

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
Supporting Statement -- Information Collection Request

OMB Control Number 1513-0090

Excise Tax Return – Alcohol and Tobacco Products (Puerto Rico)

Information Collections Issued under this Title:

- TTB F 5000.25, Excise Tax Return – Alcohol and Tobacco (Puerto Rico).

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 (Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Order 120–01.

Under its statutory and delegated authorities, TTB is responsible for the collection of the Federal excise taxes imposed on distilled spirits, wine, beer, tobacco products, and cigarette papers and tubes by chapters 51 and 52 of the IRC. As provided at 26 U.S.C. 5061(a) and 26 U.S.C. 5703(b), the IRC requires that those taxes be collected on the basis of a return, filed for the periods, at the times, and containing the information the Secretary requires by regulation. The IRC at 26 U.S.C. 7652(a) also provides that taxes imposed by the IRC on domestic articles, including excise taxes on alcohol and tobacco products, apply at the same rates to similar products manufactured in Puerto Rico and brought into the United States, to be paid and collected under such regulations as the Secretary shall issue. In addition, that section requires the majority of taxes collected on Puerto Rican products brought into the United States to be covered (transferred) into the treasury of Puerto Rico.

Issued under those IRC authorities, the TTB regulations in 27 CFR part 26 (for distilled spirits, wine, and beer) and part 41 (for tobacco products and cigarette papers and tubes), prescribe the use of TTB F 5000.25, Excise Tax Return – Alcohol and Tobacco (Puerto Rico) for the collection of the excise taxes imposed by 26 U.S.C. 7652(a). Those regulations are: §§ 26.81, 26.96, 26.105, 26.112, 26.113, 41.105, 41.112 and 41.114.

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?

This information collection is necessary to protect the revenue. TTB uses the information provided by respondents on TTB F 5000.25 to establish the taxpayer's identity, the amount and type of excise taxes due, and the amount of tax paid. TTB personnel examine each return at least once, and TTB may perform additional return examinations during on-site audits of the taxpayer. The required information and examinations allow TTB to determine if the taxpayer has paid the correct amount of tax and to take additional action, such collection or refund of tax, when necessary. In addition, information provided on TTB F 5000.25 assists TTB in determining the amount of alcohol and tobacco-related excise taxes that are to be covered into the treasury of Puerto Rico.

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, respondents may electronically submit TTB F 5000.25 and pay any excise tax due via the Federal government's Pay.gov website (for more information, see <https://www.ttb.gov/epayment/epayment.shtml>). TTB F 5000.25 also is available on TTB's Web site as a fillable, printable form 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?

The information TTB requires on TTB F 5000.25 is minimal and is unique to each taxpayer and each time period for which a return is filed. Only TTB collects the Federal excise tax on alcohol and tobacco products of Puerto Rican manufacture brought into the United States, and this information is not available to TTB from other sources.

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

This information collection does not have a significant impact on a substantial number of small businesses or other small entities. In general, all tobacco entities, regardless of size, and all large alcohol entities are required to pay tax and file returns on a semi-monthly basis (three times in September). However, under the authority of 26 U.S.C. 5061(d), certain small alcohol taxpayers may pay tax and file returns on an annual or quarterly basis.¹ Waiver or reduction of these requirements, simply because the respondent's business is small, could jeopardize the revenue and TTB's ability to determine the amount of such taxes to be covered into the treasury of Puerto Rico.

¹ Under 26 U.S.C. 5061(d) and 27 CFR 26.112(b), to pay alcohol excise tax and file returns quarterly, a taxpayer must reasonably expect to be liable for more than \$1,000 and not more than \$50,000 in such taxes for the calendar year and must be liable for not more than \$50,000 in such taxes in the preceding calendar year. To pay alcohol excise tax and file returns annually, a taxpayer must reasonably expect to be liable for not more than \$1,000 in such taxes for the calendar year and must be liable for not more than \$1,000 in such taxes in the preceding calendar year.

