

DEPARTMENT OF THE TREASURY

ALCOHOL TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0101

TTB REC 5210/13 - Marks and Notices on Packages of Tobacco Products

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 Line of Business/Sub-function and IT Investment, if one is used.

In order to protect the excise tax revenue on tobacco products and cigarette papers and tubes, the Internal Revenue Code of 1986 (IRC) requires manufacturers of these products to place certain marks, labels, and notices on the product packages before they are removed from internal revenue bond. The mark identifies the manufacturer of the product and the notice indicates the classification of the product for tax purposes and the quantity or weight of the product, depending on the basis of the tax. Imported tobacco products also cannot be imported without bearing these tax-related notices.

On products for export without payment of tax, the manufacturer must place a label indicating the product is for export. Products intended for export without payment of tax cannot be placed on the domestic market, thus the distinctive marking. Products that have been taxpaid can also be exported with benefit of drawback, and packages of such products must also bear a distinctive marking. In some cases, a marking on a container other than a package is allowed in lieu of the marking on the package.

Statutory authority for these mark, label, and notice requirements is set forth in 26 U.S.C. 5723.

Regulatory requirements pertaining to this statutory authority are set forth in:

27 CFR 40.25a	27 CFR 44.184
27 CFR 40.212	27 CFR 44.185
27 CFR 40.213	27 CFR 44.186
27 CFR 40.214	27 CFR 44.187
27 CFR 40.215	27 CFR 44.251
27 CFR 40.216	27 CFR 44.252
27 CFR 40.216a	27 CFR 44.253
27 CFR 40.216b	27 CFR 44.254
27 CFR 41.30	27 CFR 45.42
27 CFR 41.72	27 CFR 45.43
27 CFR 41.72a	27 CFR 45.44
27 CFR 41.72b	27 CFR 45.45
27 CFR 41.73	27 CFR 45.45a
27 CFR 41.74	27 CFR 45.45b
	27 CFR 45.46.

This information collection is aligned with:

Line of Business/Sub-function: Law Enforcement/Substance Control.

IT Investment: Regulatory Major Application Systems.

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

This information is necessary to ensure effective administration of the IRC tobacco product excise tax provisions and protection of the revenue derived from the Federal excise taxes imposed on tobacco products. The information provided from the mark, label, and notice indicates who is liable for the excise tax on domestic products, and what that liability is (what type of product and the taxable weight or quantity) on both domestic and imported products. Further, one purpose of the export label on a product package is so the package is readily identifiable if it should be illegally introduced into domestic commerce, as such product would have been removed for export without payment of tax. The notice is also a means of determining the classification of certain tobacco products where the definition under the IRC requires TTB to consider how a product is likely to be offered to or purchased by consumers.

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 information collection involves a third party disclosure of information that is affixed on packages and containers, and therefore the use of automated electronic or other forms of information technology is generally not applicable.

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 marks and notices on packages are specific to each product and to IRC tax liability. 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 does not have a significant impact on a substantial number of small businesses or other small entities. It is information that is maintained by the manufacturer as part of cost and quality control measures, and the amount of information required to be displayed is minimal.

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 mark, label, and notice requirements are considered to be the minimum necessary to ensure compliance. The marks, labels, and notices contain the minimum amount of information necessary to maintain accountability within the system; any less information would make the requirement meaningless. Less frequent collection of this information would pose jeopardy to the revenue.

7. Are there any special circumstances associated with the 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 Federal Register notice, 79 FR 20305, was published for this information collection on Friday, April 11, 2014. 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 provided to respondents.

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

This collection is a third party disclosure on packages and containers to which assurances of confidentiality are not applicable.

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?

Although there are 120 respondents there is only 1 burden hour since placing marks and notices on packaging is an activity that the respondent performs in the normal course of doing business.

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 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 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?

It would be inappropriate to display the expiration date for OMB approval because this is a labeling requirement that is affixed by the respondent, and unlike a form, there is no medium for us to display the expiration date.

18. What are the exceptions to the certification statement?

- (c) See item 5 above.
- (f) This is not a recordkeeping collection so there is no retention period.
- (i) No statistics involved.
- (j) See item 3 above.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.