

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement — Information Collection Request

OMB Control Number 1513–0083

Excise Tax Return

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.

Chapters 51 and 52 of the IRC (26 U.S.C.) impose Federal excise taxes on alcohol and tobacco products, respectively. Specifically, in chapter 51, section 5001 imposes tax on distilled spirits, section 5041 imposes tax on wine, and section 5051 imposes tax on beer, and, in chapter 52, section 5701 imposes tax on tobacco products and cigarette papers and tubes. The IRC, at section 5061(a) for alcohol taxes and section 5703(b) for tobacco taxes, requires collection of those taxes “on the basis of a return,” submitted and containing such information as the Secretary requires by regulation. As for filing periods, the IRC, at sections 5061(d)(1) and 5703(b)(2), requires all entities liable for alcohol and tobacco excise taxes to pay those taxes and file returns on a semi-monthly basis, except for September, which has three filing and payment periods.¹ However, under section 5061(d)(4), certain small alcohol excise taxpayers may pay tax and file returns on a quarterly or annual basis.²

Under those IRC authorities, TTB has issued regulations requiring all alcohol and tobacco excise taxpayers, other than those in Puerto Rico, to report their tax liability on form TTB F 5000.24, Excise Tax Return. TTB uses the information provided on that return form to establish the taxpayer's identity, the amount and type of taxes due, and the amount of payments made. This information is necessary for the collection of the revenue.

¹ Under some circumstances, in accordance with 27 CFR 19.233, TTB may require certain distilled spirits taxpayers to make prepayments in lieu of semi-monthly payments in order to protect the revenue.

² Under 26 U.S.C. 5061(d)(4), to use annual filing, an alcohol excise taxpayer must reasonably expect to be liable for not more than \$1,000 in excise taxes for the calendar year and must be liable for not more than \$1,000 in such taxes in the preceding calendar year. To use quarterly filing, an alcohol excise taxpayer must reasonably expect to be liable for not more than \$50,000 in excise taxes for the calendar year and must be liable for not more than \$50,000 in such taxes in the preceding calendar year.

The following TTB regulatory sections prescribe the use of TTB F 5000.24 by alcohol and tobacco excise taxpayers:

For distilled spirits excise taxes: 27 CFR 19.230, 19.233 through 19.240, 19.242, 19.436, and 19.465.

For wine excise taxes: 27 CFR 24.271, 24.275, 24.277, 24.278, 24.279, and 24.323.

For beer excise taxes: 27 CFR 25.160, 25.163, 25.164, 25.164a, 25.165, 25.166, 25.168, 25.175, 25.224, 25.284, and 25.298.

For tobacco excise taxes: 27 CFR 40.162, 40.164, 40.165, 40.165a, 40.167, 40.169, 40.355, 40.356, 40.357, 40.359, 41.140, 44.67, and 45.36.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Tax Major Application, and Pay.gov.

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

TTB uses the information provided on TTB F 5000.24, Excise Tax Return, to establish the taxpayer's identity, the amount and type of Federal alcohol and tobacco excise taxes due, and the amount of payments made. This information is necessary for the collection of the revenue. TTB uses the provided information to determine whether the taxpayer has paid the correct amount of tax and to verify any need to take additional action, such as issuance of a refund or the collection of additional tax. TTB examines each return at least once, and TTB often performs additional examinations during audits of taxpayers.

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 may electronically complete and submit form TTB F 5000.24, Excise Tax Return, and electronically pay any excise taxes due, using the Pay.gov website (see <https://www.ttb.gov/epayment> and <https://www.pay.gov/public/login>).³

In addition, TTB offers TTB F 5000.24 on its website as a fillable-printable “smart form,” TTB F 5000.24sm, which has built-in logic and automation features designed to prevent common mistakes and make completion of the form easier for the respondent. For example, the smart form requires entries in certain data fields based on responses in other fields, it automatically makes mathematical calculations and pre-populates certain entries, and it prevents printing of the form if any mandatory data field is incomplete. See the TTB website at <https://www.ttb.gov/forms>. A User Guide for this smart form is also available to respondents on the TTB website at <https://www.ttb.gov/images/pdfs/forms/smartform-user-guide500024.pdf>.

³ The Pay.gov website, which is operated by the Department of the Treasury, Bureau of the Fiscal Service, allows businesses and individuals to pay certain Federal taxes and fees, and submit certain reports and requests, to various Federal agencies electronically. Users of the TTB portion of Pay.gov system must first register with TTB for access to the system by completing TTB F 5000.31, Pay.gov User Agreement, approved under OMB No. 1513–0117.

