

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number – 1513-0083

Information Collection Request Title:

Excise Tax Return

Information Collections Issued under this Title:

- TTB F 5000.24, Excise Tax Return.

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 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.

TTB is responsible for the collection of the Federal excise taxes on distilled spirits, wine, beer, tobacco products, and cigarette papers and tubes imposed by 26 U.S.C. chapters 51 and 52. Under 26 U.S.C. 5061(a) and 5703(b), TTB is required to collect these taxes on the basis of a return. Therefore, under that authority, the TTB regulations prescribe the use of TTB F 5000.24, Excise Tax Return.

On December 18, 2015, the President signed into law the Consolidated Appropriations Act, 2016 (Public Law 114–113). Division Q of this Act is titled the Protecting Americans from Tax Hikes Act of 2015 (PATH Act). Section 332 of the PATH Act amends the IRC to change tax return due dates and remove bond requirements for certain taxpayers with respect to the taxes on distilled spirits, wine, and beer. This law includes amendments to the IRC at 26 U.S.C. 5061(d)(4) (providing for a new annual tax return period) and 26 U.S.C. 5551(d) (providing for a new exemption from bond requirements). This law has an effective date of January 1, 2017.

Under the TTB regulations, each Federal alcohol and tobacco excise tax payer must a complete TTB F 5000.24 for each tax return period and submit it to TTB together with their tax payment. (In the case of payments made by electronic funds transfer, the taxpayer must

transfer their payment and submit TTB F 5000.24 separately to TTB.)

The following sections of 27 CFR prescribe the use of TTB F 5000.24, Excise Tax Return:

19.230, 19.233 through 19.240, 19.242, 19.436, 19.465, 24.271, 24.275, 24.277, 24.278, 24.279, 24.323, 25.160, 25.163, 25.164, 25.164a, 25.165, 25.166, 25.168, 25.175, 25.224, 25.284, 25.298, 40.162, 40.164, 40.165, 40.165a, 40.167, 40.169, 40.355, 40.356, 40.357, 40.359, 41.140, 44.67, and 45.36.

TTB is amending 27 CFR 19.235, 19.236, 24.271, and 25.164 to incorporate the new annual return period authorized under the IRC at 26 U.S.C. 5061(d)(4), as amended by the PATH Act.

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 TTB F 5000.24, Excise Tax Return, to document the collection of Federal excise taxes on distilled spirits, wine, beer, tobacco products, and cigarette papers and tubes imposed by 26 U.S.C. chapters 51 and 52.

The information TTB requests on the return is necessary to establish the taxpayer's identity, the amount and type of taxes due, and the amount of payments made. TTB uses this information to determine whether the taxpayer has paid the correct amount of tax and to verify the need to take additional action, such as issuance of a refund or the collection of additional tax. TTB examines each return at least once, and additional examination is often performed by TTB during audits of the taxpayer.

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 forms, records, and reports.

Currently, TTB F 5000.24 may be filled out and submitted electronically using Pay.gov (see <http://www.ttb.gov/epayment/epayment.shtml>). TTB F 5000.24 also is available as a fillable-printable form on the TTB website at <http://www.ttb.gov/>.

Of the returns received annually, approximately 75 percent are filed via paper and 25 percent are filed via Pay.gov.

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 required on TTB F 5000.24 is minimal and is unique to a particular period of

time for each taxpayer. The Federal excise tax on alcohol and tobacco products is collected only by TTB, and this information is not available from other sources.

5. If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?

This information collection does not have a significant impact on a substantial number of small businesses or other small entities. In addition, all businesses subject to the Federal alcohol and tobacco excise provisions of the IRC, regardless of size, are required by statute to file excise tax returns. Under 26 U.S.C. 5061(d)(1), alcohol excise tax returns and payments are due on a semi-monthly basis. (Under some circumstances, in accordance with 27 CFR 19.233, TTB may require taxpayers to make prepayments in lieu of semi-monthly payments.)

