

DEPARTMENT OF THE TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0053

TTB F 5120.17      Report of Wine Premises Operations

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.

The Alcohol and Tobacco Tax and Trade Bureau (TTB) is responsible for administering the Federal excise tax imposed on wine under the Internal Revenue Code (IRC) and the consumer protection provisions of the Federal Alcohol Administration Act (FAA Act).

The report on TTB F 5120.17 allows TTB to analyze winery operational information in its own offices. This analysis may reveal inconsistencies or problem areas that may indicate jeopardy to the revenue or improper identification of wine. Aided by this information, TTB can focus resources on problem areas and perform examinations with minimal disruption to regulated industry. This report is authorized by statute, 27 U.S.C. 5367 and prescribed in regulations:

27 CFR 24.65	27 CFR 24.176	27 CFR 24.293	27 CFR 24.303
27 CFR 24.75	27 CFR 24.197	27 CFR 24.294	27 CFR 24.313
27 CFR 24.136	27 CFR 24.237	27 CFR 24.295	27 CFR 24.316.
27 CFR 24.140	27 CFR 24.292	27 CFR 24.300	

Exportation of wine free of tax is shown on the report under the provisions of 27 CFR 28.126.

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?

TTB National Revenue Center specialists examine the reports. Taxpaid removals reported on TTB F 5120.17 are checked against the winery's tax returns to ensure all excise taxes have been paid. Also, in a time of increasing wine industry bankruptcies, this report provides an effective tool to monitor needed bond coverage, which in turn protects the tax revenue. Other problem areas may include unauthorized destructions, unreported losses, or wine being produced in a substandard manner. Specialists attempt to resolve inconsistencies or problems by telephone, e-mail, fax, or correspondence with the winery. TTB only requests on-site investigations if questions are not resolved informally. Without the TTB F 5120.17, TTB would have no means, other than constant field audits, to monitor wine industry operations.



Second, information from all wine operation reports is consolidated and published as a monthly summary. These summaries are distributed to the public and to wine industry analysts on request and are placed on TTB's Web site. As evidenced by the great variety of subscribers, which include other Federal agencies, state governments, and the regulated industries, TTB believes that publication of monthly statistical data releases provides a valuable service. The data provided is not available from any other source, either from the Federal Government, state governments, or the regulated industries themselves. TTB believes the monthly statistical data releases clearly meet the practical utility standard as defined in 5 CFR 1320.7 with regard to both agency usage and making the information available to the public.

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 allows respondents to submit this report electronically via Pay.gov. Of the 32,429 responses, approximately 7,175 were submitted electronically via Pay.gov (22%). TTB considers requests by proprietors to use improved technology to reduce the burden of this reporting requirement. Requests are approved if the alternate method does not cause administrative difficulty or jeopardy to the revenue.

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 5120.17 contains information collected that is pertinent to each respondent and applicable to the specific issue of reporting operational activities. 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 May 1993, TTB reduced the frequency of report filing for certain small proprietors from monthly to annually. Effective January 1, 2006, the law changed to allow certain medium-sized proprietors to file quarterly tax returns and TTB made conforming changes to the regulations to allow those same proprietors to file quarterly reports of operations. We are now amending this form to accommodate these changes.

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?

Our largest wineries pay more than \$1,000,000 a month in wine excise tax, so their monthly reports represent a large potential tax liability. Less frequent reporting would severely restrict the monitoring value of the form and validity of information collected. Without this monthly reporting system there would be a lack of protection to the revenue. As noted above, we reduced the frequency of filing for small proprietors in 1993 and for medium-sized proprietors in 2006.

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?

The retention period for this form is three years, but may be extended for an additional three years by specific direction of a TTB official.

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?

26 U.S.C. 6103 and 5 U.S.C. 552 protect the confidentiality of the information collected. TTB F 5120.17 is maintained at TTB offices in secure file rooms with controlled access. Training includes emphasis on the importance of safeguarding this information. The published statistical data release is a consolidation of the reported activities of all wineries, so information cannot be traced to a single producer.

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

Responses of a sensitive nature are not required.

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

We compute the annual burden as follows:

	No. of Respondents	No. Responses Per Respondent	Annual Responses	Hours Per Response	Total Burden
Monthly (Large)	2,253	12	27,036	1.10	29,740
Quarterly	778	4	3,112	1.10	3,423
Annually	2,281	1	2,281	1.10	2,509
<b>Totals</b>	<b>5,312</b>	<b>6.1049</b>	<b>32,429</b>	<b>1.10</b>	<b>35,672</b>

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?

No cost is 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:

Printing	\$ 757
Distribution	1,188
Administrative	58,365
Tabulation/Publication	<u>8,647</u>
	\$ 68,957

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

The previous ICs were separated only due to the frequency of reporting (monthly, quarterly, and annually); the collection instrument was the same for all. This revision combines the three ICs into one, reporting an aggregate number and the breakout due to frequency is identified under Question 12. The increase of 5,505 responses and 6,056 hours is due to an adjustment in the number of respondents to reflect the current number reporting.

16. Outline plans for tabulation and publication for collections of information whose results will be published.

The data reported on TTB F 5120.17 is summarized by the National Revenue Center. TTB monthly statistical data releases are published as soon as possible after the end of the month to which the data applies.

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?

TTB displays the expiration date for OMB approval on TTB F 5120.17.

18. What are the exceptions to the certification statement?

- (f) This is not a recordkeeping collection
- (i) No statistical survey methodology is involved

**B. Collections of Information Employing Statistical Methods.**

This collection does not employ statistical methods.