

DEPARTMENT OF THE TREASURY

ALCOHOL TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0065

TTB REC 5170/2 Wholesale Dealers Records of Receipt of Alcoholic Beverages,  
Disposition of Distilled Spirits, and Monthly Summary Report

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.

Daily records of receipt and disposition of distilled spirits by wholesale liquor dealers are mandated by law, 26 U.S.C. 5122. This law also requires a record of all wine and beer received by a wholesale dealer. Regulations at 27 CFR 31.152 require that these records must be kept for a period of at least 3 years. In addition, the law imposes a requirement for the preparation and submission, to the Secretary of the Treasury, of a summary report showing the receipt and disposition of distilled spirits. The statute gives administrative discretion to the Secretary as to whether this reporting requirement will be imposed in a specific case. Thus, the monthly summary report imposed by regulation at 27 CFR 31.160 is required of wholesale dealers only when TTB determines that a need for it exists. Preparation and submission of a monthly summary report could, for example, be imposed on a dealer with a known history of noncompliance. Based on agency experience, it is estimated that no more than 50 dealers are required to prepare and file the monthly summary report.

In addition to 26 U.S.C. 5122, general authority for recordkeeping and reporting requirements is found at 26 U.S.C. 5555. Record retention and inspection requirements are imposed by 26 U.S.C. 5123.

The recordkeeping requirements in this information collection merely repeat those imposed by the statute. Regulations that require this collection of information provide for the very minimum burden necessary to satisfy the statutory mandate. Regulations are found at 27 CFR 31.151, 31.152, 31.155, 31.156, and 31.160. These regulations permit the use of commercial invoices as the required records of receipt and disposition.

These records and reports are the only information collections regularly required of wholesale dealers of alcoholic beverages. Therefore, they are not subject to incorporation in, or modification to, other recordkeeping or reporting requirements.

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 uses these records and reports as an accounting tool to ensure protection of the revenue. Records of receipt and disposition are the basic source documents that describe the activities of wholesale dealers. They provide an audit trail of taxable commodities from point of production to point of sale. They are a tool to ensure that wholesale dealers in distilled spirits, wine, and beer are in compliance with regulations and have accurately accounted for all products received (including inventory gains) and disposed of (including inventory losses). Records of disposition are required only for distilled spirits.

TTB uses these records to determine that alcoholic beverages are not diverted for illegal purposes and to ensure that holders of basic or operating permits are engaging in the operations stated on their basic or operating permits. TTB requires the monthly report only in exceptional circumstances to ensure that a particular wholesale dealer is maintaining the required records.

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 has approved and will continue to approve, on a case-by-case basis, the use of improved technology for the maintenance of required records and submission of required reports.

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 avoid duplication, TTB allows records maintained in the ordinary course of business to be used to comply with this recordkeeping requirement. The report is submitted only in specific instances. 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?

The preparation of records of receipt and disposition of distilled spirits, wine, and beer are required by statute; therefore, this requirement can not be reduced on the basis of the size of an entity. Wholesale dealers would maintain the collection of information contained in the required records in the ordinary conduct of business. Few wholesale dealers are required to submit reports of receipt and disposition of distilled spirits to TTB, but when required to do so, the reason is noncompliance with regulations or potential jeopardy to the revenue. No special provisions are made for size of the entity under these circumstances.

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?

Without the information required in this collection of information, TTB would be unable to determine if individual wholesale dealers were accurately accounting for receipt and disposition of distilled spirits, and receipt of wine, and beer. TTB would be severely hampered in determining whether these commodities were being illegally diverted by, or through, wholesale dealers. 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 are maintained at the premises of wholesale dealers. Reports are submitted to TTB's National Revenue Center, and are maintained in secure file rooms with controlled public access. 5 U.S.C. 552 protect the confidentiality of proprietary information obtained by the Government from regulated individuals, and 26 U.S.C. 6103 prohibits disclosure of tax returns and return information unless specifically authorized under section 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?

This information collection involves both recordkeeping and reporting requirements. The recordkeeping requirements involve the wholesale dealer's usual and customary business records, which would be maintained by the dealer even without the requirement to keep them. Therefore, there is no recordkeeping burden.

Based on agency experience, TTB estimates that no more than 50 wholesale dealers would be required to prepare and submit monthly summary reports. Thus, the reporting burden is calculated as follows:

Monthly Summary Reports

50 respondents x 12 months = 600 responses  
@ 2 hours per response = 1,200 hours

Total Burden Hours = 1,200

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?)

The total annual cost estimate associated with this paperwork requirement is allocated entirely to operations and maintenance. Annual costs are allocated as follows:

Burden hours used in preparation of reports: 1,200.

Minimum wage \$6.55/hour	Preparation 1,200 hours @ \$6.55 =	\$7,860.
<u>Postage:</u>	600 annual reports @ \$0.83 =	<u>\$ 498.</u>
Total:		\$8,358.

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

There is no cost to the Federal Government for preparation of records or submission of reports by wholesale dealers. There are no prescribed Government forms for these records and reports.

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

There are no program changes or adjustments associated with this submission.

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?

It would be inappropriate to display the expiration date for OMB approval because these are records that are maintained and the reports are submitted by the recordkeeper; and unlike a form, there is no medium for us to display the date.

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.