

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number 1513-0054

TTB F 5640.1 - Offer in compromise of liability incurred under the provisions of Title 26 U.S.C. enforced and administered by the Alcohol and Tobacco Tax and Trade Bureau

TTB F 5600.17 - Collection Information Statement for Individuals

TTB F 5600.18 - Collection Information Statement for Businesses

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.

26 U.S.C. 7122 provides that the Secretary of Treasury may compromise any civil or criminal case arising under the Internal Revenue Code (IRC). An offer in compromise is a voluntary submission of a monetary settlement for violations in lieu of civil or criminal action. Provisions of the IRC administered by TTB are sections 4181 and 4182 and Chapters 51 and 52.

Violations of the IRC include but are not limited to: tax liabilities arising from the illegal production of untaxpaid spirits, wines, or beer; the failure to file returns or to pay occupational taxes with respect to tobacco products, cigarette papers and tubes; the failure to pay firearms making or transfer taxes; or criminal liabilities of retail dealers in liquor arising from violations of the Internal Revenue laws relating to liquor, including the reuse or refilling of liquor bottles.

27 CFR 70.482 requires that offers in compromise shall be submitted on TTB F 5640.1. The form is signed under penalties of perjury and is an agreement, by the party in violation, to the conditions of the offer in compromise. Also, the party in violation identifies the amount of the offer and provides justification as to why the violations occurred, why the offer should be accepted, and assurance that the violation will not occur again. If accepted, the offer in compromise is a settlement between the government and the party in violation, prior to legal proceedings or prosecution; government and party in violation mutually consents to some other alternative.

27 CFR 70.482(d)(1)(i) provides that if the offer in compromise is based on inability to pay, the party must submit any financial statement required by the officer authorized to accept or reject the offer. TTB F 5600.17, for individuals, and TTB F 5600.18, for businesses, can be used to submit the financial statement. The information collected on these forms is used to determine the party's financial standing in order for the authorizing officer to develop an installment payment plan. If approved, the party is required to make payment amounts, at specified times, that will not create a financial hardship but will allow him/her to pay the offer in full within a reasonable time period.

This information collection is aligned with:

Treasury Strategic Goal: Effective Manage US Government Finances.

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

IT Investment: Regulatory Major Application Systems.

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

TTB personnel examine and process TTB F 5640.1 to determine the adequacy of the offer in compromise in relation to the alleged violations of the law. TTB F 5640.1 identifies the person including the name, address, social security number and/or employee identification number, the violations of tax liabilities being compromised, the amount of the compromise offer, and the respondent's reasons for believing that the offer should be accepted. TTB personnel examine and process TTB F 5600.17 and TTB F 5600.18 to determine if the individual/business is unable to pay the offer in full, and if not, what the party can pay and in what increments to satisfy the liability.

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 will 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?

These forms are specific to the individual/business' tax liability, therefore, this information is not gathered in any other information collection. No similar information is available from any other sources.

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

These information collections are not susceptible to reduced requirements for small business. All individuals/businesses, regardless of size, must complete the form(s) applicable to their offer.

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 the information were not submitted, TTB would have no way to determine the respondent's eligibility to offer a compromise of monies owed as a result of civil or criminal violations, or the respondent's ability to pay.

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 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 Federal Register notice was published for this information collection on Monday, March 7, 2011, 76 FR 12412. The notice solicited comments from the general public. TTB received no comments.

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 information 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 (NRC) in a secure room with no public access. The confidentiality of the information collected on these forms is protected by 26 U.S.C. 6103 and 5 U.S.C. 552.

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 F 5640.1

Each of the 40 respondents files 1 form each year. It takes 2 hours to prepare the form. The estimated number of hours per response, the number of respondents, and the number of forms filed annually by each are based on historical data provided by office personnel who process this form. The total burden hours are 80.

TTB F 5600.17 and TTB F 5600.18

TTB F 5600.17 and TTB F 5600.18 generate 20 responses (10 each) annually, 1 respondent per response. It takes each respondent 3 hours to prepare their response, a total of 60 burden hours. This information is based on historical data provided by our NRC, the office personnel who process these forms.

Total Respondents are $40 + 10 + 10 = 60$ and Total Burden Hours are $80 + 30 + 30 = 140$.

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)?

There is no cost associated with this collection.

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

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

	<u>TTB F 5640.1</u>	<u>TTB F 5600.17 and TTB F 5600.18</u>	<u>Total</u>
Printing	\$ 271	\$ 1,000	\$ 1,271
Distribution	256	400	656
Clerical Cost A	500	1,000	1,500
Other salary (review, supervisory, etc.)	<u>3,870</u>	<u>4,000</u>	<u>7,870</u>
	4,897	6,400	11,297

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

There are no program changes or adjustments 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 will display the expiration date of OMB approval for this collection.

18. What are the exceptions to the certification statement?

- (c) See item 5 above
- (f) This is not a recordkeeping requirement
- (i) No statistics are involved
- (j) See item 3 above

B. Collection of Information Employing Statistical Methods

This collection does not employ statistical methods.