

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

OMB Control Number 1513-0050

TTB F 5110.50 – Tax Deferral Bond - Distilled Spirits (Puerto Rico)

**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.

Distilled spirits in Puerto Rico are not subject to the federal excise tax imposed by Chapter 51 of the Internal Revenue Code of 1986. Rather, such spirits become subject to a tax, imposed by 26 U.S.C. 7652, equal to the federal excise tax when brought into the United States. A manufacturer who ships distilled spirits from Puerto Rico to the U.S. may either, choose to pay the tax prior to shipment or file a bond and defer payment of taxes. TTB Form 5110.50 is the bond form which a manufacturer in Puerto Rico must file if he elects to defer the payment of taxes for payment on a semi-monthly tax return system. The form requires the following information: the name and address of the principal, the identity of the surety, the amount of the bond, the effective date and type of bond, and an allocation of the penal sum of the bond among the various locations to be covered. The laws and regulation supporting this requirement are found in 26 U.S.C. 7101, 7102, and 7652 and 27 CFR 26.66.

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 Form 5110.50 may be filed by distillers, rectifiers, or bottlers of beverage distilled spirits, or by manufacturers of nonbeverage products containing distilled spirits which are subject to tax. TTB uses the information on this form to determine if the alcohol shipment is from an authorized location and payment of federal tax on alcohol shipments is adequately insured, and to identify the responsible insurer in case of default.

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 encourages the use of technological advances to collect, store, and retrieve this information. TTB has approved and will continue to approve, on a case-by-case basis, the use of improved technology for the collection and maintenance of required information.

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 information is a statutory requirement and the information is pertinent only to the 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?

All businesses, including small businesses, are required to pay the statutory tax. This collection of information allows businesses to defer payment of the tax by posting a bond. The form requires the minimum amount of information necessary to ensure that deferral of tax payment does not jeopardize the revenue.

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?

Without a bond on form 5110.50, taxpayers would be required to file returns and pay taxes before they ship spirits from Puerto Rico to the U.S. instead of consolidating and deferring the payments as they are entitled to do under the bond. Allowing deferral of taxes without bond coverage would cause 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 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.

TTB published a 60-day notice in the Federal Register (79 FR 10622) to renew this collection on Friday, February 25, 2014. The notice solicited comments from the general public. TTB received no comment.

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 information collection.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

The confidentiality of responses is protected by 26 U.S.C. 6103.

11. What justification is there for questions of a sensitive nature? If personally identifiable information (PII) is being collected in an electronic system, identify the Privacy Impact Assessment (PIA) that has been conducted for the information collected under this request and/or Privacy Act System of Records notice (SORN) that has been issued for the electronic system in which the PII is being stored.

We ask no questions of a sensitive nature. This collection is not associated with a PIA or SORN.

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

The number of respondents (10) and the number of forms filed annually (1) by each are based on historical data provided by field personnel who audit and process this form. We estimate that each request requires 1 hour to prepare.

	RESPONDENTS	TIMES SUBMITTED	RESPONDENTS	AMOUNT OF HOURS REQUIRED TO RESPOND	ESTIMATED BURDEN HOURS
TTB F 5110.50	10	1	10	1	10
<b>TOTAL</b>	<b>10</b>	<b>1</b>	<b>10</b>	<b>1</b>	<b>10</b>

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)?

No cost is associated with this collection.

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

The estimated total annual cost to the Federal government is as follows:

Clerical Cost	60.00
Other Salary (review Supervisory, etc.)	<u>300.00</u>
Total	\$360.00

Printing and distribution cost has either significantly decreased or no longer exist due to the availability of TTB forms on TTB.gov and in our electronic systems (PONL, FONL, COLA Online, and/or Pay.gov) and. As a result, there is no longer printing and distribution cost for this collection.

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

There are no program changes or adjustments associated with this collection. We are updating the title of the TTB approving official.

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?

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 for explanation regarding burden to small businesses.
- (f) This is not a recordkeeping collection so there is no retention period.
- (i) This is not a survey so no statistical methods are involved.
- (j) See item 3 for explanation regarding the use of information technology.

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

This collection does not employ statistical methods.