

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0113

Information Collection Request Title:

- Special Tax "Renewal" Registration and Return/Special Tax Location Registration Listing.

Information Collections Issued under this Title:

- TTB F 5630.5R: Special Tax "Renewal" Registration and 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, 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). In addition, the Secretary of the Treasury has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

The IRC at 26 U.S.C. 5731(a) and 5732(a) requires manufacturers of tobacco products, manufacturers of cigarette papers and tubes, and export warehouse proprietors, before beginning or continuing operations, to pay an annual \$1,000 occupational tax for each premises at which such trade or business is carried on. However, under section 5731(b), such businesses, including control groups, with annual gross receipts of less than \$500,000 pay this tax at a reduced rate of \$500 for each premises. Section 5731(c) provides for fines and imprisonment for persons who willingly fail to pay the required tax. In addition, section 5732(b) sets July 1st as the beginning of the tax year for special taxes, and it requires the tax to be paid annually, while allowing for the monthly proration of the tax for premises that begin business during the course of this tax year. Section 5732(c) requires that special taxes be "paid on the basis of a return" under regulations issued by the Secretary.

Under the authority of 26 U.S.C. 5732(c), TTB has issued regulations requiring payment of special occupational tax (SOT) by return, as specified at 27 CFR 40.31(d) for manufacturers of tobacco products, 27 CFR 40.371(c) for manufacturers of cigarette papers and tubes, and 27 CFR 44.31(d) for export warehouse proprietors. While these regulations state that SOT payments should be made by filing TTB F 5630.5t, Special Tax Registration and Return—Tobacco (approved under OMB Control No. 1513-0112), TTB annually sends TTB

F 5630.5R, Special Tax “Renewal” Registration and Return, to all previous SOT taxpayers as a substitute for that form. On each respondent’s TTB F 5630.5R, using previously-provided information, TTB pre-populates the data fields identifying the taxpayer and each business premises subject to SOT operated by the taxpayer. Per the form’s instructions, the taxpayer corrects, adds, or removes any mistaken or outdated information.

Use of TTB F 5630.5R protects the revenue by facilitating the registration of the premises subject to SOT and the prompt payment of SOT by businesses subject to that tax. The pre-population functionality of TTB F 5630.5R also reduces the response burden on industry members. (TTB F 5630.5t is used by new tobacco industry members to identify their business premises and pay SOT for the first time and by existing industry members to pay overdue SOT or to identify and pay pro-rated SOT for any new business premises opened during the course of the occupational tax year, which runs from July 1st to June 30th.)

This information collection is aligned with —

- Line of Business/Sub-function: General government/Taxation management.
- IT Investment: Special Occupational Tax/Floor Stocks Tax (SOT/FST) system.

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

As required by 26 U.S.C. 5731 and 5732 and the related TTB regulations, tobacco industry respondents subject to SOT use TTB F 5630.5R to register each business premises that they operate, and to compute, report, and pay the SOT due. The information required on the form is essential to TTB’s collection, processing, and accounting for tobacco industry SOT payments.

To facilitate annual payments by SOT taxpayers, and as a convenience for those taxpayers, TTB’s National Revenue Center (NRC) annually sends TTB F 5630.5R, Special Tax “Renewal” Registration and Return, to all those tobacco industry members that have previously paid SOT. On each respondent’s form, using previously-provided information, TTB pre-populates the data fields identifying the taxpayer and each business premises subject to SOT operated by the taxpayer. Per the form’s instructions, the taxpayer corrects, adds, or removes any mistaken or outdated information. Each respondent also uses this form to specify if they are eligible for the reduced occupational tax rate, report changes in business ownership or status, and compute and pay the SOT due.

When returned to TTB, staff at the NRC examine the information provided on the form to determine whether the return was timely filed, if the return is mathematically correct and if the taxpayer has paid the correct amount of SOT due, if the taxpayer properly identified all business locations subject to occupational tax or if there are any changes to the location or number of such business premises, and if there is any change in the ownership of the business or if the business has been discontinued. In the case of a late filed return or an underpayment, TTB will initiate an assessment of applicable penalties and interest. In addition, TTB auditors or field inspectors will, on occasion, examine a taxpayer’s SOT returns to ensure compliance with the applicable laws and 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. Currently, TTB F 5630.5R is not available to respondents in an electronic format. TTB mails paper versions of the form to the principle business addresses of tobacco industry members that have previously paid SOT.

