

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0053

Information Collection Request Title:

Report of Wine Premises Operations

(Includes TTB F 5120.17—Report of Wine Premises Operations.)

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.

Pursuant to section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d), and Treasury Department Order 120-01, the Alcohol and Tobacco Tax and Trade Bureau (TTB) is responsible for administering the Federal excise tax imposed on wine by the Internal Revenue Code of 1986, as amended, (IRC) at 26 U.S.C. 5041, as well as the consumer protection provisions of the Federal Alcohol Administration Act (FAA Act) at 27 U.S.C. 201 *et seq.*

The IRC, at 26 U.S.C. 5367, authorizes the filing of records and reports related to wine cellar and bottling house operations. Filed on form TTB F 5120.17, the report of wine premises operations report allows TTB to analyze winery operations in its own offices. This analysis may reveal inconsistencies or problem areas that may indicate jeopardy to the revenue or improper identification of wine. Aided by this information, TTB can focus its resources on problem areas and perform examinations with minimal disruption to the regulated industry members. This report is prescribed in the TTB wine regulations at:

27 CFR 24.65	27 CFR 24.176	27 CFR 24.293	27 CFR 24.303
27 CFR 24.75	27 CFR 24.197	27 CFR 24.294	27 CFR 24.313
27 CFR 24.136	27 CFR 24.237	27 CFR 24.295	27 CFR 24.316.
27 CFR 24.140	27 CFR 24.292	27 CFR 24.300	

Exportation of wine free of tax is shown on TTB F 5120.17 under the provisions of TTB's alcohol exportation regulations at 27 CFR 28.126.

The report captures information pertaining to the: (1) production, receipt, bottling, and removal of wine by tax class; (2) use of wine spirits; (3) type and quantity of winemaking materials received and used; (4) receipt and removal of distilling material and vinegar stock; (5) amount of liquid in fermenters at the end of the period; (6) production of nonbeverage wine; and (7) production of special natural wine and other wine.

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 examines winery operations reports filed on TTB F 5120.17. Taxpaid removals from a winery reported on this form are checked against the winery's tax returns to ensure all Federal alcohol excise taxes have been paid. Also, this report provides an effective tool to monitor needed bond coverage, which in turn protects the revenue. Other problem areas may include unauthorized destructions, unreported losses, or wine being produced in a substandard manner. TTB attempts to resolve inconsistencies or problems by telephone, email, fax, or correspondence with the winery. TTB only requests on-site investigations if these questions are not informally resolved. Without the TTB F 5120.17, TTB would have no means, other than constant field audits, to monitor wine industry operations.

Second, information from all wine operation reports is consolidated and published as a monthly summary. These summaries are distributed to the public and to wine industry analysts on request, and are placed on TTB's Web site. As evidenced by the great variety of subscribers, which include other Federal agencies, State governments, and regulated industry members, TTB believes that publication of these monthly statistical summaries provides a valuable service to government, industry, and the public. The data provided is not available from any other source, either from the Federal government, State governments, or the regulated industry itself. TTB believes the monthly statistical data summaries clearly meet the practical utility standard as defined in 5 CFR part 1320 with regard to both agency usage and making the information available to the public.

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?

In addition to paper submissions, TTB allows respondents to submit TTB F 5120.17 electronically via the "Pay.gov" website. Of the 33,914 responses filed during FY 2014, 9,442 were submitted electronically via Pay.gov (27.8%).

Under the TTB wine regulations at 27 CFR 24.22, alternate methods or procedures, TTB also considers requests by proprietors to use improved technology, such as computer-generated reports, to reduce the burden of this reporting requirement. Requests to use an alternatives to the TTB F 5120.17 form are approved on a case-by-case basis if the alternate reporting method does not cause administrative difficulty or jeopardy to the revenue.

