

# PAPERWORK REDUCTION ACT SUBMISSION

Please read the instructions before completing this form. For additional forms or assistance in completing this form, contact your agency's Paperwork Clearance Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 17th Street NW Washington, DC 20503.

**1. Agency/Subagency originating request**

Department of the Treasury  
Internal Revenue Service

**2. OMB control number**

a. 1 5 4 5 ----- 0 0 1 5

b. None **JUL - 3 2001**

**3. Type of information collection (check one)**

- a. ☐ New collection  
b. ☒ Revision of a currently approved collection  
c. ☐ Extension of a currently approved collection  
d. ☐ Reinstatement, without change, of a previously approved collection for which approval has expired  
e. ☐ Reinstatement, with change, of a previously approved collection for which approval has expired  
f. ☐ Existing collection in use without an OMB control number

For b-f, note item A2 of Supporting Statement instructions

**4. Type of review requested (check one)**

- a. ☒ Regular  
b. ☐ Emergency - Approval requested by: 8 / 13 / 01  
c. ☐ Delegated

**5. Small entities**

Will this information collection have a significant economic impact on a substantial number of small entities? ☐ Yes ☒ No

**6. Requested expiration date**

a. ☒ Three years from approval date b. ☐ Other Specify:    /    /   

**7. Title United States Estate (and Generation-Skipping Transfer) Tax Return**

**8. Agency form number(s) (if applicable) Form 706**

**9. Keywords 'trusts and estate law, taxes'**

**10. Abstract Form 706 is used by executors to report and compute the Federal Estate Tax imposed by IRC section 2001 and the Federal GST tax imposed by IRC section 2601. IRS uses the information to enforce these taxes and to verify that the tax has been properly computed.**

**11. Affected public (Mark primary with "P" and all others that apply with "X")**

- a. ☒ Individuals or households d. ☐ Farms  
b. ☒ Business or other for-profit e. ☐ Federal Government  
c. ☐ Not-for-profit institutions f. ☐ State, Local or Tribal Government

**12. Obligation to respond (Mark primary with "P" and all others that apply with "X")**

- a. ☐ Voluntary  
b. ☐ Required to obtain or retain benefits  
c. ☒ Mandatory

**13. Annual reporting and recordkeeping hour burden**

- a. Number of respondents 117,000  
b. Total annual responses 117,000  
    1. Percentage of these responses collected electronically 0 %  
c. Total annual hours requested 2,079,835  
d. Current OMB inventory 1,742,854  
e. Difference +336,981  
f. Explanation of difference  
    1. Program change +1,401  
    2. Adjustment +335,580

**14. Annual reporting and recordkeeping cost burden (in thousands of dollars)**

- a. Total annualized capital/startup costs                       
b. Total annual costs (O&M)                       
c. Total annualized costs requested                       
d. Current OMB inventory                       
e. Difference                       
f. Explanation of difference  
    1. Program change                       
    2. Adjustment

**15. Purpose of information collection (Mark primary with "P" and all others that apply with "X")**

- a. ☐ Application for benefits e. ☐ Program planning or management  
b. ☐ Program evaluation f. ☐ Research  
c. ☐ General purpose statistics g. ☒ Regulatory or compliance  
d. ☐ Audit

**16. Frequency of recordkeeping or reporting (check all that apply)**

- a. ☒ Recordkeeping b. ☐ Third party disclosure  
c. ☒ Reporting  
    1. ☐ On occasion 2. ☐ Weekly 3. ☐ Monthly  
    4. ☐ Quarterly 5. ☐ Semi-annually 6. ☐ Annually  
    7. ☐ Biennially 8. ☒ Other (describe) Once

**17. Statistical methods**

Does this information collection employ statistical methods?

☐ Yes ☒ No

**18. Agency contact (person who can best answer questions regarding the content of this submission)**

Name: Carol Savage

Phone: (202) 622-3945

## 19. Certification for Paperwork Reduction Act Submissions

On behalf of this Federal agency, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**NOTE:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3), appear at the end of the instructions. *The certification is to be made with reference to those regulatory provisions as set forth in the instructions.*

The following is a summary of the topics, regarding the proposed collection of information, that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number.
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to be collected (see note in Item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in Item 18 of the Supporting Statement.

Signature of Program Official

Garrick R. Shear, IRS Reports Clearance Officer

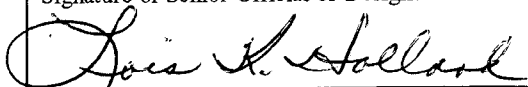


Date

6/28/01

Signature of Senior Official or Designee

Departmental Reports  
Management Officer



Date

JUN 29 2001

**SUPPORTING STATEMENT**  
**(Form 706)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 2001 of the Internal Revenue Code (IRC) imposes a tax on the transfer of the taxable estate of every decedent who was a citizen or resident of the United States. IRC sections 2002-2057 established complex rules for computing the tax. IRC sections 2601 imposes a tax on certain generation-skipping transfers. IRC sections 2602-2663 established complex rules for computing the tax. Form 706 is used to report and compute both of these taxes.

