

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement — Information Collection Request

OMB Control Number 1513–0008

**Application and Permit to Ship Liquors and Articles of Puerto Rican Manufacture
Taxpaid to the United States**

Information Collections Issued under this Request Title:

- Application and Permit to Ship Liquors and Articles of Puerto Rican Manufacture Taxpaid to the United States (TTB F 5170.7).

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The IRC at 26 U.S.C. 7652 provides that products of Puerto Rican manufacture shipped to the United States and withdrawn for consumption or sale are subject to a tax equal to the internal revenue tax imposed on like products manufactured in the United States, and that the taxes collected on such products are to be covered (transferred) into the Treasury of Puerto Rico. The IRC at 26 U.S.C. 5314 also states that spirits may be withdrawn from the bonded premises of a distilled spirits plant in Puerto Rico pursuant to an authorization issued under the laws of Puerto Rico.¹

The TTB regulations in 27 CFR Part 26, Liquors and Articles from Puerto Rico and the Virgin Islands, provide that the Federal alcohol excise taxes due on liquors and articles of Puerto Rican manufacture are to be paid or deferred under bond by the consignor in Puerto Rico at the time of shipment to the United States. Under 27 CFR 26.11, “liquors” are defined as industrial spirits, distilled spirits, wine, beer, and similar alcohol preparations fit for beverage

¹ In addition, 26 U.S.C. 5314 allows Puerto Rican spirits to be brought into the United States without payment of tax under certain circumstances. Such shipments are documented on TTB F 5110.31, which is approved under OMB Control No. 1513–0043.

use, while “articles” are defined as any alcohol preparation unfit for beverage use that contain wine, beer, distilled spirits, or certain denatured spirits.

Specific to this information collection, the part 26 regulations require a consignor to use TTB Form 5170.7 to apply for and receive permission to ship tax-paid or tax-deferred liquors and articles of Puerto Rican manufacture to the United States. This form identifies the consignor in Puerto Rico and consignee in the United States. It also documents and provides certifications by government officials of the specific liquors and articles to be shipped, the amounts of those items shipped and received, and the amount of tax paid or deferred on those items. This information is necessary to protect the revenue. TTB uses the collected information to verify the accuracy of prepayments of excise taxes and semimonthly payments of deferred excise taxes, and to maintain the account of such taxes to be covered (transferred) into the Treasury of Puerto Rico.

The TTB regulations requiring or governing the use of TTB F 5110.31 are found at 27 CFR 26.114 through 26.119.

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?

Respondents use TTB F 5170.7 to apply for and receive permission from the government of Puerto Rico to ship tax-paid or tax-deferred liquors and articles of Puerto Rican manufacture to the United States. This form identifies the consignor in Puerto Rico and consignee in the United States, and it documents, and provides certifications by U.S. government officials of, the specific liquors and articles to be shipped, the amounts of those items shipped and received, and the amount of tax paid or deferred on those items.

This information is necessary to protect the revenue. TTB uses the information provided on TTB F 5170.7 to verify the accuracy of prepayments of excise taxes and semimonthly payments of deferred taxes made on liquors and articles of Puerto Rican manufacture shipped to the United States, and to maintain the account of such taxes to be covered (transferred) into the Treasury of Puerto Rico. The collection information also allows TTB to ensure that a respondent’s bond for deferred excise taxes on such items is sufficient to cover the potential tax liability and to ensure that these shipments comply with Federal law and regulations.

In addition, claimants for drawback (refund) of the excise tax paid on nonbeverage products manufactured in Puerto Rico use TTB F 5170.7 to verify that the tax has been paid on the distilled spirits contained in the product. (Drawback of taxes on eligible articles of Puerto Rican manufacture is addressed in TTB regulations in part 26, subpart I.)

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 5170.7 is available as an electronically fillable-printable form on the TTB website 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?

TTB F 5170.7 contains information pertinent to each respondent and their specific shipments of tax-paid or tax-deferred liquors and articles of Puerto Rican manufacture to the United States. 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 provide this information in order for TTB to comply with its statutory obligations under 26 U.S.C. 7652. As this information collection requirement is necessary to protect the revenue, it cannot be waived simply because the respondent's business is small.

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?

The completion of TTB F 5170.7 is necessary to ensure that an industry member's operations are conducted in compliance with Federal law and TTB regulations, and to protect the revenue. This form certifies to TTB and the Treasury of Puerto Rico that Federal excise taxes have been paid or determined on a given shipment of liquors and articles of Puerto Rican manufacture made to the United States. If TTB did not conduct this information collection, it could not verify the accuracy of prepayments of excise taxes and semimonthly payments of deferred taxes made on such liquors and articles shipped to the United States, it could not ensure that a respondent's bond for deferred excise taxes on such items is sufficient to cover the potential tax liability, and it would not be able to maintain the account of such taxes to be covered (transferred) into the Treasury of Puerto Rico. Because this information collection is conducted only on an as needed basis, it cannot be conducted 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?

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 5170.7 require respondents to prepare an original and five copies of the form for distribution to the shipment's consignor, consignee, and 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 May 30, 2018, at 83 FR 24842. 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 5170.7 and data collected on the form are maintained by TTB in secure computer systems and 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?*

A recent evaluation by the TTB office that processes the TTB F 5170.7 forms received by the Bureau shows that 20 respondents each complete an average of 106 forms per year, for a total of 2,120 responses per year. TTB estimates that each response requires 30 minutes (0.5 hours) to complete. Therefore, the total estimated annual burden for this information collection is 1,060 hours.

(20 respondents x 106 responses each per year = 2,120 annual responses x 30 minutes per response = 1,060 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 cost to respondents associated with this collection. The portion of TTB F 5170.7 completed by the consignor collects data from usual and customary business records, including inventory, shipping, and tax records, while the remainder of the form is completed by Puerto Rican and U.S. government officials.

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

Estimates of annual cost to the Federal Government are:

Clerical costs	2,540
Other Salary costs (review, supervisory, etc.)	5,940
TOTAL COSTS	\$ 8,480

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).

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 estimated number of annual responses and burden hours associated with this information collection. The number of annual respondents remains the same as previously reported.

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 information collection on form TTB F 5170.7.

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.