

SUPPORTING STATEMENT  
Internal Revenue Service  
TD 9249, Escrow Funds and Other Similar Funds  
OMB # 1545-1631

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

26 U.S.C. 468B(g) requires that escrow accounts, settlement funds, and similar funds be subject to current taxation either as grantor trusts or otherwise.

The final regulations relate to the taxation and reporting of income earned on qualified settlement funds and certain other escrow accounts, trusts, and funds, and other related rules and affect qualified settlement funds, escrow accounts established in connection with sales of property, disputed ownership funds, and the parties to these escrow accounts, trusts, and funds. An election statement is filed for a qualified settlement fund (QSF) that the QSF has elected grantor trust treatment for the QSF and a statement is required from a transferor with respect to the transfer of cash or property to a disputed ownership fund.

2. USE OF DATA

The reporting requirements enable the Internal Revenue Service to determine whether a QSF is taxable as a separate entity or as a grantor trust owned by the transferor and the basis of property held by a disputed ownership fund.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS has no plans to offer electronic filing due to the low 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.

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

This information collection will not have a significant economic impact on small businesses or other small entities.

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

A less frequent collection on federal programs and policy activities would result in IRS unable to determine whether a QSF is taxable as a separate entity or as a grantor trust owned by the transferor and the basis of property held by a disputed ownership fund.

2. 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).

3. 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 August 8, 2023 (88 FR 53601), IRS received no comments during the comment period regarding TD 9249.

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

No payment or gift has been provided to any respondents.

5. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

6. JUSTIFICATION OF SENSITIVE QUESTIONS

There is no personally identifiable information (PII) in this collection.

7. ESTIMATED BURDEN OF INFORMATION COLLECTION

The collection of information in § 1.468B–1(k)(2) is an election statement attached to a tax return filed for a qualified settlement fund (QSF). The statement notifies the IRS that the transferor to the QSF has elected grantor trust treatment for the QSF.

The collection of information in § 1.468B–9(g) is a statement that a transferor must provide with respect to the transfer of cash or property to a disputed ownership fund.

The estimated number of such transactions per year is 9,300. The estimated average annual burden per applicant to provide information required is 24 minutes, and the total

annual recordkeeping burden is 3,720 hours.

| Authority   | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|-------------|-------------|------------------|----------------------------|------------------|--------------------|--------------|
| 26 USC 468B | TD 9249     | 9,300            | 1                          | 9,300            | .40                | 3,720        |
| Totals      |             | 9,300            |                            | 9,300            |                    | 3,720        |

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-1631 to this regulation.

1.468B-1                      1.468B-9

8. 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.

9. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are no known annualized costs to the federal government.

10. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. IRS is making this submission to renew the OMB approval.

11. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

12. 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 IRS intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

13. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement for this collection.

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 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.