

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0022

TTB F 5520.2 - Annual Report of Concentrate Manufacturers
TTB REC 5520/1 - Usual and Customary Business Records - Volatile Fruit Flavor
Concentrate Plants

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.

Any diversion of ethyl alcohol to untaxpaid beverage use results in a loss of revenue. Manufacturers of volatile fruit-flavor concentrate (VFFC) are regulated because the products they produce contain ethyl alcohol that could be diverted to beverage use.

Based on the above considerations, manufacturers' of VFFC are required to comply with the provisions of the Internal Revenue Code (26 U.S.C. 5511) with respect to qualification, operating, and paperwork (*i.e.* recordkeeping and reporting) requirements. The regulations promulgated from this law appear in the Code of Federal Regulations at 27 CFR Part 18.

Recordkeeping

All recordkeeping requirements included in this submission are usual and customary business records. Depending on the manufacturer's preference, these may include record books, papers, commercial invoices, bills of lading, or other similar records showing the production, removal, sale, transportation, and use of concentrate and the juice or mash from which it is produced. TTB believes that the regulated individuals could not succeed in business without maintaining these kinds of records. Although TTB believes that these records would have to be kept anyway, as usual and customary business records, without the actual recordkeeping requirement no recording of the data elements necessary to verify these transactions would be required.

27 CFR 18.51 - The proprietor is required to maintain a record showing the processing material used, by kind and quantity.

27 CFR 18.54(d) - The proprietor is required to record transfers of concentrate on a record of transfer.

27 CFR 18.55 - The proprietor is required to affix to each container of concentrate a label showing the information as described in the regulation.

27 CFR 18.56 - The proprietor is required to record and report the receipt of returned concentrate. The report is made on the annual report, TTB F 5520.2.

27 CFR 18.61 - General requirement to keep records specifying the place where records must be kept and for how long. Records are required with respect to the production, transfer, or return of concentrate and the juice or mash from which it is produced; however, the proprietor need not prepare a specific record to meet these requirements--any book, paper, invoice, bill of lading, or similar instrument that the proprietor prepares or receives for other purposes may be used, provided all of the required information is shown. The proprietor will retain records and reports for 3 years from the date prepared, or 3 years from the date of the last entry, whichever is later.

27 CFR 18.62 - The proprietor is required to prepare a record reflecting the transfer of concentrate, juice, or fruit mash from plant premises. The record may consist of a commercial invoice, bill of lading, or other similar document, as long as the required information pertaining to transfers is described.

27 CFR 18.63 - When concentrate, juice, or fruit mash is transferred from plant premises to a bonded wine cellar, additional information is required--as prescribed by this regulation.

This section also establishes the general requirement that the proprietor prepares and submits any reports required by Part 18.

Reports

26 U.S.C. 5511(3) provides that the Secretary of the Treasury may, by regulation, prescribe that manufacturers of VFFC provide reports as necessary to ensure the protection of the revenue. The regulation that requires submission of an annual report is contained in 27 CFR 18.65.

This information collection is aligned with:

Treasury Strategic Goal: Effectively Manage US Government Finances.

Line of Business/Sub-function: Law Enforcement/Substance Control.

IT Investment: Regulatory Major Application Systems.

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

Required records are maintained at the premises of the regulated individual, and are routinely used by TTB personnel during field tax compliance examinations to verify that alcohol has not been diverted to untaxed beverage use. TTB uses reports to monitor the operations of the regulated industries; this ensures that tax revenues are protected.

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 submission of the report and the maintenance of required records.

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?

To minimize duplication, TTB's recordkeeping requirements are usual and customary business records. With regard to the reporting requirement, 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 and recordkeeping requirement is considered to be the minimum necessary to protect the revenue. The standards cannot be reduced on the basis of the size of the respondent's 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?

Discontinuance 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 Federal Register notice was published for this information collection on Monday, June 09, 2011, 76 FR 33811. 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 remuneration 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 records, and a copy of the report, are maintained at the premises of the regulated individual. The annual report submitted to TTB is maintained at our National Revenue Center in secure file cabinets. The annual report information is considered tax return information and protected from disclosure under section 6103 of the Internal Revenue Code (26 U.S.C. 6103).

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

No questions of a sensitive nature are asked.

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

The number of respondents (80) is based on historical data from TTB personnel who process this form. The estimated average amount of time for this annual report is 20 minutes. The total annual burden is 27 hours. The records are usual and customary business records that the respondent would maintain in the course of doing business; therefore they do not create a burden for the respondent.

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?

There is no cost to the Federal Government.

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

(i) No statistical survey methodology is involved

(j) See item 3 above

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.