

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Requirement

OMB Control Number – 1513-0070

TTB REC 5220/1 - Tobacco Export Warehouse - Record of Operations

A. Justification

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection?

Tobacco products have historically been a major source of excise tax revenues for the Federal government. Collections total more than five billion dollars per year. In order to safeguard these taxes, members of the regulated tobacco industry are required to maintain a system of records designed to establish accountability over the tobacco products manufactured.

Tobacco Export Warehouses receive and store tobacco products and cigarette papers and tubes in bond (that is, untaxpaid) until such time as they are exported to a foreign country, Puerto Rico, or the Virgin Islands, or otherwise sent for consumption beyond the internal revenue laws of the U.S. The regulatory requirements set forth in 27 CFR 44.142-146 pertain to the records used by the proprietor to maintain accountability over the tobacco products. These records must show the date, kind, and quantity of tobacco products received, removed, transferred, destroyed, lost, or returned to the manufacturer or Customs warehouse. These records allow transactions involving tobacco products to be traced and verified, thereby ensuring that no tax liabilities were incurred.

The records required by this submission are usual and customary business records. They include the normal inventory and transaction records all businesses must keep in order to maintain control over their stock and engage in daily operations. Also included in this submission are the requirements for a special inventory if there is suspected jeopardy to the revenue. TTB believes that the regulated individuals could not succeed in business without maintaining these kinds of records.

2. How, by whom, and for what purpose is this information used?

These records are maintained at the premises of the regulated individual, and are routinely used by TTB personnel during field tax compliance examinations to verify that untaxpaid tobacco products are not being diverted to domestic consumption. This ensures that tax revenues are protected. Although TTB believes that most of these records would have to be kept anyway, as usual and customary business records, without this recordkeeping requirement no recording of the data elements necessary to verify these transactions would be prescribed.

3. To what extent does this collection of information involve the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology? What consideration is given to use information technology to reduce burden?

We have approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the maintenance of required records.

4. What efforts are used to identify duplication? Why can't any similar information already available be used or modified for use for the purposes described in Item 2 above?

We terminated the Federal Information Locator System (FILS) Program for agency use. However, we search an agency subject classification system to identify duplication. Similar information is not available elsewhere for this information collection requirement.

5. If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?

This collection of information is not susceptible to reduced requirements for small business.

6. What consequences to Federal program or policy activities and what, if any, technical or legal obstacles to reducing burden will occur if this collection is not conducted or is conducted less frequently?

If these records were not kept it would create a gap in the audit trail that would make it difficult, if not impossible, to determine what operations are being conducted at Tobacco Export Warehouse premises. Respondents complete this information only as often as necessary to comply with the regulations.

7. Are there any special circumstances associated with this information collection?

There are no special circumstances associated with this information collection.

8. What effort was made to notify the general public about this collection of information?

A 60-day Federal Register notice was published for this information collection on Thursday, June 8, 2006, 71 FR 33335. The notice solicited comments from the general public. TTB received no comments.

9. What decision was made to provide any payment or gift to respondents, other than reenumeration of contractors or grantees?

No payment or gift is associated with this collection.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

These records are maintained at the premises of the regulated individual. However, 26 U.S.C. 6103 and 5 U.S.C. 552 protects the confidentiality of any records obtained by the Government from regulated individuals. These records should be retained for 3 years.

11. What justification is there for questions of a sensitive nature?

We ask no questions of a sensitive nature.

12. What is the estimated hour burden of this collection of information?

These recordkeeping requirements involve usual and customary business records. In accordance with 5 CFR 1320.7(b)(1), the total annual burden for all regulated individuals is estimated be one hour. The record retention requirement for this information collection is 3 years. There is no change in burden from the previous submission.

11. What justification is there for questions of a sensitive nature?

We ask no questions of a sensitive nature.

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information?

There is no cost associated with this collection.

14. What is the annualized cost to the Federal government?

There is no cost to the Federal government.

15. What is the reason for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I?

There are no program changes or adjustments associated with this collection. However, we have added the number of responses, which was left off of the previous submission. We also decreased the number of respondents because of a reduction in the number of Tobacco Export Warehouses.

16. Outline plans for tabulation and publication for collections of information whose results will be published.

We will not publish the results of this collection.

17. If seeking approval to not display the expiration date for OMB approval of this information collection, what are the reasons that the display would be inappropriate?

Displaying the expiration date for OMB approval would be inappropriate because this is a recordkeeping collection.

18. What are the exceptions to the certification statement?

There are no exceptions to the certification statement.

**B. Collection of Information Employing Statistical Methods.**

This collection of information does not employ statistical methods.