

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0057

Information Collection Request Title:

Letterhead Applications and Notices Relating to Wine, TTB REC 5120/1.

Information Collections Issued under this Title:

TTB REC 5120/1, Letterhead Applications and Notices Relating to Wine.

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. 5351-5373, provides for the establishment and operation of bonded wineries and taxpaid wine bottling houses. These sections of law specifically provide for filing applications and bonds, withdrawal and use of wine spirits from distilled spirits plants, and removal of wine upon payment of tax, free of tax, and without payment of tax. These provisions also authorize the Secretary of the Treasury to promulgate regulations that establish standards for security of winery premises, segregation of winery operations from other operations, Government supervision, records and reports, gauging and marking, inventories, losses, voluntary destruction, and samples.

Certain aspects of the treatment of wine are regulated by law because they affect the volume of taxable wine produced. Therefore, the IRC also regulates taxpaid wine bottling houses to prevent evasion of taxes by increasing the volume of taxpaid wine. Amelioration and sweetening are processes by which the taxable quantity of wine may be increased by the addition of sugar and water. These processes are regulated under the specific authority of the IRC at 26 U.S.C. 5383-5385. These statutory standards for amelioration and sweetening also reflect Congress' concern for the product integrity of wine and the protection of consumers. In addition, 26 U.S.C. 5381, 5382, and 5386-5388 impose standards for natural wine, special natural wine, cellar treatment of natural wine, agricultural

wine, and labeling of all wines. These provisions are intended to protect consumers and the product integrity of wine.

Other provisions of the IRC, at 26 U.S.C. 5391, 5392, and 5661–5663, relate to exemption from distilled spirits taxes, meanings of terms, and criminal penalties relating to unauthorized production of wine, and misrepresentation of wine by labeling, packaging, and advertising.

Included in this information collection submission are letterhead applications and notices relating to wine. Proprietors submit a letterhead application to TTB when TTB approval of a particular action or operation is required by regulation. Proprietors submit a notice to TTB as an advisory document when no TTB approval is required for the action or operation in question.

In promulgating regulations requiring either of these types of reporting, TTB first determines if the action or operation relating to wine poses a sufficient enough jeopardy to the revenue to necessitate a reporting requirement. Once this determination is made, TTB policy is that activities with greater jeopardy to the revenue should be regulated by letterhead application subject to TTB approval before the activity can begin. TTB regulates activities posing less jeopardy to the revenue by a notice requirement. Accordingly, the following letterhead application and notice requirements are consolidated in this information collection submission:

Letterhead applications relating to wine in 27 CFR:

24.21	24.22	24.25	24.26	24.77	24.91	24.103
24.108	24.235	24.249	24.250	24.294	24.296.	

Notices relating to wine in 27 CFR:

24.131	24.140	24.141	24.231	24.236	24.242.
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This information collection is aligned with —

- Line of Business/Sub-function: Law Enforcement/Substance Control.
- IT Investment: Tax Major Application Systems.

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

TTB personnel in the National Revenue Center (NRC) and in the Regulations and Rulings Division process these documents. The letterhead applications and notices required under this information collection submission are necessary to ensure that the winemaker's proposed activity or alternative method will provide equal protection to the revenue and will not pose a burden to our agency in administering 27 CFR Part 24, Wine. These letterhead applications and notices help to protect the revenue and consumers while affording winemakers the maximum operational flexibility.

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.

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 letterhead applications and notices required under this information collection submission contain information pertinent to each respondent and applicable to the specific issue of his or her operation. As far as TTB is 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 by 27 CFR part 24 to submit letterhead applications or notice before they can begin certain winemaking activities. Waiver or reduction of this requirement, simply because the respondent's business is small, could jeopardize the collection of revenue. However, this collection of information does not have a significant impact on a substantial number of small businesses or other entities.

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?*

These reporting requirements are considered to be the minimum necessary to ensure compliance with the IRC and the TTB regulations related to wine operations. 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?*

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 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?*

These letterhead applications and notices are maintained at TTB Headquarters and at the NRC in secure file rooms with controlled public access. Moreover, 26 U.S.C. 6103 protects the confidentiality of the taxpayer information collected.

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 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?*

Based on recent experience, TTB estimates 1,650 respondents file an average of one letterhead application or notice relating to wine on an annual basis. TTB estimates that each response takes 30 minutes (0.5 hours) to complete. Therefore, the estimated total annual burden for this information collection is 825 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)?*

There is no cost to respondents associated with this collection.

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

There is no annualized cost to the Federal Government associated with this 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?

This information collection consists of letterhead applications and notices filed by wine industry members. There is no prescribed TTB form for this collection, and, as such, there is no medium for TTB to display the OMB approval expiration date.

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.