

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0094

Information Collection Request Title:

Federal Firearms and Ammunition Quarterly Excise Tax Return

(Includes: TTB F 5300.26—Federal Firearms and Ammunition Quarterly Excise Tax Return.)

A. Justification

1. What are the circumstances that make this collection of information necessary, and what legal or administrative requirements necessitate the collection? Also align the information collection to TTB's Line of Business/Sub-function and IT Investment, if one is used.

The Internal Revenue Code of 1986, as amended (IRC), at 26 U.S.C. 4181 imposes Federal excise tax on the sale of pistols, revolvers, and other firearms, and on shells and cartridges (ammunition), sold by manufacturers, producers, and importers. The IRC, at 26 U.S.C. 6001 and 6011, authorizes the Secretary of the Treasury to issue regulations regarding tax returns and records.

The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers and collects the Federal firearms and ammunition excise tax pursuant to section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d). In addition, the Secretary has delegated certain IRC administrative, enforcement, and regulatory authorities to TTB through Treasury Department Order 120-01.

The TTB regulations regarding the firearms and ammunition excise tax are contained in 27 CFR part 53. Specifically, 27 CFR 53.151 requires a return of excise tax to be made on TTB F 5300.26, while 27 CFR 53.152 mandates a final return for proprietors who cease business, 27 CFR 53.153 specifies the time for filing, and 27 CFR 53.154 prescribes the manner for filing the return. These TTB regulations ensure timely collection of excise taxes, proper calculation of tax liability, and proper crediting of funds to the taxpayer's account, and also ensure that the funds are available for the Government's use as soon as possible.

This information collection is aligned with —

- 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 F 5300.26 is essential to TTB's ability to administer its excise tax collection responsibilities regarding firearms and ammunition. The information collected on TTB F 5300.26 is necessary to identify the taxpayer, the amount and type of taxes due, and the amount of payments made. TTB uses the information of this form to determine whether the taxpayer has paid the correct amount of tax and to take additional action, such as collection or refund, where the amount paid does not equal the amount that should be or is shown on the return.

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 F 5300.26 is available, and electronically fillable, on the TTB website at www.ttb.gov. Also, taxpayers may fill out and electronically submit this tax return form to TTB via the Pay.gov website.

4. What efforts are used to identify duplication? Can similar information already available be used or modified for use for the purposes described in Item 2 above?

The information collected on TTB F 5300.26 is pertinent and unique to each respondent, and the Federal excise tax on firearms and ammunition is collected only by TTB. Therefore, information similar to that collected by TTB is not available elsewhere, and there is no duplication of this collection among TTB's approved information collections.

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

This information collection does not have a significant impact on a substantial number of small businesses or other small entities. Persons and businesses who manufacture or import less than 50 firearms in a given calendar year are exempt from the Federal excise tax on those firearms per 26 U.S.C. 4182(c).

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?

TTB F 5300.26 is essential to TTB's excise tax collection responsibilities. The absence of the excise tax return's information would jeopardize the revenue since TTB would not be able to identify taxpayers' liability for this tax or determine if proper payments were made.

In addition, Federal law requires the Interior Department to distribute the excise tax collected on each type of firearm (pistols, revolvers, and other firearms) and ammunition to the States to fund particular wildlife conservation and outdoor recreation programs. The specific amount of tax paid on each type of article taxed is required information on TTB F 5300.26, which allows TTB to calculate on a quarterly basis how much funding is available to the Interior Department for distribution to each State and each program. Without this information, the Interior Department would be unable to correctly allocate these funds as directed by law.

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.*

To solicit comments from the general public, TTB published a “60-day” comment request notice for this information collection in the Federal Register on October 15, 2014, at 79 FR 61939. TTB received no comments on this information collection in response.

9. *Was any payment or gift given to respondents, other than remuneration of contractors or grantees? If so, why?*

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?*

No specific assurance of confidentiality is provided on this form. However, Federal statute at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated individuals, and 26 U.S.C. 6103 prohibits disclosure of tax returns and return information unless specifically authorized by that section.

11. *What is the justification 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 the Privacy Act System of Records notice (SORN) issued for the electronic system in which the PII is being stored.*

This information collection contains no questions of a sensitive nature.

TTB has completed a Privacy Impact Assessment (PIA) for information collected under this request as part of the Tax Major Application Systems, and has issued a Privacy Act System of Records notice (SORN) for this system under TTB .001—Regulatory Enforcement Record System, published in the Federal Register on December 1, 2011, at 76 FR 74847. TTB’s PIAs are available on the TTB website at <http://www.ttb.gov/foia/pia.shtml>.

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

TTB F 5300.26 is completed and submitted quarterly by 650 respondents, equaling 2,600 total annual responses. TTB determined the number of respondents through taxpayer filings of returns and our knowledge of the industry and taxpayers.

The amount of time necessary to complete TTB F 5300.26 varies widely because of differences in the amount of sales and uses subject to tax among taxpayers and because of

the complexity of how tax is determined on each sale or use by a taxpayer. The amount of time necessary to complete the return form can vary from a few minutes for a no liability tax return to 7 hours for a taxpayer with large and complex transactions. TTB based the burden for this collection at the maximum 7 hours, and therefore, the total annual burden for TTB F 5300.26 is 17,360 hours.

Summary: TTB F 4300.26 is filed quarterly. Therefore—

650 respondents x 4 annual responses = 2,600 responses annually at 7 hours per response = 18,200 total annual burden hours.

13. *What is the estimated annual cost burden to respondents or record keepers resulting from this information collection request (excluding the value of the hour burden in Question 12 above)?*

Estimates of average annual cost to respondents, based on knowledge of the form's burden hours and average costs per hour, are as follows:

Clerical costs (filing, mailing, etc.)	\$ 3,860
Other Salary (assembling records, making calculations, and completing the return)	58,000
Overhead	5,800
Total Costs	\$67,660

14. *What is the annualized cost to the Federal Government?*

Estimates of annual cost to the Federal Government are:

Clerical costs	\$ 5,150
Overhead	51,500
Other Salary costs (review, supervisory, etc.)	515,000
TOTAL COSTS	\$571, 650

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

TTB has lowered the estimated number of respondents, and thus the resulting burden hours, to reflect a decrease in the number of returns TTB has received in recent years, largely due to the exemption from tax for those persons producing or importing less than 50 firearms in a given calendar year (see 26 U.S.C. 4182(c)). This drop in the number of returns filed is reflected largely in the drop in the number of individual and household filers.

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

TTB will not publish the results of this collection.

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?

As a cost saving measure for both TTB and the general public, TTB is seeking approval not to display the expiration date for OMB approval of this information collection. By not displaying the expiration date of this collection on the related form, TTB will not have to update the form's expiration date on its electronic systems and website pages or on the form's paper version each time the information collection is approved. Similarly, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the form, including any marginally-punched continuous printed versions of the form produced by some businesses, at their own expense, for use with their electronic systems or for sale to other businesses or individuals. Additionally, not displaying the OMB approval expiration date on this form will avoid confusion among members of the public who may have identical forms with different expiration dates in their possession. By not displaying the expiration date, supplies of the form could continue in use regardless of when OMB's approval has expired.

18. *What are the exceptions to the certification statement?*

- (c) See item 5 above.
- (f) This is not a recordkeeping requirement.
- (i) No statistical survey methodology is involved.
- (j) See item 3 above.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.