

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement --- Information Collection Request

OMB Control Number 1513-0074

Airlines Withdrawing Stock from Customs Custody (TTB REC 5620/2)

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.

Under provisions of the IRC in 26 U.S.C. chapter 51, distilled spirits and wine produced in or imported into the United States are subject to Federal excise tax. However, the IRC at 26 U.S.C. 5062 allows for drawback (refund) of the excise tax paid or determined on distilled spirits and wine exported from the United States, while 26 U.S.C. 5214 and 5362, allow for the withdrawal of distilled spirits and wine without payment of tax for use on certain aircraft. Also, 19 U.S.C. 1309 allows the withdraw of distilled spirits and wine from customs custody without payment of tax for use as supplies on aircraft engaged in flights to locations outside the United States. In addition, each of those statutes authorizes the Secretary to prescribe regulations governing all such withdrawals.

Under those statutory authorities, the TTB regulations in 27 CFR part 28 require airlines to account for distilled spirits and wine withdrawn from their stocks held in customs custody at airports for use as supplies on aircraft engaged in foreign flights. Specifically, under 27 CFR 28.280, an airline must prepare a requisition when distilled spirits and wine are withdrawn from such stocks for use as supplies on a foreign flight. The requisition must identify the distilled spirits and wine, the amounts withdrawn, and the aircraft, flight, and destination, and it must include verification by a customs officer of the lading of the supplies on the aircraft. That section also requires any withdrawn distilled spirits or wine to be returned to customs custody upon the return of the aircraft to the United States and accounted for on the relevant requisition(s).

In addition, § 28.281 requires an airline to prepare a certificate of use for the distilled spirits and wine listed on each requisition, which is certified by a customs officer and attached to the appropriate TTB drawback claim for taxpaid distilled spirits or wine (TTB F 5110.30 for

distilled spirits or TTB F 5120.24 for wine, approved under OMB Control Nos. 1513–0042 and 1513–0016, respectively), or to the application or notice for withdrawal of distilled spirits or wine for export without payment of tax (TTB F 5100.11, approved under OMB Control No. 1513–0037). Under § 28.45, respondent airlines must maintain file copies of the required requisitions and certificates for a minimum of two years, subject to inspection by TTB personnel during business hours.

Accounting for withdraws of distilled spirits and wine by airlines from their stocks held in customs custody at airports, whether made subject to tax drawback or made without payment of tax, is necessary to protect the revenue. The required requisitions and certificates allow TTB to verify tax drawback claims and detect diversion of non-taxpaid distilled spirits and wine into the taxable domestic market.

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?

The information required by the TTB regulations at 27 CFR 28.280 and 28.281 accounts for distilled spirits and wine withdrawn by airlines from their stocks held in customs custody at airports for use as supplies on aircraft engaged in foreign flights. The respondent airlines use the required requisitions and certificates of use to support drawback claims for taxpaid distilled spirits and wines that are subsequently exported or to support their applications and notices to withdraw distilled spirits or wine for export without payment of tax. TTB personnel use this information during audits and compliance investigations to verify that all such distilled spirits and wines used by airlines are accounted for and were used only as allowed by law. This accounting and verification is necessary to protect the revenue as it allows TTB to verify tax drawback claims and detect diversion of non-taxpaid distilled spirits and wine into the taxable domestic market.

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. Respondent airlines may use information technology at their discretion to prepare the required requisitions and certificates.

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 required records and certificates provide information pertinent to each respondent and their withdrawal of distilled spirits or wine, without payment of tax, for use as supplies on specific aircraft engaged in foreign flights. As far as TTB can determine, similar information is not available anywhere else.

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

All entities, regardless of size, are required by regulation to collect the required information. However, TTB believes that this collection does not have a significant impact on small businesses as the required information is minimal and readily available to respondents.

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?*

Because distilled spirits and wines used as supplies on aircraft engaged in foreign flights are removed from customs custody without payment of tax, or are subject to drawback of tax, elimination or less frequent collection the required information would pose a jeopardy to the revenue as TTB could not account for the export and lawful use of such aircraft supplies.

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 regarding this information collection, TTB published a "60-day" comment request notice in the Federal Register on November 27, 2018, at 83 FR 60963. TTB received no comments on this 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 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. Airlines maintain the required information on their premises, where it may be examined by TTB personnel.

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 request 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?

TTB currently estimates that 25 airlines withdraw distilled spirits and wine from stocks held in customs custody at airports for use as supplies on foreign flights. The required information is collected on an ongoing, as needed basis, and TTB estimates that each respondent spends 100 hours each year preparing the required records and certificates. Therefore, the total estimated annual burden for this information collection is 2,500 hours, evenly divided between recordkeeping (preparation of requisitions) and reporting (preparation and submission of certificates of use).

(25 respondents x 1 annual response x 100 hours per response = 2,500 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 believes that there are no annualized capital or start-up costs to respondents associated with this information collection.

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

There are no annualized costs to the Federal Government associated with this information collection.

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

There are no program changes or adjustments associated with this information collection.

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?

There is no TTB form associated with the information collection, which consists of requisitions and certificates prepared by respondent airlines and maintained at their business premises. As such, there is no medium for TTB to display the expiration date of this information collection's OMB approval.

18. What are the exceptions to the certification statement?

(c) See item 5 above.

(i) No statistics are involved.

(j) See item 3 above.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.