

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement -- Information Collection Request**

**OMB Control Number 1513-0024**

**Report — Export Warehouse Proprietor.**

**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 (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.

In general, under chapter 52 of the IRC (26 U.S.C. chapter 52), tobacco products<sup>1</sup> and cigarette papers and tubes manufactured in, or imported into, the United States are subject to Federal excise tax while tobacco products and cigarette papers and tubes removed for export, and all processed tobacco, are not subject to that tax. In addition, the IRC at 26 U.S.C. 5722 requires manufacturers and importers of tobacco products, processed tobacco, or cigarette papers and tubes, and export warehouse proprietors, to provide reports “containing such information, in such form, at such times, and for such periods as the Secretary shall by regulation prescribe.”

Under the authority of section 5722 of the IRC, TTB has issued regulations in 27 CFR part 44 that require export warehouse proprietors to file monthly reports of operations on form TTB F 5220.4, Report—Proprietor of Export Warehouse. Those regulations also require export warehouse proprietors to file form TTB F 5220.4 when commencing business, concluding business, transferring ownership, or at any other time an appropriate TTB officer determines a special inventory is required. Export warehouse proprietors use form TTB F 5220.4 to report the amount of tobacco products, cigarette papers and tubes, and processed tobacco on hand at the beginning and end of a given reporting period, the amount of such articles received and removed from their premises without payment of tax during the reporting period, and any losses and inventory overages or shortages of such articles discovered during the reporting period.

---

<sup>1</sup> Under chapter 52 of the IRC, “tobacco products” subject to Federal excise tax are: Small and large cigars, small and large cigarettes, snuff, chewing tobacco, pipe tobacco, and roll-your-own tobacco. Processed tobacco is regulated but is not subject to Federal excise tax under the IRC.

The TTB regulations in 27 CFR part 44 that require the submission of form TTB F 5220.4 are:

§ 44.147, General.    § 44.148, Opening.    § 44.149, Monthly.  
§ 44.150, Special.    § 44.151, Closing.

The information collected on form TTB F 5220.4 is necessary to protect the revenue. The collected information allows TTB to account for, and detect diversion of, exports of tobacco products and cigarette papers and tubes without payment of tax, as well as exports of processed tobacco, which is not subject to tax but may be diverted to taxable uses such as the illegal manufacture of tobacco products. The collected information also allows TTB to verify compliance with Federal laws and regulations related to the removal and export of such articles.

This information collection is aligned with:

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Pay.gov.

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

The information collected from export warehouse proprietors on TTB F 5220.4 regarding the amount of tobacco products, cigarette papers and tubes, and processed tobacco on hand, received, and removed from their premises without payment of tax during a reporting period, as well as any losses and inventory overages or shortages of such articles discovered during the reporting period, is necessary to protect the revenue. TTB personnel use the collected information to account for, and detect diversion of, exports of tobacco products and cigarette papers and tubes made without payment of tax, as well as exports of processed tobacco, which is not subject to excise tax but can be diverted to the manufacture of taxable tobacco products. The collected information also allows TTB personnel to verify compliance with Federal laws and regulations related to the removal and export of such articles. In addition, TTB personnel may compare the collected information with data collected on an export warehouse proprietor's excise tax returns to detect errors and omissions.

*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, form TTB F 5220.4 is available as a fillable-printable form on the TTB Web site at <https://www.ttb.gov/forms/index.shtml>. Export warehouse proprietors also may electronically upload and transmit that form to TTB via the Pay.gov online system (<https://www.pay.gov/paygov/home>).

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?*

Form TTB F 5220.4 collects information that is pertinent to each respondent and applicable to their specific export warehouse operations. As far as TTB can 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?*

All export warehouse proprietors, regardless of size, are required by regulation to provide the collected information to account for, and allow TTB to detect diversion of, exports of tobacco products and cigarette papers and tubes, which are made without payment of tax, as well as exports of processed tobacco, which is not subject to tax. Waiver or reduction of this reporting requirement, simply because the respondent's business is small, could jeopardize the Federal revenue.

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?*

TTB collects the required information only as often as necessary to ensure that non-taxpaid tobacco products and cigarette papers and tubes, and processed tobacco which is not subject to tax, received and removed by export warehouse proprietors are not diverted into taxable domestic commerce. Not collecting the required information or collecting it less frequently, would jeopardize TTB's ability to protect the revenue and take timely action on potential diversion of such articles.

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 on form TTB F 5220.4. 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 taxpayer-related information, unless disclosure of the information is specifically authorized by law. 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, and it does not collect personally identifiable information (PII) in a Government electronic system. As such, 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?*

Currently, TTB estimates that 80 export warehouse proprietors prepare and submit monthly reports on form TTB F 5220.4, for a total of 960 annual responses. In addition, TTB estimates that respondents require 1 hour to complete each response, resulting in a total annual burden for this collection of 960 hours. The retention requirement for this form is three years following the close of the calendar year covered in the report.

(80 respondents X 12 responses/year = 960 annual responses X 1 hour/response = 960 total 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)?*

This information collection is compiled from usual and customary records kept by export warehouse proprietors during the normal course of business, including receipt, shipping, and inventory records. As such, this information collection imposes no annualized capital, start-up, maintenance, or operational costs upon respondents.

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

TTB estimates of the annualized cost to the Federal Government for this information collection are:

Clerical costs	960.00
Other Salary costs (review, supervisory, etc.)	8,650.00
<b>TOTAL COSTS</b>	<b>\$ 9,610.00</b>

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 Web site at <https://www.ttb.gov/forms/index.shtml>.

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

There are no program changes associated with this collection. As for adjustments, due to a change in agency estimates, TTB is decreasing the number of annual respondents to this information collection from 82 to 80. That reduction decreases the number of annual responses to this information collection by 24, from 984 to 960 responses, and decreases its estimated total annual burden hours by 24, from 984 to 960 hours.

In Instruction D on form TTB F 5220.4, we are adding information on how to file the form using the Pay.gov online system.

*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 its related information collection instrument, form TTB F 5220.4.

*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 information collection does not employ statistical methods.