

EMERGENCY

EXPEDITE

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.

<p>1. Agency/Subagency originating request Department of the Treasury/IRS</p>	<p>2. OMB control number a. <u>1545-0015</u> b. <input type="checkbox"/> None</p>
<p>3. Type of information collection (check one)</p> <p>a. <input type="checkbox"/> New collection b. <input checked="" type="checkbox"/> Revision of a currently approved collection c. <input type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, without change, of a previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, with change, of a previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number</p> <p>For b-f, note item A2 of Supporting Statement instructions</p>	<p>4. Type of review requested (check one) a. <input type="checkbox"/> Regular submission b. <input checked="" type="checkbox"/> Emergency - approval requested by: <u>8 / 27 / 98</u> c. <input type="checkbox"/> Delegated <u>3 PM</u></p> <p>5. Small entities Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>6. Requested expiration date a. <input type="checkbox"/> Three years from approval date <input checked="" type="checkbox"/> Other Specify: <u>4/5/1999</u></p>
<p>7. Title: United States Estate (and Generation-Skipping Transfer) Tax Return</p>	
<p>8. Agency form number (s) (if applicable): Form 706</p>	
<p>9. Keywords: Trusts and estate law, Taxes</p>	
<p>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.</p>	
<p>11. Affected public (Mark primary with "P" and all others that apply with "X")</p> <p>a. <u>P</u> Individuals or households d. <input type="checkbox"/> Farms b. <input checked="" type="checkbox"/> Business or other for-profit e. <input type="checkbox"/> Federal Gov. c. <input type="checkbox"/> Not-for-profit institutions f. <input type="checkbox"/> State, Local or Tribal Gov.</p>	<p>12. Obligation to respond (Mark primary with "P" and all others that apply with "X")</p> <p>a. <input type="checkbox"/> Voluntary b. <input type="checkbox"/> Required to obtain or retain benefits c. <u>P</u> Mandatory</p>
<p>13. Annual reporting and recordkeeping hour burden</p> <p>a. Number of respondents <u>75,000</u> b. Total annual responses <u>75,000</u> 1. Percentage of these responses collected electronically <u>0 %</u> c. Total annual hours requested <u>1,739,052</u> d. Current OMB inventory <u>1,468,615</u> e. Difference <u>+270,437</u> f. Explanation of difference 1. Program change (+, -) <u>+45,143</u> 2. Adjustment (+, -) <u>+225,294</u></p>	<p>14. Annual reporting and recordkeeping cost burden (in thousands of dollars)</p> <p>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 _____</p>
<p>15. Purpose of information collection (Mark primary with "P" and all others that apply with "X")</p> <p>a. <input type="checkbox"/> Application for benefits e. <input type="checkbox"/> Program planning or Mgmt b. <input type="checkbox"/> Program evaluation f. <input type="checkbox"/> Research c. <input checked="" type="checkbox"/> General purpose statistics g. <u>P</u> Regulatory or compliance d. <input checked="" type="checkbox"/> Audit</p>	<p>16. Frequency of recordkeeping or reporting (check all that apply)</p> <p>a. <input checked="" type="checkbox"/> Recordkeeping b. <input type="checkbox"/> Third party disclosure c. <input checked="" type="checkbox"/> Reporting 1. <input type="checkbox"/> On occasion 2. <input type="checkbox"/> Weekly 3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly 5. <input type="checkbox"/> Semi-annually 6. <input type="checkbox"/> Annually 7. <input type="checkbox"/> Biennially 8. <input checked="" type="checkbox"/> Other (describe) <u>Once</u></p>
<p>17. Statistical methods Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>18. Agency contact (person who can best answer questions regarding the content of this submission)</p> <p>Name: <u>Martha Brinson</u> Phone: <u>202-622-5200</u></p>

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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 <i>8/26/98</i>
Signature of Senior Official or designee <i>Deis A. Halland</i>	Departmental Reports Management Officer	Date AUG 26 1998

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 section 2002-2057 established complex rules for computing the tax. IRC section 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

The collection of information 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

We have been unable to reduce burden for small businesses.

