

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request
OMB Control Number 1513-0065

Information Collection Request Title:

Wholesale Dealers Records of Receipt of Alcohol Beverages and Disposition of Distilled Spirits, and Monthly Summary Reports (TTB REC 5170/2).

Information Collections Issued under this Title:

- TTB REC 5170/2, Wholesale Dealers Records of Receipt of Alcohol Beverages and Disposition of Distilled Spirits.
- Monthly Summary Reports of Receipt and Disposition of Distilled Spirits.

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. 5121 requires wholesale dealers in liquors to keep daily records of all distilled spirits received and disposed of, and, at the Secretary's discretion, to submit periodic summaries of those records. This IRC section also requires wholesale dealers in liquors and wholesale dealers in beer to keep daily records of all wine and beer received. In addition, section 5121 authorizes the Secretary to issue regulations regarding the keeping and submission of these records and summary reports by such wholesale dealers. The IRC at 26 U.S.C. 5123 also sets forth retention and inspection requirements for these wholesale dealer records and reports.

Under these authorities, TTB has issued regulations applicable to wholesale dealers, which are contained in 27 CFR Part 31, Alcohol Beverage Dealers. The specific TTB regulations regarding the keeping of wholesale dealer records are found at 27 CFR 31.151, 31.152, 31.155 through 31.158, 31.171, and 31.172. Under these regulations, wholesale dealers keep the daily receipt and disposition records required by 26 U.S.C. 5121 by maintaining, at their place of business, copies of the relevant consignment and purchase invoices or other

similar usual and customary business records. However, under § 31.152 wholesale dealers may substitute a record book showing the required receipt information for wine and/or beer.

Under 27 CFR 31.160, TTB may require, at its discretion, a wholesale dealer to submit monthly summary reports regarding distilled spirits received and disposed of on a daily basis. For example, TTB may require such reports from a wholesale dealer with a known history of noncompliance. Also, under § 31.162, a wholesale dealer required to make such reports must submit a report marked "Final" when discontinuing business. TTB has no prescribed form for this report, and the regulations allow a wholesale dealer to submit the report in a format adapted to the dealer's accounting and recordkeeping systems.

Finally, 27 CFR 31.191 requires wholesale dealers to retain the required records and copies of any required monthly summary reports, and to make all such records and reports available for TTB inspection, for a period of at least 3 years. Under this regulation, TTB may direct wholesale dealers to maintain the required records and report copies for up to an additional 3 years if such retention is deemed necessary.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Tax Major Application Systems.

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

TTB uses the required wholesaler dealer receipt and disposition records, and any required monthly summary reports regarding the receipt and disposition of distilled spirits, to protect the revenue. The required information allows TTB to ensure that alcohol beverages are not illegally diverted and to ensure that permit holders are engaged in the operations stated on their permits.

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 the required information. Currently, TTB permits the use of usual and customary business records, including those in electronic formats, for the required wholesale dealer records. As for the monthly summary report, TTB has no prescribed form for this report and wholesale dealers may submit reports generated electronically.

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 and reports that are pertinent and unique to each respondent's specific operations. As far as TTB is able to determine, similar information regarding wholesaler dealer operations is not available to TTB elsewhere.

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

All wholesale dealers, regardless of size, are required by the IRC at 26 U.S.C. 5121 to keep daily records of the receipt and disposition of distilled spirits and the receipt of wine and beer. As such, TTB cannot waive or reduce these statutory requirements simply because a respondent's business is small. However, TTB notes that, under its regulations, wholesale dealers keep the required information using commercial invoices or other similar usual and customary records kept during the normal course of business. TTB also notes that the few wholesale dealers required to submit summary reports regarding distilled spirits received and disposed of do so only on a monthly basis. As such, TTB believes that this reporting requirement has no significant impact on a substantial number of small businesses.

