

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

Information Collection Instruments Included in this Collection Request:

Report of Wine Premises Operations (TTB F 5120.17).

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. 5367 states, "The proprietor of a bonded wine cellar or taxpaid wine bottling house shall keep such records and file such returns, in such form and containing such information, as the Secretary may by regulations provide." The IRC at 26 U.S.C. 5555 also requires any person liable for tax under chapter 51 of the IRC to keep records, provide statements, and make returns as prescribed by regulation. Under these authorities, the TTB wine regulations in 27 CFR part 24 require wine premises to file periodic operations reports using form TTB F 5120.17, Report of Wine Premises Operations. This report captures information related 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.

The information collected on this report is necessary to protect the revenue. The collected information allows TTB, in its own offices, to analyze winery operations in order to ensure collection of the Federal excise tax due on the wine produced, and to ensure wine is produced in accordance with applicable Federal law and regulations. In addition, this analysis may reveal inconsistencies or problem areas that indicate jeopardy to the revenue or improper identification of wine, which allows TTB to focus its limited resources on problem

areas and perform examinations with minimal disruption to regulated industry members. TTB also uses this collected data on wine premises activity to produce its monthly generalized statistical report on wine operations, which is made available to the public on TTB's website.

The filing of the wine premises operations report on TTB F 5120.17 is prescribed in the TTB regulations in 27 CFR part 24 at:

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

In addition, 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.

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 wine premises operations reports to protect the revenue. Reported taxpaid removals from a winery are checked against the winery's tax returns (TTB F 5000.24, approved under 1513–0083) to ensure all Federal wine 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 this report, TTB would have no means, other than constant field audits, to monitor wine industry operations.

In addition, information from all wine premises operations reports is consolidated and published as a monthly summary, which is made available to industry and the public on TTB's Web site. As evidenced by the great variety of subscribers, which includes other Federal agencies, State governments, educational institutions, media outlets, and regulated industry members, TTB believes that publication of these monthly statistical summaries provides a valuable service to 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?

TTB has approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the reporting of the collected information. Currently, respondents may electronically complete and submit TTB F 5120.17, Report of Wine Premises Operations, using the Pay.gov system (see <https://pay.gov> and <http://www.ttb.gov/epayment/epayment.shtml>).¹

Two fillable-printable versions of TTB F 5120.17 and a tutorial on how to complete the form are available on the TTB website at <https://www.ttb.gov/forms/5000.shtml>:

- (1) TTB F 5120.17, a traditional paper form requiring respondents to complete all required data fields and make all necessary mathematical calculations; and
- (2) TTB F 5120.17sm, an interactive “smart form” that has built-in logic and automation features designed to prevent common mistakes and make completion of the form easier for the respondent. For example, the smart form requires entries in certain data fields based on a response in another field, it automatically makes mathematical calculations and pre-populates certain entries, and it prevents printing of the form if any mandatory data field is incomplete. A general “TTB Smart Form User Guide” (TTB P 5000.15) is available for public viewing on the TTB website at <https://www.ttb.gov/pdf/ttbp500015-smart-form-user-guide.pdf>.

In addition, under the TTB wine regulations at 27 CFR 24.22, Alternate methods or procedures, TTB will consider 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 contains the same information as required on TTB F 5120.17 and 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?

This information collected on this report is pertinent to each respondent and specific to the reporting of winery operational activities to TTB. 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?

In general, proprietors of wine premises are required by 27 CFR 24.300(g)(1) to file operations reports on a monthly basis. However, certain small wine premises proprietors may file operations reports on a quarterly or annual basis. Under § 24.300(g)(2), wine premises proprietors who file quarterly alcohol excise tax returns are eligible to file quarterly operations reports, while proprietors who file such tax returns on an annual basis are eligible

¹ The Pay.gov system, which is operated by the Department of the Treasury's Fiscal Service, allows businesses and individuals to pay certain Federal taxes and fees, and submit various reports and requests, to various Federal agencies electronically. Users of the TTB portion of Pay.gov system must first register with TTB for access to the system by completing TTB F 5000.31, Pay.gov User Agreement, approved under OMB Control No. 1513–0117.

to file operations reports on the same basis.² Also, TTB offers a “smart form” version of TTB F 5120.17, which has built-in logic and automation features, including mathematical calculations and pre-population of certain data fields, designed to prevent common mistakes and make completion of the form easier for the respondent. In addition, a tutorial (instructions) on how to complete TTB F 5120.17, is posted on the TTB website.