However, under 26 U.S.C. 5061(d)(4), certain alcohol excise taxpayers (those with no more than \$50,000 in excise tax liability in the preceding year and expecting no more than \$50,000 in tax liability in the current year) may file TTB F 5000.24 and pay the taxes due on a quarterly or annual basis. See 27 CFR 19.235(b) for distilled spirits taxpayers, 27 CFR 24.271(b)(1) for wine taxpayers, and 27 CFR 25.164(c) for beer excise taxpayers.

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 information provided by the taxpayer on the TTB F 5000.24 tax return form is essential to TTB's Federal alcohol and tobacco excise tax collection responsibilities. The absence of this information would seriously jeopardize TTB's collection of such taxes, which amount to approximately \$25 billion each year. Furthermore, if TTB did not use this tax return form or used it less frequently, TTB's ability to identify and account for such excise tax payments would be significantly hindered, and the use of this form eliminates the substantial costs which would be incurred by both the taxpayer and TTB to resolve unidentified payments of tax.

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.

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 this form.

However, the confidentiality of the information collected on this form is protected by 26 U.S.C. 6103, and the form contains a "Privacy Act Statement" explaining how TTB uses the information provided and to whom TTB legally may disclose the information.

The TTB F 5000.24 forms 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.

A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Tax Major Application 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?

TTB estimates that the TTB F 5000.24 return form will be filed annually by 18,479 respondents and that TTB will receive a total of 114,517 returns. With a burden of 0.75 hours per return, this results in a total of 85,888 burden hours. Respondents file at different time intervals, depending on their individual circumstances and the regulatory requirements that they meet. The burden is summarized as follows:

Frequency	No. of Respondents	Responses per Respondent	No. of Responses	Hours per Response	Burden Hours
Pre-Payment	22	48	1,056	0.75	792
Occasionally	23	10	230	0.75	173
Annually	7,268	1	7,268	0.75	5,451
Quarterly	8,208	4	32,832	0.75	24,624

Monthly	63	12	756	0.75	567
Semi-Monthly	2,895	25	72,375	0.75	54,281
TOTALS	18,479	(Ave. of approx. 6.1971)	114,517		85,888

13. What is the estimated annual cost burden to respondents or recordkeepers resulting from this information collection request (excluding the value of the hour burden in Question 12 above)?

Clerical costs (filing, mailing, etc.)	108,000
Other Salary (assembling and gathering Information and completing the form)	2,000,000
Overhead	200,000
Total	\$ 2,308,000

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

Printing and distribution	\$ 0
Clerical costs (filing) ¹	38,253
Other salary (examination, supervisory, etc.) ²	561,056
Total	\$ 599,309

1- Estimated 5 minutes per paper return to transcribe, image, and file at \$20/hour (75% of all returns (127,512) filed via paper).

2- Estimate 5% of returns will require examination by a specialist to resolve issues at \$33/hour for 2 hours.

Printing and distribution costs have been deleted from TTB's cost estimate due to the various electronic methods that we have made available to the public to obtain copies of TTB forms. As a result, printing and distribution costs have decreased to \$ 0.00.

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

TTB estimates that the burden associated with this collection will decrease due to the establishment of a new annual tax return period discussed above for deferred payment of taxes on distilled spirits, wines, and beer. The burden reduction will result from eligible taxpayers paying taxes annually rather than quarterly or semimonthly. TTB also expects that additional taxpayers who are eligible to use quarterly or annual return periods will begin using those periods in lieu of semimonthly or quarterly return periods, respectively, which will also result in a reduction in paperwork burden. Once these taxpayers establish their eligibility for the bond exemption, such taxpayers paying taxes less frequently will not have

the disincentive of being required to hold withdrawal bonds of higher penal sums to cover tax liability associated with withdrawals of tax-determined product on which taxes have not yet been paid.

TTB is also making a minor change to one of the instructions on the form to reflect the new bond exemption discussed above.

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. More importantly, this avoids confusion among users of the form when the OMB approval date may have passed but the form is approved under interim short-term approvals while the form is under OMB review but before OMB has taken action. In addition, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the form, including any versions of the form produced by some businesses, at their own expense, for use with their electronic systems or for sale.

18. What are the exceptions to the certification statement?

(f) This is not a recordkeeping requirement.

(i) No statistics are involved.

B. Collection of Information Employing Statistical Methods.

This collection of information does not employ statistical methods.