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.

We will publish a notice in the Federal Register in the near future to solicit public comments on 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

Form	<u>Number of Responses</u>	<u>Hours per Response</u>	<u>Total Hours</u>
706	75,000	7.96	597,000
706 cont. Sch.	70,500	.84	59,220
Schedule A	74,000	1.09	80,660
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	1.52	91,200
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	.80	45,200
Schedule M	46,600	1.45	67,570
Schedule O	55,500	1.11	61,605
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	2.72	57,120
Schedule R-1	4,600	1.34	6,164
Schedule T	10,000	3.92	39,200
Schedule U	1,000	8.33	8,330

			1,739,052

Reporting Regulations

20.2011-1c	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)	20.2031-2(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)		

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information 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

Page 1 - Because of changes made by the Taxpayer Relief Act of 1997 (The Act), this revision will only be used for decedents dying in 1998.

Line 11 - The maximum unified credit was increased by section 501(a)(1)(A) of The Act.

Line 23 - We deleted former line 23. Section 4980A was repealed by section 1073(a) of The Act.

Page 3 - We deleted the old question 16 which dealt with the now repealed section 4980A. The new question was added at the request of CC:P&SI:4. It is thought that there is significant noncompliance in reporting section 2044 assets.

Recapitulation - We revised the recapitulation to accommodate the new deduction and exclusion on Schedules T and U.

Page 12 - At the request of the Estate and Gift Tax advisory Panel, we added a CUSIP number sub-column to encourage people to provide the number. We have always requested the number.

Page 24 - We revised the Schedule J instructions to reflect the change made to section 2053(c)(1) by section 503(b)(1) of The Act.

Page 27 - We deleted the reference to the now repealed section 4980A tax.

Page 30 - The **Note** is based on section 1303(a) of The Act.

Page 31 - We deleted the reference to the now repealed Section 4980A tax.

Page 38 - The new Schedule T is based on section 502(a) of The Act as amended by section 6007(b) of the Internal Revenue Service Restructuring and Reform Act of 1998.

Page 42 - The new Schedule U is based on section 508(a) of The Act.

We deleted Schedule S, Increased Estate Tax on Excess Retirement Accumulations. Section 4980A was repealed by section 1073(a) of the Act.

INSTRUCTIONS

Page 1 - Because of changes made by the Taxpayer Relief Act of 1997 (The Act), this revision will only be used for decedents dying in 1998.

We added Changes To Note to highlight changes made by The Act.

Col. 3 - The maximum unified credit was increased by section 501(a)(1)(A) of The Act; the filing threshold was increased accordingly by section 501(a)(1)(C).

We deleted the **Note**. Section 4980A was repealed by section 1073(a) of The Act.

Page 3 - We added references to the new Schedule U.

Page 4 - The new language at the top of col. 1 is based on section 504(a) of The Act.

Page 6 - The new material under installment payments is based on section 503 of The Act.

Page 7 - We deleted instructions to the old question 16 and added instructions on the new exclusions.

Page 8 - We deleted instructions for the old line 23.

Page 9 - The **Note** and the change in the cite from 2035(c) to 2035(b) are based on section 1031(a) of The Act.

Page 12 - We deleted dates that are no longer relevant.

Page 17 - In col.3, we deleted an instruction that does not apply to decedents dying in 1998.

The Temporary Regulation was made permanent by T.D. 8644.

Page 18 - The new instructions are based on section 511(a) of the Act. We deleted a transitional rule that no longer applies (also on page 19).

Pages 20-22 - We added instructions for the new Schedules T and U.

Page 23 - Based on an employee suggestion 0667-0021-98-001, we revised the language on line 17 of the Schedule Q worksheet.

We received better filing figures and we are requesting an adjustment increase of 225,294 hours.

The above changes will result in a program change increase of 45,143 hours.

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 collection 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.

Reason for emergency approval:

We had to wait for passage of the technical corrections in the IRS Restructuring and Reform Act before we could complete the form, and taxpayers are already starting to file returns for which they should use this revision.