

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement -- Information Collection Request**

**OMB Control Number 1513-0026**

**Claims for Drawback of Tax on Tobacco Products, Cigarette Papers, and Cigarette Tubes  
Exported from the United States**

Information Collections and Collection Instruments Issued under this Title:

- Claims and Bonds for Drawback of Tax on Exported Tobacco Products, Cigarette Papers, and Cigarette Tubes.
  - o TTB F 5200.17, Bond – Drawback of Tax on Tobacco Products, Cigarette Papers, or Tubes.
  - o TTB F 5620.7, Drawback of Tax on Tobacco Products, Cigarette Papers, and Cigarette Tubes.
- Miscellaneous Applications Related to Drawback of Tax on Exported Tobacco Products, Cigarette Papers, and Cigarette Tubes.

**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, wines, 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 (IRC), as amended (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.

The IRC at 26 U.S.C. 5706 provides for the drawback (refund) of Federal excise tax paid on tobacco products and cigarette papers and tubes when such articles are shipped from the United States in accordance with the bond and regulatory requirements prescribed by the Secretary. Under that IRC authority, TTB has issued regulations governing such drawback claims, which are codified in 27 CFR part 44, subpart K (§§ 44.221 through 44.232). As set forth in § 44.221, drawback is allowed for tobacco products and cigarette papers and tubes, on which tax has been paid, when such articles are shipped to a foreign country, Puerto Rico, the Virgin Islands, or a possession of the United States, but only when the person who paid the tax files a claim and otherwise complies with the provisions of subpart K.

Specific to this collection request, § 44.222 requires that claimants file export drawback claims for tobacco products and cigarette papers and tubes using form TTB F 5620.7, which the claimant must submit in time to allow a TTB officer to inspect the articles to be exported. The form identifies the claimant, the articles on which the drawback is being claimed, and the amount of tax claimed for drawback. Sections 44.224 through 44.227 and 44.232 describe the procedures claimants, TTB officers, and customs, or postal officials follow, as appropriate, to release the articles for export, certify on TTB F 5620.7 the receipt of the articles in a foreign trade zone or their lading and export or postal shipment, and approve or disapprove a completed claim.<sup>1</sup>

In addition, § 44.223 requires that each export drawback claim be accompanied by a bond, filed on TTB F 5200.17, covering the amount of tax for which drawback is claimed and conditioned on the claimant providing evidence satisfactory to TTB that the articles landed at a foreign port or were lost after export. Under § 44.228, evidence of foreign landing consists of the described certificate, which must be filed with TTB within 6 months of the articles' export.

However, § 44.229 allows a claimant who cannot furnish a landing certificate to substitute a letterhead application for relief identifying the exported articles and documenting their foreign landing. For articles lost in transit, § 44.230 allows a claimant to file a letterhead application for relief, along with supporting documents, describing the loss and any insurance paid. In addition, § 44.231 allows a claimant to file a letterhead application for an extension of time to file the landing certificate required as a condition of a claim's bond, provided that the bond's surety consents to the extension and that such extensions are limited to no more than two, 3-month periods.<sup>2</sup> Finally, § 44.232 directs the appropriate TTB officer to determine the permissibility of the drawback claim upon receipt of the executed TTB F 5260.7.

TTB requires the collected information to protect the revenue. While allowing exporters to claim tax drawback to which they are statutorily entitled, the collected information provides accountability for tobacco products and cigarette papers and tubes for which export drawback is claimed, ensures export drawback is paid only to eligible recipients, and guarantees repayment of any such drawback paid to ineligible recipients.

This information collection is aligned with:

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

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

TTB uses this collection to protect the revenue. The required information allows TTB to maintain accountability over tobacco products and cigarette papers and tubes for which

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<sup>1</sup> Section 44.222 requires the inspected articles' packages to bear a notice reading "For Export with Drawback of Tax," and this requirement is cross-referenced in § 44.224(b). In addition, § 44.224(c) requires the articles' shipping containers to be numbered and bear a notice prohibiting the articles' sale or use in the United States. These notice requirements are approved under OMB Control No. 1513-0101, Marks and Notices on Packages of Tobacco Products, TTB REC 5210/13.

<sup>2</sup> The collection of Information regarding the consent of a surety, submitted on TTB F 5000.18, is approved under OMB Control No. 1513-0013, Change in Bond (Consent of Surety).

export drawback is claimed and ensure that it is only provided to eligible claimants. TTB personnel use the required information to identify claimants and the articles for which export drawback is claimed, and to verify export of the articles from the United States and their landing in a foreign port or their loss. TTB personnel also may audit drawback claims or otherwise verify the export and subsequent landing or loss of the articles for which drawback is claimed, or, to recover drawback payments made to ineligible claimants.

