

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

OMB Control Number 1513–0013

Change in Bond (Consent of Surety), TTB F 5000.18

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) and chapter 52 (tobacco products and cigarette papers and tubes) 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 (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Order 120–01.

To ensure that revenue generated by the Federal excise taxes imposed on alcohol and tobacco products under chapters 51 and 52 of the IRC is not jeopardized, the IRC at 26 U.S.C. 5114(b), 5173, 5272, 5354, 5401(b), and 5711 requires certain alcohol and tobacco industry proprietors to post a bond, under such regulations as the Secretary may prescribe. Under those IRC authorities, the TTB regulations require certain alcohol and tobacco industry proprietors to file bonds, which, as information collection requests, are approved under various OMB control numbers.¹ If a proprietor should default on payment of any alcohol or tobacco excise taxes, those bond requirements ensure payment of any taxes due by the bond's surety company.

In addition, if an alcohol or tobacco industry proprietor's activities or circumstances change from those covered by an existing surety bond, the TTB regulations allow for the filing of a consent of surety to such changes (also referred to as an extension of coverage), in lieu of a new bond. Under the TTB regulations, a description of the changes to a proprietor's bond and the consent of the surety to those changes is filed with TTB using form TTB F 5000.18, Change in Bond (Consent of Surety), which is approved under this OMB control number, 1513–0013. The proprietor and the bond's surety company execute TTB F 5000.18 in the same manner as a surety bond, and it has the same legal authority as the original bond.

The following TTB regulations in 27 CFR allow or require the filing of TTB F 5000.18 to report changes in bonds with consent of sureties to those changes:

17.106 17.108 18.39 18.40 19.59 19.60

¹ TTB's alcohol and tobacco bond-related information collection requests include OMB Control Nos. 1513–0009 (wine bonds), 1513–0015 (brewer's bonds), 1513–0103 (tobacco bonds), 1513–0116 (bond for distilled spirits drawback under 26 U.S.C. 5111), and 1513–0125 (distilled spirits bonds).

19.116	19.117	19.118	19.132	19.133	19.134
19.141	19.143	19.155	19.168	19.428	19.454
19.459	19.688	19.689	19.690	19.692	19.693
24.101	24.108	24.125	24.128	24.129	24.135
24.136	24.145	24.146	24.148	24.152	24.154
24.291	25.72	25.73	25.77	25.81	25.92
25.95	25.271	26.61	26.64	26.70	28.51
28.54	28.58	28.62	28.64	28.67	28.151
28.160	40.101	40.137	40.396	40.397	40.407
40.408	41.85	41.114a	41.124	44.104	44.108
44.126 and	44.231.				

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?

If the activities or circumstances of a TTB-regulated alcohol or tobacco industry proprietor's operations change from those covered by an existing bond agreement, a proprietor and their surety company may file form TTB F 5000.18, Change in Bond (Consent of Surety), in lieu of a new bond. This form acts as an extension of the bond, identifying new activities or conditions previously not specified on the bond.

Once executed by the proprietor and their surety company, the completed TTB F 5000.18 is filed with TTB, which retains a copy of the form as long as it remains current and in force. TTB uses the collected information to identify the proprietor and surety company involved, the existing bond being changed, and the new activities or conditions previously not specified on the bond. This information is necessary 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 will continue to approve, on a case-by-case basis, the use of improved information technology. Currently, TTB F 5000.18 is available on the TTB website as a fillable-printable form (see <https://www.ttb.gov/forms/5000.shtml>).

In addition, a respondent may submit a completed and signed copy of TTB F 5000.18 to TTB using the Permits Online (PONL) system (see <https://www.ttb.gov/ponl/permits-online.shtml>). The PONL system allows for the electronic submission to TTB of applications for original and amended permits, along with any required supplemental forms such as

bonds and consents of sureties. The electronic submission of TTB F 5000.18 via PONL speeds the submission process for proprietors, who would otherwise have to mail the completed form to TTB.

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 5000.18 collects information that is pertinent to each respondent and specific to changes to a respondent's bond and consent of the surety to those changes. As far as TTB can determine, information regarding changes to bonds and consent of sureties to such changes is not available to TTB elsewhere.

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

In general, to protect the revenue, the IRC requires alcohol and tobacco industry proprietors to furnish bonds under such regulations as the Secretary may prescribe, and under the TTB regulations, such proprietors may use TTB F 5000.18 to file changes to existing bonds with consent of their sureties in lieu of providing a new bond. However, the IRC now exempts small alcohol beverage industry proprietors, defined as those eligible to file tax returns on an annual or quarterly basis, from its bond requirements, and such entities no longer need to use TTB F 5000.18.² Since alcohol beverage industry proprietors previously made up the largest group of respondents to this information collection, TTB believes that this information collection does not effect a significant number of small businesses. In addition, for those TTB-regulated businesses still required to furnish a bond, TTB believes that TTB F 5000.18 provides flexibility to all entities, regardless of size, since the form provides for an extension of existing bond in lieu of proprietors being required to provide a new bond.

