

**SUPPORTING STATEMENT**  
**Internal Revenue Service (IRS)**  
**Distilled Spirits Credit Form 8906**  
**OMB Control Number 1545-1982**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Form 8906, Distilled Spirits Credit, was developed to carry out the provisions of Internal Revenue Code (IRC) section 5011(a). This section allows eligible wholesalers and persons subject to IRC section 5055 to claim an income tax credit for the average cost of carrying excise tax on bottled distilled spirits. The form provides a means for the eligible taxpayer to compute the amount of credit.

**2. USE OF DATA**

The form is used by the IRS to verify compliance with sections 5055 through 5011 (a) of the IRC.

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

The 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 does not have a significant economic impact on small businesses or other small entities.

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

The information required is needed to verify compliance with the IRC and the Treasury Regulations. A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with IRC and 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**

In response to the Federal Register notice dated January 28, 2025 (90 FR 8321), we received no comments during the comment period regarding this publication.

**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 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/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 taxpayer identifying numbers in IRS systems.

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

The estimated burden for individual and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123 and is included in the estimates shown in the instructions for their individual and business income tax return. The estimated burden for Estate & Trust and Tax-Exempt Filers is shown below.

Form	Description	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Total Burden
8906	Distilled Spirit Credit	5	1	5	1.86	9
Total		5	1	5		9

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

This information collection will be included in the consolidated OMB submission for Estate & Trust and Tax-Exempt Filers annual OMB submission. The IRS is working on the methodology and will update the cost and burden estimates as part of the consolidation.

#### 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 below:

<b>Product</b>	<b><u>Aggregate Cost per Product (factor applied)</u></b>		<b><u>Printing and Distribution</u></b>		<b><u>Government Cost Estimate per Product</u></b>
Form 8906	53.398	+	0	=	53,398
<b>Total</b>	<b>53,398</b>				<b>53,398</b>
Table costs are based on 2024 actuals obtained from IRS Chief Financial Office and Media and Publications					
* New product costs will be included in the next collection update.					

#### 15. REASONS FOR CHANGE IN BURDEN

There have been no changes to the form that would affect burden. The number of respondents has decreased, by 295 due to the current filing numbers for Trust and Estate and Tax-exempt filers of Form 8906.

	<b>Requested</b>	<b>Program Change Due to New Statute</b>	<b>Program Change Due to Agency Discretion</b>	<b>Change Due to Adjustment in Agency Estimate</b>	<b>Change Due to Potential Violation of the PRA</b>	<b>Previously Approved</b>
Annual Number of Responses for this IC	5	0	0	-295	0	300
Annual IC Time Burden (Hours)	9	0	0	-549	0	558

#### 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 regulations 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.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions to the certification statement.