

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)

Supporting Statement – Information Collection Request

OMB Control Number – 1513-0125

TTB F 5110.56 Distilled Spirits Bond

A. JUSTIFICATION

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection?

The Internal Revenue Code, in 26 U.S.C. 5173 and 5181, requires a bond from any person who intends to manufacture distilled spirits and alcohol fuel, respectively. This bond is a contract between the proprietor and the surety company, ensuring that tax liability covered by the bond will be paid in full. Regulations prescribing the use of this bond are found in 27 CFR 19.151, 19.162, 19.163, 19.164, 19.165, and 19.167 for Distilled Spirits Plants (DSPs), and 19.699 for Alcohol Fuel Plants (AFPs). These provisions require that a bond must be received and approved by TTB before production can start.

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 information collected on TTB F 5110.56 includes the amount of the bond, type of bond, method of payment, name of the manufacturer of the distilled spirits, identity of the entities executing the bond, and the signatures of authorized representatives. TTB F 5110.56 is used by DSPs and AFPs to file the bond with TTB. TTB uses this bond to ensure that taxes owed to the Federal government and covered by the bond are paid should the principal fail to do so. Bonds are provided through a surety company agreement, cash, or Treasury securities.

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 the use of information technology on a case-by-case basis and is also currently undertaking system and regulatory changes to provide for more flexibility in submitting electronically forms that require third party signatures and the affixture of seals (such as bonds).

4. What efforts are used to identify duplication? Why can't 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 elsewhere.

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

All applicants regardless of size are required by law to submit this form. The information collected is the minimum necessary to implement the statutory requirement. The minimal information required by the form cannot be waived or reduced simply because the respondent's business is small.

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?

If this collection was not conducted taxpayers would have no means to comply with the statutory requirement and would potentially not be covered by an adequate bond. This would pose jeopardy to the revenue.

7. Are there any special circumstances associated with the 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?

A 60-day Federal Register notice was published for this information collection on Monday, June 21, 2013, at 78 FR 37662. 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, or than re-enumeration 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 as well as 5 U.S.C. 552.

11. What justification is there for any question 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 450 applicants will file 2 original TTB F 5110.56 forms; but there likely will be approximately 50 current industry members that file 2 original copies of this form each year as well. The average time to prepare the form is 1 hour per form.

The estimated total burden hours are 1,000, and respondents are 500.

	Respondents	# Responses Per Respondent	Responses	Hours Per Response	ESTIMATED BURDEN HOURS
DSP and AFP Permit Applicants	450	1 (2 Originals)	900	1	900
Current DSP and AFP Industry Members	50	1 (2 Originals)	100	1	100
TOTAL	500	2	1,000	1	1,000

13. What is the estimated total annual cost burden to respondents or record keepers resulting from this collection of information?

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:

Printing.....	\$ 20.00
Distribution.....	25.00
Clerical Cost.....	30.00
Other Salary (review, supervisory, etc)...	<u>3,500.00</u>
	\$3,575.00

These estimates are based on experience with prior submissions.

15. What is the reason for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I?

There is an adjustment associated with this information collection. The burden hours have increase in response to the increase in the number of respondents.

16. Outline plans for tabulation and publication for collection 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 are involved
- (j) See item 3 above

B. Collection of Information Employing Statistical Methods

This collection does not employ statistical methods.