

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement — Information Collection Request**

**OMB Control Number 1513–0095**

**Application for Registration for Firearms and Ammunition Tax-Free Transactions  
Under 26 U.S.C. 4221**

**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 Department Order 120–01.

The IRC at 26 U.S.C. 4181 imposes a Federal excise tax on the sale of firearms and ammunition sold by manufacturers, producers, and importers. However, under the IRC at 26 U.S.C. 4221, certain transactions, including sales of firearms and ammunition, may be made tax-free if the seller and the first and second purchaser of the articles (as appropriate and with certain exceptions) are registered as required by 26 U.S.C. 4222. Section 4222 also provides that the Secretary may prescribe regulations regarding the manner, forms, terms, and conditions of the required registration.

Under 26 U.S.C. 4222, the TTB regulations in 27 CFR Part 53, Manufacturers Excise Taxes—Firearms and Ammunition, Subpart K, Exemptions, Registration, Etc., govern tax-free sales of firearms and ammunition. Specific to this information collection, 27 CFR 53.140 prescribes the use of TTB F 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221 (Firearms and Ammunition), as the application to obtain a Certificate of Registry, which authorizes the applicant to make tax-free sales or purchases of firearms and ammunition.<sup>1</sup> According to the form's instructions, already-registered respondents make changes to the categories of tax-free transactions that they wish to engage in by submitting a new TTB F 5300.28, but such respondents notify TTB of changes to their business name, address, or its ownership or control by letterhead notice. Respondents also may electronically file an original application or changes to an application's information using the Firearms or Ammunition Tax-Free Registration Application, which is part of TTB's Permits Online (PONL) System.

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<sup>1</sup> Regulations regarding exceptions to the registration requirements are found in § 53.141, and regulations regarding the denial, revocation, or suspension of registrations are found in § 53.142.

TTB uses the information collected by firearms and ammunition tax-free transaction applications to determine if respondents are qualified to engage in tax-free sales or purchases of such articles, and to determine if the transactions that the applicants propose to engage are qualified for tax-free treatment. Therefore, the information collected to make those determinations is necessary to protect the revenue.

This information collection is aligned with:

Line of Business/Sub-function: General Government/Taxation Management.

IT Investment: Integrated Revenue Information System, and Permits Online.

*2. How, by whom, and for what purpose is this information used?*

In order to protect the revenue and ensure compliance with applicable laws and regulations, TTB uses the collected information to determine if an applicant is qualified to engage in tax-free sales or purchases of firearms and ammunition, and to determine that the transactions in which an applicant proposes to engage qualify for tax-free treatment. If TTB determines that the applicant and their proposed tax-free transactions are qualified, TTB issues a tax-free sales registration number and a Certificate of Registry to the applicant.

In the case of the paper form, TTB F 5300.28, applicants submit two copies of the form, along with any required supporting information. If TTB approves the application, TTB completes its portion of the forms, including the issuance of a tax-free sales registration number, and then returns one copy of the form to the applicant, which acts as the applicant's Certificate of Registry. In the case of applications submitted electronically via PONL, TTB responds to the applicant with the required registration number and Certificate of Registry via that system.

*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?*

Currently, respondents to this collection may electronically file the required information by completing the Firearms or Ammunition Tax-Free Registration application contained in TTB's Permits Online (PONL) system (see <https://www.ttb.gov/ponl/permits-online.shtml>). In addition, the firearms and ammunition tax-free transaction registration application form, TTB F 5300.28, is available as a fillable-printable form on the TTB website at <https://www.ttb.gov/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?*

This collection requires information that is pertinent and unique to each respondent, and applicable to the specific issue of filing an application to register to engage in tax-free sales or purchases of firearms and ammunition. 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?*

Respondents wishing to engage in tax-free transactions involving firearms and ammunition provide the required information only once to obtain a registration number and Certificate of Registry. Respondents file amendments to such registrations only on an as-needed basis. As such, this information collection is minimal and is not susceptible to reduced requirements for small businesses.

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?*

The requirement to register to engage in tax-free firearms and ammunition transactions is statutory under the IRC at 26 U.S.C. 4222. If TTB did not require submission of the required information, it could not comply with the statute, and it could not determine if an applicant is qualified to engage in such transactions. Such determinations are necessary to protect the revenue. Additionally, respondents provide the required information only once to obtain an original Certificate of Registry, and they file amendments to such registrations only on an as-needed basis. As such, TTB cannot reduce the frequency of this information collection.

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.

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 public, TTB published a "60-day" comment request notice for this information collection in the Federal Register on May 7, 2020, at 85 FR 27272. TTB received no comments regarding 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?*

While TTB F 5300.28 and its electronic PONL equivalent contain Privacy Act Information statements, TTB provides no specific assurance of confidentiality for this information collection. However, Federal law at 26 U.S.C. 6103 prohibits disclosure of tax returns and taxpayer-related information unless that section specifically authorizes such disclosure. TTB maintains its copies of these firearms and ammunition tax-free

transaction registration applications 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. TTB has issued a Privacy Act System of Records notice (SORN) for this information collection under TTB .001–Regulatory Enforcement Record System, which TTB published in the Federal Register on January 28, 2015, at 80 FR 4637. TTB also has completed a Privacy Impact Assessment (PIA) for the collected information as part of its Integrated Revenue Information System, and as part of its Permits Online (PONL) system. TTB’s PIAs are available on the TTB website at <https://www.ttb.gov/foia/privacy-impact-assessments>.

