

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Requirement

OMB Control Number 1513-0088

TTB REC 5000/24 Alcohol, Tobacco, and Firearms Related Documents for Tax Returns and Claims

A. Justification

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

We are responsible to collect excise taxes on firearms, ammunition, distilled spirits, wine, beer, cigars, cigarettes, chewing tobacco, snuff, cigarette papers and tubes, and pipe tobacco as vested by the statutory authority listed on the attached statement. Alcohol, tobacco, firearms and ammunition excise taxes, plus tobacco special occupational taxes are required to be collected on the basis of a return. To safeguard the revenue for these taxes, Congress has provided for a comprehensive system of regulating and collecting these taxes. 26 U.S.C. 5555 authorizes the Secretary to prescribe the regulations requiring every person liable for tax to prepare any records, statements, or returns as necessary to protect the revenue.

In addition to normal tax determination, tax returns must also reflect when there are additional taxes:

- (a) for duties on commodities that were not declared upon importation and are now due;
- (b) tax samples; and
- (c) where there are tax discrepancies in those situations where shortages occur.

These records are integral segments of an accountability system established in regulations found in 27 CFR Parts 17, 19, 24, 25, 26, 27, 29, 31, 40, 41, 44, 45, 46, 53, and 70 to provide a reasonable degree of protection to the revenue. Revenue protection is primarily afforded by our auditors utilizing required operational records. Supplemental and auxiliary records derived from individual protection operations are available as commercial records including invoices, inventories, and/or affidavits to support the claim, or the return. Our personnel may request, during the processing of returns and claims or during regularly scheduled revenue examinations at the taxpayer's place of business, to review retained copies of all tax returns, claims, or other records necessary to make tax determinations. In conducting these reviews, our

personnel can identify problem areas for examination, which will help during regulatory audit examinations and inspections.

Documentation is also essential to substantiate when there is a change in control in the business through death, bankruptcy, withdrawal of a partner, or movement of a business to another location. Examples are: 27 CFR 31.94, change in one or more business partners; 27 CFR 24.129, change in location of business; 27 CFR 19.186, change in the proprietor of the business; or 27 CFR 25.74, change in business stockholders.

Claims for the abatement or refund of taxes paid are submitted on TTB Form 5620.8 (OMB 1513-0030). Documentation created or maintained by the claimant (affidavits, invoices and inventories) must be able to establish that the loss was not a result of negligence, fraud, or collusion.

Taxpayers may also file a claim for credit or refund on taxes paid on the cigars and cigarettes, that were lost or destroyed (e.g. by fire, act of God, etc.) other than theft, as in 27 CFR 40.283; or as in 27 CFR 40.311, where tobacco products are voluntarily withdrawn from the market. To show that the claim is valid, there should be evidence that the necessary destruction occurred. There are also instances where there is overpayment by the taxpayer, and the taxpayer seeks relief or where the taxpayer submits a statement indicating overpayment of the floor stocks tax and seeks a refund. Records must be created or maintained to justify and support these claims and requests.

The maintenance of records are necessary to determine the tax liability, verify computations on tax returns, determine the adequacy of bond coverage, verify the correctness of claims and other adjustments to tax liability.

A list of all statutory and regulatory requirements associated with this collection is attached.

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

Without these collections of information, we would be unable to properly process returns or claims. For example, in the absence of the required recordkeeping, we could not verify taxable removals, taxes due, adequacy of withdrawal bonds, or correctness of claims for refund or abatement. In addition, we lack the personnel to monitor compliance with the laws and regulations and therefore must rely on the documentation, without which, there would be increased jeopardy to the revenue or payment on fraudulent claims.

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

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

The information collected on the supporting documentation is pertinent to the taxpayer or claimant only. Taxpayers or claimants provide this supporting documentation to substantiate the tax return or claim. As far as we can determine, similar information is not available anywhere else.

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 with existing regulations. Everyone, regardless of size, is required to maintain these records; however, the proprietor with the smaller business will maintain a smaller number of records.

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?

Tax records prescribed by these parts constitute a continuing recording of ongoing activities. Less frequent recordkeeping would result in incomplete determinations of taxes owed or credited and would severely hinder our verification of tax payments during audits.

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

No special circumstances are associated with this collection of information.

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 (74 FR 26920) on Thursday, June 4, 2009. 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 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 the information prepared in this supporting documentation to substantiate tax returns and claims is protected by 26 U.S.C. 6103.

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

We do not ask questions of a sensitive nature in this collection.

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

There is no change in burden from the previous submission. 503,921 (respondents) X 1 (times filed annually) = 503,921 (responses) X 1 hour (processing time) = 503,921 (total burden hours).

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

Tax records currently prescribed by parts 17, 19, 24, 25, 26, 27, 29, 31, 40, 41, 44, 45, 46, 53, and 70 are usual and customary records which impose no cost burden to the respondents under the provisions of 5 CFR 1320.7(b).

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

Estimates of annual cost to the Federal Government are as follows:

Printing	\$ 482.00
Distribution	208.00
Clerical Cost	517.00
Other Salary (review, supervisory, etc.)	<u>937.00</u>
Total	\$2,144.00

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 adjustments or program changes 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?

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 place an expiration 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.