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 5120.17 contains information collected that is pertinent to each respondent and specific to the reporting of winery operational activities. As far as TTB 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?*

Large wineries are required to file Federal alcohol excise tax returns, pay excise tax, and file operations reports on TTB F 5120.17 on a monthly basis due to the large amount of taxes and wine involved. However, under the IRC and the TTB regulations, certain medium-sized wineries may file their excise tax returns and payments, and their TTB F 5120.17 operations reports, on a quarterly basis. Similarly, certain small wineries are eligible to file their excise tax returns and payments, and their TTB F 5120.17 operations reports, on an annual basis.

In addition, a tutorial on how to complete TTB F 5120.17 is posted on the TTB website

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?*

The largest wineries pay more than \$1,000,000 a month in Federal wine excise tax, so their monthly reports represent a large potential tax liability. Less frequent reporting would severely restrict the monitoring value of the form and the validity of the information collected. Without this monthly reporting system there would be jeopardize the revenue. Due to the significantly lower amounts of Federal wine excise tax paid by medium and small wineries, the IRC and the TTB regulations allow for reduced filing frequencies for proprietors of such entities. TTB believes quarterly or annual filings offer sufficient protection to the revenue, given the smaller amounts of excise tax collected from medium and small wineries.

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?*

The retention period for TTB F 5120.17 is three years, but this period may be extended for an additional three years by specific direction of a TTB official.

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 October 15, 2014, at 79 FR 61939. 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, 5 U.S.C. 552 and 26 U.S.C. 6103 protect the confidentiality of the information collected. The submitted TTB

F 5120.17 forms are maintained at TTB offices in secure file rooms with controlled access. Training of TTB personnel includes emphasis on the importance of safeguarding this information.

The monthly statistical data summary published by TTB is a consolidation of the reported activities of all wineries, and information in the statistical release cannot be traced to a single producer or taxpayer.

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.

TTB has completed a Privacy Impact Assessment (PIA) for information collected under this request as part of the Tax Major Application System, and has issued a Privacy Act System of Records notice (SORN) for this system under TTB .001—Regulatory Enforcement Record System, published in the Federal Register on December 1, 2011, at 76 FR 74847. 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?

TTB computes the annual burden for TTB F 5120.17 as follows:

Frequency (Winery Size)	No. of Respondents	No. Responses Per Respondent	Annual Responses	Hours Per Response	Total Burden
Monthly (Large)	2,103	12	25,236	1.10	27,759.6
Quarterly (Medium)	793	4	3,172	1.10	3,489.2
Annually (Small)	3,147	1	3,147	1.10	3,461.7
Totals	6,043	5.2217441	31,555	1.10	34,710.5

In summary, there are 31,555 total responses at 1.10 hours per response, for a total burden of 34,710.5 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 is no cost associated with this collection.

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

Estimates of annual cost to the Federal Government are:

Printing costs	\$ 0
Distribution costs	0
Administrative costs	58,365
Tabulation / Publication costs	8,647
TOTAL COSTS	\$ 67,012

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 (see <http://www.ttb.gov/forms/5000.shtml>.)

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

The information collected on TTB F 5120.17 remains unchanged. The President signed into law the Consolidated Appropriations Act, 2016 (Pub. L. 114–113); Division Q of this Act is titled the Protecting Americans from Tax Hikes Act of 2015 (PATH Act). Section 335(a) of the PATH Act amends the Internal Revenue Code of 1986 (IRC) at 26 U.S.C. 5041 by modifying the definition of hard cider for excise tax classification purposes. Pursuant to section 335(b) of the PATH Act, the amended definition of hard cider applies to such products removed on or after January 1, 2017. The PATH Act does not change the tax rate applicable to wine eligible for the hard cider tax rate; rather, it broadens the range of products to which the hard cider tax rate applies. TTB made one nonsubstantive change in the instructions/footnotes section of TTB F 5120.17 in regard to the definition of hard cider.

16. *Outline plans for tabulation and publication for collections of information whose results will be published.*

The winery operations data reported on TTB F 5120.17 is summarized by TTB and published as a monthly statistical data summary. TTB monthly statistical data releases are published as soon as possible after the end of the month to which the data applies.

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?*

- (f) This is not a recordkeeping collection.
- (i) No statistical survey methodology is involved.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.