

exempt from bond requirements if they are eligible to pay excise taxes quarterly or annually under the IRC at 26 U.S.C. 5061(d)(4). To implement the bond exemption under the PATH Act, TTB is amending its regulations to provide that an applicant or existing brewer must state on TTB Form 5130.10 whether the proprietor is exempt from bond requirements (see 27 CFR 19.73 and 19.136).

Further, Congress provided in 26 U.S.C. 5201 that DSPs must conduct all operations in conformity with such regulations as the Secretary shall prescribe. Nevertheless, both the law and regulations recognize that, under certain circumstances the efficiency of the industry and the interests of the Government would be best served by allowing variations from the regulatory requirements. The regulations in 27 CFR part 19 therefore provide for the submission of various miscellaneous notices or requests to vary from the requirements of that part (see regulations listed in #2 below).

Respondents to these collections of information are the DSPs authorized under the provisions of the IRC at 26 U.S.C. 5171 and others who may be required to respond.

Also included in this request for review are various miscellaneous requests required of persons who are neither registered DSPs nor applicants for registration but are required by law or regulation to submit notices or applications related to DSP activities.

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?*

a. Registration requirements

Regulations in 27 CFR 19.71, 19.72, and 19.116 require that any person who intends to establish a DSP or succeed to the proprietorship of an existing DSP must, before commencing operations, make application and receive notice of registration on TTB F 5110.41. The form serves essentially as a transmittal document for the supporting documents and information that must be submitted as part of the application for registration.

The regulations that prescribe the information that must be submitted in support of an application for registration on TTB F 5110.41 are found at:

18.39	19.75	19.78
19.73	19.76	19.79
19.74	19.77	19.143

Persons file TTB F 5110.41 with TTB National Revenue Center (NRC) where the form and its attachments are carefully examined by specialists for conformity with applicable law and regulations. Before the notice is approved, it may be referred to field personnel

for verification.

The proprietor is also required to amend the registration when changes occur that affect the information provided in the application for registration. Some changes require the filing of TTB F 5110.41, while other changes may be accomplished by submitting a letterhead application or a letterhead notice. The regulations governing changes to the registration are located at:

19.112	19.116	19.120
19.113	19.117	19.121
19.114	19.118	19.122
19.115	19.119	19.123

b. Requests and notices.

Our specialists, who frequently work with the analysis and recommendations of our investigators, use the notices and requests for variances from regulations to determine whether the proposed variation jeopardizes the revenue, creates undue administrative problems, or is contrary to the law.

These requests and notices include the following sections:

- § 19.13 Requirement to submit a schedule of operation;
- § 19.26, 27 Alternate methods or procedures. (Requires a written application to the appropriate TTB officer for approval of a variance from regulatory requirements);
- § 19.55 Other businesses. Request to conduct other businesses on DSP premises (See also § 19.73(b));
- § 19.28 Emergency alternate methods or procedures. (Provides for applications to the appropriate TTB officer for variances from regulatory requirements under emergency conditions);
- § 19.281 Gauging. (Provides for the approval of alternative means of gauging);
- § 19.441 Securing of conveyances. (Provides for the approval of securing devices other than those specifically approved by regulations and for the use of letter abbreviations for the name of the proprietor pursuant to request);
- § 19.60 Spirits in customs custody. (Requires a description of the route and means for the conveyance of spirits in customs custody across DSP premises);
- § 19.54 Request to store distilled spirits other than as provided in regulations;

