

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement -- Information Collection Request**

**OMB Control Number 1513-0089**

Information Collection Request Title:

Records Supporting Drawback Claims on Eligible Articles Brought into the United States from Puerto Rico or the Virgin Island, TTB REC 5530/3.

(Formerly titled: Liquors and Articles from Puerto Rico or the Virgin Islands, TTB REC 5530/3.)

**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 IRC at 26 U.S.C. 7652(g) authorizes the drawback of the Federal excise taxes paid on certain nonbeverage products containing distilled spirits (medicines, medicinal preparations, food products, flavors, flavoring extracts, and perfumes) brought into the United States from Puerto Rico or the U.S. Virgin Islands. Under 26 U.S.C. 7652(g), the drawback provisions of the IRC at 26 U.S.C. 5111-5114 are applicable to such products at the time of entry into the United States. In particular, 26 U.S.C. 5112 authorizes the Secretary to require the keeping of records that are necessary to document nonbeverage product drawback claims.

Therefore, under this IRC authority, the TTB regulations at 27 CFR 26.174 (for Puerto Rico) and 27 CFR 26.310 (for the U.S. Virgin Islands) require the keeping of certain business records to document the data supplied for such nonbeverage product drawback claims so that, if necessary, TTB can verify the claims. These records include formulas, invoices, bills of lading, and shipping records documenting receipt and tax determination of the spirits in the eligible nonbeverage product. These regulations also require such records to be kept for at least three years on the premises of the business for which the claim is made, and the records must be made available for inspection by any appropriate TTB officer during normal business hours.

(Note: Drawback claims are filed on TTB F 5620.8, approved under OMB control number 1513–0030, and data supporting such claims may be filed on TTB F 5154.2, approved under OMB control number 1513–0098.)

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?*

The records required by this information collection may be used by the appropriate TTB officers to verify drawback claims made on the Federal excise taxes paid on the distilled spirits in eligible nonbeverage products brought into the United States from Puerto Rico or the U.S. Virgin Islands. These records should document that: (1) The nonbeverage product in question was made in accordance with its approved formula, which will show the amount of distilled spirits used in its manufacture, (2) the amount of tax paid on the distilled spirits in the product, (3) the product's entry into the United States, and (4) the filing of the drawback claim within the statutory time period.

*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?*

The relevant TTB regulations do not specify the form or format of the required records, and electronic records are acceptable for this information collection, which consists of records kept on the respondent's business premises.

*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 records kept under this information collection are unique and pertinent to each respondent filing drawback claims for eligible nonbeverage products brought into the United States from Puerto Rico or the U.S. Virgin Islands. Respondents keep the required records on their business premises to document their drawback claims. As far as TTB 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?*

All entities, regardless of size, are required to keep the records required to document their nonbeverage product drawback claims. A small entity may be expected to have fewer and smaller transactions, and the recordkeeping burden would be commensurately less. TTB requires only such information as is necessary to meet its tax administration responsibilities under the IRC.

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 records required by this information collection, TTB could not verify the accuracy of drawback claims filed for eligible nonbeverage products brought into the United States from Puerto Rico or the U.S. Virgin Islands, and improperly paid claims pose a jeopardy to the revenue. The records required by this collection are maintained on a continuing basis and are the minimum necessary to establish that a claimant is eligible for drawback of the distilled spirits taxes paid on eligible nonbeverage products.

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 Thursday, August 27, 2015, at 80 FR 52093. 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?*

Respondents maintain the records required by this information collection at their business premises, and there is no medium for TTB to offer an assurance of confidentiality. However, unless otherwise authorized by law, the disclosure of any taxpayer information in the required records is prohibited by the IRC at 26 U.S.C. 6103, and the disclosure of any proprietary information contained in the records is generally prohibited by 5 U.S.C. 552.

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. This information collection involves the keeping of records at the business premises of the respondent. As such, this information collection does not collect personally identifiable information (PII) in an electronic system. Therefore, no Privacy Impact Assessment (PIA) or System of Records Notice (SORN) is required for this collection.

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

There is no change in burden from the previous submission. There are 20 respondents to this information collection, and TTB estimates that each respondent will file 8 excise tax drawback claims per year.

However, the records required under this information collection are usual and customary commercial records, which would be maintained in the normal course of conducting business. Therefore, as a usual and customary business practice, the recordkeeping required by this information collection imposes no burden on respondents as defined by 5 CFR 1320.3(b)(2).

As for providing the required records to TTB, TTB estimates that it will take each respondent approximately one hour per claim. Therefore, with 20 respondents filing 8 claims each per year at one hour per claim, the total possible annual burden hours associated with this information collection is 160 hours. (20 respondents x 8 claims filed annually = 160 responses x 1 hour processing time per response = 160 total burden hours.)

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

This information collection consists of records kept in the normal course of business, and, as such, there is no additional cost to the respondent because of this information collection requirement.

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

There is no cost to the Federal government for this information collection.

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

There are no program changes associated with this collection.

As for adjustments, we are revising the name of this information collection to more accurately reflect its purpose. The name of the collection is being revised to read "Records Supporting Drawback Claims on Eligible Articles Brought into the United States from Puerto Rico or the Virgin Island, TTB REC 5530/3." Formerly, this collection was titled "Liquors and Articles from Puerto Rico or the Virgin Islands, TTB REC 5530/3."

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?

This information collection consists of usual and customary records kept at the respondent's business premises, and, as such, there is no medium for TTB to display the expiration date of the collection's OMB approval.

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

- (c) See item 5 above.
- (i) No statistics are involved.
- (j) See item 3 above.

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

This collection does not employ statistical methods.