

**SUPPORTING STATEMENT**  
**Internal Revenue Service**  
**(Form 706-GS(T)) Generation-Skipping Transfer Tax Return For Terminations**  
**OMB #1545-1145**

**1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

IRC section 2601 imposes a tax on certain generation-skipping transfers. IRC sections 2602-2663 establish complex rules for computing the tax. Form 706-GS(T) is used to compute and report the tax due on generation-skipping transfers that result from the termination of interests in a trust. The return will be filed by the trustee of the trust with respect to which the termination has occurred. The trustee is also liable for paying the tax.

The trustee will file only one Form 706-GS(T) per year for any given trust, regardless of the number of taxable terminations that occur. (A termination is not necessarily the termination of the entire trust, but can be the termination of a single beneficiary's interest in the trust.) The trustee will not file the return if no taxable terminations occur during the year.

Most trusts will file only one Schedule A per year, though the more complex trusts with multiple contributions and multiple beneficiaries will often file more than one. Terminations that have different "inclusion ratios" (a figure used to determine the taxable portion of a termination) must file a separate Schedule A for each different inclusion ratio. At most, one Schedule B will be filed for each Schedule A.

**2. USE OF DATA**

IRS will use the information on Form 706-GS(T) to enforce the GST tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. IRS also will use the information on Form 706-GS(T) to prepare a quadrennial Statistics of Income report to the public.

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

The form is not electronically filed because Modernized efile has not chosen to enable it for electronic filing by devoting the necessary time, money, and resources to do so. The IRS has concluded that budgetary considerations require that the limited resources available for enabling electronic filing be allocated to ICs other than the Form associated with this information collection, where the benefits of electronic filing are greater.

**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**

If the IRS did not collect this information, the IRS would not be able to enforce the GST tax provisions of the Internal Revenue Code, i.e., to verify that the taxes have been properly computed. Also, the IRS will not be able to prepare a quadrennial Statistics of Income report to 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**

In response to the Federal Register notice dated February 26, 2019 (84 FR 6200), we received no comments during the comment period regarding Form 706GS(T).

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

No payment or gift will be 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 "Estate/Inheritance and Gift Non-filer and Under-reporter" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 42.021-Compliance Programs and Project Files. The Department of Treasury PIAs can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

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**

Approximately 100 trustees will file only one Form 706-GS(T) per year for any given trust, regardless of the number of taxable terminations that occur. (A termination is not necessarily the termination of the entire trust, but can be the termination of a single beneficiary's interest in the trust.)

Most trusts will file only one Schedule A per year (approximately 200 annually), though the more complex trusts with multiple contributions and multiple beneficiaries will often file more than one. Terminations that have different "inclusion ratios" (a figure used to determine the taxable portion of a termination) must file a separate Schedule A for each different inclusion ratio. At most, one Schedule B (approximately 200) will be filed for each Schedule A.

Approximately 100 trustees will response 5 times annually with an average response time of 1 hour and 22 minutes for a total annual burden of 684 hours.

The burden estimate is as follows:

Authority	Description	Number of Respondents	#Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC §§2601, 2602-2633	Form 706GS(T)		1	100	2.08	208
	Sch. A		2	200	1.33	266
	Sch. B		2	200	1.05	210
Totals		100 trustees	5	500	Average of 1.368 hours	684

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-1145 to this regulation.

26.2662-1(b)

### 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

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as; complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

<b>Product</b>	<b>Aggregate Cost per Product (factor applied)</b>		<b>Printing and Distribution</b>		<b>Government Cost Estimate per Product</b>
Form 706GS(T))	11,847	+		=	11,847
Instructions	2,734				2,734
<b>Grand Total</b>	<b>14,581</b>				<b>14,581</b>
Table costs are based on 2018 actuals obtained from IRS Chief Financial Office and Media and Publications					
* New product costs will be included in the next collection update.					

**15. REASONS FOR CHANGE IN BURDEN**

There is no change to the paperwork burden previously approved by OMB. IRS is making this submission for renewal purposes.

**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**

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