

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 three 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/IRS

RECEIVED

2. OMB control number

a. 1545 -0020

b. None

3. Type of information collection (check one)

- a. New collection
b. Revision of a currently approved collection
c. X 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

OCT 28 1998
OMB DOCKET LIBRARY

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

4. Type of review requested (check one)

- a. X Regular submission
b. Emergency - approval requested by: 11/30/98
c. Delegated

5. Small entities

Will this information collection have a significant economic impact on a substantial number of small entities?

 Yes X No

6. Requested expiration date

- a. Three years from approval date
b. X Other Specify: 11/2001

7. Title: United States Gift (and Generation-Skipping Transfer) Tax Return

8. Agency form number (s) (if applicable): Form 709

9. Keywords: Gifts or gratuities, Tax returns

10. Abstract: Form 709 is used by individuals to report transfers subject to the gift and generation-skipping transfer taxes and to compute these taxes. IRS uses the information to enforce these taxes and to compute the estate tax.

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

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

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. P Mandatory

13. Annual reporting and recordkeeping hour burden

- a. Number of respondents 130,000
b. Total annual responses 130,000
 1. Percentage of these responses collected electronically 0 %
c. Total annual hours requested 608,400
d. Current OMB inventory 601,900
e. Difference +6,500
f. Explanation of difference
 1. Program change (+, -) +6,500
 2. Adjustment (+, -)

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 cost 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 Mgmt
b. Program evaluation f. Research
c. General purpose statistics g. P Regulatory or compliance
d. Audit

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

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

17. Statistical methods

Does this information collection employ statistical methods?

 Yes X No

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

Name: Martha Brinson

Phone: 202-622-5200

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	<i>G. Shear</i>	Date 10/27/98
Signature of Senior Official or designee <i>Joia A. Holland</i>	Departmental Reports Management Officer	Date OCT 27 1998

Supporting Statement
(Form 709)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

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.

2. USE OF DATA

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

Form 709 does not involve the use of automated, electronic, or other technological collection techniques.

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 709.

In response to the Federal Register Notice dated August 25, 1998, we received no comments during the comment period regarding Form 709.

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

Form	Number of Responses	Time per Response	Total Hours
709	130,000	4.68	608,400

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

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0020 to these regulations.

1.401-1	25.2512-2(b), (e), (f)
1.664-4	25.2512-3(a)
1.170A-12	25.2512-9(e)
1.1015-1	25.2513-3(a) & (b)
20.2031-7	25.6019-1(d)
25.2513-2	25.6161-1(b) & (c)
25.2522(c)-3	27.1-1(a)
25.252(a)-1	27.642-1(b) & (c)
25.2512-1(j)	

Recordkeeping Regulations:

1.1015-1(g)
25.6001-1

Regulations which impose no additional burden:

25.2512-5	25.6065-1
25.2513-1(c)	25.6075-1
25.6011-1	25.6081-1
25.6019-1(a) & (b)	25.6091-1
25.6019-2	25.6091-2
25.6019-3	25.6151-1
25.6019-4	26.2662-1(b)
25.6061-1	

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated August 25, 1998, 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 responses from taxpayers on this subject. As a result, estimates of these 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 Form 709 is \$257,915.

15. REASONS FOR CHANGE IN BURDEN

The new election at the top of page 2 is required by section 211(b) of the Taxpayer Relief Act of 1997, which revised section 529(c)(2)(B) of the Code.

This change will result in a program change increase of 6,500 hours.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

18. EXCEPTION 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.