

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement - Information Collection Request

OMB Control Number 1513-0116

TTB F 5154.3 Bond for Drawback Under 26 U.S.C. 5111

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.

The Internal Revenue Code, in 26 U.S.C. 5111-5114, authorizes a "drawback" (similar to a refund) of most of the excise tax already paid on distilled spirits, if the spirits are subsequently used in the manufacture of certain nonbeverage products. To be eligible for drawback, the distilled spirits must be used to make "medicines, medicinal preparations, food products, flavors, flavoring extracts, or perfumes, which are unfit for beverage purposes" (26 U.S.C. 5111). Persons making such products, who wish to receive drawback, must file claims alleging the facts necessary to prove their eligibility for the payment. Claims may be filed on either a monthly or a quarterly basis. Regulations governing the filing of nonbeverage drawback claims are found in 27 CFR Part 17.

When claims are submitted, they are examined in TTB's National Revenue Center to verify eligibility for drawback. Claims may also be investigated by TTB inspectors who visit the premises of the manufacturer. However, especially for claimants who file monthly claims, it is not always possible to verify every item of the claim before payment. For this reason, the law that allows monthly drawback claims (26 U.S.C. 5114(b)) provides that the Secretary of the Treasury may require bonds to be filed by persons filing such claims on a monthly basis. (Quarterly claimants are exempt from the bond requirement.) The purpose of these bonds is to protect the Government in the event that after a claim is paid, a manufacturer is found not to have been eligible for some or all of the amount that was paid. Regulations prescribing bond requirements for monthly drawback claimants are found in 27 CFR part 17, subpart E, and in 27 CFR 17.144.

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 F 5154.3 is used to collect information concerning the amount, type, and effective date of the bond, the identity of the entities executing it, and the signatures of their authorized representatives, binding them to pay the Government amounts that may become due as a result of filing claims for nonbeverage drawback. This information is used by TTB's National Revenue Center to establish the claimant's eligibility to file drawback claims on a monthly basis. If necessary, it is also used to enforce collection of money owed to the Government.

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 will consider on a case-by-case basis the use of improved technology.

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 5154.3 collects information from a specific group of respondents and the information provided is unique to those respondents. 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?

This information collection burden is already minimized for all respondents as much as possible within the context of the statutory requirements. Consequently, all monthly claimants regardless of size are required by regulation to submit this form. The minimal information mandated by the form cannot be waived or reduced simply because the respondent's business is small. Nevertheless, most small manufacturers elect to file quarterly claims and thus avoid altogether the necessity of giving a bond.

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?

Not collecting this information or less frequent collection would mean that some monthly claimants would not be covered by an adequate bond, which poses jeopardy to the revenue.

7. Are there any special circumstances associated with the information collection would require it to be conducted in a manner inconsistent with OMB guidelines?

No special circumstances are associated with the recordkeeping requirement.

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 Tuesday, February 23, 2012, 77 FR 10805. 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 this form; however, the confidentiality of the information collected on this form 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 asked.

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

It is estimated that 52 respondents will file the form 1 time. Each form should take an average of 12 minutes per applicant to complete, for a total of 10 annual burden hours.

The number of respondents and the number of forms filed annually are based on data provided by TTB personnel who process this form.

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)?

We do not believe any capital or start-up costs or any increased operation or maintenance costs is incurred as a result of this requirement.

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

Estimates of annual cost to the Federal Government are as follows:

Printing	\$ 45.00
Distribution	25.00
Clerical Cost	60.00
Other Salary(review supervisory, etc.)	<u>100.00</u>
TOTAL	\$ 230.00

These estimates are based on previous experience with other similar reporting requirements.

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

There are no program changes or adjustments 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 statistics involved
- (j) See item 3 above

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.