

SUPPORTING STATEMENT  
Internal Revenue Service (IRS)  
Section 2801 Tax on Certain Gifts or Bequests from Covered Expatriates  
OMB Number 1545-2309

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC) section 2801 imposes a tax on United States citizens and residents who receive gifts or bequests from certain individuals who relinquished United States citizenship or ceased to be lawful permanent residents of the United States.

The final rule, Treasury Decision (T.D.) 10027, requires taxpayers to keep records and report information related to IRC section 2801 taxes to the IRS. Regulations section 28.6011-1 names Form 708 as the return taxpayers must file, when it is available, to report IRC section 2801 taxes. Section 28.2801-4(e) requires a filer taking a deduction for related gift or estate taxes paid to a foreign country to attach a statement to the return with specific information supporting the deduction. Section 28.2801-5(d) requires a filer treating a foreign trust as a domestic trust for the purposes of the IRC section 2801 taxes to make an election on the return. Section 28.6001-1 requires the taxpayer to keep records to support the information provided on the return.

2. USE OF DATA

The IRS will use the information in determining whether to assess the section 2801 tax liability for covered gifts and bequests received during the calendar year.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

IRS is developing Form 708 to be available electronically on IRS.gov. However, the form is 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

There is no burden on small businesses or entities by this collection due to the inapplicability of IRC section 2801 to this type of entity. The regulations will affect individuals and certain trusts.

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

A notice of proposed rulemaking (NPRM) soliciting comments was published in the Federal Register on September 10, 2015 (80 FR 54447). Comments were addressed in the final rule, published in the Federal Register on January 14, 2025 (90 FR 3376).

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 24.030 - 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 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

To comply with IRC section 2801, a U.S. citizen or resident who receives a covered gift or bequest during the calendar year must report the aggregate value of all covered gifts and bequests received during the year and calculate the tax liability pertaining to such gifts and bequests. The return must include all of the information specified in order to determine whether the gift or bequest is a covered gift or bequest and whether the value of such gift or request is accurately determined by the taxpayer. The IRS anticipates that there will be 1,000 respondents annually, with an estimated per-response time of approximately 7 hours per respondent.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC 2801	Form 708	1,000	1	1,000	7	7,000
<b>Totals</b>		<b>1,000</b>		<b>1,000</b>		<b>7,000</b>

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2309 to these regulations.

28.2801-4  
28.2801-5  
28.6001-1  
28.6011-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

IRS estimates the total annual cost to respondents at \$144,942.

To arrive at this figure, 51%<sup>1</sup> of burden of 7,000 was multiplied by \$40.60 per hour. IRS anticipates that 51% of taxpayers may use a tax preparer to complete their Form 708 to report certain gift transfers and bequests and compute the 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](#).

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

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

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 708	\$30,725	+	\$0	=	\$30,725
Grand Total	\$30,725	+	\$0	=	\$30,725
Table costs are based on Fiscal Year 2023 actuals obtained from IRS Chief Financial Officer and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

This is a new information collection developed to comply with IRS section 2801, added by section 301 of P.L. 110-245.

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 regulation 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.