In addition, under the TTB wine regulations at 27 CFR 24.22, Alternate methods or procedures, TTB will consider requests by proprietors, including proprietors of small entities, to use electronic reporting methods to reduce the burden of this reporting requirement. TTB approves requests to use alternatives to the TTB F 5120.17 form on a case-by-case basis if the alternate reporting method contains the same information as required on TTB F 5120.17 and does not cause administrative difficulty or jeopardy to the revenue.

Given these less burdensome filing options for proprietors of small wine premises, TTB believes that this information collection does not have 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 largest wineries pay more than \$1,000,000 per month in Federal wine excise tax, and, as such, their monthly operations reports document large potential tax liabilities. Requiring wine premise operations reports less frequently for the largest wine excise taxpayers would jeopardize the revenue and would severely restrict the monitoring value of the reports and the validity of the information collected. Due to the significantly lower amounts of Federal wine excise tax paid by small wine premises, 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 small wine premises. However, not collecting this information at all would jeopardize the revenue as TTB would be less able to monitor operations at such premises and would not be able to compare the information provided on a proprietor’s report with that provided their excise tax return.

In addition, if this collection were not conducted or conducted less frequently, TTB would not be able to compile monthly wine industry statistical reports, the data of which are used for a variety of purposes by industry members, Federal and State government agencies, educational institutions, media outlets, and the general public.

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?

² Under 26 U.S.C. 5061(d)(4), certain small alcohol excise taxpayers may pay alcohol excise tax and file tax returns on a quarterly or annual basis. Under that paragraph, to pay tax and file returns quarterly, a taxpayer must reasonably expect to be liable for not more than \$50,000 in such taxes for the calendar year and must be liable for not more than \$50,000 in such taxes in the preceding calendar year. To pay tax and file returns annually, a taxpayer must reasonably expect to be liable for not more than \$1,000 in such taxes for the calendar year and must be liable for not more than \$1,000 in such taxes in the preceding calendar year. (TTB’s alcohol and tobacco excise tax return, TTB F 5000.24, is approved under OMB Control No. 1513–0083.)

Under 5 CFR 1320.5(d)(2)(i), requiring respondents to report information to an agency more often than quarterly and requiring retention of a record for more than three years are special circumstances. As noted, the largest wine excise taxpayers are required to file operations reports on a monthly basis. This is necessary to protect the revenue, which amounts to over \$1 million per month for each of the largest taxpayers. Smaller wine excise taxpayers may file operations reports on a quarterly or annual basis, depending on their tax liability. The retention period for wine premises operations reports is three years, but this period may be extended for an additional three years at the direction of the appropriate TTB officer.

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 June 9, 2017, at 82 FR 26837. 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 for this information collection. 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 the collected information in secure office space with controlled access and in password-protected computer systems.

The monthly wine industry 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. While this information collection does not collect personally identifiable information (PII), data from this collection is entered into an electronic system, and TTB has completed a Privacy Impact Assessment (PIA) for the business identification information collected under this request as part of the Tax Major Application system. A Privacy Act System of Records notice (SORN) has been issued for that system under TTB .001–Regulatory Enforcement Record System,

which was 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 computes the annual burden for the Report of Wine Premises Operations as follows:

Frequency Report is Filed	No. of Respondents	Responses per Respondent	Annual Responses	Hours Per Response	Total Burden
Monthly	2,103	12	25,236	1.10	27,759.6
Quarterly	793	4	3,172	1.10	3,489.2
Annually	3,147	1	3,147	1.10	3,461.7
Totals	6,043	5.2217441	31,555	1.10	34,710.5

Of the 31,555 total responses, approximately 33 percent (10,413) are filed electronically via the Pay.gov system.

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 collection.

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

Estimates of annual cost to the Federal Government are:

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?*

There are no program changes or adjustments to this information collection associated with this approval request.

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

The data collected on wine premises operations reports is summarized by TTB and published as Wine Statistical Releases, which are monthly and yearly statistical reports on wine industry activities. These reports are posted to the TTB website at <https://www.ttb.gov/wine/wine-stats.shtml>. However, the data published in these statistical releases is generalized and cannot be traced to a single wine premises, producer, or taxpayer.

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.