

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

OMB Control Number 1513-0075

TTB REC 5900/1 - Proprietors or Claimants Exporting Liquors

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

The Internal Revenue Code (IRC), specifically 26 U.S.C 5001, 5041, and 5051, imposes excise taxes on distilled spirits, wine, and beer produced for beverage use. To safeguard these taxes, removals of alcohol beverages for domestic use, except for certain limited tax free removals allowed under specified and restricted conditions, are first taxpaid or tax determined.

Under 26 U.S.C 5053, 5214, and 5362 of the IRC, distilled spirits, wine, and beer in bond may be exported without payment of tax. In addition, taxpaid distilled spirits, wine, and beer may be exported and drawback claimed on the tax paid. This export drawback or "refund" allows the manufacturer to recover the amount of the tax paid to the Government. In order to show that these bonded or taxpaid liquors were in fact exported, the exporters must complete various TTB and Customs forms, the type depending on the commodity exported and the method of exportation. Substantial losses in tax revenues could occur if untaxpaid liquors were allowed to enter the domestic market, or if the Government improperly allowed drawback to be claimed on liquors used for domestic consumption.

This recordkeeping requirement is a part of the process that is necessary to maintain control over the spirits, wine, and beer, and therefore prevent diversions to the domestic market without tax payment. The exporters are required to maintain copies of all the pertinent forms which show exportations under the provisions of 27 CFR Part 28.45, and must also keep copies of the commercial or other records supporting those forms for not less than 3 years.

The record contains the minimum amount of information necessary to maintain accountability over these potentially taxable or tax-refundable commodities; any less information would make the record meaningless and hamper TTB's ability to detect failures to pay the appropriate excise tax.

This information collection is aligned with:

Line of Business/Sub-function: General Government/Taxation Management.

IT Investment: None.

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

These records are used by TTB personnel during field tax compliance inspections to verify transactions showing the exportation of untaxed distilled spirits, wine, and beer and taxpaid beer, also the spirits and wine exported with benefit of drawback. By ensuring that these liquors have not been diverted to domestic beverage use, tax revenues are protected.

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 has approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the maintenance of required records.

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?

To avoid duplication, TTB allows records maintained in the ordinary course of business to be used to comply with this recordkeeping requirement.

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

The recordkeeping requirement is considered to be the minimum necessary to ensure compliance and to minimize the risk to the revenue. The standards can not be reduced on the basis of the size of respondent.

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?

Eliminating these records would leave a significant gap in the audit trail by making it difficult or impossible to trace and verify these exportations. Without this recordkeeping requirement, no recording of the data elements necessary to verify these transactions would be prescribed. These elements make it possible to trace transactions using audit techniques, thus enabling TTB officers to verify the amount of spirits, beer, and wine eligible for exportation without payment of tax or exportation subject to drawback. Less frequent collection of this information 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 Federal Register notice was published for this information collection on Friday, July 15, 2014, 79 FR 41357. 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?

These records are maintained at the premises of the regulated entities. The confidentiality of tax and other proprietary information obtained by the Government from regulated entities is protected by 26 U.S.C. 6103 and 5 U.S.C. 552.

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. This is a recordkeeping requirement.

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

The total burden remains at 7,200 hours. TTB estimates the 120 respondents will take 60 hours per year to compile and record the information required by this recordkeeping requirement.

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 information collection.

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

The results of this collection are not 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 these are records that are maintained by the record keeper 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
- (i) No statistics are involved
- (j) See item 3 above

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.