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 contains information pertinent to each respondent and is applicable to the specific issue of paying SOT for certain tobacco industry business premises. TTB notes that while TTB F 5630.5R, Special Tax “Renewal” Registration and Return (approved under this information collection number, 1513–0113), and TTB F 5630.5t, Special Tax Registration and Return—Tobacco (approved under OMB control number 1513–0112), collect much of the same information, respondents use the two forms in different circumstances and for different purposes. TTB annually sends a TTB F 5630.5R with pre-populated data fields to tobacco industry members that have previously paid SOT so that they may verify or update their business premises information and calculate and pay the SOT due. TTB F 5630.5t is used by respondents on their own initiative to register for and pay SOT as new tax payers, to pay overdue SOT, or to register and pay pro-rated SOT for additional business premises opened during the course of the occupational tax year, which runs from July 1st to June 30th. As such, TTB does not believe that the two forms duplicate each other.

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

All manufacturers of tobacco products, manufacturers of cigarette papers and tubes, and export warehouse proprietors, regardless of size, are required by the IRC at 26 U.S.C. 5731 and 5732 to pay by return an annual SOT for each premises where such business or trade is carried on. As such, this information collection is not susceptible to reduced requirements for small businesses, and waiver or reduction of these requirements, simply because a respondent's business is small, would jeopardize the revenue. However, TTB notes that the IRC at 26 U.S.C. 5731(b) decreases the standard occupational tax rate of \$1,000 per business premise to \$500 per premise for taxpayers, including control groups, with annual gross receipts of less than \$500,000.

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 payment of SOT by certain tobacco industry businesses is required by statute in the IRC at 26 U.S.C. 5731 and 5732. The use of TTB F 5630.5R as an annual SOT return is a direct result of those statutory requirements. The information collected on the form identifies the individual business premises subject to SOT and is essential to TTB's collection, processing, and accounting for tobacco industry SOT payments. Not conducting this information collection, or conducting it less frequently would jeopardize the revenue.

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?*

TTB F 5630.5R contains a general Privacy Act Statement and a Privacy Act Statement regarding TTB’s use of information provided by respondents who pay SOT by paper check. No other specific assurance of confidentiality is provided on this form. However, Federal law at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from respondents, and 26 U.S.C. 6103 prohibits disclosure of tax returns and return information unless specifically authorized by that section. TTB maintains these forms and the collected information in secure file rooms with controlled access and in password-protected computer systems.

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 Special Occupational Tax/Floor Stocks Tax (SOT/FST) system, and TTB 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 January 28, 2015, at 80 FR 4637. TTB’s PIAs are available on the TTB website at <https://www.ttb.gov/foia/pia.shtml>.

12. *What is the estimated hour burden of this collection of information?*

Based on data provided by TTB's National Revenue Center, which prepares the TTB F 5630.5R forms sent to tobacco industry occupational taxpayers and processes the returned forms, TTB estimates that 350 respondents will complete one response on an annual basis, for a total of 350 responses. TTB further estimates that each respondent will take 15 minutes to complete their response, for an estimated annual burden of 87.5 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)?*

TTB estimates a total annual cost burden of \$7,800 to the respondents to this information collection.

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

TTB estimates the annual costs to the Federal Government for this information collection as follows:

Printing & distribution costs	\$8,000
Overhead costs	4,000
Clerical & other salary costs (review, supervisory, etc.)	\$7,000
TOTAL COSTS	\$19,000

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

There are no program changes associated with this information collection. As for adjustments, TTB is decreasing the estimated number of annual respondents, responses, and burden hours due to a decrease in the number of tobacco industry members subject to special (occupational) tax. TTB previously reported 400 respondents, 400 responses, and 100 burden hours. For the 2018 special tax year, TTB estimates there will be 350 respondents to this information collection, each making one annual response, with an estimated total annual burden of 87.5 hours. In addition, on TTB F 5630.5R, TTB is updating the occupational tax year and the TTB mailing address contained 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. However, TTB uses portions of the information gathered by this collection to compile a generalized quarterly report regarding the total amount of SOT collected. TTB notes that no individual taxpayer or amount of SOT

paid by an individual taxpayer is identifiable in these reports. TTB's statistical reports are available for public viewing at https://www.ttb.gov/tax_audit/tax_collections.shtml.

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 5630.5R. By not displaying the expiration date of this collection on the related form, TTB will not have to update the form's expiration date 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.
- (j) See item 3 above.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.