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 information collected on TTB F 5000.24 is specific to each respondent and their Federal alcohol or tobacco excise tax liability for a particular time period. TTB is the only agency that collects those taxes, and the required information is not available from other sources.

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

In general, all entities liable for Federal alcohol and tobacco excise taxes, regardless of size, are required by statute at 26 U.S.C. 5061(d)(1) and 5703(b)(2) to pay tax and file returns on a semi-monthly basis. However, under 26 U.S.C. 5061(d)(4), certain small alcohol excise taxpayers may qualify to pay tax and file returns on a quarterly or annual basis. Under that IRC section, to pay tax and file returns quarterly, a taxpayer must reasonably expect to be liable for not more than \$50,000 in such taxes for the calendar year and must be liable for not more than \$50,000 in such taxes in the preceding calendar year. To pay tax and file returns annually, a taxpayer must reasonably expect to be liable for not more than \$1,000 in such taxes for the calendar year and must be liable for not more than \$1,000 in such taxes in the preceding calendar year. Given these less burdensome filing options for small alcohol taxpayers, TTB believes that this information collection does not have a significant impact on a substantial number of small alcohol industry businesses or entities.

While there are no exemptions to the semi-monthly tax payment requirement for tobacco excise taxpayers, the information required on TTB F 5000.24 is minimal. Therefore, TTB believes that this information collection does not have a significant impact on a substantial number of small tobacco industry businesses or other small entities.

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 tax return information provided by respondents on TTB F 5000.24 is essential to TTB's Federal alcohol and tobacco excise tax collection responsibilities. The absence of this information would seriously jeopardize TTB's collection of such taxes, which amount to approximately \$20 billion annually in recent years. Furthermore, if TTB did not require the use of this tax return form or required it less frequently, TTB's ability to identify and account for such excise tax payments would be significantly hindered. In particular, the use of this form eliminates the substantial costs that both the taxpayer and TTB would incur to resolve matters related to unidentified tax payments.

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)(i), requiring respondents to report information to an agency more often than quarterly is a special circumstance. In the case of this information collection, Federal law requires alcohol and tobacco excise taxpayers to file returns and pay tax on a semi-monthly basis, unless otherwise exempted. For the semi-

monthly alcohol and tobacco excise tax return and payment period requirements, see the IRC at 26 U.S.C. 5061(d)(1) and 5703(b)(2), respectively, and see 26 U.S.C. 5061(d)(4) for exemptions allowing certain small alcohol excise taxpayers to file returns and pay taxes on a quarterly or annual basis.

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 5000.24 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 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 Tax Major Application electronic system, TTB has conducted a Privacy Impact Assessment (PIA) for the PII collected under this request. The collected information is contained within the TTB .001–Regulatory Enforcement Record System, and 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 it will annually receive 116,715 submissions of TTB F 5000.24, Excise Tax Return, from 18,825 unique

respondents, for an average of 6.2 responses per respondent. TTB also estimates that each response requires 0.75 hours (45 minutes) to complete, resulting in an estimated total annual burden of 87,536.25 hours for this information collection.

(18,825 respondents x 6.2 responses = 116,715 responses x 0.75 per response = 87,536.25 hours of burden.)

Estimated Respondent Labor Costs: Based on the average fully-loaded labor rate of \$53.45 per hour for accountants and auditors employed in the beverage and tobacco product manufacturing industries, TTB estimates the per-respondent and total respondent labor costs for this information collection as follows:⁴

NAICS 312000 - Beverage & Tobacco Product Manufacturing Accountants and Auditors Average Fully-loaded Labor Rate/Hour = \$53.45				
Filing Frequency	Avg. Time / Response	Labor Cost / Response*	Responses / Respondent	Labor Costs / Respondent
Semi-monthly**	0.75 hr.	\$40.09	25	\$1,002.25
Quarterly	0.75 hr.	\$40.09	4	\$160.36
Annually	0.75 hr.	\$40.09	1	\$40.09
Total: \$40.09/response x 116,715 annual responses = \$4,679,104.35 in total annual respondent labor costs for this information collection.				

* Rounded to the nearest whole cent. ** There are three filing periods in September.

Respondent Record Retention: In general, the TTB regulations require alcohol industry respondents to retain record copies of forms submitted to TTB for 3 years from the date of the record or the date of the last entry in the record, whichever is later; see 27 CFR 19.575, 24.300(d), and 25.300(c). 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, 41.22, 44.142, and 45.51(d).

