

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Requirement

OMB Control Number 1513-0074

TTB REC 5620/2      Airlines Withdrawing Stock From Customs Custody

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.

Any diversion of distilled spirits, wines, or beer to untaxpaid beverage use results in substantial losses in tax revenues. However, airlines may use untaxpaid liquor for beverage purposes on flights outside of the United States without incurring tax liabilities. These distilled spirits, wines, and beer are withdrawn from Customs custody prior to the flight, and on the flight's return any alcohol beverage removed from the airplane must be returned to Customs.

This recordkeeping and reporting requirement established the system that is necessary to maintain control over the spirits and wine and prevent diversion. There is no recordkeeping requirement for beer. Substantial losses in tax revenues could occur if an airline allowed tax exempt liquor to enter the domestic market. Therefore, under 27 CFR 28.280, the airlines must complete a requisition before the spirits and wine are withdrawn, which must contain the flight number, the registry number of the aircraft, the country for which cleared, the date of the departure, and the brand, kind, and quantity of distilled spirits and wine. Any items returned must also be shown. This requisition must be kept on file for TTB inspection. Section 28.281 requires an airline to prepare a certificate of use based on the requisitions and provide it to the appropriate Customs officer. This submission renews OMB approval for 27 CFR 28.280 and 28.281.

These procedures make it possible to trace spirits and wines using audit techniques, thus enabling TTB officers to verify the amount of spirits and wine eligible for tax exempt status. The record contains the minimum amount of information necessary to maintain accountability of these potentially taxable commodities; any less information would hinder TTB's ability to detect liquor diversion. TTB has prescribed this record in 27 CFR part 28, which relates to the exportation of liquor, under the authority of 26 U.S.C. 5214 and 5064, and 19 U.S.C. 1309.

This information collection is aligned with:

Treasury Strategic Goal: None.

Line of Business/Sub-function: General Government/Taxation Management.

IT Investment: None.

2. How, by whom and for what purpose is this information used?

We use these records during field compliance examinations to verify that all distilled spirits and wines used by the airlines can be accounted for, and that tax exempt spirits and wines were used only as authorized by law. Thus, by ensuring that tax exempt spirits and wines have not been diverted to domestic beverage use, tax revenues are protected.

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?

We have approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the maintenance of required records.

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 records provide information that is pertinent to each respondent and applicable to each specific flight. As far as we can determine, similar information is not available anywhere else.

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

The collection of information does not have a significant impact on small businesses.

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?

Elimination of these records would make it difficult or impossible to trace the use of these distilled spirits and wines. Without this recordkeeping requirement, no recording of the data elements necessary to verify these transactions would be prescribed. Less frequent collection of this information would pose 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?

No special circumstances are associated with this collection of information.

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 Friday, June 29, 2012, 77 FR 38886. 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 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?

These records are maintained at the premises of the regulated individual. However, 26 U.S.C. 6103 protects the confidentiality of proprietary information obtained by the government from regulated individuals.

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

We do not ask questions of a sensitive nature in this collection.

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

The estimated number of respondents is 25. Each respondent prepares these records once annually and it take 100 hours to prepare. The total estimated burden hours are 2,500.

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 associate any cost with this collection.

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

There is no annualized cost to the Federal Government.

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

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.

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?

It would be inappropriate to display the expiration date of OMB approval because this is a recordkeeping requirement. Unlike the form, there is no medium on which to display the expiration date.

18. What are the exceptions to the certification statement?

- (c) See item 5 above.
- (i) No statistics are involved.

(j) See item 3 above.

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

This collection does not employ statistical methods.