SUPPORTING STATEMENT
Internal Revenue Service
Forms 3520 and 3520-A
Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts
and
Annual Information Return of Foreign Trust With a U.S. Owner
OMB Control No. 1545-0159

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

U.S. persons file Form 3520 to report certain transactions with foreign trusts, ownership of foreign trusts under Internal Revenue Code (IRC) sections 671 through 679, and receipt of certain large gifts or bequests from certain foreign persons. A foreign trust with a U.S. owner files Form 3520-A so that the U.S. owner can satisfy its annual information reporting requirements under IRC section 6048(b). Form 3520-A provides information about the foreign trust, its U.S. beneficiaries, and any U.S. person who is treated as an owner of any portion of the foreign trust under the grantor trust rules.

The Small Business Job Protection Act ("Act") of 1996 added several new reporting requirements for transfers to, and distributions from, foreign trusts and the receipt of large gifts from foreign persons. The Act also requires a U.S. owner of a foreign trust to ensure that the trust files an annual return and annually provides information as the Secretary prescribes to U.S. owners and U.S. beneficiaries of the trust. See 26 USC sections 6048 and 6039F. The new statutory provisions generally give the Secretary broad discretion to prescribe the time and manner for the required reporting. The Act also revised 26 USC section 6677 by increasing penalties for failure to comply with section 6048. Notice 97-34 provides guidance on the time and manner for reporting these transactions, as well as other interpretive guidance on the scope of these provisions.

2. USE OF DATA

The IRS uses Forms 3520 and 3520-A to identify U.S. persons who organize a foreign trust, transfer property to a foreign trust, receive a distribution from a foreign trust, receive large gifts from a foreign person during the tax year, own a portion of a foreign trust, or are U.S. beneficiaries of a foreign trust. The IRS uses this information to verify that U.S. persons are accurately reporting their personal tax liability on their returns.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There is no plan to offer electronic filing for this collection due to the low volume 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

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

A less frequent collection would not allow the IRS to determine accurate ownership of foreign trusts and thus prevent its ability to verify the correct tax liability for foreign trusts owners or beneficiaries.

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 July 13, 2026 (91 FR 43023), we have received no public comments.

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 USC 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 Privacy Act System of Records notices (SORN) has been issued for these systems under Treasury/IRS 24.046–Business Master File (BMF); Treasury/IRS 24.030-Customer Account Data Engine Master File; IRS 34.037–IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs 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 social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Any U.S. person who receives a large gift from a foreign person, has certain transactions with a foreign trust, or has ownership of a foreign trust under IRC sections 671 through 679 must file Form 3520. Section 6048(b) requires that foreign trusts with at least one U.S. beneficiary must file an annual information return on Form 3520-A. The likely respondents are businesses, individuals, trusts and estates.

The burden for individuals (Form 1040 filers) is included in 1545-0074. The burden for businesses (Form 1065 or Form 1120 filers) is included in 1545-0123. The burden for trusts and estates (Form 1041 filers) is covered under 1545-0092. The remaining burden captured under 1545-0159 is for transfer tax (Form 706 filers), and gift tax (Form 709 filers).

The burden estimate for these transfer and gift tax filers is:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 671-679	Form 3520	30	1	30	54.35	1,631
IRC § 6048(b)	Form 3520-A	10	1	10	45.59	456
Totals		40		40		2,087

Please continue to assign this OMB control number to IRS Notice 97-34. The burden from the notice has been incorporated into the Form 3520 and 3520-A.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

This information collection will be included in the consolidated OMB submission for trust and estate returns, as well as the transfer tax returns, and gift tax returns currently

being developed. IRS is working on the methodology for evaluating the burden and cost; 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 in the table below.

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form 3520	$26,684	+	$0	=	$26,684
Instructions for 3520	$39,025	+	$0	=	$39,025
Form 3520-A	$25,016	+	$0	=	$25,016
Instructions for 3520-A	$17,511	+	$0	=	$17,511
Total	**$108,236**	**+**	**$0**	**=**	**$108,236**
Table costs are based on 2025 actuals obtained from IRS Chief Financial Office and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

IRS is adjusting the burden to remove the burden for the filers covered under 1545-0092. The remaining burden in 1545-0159 reflects the transfer and gift tax filers burden.

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

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the collection sunset 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.