

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement for Information Collection Request**

**OMB Control Number 1513-0042**

**Drawback on Distilled Spirits 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 (the Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

Under the IRC at 26 U.S.C. 5214(a)(4), distilled spirits may be withdrawn from a distilled spirits plant for export without payment of Federal excise tax. Under the IRC at 26 U.S.C. 5062(b), persons who export tax-paid or determined distilled spirits in bulk containers or in bottles packed in cases or other containers may claim drawback (refund) of the excise tax paid on those spirits. Section 5062(b) also authorizes the Secretary to issue regulations governing such export drawback claims, including requirements for notices, bonds, and evidence showing tax payment or determination and export of the spirits in question.

The TTB regulations concerning export drawback on distilled spirits are found in 27 CFR Part 28, Export of Alcohol. Under § 28.171, bottlers and packers of domestic distilled spirits on which excise tax has been paid or determined may claim drawback of that tax upon the export of such spirits.<sup>1</sup> That section also allows persons to claim drawback on such spirits laden for use as supplies on certain vessels or aircraft, transferred to a foreign-trade zone for export, or transferred to a customs bonded warehouse for withdraw by certain foreign governments, officials, or organizations.

Specific to this information collection, the TTB regulations 27 CFR 28.190, 28.192, 28.195b, and 28.199 require distilled spirits export drawback claimants to submit such claims using form TTB F 5110.30, Drawback on Distilled Spirits Exported. Those regulations also require claimants to attach certain supporting documents to the form that document the export, lading, or eligible transfer of the spirits in question, or require claimants to provide copies of the claim form to certain government officials. The form provides TTB with information regarding the drawback claimant, the type of export, lading, or transfer, and the identity and amount of distilled spirits on which export drawback is claimed. Claimants also use the form

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<sup>1</sup> Export includes shipment of the distilled spirits to a foreign country or to U.S. Armed Forces stationed overseas.

to describe the supporting documents attached to the form, and to provide certifications by U.S. government officials or Armed Forces officers verifying the export or receipt of the spirits on which the claim is made. The collected information is necessary to protect the revenue and ensure that the tax drawback provisions of the IRC are appropriately applied.

This information collection is aligned with:

- *Line of Business/Sub-function:* General Government/Taxation Management.
- *IT Investment:* Tax Major Application Systems.

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

TTB uses the collected information to protect the revenue and ensure that the drawback provisions of the IRC for tax-paid or determined distilled spirits are appropriately applied. The information and certifications by U.S. government officials collected on TTB F 5110.30 allow TTB to evaluate drawback claims on tax-paid or determined distilled spirits that a claimant subsequently exports. This allows TTB to verify export drawback claims for such spirits, prevent fraudulent or mistaken drawback payments, and identify unusual activities, errors, or omissions regarding such 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, the public may download a fillable-printable copy of TTB F 5110.30 at no cost on the TTB website (see <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 provides information to TTB that is pertinent to each respondent and specific to individual distilled spirits export drawback claims. As far as TTB can determine, similar information is not available to the Bureau elsewhere.

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

Under the authority of the IRC at 26 U.S.C. 5062(b), the TTB regulations require all distilled spirits export drawback claimants, regardless of size, to submit TTB F 5110.30 and any required attachments to document their claims. This information collection is necessary to protect the revenue as it allows TTB to verify distilled spirits export drawback claims and prevent fraudulent or mistaken drawback payments. Therefore, TTB cannot waive this collection simply because the respondent's business is small.

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 were not able to collect information regarding distilled spirits export drawback claims, it could not protect the revenue by verifying such claims. Respondents submit the required information regarding exported distilled spirits only when filing an export drawback claim. As such, TTB cannot reduce the frequency of this 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?*

Under 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 5110.30 require respondents to prepare an original and three or four copies of the form for distribution to various recipients, as described in the form's instructions.

