

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0128

Information Collection Request Title:

Records to Support Tax Free and Tax Overpayment Sales of Firearms and Ammunition.

Information Collections Instruments Issued under this Title:

- TTB F 5600.33, Statement of Ultimate Vendor;
- TTB F 5600.34, Exemption Certificate (Use on Certain Vessels or Aircraft);
- TTB F 5600.35, Exemption Certificate (Use by State or Local Governments);
- TTB F 5600.36, Statement of Manufacturer's Vendee (For Exports); and
- TTB F 5600.37, Statement of Manufacturer's Vendee (Use in Further Manufacture).

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), the Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the alcohol and tobacco excise tax provisions of chapters 51 and 52 of the Internal Revenue Code of 1986, as amended (IRC, 26 U.S.C.), and the firearms and ammunition excise tax provisions of chapter 32 of the IRC at 26 U.S.C. 4181-4182. In addition, the Secretary of the Treasury has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

While chapter 32 of the IRC at 26 U.S.C. 4181 imposes a manufacturers excise tax on the sale of firearms and ammunition, section 4221(a) provides that certain sales may be made tax-free, including sales made for further manufacture, export, or use as supplies on vessels or aircraft, or sales made to, and for the exclusive use of, a State or local government or a non-profit educational organization. Similarly, under the IRC at 26 U.S.C. 6416(b)(2) and (3), for such sales where the excise tax has already been paid, the tax is considered an overpayment for which a credit or refund (without interest) may be claimed.

Sections 4221 and 6416 IRC also authorize Secretary to issue regulations concerning such tax-free and tax-overpayment sales. Under these authorities, TTB regulations in 27 CFR Part 53, Manufacturers Excise Taxes-Firearms and Ammunition, prescribe that respondents who would otherwise be liable for the excise tax maintain records regarding such tax-free and tax-overpayment sales, and, in most cases, these regulations specifically require

respondents to maintain supporting “statements” or “certificates” that contain specified information documenting the tax-free or tax-overpayment nature of such sales, such as the name and address of the purchaser, a description of the articles purchased, and information regarding the purchaser’s eligible tax-free use of the articles in question. General rules for tax-free sales are given 27 CFR 53.131, while §§ 53.132 through 53.136 govern the five specific types of tax-free sales. General rules for credit or refund of the taxes previously paid in the case of tax overpayment sales are given in 27 CFR 53.171, and specific type of sales and the evidence required for tax credit or refund are prescribed in §§ 53.172 through 53.182.

Respondents may use commercial records, such as invoices and export bills of lading, or they may generate their own supporting statements or certificates to document the required information. As an alternative, to promote uniformity among respondents and eliminate the need for respondents to design their own statements or certificates, TTB provides statement and certificate forms for the most common type of tax-free and tax-overpayment sales, which, when completed, document the required supporting information. These forms, and the related statutory provisions and regulations are:

- TTB F 5600.37, Statement of Manufacturer’s Vendee (Use in Further Manufacture), per 26 U.S.C. 4221(a)(1) and 27 CFR 53.132(c);
- TTB F 5600.36, Statement of Manufacturer’s Vendee (For Exports), per 26 U.S.C. 4221(a)(2) and 27 CFR 53.133(d);
- TTB F 5600.34, Exemption Certificate (Use on Certain Vessels or Aircraft), per 26 U.S.C. 4221(a)(3) and 27 CFR 53.134(d);
- TTB F 5600.35, Exemption Certificate (Use by State or Local Government), per 26 U.S.C. 4221(a)(4) and 27 CFR 53.135(c); and
- TTB F 5600.33, Statement of Ultimate Vendor, for use in claiming credit or refund for tax overpayment under 26 U.S.C. 6416(b)(2) and 27 CFR 53.179(b).

The records required under this information collection are maintained by respondents at their business premises, and TTB may examine the required records during audits to protect the revenue and ensure compliance with the applicable laws and regulations.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/ Taxation Management.
- IT Investment: Tax Major Application systems or NONE.

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

Respondents maintain the required records, including the specified statements or certificates, to provide supporting evidence documenting the tax-free nature of certain sales of firearms and ammunition, or in support of a claim for credit or refund of a tax overpayment. These records are maintained by respondents at their business premises. TTB may examine such supporting statements or certificates during tax audits or investigations, to protect the revenue and ensure compliance with the applicable IRC statutes and TTB regulations.

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. The required records are maintained by respondents at their places of business. Respondents may use commercial records, including those generated or kept in electronic systems, to keep the required information, provided such records are readily available to TTB personnel.

The TTB forms (TTB F 5600.33 through 5600.37), which respondents may use to meet the recordkeeping requirements of this information collection request, are available as fillable-printable forms on the TTB Web site at <https://www.ttb.gov/forms/5000.shtml>.

