

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement — Information Collection Request**

**OMB Control Number 1513–0095**

Information Collection Request Title:

Application for Registration for Firearms and Ammunition Tax-Free Transactions Under 26 U.S.C. 4221.

Information Collections Issued under this Title:

- Application for Registration for Firearms and Ammunition Tax-Free Transactions Under 26 U.S.C. 4221.

**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). The Secretary of the Treasury (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120–01.

The IRC at 26 U.S.C. 4181 imposes a Federal excise tax on the sale of pistols, revolvers, and other firearms, and on shells and cartridges (ammunition), sold by manufacturers, producers, and importers thereof. Under 26 U.S.C. 4221, certain taxable transactions, including sales of firearms and ammunition, may be made tax-free if the seller and the first and second purchaser of the articles (as appropriate and with certain exceptions) are registered as required by 26 U.S.C. 4222. Section 4222 further provides that the Secretary may prescribe regulations regarding the manner, forms, terms, and conditions of the required registration.

The TTB regulations in 27 CFR Part 53, Manufacturers Excise Taxes—Firearms and Ammunition, Subpart K, Exemption, Registration, Etc., govern tax-free sales of firearms and ammunition. Specifically, under the authority of 26 U.S.C. 4222, the TTB regulations at 27 CFR 53.140 prescribe the use of TTB F 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221 (Firearms and Ammunition), as the application to obtain a Certificate of Registry to sell or purchase firearms and ammunition tax-free. Respondents also may electronically file the required information using the Firearms or Ammunition Tax-Free Registration Application, which is part of TTB's

Permits Online (PONL) System.<sup>1</sup> (Regulations regarding exceptions to the registration requirements are found in § 53.141, and regulations regarding the denial, revocation, or suspension of registrations are found in § 53.142.)

In order to protect the revenue, TTB uses the information collected by the application form to determine if the respondent is qualified to engage in tax-free sales. Form TTB F 5300.28 also collects specific information regarding the transactions in which the applicant proposes to engage; TTB uses this information to determine whether the proposed transactions legally qualify for tax-free treatment.

This information collection is aligned with:

Line of Business/Sub-function: General Government/Taxation Management.

IT Investment: Integrated Revenue Information System, and Permits Online.

2. *How, by whom, and for what purpose is this information used?*

In order to protect the revenue and ensure compliance with applicable laws and regulations, TTB uses the collected information to determine if the applicant is qualified to engage in tax-free sales of firearms and ammunition, and to verify that the transactions in which the applicant proposes to engage would qualify for tax-free treatment. If TTB determines that the applicant and their proposed tax-free transactions are qualified, TTB issues a tax-free sales registration number and a Certificate of Registry to the applicant.

In the case of the paper form, TTB F 5300.28, respondents complete the application portion of the form and submit it in duplicate to TTB. If TTB approves the application, TTB completes its portion of the form, including the issuance of a tax-free sales registration number, and then returns one completed copy of the form to the applicant, which acts as the applicant's Certificate of Registry. In the case of applications submitted electronically, TTB electronically responds to the applicant via the PONL system.

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, respondents to this information collection may electronically file the required information by completing the Firearms or Ammunition Tax-Free Registration application

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<sup>1</sup> Per the instructions for TTB F 530028, changes to the categories of tax-free transactions a respondent wishes to engage in are made by submitting a new TTB F 5300.28, but notice of changes to the respondent's business name or principal place of business, or notice of changes in business ownership or control, may be made to TTB by letterhead notice. For electronic applications, all amendments to an original application are made using the PONL system

contained in TTB's Permits Online (PONL) system (see <https://www.ttb.gov/ponl/permits-online.shtml>). In addition, the tax-free sales registration application form, TTB F 5300.28, is available as a fillable-printable form on the TTB Web site at <https://www.ttb.gov/forms/5000.shtml#firearms>.

*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?*

This collection requires information that is pertinent and unique to each respondent and applicable to the specific issue of filing an application to register to engage in tax-free sales of firearms and ammunition. 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?*

Applicants normally provide the required information only once to obtain a Certificate of Registry. Amendments to such registrations are filed by respondents only on an as-needed basis. As such, this information collection is minimal and is not susceptible to reduced requirements for small businesses.

*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 requirement to register in order to engage in tax-free sales of firearms and ammunition is statutory under 26 U.S.C. 4222, and the required information is necessary to protect the revenue. If TTB did not require submission of this registration application, it could not comply with statute, and it would not have the necessary information on which to base its decisions to grant Certificates of Registry. In addition, applicants normally provide the required information only once to obtain a Certificate of Registry, and respondents file amendments to such registrations only on an as-needed basis. As such, the frequency of this information collection cannot be reduced.

*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 "60-day" comment request notice for this information collection in the Federal Register on Tuesday, February 14, 2017, beginning at 82 FR 10630. 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?*

While TTB F 5300.28 and its electronic equivalent contain Privacy Act Information statements, no specific assurance of confidentiality is provided on the form. However, Federal law at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated businesses and individuals, and 26 U.S.C. 6103 prohibits disclosure of tax returns and taxpayer-related information unless disclosure is specifically authorized by that section. TTB maintains these applications in password-protected electronic systems and in secure file rooms 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 completed for information collected under this request as part of the Integrated Revenue Information System, and as part of the Permits Online system. A Privacy Act System of Records notice (SORN) has been issued for these systems 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?*

Based on recent experience, TTB estimates that 90 respondents per year submit a firearms and ammunition tax-free sales registration application on TTB F 5300.28 or its electronic equivalent, and that an additional 10 respondents per year submit a letterhead amendment to their tax-free sales registration. Thus, TTB estimates that there are an estimated 100 annual respondents and 100 annual responses to this information collection (70 government entity respondents and responses and 30 private entity respondents and responses). In addition, TTB estimates each response takes three hours to compile and complete, for an estimated total annual burden of 300 hours.

(100 respondents x 1 annual response = 100 annual respondents x 3 hours per response = 300 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)?*

Given that the business information collected by TTB F 5300.28 or its electronic equivalent is readily available to respondents, TTB believes this information collection request imposes no costs on respondents.

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

Estimates of annual cost to the Federal Government are:

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| Salary of specialist processing submitted forms & letters: | \$1,704.00.      |
| Miscellaneous costs (mailing, office supplies, etc.):      | <u>\$ 100.00</u> |
| Total Cost: .....  | \$1,804.00       |

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 <https://www.ttb.gov/>.

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

There are no program changes associated with this collection.

As for adjustments, TTB is decreasing the estimated number of respondents and estimated total annual burden hours due to a decrease in the number of respondents applying for registration for tax-free sales transactions involving firearms and ammunition.

In addition, to clarify that this information collection is related only to tax-free sales involving firearms and ammunition, TTB is adding the words "Firearms and Ammunition" to the title of the information collection request. On TTB F 5300.28, we are updating the TTB headquarters address in the 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.