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?

For those alcohol and tobacco industry proprietors required by the IRC to have a bond, the TTB regulations require the use of TTB F 5000.18 only when the respondent desires to change the activities covered under or conditions of an existing bond. As such, TTB cannot conduct this information collection less frequently. If TTB did not provide for a change in bond with consent of surety as filed on TTB F 5000.18, a proprietor would be required to file a new bond, perhaps at additional cost, and the proprietor's ability to engage in activities not covered by an existing bond would be delayed.

² Effective January 1, 2017, section 332 of the Protecting Americans from Tax Hikes Act (PATH Act; Public Law 114-113, Division Q) amended the IRC at 26 U.S.C. 5551(d) to remove bond requirements for distilled spirits, wine, and beer excise taxpayers who are eligible to file excise tax returns on a quarterly or annual basis. Under the IRC at 26 U.S.C. 5061(d)(4), as amended by the PATH Act, to use annual filing, a taxpayer must reasonably expect to be liable for not more than \$1,000 in excise taxes for the calendar year and must be liable for not more than \$1,000 in such taxes in the preceding calendar year; and, to use quarterly filing, a taxpayer must reasonably expect to be liable for not more than \$50,000 in excise taxes for the calendar year and must be liable for not more than \$50,000 in such taxes in the preceding calendar year.

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? (See 5 CFR 1320.5(d)(2).)*

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, at 83 FR 42975. TTB received no comments on this information collection.

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. 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.

A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Tax Major Application System, 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 <http://www.ttb.gov/foia/pia.shtml>.

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

Based on recent data provided by TTB's National Revenue Center, which processes this information collection, TTB estimates that 120 alcohol and tobacco industry proprietors required to have bonds under the IRC will file one TTB F 5000.18 form per year, for a total of 120 annual responses. TTB further estimates that each respondent will require one hour to complete a response, resulting in an estimated total annual burden of 120 hours for this information collection.

(120 respondents x 1 annual response = 120 annual responses x 1 hour per response = 120 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 estimates the cost to respondents resulting from this information collection as follows: \$3.20 per response in material, overhead, and postal costs, for a total of \$384.00 in such costs. In addition, TTB estimates respondents have \$34.40 in salary costs per response, for a total of \$4,128.00 in such costs for this information collection. Therefore, the total estimated total cost to respondents resulting from this information collection is \$37.60 per response, for a total estimated cost for this collection request of \$4,512.00.

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

Estimates of the annual cost to the Federal Government for this information collection are:

Clerical cost	220
Other Salary (review, supervisory, etc.)	1,400
TOTAL	\$1,620

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 through the TTB website (<https://www.ttb.gov/forms/5000.shtml>).

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

Program changes: There are no program changes associated with this information collection request.

Recent amendments to the IRC have exempted small alcohol beverage industry proprietors from its bond requirements, and TTB has previously reported the resulting program changes to TTB's beverage alcohol-related bond information collections; see OMB Control Nos. 1513-0009 for wine bonds, 1513-0015 for brewers bonds, and 1513-0125 for distilled spirits bonds. While those program changes decreased the burden associated with TTB's

alcohol beverage industry bond information collections, TTB has determined that those program changes did not affect the TTB regulations regarding this information collection request, OMB Control No. 1513–0013, as this request only concerns existing bond holders who need to report changes in bonds and consents of sureties to TTB using form TTB F 5000.18.

Adjustments: Due to changes in agency estimates resulting from the decrease in the number of alcohol beverage industry proprietors submitting TTB F 5000.18, TTB is decreasing this information collection's estimated number of respondents from 2,000 to 120. This results in a corresponding decrease in the collection's estimated number of annual responses, from 2,000 to 120, and a decrease in its estimated annual burden hours, from 2,000 to 120.

In addition, TTB is correcting the title of this information collection request from "Change of Bond (Consent of Surety)" to "Change in Bond (Consent of Surety)," which matches the title shown on form TTB F 5000.18. On form TTB F 5000.18, TTB is adding a reference to 26 U.S.C. 5114 in the legal authority citations noted in the form's Paperwork Reduction Act and Privacy Act notices.

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

The results of this collection will not be published.

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?

As a cost-saving measure for both TTB and the general public, TTB requests approval to not display the expiration date for OMB approval of this information collection on form TTB F 5000.18. By not displaying the approval expiration date for this collection, TTB will not have to update that date on the paper form each time OMB approves the collection. This will avoid confusion among respondents when the collection's approval date may have passed but its approval continues on a month-to-month basis while it is under OMB review. In addition, respondents and other businesses will not have to update their stocks of paper forms or alter electronic copies of the forms, including any versions produced for sale to others.

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.