

	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	6,700	0	0	-113,236	0	119,936
Annual Time Burden (Hr)	245,622	0	0	-4,151,232	0	4,396,854

Also, "The Tax Cuts and Jobs Act of 2017(P.L. 115-97) that amended section 641(c)(2)". As a result, electing small business trusts (ESBTs) are no longer subject to the charitable information reporting requirements under section 6034 and do not file Form 1041-A. This collection is being submitted for renewal purposes only.

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

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form and/or regulation 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.