

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number 1513-0054

- TTB F 5640.1 - Offer in compromise of liability incurred under the provisions of Title 26 U.S.C. enforced and administered by the Alcohol and Tobacco Tax and Trade Bureau
- TTB F 5600.17 - Collection Information Statement for Individuals
- TTB F 5600.18 - Collection Information Statement for Businesses

**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.

26 U.S.C. 7122 provides that the Secretary of Treasury may compromise any civil or criminal case arising under the Internal Revenue Code (IRC). An offer in compromise is a voluntary submission of a monetary settlement for violations in lieu of civil or criminal action. Provisions of the IRC administered by TTB are sections 4181 and 4182 and Chapters 51 and 52.

Violations of the IRC include but are not limited to: tax liabilities arising from the illegal production of untaxpaid spirits, wines, or beer; the failure to file returns or to pay occupational taxes with respect to tobacco products, cigarette papers and tubes; the failure to pay firearms making or transfer taxes; or criminal liabilities of retail dealers in liquor arising from violations of the Internal Revenue laws relating to liquor, including the reuse or refilling of liquor bottles.

27 CFR 70.482 requires that offers in compromise shall be submitted on TTB F 5640.1. The form is signed under penalties of perjury and is an agreement, by the party in violation, to the conditions of the offer in compromise. Also, the party in violation identifies the amount of the offer and provides justification as to why the violations occurred, why the offer should be accepted, and assurance that the violation will not occur again. If accepted, the offer in compromise is a settlement between the government and the party in violation, prior to legal proceedings or prosecution; government and party in violation mutually consents to some other alternative.

27 CFR 70.482(d)(1)(i) provides that if the offer in compromise is based on inability to pay, the party must submit any financial statement required by the officer authorized to accept or reject the offer. TTB F 5600.17, for individuals, and TTB F 5600.18, for businesses, can be used to submit the financial statement. The information collected on these forms is used to determine the party's financial standing in order for the authorizing officer to develop an installment payment plan. If approved, the party is required to make payment amounts, at specified times, that will not create a financial hardship but will allow him/her to pay the offer in full within a reasonable time period.

This information collection is aligned with:

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

IT Investment: Regulatory Major Application Systems.

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

TTB personnel examine and process TTB F 5640.1 to determine the adequacy of the offer in compromise in relation to the alleged violations of the law. TTB F 5640.1 identifies the person including the name, address, social security number and/or employee identification number, the violations of tax liabilities being compromised, the amount of the compromise offer, and the respondent's reasons for believing that the offer should be accepted. TTB personnel examine and process TTB F 5600.17 and TTB F 5600.18 to determine if the individual/business is unable to pay the offer in full, and if not, what the party can pay and in what increments to satisfy the liability.

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. These forms will be available on TTB.gov. TTB will approve request for the use of information technology, for each of these forms, on a case by case bases.

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?

These forms are specific to the individual/business' tax liability, therefore, the information is not gathered in any other collection. No similar information is available from any other sources.

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

This information collection is not susceptible to reduced requirements for small business. All individuals/businesses, regardless of size, must complete the form(s) applicable to their offer.

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 the information were not submitted, TTB would have no way to determine the respondent's eligibility to offer a compromise of monies owed as a result of civil or criminal violations, or the respondent's ability to pay.

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.

A 60-day Federal Register notice was published for this information collection on Tuesday, 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 forms are maintained at our National Revenue Center (NRC) in a secure room with no public access. The information is subject to the protections under 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.

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Regulatory Enforcement Record" system and a Privacy Act System of Records notice (SORN) has been issued for this system under TTB .001. The Department of Treasury PIAs can be found at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>.

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

TTB F 5640.1

Each of the 40 respondents files 1 form each year. It takes 2 hours to prepare the form. The estimated number of hours per response, the number of respondents, and the number of forms filed annually by each are based on historical data provided by office personnel who process this form. The total burden hours are 80.

TTB F 5640.1 (40 X 1 = 40 X 2 = 80)

TTB F 5600.17 and TTB F 5600.18

TTB F 5600.17 and TTB F 5600.18 generate 20 responses (10 each) annually, 1 respondent per response. It takes each respondent 3 hours to prepare their response, a total of 60 burden hours. This information is based on historical data provided by TTB's NRC, the office personnel who process these forms.

TTB F 5600.17 (10 X 1 = 10 X 3 = 30) and TTB F 5600.18 (10 X 1 = 10 X 3 = 30).

The burden total, for this ICR, is 140 hours (80 + 30 + 30).

Form Number	# Respondents	# Responses Per Respondent	Annual Responses	Hours Per Response	HR. BURDEN TOTALS
TTB F 5600.17	10	1	10	3.0	30
TTB F 5600.18	10	1	10	3.0	30
TTB F 5640.1	40	1	40	2.0	80
<b>TOTAL</b>	<b>60</b>	<b>1</b>	<b>60</b>		<b>140</b>

13. What is the estimated total annual cost burden to respondents or record keepers 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?

Estimates of annual cost to the Federal government are as follows:

	<u>TTB F 5600.17 and TTB F 5600.18</u>	<u>TTB F 5640.1</u>	<u>Total</u>
Clerical Cost	1,000	500	1,500
Other salary (review, supervisory, etc.)	<u>4,000</u>	<u>3,870</u>	<u>7,870</u>
	5,000	4,370	9,370

Form Number	Clerical Cost	Other Salary (review, supervisor, etc.)	TOTAL COST
TTB F 5600.17	500	2,000	2,500
TTB F 5600.18	500	2,000	2,500
TTB F 5640.1	500	3,870	4,370
<b>TOTALS</b>	<b>1,500</b>	<b>7,870</b>	<b>9,370</b>

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). As a result, there is no longer printing and distribution cost for this collection.

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

Adjustments have been made to information collection instruments to combine burden associated with TTB F 5600.18 and 5600.17. There is no change to the burden or collection instruments.

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?

TTB is requesting approval to not display the expiration date for OMB approval. The public interest will be better served by not displaying an expiration date on TTB forms. The time period during which the current edition of the form will continue to be usable, cannot be predicted. It could easily span several cycles of review and OMB clearance renewal. Displaying the expiration date would make it necessary, after each renewal, to update electronic systems used to complete and submit forms and, in some instances, several pages on our website where the same form may reside. Additionally, not displaying the expiration date on our forms will avoid confusion among members of the public who may have their own electronic systems or identical forms with different expiration dates in their possession. Some businesses print complex and expensive marginally punched continuous versions, at their expense, for use in their computers. By not displaying the expiration date, electronic systems or computers wouldn't have to be updated just to amend the expiration date, or forms could continue to be used regardless of when the OMB approval has expired. This would reduce costs incurred through additional printing and system updates for TTB and the public.

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.