

C. Whether the United States Has a Mutual Legal Assistance Treaty With That Jurisdiction, and the Experience of U.S. Law Enforcement Officials and Regulatory Officials in Obtaining Information About Transactions Originating in or Routed Through or to That Jurisdiction

The United States and North Korea do not have diplomatic relations. North Korea has no mutual legal assistance treaty with the United States and does not cooperate with U.S. law enforcement officials and regulatory officials in obtaining information about transactions originating in, or routed through or to, North Korea.<sup>38</sup>

D. The Extent To Which That Jurisdiction Is Characterized by High Levels of Official or Institutional Corruption

The North Korean government has long demonstrated institutional and official corruption. According to Transparency International's Corruption Perceptions Index, which ranks countries and territories based on how corrupt their public sectors are perceived to be, North Korea ranks 167 out of 168.<sup>39</sup> As noted above, UNSCRs 1718, 2094, and 2270 require UN member states to prohibit the provision to North Korea of luxury goods, which are used by North Korean leaders to consolidate power and appease members of the political elite by increasing their personal wealth. North Korea has also utilized Office 39 of the Korean Workers' Party (KWP) to influence and maintain the support of North Korea's elite citizens.<sup>40</sup>

Office 39 was listed for an asset blocking by the President in the Annex to E.O. 13551 in August 2010,<sup>41</sup> and is the branch of the North Korean Government that provides illicit economic support to North Korean leadership, including managing slush funds for North Korean government officials.<sup>42</sup> The UN listed Office 39

under UNSCRs 1718 and 2270 in March 2016.<sup>43</sup> Examples of Office 39 activity include collecting a significant portion of loyalty funds paid by DPRK officials to the regime annually, and using deceptive financial practices such as smuggling U.S. dollars into North Korea.

To support its efforts, Office 39 controls Korea Daesong Bank (KDB), which is used to facilitate financial transactions supporting the procurement of luxury goods. Treasury designated KDB under E.O. 13551 in November 2010 as an instrumentality of Office 39.<sup>44</sup> In spite of its designation, KDB continues to conduct illicit transactions on behalf of the regime, including by operating front companies on behalf of organizations such as Office 39 abroad; by using an overseas branch office to both pay a number of overseas companies that provide labor and services on behalf of North Korea, and to remit funds to Pyongyang; and by utilizing KDB representatives abroad to make payments for goods imported into North Korea.

**Jamal El-Hindi,**

*Acting Director, Financial Crimes Enforcement Network.*

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**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**Proposed Collection; Comment Request for Form 3520**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice and request for comments.

**SUMMARY:** The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipts of Certain Foreign Gifts.

November 18, 2010 (<https://www.treasury.gov/press-center/press-releases/Pages/tg962.aspx>).

<sup>43</sup> See UNSCR 1718; UNSCR 2270.

<sup>44</sup> See "Treasury Designates Key Nodes of the Illicit Financing Network of North Korea's Office 39," November 18, 2010 (<https://www.treasury.gov/press-center/press-releases/Pages/tg962.aspx>).

**DATES:** Written comments should be received on or before August 1, 2016 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Tuawana Pinkston, Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW., Washington, DC 20224.

**FOR FURTHER INFORMATION CONTACT:** Requests for additional information or copies of the form and instructions should be directed to Sara Covington, at Internal Revenue Service, Room 6526, 1111 Constitution Avenue NW., Washington, DC 20224, or through the internet at [Sara.L.Covington@irs.gov](mailto:Sara.L.Covington@irs.gov).

**SUPPLEMENTARY INFORMATION:**

*Title:* Annual Return To Report Transactions With Foreign Trusts and Receipts of Certain Foreign Gifts.

*OMB Number:* 1545-0159.

*Form Number:* Form 3520.

*Abstract:* U.S. persons who create a foreign trust or transfer property to a foreign trust must file Form 3520 to report the establishment of the trust or the transfer of property to the trust. Form 3520 must also be filed by U.S. persons who are treated as owners of any part of the assets of a trust under subpart E of Part I or subchapter J of Chapter 1; who received a distribution from a foreign trust; or who received large gifts during the tax year from a foreign person.