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 recordkeeping requirement collects information pertinent to each respondent and applicable to the specific issue of documenting supporting information related to tax-free and tax-overpayment sales of firearms and ammunition. 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 respondents that engage in tax-free sales or tax-overpayment sales of firearms and ammunition, regardless of size, are required by the applicable TTB regulations to maintain the required records in order to protect the revenue. While the regulations specify what information the supporting statements and certificates must contain, the regulations specifically authorize the use of commercial records, such as invoices and export bills of lading, or the use of self-generated supporting statements and certificates. In addition, to promote uniformity among respondents and eliminate the need for respondents to design their own statements or certificates, TTB provides statement and certificate forms for the most common type of tax-free and tax-overpayment sales, which, when completed, provide the required supporting information. In addition, for certain types of sales, as specified in the appropriate regulations, a single supporting statement or certificate may be used to provide information for multiple sales made over a specified time period. As such, TTB does not believe that this information collection has a significant impact on a substantial number of small businesses or 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?

The recordkeeping required under this information collection requirement occurs only on an as-needed basis, when a respondent engages in an eligible tax-free or tax-overpayment sale of firearms or ammunition. Not collecting the required information in support of such sales, or collecting it less frequently would hinder the ability of respondents to engage in

such sales and would jeopardize the revenue as respondents and TTB would not have information documenting the tax-free or tax-overpayment nature of such sales.

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 April 4, 2017, at 82 FR 16471. 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?

The information collected under this recordkeeping requirement, including information provided on the five standardized TTB forms that respondents may use to respond to this collection, is maintained by the respondents at their business premises. As such, no specific assurance of confidentiality is provided for this information collection or on the associated TTB forms. If any of the collected information is provided to TTB during an investigation or audit, the disclosure of such taxpayer information is prohibited by 26 U.S.C. 6103, unless disclosure is specifically authorized by that section. TTB maintains all provided taxpayer information 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, which consists of records maintained by industry members at their business premises, contains no questions of a sensitive nature. Also, because this information collection consists of records maintained by industry members at their business premises, this recordkeeping requirement does not collect personally identifiable information (PII) in a government 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?

Usual and customary records which meet the supporting evidence requirements for tax-free and tax-overpayment sales of firearms and ammunition, such as invoices and export bills of lading, are collected by respondents during the normal course of business impose no additional burden.

For respondents who use self-generated supporting statements and certificates, or who use the TTB-provided supporting statement and certificate forms, to meet this information collection requirement, TTB estimates that 7,000 respondents will generate 10 such records annually, for a total of 70,000 responses. TTB estimates that each response will take 45 minutes to complete, for a total estimated annual burden of 52,500 hours. TTB further estimates that this burden is divided equally between private sector respondents and State and local government respondents.

Supporting Statements and Certifications	Respondents	Annual Responses per Respondent	Total Annual Responses	Time Required per Response (Minutes)	Total Estimated Burden Hours
Businesses or Other for Profits	3,500	10	35,000	45	26,250
State and Local Governments	3,500	10	35,000	45	26,250
TOTALS	7,000	10	70,000	45	52,500

Record Retention: Under the regulations and per the instructions on the TTB-provided forms, the supporting statements and certificates required under this information collection must be retained by the purchaser for 3 years.

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 to respondents associated with this recordkeeping requirement.

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

The records, including supporting statements or certificates, required to be kept under this information collection are maintained by respondents at their business premises. As for the TTB-supplied supporting statement and certificate forms that respondents may use to satisfy this recordkeeping requirement, printing and distribution costs for those forms have decreased to \$0.00 due to the public availability of these forms on the TTB website at <https://www.ttb.gov/>. Therefore, there is no annualized cost to the Federal Government associated with this information collection.

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

There are no program changes or adjustments associated with this 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 information 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?*

Under this recordkeeping requirement, for firearms and ammunition tax-free and tax-overpayment sales supporting statements and certificates generated by respondents, there is no medium for TTB to display the OMB approval expiration date for this information collection.

For the five TTB-supplied supporting statement and certificate forms that respondents may use to satisfy this recordkeeping requirement, TTB is seeking approval not to display the OMB approval expiration date for this information collection as a cost saving measure for both TTB and respondents. By not displaying the expiration date on these forms, TTB will not have to update the collection's expiration date on its electronic systems and website pages or on the forms' 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 forms, including any marginally-punched continuous printed versions of the forms 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 for this collection on the five related forms 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 these forms could continue in use regardless of when OMB's approval has expired.

18. *What are the exceptions to the certification statement?*

ENTER TEXT, OR ADJUST BELOW AS NEEDED:

- (c) See item 5 for explanation regarding burden to small businesses.
- (i) This is not a survey so no statistical methods are involved.
- (j) See item 3 for explanation regarding the use of information technology.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.