

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement — Information Collection Request

OMB Control Number 1513–0113

**Special Tax Renewal Registration and Return/Special Tax Location
Registration Listing.**

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. 5731 requires manufacturers of tobacco products, manufacturers of cigarette papers and tubes, and export warehouse proprietors to pay an annual “special (occupational) tax” (SOT) for each premises they operate. That section sets SOT at \$1,000 per premises, but reduces that rate to \$500 per premises for businesses, including control groups, with annual gross receipts of less than \$500,000. Section 5731 also sets criminal penalties for persons who willingly fail to pay SOT. In addition, the IRC at 26 U.S.C. 5732 requires persons subject to SOT to pay that tax before beginning business, sets July 1st as the beginning of the tax year for SOT, and allows for monthly proration of SOT for premises opened during the course of that year. Finally, section 5732 provides that SOT be paid “on the basis of a return” under regulations issued by the Secretary.

Under those IRC authorities, TTB has issued regulations requiring payment of SOT and registration of tobacco industry premises by return, as specified at 27 CFR 40.31(d) for manufacturers of tobacco products, 27 CFR 40.371(c) for manufacturers of cigarette papers and tubes, and 27 CFR 44.31(d) for export warehouse proprietors. Those regulations provide that SOT taxpayers use TTB F 5630.5t, Special Tax Registration and Return—Tobacco, approved under OMB Control No. 1513–0112, to file and their annual SOT. In addition, 27 CFR part 46, subpart D (§§ 46.91–46.138), sets forth TTB's rules concerning SOT, including, in § 46.101, the use of TTB F 5630.5t as the SOT return.¹

¹ In general, new tobacco industry proprietors use TTB F 5630.5t to identify their business premises and pay SOT for the first time. Existing proprietors use that form to pay overdue SOT or to identify and pay pro-rated SOT for any new premises that they open during the course of the SOT year.

However, as a service to tobacco industry members, TTB annually sends TTB F 5630.5R, Special Tax “Renewal” Registration and Return, to all previous SOT taxpayers as a substitute for the SOT return form specified in its regulations. On each proprietor’s TTB F 5630.5R, using previously provided information, TTB pre-populates the data fields identifying the taxpayer and each premises subject to SOT operated by that taxpayer. Per the form’s instructions, the taxpayer corrects, adds, or removes information as needed. TTB’s use of TTB F 5630.5R protects the revenue by facilitating the timely registration of premises subject to SOT and payment of that tax by the tobacco industry members subject to it. The information collected on that form is essential to TTB’s collecting, processing, and accounting for SOT.

This information collection is aligned with —

- Line of Business/Sub-function: General government/Taxation management.
- IT Investment: Special Occupational Tax/Floor Stocks Tax (SOT/FST) system.

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

TTB annually sends TTB F 5630.5R, Special Tax “Renewal” Registration and Return, to all tobacco industry proprietors that have previously paid SOT in order to facilitate compliance with the statutory requirements regarding that tax. When a proprietor submits that SOT return, TTB personnel examine the provided information to determine if the proprietor returned the form on time, if they paid the correct amount of SOT, properly identified all premises subject to SOT, or made any changes to the location, number, or ownership of the listed premises, or if the business was discontinued. In cases where the proprietor filed the return late or made an underpayment of SOT, TTB will seek applicable penalties and interest. In addition, on occasion, TTB auditors or field inspectors will examine a proprietor’s SOT returns to ensure compliance with applicable laws 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?

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 5630.5R is not available to respondents in an electronic format. TTB mails paper versions of the form once annually to the principle business addresses of tobacco industry members that have previously paid SOT.

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?

Under this collection request approval, OMB No. 1513–0113, TTB uses TTB F 5630.5R, Special Tax “Renewal” Registration and Return, to collect information specifically related to the payment of SOT and registration of premises by tobacco industry members subject to that tax. While TTB F 5630.5t, Special Tax Registration and Return—Tobacco, approved under OMB control number 1513–0112, collects much of the same information as TTB F 5630.5R, respondents use the two forms in different circumstances and for different purposes. TTB annually sends TTB F 5630.5R with pre-populated data fields to all tobacco

industry members that have previously paid SOT in order to facilitate the timely payment of SOT and registration of premises subject to that tax. Respondents use TTB F 5630.5t on their own initiative to pay SOT and register their premises as new taxpayers, to pay overdue SOT, or to register and pay pro-rated SOT for additional business premises opened during the course of the occupational tax year, which runs from July 1st to June 30th. As such, TTB does not believe that the two forms duplicate each other.

5. If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?

The IRC, at 26 U.S.C. 5731 and 5732, requires all manufacturers of tobacco products, manufacturers of cigarette papers and tubes, and export warehouse proprietors, regardless of size, to pay by return an annual SOT for each such premises they operate. As statutory requirements, TTB cannot reduce or waive the collection of SOT return and premises registration information merely because a respondent's business is small, as such action would jeopardize the revenue. However, TTB notes that the IRC at 26 U.S.C. 5731(b) decreases the standard SOT rate of \$1,000 per premise to \$500 per premise for taxpayers, including control groups, with annual gross receipts of less than \$500,000.

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?

As noted above, the IRC requires all tobacco industry members subject to SOT to pay that tax on an annual basis for each premises that they operate, and TTB's use of TTB F 5630.5R as an annual SOT return and premises registration information collection is a direct result of those statutory requirements. The information that respondents provide on the form is essential to TTB's collection and processing of, and accounting for, tobacco industry SOT payments. Not conducting this information collection, or conducting it less frequently, would jeopardize 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?

