

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement -- Information Collection Request**

**OMB Control Number 1513-0016**

**Drawback on Wines Exported**

**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 (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. 5041 imposes Federal excise tax on wine produced or imported into the United States, while section 5362(c) allows domestic wine to be exported, transferred to a foreign trade zone, or used on certain vessels and aircraft without payment of that tax. In addition, in the case of domestic wine on which that tax has been paid or determined and then is subsequently exported, the IRC at 26 U.S.C. 5062(b) provides that exporters of such wine may claim and receive “drawback” (refund) of the tax paid or determined on that wine, subject to regulations prescribed by the Secretary.

The TTB regulations governing drawback on exported taxpaid wine are found in 27 CFR Part 28, Exportation of Alcohol, Subpart K, Exportation of Wine with Benefit of Drawback, which encompasses §§ 28.211 through 28.220a. Specifically, § 28.211 allows for drawback on domestic taxpaid wine that has been exported, transferred to a foreign trade-zone for exportation or storage pending exportation, or laden as supplies on the vessels and aircraft described in 27 CFR 28.21. <sup>1</sup> Section 28.212 provides that wholesale liquor dealers, as well as proprietors of distilled spirits plants, bonded wine cellars, or taxpaid wine bottling houses that are also registered as wholesale liquor dealers, are authorized to remove wine under 27 CFR part 28, subpart K, and receive drawback. Under § 28.214, exporters of taxpaid wine make their drawback claims using form TTB F 5120.24, Drawback on Wines Exported, while § 28.218 instructs exporters on how to distribute the required copies of that form. Those instructions are reflected on the form.

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<sup>1</sup> Wines that are exported, delivered to a foreign trade zone, or laden as supplies on vessels and aircraft are hereafter collectively referred to as “exports.” Also, per form TTB F 5120.24, shipments of wine sent to U.S. Armed Forces stationed overseas are considered exports for drawback purposes.

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?*

In cases of domestic taxpaid wine that is subsequently exported, respondents use form TTB F 5102.24 to file drawback claims for the Federal excise taxes paid on such wine. The exporter prepares the form once for each shipment, listing the kind and amount of taxpaid wine being exported, and the rate and total amount of drawback claimed. The exporter then uses copies of the form to notify TTB of the shipment, obtain conformation of the wine's export from an appropriate official, and submit a claim for credit or refund of the excise taxes paid on the exported wine.

Employees of TTB's National Revenue Center use the finalized copy of the form filed by the respondent to ensure that the exported wine is eligible for drawback, that proper evidence of the wine's exportation has been submitted, and to calculate the amount of drawback due to the exporter for credit or refund. In addition, TTB auditors or investigators may review the file copy of the form retained by the respondent during an audit or field investigation. The collected information and its verification by TTB are necessary to protect the revenue by preventing payment of incorrect or fraudulent drawback claims.

*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 5120.24 is available as a fillable-printable form on the TTB Web site at <https://www.ttb.gov/resources/publications/forms>.

*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 collected information is pertinent to each respondent and specific to each drawback claim made for a particular export shipment of taxpaid domestic wine. 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?*

To protect the revenue, all entities, regardless of size, must provide the require information regarding drawback claims for taxpaid domestic wines that are subsequently exported. The requested information is the minimum necessary to document the kind and type of wine exported, confirm its exportation, and verify the amount of drawback claimed.

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?*

Under the IRC at 26 U.S.C. 5362(c), domestically-produced wines may be exported without payment of Federal excise tax. For taxpaid domestic wine that is subsequently exported, if TTB did not conduct this information collection, it could not verify drawback claims for the excise taxes paid or determined on such wine. Therefore, this information collection is necessary to protect the revenue. In addition, as this information collection is conducted only when an exporter wishes to make such a drawback claim, it cannot be conducted 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).)*

Under the OMB regulations at 5 CFR 1320.5(d)(2)(iii), requiring respondents to submit more than an original and two copies of any document is a special circumstance. The instructions for TTB F 5120.24 require respondents to prepare four or five copies of the form for distribution to TTB, customs or U.S. Armed Forces officers, or a consignee, depending on circumstances. In addition, the exporter must keep a record copy of their drawback claim forms. These multiple copies and the required certifications on them, are necessary to provide TTB with the information necessary to verify the exportation of the wines for which drawback is claimed.

