

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0072

**Applications and Notices—Manufacturers of Nonbeverage Products (TTB REC 5530/1).**

**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.

In general, the IRC at 26 U.S.C. 5001 imposes Federal excise tax on each proof gallon of distilled spirits produced in or imported into the United States. However, under the IRC at 26 U.S.C. 5111–5114, persons using distilled spirits to produce medicines, medicinal preparations, food products, flavors, flavoring extracts, or perfume may claim drawback (refund) of all but \$1.00 per proof gallon of the Federal excise tax paid on the distilled spirits used to make such nonbeverage products, subject to regulations issued by the Secretary “to secure the Treasury against frauds.”

Under those IRC authorities, the TTB regulations in 27 CFR part 17 require manufacturers to submit certain applications and notices to TTB regarding their use of distilled spirits in the production of nonbeverage products eligible for drawback. The required applications, which require TTB approval, cover nonbeverage activities that present significant jeopardy to the revenue, while the required notices, which do not require TTB approval, cover activities that present less jeopardy to the revenue. This information collection is necessary to protect the revenue as it helps prevent diversion of distilled spirits to beverage use and ensures that nonbeverage product activities comply with the law and TTB regulations.

The following regulations in 27 CFR Part 17, Drawback on Taxpaid Distilled Spirits Used in Manufacturing Nonbeverage Products, contain the application and notice requirements covered under this information collection:

17.3	17.111	17.112	17.122	17.123	17.124
17.125	17.126	17.127	17.143	17.167	17.168
17.183	17.187.				

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?*

TTB uses the required applications and notices serve to protect the revenue, as they help assist TTB to determine if the distilled spirits on which nonbeverage product drawback is claimed have been diverted to beverage use. In addition, TTB uses the applications and notices to ensure that nonbeverage product manufacturers conduct their operations in compliance with the law and regulations.

*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?*

The letterhead applications and notices covered under this information collection are generated by respondents, which, at their discretion, may use improved information technology.

*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 applications and notices contain information pertinent to each respondent and applicable to their use of distilled spirits in the manufacture of specific nonbeverage products eligible for drawback. 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?*

All entities claiming drawback, regardless of size, are required by 27 CFR part 17 to submit the required applications and notices regarding the manufacture of nonbeverage alcohol products. Waiver or reduction of this requirement, simply because the respondent's business is small, would jeopardize the 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 considers the required applications and notices to be the minimum necessary to ensure compliance with the IRC and the TTB regulations related to the manufacture of nonbeverage products. Less frequent collection of this information would pose jeopardy to the revenue.

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 May 21, 2019, at 84 FR 23157. 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. TTB maintains the collected information in secure office space 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. In addition, this information collection 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 that 350 respondents will file an average of two applications or notices per year, for a total of 700 annual responses, and that each response will require 0.5 hours (30 minutes) to complete. Therefore, TTB estimates that the total annual burden for this information collection is 350 hours.

(350 respondents X 2 responses/year = 700 responses/year X 0.5 hours/response = 350 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)?*

There are no annualized costs to respondents associated with this occasional 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 associated with this collection. As for adjustments, due to a change in agency estimates, TTB is decreasing the number of respondents to this information collection from 515 to 350, and is decreasing the number of annual responses from 1,030 to 700. In turn, this results in a decrease in this information collection's estimated total annual burden, from 515 hours to 350. This change in agency estimates results from TTB's use of improved information technology, which has improved TTB accounting of the letterhead applications and notices submitted to the agency.

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 prescribed TTB form for this information collection, and, 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?*

- (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.