

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0088

Information Collection Request Title:

Alcohol, Tobacco, and Firearms Related Documents for Tax Returns and Claims
(TTB REC 5000/24)

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 and cigarette papers and tubes), and sections 4181-4182 (firearms and ammunition excise taxes) of the IRC 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 Internal Revenue Code of 1986, as amended (IRC; 26 U.S.C), imposes Federal excise taxes on distilled spirits, wine, beer, tobacco products, cigarette papers and tubes, and firearms and ammunition, and it also imposes special occupational taxes related to tobacco products and cigarette papers and tubes. The IRC requires that these excise and special occupational taxes be collected on the basis of a return. The IRC also allows for the filing of claims for the drawback (abatement or refund) of excise taxes under certain circumstances.

To safeguard this revenue, the IRC authorizes the Secretary of the Treasury to issue regulations to require the keeping of records to document the information provided in excise and special occupational tax returns and in drawback claims. Specifically, the IRC at 26 U.S.C. 5555 authorizes the Secretary to prescribe regulations requiring every person liable for the excise tax imposed on distilled spirits, wine, and beer to prepare any necessary records, statements, or returns. The IRC at 26 U.S.C. 5741 authorizes the Secretary to prescribe by regulation the keeping of records relating to tobacco products and cigarette papers and tubes, including records related to special occupational taxes. In addition, the IRC at 26 U.S.C. 5843 provides similar authorization to the Secretary regarding firearms and ammunition.

The TTB regulations concerning the keeping of records under this information collection documenting the information supplied in excise tax and special occupation tax returns and in drawback claims are found in 27 CFR Parts 17, 19, 24, 25, 26, 27, 29, 31, 40, 41, 44, 45, 46, 53, and 70. A comprehensive list of all IRC statutory and TTB regulatory requirements associated with this collection is attached separately.

The keeping of records supporting tax returns and drawback claims is necessary to protect the revenue. TTB uses the information contained in such records to determine the appropriate tax liability, verify computations on tax returns, determine the adequacy of bond coverage, and verify the correctness of claims and other adjustments to tax liability.

The required records may consist of affidavits, effective tax rate determinations, inventories, and usual and customary business records such as insurance records, invoices, and shipping records, as well as of other records that document tax return and drawback claims. (Note: Excise tax returns, special occupational tax returns, and drawback claims, which are submitted on various TTB forms, are approved under separate OMB control numbers.)

Proposed Rulemaking

TTB is issuing a proposed rule titled “Amendments to Streamline Importation of Distilled Spirits, Wine, Beer, Malt Beverages, Tobacco Products, Processed Tobacco, and Cigarette Papers and Tubes and Facilitate Use of the International Trade Data System” (Notice No. 159), which will amend the TTB regulations governing the importation of distilled spirits, wine, beer and malt beverages, tobacco products, processed tobacco, and cigarette papers and tubes. The proposed amendments are intended to clarify and streamline import procedures, and support the implementation of the International Trade Data System and, specifically, the filing of import information electronically in conjunction with an electronic import filing with U.S. Customs and Border Protection (CBP). The proposed amendments include providing the option for importers to file import-related data electronically when filing entry or entry summary data electronically with CBP, as an alternative to the current TTB requirements that importers submit paper documents to CBP upon importation. Under the proposed rule, the information collection approval for many of these electronic submissions will be placed under OMB control number 1513–0064, Importer’s Records and Reports (TTB REC 5170/1).

Under this proposed rule, TTB proposes to remove approval for the information collections in 27 CFR 27.48 and 27 CFR 41.81 from OMB control number 1513–0088 and, instead, place them under OMB control number 1513–0064. We are also amending this information collection to state that the information that must be maintained as a record to support tax returns and drawback claims includes all supporting documents, including information submitted to CBP to meet CBP requirements. This information collection is also being amended to specify that such information must be retained for three years, which is stated in proposed amendments to 27 CFR 26.276 and 27.137, and each section, as proposed, will list OMB control numbers 1513–0064 and 1513–0088. The estimated number of respondents for OMB control number 1513–0088 (503,921) and the estimated average annual burden of one hour per respondent remain unchanged.

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?

TTB uses the information contained in the records required under this information collection to protect the Federal revenue. Without the records required under this collection of information, we would be unable to determine the amount of taxes rightly due, verify computations on tax returns, and verify the correctness of claims and other adjustments to tax liability. For example, TTB auditors use the required records to verify taxable removals, taxes due, the adequacy of withdrawal bonds, and the correctness of claims for refund or abatement.

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 information collected on the records kept in support of tax returns and claims is pertinent to a taxpayer's specific tax-related circumstances. As far as TTB can determine, similar information is not available anywhere else. The documentation used to support tax returns and claims may include records that would be kept in the ordinary course of business.

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 keep records pertaining to Federal excise taxes on distilled spirits, wine, beer, tobacco products, cigarette papers and tubes, and firearms and ammunition. Waiver or reduction of this requirement, simply because the respondent's business is small, could jeopardize the 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?

This recordkeeping requirement is considered to be the minimum necessary to ensure protection of the revenue. The records supporting tax returns and claims required under the TTB regulations constitute a continuing recording of ongoing tax-related activities. Less frequent recordkeeping would create jeopardy to the revenue as it would significantly hinder our ability to verify that the appropriate tax payments were made.

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 proposed rule titled "Amendments to Streamline Importation of Distilled Spirits, Wine, Beer, Malt Beverages, Tobacco Products, Processed Tobacco, and Cigarette Papers and Tubes and Facilitate Use of the International Trade Data System" (Notice No. 159), in the Federal Register on Tuesday, June 21, 2016, at 81 FR 40404.

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?*

The confidentiality of the information prepared in this supporting documentation to substantiate tax returns and claims is protected by the IRC at 26 U.S.C. 6103.

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?*

There is no change in burden from the previous submission. TTB estimates that:

503,921 respondents X 1 response annually = 503,921 responses X 1 hour per response = 503,921 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)?*

There are no capital or start-up costs to respondents associated with this collection.

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

Estimates of annual cost to the Federal Government are:

Clerical costs	\$545
Other Salary costs (review, supervisory, etc.)	1,030
TOTAL COSTS	\$1,575

There is no TTB form associated with this information collection, and, as such, there are no printing and distribution costs for this information collection.

15. *What is the reason for any program changes or adjustments reported?*

As for program changes to 1513–0088, TTB is proposing to remove 27 CFR 27.48 and 41.81 from this information collection approval and place those sections under revised OMB control number 1513–0064. In addition, a three-year retention requirement will be stated in 27 CFR 26.276 and 27 CFR 137, which will be listed under both 1513–0064 and 1513–0088.

As for adjustments, TTB believes that these amendments will not alter the current burden estimate for this information 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 records kept by respondents to support tax returns and claims required by the statute and/or the TTB regulations. 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.