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?*

All wholesale dealers are required by the IRC at 26 U.S.C. 5121 and the TTB regulations to keep daily records of the receipt and disposition of distilled spirits and the receipt of wine and beer, and, if required, to submit monthly summary reports of their receipt and disposal of distilled spirits. Without these records, and any required monthly summary reports, TTB would be unable to determine if individual wholesale dealers are accurately accounting for the receipt and disposition of distilled spirits and/or the receipt of wine and beer. TTB would be hampered in determining whether these commodities have been illegally diverted by, or through, wholesale dealers. Therefore, not collecting this information or collecting it less frequently would pose 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? (See 5 CFR 1320.5(d)(2).)*

There are no special circumstances associated with this information collection that would require it to be inconsistent with OMB guidelines.

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 January 2, 2018, at 83 FR 205. 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?

Wholesale dealers keep the required records of receipt and disposition at their business premises. Monthly summary reports, when required by TTB, are submitted to the Bureau's National Revenue Center and are maintained in secure file rooms and computer systems with controlled access. While no specific assurance of confidentiality is associated with this information collection, 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated individuals, and 26 U.S.C. 6103 prohibits disclosure of tax returns and return information unless specifically authorized under 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 does not collect personally identifiable information (PII) 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 the number of TTB-issued wholesale dealer permits currently in force, TTB estimates that 24,300 wholesale dealers are required to keep daily records of receipt and disposition of distilled spirits and receipt of wine and beer. However, because wholesale dealers use usual and customary records kept during the normal course of business to meet this information collection requirement, the recordkeeping portion of this information collection imposes no burden on respondents as set forth in 5 CFR 1320.3(b)(2). The TTB regulations require that respondents keep these records for at least 3 years.

As for the reporting portion of this information collection, based on previous experience, TTB estimates that it will require only 50 wholesale dealers to submit monthly summary reports regarding their receipt and disposition of distilled spirits, resulting in a total of 600 annual responses. TTB estimates that each response will require 2 hours to complete, resulting in an estimated total annual burden of 1,200 hours for the reporting portion of 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)?

Given that the required wholesale dealer records are usual and customary records kept during the normal course of business, TTB finds that there is no annualized cost to respondents associated with the recordkeeping portion of this information collection request. However, TTB estimates the average annual cost burden to the estimated 50 wholesale

dealers required to submit monthly summary reports of distilled spirits received and disposed of as follows:

	Annual Cost per Respondent	Annual Total for 50 Respondents
Salary	\$ 480.00	\$ 24,000.00
Overhead & postage	\$ 24.00	\$ 1,200.00
Totals	\$ 504.00	\$ 25,200.00

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

Respondents keep the records required under this information collection at their place of business and, as such, there is no cost to the Federal Government for the recordkeeping portion of this collection. As for the monthly summary report portion of this collection, TTB estimates an annual salary cost of \$3,516.00 and annual overhead costs of \$600.00, for a total cost to the Federal Government of \$4,116.00. There are no printing and distribution costs to the Government associated with this information collection since there is no prescribed TTB form for the wholesale dealer monthly summary report.

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

Program changes: Previously, TTB treated the recordkeeping and reporting portions of this information collection request as one information collection. However, the estimated annual burden reported for this information collection consisted only of that for the reporting portion of the collection—50 respondents making 12 monthly responses for a total of 600 responses at 2 hours per response, equaling 1,200 total burden hours. TTB previously reported no respondents and no burden for the recordkeeping portion of that collection because, under 5 CFR 1320.3(b)(2), the keeping of usual and customary records during the normal course of business imposes no burden on respondents.

As a matter of agency discretion, TTB is now dividing this information collection request into two information collections: (1) the monthly summary report, the burden of which remains the same as previously reported, and (2) the wholesale dealer recordkeeping requirement. Therefore, for reasons of consistency and agency transparency, TTB is now reporting that all of the estimated 24,300 wholesale dealers that it currently regulates are respondents to the wholesale dealer recordkeeping information collection. TTB notes, however, that under 5 CFR 1320.3(b)(2) the keeping of the usual and customary business records required under the recordkeeping portion of this information collection imposes no burden on the respondents.

Adjustments: TTB is clarifying the title of this information collection request and the titles of two information collections associated with it for clarity and consistency.

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 associated with this information collection. As such, 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.