

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement — Information Collection Request

OMB Control Number 1513–0088

**Alcohol, Tobacco, and Firearms Related Documents for Tax Returns and
Claims (TTB REC 5000/24)**

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 and cigarette papers and tubes), and sections 4181–4182 (firearms and ammunition excise taxes) of the Internal Revenue Code (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 imposes excise taxes on distilled spirits, wine, beer, tobacco products, cigarette papers and tubes, and firearms and ammunition, and it imposes special occupational taxes on certain tobacco industry members. Under the IRC, the Secretary collects those taxes on the basis of a return. The IRC also allows taxpayers to file claims for the drawback (abatement or refund) of excise taxes under certain circumstances. In addition, the IRC authorizes the Secretary to issue regulations regarding the keeping of records related to such tax returns and drawback claims. Specifically, 26 U.S.C. 5555 authorizes such regulations for alcohol excise taxpayers, 26 U.S.C. 5741 authorizes such regulations for tobacco excise and occupational taxpayers, and 26 U.S.C. 5843 authorizes the issuance of recordkeeping regulations for firearms and ammunition excise taxpayers.

While other approved information collections cover the excise and occupational tax returns and drawback claim forms submitted to TTB, this information collection, which is approved under OMB No. 1513–0088, concerns the keeping of supporting records that document the information respondents provide to TTB on such returns and forms. The TTB regulations related to the keeping of the supporting records covered this collection are found throughout 27 CFR parts 17, 19, 24, 25, 26, 27, 29, 31, 40, 41, 44, 45, 46, 53, and 70. A list of the specific IRC statutory and TTB regulatory sections related to this information collection is included separately as a supporting document in the ROCIS entry for this approval request.

The supporting records required by the TTB regulations associated with this information collection consist mostly of usual and customary records kept during the normal course of business. Those usual and customary records support the information on excise and occupational tax returns and drawback claims by documenting, among other things, the respondent's production, import, removal, export, loss, shipment, and transfer of products

regulated by TTB—alcohol beverage and non-beverage products, tobacco products, cigarette papers and tubes, and firearms and ammunition. Other, non-customary records kept by respondents under this information collection may include affidavits, effective tax rate determinations, insurance records, and inventories.

The keeping of supporting records for excise and occupational tax returns and drawback claims by TTB-regulated industry members is necessary to protect the revenue. TTB uses the information contained in the required records to determine the appropriate tax liability of such respondents, verify their computations on tax returns, determine the adequacy of their bond coverage, and verify the correctness of their drawback claims and other adjustments to their tax liability.

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?

TTB uses the information contained in the required supporting records for tax returns and drawback claims to protect the Federal revenue. Without those records, TTB would not be able to accurately determine the amount of excise and special occupational taxes rightly due, or verify respondent computations on tax returns or the correctness of drawback claims and other adjustments to tax liability. For example, TTB auditors use the required records to verify taxable removals, taxes due, the adequacy of withdrawal bonds, and the correctness of claims for tax refunds or abatements.

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. Because respondents maintain the required records at their places of business, they may use technologies of their choice to keep and maintain them, provided that the records are accessible to appropriate TTB officers.

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 supporting records required under this information collection are pertinent to the taxes collected by, and drawback claims filed with, TTB, and are specific to each such taxpayer's circumstances and operations. As far as TTB can determine, similar information is not available anywhere else.

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

As authorized by the IRC, the TTB regulations require all entities, regardless of size, to keep records supporting their excise and occupational tax returns and drawback claims filed with

TTB. Waiver or reduction of this requirement, simply because a respondent's business is small, would jeopardize the revenue. However, TTB believes that this information collection does not have a significant impact on a substantial number of small entities since most of the required records are usual and customary records kept during the normal course of business. In addition, many small entities file excise tax returns on a quarterly or annual basis, rather than monthly or semi-monthly, and, as such, keep fewer supporting records.

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?

If TTB did not require respondents to keep supporting records for tax returns and drawback claims, TTB would not be able to determine the amount of excise and special occupational taxes rightly due, verify computations on tax returns, or validate drawback claims and other adjustments to tax liability. As such, not requiring respondents to keep such records would jeopardize the revenue. In addition, because respondents keep the required records on an on-going basis, TTB cannot conduct 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?

