

SUPPORTING STATEMENT
Internal Revenue Service
OMB Control Number 1545-1343
Valuation Tables
(TD 8540)(PS-100-88)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Treasury Decision 8540 for valuation tables provide amendments to the regulations under the Internal Revenue Code relating to the valuation of an annuity, an interest for life or a term of years, or a remainder or reversionary interest. These amendments are necessary because section 7520, which provides a new method for valuing such interests was added to the Internal Revenue Code by section 5031 of the Technical and Miscellaneous Revenue Act of 1988 (Pub. L. 100-647, 102 Stat. 3342).

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 2031 and 2512) relating to the valuation of annuities, interests for life or a term of years, and remainder or reversionary interests.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Publications, 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. We have no plans to offer electronic record keeping because this is record keeping requirements.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

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

A less frequent collection of this information would not allow the IRS to determine whether taxpayers have complied with the statutory provisions (sections 2031 and 2512) relating to the valuation of annuities, interests for life or a term of years, and remainder or reversionary interests thereby hindering the IRS from meeting its mission.

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

In response to the **Federal Register Notice** dated February 15, 2015 (82 FR 10852), we received no comments during the comment period regarding TD 8540.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payments or gifts are being provided.

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

This collection does not request Personally Identifiable Information (PII).

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 7520 provides rules for determining the valuation of an annuity, an interest for life or a term of years, or a remainder or reversionary interest. Section 7520(a) allows a respondent to make an election to value an interest that qualifies, in whole or in part, for the charitable deduction, by use of a different interest rate component that is more favorable to the respondent. We estimate that, on average, the election requirement, as described in sections 20.7520-2(b)(2) and 25.7520-2(b)(2) of the regulation, will affect 6,000 respondents and that they will expend approximately 45 minutes each in activities relating to this election requirement. The total burden for this election requirement is 4,500 hours.

| Authority | Description | # of Respondents | # Responses per Respondent | Annual Responses | Hours per Response | Total Burden |
|---------------|-------------|------------------|----------------------------|------------------|--------------------|--------------|
| IRC § 7520 | TD 8540 | 6000 | 1 | 6000 | .75 | 4500 |
| Totals | | | | 6000 | | 4500 |

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated February 15, 2017 (82 FR 10852),

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

The collection of information does not require a form. Therefore, the estimated annualized cost to the government is minimal or none.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation or statistical analysis.

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.

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.