

Supporting Statement
Internal Revenue Service
Form 720-X, Amended Quarterly Federal Excise Tax Return
OMB Control Number 1545-1759

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) Section 6416, Certain Taxes on Sales and Services will withhold the credit or refund of any overpayment of tax, unless the person who paid the tax meets the requirements of this section.

Form 720X is used to make adjustments to liabilities reported on Form 720, Quarterly Federal Excise Tax Return, that have been filed for previous quarters. Form 720X cannot be used to make changes on Schedule C (Form 720), except for section 4051(d) tire credit and section 6426 credits.

Form 720X can be filed by itself or it can be attached to any subsequent Form 720. Code section 6416(f)-1 allows taxpayers to take a credit on a subsequent return rather than filing a refund claim. Regardless of how it is filed, the changes on Form 720X will be posted to the proper quarter and interest computed.

2. USE OF DATA

The information will be used to calculate interest and to process the changes to the proper quarter of Form 720.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The Agency doesn't plan to offer electronic filing for F720-X at this time, due to its limited number of filers.

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.

1. 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. The Agency will continue to as applicable find ways to reduce the burden on small businesses or other small entities.

2. 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 IRS being unable to collect or pay interest made by adjustments to generate a refund or offset the outstanding liability; thereby endangering the ability of the IRS to meet its mission.

3. 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).

4. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY OF AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

In response to the Federal Register notice dated December 15, 2020 (85 FR 81286), IRS received no comments during the comment period regarding Form 720X.

5. 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 U.S.C. 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

Taxpayers will use Form 720X is used to amend liabilities reported on Form 720 for previous quarters. We estimate that 5,500 taxpayers will spend an average of 6.93 hours amending Form 720 submissions. The reporting, recordkeeping, and preparation burden for this collection is 152,460 hours.

The burden estimate is as follows:

| Authority | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|-----------|-------------|------------------|----------------------------|------------------|--------------------|--------------|
| IRC 6416 | Form 720X | 5,500 | 4 | 22,000 | 6.93 hrs. | 152,460 |
| | Totals | 5,500 | | 22,000 | | 152,460 |

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

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.

15. REASONS FOR CHANGE IN BURDEN

There are no changes being made to this form previously approved by OMB. IRS is making this submission to renew the OMB approval.

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 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 for this collection.

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 and 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.