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 September 3, 2020, at 85 FR 55067. 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?*

TTB provides no specific assurance of confidentiality for this information collection. However, the IRC at 26 U.S.C. 6103 prohibits disclosure of taxpayer and tax return information unless that section specifically authorizes disclosure of such information. In addition, TTB F 5630.5R includes a general Privacy Act Statement explaining what TTB uses the requested information for and to whom and for what purposes the information may be disclosed, as well as a Privacy Act Statement regarding TTB's use of information provided on a taxpayer's check. TTB maintains the collected information in secure computer systems and 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 request contains no questions of a sensitive nature. However, this request does collect personally identifiable information (PII) in an electronic system. As part of the Special Occupational Tax/Floor Stocks Tax (SOT/FST) electronic system, TTB has conducted a Privacy Impact Assessment (PIA) for the PII collected under this request. The collected information is contained within its system of records, TTB .001–Regulatory Enforcement Record System. TTB published a Privacy Act System of Records Notice (SORN) for that system in the Federal Register on January 28, 2015, at 80 FR 4637. Links to TTB's PIAs and SORN are available on the TTB website at <https://www.ttb.gov/foia>.

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

Estimated Respondent Burden: Based on recent data, TTB estimates that 220 tobacco industry respondents who have previously paid SOT will file one TTB F 5630.5R annually, for a total of 220 annual responses. TTB further estimates that each response will take 15 minutes (0.25 hour) to complete, resulting in an estimated annual burden of 55 hours.

Estimated Respondent Labor Costs: Based on the average fully-loaded labor rate of \$49.95 per hour for accountants and auditors employed in tobacco manufacturing industry, TTB estimates the per-respondent and total respondent labor costs for this information collection as follows:² 1 annual response / respondent @ \$49.95 / hour x 0.25 hour (15 minutes) = \$12.49 in labor costs per response and respondent. The total respondent labor cost for this collection, calculated as \$12.49 / response x 220 responses, is, therefore, \$2,747.80.

² Private Sector Fully-loaded Labor Rate per Hour = Hourly wage rate multiplied by a factor of 1.44 to account for employee benefit costs. 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 312200—Tobacco Manufacturing, the average fully-loaded labor rate per hour for Accountants and Auditors is \$49.95 (\$34.69 in wages plus \$15.26 in benefit costs). See https://www.bls.gov/oes/current/naics4_312200.htm.

Respondent Record Retention: In general, the TTB regulations require tobacco industry respondents to retain record copies of forms submitted to TTB for 3 years after the end of the calendar year in which the form was filed; see 27 CFR 40.185, 40.435, and 44.142.

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)?*

The taxpayer identity, tobacco-related premises location, and SOT liability and payment information required on TTB F 5630.5R, some of which is pre-populated by TTB, is minimal. In addition, respondents base the SOT liability reported on this return form on the number of premises that they operate and their total annual gross receipts. Because respondents keep such information as a usual and customary business practice, TTB believes that this information collection imposes no annualized cost on respondents.

As for respondent mailing and other costs, TTB estimates that each respondent requires \$1.10 in postage, mailing, and banking supplies when making their one annual response to this collection. This results in total annual postage, mailing, and banking supply costs of \$242.00 for all 220 responses to this collection.

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

TTB calculates the annualized costs to the Federal Government for this information collection as follows

Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio					
Cost Item	Fully-loaded Labor Rate/Hour ³	Processing Time per Response	Costs per Response*	Total Responses	Total Costs
Labor Costs, GS-5, Step 5, Clerk	\$32.13	0.2 hour	\$6.43	220	\$1,414.60
Overhead	--	--	\$1.00		\$220.00
Printing & Mailing	--	--	\$1.00		\$220.00
TOTAL COSTS	--	--	\$8.33	220	\$1,854.60

³ Federal Government Fully-loaded Labor Rate per Hour = Hourly wage rate x 1.63 to account for benefit costs. Per the most recent Office of Personnel Management (OPM) wage data, the fully-loaded labor rate for the Cincinnati, Ohio, wage area for a GS-5, step 5 employee is \$32.13 (\$19.71 in wages plus \$12.42 in benefit costs). See the OPM website at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/CIN_h.pdf.

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 changes in agency estimates, TTB is decreasing the estimated annual burden associated with this collection, from 350 respondents and responses and 88 hours of burden, to 220 respondents and responses and 55 hours of burden. This change in agency estimates is due to a decrease in the number of tobacco industry members and a decrease in the number of such respondents returning TTB F 5630.5R to TTB.

16. *Outline plans for tabulation and publication for collections of information whose results will be published.*

Based on the information collected on TTB F 5630.5R, TTB compiles quarterly and annual summaries of the amount of SOT its collects. TTB generalizes these reports, and it does not identify any specific taxpayers in them. See <https://www.ttb.gov/statistics/reports-and-data> and <https://www.ttb.gov/about-ttb/plans-and-reports-annual-reports>.

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 clarity for the public, TTB is seeking approval not to display the expiration date this information collection's OMB approval on its related form, TTB F 5630.5R. By not displaying that date on the form, TTB will not have to update the form's OMB expiration date each time that OMB approves this information collection. Removing the OMB expiration date from the form also avoids confusion among users of the form when that date has passed but the collection is still under OMB review.

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.