

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0033

TTB F 5210.5 Report – Manufacturer of Tobacco Products or Cigarette Papers and Tubes and TTB F 5250.1 Report – Manufacturer of Processed Tobacco

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 to manufacturers and importers of processed tobacco even though such processed tobacco is not subject to excise tax under the IRC.

26 U.S.C. 5722 specifies that every manufacturer of tobacco products, processed tobacco, or cigarette paper and tubes provide reports as specified in regulations by the Secretary of Treasury. The regulations in 27 CFR Part 40, prescribe the reports made by the manufacturers and are found under 27 CFR 40.202, 40.422, and 40.522.

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

TTB uses the information collected on TTB F 5210.5 and TTB F 5350.1 to ensure that Manufacturers conduct their operations in a manner that protects the revenue and promotes compliance with the law and regulations. TTB gathers information about specific activities that account for taxable commodities. TTB F 5210.5 is checked with manufacturers' tax returns to ensure that their taxes are properly paid. TTB conducts additional checks, for example on losses, to make sure that the revenue is collected and that manufacturers are complying with the law and regulations. TTB examines and verifies entries so that unusual activities, errors and omissions may be identified. For example, TTB personnel verify the on-hand inventory figures, the accuracy of additions and computations, and that the bond required of all manufacturers is sufficient.

TTB F 5250.1 is checked 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 provides an electronic means, through Pay.gov, for manufacturers to provide this information in addition to allowing manual reports by businesses that may not be able to use the electronic system.

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?

TTB F 5210.5 and TTB F 5250.1 collect information that is pertinent to each respondent and applicable to their 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?

TTB requires all businesses, regardless of size, to complete this report because reporting protects the revenue. Consequently, this information collection can not be waived because the respondent's business is small. In the future, TTB may consider reducing the frequency of this information collection for small businesses if it does not affect the accuracy and timeliness of the required information, or pose a jeopardy to 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?

If TTB were not able to collect this information, then TTB would not fulfill its obligations and goals to protect the revenue. In addition, a less frequent information collection jeopardizes TTB's ability to take accurate and timely action when irregularities occur.

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; however, TTB protects the confidentiality of tax information under 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?

TTB estimates that 193 manufacturers of tobacco products, processed tobacco, or cigarette papers and tubes would be required to prepare and submit monthly reports. Thus, the reporting burden is calculated as follows:

Monthly Summary Reports

193 respondents x 12 months = 2,316 responses  
@ 2 hours per response = 4,632 hours

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

The total annual cost estimate associated with this paperwork requirement is allocated entirely to operations and maintenance. Annual costs are allocated as follows:

4,632 hours X \$6.55 = \$30,339.60  
Postage: 2,316 reports @ \$0.44 = \$1,019.04

Total: \$31,358.64

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

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

Printing	\$ 2,000
Distribution	1,000
Clerical Cost	14,500
Other Salary (review by specialist, etc.)	80,000
Overhead	<u>9,500</u>
TOTAL	\$107,000

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 changes reported in Item 13 and Item 14 of the OMB Form 83-I are made in the implementation of the Act. There is an increase of 2,328 hours associated with this

collection now as a result of the addition of processed tobacco manufacturers and the reevaluation of the time it takes to complete these forms.

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.