

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0103

TTB F 5200.25 Tobacco Bond-Collateral

TTB F 5200.26 Tobacco Bond—Surety

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. 5711 requires that every person, before commencing business as a manufacturer of tobacco products or cigarette papers and tubes, or as an export warehouse proprietor, file a bond in accordance with regulations. In lieu of a surety bond, 26 U.S.C. 7101 permits persons required to furnish bonds to deposit United States bonds or notes.

The TTB regulations provide for a surety bond or the deposit of collateral as security, in an amount equivalent to the potential tax liability of the manufacturer or export warehouse proprietor, with a minimum and a maximum amount set by regulation. The regulations also provide for a strengthening bond where the amount of a bond is found to be insufficient, a superseding bond where a current bond is not longer applicable, an extension of bond coverage, a termination of bond coverage, and a release of pledged securities.

The bond form is a contract between the manufacturer or proprietor and an authorized surety company to provide such a bond. The information provided on the bond form identifies the manufacturer or proprietor, the factory or warehouse covered by the bond, the surety company, and the bond amount.

The regulations that prescribe bonds or collateral and related requirements are as follows:

27 CFR 40.66	27 CFR 40.138	27 CFR 40.406	27 CFR 44.123
27 CFR 40.67	27 CFR 40.139	27 CFR 40.407	27 CFR 44.124
27 CFR 40.131	27 CFR 40.140	27 CFR 40.408	27 CFR 44.125
27 CFR 40.132	27 CFR 40.392	27 CFR 40.409	27 CFR 44.126
27 CFR 40.133	27 CFR 40.401	27 CFR 40.410	27 CFR 44.127
27 CFR 40.134	27 CFR 40.402	27 CFR 44.86	27 CFR 44.128
27 CFR 40.135	27 CFR 40.403	27 CFR 44.121	27 CFR 44.129
27 CFR 40.136	27 CFR 40.404	27 CFR 44.122	27 CFR 70.432.
27 CFR 40.137	27 CFR 40.405		

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 this information to ensure that the manufacturer or proprietor complies with laws and regulations that require adequate collateral or bond coverage to protect the revenue. These forms provide an efficient method of collecting the required information.

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 is exploring the use of electronic technology for recording and collecting this information. Each form will be considered on a case-by-case basis.

4. What efforts are used to identity duplication? Why can't any similar information already available be used or modified for use for the purposes described in Item 2 above?

The forms contain information collected that is pertinent to each respondent and applicable to the specific issue of filing a bond for the protection of Federal taxes. 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?

All entities regardless of size are required by statute to complete this information collection requirement and must respond to engage in the business of manufacturing or export warehouse operations. Because of the unique application of bonds to each particular business, we cannot limit the information for small businesses, but the information for all businesses requested by the TTB forms is minimal.

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?

In addition, TTB regulations require this information collection to protect the revenue. Eliminating or reducing the frequency of this collection poses a serious 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?

No specific assurance of confidentiality is provided on these forms or their supporting documentation; however, the confidentiality of certain information collected on these forms and their supporting documentation is protected by 26 U.S.C. 6103.

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

No questions of a sensitive nature are required.

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

Approximately 10 corporate surety bond forms (TTB Form 5200.26) are filed each year and the estimated average number of hours per filing is 2.0 hours for a total of 20 hours. Approximately 5 collateral bond forms (TTB Form 5200.25) are filed each year and the estimated average number of hours per filing is 1 hour for a total of 5 hours. Therefore, approximately 15 responses require an average of 1.4 hours for 25 total burden hours.

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:

TTB F 5200.25

Printing & Distribution	\$ 100
Salary (review, inspection, supervisory)	\$ 1,000
Clerical & filing costs	\$ 500
<u>Overhead</u>	<u>\$ 160</u>
Total	\$ 1,760

TTB F 5200.26

Printing & Distribution	\$ 100
Salary (review, inspection, supervisory)	\$ 1,000
Clerical & filing costs	\$ 500
<u>Overhead</u>	<u>\$ 160</u>
Total	\$ 1,760

Total annual cost to the Federal Government is \$3,520.

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

No program changes or adjustments are associated with this collection.

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

We will not publish the results of this collection.

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.