**SUPPORTING STATEMENT**

Internal Revenue Service

Form 56, Notice Concerning Fiduciary Relationship

Form 56-F, Notice Concerning Fiduciary Relationship of Financial Institution

OMB Control Number 1545-0013

1. **CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Internal Revenue Code (IRC) section 6903 provides that upon notice to the Internal Revenue Service (IRS) of the fiduciary relationship, the fiduciary shall assume the powers, rights, duties, and privileges of the person for whom the fiduciary is acting in respect of taxes imposed by the IRC, until notice is given that the fiduciary capacity has terminated. IRC section 6036 requires the fiduciary to provide the IRS with their qualification to act in such a capacity. Treasury Regulations sections 301.6903-1 and 301.6036-1 provide guidance and requirements for filing written notice and providing qualification of the fiduciary relationship.

IRC section 6402(k) allows a statutory or court-appointed fiduciary to claim the tax refund of an insolvent corporation which is a member of an affiliated group of corporations filing a consolidated return. Treasury Regulations section 301.6402-7 provides guidance on claiming such a refund and requirements for filing written notice of the fiduciary relationship.

Form 56 is used to notify the IRS of the creation or termination of a fiduciary relationship and provide qualification for the relationship. Form 56-F is used by the federal agency acting as a fiduciary to notify the IRS of the creation, termination, or change in status of a fiduciary relationship with a financial institution.

1. **USE OF DATA**

The data is used by the IRS to ensure that the fiduciary relationship has been established or terminated and to mail or discontinue mailing to the fiduciary designated tax notices concerning the person or institution for whom the fiduciary is acting.

1. **USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

The IRS has no plans to provide electronic filing due to the required signatures and supporting documentation.

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

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

A less frequent collection on federal programs would result in the IRS unable to determine the establishment or termination of a fiduciary relationship, thereby engendering the inability of IRS to meet its mission.

1. **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).

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

We received no comments during the comment period in response to the Federal Register notice (90 FR 12636), dated March 18, 2025.

1. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No payment or gift has been provided to any respondents.

1. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

1. **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 <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.

1. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The estimated burden is as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Authority** | **Description** | **# of Respondents** | **# Responses per Respondent** | **Annual Responses** | **Hours per Response** | **Total Burden Hours** |
| IRC 6903 and 6036 | Form 56 | 173,944 | 1 | 173,944 | 2.01 | 349,627 |
| IRC 6903 and 6036 | Form 56-F | 106 | 1 | 106 | 1.5 | 159 |
| **Totals** |  | **174,050** |  | **174,050** |  | **349,786** |

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0013 to these regulations.

301.6036-1

301.6903-1

301.6402-7

1. **ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

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.

1. **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 56 | $19,417 |  | $869 |  | $20,286 |
| Form 56 Instructions | $4,854 |  | $114 |  | $4,968 |
| Form 56-F | $19,417 |  | $0 |  | $19,417 |
| **Grand Total** | **$43,688** |  | **$0** |  | **$44,671** |
| Table costs are based on 2023 actuals obtained from IRS Chief Financial Office and Media and Publications |

1. **REASONS FOR CHANGE IN BURDEN**

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

1. **PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

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

1. **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 form 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.

1. **EXCEPTIONS TO THE CERTIFICATION STATEMENT**

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