- § 19.56 Request to establish bonded warehouse of less than the minimum storage capacity;
- § 19.114 Request to submit lists of stockholders on a date other than May 1;
- § 19.116 Request, by successor in business, to adopt formulas of the predecessor;
- § 19.261 Authorizes a request for information on prior criminal connections to determine qualification under 26 U.S.C. 5551;
- § 19.170,171 Termination of bonds. (Provides for a notice of discontinuance of withdrawals under bond or discontinuance of business to effect a termination of the bond);
- § 19.192 Security. (Provides for requests to use locks which do not meet the specifications of this section);
- § 19.352 Bottling tanks. (Provides for a notice to bottle spirits from other than approved bottling tanks);
- § 19.372 Inventories of bottled and packaged spirits. (Provides for an application to conduct inventories at times other than prescribed by regulations);
- § 19.384 Adding denaturants. (Provides for an application to use alternate methods for mixing denaturants);
- § 19.392 Conversion of denatured alcohol formulas. (Provides for approval of requests to convert formulas for specially denatured alcohol other than as specifically authorized);
- § 19.388 Receipt and storage of denatured spirits. (Provides for an application to store denatured spirits other than as provided in regulations);
- § 19.462 Determinations of losses in bond. (Provides for the reporting of certain losses to the area supervisor);
- § 19.487 Kind of spirits. (Provides for applications to change the designation of spirits and to obtain a designation of spirits for which none is prescribed by regulations);
- § 19.459 Voluntary destruction. (Requires a notice for the destruction of wine on DSP premises);
- § 19.434 Spirits withdrawn from bonded premises. (Provides for an application to

remove samples to a commercial laboratory);

§ 28.198 Notice of return. (Provides for a notice when spirits for which export drawback has been claimed are not to be exported).

c. Requests and notices by non-DSP proprietors.

Various sections of law and regulations require that persons other than DSP proprietors submit notices or applications related to DSP activities. These requirements include the following sections:

- 27 CFR 19.33 Provides for an application by one who wishes to establish an experimental DSP. The information required in the application allows us to identify the applicant and location of the premises, determine whether the applicant is qualified under 26 U.S.C. 5312(b), and determine the potential tax liability to be covered by bond.
- 27 CFR 19.36, 37 Provides for an application by one who produces non-potable spirits in an industrial process for waiver of the requirements of 26 U.S.C. Chapter 51. The application allows us to identify the applicant and determine the eligibility for waiver of those requirements in accordance with 26 U.S.C. 5201(b).
- 27 CFR 19.34, 35 Provides for an application by a scientific institution or college of learning to produce, receive, blend, treat, test or store distilled spirits for experimental or research use in accordance with 26 U.S.C. 5312(a). The information on the application allows us to identify the applicant and determine its qualifications.
- 27 CFR 19.171 Provides for a notice by a surety for any bond required by Part 19 to be relieved of liability. The notice merely notifies us of the termination of liability so that appropriate action may be taken to protect the revenue. (See also 27 CFR 19.172.)
- 27 CFR 19.420 provides that a scientific institution or college of learning qualified under 27 CFR 19.71, above, must submit a request to withdraw spirits free of tax from a DSP. The approved request constitutes the authorization for the DSP to remove the spirits free of tax.

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?

We have 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 records.

Currently, TTB F 5110.40 is available as a fillable/printable paper form on the TTB website at <https://www.ttb.gov>. Respondents also may file the information collected on the form electronically through TTB's Permits Online (PONL) system (see <https://www.ttbonline.gov/permitsonline>).

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 is pertinent to each respondent and applicable to the specific issues of filing TTB F 5110.41, letterhead applications, and notices related to certain specific DSP operations. As far as TTB is able to 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 to file and maintain registration to operate as a DSP. DSPs also are required to file letterhead applications and notices to identify specific operational activities and to keep records of those activities in accordance with statutory and regulatory requirements. We consider the burden to be the minimum necessary to ensure compliance with existing laws and regulations and to protect the revenue. Where possible, we have reduced requirements based on the size of the respondent.

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?

Without these collections of information, relating to qualification requirements, we would have no procedure for fulfilling our statutory mandate to issue permits for authorized distilled spirits operations. Without the collections of information relating to alternate procedures, variances, and waivers, we would have no procedure for allowing any method or activity not specifically prescribed by regulations, and the industry would be without the flexibility accorded thereby.

We believe the frequency of collection is at the minimum necessary for fulfillment of our statutory responsibilities.

