

**SUPPORTING STATEMENT
(Forms 56 and 56F)
OMB # 1545-0013**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

26 USC 6903 and 26 USC 6036 provide that upon notice to the IRS of the fiduciary relationship, the fiduciary shall assume the powers, rights, duties, and privileges of the person for whom the fiduciary is acting in respect of taxes imposed by the Internal Revenue Code. 25 CFR 301.6903-1 and 301.6036-1 require a written notice of the creation and termination of a fiduciary relationship.

Due to the adverse economic conditions in the past year or so, many banks, thrifts, and other financial institutions have (or will) failed. When such an institution fails the Federal Deposit Insurance Corporation (FDIC) or similar federal agency, assumes the role of a fiduciary for the institution. The IRS still needs to contact the institutions after they have failed for taxes and various information reporting issues. By filing the form 56-F, the fiduciary notifies the IRS of the institution's failure, the fiduciary's address as the one to send all letters, notices, etc. to, and the status of the fiduciary.

2. USE OF DATA

The data is used by the IRS to ensure that the fiduciary relationship has been established or terminated and to mail or discontinue mailing to the fiduciary designated tax notices concerning the person for whom the fiduciary is acting.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 56.

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

There are no small entities affected by this collection.

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

If the IRS did not collect this information, they would not be able to ensure that the fiduciary relationship has been established or terminated and to mail or discontinue mailing to the fiduciary designated tax notices concerning the person for whom the fiduciary is acting, nor would the IRS still be allowed to contact the institutions after they have failed for taxes and various information reporting issues. Not filing the Form 56-F, the fiduciary will not be allowed to notify the IRS of the institution's failure, the fiduciary's address as the one to send all letters, notices, etc. to, and the status of the fiduciary.

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

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 56.

In response to the **Federal Register notice dated March 12, 2015 (80 FR 77326)**, we received no comments during the comment period regarding Form 56.

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)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Department of Treasury PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

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

<u>Form</u>	<u>No. of</u>	<u>Time per</u> <u>Responses</u> <u>Total hours</u>	<u>Response</u>
Form 56	173,944	2.01	349,627

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0013 to these regulations.

- 301.6903-1
- 301.6036-1

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

OMB has decided that our methodology is not appropriate for Form 56. OMB has determined that the burden is as follows:

Recordkeeping	9 minutes
Learning about the law or the form	38 minutes
Preparing the form	55 minutes
Copying, assembling, and sending the form to IRS	19 minutes

Total 121 minutes = 2.01

hours

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0013 to these regulations.

- 301.6903-1
- 301.6036-1

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

<u>Form</u>	<u>No. of</u>	<u>Time per</u>	<u>Response</u>
		<u>Responses</u>	<u>Response</u>
		<u>Total hours</u>	
Form 56-F	106	90	9,540

OMB has decided that our methodology is not appropriate for Form 56-F. OMB has determined that the burden is as follows:

Recordkeeping	7 minutes
Learning about the law or the form	28 minutes
Preparing the form	41 minutes
Copying, assembling, and sending the form to IRS	14 minutes

Total 90 minutes =

1.50

Total Burden for Form 56 and 56F = 3.51 hours

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register notice dated March 12, 2015 (80 FR 77326)**, 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, distributing, and overhead for this form is \$5,693.

15. REASONS FOR CHANGE IN BURDEN

At the bottom of page 1, a new Part II was added: Revocation or Notice of Termination, which includes new lines 7, 8, and 9. These new lines allow taxpayers a way to notify the service of termination or revocation as required by Treas. reg. 1.6903-1; restores the termination election boxes that were removed in error in the 2011 revision.

Line 7 check box is used to notify the service of a complete termination of revocation of the fiduciary relationship. Lines 7 a, b, and c check boxes are included to indicate the reason for the termination or revocation.

Line 8a check box is added to notify the service of a partial revocation of the fiduciary relationship. Line 8b is a line available to provide who will be granted the fiduciary authority over the matters revoked by the partial revocation.

Line 9 check box is available to indicate a substitute fiduciary will be taking over. The following line is used to indicate the name and contact information of the substitute fiduciary.

These changes will result in a program change increase of 56,827 hours.

We also combined Form 56-F with Form 56. These two forms are both related to Fiduciary Relationships. However, Form 56-F will also be used if that relationship is with respect to a financial institution.

This will result in an adjustment increase of 159 hours.

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

We believe the public interest will be better served by not printing an expiration date on the form(s) in this package.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OMB approval is renewed. Without printing the expiration date, supplies of the form could continue to be used.

The time period during which the current edition of the form(s) in this package will continue to be usable cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. In addition, usage fluctuates unpredictably. This makes it necessary to maintain a substantial inventory of forms in the supply line at all times. This includes supplies owned by both the Government and the public. Reprinting of the form cannot be reliably scheduled to coincide with an OMB approval expiration date. This form may be privately printed by users at their own expense. Some businesses print complex and expensive marginally punched continuous versions, their expense, for use in their computers. The form may be printed by commercial printers and stocked for sale. In such cases, printing the expiration date on the form could result in extra costs to the users.

Not printing the expiration date on the form(s) will also avoid confusion among taxpayers who may have identical forms with different expiration dates in their possession.

For the above reasons we request authorization to omit printing the expiration date on the form(s) in this package.

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

There are no exceptions to the certification statement.

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.

