

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Requirement

OMB Control Number 1513-0009

TTB F 5120.25 Application to Establish and Operate Wine Premises
TTB F 5120.36 Wine Bond

A. Justification.

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection? Also include the following: Align the information collection to Treasury's Strategic Goals, Line of Business/Sub-function, and IT Investment, if one is used.

Title 26 U.S.C. 5351 – 5373 provide for the establishment and operation of bonded wineries and taxpaid wine bottling houses. These sections of law specifically provide for filing applications and bonds, withdrawal and use of wine spirits from distilled spirits plants, and removal of wine upon payment of tax, free of tax, and without payment of tax. 26 U.S.C. 5351 requires that persons establishing a place for the production, blending, cellar treatment, storage, bottling, packaging, or repackaging of un taxpaid wine, including the use of un taxpaid wine spirits in wine production must, before starting operations, make an application and file a bond with the Secretary of Treasury and then receive permission to operate. These operations are known as bonded wine cellars except for those operations engaged in production which are known as bonded wineries. TTB F 5120.25 and TTB F 5120.36 and supporting data are prescribed in regulations 27 CFR:

24.100	24.113	24.128	24.152
24.101	24.114	24.129	24.153
24.102	24.115	24.130	24.154
24.103	24.116	24.131	24.155
24.105	24.117	24.135	24.156
24.106	24.120	24.136	24.157
24.107	24.122	24.137	24.158
24.108	24.123	24.140	24.159
24.109	24.124	24.145	24.166
24.110	24.125	24.146	24.167
24.111	24.126	24.147	24.291
24.112	24.127	24.150	70.281

TTB F 5120.25 is used to establish the qualifications of an applicant for a bonded wine cellar, bonded winery, taxpaid wine bottling house, or by a current proprietor whose status has changed and must change the information already on file. The applicant certifies his/her intention to produce and/or store a specified amount of wine and takes certain precautions to protect it from unauthorized use. The applicant registers, when applicable, any names, other than the applicant's own, which are to be used in packaging the wine. The completed application and supporting data is a permanent record of the business and its qualifications to operate.

TTB 5120.36 is a wine bond form used by the proprietor and a surety company as a contract to ensure tax payment.

For this submission, TTB is requesting approval to use an electronic version of these forms in a new system, Permits ON Line (PONL). PONL will allow for the electronic submission of these forms.

This information collection is aligned with:

Treasury Strategic Goal: Effectively Manage U.S. Government Finances.

Line of Business/Sub-function: General Government/Taxation Management.

IT Investment: Tax Major Application Systems.

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

We collect and use the information on TTB F 5120.25 and TTB 5120.36 to calculate the size of the bond required and to determine if the proposed plant will provide adequate protection for the revenue. The forms clearly identify the information and use of standardized forms, provide an efficient method of collecting the required information for the excise tax on wine, and provide a statutory system of controls for securing payment of taxes properly due.

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. We are developing a system, PONL, from which forms will be submitted electronically. These forms will be added during Phase I of the development of PONL.

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 forms contain information collected that is pertinent to each respondent and applicable to the specific issue of filing an application and a bond for the protection of Federal taxes. 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?

In this collection of information, TTB collects what it believes to be the minimum amount of information necessary to ensure collection of excise taxes on wine. The standards cannot be reduced on the basis of the size of 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?

These forms cannot be readily eliminated because they implement a statutory requirement and have a volume of information of limited usage. Elimination or less frequent collection of this information would pose jeopardy to the revenue.

7. Are there any special circumstances associated with this information collection that would require it to be conducted in a manner inconsistent with OMB guidelines?

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? Summarize the public comments that were received and describe the action taken by the agency in response to those comments.

A 60-day notice was published in the Federal Register (74 FR 26920) on Thursday, June 4, 2009. The notice solicited comments from the general public. TTB received no comments in response to this notice.

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?

These forms are maintained at our National Revenue Center in secure file rooms with controlled public access. Moreover, 26 U.S.C. 6103 protects the confidentiality of proprietary information obtained by the Government from regulated individuals.

11. What justification is there for questions of a sensitive nature?

We do not ask questions of a sensitive nature in this collection.

12. What is the estimated hour burden of this collection of information?

There is a slight decrease in the burden hours (100) from the previous submission. With the introduction of the PONL system, industry members can submit these forms electronically. Previously the burden hours were 1,720 X 1 = 1,720 X 15 minutes (TTB F 5120.25 and 1 hour (TTB F 5120.36) = (430) and (1,720) 2,150.

Paper: 1,320 (respondents) X 1 (times filed annually) = 1,320 (responses) X 15 minutes (TTB F 5120.25) (19,800/60=330) and 1 hour (TTB F 5120.36) (1,320) (processing time) = 1,650 (total burden hours).

PONL: 400 (respondents) X 1 (times filed annually) = 400 (responses) X 15 minutes (TTB F 5120.25) (6,000/60=100) and 45 minutes (TTB F 5120.36) (18,000/60=300) (processing time) = 400 (total burden hours).

Total Burden Hours: 1,650 + 400 = 2,050

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information (excluding the value of the burden hours in Question 12 above?)

We do not associate any cost with this information collection.

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

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

Printing	\$ 774
Distribution	140
Clerical Costs	188
Other Salary (review supervisory, etc.)	616
TOTAL	<u>\$1,718</u>

15. What is the reason for any program changes or adjustments reported?

There is a program change associated with this collection. The burden hours will decrease as a result of the reduction in the time it takes to complete and submit TTB F 5120.36 using the PONL system.

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 will display the expiration date of OMB approval for these collections.

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.