

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0024

Information Collection Request Title: Report — Export Warehouse Proprietor.

Information Collections Issued under this Title:

- TTB F 5220.4, Report — Proprietor of Export Warehouse.

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.

Chapter 52 of the IRC imposes a Federal excise tax on tobacco products and cigarette papers and tubes manufactured in, or imported into, the United States. Generally, the excise tax due on tobacco products and cigarette papers and tubes is determined at the time such articles are removed from the factory or released from customs custody. Chapter 52 also grants an exemption from the tax for such articles that are transferred to, or released from customs custody for delivery to, an export warehouse for subsequent shipment to a foreign country, Puerto Rico, the Virgin Islands, or a United States possession, or for consumption beyond the jurisdiction of the internal revenue laws of the United States.

To protect this revenue, chapter 52 of the IRC requires all persons to obtain a permit before commencing business as a manufacturer or importer of tobacco products or processed tobacco, or as an export warehouse proprietor. In addition, the IRC at 26 U.S.C. 5722 requires every manufacturer and importer of tobacco products, processed tobacco, or cigarette papers and tubes, and every export warehouse proprietor, to provide reports “containing such information, in such form, at such times, and for such periods as the Secretary shall by regulation prescribe.” As noted above, the Secretary has delegated this regulatory authority to TTB.

The TTB regulations relating to export warehouses are codified in 27 CFR Part 44, Exportation of Tobacco Products and Cigarette Papers and Tubes, Without Payment of Tax,

or With Drawback of Tax. As for this information collection, the part 44 regulations require export warehouse proprietors to file a monthly report of operations on form TTB F 5220.4, Report — Proprietor of Export Warehouse. In addition, the regulations require export warehouse proprietors to file TTB F 5220.4 when commencing business, concluding business, transferring ownership, or at any time an appropriate TTB officer determines a special inventory is required.

The specific TTB regulations in 27 CFR requiring this information collection are:

44.147, General. 44.148, Opening. 44.149, Monthly.
44.150, Special. 44.151, Closing.

TTB F 5220.4 is the only document filed with TTB by export warehouse proprietors that accounts for the amounts of nontaxpaid tobacco products and cigarette papers and tubes, and the amount of processed tobacco, that they received and removed during the reporting period, and that identifies the remaining inventory present at their warehouse premises.

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 uses the information collected on TTB F 5220.4 to protect the revenue by detecting and preventing diversion of products removed for the tax-exempt purpose of export and to ensure compliance with Federal laws and regulations relating to the removal of tobacco products and cigarette papers and tubes for export. This form also collects information regarding processed tobacco, which is not subject to tax, in order to account for its export and prevent its diversion for unlawful purposes, such as the manufacture of tobacco products without a permit. TTB personnel may check these reports against a proprietor's tax returns to ensure any taxes due are properly paid. TTB also conducts additional checks and verifies entries to detect unusual activities, errors, and omissions.

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 5220.4 is available as a fillable-printable form on the TTB Web site at <http://www.ttb.gov/forms/index.shtml>. Proprietors also may electronically upload and transmit this form to TTB via the Pay.gov online system.

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 5220.4 collects information that is pertinent to each respondent and applicable to their specific export warehouse operations. 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?*

All entities, regardless of size, are required by regulation to provide this information in order to protect the revenue. Waiver or reduction of this requirement, simply because the respondent's business is small, could jeopardize the Federal 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?*

If TTB were not able to collect this information, TTB could not fulfill its statutory obligations to protect the revenue. TTB collects this information only as often as necessary to ensure that articles stored by export warehouse proprietors for subsequent shipment to a foreign country, Puerto Rico, the Virgin Islands, or a United States possession, or for consumption beyond the jurisdiction of the internal revenue laws of the United States, are not diverted into domestic commerce. Less frequent collection of this information would jeopardize TTB's ability to protect the revenue and to take timely action on potential diversion.

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 January 13, 2016, at 81 FR 1679. 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 taxpayer- related information unless disclosure is specifically authorized by that section. TTB maintains its copies of this form 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?*

Currently, TTB estimates that 82 export warehouse proprietors prepare and submit monthly reports on TTB F 5220.4, for a total of 984 annual responses. Respondents compile the information required on this form from usual and customary records kept during the normal course of business, such as receipt and shipping records, and inventories. As such, TTB estimates that respondents require 1 hour to complete each response, resulting in a total annual burden for this collection of 984 hours. The retention requirement for this form is three years following the close of the calendar year covered in the report.

(82 respondents X 12 responses/year = 984 annual responses X 1 hour/response = 984 total 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)?*

This information collection is compiled from usual and customary records kept during the normal course of business, such as receipt and shipping records, and inventories. As such, this collection imposes no additional annualized capital, start-up, maintenance, or operational costs upon respondents.

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

TTB estimates of the annualized cost to the Federal Government for this information collection are:

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|---|---------------|
| Printing costs | \$ 0 |
| Distribution costs | 0 |
| Clerical costs | 960 |
| Other Salary costs (review, supervisory, etc.) | 0 |
| TOTAL COSTS | \$ 960 |

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?*

There are no program changes associated with this collection.

Adjustments: TTB is increasing the number of respondents to this collection from 80 to 82, which is the number of export warehouse proprietors who currently hold permits from TTB and are thus required to file this form. In addition, TTB has reevaluated the time required to complete TTB F 5220.4, and we are lowering the estimated time to complete each response from 2 hours to 1 hour. We are making this adjustment because we believe that export warehouse proprietors have now fully integrated accounting for processed tobacco into their operations (required since 2009). In addition, we believe most proprietors use modern electronic recordkeeping systems, which allow them to readily compile the required information from usual and customary records kept during the normal course of business, such as receipt and shipping records and inventories.

On the TTB F 5220.4 form, we are updating the TTB headquarters address and the estimated completion time for the form listed in its Paperwork Reduction Act.

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.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.