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 information provided on TTB F 5000.25 is essential to TTB's excise tax collection responsibilities under the IRC. Not collecting or reducing the frequency of this collection would seriously jeopardize TTB's ability to determine and account for the excise taxes due on alcohol and tobacco products of Puerto Rican origin brought into the United States, and would compromise TTB's ability to calculate the amount of such taxes to be covered into the treasury 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)(i), requiring respondents to report information to an agency more often than quarterly is a special circumstance. In the case of this information collection, respondents are required by the IRC at 26 U.S.C. 5061(d) and 5703(b) to pay excise taxes on a semi-monthly basis and three times in September, unless, for certain small alcohol excise taxpayers, they are authorized by 26 U.S.C. 5061(d)(4) to pay quarterly or annually. To account for those excise tax payments, the TTB regulations at 27 CFR 26.112 and 41.114 require excise tax returns to be filed on the same schedule as their related tax payments. As such, respondents who are required to file TTB F 5000.25 must do so up to 25 times a year, unless they are otherwise qualified to file quarterly or annually under § 26.112(b).

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 Friday, August 24, 2018, at 83 FR 42975. TTB received no comments on this information collection.

9. What decision was made to provide any payment or gift to respondents, other than remuneration of contractors or grantees?

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 for this information collection. However, the IRC at 26 U.S.C. 6103 prohibits disclosure of tax returns and related taxpayer information unless disclosure is specifically authorized by that section. TTB maintains these records in secure file rooms and computer systems with controlled access. TTB F 5000.25 also contains two Privacy Act statements—the first statement concerns information provided on a respondent's check, while the second covers the excise tax return form as a whole.

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. A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Tax Major Application, and a Privacy Act System of Records notice (SORN) has been issued for this system under TTB .001–Regulatory Enforcement Record System and published in the Federal Register on January 28, 2015, at 80 FR 4637. TTB's PIAs are available on the TTB website at <https://www.ttb.gov/foia/pia.shtml>.

12. What is the estimated hour burden of this collection of information?

There are 24 respondents to this information collection, 18 of which file 25 times annually (450 total responses) and 6 of which file quarterly (24 total responses), resulting in a total of 474 annual responses. TTB estimates that each response requires 45 minutes (0.75 hours) to complete, resulting in an estimated total of 356 hours of annual burden.

((18 respondents x 25 annual responses = 450 responses) + (6 respondents x 4 annual responses = 24 responses) = 450 responses + 24 responses = 474 total annual responses x 0.75 hours/response = 356 hours of annual burden.)

Recordkeeping burden: Under the record retention provisions of 27 CFR 26.276 and 41.22, respondents must retain copies of TTB F 5000.25 at their business premises for at least three years after the return's submission.

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information (excluding the value of the burden hours in Question 12 above)?

TTB estimates that the total annual non-salary cost burden associated with this collection is \$10.80 per response, for a total of \$5,119.20. TTB estimates the average salary costs for this collection to be \$11.75 per response, for total of \$5,569.50. This results in total costs of \$22.55 per respondent and \$10,688.70 for this information collection.

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

TTB estimates annualized costs to the Federal Government for this information collection as follows:

Clerical costs	9,480
Other Salary (review, supervisory, etc.)	34,510
Overhead	5,000
TOTAL	\$ 48,990

Printing and distribution costs to the Federal government have decreased to \$0.00 in TTB's cost estimate due to the availability of TTB F 5000.25 at no cost to the public through the Pay.gov website (<https://www.pay.gov/public/login>) and on the TTB website (<https://www.ttb.gov/forms/5000.shtml>).

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

There are no program changes or burden changes associated with this information collection. As for adjustments, due to a change in agency estimates, TTB is decreasing the estimated cost to the Federal Government for this information collection.

16. Outline plans for tabulation and publication for collections of information whose results will be published.

Data from this information collection is included within the generalized tax collection totals published by TTB in its quarterly and annual Tax Collections reports, which are posted on the TTB website at https://ttb.gov/tax_audit/tax_collections.shtml. Those tax collection totals, as well as the amount of excise tax annually covered into the Treasury of Puerto Rico, also are included in TTB's Annual Reports, which are posted to the TTB website at <https://ttb.gov/about/performance-reports.shtml>. These reports only disclose generalized totals of taxes collected or transferred and do not identify any individual taxpayer.

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 TTB F 5000.25.

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.