**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement –– Information Collection Request**

**OMB Control Number 1513–0106**

**Records of Operations—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, 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 (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Order 120–01.

Under the IRC at 26 U.S.C. 5741, every manufacturer and importer of tobacco products, processed tobacco, or cigarette papers and tubes, and every export warehouse proprietor, must “keep such records in such manner as the Secretary shall by regulation prescribe,” which must be made available for inspection by the Government during business hours.

Under that IRC authority, the TTB regulations in 27 CFR part 41 require importers of tobacco products or processed tobacco to keep usual and customary business records showing their receipt and disposition of such articles. The regulations also state that those importers must maintain the required records chronologically at their principal place of business (or at another location approved by TTB) for a period of 3 years, and that the records must be made available for TTB inspection upon request. The relevant regulations are found at 27 CFR 41.22, 41.204, 41.208, 41.261, and 41.263.

Importers of tobacco products or processed tobacco use the records required under this information collection, which is approved under OMB control number 1513–0106, to prepare form TTB F 5220.6, Monthly Report—Tobacco Products or Processed Tobacco, which is approved separately under OMB control number 1513–0107. The collected information is necessary to protect the revenue, as it allows TTB to verify payment of the appropriate Federal excise taxes on imported tobacco products and detect diversion of processed tobacco, which is not taxed, to illegal tobacco product manufacturing.

This information collection is aligned with ––

* Line of Business/Sub-function: General Government/Taxation Management.
* IT Investment: None.

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

During audits of importers of tobacco products or processed tobacco, TTB personnel use the required usual and customary business records to verify the data provided by such importers on their monthly operations reports, filed on form TTB F 5220.6. Such verification is necessary to protect the revenue, as it allows TTB to confirm payment of the appropriate Federal excise taxes on imported tobacco products and detect diversion of processed tobacco, which is not taxed, to illegal tobacco product manufacturing.

*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?*

Each respondent maintains the required usual and customary business records at their principal place of business or at another TTB-approved location. Each respondents may keep the required records and make them available to TTB personnel for inspection in paper or electronic formats at their discretion.

*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 the keeping of usual and customary business records that are pertinent and specific to each respondent. As far as TTB can determine, similar information regarding the receipt and disposition of tobacco products or processed tobacco by importers of such articles is not available elsewhere.

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

This information collection has no impact on small businesses, as it consists only of usual and customary records kept during the normal course of business.

*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?*

This information collection consists only of usual and customary records kept by importers of tobacco products or processed tobacco during the normal course of business, and, as such, it cannot be conducted less frequently. Also, not requiring the keeping of such records would jeopardize the revenue, as the collected information allows TTB to verify payment of the appropriate Federal excise taxes on imported tobacco products and detect diversion of processed tobacco, which is not taxed, to illegal tobacco product manufacturing.

*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 March 28, 2019, at 84 FR 11867. 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 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 this information collection. However, Federal law at 5 U.S.C. 552(b)(4) 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 the IRC.

*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 requirement contains no questions of a sensitive nature, and it does not collect personally identifiable information (PII) in a government electronic system. Therefore, no Privacy Impact Assessment (PIA) or System of Records Notice (SORN) is required for this information collection.

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

Based on recent experience, TTB estimates that 480 importers of tobacco products and/or processed tobacco will each make one annual response to this ongoing recordkeeping requirement, for a total of 480 annual responses. As this information collection consists of usual and customary business records kept by respondents during the normal course of business, regardless of any TTB regulatory requirement to do so, it imposes no annual burden on respondents per the OMB regulations at 5 CFR 1320.3(b)(2).

*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)?*

This information collection request consists of usual and customary business records kept by respondents during the normal course of business. As such, there is no annualized cost burden to respondents associated with this collection.

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

This information collection request consists of usual and customary business records kept by respondents during the normal course of business. As such, there is no annualized cost to the Federal Government for this collection.

*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 this information collection's estimated number of annual respondents and responses from 444 to 480. This change is due to an increase in the number of tobacco product and processed tobacco importers regulated by TTB, each of which makes one annual response to this collection. In addition, TTB is removing the 1 hour of burden previously reported as a place holder for this usual and customary business record collection requirement since such collections impose no burden on respondents per the OMB regulations at 5 CFR 1320.3(b)(2).

*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?*

This information collection consists of usual and customary business records kept by respondents at their principal places of business or at another TTB-approved location. As such, there is no medium for TTB to display the collection’s OMB approval expiration date.

*18. What are the exceptions to the certification statement?*

There are no exceptions to the certification statement.

**B. Collections of Information Employing Statistical Methods.**

This information collection does not employ statistical methods.