*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 F 5200.17 and TTB F 5620.7 are available as fillable-printable forms on the TTB Web site (see <https://www.ttb.gov/forms/5000.shtml>). The required drawback claim-related package and shipping container marks, and the required landing certificates and optional letterhead applications, may be placed or generated using improved information technology at the discretion of the respondent.

*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 collected information is pertinent to each respondent and applicable to their specific claim for drawback of Federal excise tax paid on tobacco products and cigarette papers and tubes exported from the United States. As far as TTB is able to determine, similar information is not available elsewhere.

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

The TTB regulations require all entities, regardless of size, to provide the required information to obtain drawback of Federal excise tax paid on tobacco products and cigarette papers and tubes exported from the United States. Waiver or reduction of TTB's drawback claim requirements, simply because the respondent's business is small, would jeopardize the revenue. In addition, TTB believes that the collected information is minimal and is readily sourced by respondents from usual and customary records kept during the normal course of business, such as shipping invoices and consignment records.

*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?*

Respondents complete this information collection only as often as necessary to comply with the relevant statute and regulations. Not collecting this information, or collecting the information less frequently, 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?*

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

*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 for this information collection. 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 these records 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 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 provided by TTB personnel who process export drawback claims, TTB estimates the annual burden for this information collection as follows:

<b>Information Collection</b>	<b>Annual Respondents (One response each per year)</b>	<b>Total Annual Responses</b>	<b>Per Response Burden</b>	<b>Total Burden</b>
Claims and Bonds for Drawback of Tax on Tobacco Products, Cigarette Papers, and Cigarette Tubes				
TTB F 5620.7 (claim form)	10	10	0.5 hour	5 hours
TTB F 5200.17 (bond form)			1.0 hour	10 hours
Totals for claims and bond information collection:	10	10	1.5 hours	15 hours
Miscellaneous Applications Related to Drawback of Tax on Tobacco Products, Cigarette Papers, and Cigarette Tubes				
Misc. Letterhead Applications	3	3	1 hour	3 hours
<b>Grand Total for 1513-0026</b>	<b>13</b>	<b>13</b>	<b>(avg. 1.385)</b>	<b>18 hours</b>

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)?

The information provided by respondents under this collection requirement is sourced from usual and customary shipping records kept during the normal course of business. As such, there are no annualized costs associated with this occasional information collection request, and respondents only incur negligible material and postal costs associated with printing and submitting the required forms.

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

TTB estimates an annualized cost to the Federal Government of \$600.00 in clerical, overhead, and staff evaluation costs for this information collection. Printing and distribution costs have decreased to \$0.00 in TTB's cost estimate due to the availability of TTB forms to the public through the TTB website's forms page at <https://www.ttb.gov/forms/5000.shtml>.

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

Program changes: As a matter of agency discretion:

- TTB is revising the title of this information collection request to read, "Claims for Drawback of Tax on Tobacco Products, Cigarette Papers, and Cigarette Tubes Exported from the United States."
- TTB also is dividing this information collection into two information collections—

(1) Claims and Bonds for Drawback of Tax on Exported Tobacco Products, Cigarette Papers, and Cigarette Tubes, which will include the drawback claim form, TTB F 5620.7, and the drawback claim bond form, TTB F 5200.17, as collection instruments; and

(2) Miscellaneous Applications Related to Drawback of Tax on Exported Tobacco Products, Cigarette Papers, and Cigarette Tubes, which will include the letterhead applications for relief provided for in §§ 44.229, 44.230, and 44.231.

- In addition, TTB is citing all regulatory sections within 27 CFR part 44, subpart K, as included under this information collection request, since those sections require the submission of drawback claim or bond forms or supporting evidence related to those claims and bonds, or they govern how the required forms or alternative letterhead applications are processed by TTB, customs, or postal officials. This requires the addition of §§ 44.221, 44.223, 44.227, and 44.232 to the list of regulations related to this information collection request.

Adjustments: As for adjustments, TTB is decreasing the overall number of annual respondents, responses, and burden hours associated with this information collection request due to a decrease in the number of drawback claims TTB receives for exported taxpaid tobacco products and cigarette papers and tubes. Most tobacco industry members now make exports of such articles under the TTB regulations governing exports made without payment of tax (see OMB Control No. 1513–0027), or under the Customs and Border Protection regulations governing substitution drawback.

Changes to Forms: On form TTB F 5200.17, Bond – Drawback of Tax on Tobacco Products, Cigarette Papers, or Tubes. TTB is adding the OMB control number and a Paperwork Reduction Act notice. On TTB F 5620.7, Drawback of Tax on Tobacco Products, Cigarette Papers, and Cigarette Tubes, TTB is updating the TTB headquarters mailing address 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 information collection request on TTB F 5200.17 and TTB F 5620.7. However, there is no medium for TTB to display that date on the miscellaneous letterhead applications associated with this collection request since those applications are self-generated by respondents.

*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.