

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0045

Information Collection Request Title: Distilled Spirits Plants—Excise Taxes, TTB REC 5110/06.

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. 5001 imposes a Federal excise tax of \$13.50 a proof gallon on all distilled spirits produced in or imported into the United States. While that section states that the tax attaches at the time the spirits are first produced, the IRC at 26 U.S.C. 5006 provides that the tax will be determined at the time the spirits are withdrawn from bond, under such regulations as the Secretary shall prescribe. Also, the IRC at 26 U.S.C. 5010 allows a credit against the distilled spirits excise tax for the portion of the alcohol content of a distilled spirits product which is derived from wine or flavors. In addition, the IRC at 26 U.S.C. 5061 provides that the tax will be paid by return, also under such regulations as the Secretary may provide.

The TTB regulations concerned with this information collection are contained in 27 CFR parts 19 and 26. Respondents are the distilled spirits plants (DSP) qualified under the provisions of 26 U.S.C. 5171. The records required under this information collection support the information provided on excise tax returns filed by DSP proprietors.

The records required under this information collection are largely concerned with the tax determinations that must be made prior to the taxable removal of spirits from a DSP. Such records may concern tax determinations regarding the “effective tax rates” for products eligible for the wine or flavor credit authorized under 26 U.S.C. 5010. Proprietors use these records to document a product’s computed tax rate and resulting tax liability reported on the DSP’s tax return. The computed effective tax rate enables the proprietor to determine the correct tax liability when the product is removed from bond and will enable TTB specialists to verify the payment of the proper amount of tax.

In addition to the normal tax determinations of distilled spirits, tax returns must also reflect additional taxes or duties not declared upon importation, taxable samples, shortages of bottled goods, notifications of electronic funds transfer payment of taxes, spirits lost in bond, and spirits lost after tax determination.

This information collection is contained in the following sections of 27 CFR:

19.222	19.225	19.226	19.227	19.230	19.231	19.233	19.234
19.237	19.238	19.239	19.240	19.242	19.243	19.246	19.247
19.248	19.249	19.256	19.257	19.262	19.263	19.264	19.266
19.267	19.269	19.436	19.461	19.464	19.465	19.571	19.574
19.575	19.576	19.577	19.580	19.581	19.611	19.612	19.613
19.614	19.615 and						
26.50a	26.77	26.79a	26.165.				

This information collection is aligned with —

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

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

Excise tax records required by 27 CFR part 19 and part 26 are used by the DSP proprietors qualified under the provisions of 26 U.S.C. 5171 to determine and compute tax rates and resulting tax payments, and to document other factors effecting tax liabilities. These records may be examined by TTB specialists to verify tax determinations, computations of tax returns, adequacy of bond coverage, and correctness of claims and returns.

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. These records are maintained by the regulated industry members at their business premises and may be inspected by TTB personnel. The regulated industry members may keep the required records in paper or electronic formats at their discretion.

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?

This information collection request requires records that are pertinent to each recordkeeper. 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 the TTB regulations to keep these records so that TTB may verify tax determinations, computations of tax returns, adequacy of bond coverage, and correctness of claims. Waiver or reduction of this requirement, simply because the respondent's business is small, could jeopardize revenue collection.

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?*

Tax records prescribed by 27 CFR Part 19 constitute a continuing recording of ongoing activities. Without these collections of information, we would be unable to verify taxable removals, taxes due, adequacy of withdrawal bonds, and the proper payment of taxes.

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 Wednesday, January 13, 2015, 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?*

These collections of information are maintained at the proprietor's premises, however, 26 U.S.C. 6103 protects the confidentiality of any tax or 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?

Currently, TTB has issued permits to 2,198 DSP proprietors, all of whom must respond to this information collection. Each of these 2,198 DSPs makes 26 responses per year, resulting in 57,148 responses per year. TTB estimates that each response takes one hour, for an estimated total annual burden of 57,148 hours. The recordkeeping retention period for this information collection is 3 years.

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?

This information collection consists of records kept by respondents at their business premises, and, as such, there is no 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 associated with this collection. As for adjustments, we are increasing the number of respondents, and the resulting number of responses and burden hours, due to growth in the distilled spirits industry, which has resulted in an increase in the number of distilled spirits plants regulated by TTB.

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 records kept by respondents at their premises. As such, there is no prescribed TTB form for this collection. Therefore, 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.
- (i) No statistics are involved.
- (j) See item 3 above.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.