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

Estimated Burden: Based on recent data, TTB estimates that, annually, there are 100 total respondents to this information collection (70 State, local, or tribal government entities and 30 private sector entities), with each respondent submitting one response, for a total of 100 annual responses. In addition, TTB estimates that 90 of those responses are submissions of a tax-free transaction registration application on TTB F 5300.28 or its electronic POINL equivalents, and that 10 responses are letterhead amendments to existing tax-free transaction registrations. Finally, TTB estimates that each response takes 3 hours to compile and complete, for an estimated total annual burden of 300 hours.

Respondent Labor Costs: TTB estimates respondent labor costs as follows, based on the average fully-loaded labor rate (hourly wage plus cost of employee benefits) of office and administrative employees:

Respondent Type	Fully-loaded Labor Rate <sup>2</sup>	Per Response		Totals for All Responses		
		Burden Hours	Labor Costs	Respondents	Total Burden Hours	Labor Costs
State, Local & Tribal Governments	\$33.63	3	\$100.89	70	210	\$7,062.30
Private Industry	\$29.59	3	\$88.77	30	90	\$2,663.10
<b>TOTALS</b>	<b>\$32.42</b>	<b>3</b>	<b>\$97.26</b>	<b>100</b>	<b>300</b>	<b>\$9,725.40</b>

<sup>2</sup> Based on Department of Labor, Bureau of Labor Statistics (BLS) wage data for NAICS 3320A1 – Fabricated Metal Product Manufacturing, which includes firearms manufacturing, the fully loaded labor rate for private industry office and administrative occupations is \$29.59 (\$20.55 hourly wage + \$9.04 benefit costs). See the BLS website at [https://www.bls.gov/OES/Current/naics4\\_3320A1.htm](https://www.bls.gov/OES/Current/naics4_3320A1.htm). For State governments, the average fully-loaded labor rate for office and administrative support staff is \$33.63 per hour (\$21.02 wages + 12.61 benefits); see [https://www.bls.gov/oes/current/naics4\\_999200.htm](https://www.bls.gov/oes/current/naics4_999200.htm). These fully-loaded labor rates account for slightly lower rates for office and administrative positions in private industry wholesalers and importers, and in local and tribal governments.

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)?

Because the business information collected by TTB F 5300.28 or its electronic equivalent is readily available to respondents, is collected once for an original registration, and is amended only very occasionally, TTB believes this information collection request imposes no annualized costs on respondents. However, given that an estimated 30 respondents file the collected information via mail, TTB estimates that, annually, this information collection results in mailing costs of \$10.00 per response, and \$300.00 in total respondent mailing costs.

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

Estimates of annual cost to the Federal Government for this information collection are:

Category	Cost per Response <sup>3</sup>	Annual Responses	Total Costs
Overhead, mailing, supplies	\$3.00	100	\$300.00
Clerical costs (GS-5, step 5) (15 minutes per response)	\$8.06		\$806.00
Specialist review (GS-11, step 5) (1 hour per response)	\$58.91		\$5,891.00
<b>TOTALS</b>	<b>\$69.97</b>	<b>100</b>	<b>\$6,997.00</b>

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/>.

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

There are no program changes associated with this information collection. As for adjustments, due to a change in agency estimates, TTB is accounting for mailing costs for the estimated 30 respondents that submit paper forms or letters to TTB under this information collection. TTB estimates respondent mailing costs to be no more than \$10.00 per response for 30 respondents, for a total of cost of \$300.00 in respondent mailing costs.

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.

<sup>3</sup> Clerical and specialist labor costs are based on the Fully-loaded Labor Rate (hourly wages x 1.63 to account for employee benefit costs) for the Cincinnati, Ohio, Federal locality pay area, the location of TTB's National Revenue Center, which processes this information collection. Therefore, a GS-5, step 5, clerical worker fully-loaded labor rate is \$32.21 per hour (\$19.76/hour x 1.63 = \$32.21), and a GS-11, step 5 fully-loaded labor rate is \$58.91 per hour (\$36.14/hour x 1.63 = \$58.91). See [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/CIN\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/CIN_h.pdf).

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?*

As a cost saving measure for both TTB and the public, TTB is seeking approval not to display the expiration date for OMB approval of this information collection on its related form, TTB F 5300.28. By not displaying that date on the form, TTB will not have to update the form on its website each time OMB reapproves this information collection. Similarly, TTB-regulated and other businesses will not have to update stocks of the paper form, self-produced electronic copies of the form, or versions of the form made for sale to other businesses. Additionally, not displaying the information collection's OMB approval expiration date on the form will avoid confusion among members of the public who may have copies of the form with different expiration dates in their possession.

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.

**B. Collections of Information Employing Statistical Methods.**

This information collection does not employ statistical methods.