

**DEPARTMENT OF THE TREASURY**  
**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**  
**Supporting Statement -- Information Collection Request**  
**OMB Control Number 1513-0075**

Information Collection Request Title:

Proprietors or Claimants Exporting Liquors, TTB REC 5900/1.

**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. 5001, 5041, and 5051, imposes excise taxes on, respectively, distilled spirits, wine, and beer produced domestically for beverage use. To safeguard this revenue, removals of alcohol beverages for domestic use, except for certain limited tax-free removals allowed under specified and restricted conditions, are first taxpaid or tax determined.

However, under the IRC, alcohol beverages may be removed from bond and exported without payment of tax; see 26 U.S.C. 5053 for beer, 5214 for distilled spirits, and 5362 for wine. In addition, the IRC allows drawback to be claimed on taxpaid alcohol beverages that are subsequently exported; see 26 U.S.C. 5055 for beer and 5062 for distilled spirits and wine. This export drawback (refund) allows the manufacturer to recover the amount of the excise tax paid to the Government. In order to show that these bonded or taxpaid liquors were in fact exported, exporters must complete various TTB and U.S. Customs forms, the type depending on the commodity exported and the method of exportation. Substantial losses in tax revenues could occur if untaxpaid liquors were allowed to enter the domestic market or the Government improperly allowed drawback to be claimed on liquors used for domestic consumption.

Under the authority of the IRC sections noted above, the TTB alcohol export regulations at 27 CFR 28.40 through 28.43 list the type of documents that may be used as evidence of exportation of alcohol beverages. Most of the listed records are usual and customary shipping, transport, and export records kept during the normal course of business, such as bills of lading, air and rail receipts, and export certificates. Specific to this information collection requirement, 27 CFR 28.45 requires proprietors and drawback claimants to retain file copies of all forms required by 27 CFR part 28 and "all records, documents, or copies of

records and documents supporting such forms” for at least two years. Section 28.45 also requires that these records must be available during normal business hours for inspection by appropriate TTB officers.

This recordkeeping requirement is a part of the system of records used by TTB to maintain accountability for distilled spirits, wine, and beer, and is necessary to protect the revenue. Specifically, this recordkeeping requirement assists in the prevention of diversion of alcohol products into the domestic market without tax payment. This recordkeeping requirement contains the minimum amount of information necessary to maintain accountability over these potentially taxable or tax-refundable commodities; any less information would make the record meaningless and hamper TTB's ability to detect failures by proprietors or exporters to pay or receive inappropriate refund of the required excise tax.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: None.

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

TTB personnel use the required copies of Government forms and supporting records during field tax compliance inspections to verify transactions involving the exportation of untaxpaid alcohol beverages or alcohol beverages exported with benefit of tax drawback. As such, TTB uses the required records to protect the revenue by ensuring that such liquors were in fact exported and were not diverted to taxable domestic beverage use.

*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 does not prescribe a format for this recordkeeping requirement. As such, respondents are free to use automated, electronic, or other technological collection techniques or other forms of information technology to keep the required records. In addition, under 27 CFR 45.51, respondents may use commercial records, including automated and electronic records, to keep the required information. TTB offers these options to respondents in an effort to provide flexibility to and reduce burden on industry.

*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 request requires records that are pertinent and unique to each respondent and applicable to the specific issue of exporting untaxpaid distilled spirits, wine, and beer or exporting distilled spirits, wine, and beer with the benefit of drawback. 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, regardless of size, are required by regulation to maintain records regarding the export of untaxpaid distilled spirits, wine, and beer or the export of taxpaid distilled spirits, wine, and beer for which they claimed drawback. Waiver or reduction of this 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?*

TTB personnel use the required records during field tax compliance inspections to verify transactions involving the exportation of untaxpaid alcohol beverages or alcohol beverages exported with benefit of drawback. As such, TTB uses the required records to protect the revenue by ensuring that such liquors have not been diverted to taxable domestic beverage use. Eliminating this recordkeeping requirement would leave a significant gap in the audit trail for alcohol beverages and would make it difficult or impossible for TTB to trace and verify claims of exportation. In addition, recordkeeping related to this information collection requirement is conducted on an as needed basis and cannot be conducted less frequently without causing 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 September 11, 2017, at 82 FR 42722. 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 information 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 provides no specific assurance of confidentiality for the required records, which are maintained by respondents at their business premises. 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.

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 consists of records maintained by respondents at their business premises, and, as such, it 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?*

Based on data from TTB's National Revenue Center, TTB estimates that 750 respondents are required to keep copies of forms and commercial records documenting the export of untaxed distilled spirits, wine, and beer or the export of taxpaid distilled spirits, wine, and beer for which drawback was claimed. Because this is an ongoing recordkeeping requirement and because it consists of copies of government forms (filed under other information collection requirements) and copies of commercial export-related records kept during the normal course of business, TTB estimates that each respondent makes one response per year to this information collection and that each response requires one hour to complete. Therefore, the estimated annual burden for this information collection is 750 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 is no costs to respondents associated with this information collection, which consists of copies of export-related Government forms and usual and customary commercial documents kept during the normal course of business.

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

This information collection consists of records maintained by respondents at their business premises. As such, there is no 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 associated with this information collection.

As for adjustments, due to a change in agency estimates, TTB is increasing the number of respondents, from 120 to 750. This increase is due to an overall increase in the number of alcohol beverage producers, which has resulted in an increase in the number of exporters of such products. However, also due to a change in agency estimates, TTB is decreasing the

estimated per-response burden associated with this information collection from 60 hours to 1 hour, and, as a result, is decreasing the collection's estimated annual burden from 7,200 hours to 750. TTB believes the previous burden estimate was too great and likely included the burden hours associated with the preparation of TTB and Customs export forms and tax drawback claim forms, which are covered under other information collections and OMB control numbers. In addition, TTB notes that this information collection consists of copies of export-related Government forms and attached supporting commercial shipping, transportation, and export records that respondents keep during the normal course of business, regardless of any regulatory requirement to do so, many of which are now kept in less-burdensome electronic formats. As such, TTB believes that there is only a minimal burden associated with this recordkeeping requirement. In addition, TTB notes that this one-hour per response burden is similar to that reported and approved for other TTB information collections that require the keeping of copies of supporting records for information submitted to the Bureau on various forms, such as that reported for OMB Control Nos. 1513-0045, 1513-0088, 1513-0089, and 1513-0104.

*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?*

There is no prescribed TTB form for this information collection, which consists of copies of Government forms and commercial records kept at the respondent's place of business. Therefore, there is no medium for TTB to display the OMB approval expiration date.

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

- (c) See item 5 above.
- (i) No statistics are involved.
- (j) See item 3 above.

**B. Collections of Information Employing Statistical Methods.**

This collection does not employ statistical methods.