

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement --- Information Collection Request**

**OMB Control Number 1513-0057**

**Letterhead Applications and Notices Relating to Wine (TTB REC 5120/2)**

**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.

In general, the IRC imposes a Federal excise on wine, governs establishment and activities of wine premises, and authorizes the Secretary to issue regulations regarding such matters. Specifically, at 26 U.S.C. 5041, the IRC imposes a wine excise tax, the rate of which varies by the alcohol content, carbon dioxide content, source of carbonation, and, in the case of hard cider, what the wine is derived from. Also, at 26 U.S.C. 5351-5373, the IRC governs establishment and operation of wine premise (wine cellars, wineries, storage warehouses, and taxpaid wine bottling houses), and, at 26 U.S.C. 5381-5388, it defines standards for natural wine, special natural wine, agricultural wine, cellar treatment of natural wine, amelioration and sweetening of wine, and designations of wines. In addition, at 26 U.S.C. 5391, 5392, and 5661-5663, the IRC governs exemptions from distilled spirits taxes for wine spirits, defines certain terms, and provides criminal penalties for unauthorized production or misrepresentation of wine in its labeling, packaging, or advertising.

Under those IRC authorities, the TTB regulations in 27 CFR Part 24, Wine, require wine premises proprietors to submit letterhead applications and notices to TTB to request its approval to use alternate regulatory compliance methods or procedures or to undertake, or give notice of, certain specified wine premises operations, particularly those that affect the designation, tax rate, or volume of wine produced or removed. Wine premise operations posing a greater jeopardy to the revenue are generally regulated by applications subject to TTB approval, while operations posing less jeopardy to the revenue are regulated by notice requirements that do not require TTB pre-approval. As such, this information collection is necessary to ensure that the proposed wine-related alternative method or procedure or operation does not jeopardize the revenue, complies with relevant laws and regulations, and does not pose a burden to TTB's administration of 27 CFR part 24.

The following TTB regulations in 27 CFR Part 24, Wine, require the submission of a letterhead application or notice:

<b>Letterhead Applications</b>	
§ 24.21, Modified forms.	§ 24.22, Alternate method or procedure.
§ 24.25, Emergency variations from requirements.	§ 24.77, Experimental wine.
§ 24.91, Conveyance of untaxpaid wine or spirits.	§ 24.103, Other operations.
§ 24.108, Bonded wine warehouse application.	§ 24.235, Taxpayment or destruction of spirits.
§ 24.249, Experimentation with new treating material or process.	§ 24.250, Application for use of new treating material or process.
§ 24.294, Destruction of wine.	§ 24.296(b) , Taxpaid wine operations
<b>Letterhead Notices</b>	
§ 24.77(e) Experimental wine.	§ 24.131, Change in building construction and use of premises.
§ 24.140, Notice. [Discontinuance of operations.]	§ 24.141, Bonded wine warehouse. [Notice of discontinuance of operations.]
§ 24.230, Examination of tank car or tank truck.	§ 24.231, Receipt of spirits in sealed bulk containers.
§ 24.236, Losses of spirits.	§ 24.242. Authority to use greater quantities of decolorizing material in juice or wine.
§ 24.268, Losses by fire or other casualty.	

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?*

Wine premises proprietors submit letterhead applications and notices to TTB to request permission to use alternate regulatory compliance methods or procedures or to undertake, or give notice of, certain specified wine premises operations that may affect the kind of wine produced or removed, its tax rate, or its taxable volume. TTB personnel process these applications and notices to ensure that the respondent's proposed alternative method or procedure, or proposed or undertaken action, will not jeopardize the revenue, will comply with relevant laws and regulations, and will not pose a burden to TTB's administration of 27 CFR part 24, while allowing maximum operational flexibility to wine industry members. In addition, TTB personnel may examine file copies of letterhead applications and notices

during field audits or inspections of wine premises to ensure their proprietors are in compliance with approved alternate methods or procedures, or with approved or notified wine premises operations.

*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. Wine premises proprietors may use information technology at their discretion to prepare and maintain file copies of the required applications and notices.

*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 letterhead applications and notices required under this information collection contain information pertinent to each respondent and applicable to a specific alternative method or procedure or wine premises operation for which application or notice is required. 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 submit the letterhead applications and notices covered under this information collection request. Waiver or reduction of these requirements simply because a wine premises is small would jeopardize the revenue and would not allow TTB to ensure the proposed alternative or operation is in compliance with relevant laws and regulations. However, because respondents submit the required applications and notices only on an as needed basis, TTB does not believe that this collection has a significant impact on a substantial number of small entities.

*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 considers the required letterhead applications and notices to be the minimum necessary to protect the revenue and ensure compliance with the statutes and regulations governing wine premises operations. Respondents make such submissions only on an as needed basis, and, as such, TTB cannot conduct this collection less frequently.

*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 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. TTB maintains the required letterhead applications and notices in secure file rooms with controlled access and in password protected computer systems.

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?*

Based on recent experience, TTB estimates 1,650 respondents file an average of one letterhead application or notice relating to wine on an annual basis. TTB estimates that each response takes 30 minutes (0.5 hours) to complete. Therefore, the estimated total annual burden for this information collection is 825 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)?*

There are no annualized costs to respondents associated with this occasional information collection.

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

The estimated annual costs to the Federal Government for this information collection are:

Clerical costs	1,255.00
Other Salary costs (review, supervisory, etc.)	14,870.00
<b>TOTAL COSTS</b>	<b>\$ 16,125.00</b>

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?*

This information collection consists of letterhead applications and notices submitted to TTB by wine industry members. As there is no prescribed TTB form for this information collection, there is no medium for TTB to display its OMB approval expiration date.

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.