**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement –– Information Collection Request**

**OMB Control Number 1513–0034**

Information Collection Request Title:

Schedule of Tobacco Products, Cigarette Papers, or Cigarette Tubes Withdrawn from the Market.

Information Collections Issued under this Title:

* TTB F 5200.7, Schedule of Tobacco Products, Cigarette Papers or Tubes Withdrawn from the Market.

**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.

Under the IRC at 26 U.S.C. 5701, tobacco products and cigarette papers and tubes manufactured or imported into the United States are subject to Federal excise tax. However, as provided by the IRC at 26 U.S.C. 5705, a manufacturer or importer may claim credit or refund of the Federal excise tax paid on tobacco products, cigarette papers, or cigarette tubes withdrawn from the market when satisfactory proof of the withdrawal is provided to the Secretary of the Treasury. Section 5705 also permits an allowance of tax not yet paid on tobacco products or cigarette papers and tubes that are withdrawn from the market.

Under the authority of 26 U.S.C. 5705, the TTB tobacco regulations in 27 CFR parts 40 and 41 prescribe the use of TTB F 5200.7, Schedule of Tobacco Products, Cigarette Papers or Tubes Withdrawn from the Market, by manufacturers and importers to identify tobacco products, cigarette papers, or cigarette tubes withdrawn from the market and the location of those articles. The form also documents the taxpayer’s planned disposition of the articles (destroyed, reduced to materials, or returned to bond), and TTB’s decision to witness or not witness that disposition. Taxpayers file a completed TTB F 5200.7 to support their subsequent claim for credit or refund of the excise taxes paid, or allowance of taxes not yet paid, on the withdrawn articles.[[1]](#footnote-1) The information collected on TTB F 5200.7 is necessary to protect the revenue as it provides TTB with certain information needed to evaluate the accuracy and validity of a claim for credit, refund, or allowance of tax.

The use of TTB F 5200.7 is mandated or governed by the following TTB regulations in 27 CFR Part 40, Manufacture of Tobacco Products, Cigarette Papers and Tubes, and Processed Tobacco, and in 27 CFR Part 41, Importation of Tobacco Products, Cigarette Papers and Tubes, and Processed Tobacco:

§ 40.282 § 40.283 § 40.311 § 40.312 § 40.313 § 40.472

§ 40.473 § 40.476 § 40.477 § 40.478 § 41.163 § 41.170

§ 41.171 § 41.172 § 41.173 § 41.174.

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 5200.7 provides a standard format for manufacturers and importers to identify tobacco products, cigarette papers, or cigarette tubes that are withdrawn from the market and the location of those articles. The form also documents the taxpayer’s planned disposition of the articles (destroyed, reduced to materials, or returned to bond), and TTB’s decision to either witness the requested disposition activity or grant authorization to the taxpayer to return or dispose of the articles without TTB supervision. Taxpayers file a completed TTB F 5200.7 to support their subsequent claim for credit or refund of the excise taxes paid, or allowance of taxes not yet paid, on the withdrawn articles. The information collected on TTB F 5200.7 is necessary to protect the revenue as it provides TTB with certain information needed to evaluate the accuracy and validity of a claim for credit, refund, or allowance of tax.

*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 5200.7 is available as a fillable-printable form 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 information collection contains information pertinent to each respondent and applicable to the specific issue of documenting the identity, location, and disposition of tobacco products and cigarette papers and tubes withdrawn from the market. TTB F 5200.7 is filed on an as-needed basis when a taxpayer desires to file a claim for credit, refund, or allowance of tax on a particular set of products withdrawn from the market. 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?*

Under the authority of the IRC at 26 U.S.C. 5705, in order to support a claim for refund or credit of tax, all entities, regardless of size, are required by regulation to complete TTB F 5200.7 to identify tobacco products and cigarette papers and tubes withdrawn from the market, the location of those articles, and their planned disposition. The information collected on TTB F 5200.7 provides TTB with certain information needed to evaluate the accuracy and validity of a claim for credit, refund, or allowance of tax. As such, the collected information is necessary to protect the revenue, and waiver or reduction of this information collection requirement, simply because the respondent's business is small, could 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?*

Manufacturers and importers use TTB F 5200.7 to support a claim for credit, refund, or allowance of tax for tobacco products and cigarette papers and tubes withdrawn from the market. The form identifies the articles to be withdrawn from the market, their location, and their planned disposition (destroyed, reduced to materials, or returned to bond). If taxpayers did not file TTB F 5200.7, TTB would not have prior notification of such withdrawals and the planned disposition of the withdrawn articles. This would not allow TTB to supervise or otherwise verify the articles’ disposition, and fraudulent claims for credit or refund of tax could be made. This would pose a jeopardy to the revenue. Since this information collection is completed only on an as-needed basis, it cannot be collected less frequently.

*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 forms in secure file rooms with controlled access, and TTB maintains information collected on the forms 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 F 5200.7 collects business identification information; it does not collection personally-identifiable information (PII). 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 from TTB’s National Revenue Center, which examines and verifies claims for credit, refund, or allowance of tax for tobacco products and cigarette papers and tubes withdrawn from the market, an estimated 50 respondents complete TTB F 5200.7 an average of 5 times each on an annual basis, for a total of 250 responses. TTB estimates that each response requires 45 minutes to complete, for an estimated total annual burden of 187.5 hours.

(50 respondents x 5 annual responses each = 250 responses x 45 minutes each = 187.5 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)?*

There are no start-up or ongoing capital costs, or annual maintenance or operational costs to respondents associated with this collection.

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

TTB estimates the annual cost to the Federal Government for this information collect are: $185.00 for clerical costs and $1,065.00 for other salary, review, and supervisory costs, for a total cost of $1,250.00.

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 ([www.ttb.gov](http://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 annual respondents, responses, and burden hours associated with this information collection. This is due, in part, to decreases in the number of tobacco industry members and a trend toward consolidation of refund claims. Additionally, better quality control and more efficient distribution networks for tobacco products and cigarette papers and tubes, as well as evolving industry practices regarding product returns, have resulted in fewer articles being withdrawn from the market. Finally, due to the electronic processing techniques now available to TTB’s National Revenue Center, which processes the tax credit, refund, and allowance claims that TTB F 5200.7 is filed in support of, TTB is better able to estimate the burden associated with this information collection. As a result of these factors, TTB is decreasing the estimated number of annual respondents to this information collection from 250 to 50, and is decreasing the average number of annual responses per respondent from 12 to five. As a result, TTB is decreasing the estimated annual burden hours for this information collection from 2,250 hours to 187.5.

On TTB F 5200.7, TTB is updating its headquarters mailing address as shown in the form’s Paperwork Reduction 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?*

TTB will display the expiration date of OMB approval for this collection on TTB F 5200.7.

*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.

1. Claims for credit or refund of taxes are filed on TTB F 5620.8, which is approved under OMB control number 1513–0030. [↑](#footnote-ref-1)