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 Monday, November 18, 2019, at 84 FR 63716. 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 that section. TTB maintains the collected information in password-protected computer systems and in secure file rooms 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 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?*

Burden hours: Based on recent experience, TTB estimates that 40 respondents will each file 4 drawback requests on TTB F 5120.24 annually, resulting in a total of 160 annual responses. TTB also estimates that a respondent will require 67 minutes (1 hour and 7 minutes) to complete each export drawback form, resulting in an estimated annual total burden of 179 hours.

(40 respondents x 4 annual responses = 160 responses x 67 minutes per response = 10,720 minutes ÷ 60 minutes per hour = 179 estimated total annual burden hours.)

Record copy retention: Per the TTB regulations at 27 CFR 28.45, respondents must maintain file copies of any form required under part 28, along with any supporting documents and records for that form, for a period of not less than two years.

Labor cost burden: TTB estimates the per-response and total labor cost burden for this information collection as follows:

Labor Category	Fully-loaded Labor Rate/Hour <sup>2</sup>	Time/Response	Labor Cost/Response	Total Labor Costs for 160 Annual Responses
Clerical & other unskilled workers	\$27.30	47 minutes	\$21.39	\$3,422.40
Professional & managers	\$44.30	20 minutes	\$14.77	\$2,363.20
<b>TOTALS</b>	<b>(\$32.38)</b>	<b>67 minutes</b>	<b>\$36.16</b>	<b>\$5,785.60</b>

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<sup>2</sup> Fully-loaded Labor Rate/Hour = Hourly wages plus benefits. Per the most recent U.S. Department of Labor, Bureau of Labor Statistics, data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312000—Beverage and Tobacco Product Manufacturing, TTB estimates the fully-loaded labor rate for respondents as follows: (1) Clerical and other unskilled workers (Office and Administrative Support Occupations) = \$27.30 per hour (\$18.96 wages and \$8.34 benefits); and (2) Professional and managers (Business and Financial Operations Occupations) = \$44.30 per hour (\$30.76 wages and \$13.54 benefits). See: [https://www.bls.gov/oes/current/naics3\\_312000.htm](https://www.bls.gov/oes/current/naics3_312000.htm) and <https://www.bls.gov/news.release/ecec.t04.htm>.

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 this occasional information collection imposes no annualized capital, start-up, maintenance, operational, or other costs on its respondents. However, TTB estimates that respondents have postal and mailing supply costs of up to \$5.00 per response to this collection, for a total of up to \$800.00 for 160 annual responses.

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

TTB estimates the annual costs to the Federal Government for this information collection as follows:

Category	Cost per Response	Total Costs for 50 Annual Responses
Overhead	\$2.00	\$320.00
Clerical costs* (GS-5, step 5)	\$5.35	\$856.00
Review costs* (GS-12, step 5)	\$21.18	\$3,388.80
<b>TOTALS</b>	<b>\$28.53</b>	<b>\$4,564.80</b>

\*Federal Government Fully-loaded Labor Rate = Hourly wage plus benefits; calculated as hourly wage x 1.63. Therefore, in the Cincinnati, Ohio, locality pay area: (1) GS-5, step 5, clerical worker hourly wage of \$19.71 x 1.63 = \$32.13 fully loaded labor rate (benefits = \$12.42 per hour) @ 10 minutes per response; and (2) GS-12, step 5, reviewer hourly wage of \$43.32 x 1.63 = \$70.61 per hour (benefits = \$27.29 per hour) @ 18 minutes per response. See <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2020/general-schedule/> and <https://www.cbo.gov/sites/default/files/112th-congress-2011-2012/workingpaper/2012-04fedbenefitsswp0.pdf>.

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/resources/publications/forms>.

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

There are no program changes or burden hour adjustments associated with this information collection. TTB is, however, now accounting for the postal and mailing supply costs associated with this information collection due to a change in agency estimates.

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 collection instrument, form TTB F 5120.24, Drawback on Wines Exported.

*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 information collection does not employ statistical methods.