

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0074

Information Collection Request Title:

Airlines Withdrawing Stock from Customs Custody (TTB REC 5620/2)

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 (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

Under provisions of chapter 51 of the IRC, distilled spirits and wine produced in or imported into the United States are subject to Federal excise tax. However, under the IRC at 26 U.S.C. 5214 and 5362, and subject to such regulations as the Secretary may prescribe, distilled spirits and wine may be removed without payment of tax for use on certain aircraft. In addition, under 19 U.S.C. 1309, and subject to such regulations as the Secretary may prescribe, distilled spirits and wine may be withdrawn from customs custody without payment of tax for use as supplies on aircraft engaged in flights to locations outside the United States.

Under those authorities, the TTB regulations require airlines to account for distilled spirits and wine withdrawn from their stocks held in customs custody at airports for use as supplies on aircraft engaged in foreign flights. Accounting for the withdrawals of such products is necessary to protect the revenue by detecting and preventing diversion of the products into the domestic market.

Specifically, under 27 CFR 28.280, an airline must prepare a requisition when distilled spirits and wine are withdrawn from its stock held in customs custody at an airport for use as supplies on a foreign flight. The requisition must identify the distilled spirits and wine, the amounts withdrawn, and the aircraft, flight, and destination, and it must include verification by a customs officer of the lading of the supplies on the aircraft. Also under 27 CFR 28.280, any withdrawn distilled spirits or wine must be returned to customs custody upon the return of the aircraft to the United States and must be accounted for on the relevant requisition(s).

In addition, 27 CFR 28.281 requires an airline to prepare a certificate of use for the distilled spirits and wine listed on each requisition. The certificate is then certified by a customs officer and attached to the appropriate TTB application or notice for withdrawal of distilled spirits or wine for export without payment of tax (TTB F 5100.11, approved under 1513–0037) or to the appropriate drawback claim for taxpaid distilled spirits or wine (TTB form F 5110.30 for distilled spirits, approved under 1513–0042, or F 5120.24 for wine, approved under 1513–0016).

Under 27 CFR 28.45, respondents must maintain file copies of the forms, documents, and records required under 27 CFR part 28 for a minimum of two years.

This information collection is aligned with:

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: None.

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

The information required by the TTB regulations at 27 CFR 28.280 and 28.281 accounts for distilled spirits and wine withdrawn by airlines from their stocks held in customs custody at airports for use as supplies on aircraft engaged in foreign flights. The respondent airlines use this information to support applications and notices to withdraw distilled spirits or wine for export without payment of tax, or to support drawback claims for taxpaid distilled spirits and wines that are subsequently exported. TTB personnel use this information during audits and compliance investigations to verify that all untaxpaid distilled spirits and wines used by airlines are accounted for and were used only as allowed by law. The required information is used to protect the revenue by detecting and preventing diversion of untaxpaid products into the domestic market and to document tax drawback claims.

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 the required information.

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 required records and certificates provide information specific to each respondent, aircraft, and flight. As far as TTB can determine, similar information is not available anywhere else.

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

The collection of information does not have a significant impact on small businesses. The required information is readily available to the respondent, is minimal, and is required to protect the revenue.

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?*

Because distilled spirits and wines loaded onto aircraft engaged in foreign flights as supplies are removals without payment of tax or are subject to tax drawback, elimination or less frequent collection of this information would pose a jeopardy to the revenue by making it difficult or impossible for TTB to account for the export and lawful use such aircraft supplies.

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 Tuesday, November 24, 2015, at 80 FR 73269. 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 for this information collection. However, Federal law at 26 U.S.C. 6103 prohibits disclosure of taxpayer information unless disclosure is specifically authorized by that section. Airlines maintain copies of these records on their premises for examination by TTB personnel.

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. In addition, this information collection does not collect personally identifiable information (PII) in a government 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?

Based on recent experience, TTB estimates that 25 airlines withdraw distilled spirits and wine from their own stocks held in customs custody at airports for use as supplies on foreign flights. The required records and certificates are prepared on an ongoing basis, and TTB estimates that each of the 25 respondents spends 100 hours each year preparing the required records and certificates. Therefore, the total estimated annual burden for this information collection is 2,500 hours, evenly divided between recordkeeping (preparation of requisitions) and reporting (preparation and submission of certificates of use).

(25 respondents x 1 annual response x 100 hours per response = 2,500 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)?

TTB does 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?

There is no annualized 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 or adjustments associated with this collection.

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?

There is no TTB form associated with the information collection, which consists of requisitions and certificates prepared by the respondent. These records are kept at the respondent's business premises and copies are provided to U.S. Customs. 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.