

SUPPORTING STATEMENT

Election of and agreement to special lien for estate tax deferred under section 6166 or 6166A.

TD 7941 (LR-209-76)

OMB Control Number 1545-0757

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 6324A of the Code permits an executor of a decedent's estate to elect a lien on section 6166 property in favor of the United States in lieu of a bond or other personal liability if an election under section 6166 or 6166A (as in effect prior to its repeal by the Economic Recovery Tax Act of 1981) was made. The election under section 6324A will not be effective unless all parties having an interest in the property subject to the lien sign an agreement in which they consent to the creation of the lien. The agreement is to be attached to the notice in which the lien under section 6324A is elected. The election may be filed at any time prior to payment of the full amount of the estate tax and interest due.

It must be in a form that is binding on all parties having any interest on the property and must contain the following:

- (i) The decedent's name and taxpayer identification number as they appear on the estate tax return;
- (ii) The amount of the lien;
- (iii) The fair market value of the property to be subject to the lien as of the date of the decedent's death and the date of the election under this section;
- (iv) The amount, as of the date of the decedent's death and the date of the election, of all encumbrances on the property, including mortgages and any lien under section 6324B;
- (v) A clear description of the property which is to be subject to the lien, and in the case of property other than land, a statement of its estimated remaining useful life; and
- (vi) Designation of an agent (including the agent's address) for the beneficiaries of the estate and the consenting parties to the lien for all dealings with the Internal Revenue Service on matters arising under section 6166 or 6166A (as in effect prior to its repeal by Economic Recovery Tax Act of 1981), or under section 6324A.

The requirements contained in this regulation arise directly from the statutory requirements of section 6324A, which the regulation implements. The regulation itself merely clarifies procedures for complying with the statutory requirements.

2. **USE OF DATA**

The information collected is used by the Internal Revenue Service and taxpayers to verify that the proper amount of tax is reported.

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

We have no plans to offer electronic filing. 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**

There are no small businesses or other small entities affected by this collection.

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

The consequences are that the IRS will have to spend more taxpayer assistance resources to collect this data through other means. This will compromise the Agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

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**

A notice of proposed rulemaking was published in the *Federal Register* on May 11, 1983 (48 FR 21167). The general public was given a 60-day period in which to review and submit comments relating to any aspect of the proposed regulations. No comments were received and no public hearing was held. They were published as final regulations in the *Federal Register* on February 13, 2004.

In response to the *Federal Register* notice dated November 17, 2017 (81 FR 81243), we received no comments during the comment period regarding TD 7941.

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

No Personally Identifiable Information (PII) is being collected by the agency.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

26 CFR	Description	# Respondents	# Responses Per Respondent	Total Annual Responses	Hours Per Response	Total Burden
6324A	All parties having an interest in the property subject to the lien sign an agreement in which they consent to the creation of the lien	500	1	500	1	500
		500	1	500		500

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

15. REASONS FOR CHANGE IN BURDEN

There has been a decrease in the estimated number of responses and total annual burden

hours, and an increase in the time estimate per response. The number of responses is based on the agencies most recent filings of form 13925 (500 responses/respondents). Form 13925 was added as an instrument to this ICR in effort to reduce duplicate reporting (the form was previously reported under OMB Control Number 1545-2109). With the development of the form, the agency recognized that the time to comply with the regulation and complete the form would take approximately 1 hour versus the original estimate of 15 minutes. The agency took into consideration the time to glean information from Form 706 and the current appraisal or valuation documentation which resulted in the time per response increase. The new decreased estimate of 500 responses (based on previous year filings) and the 1 hour time per response (increase of 45 minutes) results in an overall decrease of 8150 total hours for this collection of information (from 8,650 to 500 hours).

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no exceptions to the certification statement.

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

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.