

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number 1513-0068

TTB REC 5210/1 - Tobacco Products Manufacturers - 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. In order to safeguard these taxes, tobacco products manufacturers are required to maintain a system of records designed to establish accountability over the tobacco products produced. 26 U.S.C. 5741 states that every manufacturer of tobacco products is required to keep such records as the Secretary of the Treasury prescribes by regulation.

The regulation that contains the recordkeeping requirement establishing this system is codified as 27 CFR 40.181. It requires that tobacco products manufacturers maintain a record system showing the information specified in more detail in the related regulations 27 CFR 40.182 - 40.186 and 27 CFR 40.201. This includes records of tobacco received, shipped or delivered, lost, and destroyed; records of tobacco products that show the quantities manufactured, received in bond or received by return to bond, removed by whatever means, consumed or otherwise used, or disclosed as an inventory loss or gain; records in support of removals subject to tax; records in support of transfers in bond; and inventory records. In many cases, commercial records that would normally be maintained as usual and customary business records are used by the manufacturers to satisfy these requirements. Where the commercial records are not adequate for that purpose, the manufacturer must keep records utilizing TTB forms, and must keep the supplemental and auxiliary records used to compile those records. These records must be retained for a period of three years.

The comprehensive record system is essential in enabling TTB officers to trace tobacco product transactions and determine that tax liabilities have been accurately determined and discharged by the manufacturer. The records thus tie in with one another to form an inclusive system that provides a high degree of accuracy regarding the determination of tax liabilities.

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

These records are used by TTB personnel during field tax compliance examinations to verify that all tobacco products can be accounted for, thus ensuring that tax revenues are protected.

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 recordkeeping requirement is considered to be the minimum necessary to ensure compliance. The record contains the minimum amount of information necessary to maintain accountability within the system; any less information would jeopardize collection of the revenue. 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?

Without this recordkeeping requirement, there would be a significant gap in the audit trail which would make it difficult or impossible to trace these transactions. As a result, there would be no way to ensure that proper amounts owed in taxes were determined and paid.

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 Monday, July 3, 2006, 71 FR 37977. 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 protect the confidentiality of proprietary information obtained by the Government from regulated individuals.

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?

We estimate that this recordkeeping requirement will take each of the 170 respondents 150 hours per year to compile and record the required information.

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

No cost is 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 is an adjustment of a 9,300 hour increase associated with this collection due to an increase of 62 respondents from the 108 respondents previously reported.

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

The results of this collection will not be published.

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?

It would be inappropriate to display the expiration date for OMB approval because this is a recordkeeping requirement and unlike the form there is no medium on which to display the date.

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 does not employ statistical methods.