

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Requirement

OMB Control Number 1513-0104

TTB REC 5120/11 Information Collected in Support of Small Producers' Wine Tax Credit

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.

We are responsible for the collection of the excise tax on wine. Certain small wine producers are eligible for a credit, which may be taken to reduce the tax they pay on wines they remove from their own premises. In addition, the wine tax credit law has been amended to allow small producers to authorize bonded warehouses, which store their wine and ship it on their instructions, to take the credit on their behalf (26 U.S.C. 5041(c). One statutory condition of the producer's ability to transfer the credit is that the producer must provide the warehouse ("transferee") with "such information as is necessary to properly determine the transferee's credit under this paragraph." Section 24.278(b)(2) of 27 CFR implements this section, allowing the transferee to take the credit and clarifying what information must be provided, in § 24.278(b)(2)(iv).

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?

The transferee will use the information provided by the small producer under the regulations to take the appropriate credit on behalf of the small producer and the producer will use this information to monitor its own tax payments to insure it does not exceed the authorized annual credit of up to \$90,000. TTB officers may periodically review this information (which is retained as part of both the producer's and the transferee's records).

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?

The instructions from the producer to the taxpayer may be transmitted electronically by any means available to both parties. We will consider the further use of improved technology on a

case-by-case basis, if requested.

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?

This recordkeeping/reporting requirement provides information that is pertinent to each respondent and applicable to his/her specific operation. 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?

This recordkeeping/reporting requirement is considered to be the minimum necessary to ensure protection of the revenue. Only small producers are eligible for the benefit (tax credit) supported by this information collection.

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?

The small producer's credit eligibility can change during the year, depending on many factors, such as level of production and removals from their own or other facilities, or even changes in corporate structure. The transferee's credit rate must be established as of the date of removal, using timely information provided by the small producer. Without this information, the producer and transferee would not be able to take advantage of this statutory benefit, and we would be unable to verify that the correct amount of tax was paid. There would be increased jeopardy to the revenue. Less frequent information collection would result in incorrect determination of credit and overpayment or underpayment of taxes by the transferee and would severely hinder our verification of tax payments during audits.

7. Are there any special circumstances associated with this information collection?

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 Wednesday, November 9, 2012, 77 FR 67442. 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?

This information is generally maintained at the producer's and transferee's premises. Further, for any information received by the agency, 26 U.S.C. 6103 and 5 U.S.C. 552 protect the confidentiality of tax and 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 number of respondents (250 producers and 30 warehouses) and the number of annual information collections for each (an average of 10 per producer and warehousemen) is an estimate provided by field office personnel who work with these proprietors. Since the collection of information consists of usual and customary shipping instructions, which the owner of any merchandise must provide to the warehouse proprietor holding such merchandise, the estimated time it takes to collect this required information is 1 hour.

$280 \text{ (respondents)} \times 10 \text{ (times filed annually)} = 2,800 \text{ (responses)} \times 1 \text{ hours (time it takes to collect this information)} = 2,800 \text{ (total burden hours)}$.

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)?

Since these are usual and customary records, they impose no cost burden to the respondents or recordkeepers.

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

There is no annualized cost to the Federal Government associated with this collection.

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 for OMB approval of this information collection because these are records that are provided to a third party, therefore, unlike the form, there is no medium for us to display the date.

18. What are the exceptions to the certification statement?

- (c) See answer 5 above.
- (f) All prescribed records will be retained by the proprietor for not less than three years.
- (i) No statistics are involved.
- (j) See answer 3 above.

B. Collection of Information Employing Statistical Methods

This collection does not employ statistical methods.