

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0008

TTB F 5170.7 - Application and Permit to Ship Liquors and Articles of Puerto Rican Manufacture Taxpaid to the United States

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.

Section 7652 of the Internal Revenue Code of 1986 (26 U.S.C. 7652), provides that products of Puerto Rican manufacture shipped to the United States and withdrawn for consumption or sale are subject to a tax equal to the internal revenue tax imposed on like products manufactured in the United States, and the taxes collected on such products are covered into the Treasury of Puerto Rico. Regulations in 27 CFR Part 26 provide that, with certain exceptions, the tax on distilled spirits, wine, and beer is to be paid by the consignor in Puerto Rico at the time of shipment. These regulations include:

26.114	26.116	26.118
26.115	26.117	26.119.

For each such taxpaid shipment of liquors to the United States, the Treasury of Puerto Rico must authorize the removal of the liquors from bonded warehousing under Puerto Rican law and regulations and credit the accounts of revenue receivable from the United States.

This information collection is aligned with:

Treasury Strategic Goal: Effectively Manage US 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 Form 5170.7 serves the following functions:

(1) The Secretary of the Treasury of Puerto Rico, acting through his surrogate, the Revenue Officer, verifies that the Federal tax on the liquors to be shipped have been paid and authorizes their removal from bonded warehousing without payment of the Puerto Rican tax. The TTB form provides a record of debit to the account of taxable spirits on hand and credit to the account of revenue receivable.

(2) The Customs officer in Puerto Rico is able, through the use of TTB F 5170.7, to verify that all taxes on the liquors have been paid and the liquors are authorized to be shipped to the United States.

(3) The Chief, Puerto Rico Operations (TTB) uses TTB F 5170.7 to verify the accuracy of prepayments of tax and semimonthly payments of deferred taxes and to maintain the account of revenue to be covered into the Treasury of Puerto Rico.

(4) Claimants of drawback of tax paid for nonbeverage products manufactured in Puerto Rico use the form to verify that the Federal excise tax had been paid on the distilled spirits contained in the product.

(5) TTB uses this information to ensure that the manufacturer or proprietor complies with law and regulations and that the industry member's bond provides adequate protection of the revenue.

(6) These forms identify this information and provide an efficient method of collecting the required information for excise tax on tobacco products and cigarette papers and tubes.

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 information technology for the collection and maintenance of required information.

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 5170.7 collects information that is pertinent to each respondent and applicable to their specific operations. 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?

All entities, regardless of size, are required to provide this information in order for TTB to comply with its obligation under 26 U.S.C. 7652. This requirement cannot be waived simply because the respondent's business is small. However, this collection of information does not have a significant impact on a substantial number of small businesses or other 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?

This collection of information provides information to TTB and the Department of the Treasury of Puerto Rico that taxes have been paid or determined. If the collection is not conducted, the payment of taxes will be unknown and this would impose a threat to the revenue. It would also make it impossible to accurately comply with 26 U.S.C. 7652, to collect taxes and pay amounts over to the treasury of Puerto Rico.

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 Thursday, September 29, 2011, 76 FR 60601. 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 decision of payments or gifts 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. 26 U.S.C. 6103 protects the confidentiality of the taxpayer information collected.

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

We ask no questions of a sensitive nature.

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

Respondents should complete this form in 30 minutes. Prior experience indicates that no more than 20 respondents utilize this form 10 times annually. A respondent, however, may complete more or less of these forms depending upon the number of shipments to the U.S. of Puerto Rican liquors or articles. There is no change in burden from the previous submission.

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?

The estimate of annual cost to the federal government is as follows:

Printing	\$ 160
Distribution	\$ 150
Clerical costs	\$ 490
<u>Other salary (review supervisory, etc.)</u>	<u>\$ 700</u>
Total	\$ 1,500

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 not to 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 statistics are involved
- (j) See item 3 above

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

This collection does not employ statistical methods.