

**SUPPORTING STATEMENT**  
**(PS-127-86, PS-128-86 & PS-73-88)**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Chapter 13 of the Internal Revenue Code of 1986 (Code) imposes a flat-rate tax on all generation-skipping transfers (i.e., noncharitable transfers that result in the avoidance of estate tax in one or more generations below that of the transferor). Section 2662 of the Code provides that the person who is required to make the return with respect to the generation-skipping transfer tax shall be the person liable for payment of such tax. Section 1433(d) of the Tax Reform Act of 1986 provides that a taxpayer may elect to treat certain transfers in trust as direct skips. The requirements contained in this regulation issue directly from the statutory requirements of Chapter 13 which this regulation implements. The regulation itself merely clarifies procedures for complying with those requirements. The collections of information required by the regulation are necessary in order for the taxpayer to compute and report the tax and for the Service to assess the tax and examine the reported information for compliance purposes.

**2. USE OF DATA**

The information will be processed by the IRS and used in the administration of the Internal Revenue laws to assess the reported tax and determine whether taxpayers have complied with the statutory provisions (sections 2601 through 2663) relating to the GST tax.

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

IRS publication, regulations, notices and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

**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**

**PS-128-86 and PS-127-86**

The notice of proposed rulemaking was published in the Federal Register on March 15, 1988 (53 FR 8441) simultaneously with temporary regulations. A public hearing was not held because one was not requested.

**PS-73-88**

The notice of proposed rulemaking was published in the Federal Register on December 24, 1992 (57 FR 61356), and a public hearing was held on April 21, 1993.

These regulations were consolidated into one final regulation (TD 8644). The final regulations were published in the Federal Register on December 27, 1995 (60 FR 66898).

In response to the **Federal Register Notice** dated **July 6, 2010 (75 FR 38869)**, we received no comments during the comment period regarding these regulations.

**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**

Sections 26.2601-1(b)(3)(iii) and (iv) of this regulation require the executor of a transferor to file a certificate from a qualified physician or a judgment or decree from a court, as the case may be. We estimate that approximately 5,000 certificates (or judgments or decrees) will be filed and that it will take approximately .5 hours to complete each certificate. The total burden for this citation is 2,500 hours.

Section 26.2601-1(d)(3)(iv) of this regulation requires the transferor who elects under section 1433(d) of the Tax Reform Act of 1986 to include certain

information on the notice of election. We estimate that approximately 2,500 elections will be filed and that it will take approximately .5 hours to complete each election. The total burden for this citation is 1,250 hours.

Section 26.2662-1 of this regulation contains rules relating to the filing of various tax returns with respect to generation-skipping transfers, including return requirements for generation-skipping transfers pursuant to certain trust arrangements such as life insurance policies and annuities. These and all other reporting requirements contained in the regulation are accounted for in the burden estimates for Forms 706, 706NA, 706GS(T), 706GS(D), 706GS(D-1), 709, and 843.

Sections 26.2632-1 and 26.2642-1, -2, -3, and -4 provide rules for allocating the GST exemption (or electing out of certain automatic allocations) and computing the inclusion ratio for GSTs. Section 26.2652-2 prescribes rules for making elections with respect to qualified terminable interest property. The time estimates for the reporting and recordkeeping requirements contained in these sections are included in the estimate of burden applicable to Forms 706, 706NA, 706GS(d), 706GS(D-1), 706GS(T), and 709.

**Because these regulations have sunset, the information collection under these regulations will be minimal until further notice. The estimated annual burden is 5 hours.**

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

As suggested by OMB, our **Federal Register Notice** dated **July 6, 2010 (75 FR 38869)**, 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**

Not applicable.

### **15. REASONS FOR CHANGE IN BURDEN**

Because the regulation sunset, the annualized burden hours associated with these regulations will be minimal.

### **16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

Not applicable.

### **17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service 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 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.