

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Requirement

OMB Control Number – 1513-0041

TTB F 5110.28 - Monthly Report of Processing Operations
TTB REC 5110/03

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.

Changes in this supporting statement reflect changes to section numbers as recodified in the final rule (76 FR 9080) that revised part 19 of the TTB regulations.

Distilled spirits, other than those used for certain authorized nonbeverage purposes, are taxed at a rate of \$13.50 a proof gallon. Pursuant to 26 U.S.C. 5207, the proprietor of a distilled spirits plant (DSP) must maintain records of production, storage, denaturation, and processing activities and submit reports covering those operations. Regulations in 27 CFR 19.596 through 19.604, as amplified by other sections of regulations, prescribe those records which are unique to processing operations. Processing records must also be maintained for any wholesale liquor dealer operations or taxpaid storeroom operations conducted by a proprietor, as required by § 19.622. A monthly report of processing operations is provided for in 27 CFR 19.632. Respondents are the 239 DSPs qualified for bottling or processing spirits under 26 U.S.C. 5171.

This information collection is aligned with:

Treasury Strategic Goal: Effective Manage US 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?

Collections of information on DSP processing operations are used by TTB for the protection of the revenue and for the compilation of statistics for use by TTB, other government agencies, and industry.

Records of processing operations are used by our field personnel to verify the quantity and kind of distilled spirits received for and used in the processing and bottling or packaging of distilled spirits products, and to account for the production and disposition of finished products. Since these operations are conducted prior to the payment of the distilled spirits tax, the verification of processing operations through records is essential to establishing a proprietor's tax liability and adequacy of bond coverage.

Records of any wholesale liquor dealer operations or taxpaid storeroom operations conducted by the proprietor are used by investigators to verify removals of finished goods when no bona fide, arm's length transaction records are available.

DSP proprietors are required by 27 CFR 19.632 to submit a Monthly Report of Processing Operations on TTB F 5110.28, essentially a summary of various data elements from the proprietor's daily processing records. This report of processing operations is used by TTB to monitor proprietors' operations for compliance with the law and regulations, analyze trends within the industry, to allocate field resources most effectively, to compile statistics and, by TTB investigators, as an audit tool to protect the revenue.

The monthly report of processing operations is also used by TTB to determine the amount of the revenue to be paid (or "covered over") to the treasuries of Puerto Rico and the Virgin Islands under 26 U.S.C. 7652.

The TTB National Revenue Center also summarizes the monthly report of processing operations and publishes a monthly statistical release. Users of the monthly statistical releases include other Federal agencies, state and local governments, academic institutions, members of the press, and trade associations. .

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 and the completion of this report.

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 form contains information that is pertinent to each respondent. 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 collection of information is not susceptible to reduced requirements for 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?

These records and reports, along with others required by part 19, constitute a complete accounting for the processing of distilled spirits. Since processing operations are conducted prior to the payment of tax, these records are essential to establishing a proprietor's tax liability and adequacy of bond coverage. Less frequent collections 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?

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 notice was published in the Federal Register (78 FR 59765) on Friday, September 27, 2013. The notice solicited comments from the general public. TTB received no comments in response to this notice.

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 collections of information are maintained at the proprietor's premises for 3 years, as well as at TTB's National Revenue Center in secure file rooms with controlled public access. Moreover, 26 U.S.C. 6103 and exemptions (b)(3) and (b)(4) of 5 U.S.C. 552 protect the confidentiality of the information collected.

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?

We expect that the 935 distilled spirit plant proprietors will complete this form and keep accompanied records on a monthly basis each year (11,220 responses). We estimate each form requires 2 hours to complete and the records associated with this form are normal business records that would not add a burden to the proprietor, so we estimate a total of 1 burden hour for recordkeeping covering all respondents and 22,440 hours for the 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)?

There is no cost associated with this collection.

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

There is no cost to the Federal government.

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

There is an adjustment associated with this collection. The number of respondents has increased.

16. Outline plans for tabulation and publication for collections of information whose results will be published.

The results of this collection of information 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?

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.
- (i) Not a survey.
- (j) See item 3.

B. Collection of Information Employing Statistical Methods

This collection of information does not use statistical methods.