

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number – 1513-0032

TTB F 5210.9 Inventory – Manufacturer of Tobacco Products, Processed Tobacco, or Cigarette Papers and Tubes

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 of 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 every manufacturer of tobacco products, processed tobacco, or cigarette papers or tubes of taking a true and accurate inventory. 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 available for inspection by TTB officers as required by 26 U.S.C. 5741. The requirement for submission of TTB F 5210.9 is contained in TTB regulations at 27 CFR 40.201 and 40.523. Section 40.201 is being amended, and 40.523 is being added, by the temporary rule implementing the Act.

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

This form provides a uniform format for recording inventories on tobacco products. The information contained in TTB F 5210.9 enables TTB to determine that correct taxes have been or will be paid. Tax liability is established to prevent jeopardy to the revenue derived from tobacco products.

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?

We have approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the maintenance of records needed for this information collection.

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?

The information collection request only requires reports that are pertinent to each manufacturer's specific operation. 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?

This reporting requirement is considered to be the minimum necessary to ensure compliance. This collection of information is not susceptible to reduced requirements for small business.

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 this information or less frequent collection of this information would pose 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?

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?

This information collection is maintained at our National Revenue Center in secure file rooms with controlled public access. Moreover, 26 U.S.C. 6103 protects the confidentiality of the tax 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 193 manufacturers of tobacco products, processed tobacco, or cigarette papers and tubes would be required to prepare and submit one report per year. Thus, the reporting burden is calculated as follows:

Inventory

193 respondents x 1 year = 193 responses
@ 2 hours per response = 386 hours

Total Hours = 386

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:

386 hours X \$6.55 = \$2,528.30
Postage: 193 reports @ \$0.44 = \$84.92

Total: \$2,613.22

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

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

| | |
|-----------------------------------------|------------|
| Printing | \$200 |
| Distribution | 120 |
| Clerical Cost | 100 |
| Other Salary (review supervisory, etc.) | <u>380</u> |
| Total | \$800 |

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 decrease of 464 hours associated with this collection due to a reevaluation of annual hours as a result of a decrease in the number of hours necessary to complete this form. The change in item 14 reflects the estimated costs 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 are not seeking approval to not 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 does not employ statistical methods.