

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0035

Inventory — 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 (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Order 120–01.

In general, chapter 52 of the IRC (26 U.S.C. chapter 52) imposes Federal excise tax on all tobacco products and cigarette papers and tubes manufactured in, or imported into, the United States, while exempting such articles removed for export, as well as all processed tobacco, from that tax.¹ Export warehouses receive and store such non-taxpaid articles until they are removed without payment of tax for export to a foreign country, Puerto Rico, or the U.S. Virgin Islands, or for consumption beyond the internal revenue laws of the United States. To protect the revenue, the IRC, at 26 U.S.C. 5721, requires export warehouse proprietors to take true and accurate inventories of all tobacco products, processed tobacco, and cigarette papers and tubes at the commencement of business, the conclusion of business, and at other times as the Secretary shall prescribe by regulation.

Under that IRC authority, the TTB regulations in 27 CFR Part 44, Exportation of Tobacco Products, and Cigarette Papers and Tubes, Without Payment of Tax, or With Drawback of Tax, require export warehouse proprietors to make opening and closing inventories, as well as inventories at the time of certain changes in ownership and control of the business. The regulations also require export warehouse proprietors to make a special inventory when required by the appropriate TTB officer. Export warehouse proprietors report inventories on TTB F 5220.3, Inventory—Export Warehouse Proprietor. Proprietors supply one copy of the report to TTB and keep one copy at their business premises. As authorized by 26 U.S.C. 5741, the TTB regulations require proprietors to retain their copies of these inventory reports

¹ 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, which is used to manufacture taxable tobacco products, is regulated but is not subject to Federal excise tax under the IRC.

for 3 years following the close of the calendar year in which the inventory was taken, and they must make these reports available for inspection by any appropriate TTB officer upon request.

The TTB regulations implementing this information collection are found in 27 CFR part 44 at:

44.104	44.105	44.107	44.143
44.144	44.145	44.146	44.161.

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 F 5220.3 provides a uniform format for recording inventories of tobacco products, cigarette papers and tubes, and processed tobacco held by export warehouse proprietors. TTB uses the inventory information collected under this request to protect the revenue and detect diversion of non-taxpaid and untaxed articles to taxable uses. Because export warehouse proprietors hold tobacco products and cigarette papers and tubes until such articles are exported without payment of tax, transferred in bond to another export warehouse, or returned to the manufacturer, TTB uses these inventories to establish a contingent Federal excise tax liability on such articles held by a proprietor. These inventories also aid TTB in detecting diversion of non-taxpaid articles into the taxable domestic market. In addition, inventories of processed tobacco, which is not subject to tax, help TTB detect and prevent diversion of materials used for making tobacco products to unauthorized manufacturers who would not be accountable to TTB.

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, TTB F 5220.3 is available as a fillable-printable form on the TTB Web site at <https://www.ttb.gov/forms/5000.shtml>.

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?

TTB F 5220.3 collects information regarding the amounts of tobacco products, cigarette papers and tubes, and processed tobacco held by a specific respondent at their export warehouse. 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 statute and regulation to complete an inventory using TTB F 5220.3 when commencing or discontinuing business, when certain changes in ownership or control of the business occur, or when requested by TTB for tax administration purposes. As such, this information collection requirement cannot be waived simply because the respondent's business is small.

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?

Export warehouse proprietors complete inventories using TTB F 5220.3 only as often as necessary to comply with the relevant TTB regulations. If this inventory information were not collected, or if it were conducted less frequently, TTB would lose an effective means to determine the potential tax liability of export warehouse proprietors and detect diversion of non-taxpaid articles intended for export into taxable domestic commerce.

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 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 its copies of TTB F 5220.3 in secure office space 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, and it 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 information collection.

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

Based on recent experience, TTB estimates that the 80 export warehouse proprietors it regulates will each complete one inventory annually under this information collection, resulting in a total of 80 annual responses. TTB also estimates that each inventory requires 5 hours to complete, for an estimated total annual burden of total of 400 hours. Export warehouse proprietors must retain their copy of an inventory form for 3 years following the close of the calendar year in which the inventory is taken.

(80 respondents X 1 response/year = 80 annual responses X 5 hours/response = 400 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 occasional information collection imposes no annualized capital, start-up, maintenance, or operational costs upon respondents.

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

There is no annualized cost to the Federal Government for this information collection.

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/5000.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 resulting from a decrease in the number of export warehouse proprietors, TTB is reducing the number of annual respondents and responses to this information collection from 86 to 80, and, as a result, is decreasing the estimated total burden for this collection, from 430 to 400 hours.

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 5220.3.

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 information collection does not employ statistical methods.