

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement — Information Collection Request

Monthly Report – Importer of Tobacco Products or Processed Tobacco

OMB Control Number 1513–0107

Information Collections Issued under this OMB Control Number:

- TTB F 5220.6, Monthly Report – Importer of Tobacco Products or Processed Tobacco.

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 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. 5722, importers of tobacco products and of processed tobacco are required to make reports containing such information, in such form, at such times, and for such periods as the Secretary shall by regulation prescribe. Pursuant to this provision, the TTB regulations at 27 CFR 41.206 and 41.262 require importers of tobacco products and importers of processed tobacco to submit a monthly report on TTB F 5220.6. The report requires accounting of imported tobacco products and processed tobacco on hand, released from customs custody, received, and removed.

In addition, pursuant to the IRC at 26 U.S.C. 5741, the TTB regulations at 27 CFR 41.208 and 41.263 require importers of tobacco products and processed tobacco to maintain all records, reports, and other documents required by 27 CFR part 41, for at least three years after the close of the calendar year in which the record, report, or document was filed or made. Per the form's instructions, respondents are required to keep a duplicate copy of each monthly TTB F 5220.6 submitted to TTB.

TTB requires the information provided on TTB F 5220.6 regarding the importation and disposition of tobacco products and processed tobacco to protect the revenue and to ensure importers of such products are operating in accordance with statutory and regulatory requirements.

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 this report as an accounting tool to protect the revenue and to ensure tobacco product and processed tobacco importers are operating in accordance with statutory and regulatory requirements. The data provided on the receipt and disposition of imported tobacco products and processed tobacco are TTB's basic source of information on the activities of importers of tobacco products and processed tobacco. These reports also allow TTB to track the disposition of processed tobacco, which is not subject to tax but may be used to manufacture taxable tobacco products. These reports assist TTB in determining whether processed tobacco is being transferred by the importer to entities that do not hold TTB 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 technology for the maintenance of required records. TTB F 5220.6 may be electronically completed and submitted to TTB via the Pay.gov system (see <https://www.ttb.gov/epayment/epayment.shtml>). TTB F 5220.6 is also available at no cost as a "fillable-printable" form on the TTB website at <https://www.ttb.gov/forms/5000.shtml>. TTB estimates that approximately 30 percent of all responses to this information collection are submitted via Pay.gov.

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 requires reports that are pertinent to each tobacco product and processed tobacco importer's specific operations. As far as TTB can 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?

The preparation and submission of reports on the disposition of imported tobacco products and processed tobacco are necessary to identify noncompliant or illegal activity, and the requirement cannot be reduced on the basis of the size of the entity. Although no special provisions are made for the size of the entity, smaller importers of tobacco products or processed tobacco have to gather fewer source records from which to provide the information required in this report.

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 requires the information collected on TTB F 5220.6 regarding the importation of tobacco product and processed tobacco to account for the disposition of such imports. If TTB did not collect the required information, or collected it less frequently, TTB would be unable, or less able, to track the disposition of such imports, which would jeopardize 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?*

Under 5 CFR 1320.5(d)(2)(i), requiring respondents to report information to an agency more often than quarterly is a special circumstance. The TTB regulations require importers of tobacco products and importers of processed tobacco to file TTB F 5220.6 on a monthly basis. TTB believes this frequency of reporting is necessary to identify noncompliant activity or diversion of tobacco products and processed tobacco in a timely fashion, which serves to protect the revenue.

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 Wednesday, May 30, 2018, at 83 FR 24842. TTB received one comment in response to this notice, from the Bureau of Economic Analysis (BEA), Department of Commerce. In its comment, BEA stated that it "strongly supports the continued collection of data by the Alcohol and Tobacco Tax and Trade Bureau on Form 5220.6, Monthly Report – Importer of Tobacco Products or Processed Tobacco." BEA states that it uses the collected data to "to estimate monthly personal consumption expenditures" on tobacco products. In response, TTB notes that it has no plans at this time to discontinue the collection of information on TTB F 5220.6.

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?*

No specific assurance of confidentiality is provided for the information collected on TTB F 5220.6. 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 the collected information 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 request contains no questions of a sensitive nature. In addition, this request 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?*

TTB estimates that 280 importers of tobacco products or processed tobacco will prepare and submit monthly reports on TTB F 5220.6. TTB also estimates that each response will take 1 hour (56 minutes to compile the report and 4 minutes for recordkeeping). Therefore, TTB estimates the burden for this information collection as follows:

280 respondents x 12 reports per year = 3,360 total annual responses x 1 hour per response = 3,360 total 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)?*

TTB believes that the information collected on TTB F 5220.6 is based on usual and customary records regarding the receipt and disposition of products that tobacco product and processed tobacco importers keep during the normal course of business, regardless of any TTB requirement to do so. As such, this information collection imposes no additional costs on such businesses other than mailing expenses, which TTB estimates at \$1.00 per response for materials and postage, for those who elect to submit paper copies of the report to TTB.

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

Estimates of annual cost to the Federal Government are:

Clerical	3,960
Other Salary (review, supervisory, etc.)	11,009
TOTAL	\$14,969

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 (see <https://www.ttb.gov/>).

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 changes in agency estimates, TTB is reporting a decrease in the number of annual respondents, responses, and burden hours associated with this information collection resulting from a decrease in the number of tobacco product and processed tobacco importers submitting TTB F 5220.6 forms to TTB. In addition, TTB is adjusting the per-response burden associated with this information collection from 56 minutes to 1 hour to account for the recordkeeping burden associated with the requirement for respondents to keep a duplicate copy of each monthly report submitted to TTB.

On form TTB F 5220.6, TTB will update its headquarters mailing address shown in the form's 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 information 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 collection on form TTB F 5220.6.

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.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.