

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Requirement

OMB Control Number – 1513-0064

TTB REC 5170/1 - Importers Records and Reports

A. Justification

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

Recordkeeping. Distilled spirits, wine, and beer have historically been a major source of excise tax revenues for the Federal government. Any diversion of these commodities to untaxpaid beverage use results in substantial losses in these revenues. In order to safeguard these taxes, a comprehensive system of recordkeeping has been established that allows these liquors to be traced from the importer through the wholesaler to receipt at the retail level.

This recordkeeping requirement concerns the records which must be maintained by the importer. Importers must maintain records detailing the receipt and disposition of liquors. These records are used by TTB to verify that operations are being conducted in compliance with the law and to ensure that all taxes and duties have been paid on imported spirits, thus protecting the revenue.

In actual practice, almost all importers are also wholesalers under the provisions of 27 CFR Part 31 and therefore maintain all required records showing the receipt and disposition of liquors under the provisions of that Part, specifically sections 31.225 and 31.226. The only importers who are not also wholesalers are "brokers" who do not take actual physical possession of the liquors. Although these brokers need not qualify as wholesalers, under the regulations relating to importation (27 CFR Part 26, Liquors and Articles from Puerto Rico and the Virgin Islands, and 27 CFR Part 27, Importation of Distilled Spirits, Wines and Beer) they must keep records similar to those prescribed in part 31.

These records of receipt and disposition maintained by brokers are usual and customary business records. By regulation, the records consist of the commercial invoice received or prepared by the importer showing the kind and quantity of the liquors released from Customs custody and the name and address of the person receiving the liquors. Individuals could not succeed in business without maintaining these basis business records. Accordingly, the following recordkeeping requirements are consolidated into the submission covering usual and customary business record for importers who are not wholesalers, 27 CFR 26.163, 26.272, and 27.133.

Reporting. Reports included in this submission are letterhead applications and notices. Letterhead applications are documents submitted for approval by TTB and notices are documents submitted with no approval necessary. Letterhead applications and notices are qualifying documents relating to specific regulated activities. In promulgating regulations requiring either of these types of reporting, TTB first determines if there is sufficient jeopardy to the revenue to necessitate a reporting requirement. Once this determination is made TTB's policy is that activities with greater jeopardy to the revenue should be regulated by a letterhead application, approved before the activity can begin, and activities with less jeopardy to the revenue should be regulated by a notice requirement. The following reporting requirements are consolidated in one submission covering letterhead applications and notices filed by importers.

#### Letterhead Applications

##### 27 CFR

26.331 and 27.221 Alternate method and procedures.  
27.136 Location and maintenance of required records.  
27.208 and 27.209 Applications relating to liquor bottles.

#### Notices

##### 27 CFR

26.52 and 26.222 Still wines containing carbon dioxide.  
26.112a Payment of taxes by electronic funds transfer.

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

Recordkeeping. The records required by this submission are used by TTB personnel during field tax compliance examinations to verify that all imported liquors can be accounted for. By ensuring that all liquors have been imported in compliance with the law, tax revenues are protected and consumers are protected from unsafe or misleading labeled or bottled products, as a consequence, elimination of these records would leave a significant gap in the audit trail by making it more difficult to trace transactions in imported liquors.

Reporting. The letterhead applications and notices required by this submission are necessary to ensure that the importer's proposed alternative method will provide equal protection to the revenue and will not pose a burden to TTB in administering parts 26 and 27. These letterhead applications and notices help to protect the revenue.

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?

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

Reporting. TTB does not contemplate obtaining the equipment necessary to receive the required applications or notices with improved information technology. The required applications or notices must be written or typed on paper.

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?

These records and reports provide information that is pertinent to each respondent and applicable to his/her specific operations. As far as we can determine, similar information is not available elsewhere.

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

These recordkeeping and reporting requirements are considered to be the minimum necessary to ensure compliance. The standards cannot be reduced on the basis of the size of the respondent.

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?

Not collecting or less frequent collection of this information would leave a significant gap in the audit trail by making it more difficult to trace transactions in imported liquors, posing jeopardy to the revenue.

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 Friday, September 18, 2009, 74 FR 47990. 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?

Records required by this submission are maintained at the premises of the regulated person. These reports are maintained at TTB's National Revenue Center, in secure file rooms with controlled public access. The confidentiality of information collected 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?

Recordkeeping. The recordkeeping requirements in this submission involve usual and customary business records. As a result, there is only 1 burden hour. The record retention requirement for this information collection is 3 years.

Reporting. The reporting requirements in this submission will affect an estimated 500 importers of liquors annually. Each importer will ordinarily prepare only one application in its business lifetime. Each application should require approximately 30 minutes to prepare. There is no change in burden hours from the previous submission.

$500 \text{ (respondents)} \times 30 \text{ minutes (preparation time for reporting)} = 250 \text{ (responses)} + 1 \text{ (recordkeeping time)} = 251 \text{ (total burden hours)}$

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.

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, unlike a form, there is no medium on which to display the expiration date for OMB approval.

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.