

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0035

Information Collection Request Title: Inventory — Export Warehouse Proprietor.

Information Collections Issued under this Title:

- TTB F 5220.3, Inventory — Export Warehouse Proprietor

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. 5721, requires export warehouse proprietors to take true and accurate inventories of all tobacco products, processed tobacco, and cigarette papers and tubes at the commencement of business, the conclusion of business, and at other times as the Secretary shall prescribe by regulation.

Under this authority, the TTB regulations in 27 CFR Part 44, Exportation of Tobacco Products, and Cigarette Papers and Tubes, Without Payment of Tax, or With Drawback of Tax, require export warehouse proprietors to make opening and closing inventories, as well as inventories at the time of certain changes in ownership and control of the business. The regulations also require export warehouse proprietors to make a special inventory when required by the appropriate TTB officer.

Export warehouse proprietors report inventories on TTB F 5220.3, Inventory—Export Warehouse Proprietor. Proprietors supply one copy of the report to TTB and keep one copy at their business premises. As authorized by 26 U.S.C. 5741, the TTB regulations require proprietors to retain their copies of these inventory reports for 3 years following the close of the calendar year in which the inventory was taken, and they must make these reports available for inspection by any appropriate TTB officer upon request.

The TTB regulations that implement this information collection are found in 27 CFR at:

44.104	44.105	44.107	44.143
44.144	44.145	44.146	44.161.

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 F 5220.3 provides a uniform format for recording inventories of tobacco products, cigarette papers and tubes, and processed tobacco held by export warehouse proprietors. Such inventories are required by law and regulation in order to prevent diversion and protect the revenue. Because tobacco products and cigarette papers and tubes are held on the bonded premises of an export tobacco warehouse proprietor until the articles are exported without payment of tax, transferred in bond to another export warehouse, or returned to the manufacturer, TTB uses these inventories to establish a contingent tax liability on tobacco products and cigarette papers and tubes held for export by the proprietor.

In addition, these inventories aid TTB in detecting diversion of nontaxpaid products into the domestic market, where such products generally are subject to tax. Inventory requirements for processed tobacco, which is not subject to tax, also help TTB prevent and detect the diversion of materials used for making tobacco products to unauthorized manufacturers who would not be accountable to TTB.

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 5220.3 is available as a fillable-printable form on the TTB Web site at <http://www.ttb.gov/forms/index.shtml>.

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 5220.3 collects information that is pertinent to each respondent and applicable to his/her specific inventory. 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 statute and regulation to complete TTB F 5220.3. The information collected is the minimum necessary to reflect a true and accurate

inventory as required by statute. The information is collected only when an export warehouse proprietor commences or discontinues business, upon certain changes in ownership or control of the business, or when requested by TTB for tax administration purposes. As this information collection requirement is required by statute, it cannot be waived simply because the respondent's business is small.

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?

Respondents complete TTB F 5220.3 only as often as necessary to comply with the regulations authorized by the IRC. If this information were not collected TTB would lose an effective means to determine tax liability, which TTB must be able to establish to prevent jeopardy to the revenue derived from tobacco products. Less frequent collection of this information could cause jeopardy to the revenue by hindering TTB's ability to ensure that nontaxpaid products intended for export are not diverted into domestic commerce.

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 February 24, 2016, at 81 FR 9245. 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.

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 regulates 86 export warehouse proprietors, and we estimate that each export warehouse proprietor will complete one inventory per year, for a total of 86 annual responses. We estimate that each response will require five hours to complete, for a total of 430 hours of total annual burden. The retention requirement for this form is three years following the close of the calendar year covered in the report.

(86 respondents X 1 response/year = 86 annual responses X 5 hours/response = 430 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 collection imposes no additional annualized capital, start-up, maintenance, or operational costs upon respondents.

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

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

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 86 due to an increase in the number of export warehouse proprietors regulated by TTB, which results in an increase in annual responses, from 80 to 86, and an increase in annual burden hours, from 400 to 430.

Form 5220.3: On the form, we are removing the OMB expiration date (see Question 17), revising the form's version date, and updating the mailing address for TTB listed in the form's Paperwork Reduction Act Statement.

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.