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?

Under 27 CFR 19.81, a DSP proprietor is required to maintain the registration documents on the plant premises while the DSP remains in business.

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.

The general public will be notified of this information collection in a temporary rule and notice of proposed rulemaking that will be published shortly in the Federal Register. The notice will solicit comments from the general public.

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 TTB F 5110.41. However, 5 U.S.C. 552 protects proprietary information from disclosure, while 26 U.S.C. 6103 protects taxpayer information from disclosure.

The records required under this information collection generally are maintained by respondents who control the confidentiality of those documents. Letterhead applications and notices submitted to TTB are maintained in secure file rooms and computer systems with controlled access.

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.

Personally identifiable information is collected on the TTB F 5110.41, but is not collected via letterhead applications and notices. A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Regulatory Enforcement Record 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?

The estimated total burden of 5,932 hours imposed by these collections of information is described below and is based on experience of our personnel who have been closely involved in assisting industry members to prepare this information.

- a. Original applications for registration normally require 8 hours to complete manually and 6 hours electronically, the Bureau received 579 applications during the last 12-month period. The registration is submitted once. (49 on paper and 530 electronically) The burden hours for the 49 manual registrations are $49 \times 1 \times 8 = 392$ and the burden hours for the electronic registrations are $530 \times 1 \times 6 = 3,180$. Letterhead notices and applications for amendments to permits require approximately 1 hour to complete. Each of the DSPs will normally submit an average of 1.9 responses each year.

Applications and Letterhead Notices and Applications

IC	Format	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Burden
TTB F 5110.41	Paper	49	1.0	49	8	392
	PONL	530	1.0	530	6	3,180
Letterhead Notices & Apps for Amend	Paper	579	1.9	1,100.1	1	1,100
TOTAL		579	2.9	1,679	3.08	4,672

- b. Requests for variances from regulatory requirements require approximately 1.2 hours to prepare, and each DSP will submit 1.3 requests per year.

IC	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Burden
Variations from Reg. Requirements	579	1.3	752.7	1.2	903

- c. We estimate that 307 DSPs will file one registration amendment on TTB F 5110.41 in each of the next three years in order to apply for the bond exemption authorized under Section 332 of the PATH Act (discussed under #1 above). On average, TTB estimates that the bond exemption application will require 1 hour to complete using either paper or PONL.

IC	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Burden
Bond Exempt Applications	307	1	307	1	307

- d. The Bureau normally receives approximately 50 requests each year from persons who are not DSP proprietors. Each such request or notice requires approximately one hour

to prepare and the burden imposed by these requirements is estimated at 50 hours.

IC	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	Burden
Non-DSP	50	1	50	1	50

Total number of responses is 2,789; total burden hours requested 5,932.

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/start-up or ongoing operation/maintenance costs associated with this information collection.

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

Estimates of annualized costs to the Federal Government are presented below for TTB F 5110.41. There is no cost to the Federal Government for the various letterhead notices and letterhead applications required.

Printing	\$ 0
Distribution	0
Clerical Costs	60
Other Salary Costs (review, supervision, etc.)	400
Total Cost	\$ 460

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 website (<http://www.ttb.gov>).

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

As described above, TTB is making program changes associated with this information collection to implement the bond exemption under the PATH Act. TTB is amending its regulations to provide that an applicant or existing DSP proprietor must state on TTB F 5110.41 whether the proprietor is exempt from bond requirements. TTB is adding a new item to the form where the applicant or proprietor selects whether the person is eligible for the bond exemption, and TTB is amending one of the instructions on the form to reflect this change.

TTB is also adjusting the burden hours associated with this collection (see #12 above) to reflect an increase in the number of applicants and proprietors, and to account for a one-time increase in the filing of TTB F 5110.41 in each of the next three years by DSP

proprietors applying for the bond exemption authorized under the PATH 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 on TTB F 5110.41. 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. Collection of Information Employing Statistical Methods

This collection does not employ statistical methods.