13. *What is the estimated annual cost burden to respondents or recordkeepers resulting from this information collection request (excluding the value of the hour burden in Question 12 above)?*

The taxpayer identity, excise tax liabilities, and payment information required on TTB F 5000.24, Excise Tax Return, is minimal. The excise tax liabilities reported on this return form are based, in general, on the amount of taxable commodities produced by respondents during a given time period, and TTB notes that respondents account for their production of alcohol or tobacco commodities during the normal course of business to control and track

⁴ 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 312000—Beverage and Tobacco Product Manufacturing, the average fully-loaded labor rate per hour for Accountants and Auditors is \$53.45 (\$37.12 in wages plus \$16.33 in benefit costs). See https://www.bls.gov/oes/current/naics3_312000.htm.

their product production and inventory. As such, TTB believes that there are no annualized start-up or maintenance costs to respondents associated with this information collection.

As for respondent mailing and other costs, TTB estimates that of the 116,715 annual responses to this collection, respondents submit 75,865 (65 percent) by mail. TTB further estimates that each of the 75,865 mail-in responses requires \$1.10 in postage, mailing, and banking supplies, resulting in \$83,451.50 in total mailing and other costs for this collection. Per-respondent costs for mailed-in responses are \$1.10 for a respondent filing once annually, \$4.40 for a respondent filing quarterly, and \$27.50 for a respondent filing semi-monthly.

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

As noted above, TTB currently estimates that respondents annually submit 116,715 responses to this information collection. Of that total, TTB estimates that 78,865 responses (65 percent) are submitted via mail, while the remaining 40,850 responses (35 percent) are submitted electronically via the Pay.gov system. While TTB clerks must process responses sent by mail, for which TTB incurs labor costs, responses submitted via Pay.gov cause no such costs to TTB because that system automatically processes such responses. In addition, TTB specialists examine an estimated 5,835 responses (5 percent of all annual responses) to resolve various issues with those tax returns. As such, TTB estimates its annual labor and overhead costs for processing this information collection as follows:

Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio					
Position	Fully-loaded Labor Rate/Hour ⁵	Processing Time per Response	Costs per Response*	Total Responses	Total Costs
GS-5, Step 5, Clerk	\$32.13	0.1 hour	\$3.21	78,865	\$253,156.65
GS-11, Step 5, Specialist	\$58.91	2 hours	\$117.82	5,835	\$687,479.70
Total Labor Costs					\$940,636.35
Overhead Costs			\$1.00	116,715	\$116,715.00
TOTAL COSTS			\$9.06	116,715	\$1,057,351.35

Printing and distribution costs to the Federal Government have decreased to \$0.00 in due to the availability of TTB forms to the public on its website's forms page at <https://www.ttb.gov/forms>.

⁵ 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 rates for the Cincinnati, Ohio, wage area are: (1) GS-5, step 5, employee = \$32.13 (\$19.71 in wages plus \$12.42 in benefit costs); and (2) GS-11, step 5, employee = \$58.91 (\$36.14 in wages plus \$14.77 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 at this time. As for adjustments, due to changes in agency estimates, TTB is increasing the estimated number of annual respondents, responses, and burden hours associated with this collection, from 18,749 respondents to 18,840, from 114,517 responses to 116,750, and from 85,888 hours to 87,536. The increase in the number of respondents to this information collection is largely due to continued growth in the number of small “craft” alcohol beverage producers in the United States.

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

Based on the information collected on the TTB F 5000.24 tax returns it receives, TTB compiles quarterly and annual summaries of the amounts of Federal alcohol and tobacco excise taxes its collects. These reports are generalized compilations of the tax amounts collected by commodity, and TTB 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 the public, TTB is seeking approval not to display the expiration date this information collection’s OMB approval on its related form. By not displaying that date on TTB F 5000.24, TTB will not have to update the form’s OMB expiration date on the paper form, on its website, and on the Pay.gov website each time that OMB approves this information collection. Removing the OMB expiration date from TTB F 5000.24 also avoids confusion among users of the form when that date has passed but the collection is still under OMB review. In addition, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the form, including any versions of the form produced by some businesses, at their own expense, for use with their electronic systems or for sale.

18. *What are the exceptions to the certification statement?*

- (f) This is not a recordkeeping requirement.
- (i) No statistics are involved.

B. Collection of Information Employing Statistical Methods.

This collection of information does not employ statistical methods.