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 regarding this information collection in the Federal Register on June 15, 2021, at 86 FR 31818. 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 this collection. However, the IRC at 26 U.S.C. 6103 prohibits disclosure of tax returns and tax-related information, including their supporting records, unless that section specifically authorizes such disclosure.

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, respondents keep the required tax return and drawback claim supporting records at their places of business, and, as such, this information collection does not collect personally identifiable information (PII) in a Government 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?*

Estimated Respondent Burden: Based on recent data, TTB estimates that it regulates approximately 67,000 entities that are required to keep supporting records for tax returns and drawback claims. As such, TTB estimates the annual burden for this information collection as follows:

<i>Type of Respondent</i>	<i>Number of Respondents</i>	<i>Average Responses per Respondent</i>	<i>Number Responses</i>	<i>Time Burden Per Response¹</i>	<i>Total Estimated Burden</i>
Private Sector – For Profit	53,600	8	428,800	1 hour	428,000 hours
Private Sector – Non-profit	6,700	8	53,600	1 hour	53,600 hours
Individuals or Households	6,700	8	53,600	1 hour	53,600 hours
TOTALS	67,000	8	536,000	1 hour	536,000 hours

Estimated Respondent Labor Costs: TTB estimates the respondent labor costs for this information collection as follows:

Annual Respondent Labor Costs: NAICS 312000 – Beverage and Tobacco Product Manufacturing – Office & Administrative Support Occupations*					
<i>Fully-loaded Labor Rate²</i>	<i>Average Time per Response</i>	<i>Labor Cost per Response</i>	<i>Labor Cost per Respondent (Avg. of 8 Annual Responses Each)</i>	<i>Total Responses</i>	<i>Total Labor Costs</i>
\$30.54	1 hour	\$30.54	\$244.32	536,000	\$16,369,440.00

¹ This information collection consists largely of usual and customary records kept during the normal course of business, which, under the OMB regulations at CFR 1320.5(b)(2), impose no burden on respondents, and, therefore, TTB estimates each respondent will require no more than 1 hour per response to keep the non-customary records required under this collection.

² The Fully-loaded Labor Rate = Hourly wage rate + benefit costs, which, for the private sector, is calculated as hourly wage x 1.44. Per the most recent 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 Office and Administrative Support Occupations (43–0000) is \$30.54 (\$21.21 for hourly wages plus \$9.33 for benefit costs). U.S. Department of Labor, Bureau of Labor Statistics, https://www.bls.gov/oes/current/naics3_312000.htm.

Respondent Record Retention: In general, the TTB regulations require respondents to retain the tax return and drawback claim supporting records required under this information collection for a period of 3 years. For alcohol industry record retention requirements, see 27 CFR 17.170, 19.575, 19.716, 24.300(d), 25.300(c), 26.174, 26.276, 27.137, 29.59, and 31.191. For tobacco industry record requirements, see 27 CFR 40.185, 41.22, 44.142, and 45.51, and for firearms and ammunition industry members, see 27 CFR 53.24.

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 this information consists largely of usual and customary records maintained by respondents at their business premises, TTB believes that it imposes no capital or start-up costs on respondents.

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

Because this information collection consists of records kept by respondents at their places of business, there are no costs to the Federal Government associated with this collection.

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 annual burden for this information collection. In summary, TTB is increasing the number of respondents from 65,000 to 67,000, the number of responses from 520,000 to 536,000, and the number of burden hours from 520,000 to 536,000. Those increases are due to continued growth in the number of excise taxpayers regulated by TTB, particularly an increase in the number of small alcohol beverage producers operating in the United States. The average number of annual responses per respondent (8) and the burden hours per response (1) remain as previously reported.

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?*

This information collection consists of records kept by respondents at their places of business. As such, there is no medium for TTB to display the OMB approval expiration date for this collection.

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

(c) See item 5 above.

- (g) This information collection consists of records kept by respondents at their places of business, and, as such, there is no medium for TTB to display its OMB approval expiration date.
- (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.