

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0035

TTB F 5220.3 Inventory – Export Warehouse Proprietor

A. JUSTIFICATION

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

On February 4, 2009, President Obama signed into law the Children’s Health Insurance Program Reauthorization Act of 2009, Pub. L. 111-3, 123 Stat. 8 (“the Act”). Section 702 of the Act included amendments to the Internal Revenue Code of 1986 (IRC) to extend permit, inventory, reporting, and recordkeeping requirements of export warehouse proprietors to include processed tobacco, even though such processed tobacco is not subject to excise tax under the IRC.

26 U.S.C. 5721 imposes the requirement upon export warehouse proprietors to take a true and accurate inventory of all tobacco products, processed tobacco, and cigarette papers and tubes. These inventories are to be taken at the commencement of business, conclusion of business, and at any other time as prescribed by regulations. Inventory records are to be maintained in the manner prescribed by regulations and made available for inspection by TTB officers as required by 26 U.S.C. 5741. If the proprietor fails to comply with this requirement, it would be a violation of the statute and could subject the proprietor to a fine under the civil penalties of 26 U.S.C. 5761. The statutory requirement for TTB F 5220.3 is prescribed in the following regulations:

27 CFR 44.143	27 CFR 44.146
27 CFR 44.144	27 CFR 44.161.
27 CFR 44.145	

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

TTB F 5220.3 is used by export warehouse proprietors to record inventories that are required by law and regulations. Tobacco products, processed tobacco, and cigarette papers and tubes are held on bonded premises by the export tobacco warehouse proprietor until the articles are exported without payment of tax, transferred in bond to another export warehouse, or returned to the manufacturer. TTB F 5220.3 provides a uniform format for recording inventories for these articles

and establishes a contingent tax liability on tobacco products and cigarette papers and tubes.

TTB F 5220.3 is authorized by a statutory requirement that provides the Secretary of the Treasury with the discretion to determine the format and frequency of collecting this information. The information collected is pertinent and applicable only to the needs of each respondent.

The Act included inventory requirements for processed tobacco in order to strengthen enforcement authority over tobacco products and thus prevent the diversion of materials used for making tobacco products to unauthorized manufacturers who would not be accountable to TTB.

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?

TTB has approved and will continue to approve the use of improved information 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?

TTB F 5220.3 collects information that is pertinent to each respondent and applicable to his/her specific inventory. As far as we can determine, similar information is not available any where else.

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

All entities, regardless of size, are required by statute to complete this form. The information collected is the minimum necessary to reflect a true and accurate inventory as required by statute. The information is collected only when an export warehouse proprietor commences business, discontinues business, or when requested by TTB. As this information collection requirement is required by statute, it cannot be waived simply because the respondent's business is small.

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?

Respondents complete this information only as often as necessary to comply with the

regulations authorized by the statute. If this information were not collected TTB would lose an effective means to determine tax liability. Tax liability is established to prevent jeopardy to the revenue derived from tobacco products.

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?

The general public will be notified of this information collection in a temporary rule and notice of proposed rulemaking published in the Federal Register. The notice will solicit comments from the general public.

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?

No specific assurance of confidentiality is provided. 26 U.S.C. 6103 protects the confidentiality of the information collected.

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?

TTB estimates that 80 respondents would be required to conduct an inventory and fill out this form per year. Thus, the reporting burden is calculated as follows:

Inventory

80 respondents x 1 year = 80 responses
@ 5 hours per response = 400 hours

Total Hours = 400

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 annualized 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?

The program change reported in Item 13 of the OMB Form 83-I is made in the implementation of the Act. There is an increase in the number of respondents, with the addition of processed tobacco.

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?

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. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.