

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 709 United States Gift (and Generation Skipping Transfer) Tax Return
Form 709-NA - United States Gift (and Generation Skipping Transfer) Tax Return of
Nonresident Not a Citizen of the United States
OMB Control Number 1545-0020

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue code (IRC) sections 6019 and 6075 require gift tax returns and specify when they are to be filed.

Form 709 is used to report gift transfers and to compute the gift tax on the transfers. Form 709 is also used to report direct transfers subject to the generation-skipping transfer (GST) tax and to compute the tax on those transfers.

Form 709-NA is used to report certain transfers by a nonresident not a citizen of the United States that are subject to the federal gift tax and certain generation-skipping transfer (GST) taxes and to figure the tax due, if any, on those transfers. The Form 709-NA is also used to allocate the lifetime GST exemption to property transferred during a transferor's lifetime.

2. USE OF DATA

The IRS uses the information to collect and enforce the gift and generation-skipping transfer taxes, to verify that these taxes are properly computed, and to compute the tax base for the estate tax.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS is developing Form 709 and Form 709-NA to be available electronically on IRS.gov. However, the forms are not available to be electronic at this time.

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

The information will be used by the IRS to determine the taxability of reportable transfers. If this information is collected less frequently it would compromise the IRS's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its mission and serve the public.

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 29, 2024 (89 FR 86112), the IRS received no comments during the comment period regarding Form 709 or Form 709-NA.

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

No payment or gift will be 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 part of the "Enforcement Revenue Information System (ERIS)" system, 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 24.030 - Customer Account Data Engine (CADE) Individual Master File; Treasury/IRS 24.046 - CADE Business Master File (BMF); Treasury/IRS 34.037 - Audit Trail and Security Records. The IRS 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

The burden estimate is as follows:

| Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden Hours |
|---------------|------------------|----------------------------|------------------|--------------------|--------------------|
| Form 709 | 224,530 | 1 | 224,530 | 6.2 | 1,392,086 |
| Form 709-NA | 1,000 | 1 | 1,000 | 6.2 | 6,200 |
| Totals | 1,000 | | 225,530 | | 1,398,286 |

Please continue to assign the OMB number to these regulations as they do not contribute to the burden.

| | | |
|-----------------------------|-------------------------|--------------------|
| 1.1015-1 | 25.2512-9(e) | 25.6019-4 |
| 1.1015-1(g) recordkeeping | 25.2513-1(c) | 25.6061-1 |
| 1.170A-12 | 25.2513-2 | 25.6065-1 |
| 1.401-1 | 25.2513-3(a) & (b) | 25.6075-1 |
| 1.664-4 | 25.2522(a)-1 | 25.6081-1 |
| 20.2031-7 | 25.2522(c)-3 | 25.6091-1 |
| 25.2207A-1 | 25.6001-1 recordkeeping | 25.6091-2 |
| 25.2501-1 through 25.2524-1 | 25.6011-1 | 25.6151-1 |
| 25.2512-1(j) | 25.6019-1(a) & (b) | 25.6161-1(b) & (c) |
| 25.2512-2(b),(e),(f) | 25.6019-1(d) | 26.2662-1(b) |
| 25.2512-3(a) | 25.6019-2 | 27.1-1(a) |
| 25.2512-5 | 25.6019-3 | 27.642-1(b) & (c) |

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

IRS estimates the total annual cost to respondents at \$28,952,909.91.

To arrive at this figure, 51%¹ of burden of 1,398,286 was multiplied by \$40.60 per hour. IRS anticipates that 51% of taxpayers may use a tax preparer to complete their Form 709 or 709-NA to report gift transfers and compute the gift tax on the transfers.

The above Hourly Wage Rate is the [May 2023 Bureau of Labor Statistics](#) mean wage for “Tax Preparers” (Major Group (13-2082)” of \$27.96 times the wage rate benefit multiplier of 1.4524 (to account for fringe benefits) equaling a fully-loaded wage rate of \$40.60.

The benefits multiplier is estimated by dividing total compensation of \$46.84 by salaries and wages of \$32.25, based on Employer Cost for Employee Compensation, September 2024 data, released [December 17, 2024](#).

¹ IRS estimates, a 51% of taxpayers would hire a Tax Preparer to complete their tax return based on IRS Data Book, 2023.

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.

| <u>Product</u> | <u>Aggregate Cost per Product (factor applied)</u> | | <u>Printing and Distribution</u> | | <u>Government Cost Estimate per Product</u> |
|--|--|----------|----------------------------------|----------|---|
| Form 709 | 94,660 | + | 597 | = | \$ 95,257 |
| Instructions (Form 709) | 86,140 | + | 375 | = | \$ 86,515 |
| Form 709-NA | 17,392 | + | 0 | = | \$ 17,392 |
| Instructions (Form 709-NA) | 46,116 | + | 0 | = | \$ 46,116 |
| Grand Total | \$244,308 | + | \$972 | = | \$245,280 |
| Table costs are based on 2023 actuals obtained from IRS Chief Financial Officer and Media and Publications | | | | | |

15. REASONS FOR CHANGE IN BURDEN

Form 709-NA was developed to report certain transfers by a nonresident not a citizen of the United States that are subject to the federal gift tax and certain generation-skipping transfer (GST) taxes. This increases the burden by 1,000 responses and 6,200 hours due to Agency Discretion.

| | Total Approved | Change Due to New Statute | Change Due to Agency Discretion | Change Due to Adjustment in Estimate | Change Due to Potential Violation of the PRA | Previously Approved |
|----------------------------|-----------------------|----------------------------------|--|---|---|----------------------------|
| Annual Number of Responses | 225,530 | 0 | 1,000 | 0 | 0 | 224,530 |
| Annual Time Burden (Hr.) | 1,398,286 | 0 | 6,200 | 0 | 0 | 1,392,086 |

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 form expires 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.