

DEPARTMENT OF THE TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number 1513-0050

TTB F 5110.50 – Tax Deferral Bond - Distilled Spirits (Puerto Rico)

**A. Justification:**

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

Distilled spirits in Puerto Rico are not subject to the federal excise tax imposed by Chapter 51 of the Internal Revenue Code of 1986. Rather, such spirits become subject to a tax, imposed by 26 U.S.C. 7652, equal to the federal excise tax when brought into the United States. A manufacturer who ships distilled spirits from Puerto Rico to the U.S. may either choose to pay the tax prior to shipment or file a bond and defer payment of taxes. TTB Form 5110.50 is the bond form which a manufacturer in Puerto Rico must file if he elects to defer the payment of taxes for payment on a semi-monthly tax return system. The form requires the following information: the name and address of the principal, the identity of the surety, the amount of the bond, the effective date and type of bond, and an allocation of the penal sum of the bond among the various locations to be covered. The laws and regulation supporting this requirement are found in 26 U.S.C. 7101, 7102, and 7652 and 27 CFR 26.66.

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

TTB Form 5110.50 may be filed by distillers, rectifiers, or bottlers of beverage distilled spirits, or by manufacturers of nonbeverage products containing distilled spirits which are subject to tax. TTB uses the information on this form to determine if the alcohol shipment is from an authorized location and payment of federal tax on alcohol shipments is adequately insured, and to identify the responsible insurer in case of default.

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 will approve the use of improved technology on a case-by-case basis.

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?

All businesses, including small businesses, are required to pay the statutory tax. This collection of information allows businesses to defer payment of the tax by posting a bond. The form requires the minimum amount of information necessary to ensure that deferral of tax payment does not jeopardize the revenue.

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 a bond on form 5110.50, taxpayers would be required to file returns and pay taxes before they ship spirits from Puerto Rico to the U.S. instead of consolidating and deferring the payments as they are entitled to do under the bond. Allowing deferral of taxes without bond coverage would cause jeopardy to the revenue.

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

There are no special circumstances associated with this collection.

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

A 60-day notice was published in the Federal Register (72 FR 51904) on Tuesday, September 11, 2007. The notice solicited comments from the general public. TTB received no comments in response to this notice.

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 information collection.

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

The confidentiality of responses is protected by 26 U.S.C. 6103.

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?

The number of respondents (10) and the number of forms filed annually (1) by each are based on historical data provided by field personnel who audit and process this form. We estimate that each request requires 1 hour to prepare.

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?

The estimated total annual cost to the Federal government is as follows:

Printing	\$ 570.00
Distribution	160.00
Clerical Cost	60.00
Other Salary (review Supervisory, etc.)	<u>300.00</u>
Total	\$1,090.00

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.

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?

We will display the expiration date of OMB approval for this 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 does not employ statistical methods.