

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0050

Information Collection Request Title:

Tax Deferral Bond – Distilled Spirits (Puerto Rico).

Information Collections Issued under this Title:

- TTB F 5110.50, Tax Deferral Bond – Distilled Spirits (Puerto Rico)

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.

Distilled spirits manufactured in Puerto Rico are not subject to the Federal excise tax imposed by chapter 51 of the Internal Revenue Code of 1986. Rather, such spirits become subject to a tax, imposed by 26 U.S.C. 7652, equal to the Federal excise tax when such distilled spirits are brought into the United States. A manufacturer who ships distilled spirits from Puerto Rico to the United States may choose to pay the tax prior to shipment or file a bond and defer payment of taxes. TTB F 5110.50 is the bond form that a distilled spirits manufacturer in Puerto Rico must file when electing to defer the payment of such taxes. This information collection requires the name and address of the principal, the identity of the surety, the amount of the bond, the effective date and type of bond, and an allocation of the penal sum of the bond among the various locations to be covered.

The laws and the TTB regulation supporting this requirement are found in 26 U.S.C. 7101, 7102, and 7652 and 27 CFR 26.66.

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 F 5110.50 may be filed by distillers, rectifiers, or bottlers of beverage distilled spirits made in Puerto Rico, or by manufacturers of nonbeverage products made in Puerto Rico containing distilled spirits which are subject to tax. TTB uses the information on this form to ensure that the liability for Federal tax on the distilled spirits products contained in a shipment from Puerto Rico to the United States is adequately covered by the bond and to identify the responsible insurer in case of default.

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 5110.50 is available as a fillable-printable paper form on the TTB website 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?

Information collected on TTB F 5110.50 is unique and pertinent to each respondent. 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 entities, including small businesses, are required by statute to pay the tax owed. This collection of information allows businesses to defer immediate payment of the tax by posting a bond. TTB F 51001.50 requires the minimum amount of information necessary to ensure that the deferral of tax payment does not jeopardize the revenue.

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?

Without a bond filed on TTB F 5110.50, taxpayers would be required to pay all taxes before shipping distilled spirits from Puerto Rico to the United States, instead of deferring the tax payments as they are entitled to do under the terms of the bond. Allowing deferral of taxes without bond coverage would cause jeopardy to 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 July 13, 2017, at 82 FR 32441. 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 on this 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 related information unless disclosure is specifically authorized by that section. TTB maintains these records 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. In addition, this information collection does not collect personally identifiable information in an 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?*

Based on data provided by TTB personnel who process TTB F 5110.50, on an annual basis, there are 10 respondents to this information collection, each filing one form, at an estimated burden on 1 hour per response. As such, annually, there are 10 respondents, making a total of 10 responses, and 10 estimated total burden hours associated with this information collection.

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)?*

The collected information consists of readily-available business information. As such, TTB believes that respondents do not bear any additional capital or start-up costs or any

increased operation or maintenance costs as a result of this information collection requirement.

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

Estimates of annual cost to the Federal Government are:

Clerical costs	\$60.00
Other Salary costs (review, supervisory, etc.)	\$300.00
TOTAL COSTS	\$360.00

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 website at <https://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 associated with this collection.

On TTB F 5110.50, TTB is updating its headquarters mailing address.

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?*

TTB will display the expiration date of OMB approval for this collection on TTB F 5110.50.

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.