

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Allocation of Estimated Tax Payments to Beneficiaries (Form 1041-T)
OMB Control Number **1545-1020**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

26 USC 643(g) allows a fiduciary to make an election to treat any payment of estimated tax paid by an estate (in its final year) or trust as a payment made by the beneficiary(ies) on January 15th of the following year. Such an election must be made on or before the 65th day after the close of the trust's tax year. 26 U.S.C. 6654 requires trusts to make estimated tax payments. 26 U.S.C. 6654 requires trusts to make estimated tax payments made under any provision of internal revenue law to be signed.

This form was developed to allow a trustee of a trust or an executor of an estate to make an election under IRC section 643(g) to allocate any payment of estimated tax to a beneficiary(ies). This form serves as a transmittal so that Service Center personnel can determine the correct amounts that are to be transferred from the fiduciary's account to the individual's account.

2. USE OF DATA

Form 1041-T is used by IRS to verify that the amounts deemed as payments are correct and to transfer the credits, from the Business Master File to the Individual Master File, where the credits are posted to the individual beneficiary's accounts. Without such a form, it would be impossible to verify the correctness of estimated tax payments claimed by the beneficiary.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The agency has no plans at this time to offer electronic filing because of the low filing volume.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There is no burden on small businesses or other small entities due to the inapplicability of the authorizing statute to this type of entity since it is applicable to trusts and estates and individuals per IRC 643(g).

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

A less frequent collection will not allow the IRS to verify that the amounts deemed as payments are correct and to transfer the credits from the business master file to the individual master file where the credits are posted to the individual beneficiary's accounts. Without such a form, it would be impossible to verify the correctness of estimated tax payments claimed by the beneficiary and would hinder the IRS from meeting 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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments on Form 1041-T.

In response to the Federal Register notice dated March 22, 2022 (87 FR 16314), we received no comments during the comment period regarding Form 1041-T.

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 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)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS

22.062 – Electronic Filing Records; IRS 24.030 – Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA's can be found at <http://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

It is anticipated that approximately 2,381 trustees of a trust or an executor of an estate will make an election under IRC section 643(g) to allocate any payment of estimated tax to a beneficiary(ies). This form serves as a transmittal and will take the respondent approximately 43 minutes so that Service Center personnel can determine the correct amounts that are to be transferred from the fiduciary's account to the individual's account. The total annual hour burden for this Form is approximately 1,715 hours.

Form	Description	# Respondents	# Responses Per Respondent- Approximate	Total Annual Responses	Hours Per Response	Total Burden
1041-T	Allocation of Estimated Tax Payments to Beneficiaries	2,381	1	2,381	.72	1,715
TOTAL		2,381		2,381		1,715

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The IRS currently estimates the cost burden on respondents to be nominal.

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 startup 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.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>	<u>Printing and Distribution</u>	<u>Government Cost Estimate per Product</u>
Form 1041-T	\$ 68,486	0	\$ 68,486

15. REASONS FOR CHANGE IN BURDEN

IRS is making this submission for renewal purposes. The burden changes are due to better Agency estimates on the number of filers and refined burden calculations.

	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	2,381	0	0	1,381	0	1,000
Annual Time Burden (Hr)	1,715	0	0	725	0	990

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 regulations 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 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.