

**DEPARTMENT OF THE TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement — Information Collection Request**

**OMB Control Number 1513-0103**

Information Collection Request Title:

Tobacco Bond - Collateral, Tobacco Bond- Surety, and Tobacco Bond

Information Collections Issued under this Title:

- TTB F 5200.25 Tobacco Bond—Collateral
- TTB F 5200.26 Tobacco Bond—Surety
- TTB F 5200.29 Tobacco Bond

**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.

The IRC at 26 U.S.C. 5711 requires that every person, before commencing business as a manufacturer of tobacco products or cigarette papers and tubes, or as an export warehouse proprietor, file a bond in accordance with TTB regulations. The IRC at 26 U.S.C. 7101 provides that, as a general rule, such bonds shall be surety bonds. However, section 7101 also permits persons required to furnish bonds to deposit bonds or notes of the United States in lieu of surety bonds.

The TTB regulations require provision of a surety bond or the deposit of collateral as security, in an amount equivalent to the potential tax liability of the manufacturer or export warehouse proprietor, with a minimum and a maximum amount set by regulation. The TTB regulations also require provision of a strengthening bond where the amount of a bond is found to be insufficient and provision of a superseding bond where a current bond is no longer valid for reasons specified by regulation.

In the case of a surety bond, the bond form is a contract between the manufacturer or export warehouse proprietor and an authorized surety company to provide such a bond. The information provided on the bond form identifies the manufacturer or export warehouse proprietor, the factory or export warehouse covered by the bond, the surety company, and the bond amount.

In the case of a collateral bond, the bond form shows that the manufacturer or export warehouse proprietor has deposited cash or government obligations of the United States and is responsible for the terms and conditions of the bond. The information provided on the bond form identifies the manufacturer or export warehouse proprietor, the factory or export warehouse covered by the bond, the bond amount, and additional details about the collateral.

The regulations that implement this information collection are as follows:

27 CFR 40.66	27 CFR 40.392	27 CFR 44.86
27 CFR 40.67	27 CFR 40.405	27 CFR 44.124
27 CFR 40.135	27 CFR 40.406	27 CFR 44.125
27 CFR 40.136		

TTB F 5200.29 is a combination of TTB F 5200.25 and TTB F 5200.26, and it was developed to replace the two separate forms. Currently, the regulations prescribe the use of TTB F 5200.25 and 5200.26. TTB intends to amend these regulations to provide for use of the TTB F 5200.29. Until the regulations are amended, TTB 5200.29 can only be used to meet the requirements of the applicable regulations under an approved alternate procedure. TTB F 5200.25 and TTB F 5200.26 will be discontinued once the appropriate regulatory changes are made.

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 uses this information to ensure that the manufacturer or export warehouse proprietor complies with laws and regulations that require adequate collateral or bond coverage to protect the revenue. These forms provide an efficient method of collecting the required information.

*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 collection and maintenance of required information. Each form will be considered on a case-by-case basis. Currently, in addition to submission via U.S. mail or Fax, all three tobacco bond forms may be uploaded and submitted as an attachment to a tobacco permit application in TTB's Permits Online (PONL) system.

*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 forms contain information collected that is pertinent to each respondent and applicable to the specific issue of filing a bond for the protection of Federal taxes. As far as TTB is able to 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?*

All entities regardless of size are required by statute to obtain a bond, which requires the completion of this information collection, in order to engage in business as a manufacturer of tobacco products or cigarette papers and tubes, or as an export warehouse proprietor. Because of the unique application of bonds to each particular business, we cannot limit the information for small businesses, but the information for all businesses requested by the TTB forms 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?*

Pursuant to the IRC at sections 5711 and 7101, the TTB regulations require this information collection to protect the revenue. This information is collected only as often as necessary to ensure that those engaging in business as manufacturers of tobacco products or cigarette papers and tubes, or as export warehouse proprietors, have bond coverage to cover their potential tax liability, as prescribed by statute and regulation. Eliminating or reducing the frequency of this collection would pose serious jeopardy to the revenue and would not be consistent with the statutory requirements.

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 TTB F 5200.25, TTB F 5200.26, and TTB F 5200.29 on Thursday, May 28, 2015, 80 FR 30539. This notice solicited comments from the general public. TTB received no comments.

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 these forms or their supporting documentation; however, the confidentiality of certain information collected on these forms and their supporting documentation is protected by 26 U.S.C. 6103.

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.

A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Tax Major Application System, and a Privacy Act System of Records notice (SORN) has been issued for this 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?*

The estimated number of respondents to this information collection is 215, with each respondent filing an average of once per year. The burden hours are 1.7 hours per submission, for a total of 367 annual burden hours.

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

No cost is 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:

Total annual cost to the Federal Government is \$6,072 (clerical and other salary costs). Printing and distribution costs to the Federal government have decreased to \$0.00 in TTB's cost estimate due to the availability of TTB forms to the public on the TTB website ([www.ttb.gov](http://www.ttb.gov)).

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

Adjustments attribute to a net increase of 134 respondents and 256 annual burden hours; total of 367 burden hours requested:

TTB F 5200.25 reports an increase in annual burden from 5 hours to 9 hours due to an adjustment in the burden estimate to complete the form, from 1 hour to 1.7 hours; TTB F 5200.26 reports a decrease of 5 respondents and 11 burden hours, and TTB F 5200.29 reports an increase of 139 respondents and 263 burden hours to submit new or amended tobacco bonds due to changes in business ownership or other relevant circumstances.

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 on these forms. By not displaying the expiration date of this collection on the related forms, TTB will not have to update the forms' expiration date on its electronic systems and website pages or on the forms' paper version each time the information collection is approved. More importantly, this avoids confusion among users of the forms when the OMB approval date may have passed but the forms are approved under interim short-term approvals while the forms are 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 forms, including any versions of the forms 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?*

- (c) See item 5 above.
- (f) This is not a recordkeeping requirement.
- (i) No statistics involved.

**B. Collections of Information Employing Statistical Methods.**

This collection does not employ statistical methods.