*Current Actions:* There is no change in the paperwork burden previously approved by OMB. This form is being submitted for renewal purposes only.

*Type of Review:* Extension of a currently approved collection.

*Affected Public:* Businesses and other for-profit organizations.

*Estimated Number of Respondents:* 1,320.

*Estimated Time per Respondent:* 54 hours 35 minutes.

*Estimated Total Annual Burden Hours:* 71,742.

The following paragraph applies to all of the collections of information covered by this notice:

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.

*Request for Comments:* Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of

<sup>38</sup> See "U.S. Relations with North Korea," ([www.state.gov/r/pa/ei/bgn/2792.htm](http://www.state.gov/r/pa/ei/bgn/2792.htm)).

<sup>39</sup> See "North Korea: Facts & Figures," Transparency International (<https://www.transparency.org/country/#PRK>).

<sup>40</sup> See "Defectors Detail How North Korea's Office 39 Feeds Leader's Slush Fund: Private Fund Underwrites Comfortable Lifestyles for Pyongyang's Elite," Wall Street Journal, September 15, 2014 ([www.wsj.com/articles/defectors-detail-how-north-koreas-office-39-filters-money-to-kims-private-slush-fund-1410823969](http://www.wsj.com/articles/defectors-detail-how-north-koreas-office-39-filters-money-to-kims-private-slush-fund-1410823969)); see also "Criminal Sovereignty: Understanding North Korea's Illicit International Activities," Strategic Studies Institute, March 2010.

([www.strategicstudiesinstitute.army.mil/pdf/files/pub975.pdf](http://www.strategicstudiesinstitute.army.mil/pdf/files/pub975.pdf))

<sup>41</sup> See E.O. 13551.

<sup>42</sup> "Treasury Designates Key Nodes of the Illicit Financing Network of North Korea's Office 39,"

public record. Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility;

(b) the accuracy of the agency's estimate of the burden of the collection of information;

(c) ways to enhance the quality, utility, and clarity of the information to be collected;

(d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: May 25, 2016.

**Sara Covington,**  
*IRS Tax Analyst.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### Open Meeting for the Electronic Tax Administration Advisory Committee (ETAAC)

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Meeting notice.

**SUMMARY:** An open meeting of the Electronic Tax Administration Advisory Committee (ETAAC) will be conducted at the Internal Revenue Service Building in Washington, DC. The ETAAC will discuss recommendations for electronic tax administration which will be published in their Annual Report to Congress by June 30, 2016. The IRS will respond to these recommendations.

*Meeting Date:* The meeting will be held on Tuesday, June 21, 2016, beginning at 9:00 a.m. eastern time, ending at approximately 11:30 a.m.

**FOR FURTHER INFORMATION CONTACT:** Sean Parman at 202-317-6247 or Rose Smith at 202-317-6559, or email [etaac@irs.gov](mailto:etaac@irs.gov) to receive the meeting information. Please spell out all names if you leave a voice message.

**SUPPLEMENTARY INFORMATION:**

*Background:* The Internal Revenue Service established the Electronic Tax Administration Advisory Committee (ETAAC) in 1998 as a result of the Restructuring and Reform Act of 1998 (RRA '98). The primary purpose of ETAAC is to provide an organized public forum for discussion of electronic tax administration issues in support of the overriding goal that paperless filing should be the preferred and most convenient method of filing

tax and information returns. The ETAAC members convey the public's perceptions of the IRS electronic tax administration activities, offer constructive observations about current or proposed policies, programs, and procedures, and suggest improvements. The ETAAC's duties are to research, analyze, consider, and make recommendations on a wide range of electronic tax administrative issues and to provide input into the development and implementation of the strategic plan for electronic tax administration.

*Meeting Access:* The meeting will be open to the public. Interested members of the public may attend ETAAC's discussion of their recommendations. The public may also submit written comments about issues in electronic tax administration for the committee to consider analyzing later this fall to [etaac@irs.gov](mailto:etaac@irs.gov) no later than 12 p.m. eastern on June 15, 2016. Written statements received after this date may not be provided to or considered by the ETAAC until its next meeting.

Dated: May 24, 2016.

**Vicki L. Price,**

*Acting Director, Strategic and Analytic Services, Office of Online Services.*

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