

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0107

Monthly Report — Importer of Tobacco Products or Processed Tobacco (TTB F 5220.6).

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 Alcohol and Tobacco Tax and Trade Bureau (TTB) administers chapter 51 (distilled spirits, wine and beer), chapter 52 (tobacco products and cigarette papers and tubes), and sections 4181–4182 (firearms and ammunition excise taxes) of the Internal Revenue Code of 1986, as amended, (IRC, 26 U.S.C.) 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 of the Treasury has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

Under 26 U.S.C 5722, importers of tobacco products and of processed tobacco are required to make reports containing such information, in such form, at such times, and for such periods as the Secretary shall by regulation prescribe. Pursuant to this provision, the TTB regulations at 27 CFR 41.206 and 41.262 require importers of tobacco products and importers of processed tobacco to submit a monthly report on TTB F 5220.6. The report requires accounting of imported tobacco products and processed tobacco on hand, received, and removed.

In addition, pursuant to the IRC at 26 U.S.C. 5741, the TTB regulations require importers of tobacco products and processed tobacco to maintain all records, reports, and other documents required by 27 CFR part 41, which includes TTB F 5220.6. Specifically, 27 CFR 41.208 requires tobacco product importers to maintain such reports chronologically by transaction or reporting date, at the importer's principal place of business or other TTB-approved location, while 27 CFR 41.263 applies those requirements to importers of processed tobacco.

TTB requires the information provided on TTB F 5220.6 regarding the importation and disposition of tobacco products and processed tobacco to determine whether persons issued the permits required by 26 U.S.C. 5713 are operating in accordance with statutory and regulatory requirements and to ensure that appropriate taxes on such products are paid.

This information collection is aligned with —

- Line of Business/Sub-function: Law Enforcement/Substance Control.
- IT Investment: Integrated Revenue Information System.

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

TTB uses this report as an accounting tool to protect the revenue. Reporting of information on the receipt and disposition of imported tobacco products and processed tobacco are the basic source of information on the activities of importers of tobacco products and processed tobacco. These reports also provide for tracking of processed tobacco, which is tobacco that is untaxed but intended for use in the making of taxable tobacco products. Reports on its disposition assists TTB in determining whether the processed tobacco is transferred by the importer to non-permitted entities.

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 technology for the maintenance of required records.

Currently, TTB F 5220.6 may be uploaded and submitted to TTB via the Pay.gov system (see <http://www.ttb.gov/epayment/epayment.shtml>). TTB estimates that approximately 30 percent of all responses to this information collection are submitted via Pay.gov. A “fillable-printable” version of the form also is available on the TTB website at <http://www.ttb.gov/forms/5000.shtml>.

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?

This information collection request requires reports that are pertinent to each importer's specific operations. 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?

The preparation and submission of reports of on the disposition of imported tobacco products and processed tobacco are necessary to identify noncompliant or illegal activity, and the requirement cannot be reduced on the basis of the size of the entity. Although no special provisions are made for the size of the entity, smaller importers of tobacco products or processed tobacco have to gather less source records from which to provide the information required in this report.

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 the information required in this collection of information, TTB would be severely hampered in determining whether these commodities are being illegally diverted. Not collecting this information or 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?*

The TTB regulations require importers of tobacco products and importers of processed tobacco to file TTB F 5220.6 on a monthly basis. TTB believes this frequency of reporting is necessary to identify noncompliant activity or diversion of tobacco products and processed tobacco in a timely fashion, thereby protecting the revenue.

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 Friday, April 24, 2015, at 80 FR 23071. TTB received one comment in response to this notice, from the Bureau of Economic Analysis (BEA), Department of Commerce. In its comment, BEA stated that it "strongly supports the continued collection of data by the Alcohol and Tobacco Tax and Trade Bureau on Form 5220.6, Monthly Report- Importer of Tobacco Products or Processed Tobacco." BEA states that it uses the collected data to "to estimate monthly personal consumption expenditures" on tobacco as part of its estimate expenditures in the national income and product accounts. In response, TTB notes that it has no plans at this time to discontinue the collection of information on TTB F 5220.6.

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 TTB F 5220.6. Paper copies of TTB F 5220.6 are maintained by TTB secure file rooms with controlled public access, and TTB secures electronically-submitted copies of the form in password- and firewall-protected electronic systems accessible only by authorized TTB employees. However, any proprietary information or tax return information submitted with the application is protected from disclosure under Federal law at 5 U.S.C. 522 or 26 U.S.C. 6103, respectively. The records for these reports are maintained at the premises of importers of tobacco products.

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.*

TTB F 5220.6 contains no questions of a sensitive nature.

A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Integrated Revenue Information System, and a Privacy Act System of Records notice (SORN) has been issued for that system under TTB .001–Regulatory Enforcement Record System and published in the Federal Register on January 28, 2015, at 80 FR 4637. 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 estimates that 330 importers of tobacco products or processed tobacco will be required to prepare and submit monthly reports on TTB F 5220.6. TTB also estimates that each response will take 56 minutes. Therefore:

330 respondents x 12 reports per year = 3,960 total annual responses x 56 minutes per response = 221,760 minutes / 60 minutes per hour = 3,696 total annual burden hours.

Postage costs are approximately \$6.00 per year per respondent submitting TTB F 5220.6.

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)?*

TTB believes that the information collected on TTB F 5220.6 tracks receipts and disposition of products that make up the business of importers and is based on information that these businesses would track during the normal course of business. Therefore, this information collection imposes no capital or start-up costs, or operations and maintenances costs, on such businesses beyond postage for those who elect to submit paper copies of the report to TTB.

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

Estimates of annual cost to the Federal Government are:

Printing	\$ 0
Distribution	0
Contractor (Clerical)	3,960
Specialist	11,009
Other Salary (review, supervisory, etc.)	0
TOTAL	\$14,699

Printing and distribution costs have been deleted from TTB's cost estimate due to the various electronic methods that we have made available to the public to obtain copies of TTB forms.

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

TTB is reporting an adjustment in the number of importers of tobacco products or processed tobacco filing TTB F 5220.6. The number of respondents filing TTB F 5220.6 with TTB has dropped from the 586 respondents reported in 2012 to the 330 respondents currently reported. The decrease in the number of respondents has led to a corresponding decrease in the number of responses, 7,032 in 2012 to 3,960 currently, and a drop in the total annual burden, from 6,563 to 3,696 total hours.

In addition, for the reasons noted in Question 13, TTB is reporting an adjustment to the costs to the respondent associated with this information collection to exclude the cost of the burden hours associated with the collection. TTB mistakenly included the cost of the burden hours in previous reports.

There are no changes to the TTB F 5220.6 form.

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

This information collection is 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?*

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. More importantly, this avoids confusion among users of the form when the OMB approval date may have passed but the form is approved under interim short-term approvals while the form is under OMB review but before OMB has taken action. In addition, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the form, including any versions of the form produced by some businesses, at their own expense, for use with their electronic systems or for sale.

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

For this information collection, there are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.