

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0024

TTB F 5220.4 Report – Proprietor of Export Warehouse

A. JUSTIFICATION

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

Persons operating businesses, known as export warehouses must qualify for and receive a permit from TTB. One of the requirements for operation under this permit is the filing of a monthly report of operations, TTB F 5220.4. The Internal Revenue Code, 26 U.S.C. 5722, authorizes the Secretary of the Treasury to prescribe regulations requiring such reporting. The implementing regulations are found under 27 CFR:

44 147	44.149	44.151
44.148	44.150	

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. 27 CFR 44.147 is being amended to incorporate this statutory change.

TTB F 5220.4 is a balanced report which summarizes operations at the export warehouse and accounts for the articles for which tax is not due and which are being handled by these proprietors. Normally, no tax will be paid on the tobacco products if they are properly exported. TTB F 5220.4 is the only document filed with TTB which identifies the inventory, at any given time at the export warehouse premises, as well as the articles received and removed during the reporting period.

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

TTB uses the information collected on TTB F 5220.4 to ensure that proprietors 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 articles that could be subject to tax, and/or might be improperly diverted to avoid the proper tax action of tobacco products. These reports are checked with proprietors’ 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 proprietors 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 the proprietor is sufficient.

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 proprietors 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 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 5220.4 collects information that is pertinent to each respondent and applicable to its specific operations. 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?

TTB requires all businesses, regardless of size, to complete this report because the information is necessary to protect the revenue. 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, and does not jeopardize 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 to prevent diversion.

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 80 export warehouse proprietors would be required to prepare and submit monthly reports. Thus, the reporting burden is calculated as follows:

Monthly Summary Reports

80 respondents x 12 months = 960 responses

@ 2 hours per response = 1,920 hours

Total Hours = 1,920

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:

1,920 hours X \$6.55 = \$12,576.00
Postage: 960 reports @ \$0.44 = \$422.40

Total: \$12,998.40

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	10,900
Other Salary (review by specialist, etc.)	60,000
Overhead	<u>7,290</u>
TOTAL	\$81,190

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 of 1,123 hours associated with this collection due to a reevaluation of annual hours as a result of the increase in the time it takes 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.

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.