**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement –– Information Collection Request**

**OMB Control Number 1513–0116**

Information Collection Request Title:

Bond for Drawback Under 26 U.S.C. 5111. (Formerly: Bond for Drawback Under 26 U.S.C. 5131.)

Information Collections Issued under this Title:

TTB F 5154.3, Bond for Drawback Under 26 U.S.C. 5111. (Formerly: TTB F 5154.3, Bond for Drawback Under 26 U.S.C. 5131.)

**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, processed tobacco, 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 Internal Revenue Code, at 26 U.S.C. 5111–5114, authorizes "drawback" (similar to a refund) of all but $1.00 per proof gallon of the Federal excise tax previously paid on distilled spirits, if the spirits are subsequently used in the manufacture of certain nonbeverage products that are unfit for beverage purposes such as medicines, food products, flavors, and perfumes. Persons making such nonbeverage products, who wish to receive drawback, must file claims with TTB documenting the facts necessary to prove their eligibility for the drawback payment.

Such drawback claims may be filed on either a monthly or a quarterly basis, and 26 U.S.C. 5114(b) authorizes the Secretary of the Treasury to require persons filing monthly claims to file a bond. (Quarterly claimants are exempt from the bond requirement.) The purpose of these bonds is to protect the Federal revenue in the event that, after a claim is paid, a manufacturer is found not to have been eligible for some or all of the drawback that was paid. If such a manufacturer is unable to pay the amounts due, the Government can collect the amounts due via the bond.

The TTB regulations governing the filing of nonbeverage drawback claims are set forth in 27 CFR Part 17, Drawback on Taxpaid Distilled Spirits Used in Manufacturing Nonbeverage Products, and these regulations are cross-referenced in 27 CFR Part 26, Liquors and Articles from Puerto Rico and the Virgin Islands. The specific regulations requiring nonbeverage product manufacturers filing drawback claims on a monthly basis to prepare and execute a bond are:

17.101, Bonds in general. 17.107, Strengthening bonds.

17.108, Superseding bonds. 17.144, Bond for monthly claims.

26.172, Bonds. 26.308, Bonds.

This information collection is aligned with:

* Line of Business/Sub-function: General Government/Taxation Management.
* IT Investment: Tax Major Application System

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

TTB F 5154.3 is used to collect information concerning the amount, type, and effective date of the bond required under 26 U.S.C. 5114(b), and the identity of the entities executing it. TTB F 5154.3 also is used to collect the signatures of the authorized representatives, binding them to pay the Government amounts that may become due as a result of filing claims for nonbeverage product drawback. This information is used by TTB’s National Revenue Center to establish the claimant’s eligibility to file drawback claims on a monthly basis. In the event that, after a claim is paid, TTB finds that a manufacturer was not eligible for some or all of the drawback amount paid, the bond may be used, if necessary, to enforce collection of amounts owed to the Government.

*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. Currently, TTB F 5154.3 is available as a fillable-printable form on the TTB Web site at <http://www.ttb.gov/forms/index.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?*

TTB F 5154.3 collects information from a specific group of respondents and the information provided is unique to those respondents. 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?*

Under 26 U.S.C. 5114(b), all persons filing nonbeverage drawback claims on a monthly basis are required by the TTB regulations to file a bond to protect the Federal revenue, and this requirement cannot be waived or reduced simply because of the size of a person’s business. TTB has minimized this information collection burden as much as possible within the context of the regulatory requirement. Nevertheless, most small entities elect to file nonbeverage drawback claims on a quarterly basis and thus avoid altogether the requirement to file a bond on TTB F 5154.3.

*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?*

Not requiring nonbeverage drawback claimants filing on a monthly basis to file a bond on TTB F 5154.3 would mean that drawback improperly paid would not be covered by a bond, which poses a 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?*

No special circumstances are 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 Thursday, July 9, 2015, at 80 FR 39481. 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 law at 26 U.S.C. 6103 prohibits disclosure of tax related information unless disclosure is specifically authorized by that section. TTB maintains these records in secure office space with controlled access and in password-protected computer systems.

*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?*

Based on recent experience, TTB estimates that 20 respondents will file the form one time. Each form should take an average of 24 minutes per applicant to complete, for a total of 8 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)?*

We do not believe respondents bear any additional capital or start-up costs or any increased operation or maintenance costs as a result of this information collection requirement.

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

Estimates of annual cost to the Federal Government are:

|  |  |
| --- | --- |
| Printing costs | $ 0 |
| Distribution costs | 0 |
| Clerical costs | 60.00 |
| Other Salary costs (review, supervisory, etc.) | 100.00 |
| TOTAL COSTS  | 160.00 |

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 Web site at <http://www.ttb.gov/forms/index.shtml>.

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

Program changes: There are no program changes associated with this collection.

Adjustments: Based on recent experience, we are decreasing the number of annual respondents to this information from 52 to 20. However, we are increasing the estimated burden per response from 12 minutes to 24 minutes to more accurately reflect the time it takes a respondent to complete the form. With the decrease in the number of respondents, and the increase in the response time per form, the resulting annual burden is 8 hours, an overall decrease of 2.4 hours from previous estimates. This reduction in the annual number of respondents and burden hours is due to the number of respondents who formerly filed drawback claims on a monthly basis, which requires a bond, who are now filing such claims on a quarterly basis, which does not require a bond.

Changes to TTB F 5154.3: (1) TTB is updating the title of this information collection and its form (TTB F 5154.3) to read "Bond for Drawback Under 26 U.S.C. 5111," because section 11125(b) of Public Law 109–59 redesignated 26 U.S.C. 5131 through 5134 as sections 5111 through 5114; (2) we also are updating any collective or individual references on the form to 26 U.S.C. 5131 through 5134 to 5111 through 5114; and (3) we are updating the burden estimate and the TTB address listed in the Paperwork Reduction Act notice to our current mailing address.

*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 statistics are involved.

(j) See item 3 above.

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

This collection does not employ statistical methods.