**2. USE OF DATA**

IRS uses the information on Form 706 to enforce the estate and GST tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. IRS also uses the information on Form 706 to prepare a quadrennial Statistics of Income report available to the public.

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

We have no plans at this time to offer electronic filing because of the low volume compared to the cost of electronic enabling.

**4. EFFORTS TO IDENTIFY DUPLICATION**

We have attempted to eliminate duplication within the agency wherever possible.

**5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

Not applicable.

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

Not applicable.

**7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

Not applicable.

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

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 706.

In response to the Federal Register Notice dated April 18, 2001, we received no comments during the comment period regarding Form 706.

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

Not applicable.

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**

Not applicable.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The burden estimate is as follows:

Form	Number of Responses	Time per Response	Total Hours
706	117,000	8.16	954,720
706/CONT Sch.	70,500	.83	58,515
Schedule A	64,000	1.09	69,760
Schedule A-1	7,250	2.97	21,533

Schedule B	71,500	1.09	77,935
Schedule C	75,000	.73	54,750
Schedule D	71,500	.69	49,335
Schedule E	60,000	1.53	91,800
Schedule F	71,500	1.37	97,955
Schedule G	38,000	1.24	47,120
Schedule H	38,000	.95	36,100
Schedule I	21,000	1.42	29,820
Schedule J	75,000	1.16	87,000
Schedule K	75,000	1.11	83,250
Schedule L	56,500	.79	44,635
Schedule M	46,600	1.48	68,968
Schedule O	55,500	1.10	61,050
Schedule P	5,750	.88	5,060
Schedule Q	17,500	.69	12,075
Schedule Q Worksheet	15,000	1.59	23,850
Schedule R	21,000	2.75	57,750
Schedule R-1	4,600	1.34	6,164
Schedule T	10,000	3.95	39,500
Schedule U	1,000	1.19	1,190
Total			2,079,835

### Reporting Regulations

20.2011-lc	20.2106-1(b)	20.6163-1(b)
20.2014-6	20.2204-1(a)	301.6324A-1(a), (b), (d), (g)
20.2016-1	20.2204-1(b)	301.7517-1(a)

20.2031-4	20.2204-2(a)	20.6161-1
20.2031-10 (e)	22.0(a), (b), & (c)	20.6161-2
20.2055-2 (f) (5)	20.6163 -1 (a)	7.639A-1

### Recordkeeping Regulations

20.6001-1

The following regulations impose no additional burden. Please continue to assign OMB number (1545-0015) to these regulations.

20.2031-2(b)	20.3031-2(e) & (f)	20.2031-3
20.2031-6	20.2032-1(b)	20.2032A-3(a)&(c)
20.2032A-4(a)	20.2032A-8(a), (b), & (c)	20.2053-9(a)&(c)
20.2055-1(c)	20.2055-3	20.2056(b)-4(d)
20.6011-1	20.6018-1(a) & (b)	20.6018-2
20.6018-3(a) (b) & (c)	20.6018-4	20.6061-1
20.2065-1(a)	20.2065-1(b)	20.6075-1
20.6081-1	20.6091-1	20.2039-4
20.2053-10(a) & (c)	20.2106-2(b)	26.2662-1(b)
22.0	26.2662-1	20.6166A-3
20.2051-1	26.2662-2	26.2662-1
20.6065-1(b)		

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

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

As suggested by OMB, our Federal Register notice dated April 18, 2001, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

### 14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for the form is \$1,564,896.

15. REASONS FOR CHANGE IN BURDEN

Form 706

We deleted line 3 of Schedule U. This is based on section 551 of the Economic Growth and Tax Relief Reconciliation Act of 2001 which changed the definition of what land qualified for the conservation easement exclusion.

We added the Estate Tax Closing Document at the end of the form at the request of the service center personnel who process the forms. Having the executor complete the entity portion of the document improves accuracy and greatly expedites the closing of the approximately 80% of the returns that are closed after review at the service center. This is of substantial benefit to executors who need the closing document to close the probate estate.

Form 706 Instructions

We revised the Changes To Note to reflect the changes we made to this revision.

Under Which Estates Must File, we deleted material not relevant to this revision.

We revised the filing locations to reflect the centralization of estate tax filing in Cincinnati beginning with returns filed in 2002.

Line 11 - We deleted the unified credit table because this revision is only used for 1 year.

Under Schedule P, we deleted the reference to District Director because of the IRS reorganization.

Page 21. To improve compliance, we added an example regarding the GST exemption inflation adjustment. We also added instructions for line 2 regarding deemed allocation, based on section 561 of the Economic Growth and Tax Relief Reconciliation Act of 2001.

Page 24. Because this revision is only effective for 1 year, we deleted the Exclusion limitation table. We deleted the instructions for the line that we deleted from the form.

The above changes will result in a program change increase of 20,080 hours, due to the addition of 4 lines, 6 Code references, and 235 words, and the deletion of 1 line.

A mathematical error was made in the burden computations in our previous submission. Also, changes are being made to the burden due to rounding. This will result in a program change decrease of 18,679 hours.

The net program change increase is 1,401 hours.

We received better filing figures and we are requesting an adjustment increase of 335,580 hours.

This form and its schedules are being submitted for renewal purposes.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

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.