

DEPARTMENT OF THE TREASURY

ALCOHOL TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0094

TTB F 5300.26 - Federal Firearms and Ammunition Excise Tax Return

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.

A Federal excise tax is imposed by 26 U.S.C. 4181 on the sale of pistols and revolvers, other firearms, and shells and cartridges (ammunition) sold by firearms manufacturers, producers, and importers. 26 U.S.C. 6001 and 6011 establish the authority for a return of excise tax to be made. Tax returns for manufacturers excise taxes are required by regulation. 27 CFR 53.151 through 53.154 implement these and other statutory authorities relating to filing tax returns and specifically prescribe TTB F 5600.26. The return system ensures timely collection of taxes, proper calculation of tax liability, proper crediting of funds to the taxpayer's account, and the use of the funds for the Government as soon as possible.

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?

This information is necessary to identify the taxpayer and to establish his/her tax liability. TTB F 5600.26 is essential to TTB's ability to administer its tax administration responsibilities on firearms and ammunition excise tax.

The information requested on the return is necessary to establish the taxpayer's identity, the amount and type of taxes due, and the amount of payments made. TTB has used and will continue to use this information to determine whether the taxpayer has paid the correct amount of tax and to take additional action, such as collection or refund, where the amount paid does not equal the amount that should be or is shown on the return.

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?

The use of information technologies would not significantly reduce the burden and probably not be cost effective. The information required on TTB F 5300.26 is minimal. The actual number of occurrences for each taxpayer is normally 4 times or less per year. TTB F 5300.26 is filed by less than 1,000 taxpayers. However, TTB will continue to examine areas where the use of improved information technology can decrease the burden on taxpayers.

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 5300.26 is a requirement with information collected that is pertinent to each respondent and is applicable only to the needs of each respondent. The Federal manufacturers excise tax on firearms and ammunition is collected only by TTB. Information similar to that collected by TTB is not available elsewhere because of the nature of TTB's mission and the particular businesses that are regulated. We are not aware of any duplication among TTB's approved information collections.

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

This information collection does not have a significant impact on a substantial number of small businesses or other small entities.

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?

The return is essential to TTB's tax collection responsibilities. The absence of this information would seriously jeopardize TTB's ability to identify taxes paid for the manufacturers excise tax on firearms and ammunition because of the other taxes TTB also collects. Furthermore, it would result in delay transfer of these excise taxes to Federal and State programs.

Because each type of the manufacturers excise tax on firearms and ammunition is specifically earmarked by Federal law for special programs, the return requires the type of tax (pistols and revolvers, other firearms, and ammunition) to be reported. This information is essential to the Interior Department's distribution of funds to the States. Without this information, the Interior Department would be unable to correctly allocate funds to each of the special programs as required by law.

This form also eliminates the substantial costs which would be incurred by both the taxpayer and TTB to resolve unidentified payments of tax.

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 reenumeration of contractors or grantees?

No payment or gift is provided to respondents.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

No assurances of confidentiality are provided on TTB F 5300.26. In general, respondents' confidentiality is protected by 26 U.S.C. 6103.

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

There are no sensitive questions on this form.

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

The number of respondents (965), frequency of response quarterly (4) and annually (1), and annual responses are 4,825. This information was determined through taxpayer filings of returns and our National Revenue Center's knowledge of the industry and taxpayers. The amount of time necessary to complete the form varies widely because of the differences in the amount of sales and uses subject to tax by each taxpayer and because of the complexity of how tax is determined on each sale or use by a taxpayer. The amount of time necessary to complete the information can vary from a few minutes for a no liability tax return to 7 hours for a taxpayer with a large and complex transaction. The total annual burden is 33,775 hours. Semi-monthly and monthly returns are only filed at TTB's special request.

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)?

Estimates of annual cost to respondents, based on knowledge of the form's burden hours and average costs per hour, are as follows:

Clerical costs (filing, mailing, etc.).....	\$ 3,860
Other Salary (assembling records, making calculations, and completing return).....	\$58,000
<u>Overhead.....</u>	<u>\$ 5,800</u>
Total.....	\$67,660

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

Estimates of annual cost to the Federal Government, based on knowledge of the form's use and requirements and the costs per hour associated with each type of activity, are as follows:

Printing.....	\$ 1,000
Distribution.....	\$ 2,000
Clerical costs.....	\$ 5,150
Other Salary (examination, supervisory, etc.)	\$515,000
<u>Overhead.....</u>	<u>\$ 51,500</u>

Total.....\$574,650

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

The burden imposed on individuals/households has been broken-out and identified in as a separate IC to provide an accurate reporting of burden on the specific category of affected public. The collection instrument (TTB F 5300.26) is the same for both categories and this revision does not change the currently approved burden of 33,775 hours.

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 statistical survey methodology is involved
- (j) See item 3 above

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.