

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
TTB F 5200.29 Tobacco Bond

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a strengthening bond where the amount of a bond is found to be insufficient, a superseding bond where a current bond is no longer applicable, an extension of bond coverage, a termination of bond coverage, and a release of pledged securities.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		

TTB F 5200.29 is being added as a new form to this collection. TTB F 5200.29 is a combination of TTB F 5200.25 and TTB F 5200.26 and can be used in lieu of the 2 separate bond forms. Until the applicable regulations can be amended, TTB F 5200.29 can be used on a voluntary basis. TTB F 5200.25 and TTB F 5200.26 will be discontinued once the appropriate regulatory changes are made and TTB F 5200.29 is accepted by industry members.

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 our Permits ON Line system for recording and collecting the information taken from TTB F 5200.29. Each form will be considered on a case-by-case basis.

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?

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?

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 TTB F 5200.25 and 5200.26 on Monday, June 09, 2011, 76 FR 33811; and TTB F 5200.29 on Thursday, August 4, 2011, 76 FR 46297. These notices 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?

Since our last submission, the number of respondents has increased from 15 to 66. In a 12-month period, 22 collateral bonds (TTB F 5200.25) were filed and it took 1 hour to complete each; and 44 surety bonds (TTB F 5200.26) were filed and it took 2 hours to complete each, for a total burden of 110 hours. We predict the same number of respondents will complete the new consolidated bond (TTB F 5200.29). For the new bond, 40 will file by paper and take 1.5 hours to complete each (60 burden hours); and 26 (40%) will file by PONL and take 1 hour to complete each (26 burden hours), for a total of 86 burden hours for the new consolidated bond form.

Form	Format	# Respondents	# Responses Per Respondent	Total Responses	Hours Per Response	Total Burden
5200.25		5	1	5	1	5
5200.26		10	1	10	2	20
5200.29	Paper	40	1	40	1.5	60
	PONL	26	1	26	1	26
		66		81		111

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 (Tobacco Bond – Collateral)

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 (Tobacco Bond – Surety)

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

TTB F 5200.29 (Tobacco Bond)

Printing & Distribution	\$ 104
Salary (review, inspection, supervisory)	\$ 1,068
Clerical & filing costs	\$ 793
<u>Overhead</u>	<u>\$ 200</u>
Total	\$ 2,165

Total annual cost to the Federal Government is \$5,685.

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

There is an adjustment in the number of respondents for TTB F 5200.25 & 5200.26 due to an increase in annual submissions. This increase is off-set by the predicted use of the new consolidated TTB F 5200.29 and is reflected as a program change due to agency discretion.

The program change is the result of the addition of the new consolidated bond form (TTB F 5200.29) to this information collection. The respondent has a choice of filing the surety, collateral or consolidated bond, but not all 3. The consolidated bond is used in lieu of the surety and collateral bonds. Total burden requested is 111 hours.

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 statistics involved

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.