

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Carrier Summary Report, Terminal Operator Report, and Request for Extension of Time to File an
ExSTARS Information Return

OMB Control Number 1545-1733

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 4101(d)(1) allows the IRS to require information reporting of persons registered under IRC section 4101(a) and other persons as necessary. Treasury Regulations section 48.4101-2 requires monthly information reporting on forms as required by the Commissioner. Representatives of the motor fuel industry, state governments, and the federal government are working to ensure compliance with excise taxes on motor fuels. This joint effort has resulted in a system to track the movement of all products to and from terminals.

Form 720-CS, Carrier Summary Report, is an information return used by bulk transport carriers to report monthly receipts and disbursements of all liquid products at a storage location designated by a facility control number (FCN). Form 720-TO, Terminal Operator Report, is an information return used by terminal operators to report monthly receipts and disbursements of all liquid products to and from all approved terminals. These monthly returns are filed using Excise Summary Terminal Activity Reporting System (ExSTARS) information reporting.

IRC section 6081 allows the IRS to grant an extension of time for filing a return. Treasury Regulations section 1.6081-1 provides that a taxpayer should use the form existing for the application for an extension. Form 8809-EX, Request for Extension of Time to File an ExSTARS Information Return, is used to request a 30-day extension of time to file Form 720-CS or Form 720-TO.

2. USE OF DATA

The data provided on the information returns will be used to determine potential areas of noncompliance on a taxpayer's federal excise tax return. The data collected from Form 8809-EX will be used to allow or deny a 30-day extension of time to file Form 720-CS or Form 720-TO.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing is currently available for Forms 720-CS, 720-TO, and 8809-EX.

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 collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

Consequences of less frequent collection on federal programs or policy activities would consist of decreased amount of taxes collected by the IRS, inaccurate and untimely filing of tax returns, and an increase in tax violations.

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

The IRS received no comments during the public comment period in response to the Federal Register notice (88 FR 10649), dated February 21, 2023.

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, and a Privacy Act System of Records notice (SORN) has been issued for these systems under Treasury/IRS 22.062 - Electronic Filing Records; Treasury/IRS 24.046 - CADE Business Master File (BMF); Treasury/IRS 34.037 - Audit Trail and Security Records; and Treasury/IRS 42.002 - Excise Compliance Program. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/privacy-disclosure/privacy-impact-assessments-pia>.

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.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

IRC section 4101 requires bulk transport carriers and terminal operators to disclose information

and keep records. Bulk transport carriers use Form 720-CS to report monthly receipts and disbursements of all liquid products at a storage location designated by a facility control number (FCN), completing a separate Schedule A and Schedule B for each facility. Terminal operators use Form 720-TO to report monthly receipts and disbursements of all liquid products to and from all approved terminals, completing a separate Schedule A and Schedule B for each product. Carriers and operators use Form 8809-EX to request a 30-day extension to file Form 720-CS or Form 720-TO.

The IRS anticipates that there will be approximately 544,380 responses annually, with a total estimated burden of 2,530,383 hours annually. The estimated burdens shown below are separated by form.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC 4101	Form 720-CS	475	12	5,700	7.33	41,781
	Schedule A	475	36	17,100	4.13	70,623
	Schedule B	475	36	17,100	4.13	70,623
Totals		475*	84	39,900	4.59	183,027

*Schedules A and B are not being counted as separate respondents. The respondent filing Form 720-CS is filing multiple Schedules A and B.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC 4101	Form 720-TO	1,500	12	18,000	12.44	223,920
	Schedule A	1,500	84	126,000	3.65	449,900
	Schedule B	1,500	240	360,000	4.62	1,663,200
Totals		1,500*	336	504,000	4.66	2,347,020

*Schedules A and B are not being counted as separate respondents. The respondent filing Form 720-TO is filing multiple Schedules A and B.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC 6081	Form 8809-EX	480	1	480	.70	336
Totals		480	1	480	.70	336

The following regulations impose no additional burden. Please continue to assign OMB number 1545-1733 to these regulations.

48.4101-2

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

From our Federal Register notice, dated February 21, 2023, no public comments on the estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information were received. However, to ensure more accuracy and consistency across its information collections, the IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, the 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 startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. These costs do not include any activities such as taxpayer assistance and enforcement.

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 720-CS	\$21,812	+	\$0	=	\$21,812
Form 720-CS Instructions	\$5,873	+	\$0	=	\$5,873
Form 720-TO	\$28,356	+	\$0	=	\$28,356
Form 720-TO Instructions	\$6,712	+	\$0	=	\$6,712
Form 8809-EX	\$26,175	+	\$0	=	\$26,175
Grand Total	\$88,928	+	\$0	=	\$88,928
Table costs are based on 2022 actuals obtained from IRS Chief Financial Officer and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. The 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

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the forms expire as of the expiration date. Taxpayers are not likely to be aware that the IRS 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.