

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**SUPPORTING STATEMENT FOR INFORMATION COLLECTION REQUEST**

**Application and Permit to Ship Puerto Rican Spirits to the United States  
Without Payment of Tax**

**OMB Control Number 1513–0043**

Information Collections Issued under this Title:

- TTB F 5110.31, Application and Permit to Ship Puerto Rican Spirits to the United States Without Payment of Tax.

**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The IRC at 26 U.S.C. 7652 imposes on Puerto Rican distilled spirits shipped to the United States and withdrawn for consumption or sale a tax equal to the internal revenue tax (excise tax) imposed in the United States upon distilled spirits of domestic manufacture. However, the IRC at 26 U.S.C. 5232 provides that distilled spirits imported or brought into the United States in bulk containers may, under regulations prescribed by the Secretary, be withdrawn from customs custody and transferred to the bonded premises of a domestic distilled spirits plant without payment of the internal revenue tax imposed on such spirits.

Under those IRC authorities, TTB has issued regulations in 27 CFR Part 26, Liquors and Articles from Puerto Rico and the Virgin Islands, which require respondents to use form TTB F 5110.31 to apply for and receive permission to ship Puerto Rican distilled spirits to the United States without payment of Federal excise tax. The form identifies the specific spirits to be shipped, the amount of spirits shipped and received, and the shipment's consignor in Puerto Rico and consignee in the United States. The collected information is necessary to protect the revenue.

The specific TTB regulations requiring or governing the use of TTB F 5110.31 are found at 27 CFR 26.199, 26.199a, 26.199b, 26.199d, and 26.199f.

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?*

Respondents use TTB F 5110.31 to apply for and receive permission to ship Puerto Rican distilled spirits to the United States without payment of Federal excise tax. TTB uses the collected information to identify the specific spirits to be shipped, the amount of spirits shipped and received, and the shipment's consignor in Puerto Rico and consignee in the United States. TTB also uses the collected information to assist in accounting for the amount of Puerto Rican spirits brought into the United States without payment of Federal excise tax since such taxes are subsequently due on those spirits upon their removal from domestic distilled spirits plants. The collected taxes on such products are then, in large part, covered over (transferred) to the government of Puerto Rico. As such, TTB requires the collected information to protect the revenue.

*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 5110.31 is available free to the public on the TTB website as a fillable-printable form (see <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?*

TTB F 5110.31 contains information pertinent to each respondent and applicable to the specific issue of shipments of Puerto Rican distilled spirits made to the United States without payment of tax. As far as TTB is able to determine, similar information is not available to the Bureau 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 to submit TTB F 5110.31 in order to meet the relevant TTB regulatory requirements authorized under 26 U.S.C. 5232. Waiver or reduction of these requirements, 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?*

Without this collection, TTB would not be able, or would be less able, to account for Puerto Rican distilled spirits brought into the United States without payment of tax. Since such spirits are subject to tax upon their subsequent removal from domestic distilled spirits plants, not conducting this collection or conducting it less frequently would jeopardize the revenue. In addition, without this collection, TTB would not be able, or would be less able, to fulfill its statutory obligations regarding the cover over (transfer) of most of the taxes subsequently collected on such spirits to the government of Puerto Rico.

*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?*

Under 5 CFR 1320.5(d)(2)(iii), requiring respondents to submit more than an original and two copies of any document is a special circumstance. The instructions for TTB F 5110.31 require respondents to prepare an original and five copies of the form for distribution to the shipment's consignor and consignee and to various government offices, as described in the form's instructions.

*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 March 13, 2018, at 83 FR 10948. 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. Copies of TTB F 5110.31 are maintained by TTB in secure file rooms with controlled public 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 (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 recent data, TTB estimates that 10 respondents will each annually submit an average of 50 applications to ship Puerto Rican spirits to the United States without tax using TTB F 5110.31, for a total of 500 annual responses. TTB further estimates that respondents will require an average of 45 minutes (0.75 hours) to complete one response, resulting in an estimated total annual burden of 375 hours.

(In summary, the estimated annual burden for this collection is: 10 respondents x 50 responses each = 500 responses x 45 minutes per response (0.75 hour) = 375 total 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)?*

TTB estimates the annual cost to respondents associated with this information collection totals \$3,250 (\$6.50 per response, \$325 per respondent).

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

Estimates of annual cost to the Federal Government are:

Clerical costs	300
Other Salary costs (review, supervisory, etc.)	500
TOTAL COSTS	\$ 800

Printing and distribution costs to the Federal government have decreased to \$0.00 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, due to changes in agency estimates, TTB is decreasing the annual burden associated with this information collection from 20 respondents to 10, from 1,000 responses to 500, and from 750 hours to 375. In addition, due to changes in agency estimates, TTB is increasing the total annual costs to respondents associated with this information collection from \$1,200 to \$3,250.

There are no changes to TTB F 5110.31, except that we are updating the TTB headquarters mailing address stated in the Paperwork Reduction Act notice.

*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 for OMB approval of this information collection on form TTB F 5110.30.

*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.