

## **SUPPORTING STATEMENT**

Internal Revenue Service  
Life Insurance Statement  
Form 712  
OMB # **1545-0022**

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

The proceeds of life insurance policies on the decedent's life are subject to Federal estate tax under the rules of Code section 2042. The values of insurance on the life of someone other than the decedent, but owned by the decedent at death, are subject to federal estate tax under Code section 2033. A gift of a life insurance policy subjects the value of the policy to gift tax under Code section 2511. The policies are valued for estate tax purposes under the rules of Code section 2031.

Executors file Form 712 with Form 706, 706-NA, or 709 for insurance policy or premium amounts.

### **2. USE OF DATA**

Form 712 provides the taxpayers and the IRS with the information to determine if insurance on the decedent's life is includible in the gross estate, and to determine the value of the policy for estate and gift tax purposes.

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

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission. IRS intends to offer electronic filing to the extent it is practicable however in this case it isn't practicable because of the evaluative nature of the determination.

### **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 minimal to 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**

Failure to collect this information, would complicate the taxpayer and the IRS ability to

validate the information and determine whether insurance on the decedent's life is includible in the gross estate or determine the value of the policy for estate and gift tax purposes. This would ultimately affect the revenue needed to support the Federal government.

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 October 15, 2021, (86 FR 57475), we received no comments during the comment period regarding Form 712.

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

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

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 "Estate/Inheritance and Gift Non-Filer and Underreporter, (EGNFUR)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 42.021-Compliance Programs and Project Files. 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	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
Form 712	Life Insurance Statement	60,000	1	60,000	18.67	1,120,200
Totals		60,000		60,000		1,120,200

Please continue to assign OMB number 1545-0022 to these regulations.

25.6001-1(b)

20.6018-4

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 this collection is summarized in the table below.

15.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>		<b>Printing and Distribution</b>		<b>Government Cost Estimate per Product</b>
Form 712	\$24,731	+	\$0	=	\$24,731
<b>Grand Total</b>	<b>\$24,731</b>		<b>\$0</b>		<b>\$24,731</b>
Table costs are based on 2021 actuals obtained from IRS Chief Financial Office and Media and Publications					

REASONS FOR CHANGE IN BURDEN

There are no changes being made to Form 712 or changes in burden estimates.

This submission is being made for renewal purposes.

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 regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of 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.