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 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 for this 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 that section specifically authorizes such disclosure. TTB maintains information from, and copies of, TTB F 5110.30 in secure, password-protected computer systems and in file rooms with controlled public 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. In addition, this 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?*

*Estimated Respondent Burden:* Based on recent data, 150 respondents file an average of 6 distilled spirits export drawback claims, for an annual total of 900 such claims. Further, TTB estimates that respondents take 2 hours to complete a distilled spirits export drawback claim, resulting in an estimated total annual burden of 1,800 hours.

*Estimated Respondent Labor Costs:* TTB estimates the annual per-respondent and total respondent labor costs for this information collection as follows:

<b>NAICS 312000 – Beverage Manufacturing – Office &amp; Administrative Support Occupations – Fully-loaded Labor Rate/Hour<sup>2</sup> = \$30.50*</b>					
Avg. Time / Response	Labor Cost / Response	Responses / Respondent	Labor Costs / Respondent	Total Responses	Total Labor Costs
2 hours	\$61.00	6	\$366.00	900	\$54,900.00

\* Labor costs rounded to the nearest whole cent.

*Respondent Record Retention:* Under the TTB regulations at 27 CFR 28.45, respondents must retain a record copy of export drawback claims for at least 2 years, and such records must be available for TTB inspection during business hours.

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 there are no annualized start-up or ongoing operation or maintenance costs to respondents for this occasional information collection. TTB estimates respondent postage and mailing supply costs to be no more than \$10.00 per response. Given 6 responses per respondent and 900 total responses, mailing and supply costs for this collection are \$60.00 per respondent and \$9,000.00 in total for 150 respondents.

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

TTB estimates its annual labor costs for this information collection as follows:

<b>Labor Costs for Personnel at TTB’s National Revenue Center in Cincinnati, Ohio, for OMB No. 1513–0042*</b>
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<sup>2</sup> 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 U.S. Department of Labor, Bureau of Labor Statistics, data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312100—Beverage Manufacturing, the average fully-loaded labor rate per hour for Office and Administrative Support Occupations (43–0000) is \$30.50 (\$21.18 for hourly wages plus \$9.32 for benefit costs); see [https://www.bls.gov/oes/current/naics4\\_312100.htm](https://www.bls.gov/oes/current/naics4_312100.htm).

Position	Fully-loaded Labor Rate/Hour <sup>3</sup>	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-6, Step 5, Clerk	\$36.17	4 minutes	\$2.41	900	\$2,169.00
GS-11, Step 5, Specialist	\$59.50	30 minutes	\$29.75		\$26,775.00
<b>Totals</b>	<b>(\$56.7529)</b>	<b>34 minutes</b>	<b>\$32.16</b>	<b>900</b>	<b>\$28,944.00</b>

\* Labor costs rounded to the nearest whole cent.

TTB estimates that it has \$1.00 in overhead costs for each export drawback claim, for a total of \$900.00 in such costs for this information collection. However, TTB's printing and distribution costs have decreased to \$0.00 in due to the availability of its forms to the public on the TTB website's forms page at <https://www.ttb.gov/forms>. As such, total cost to the Federal Government for this information collection is \$29,844.00 (\$28,944.00 in labor costs plus \$900.00 in overhead costs).

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

There are no program changes associated with this collection. As for adjustments, due to changes in agency estimates, TTB is increasing the number of respondents to this collection, from 100 to 150; is increasing the number of responses per respondent, from 400 annual claims to 900; and is increasing the estimated total burden hours, from 800 to 1,800. The per-response burden of 2 hours remains unchanged.

*Changes to TTB F 5110.30:* There are no changes to the collected information. However, TTB to update the reference to the amount of the per-gallon excise tax in Instruction 3. In the form's Paperwork Reduction Act Notice, TTB is updating the position title of the staff member who receives public comments on the burden estimates associated with its information collections, and is adding an admonition not to mail completed forms to that address.

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?*

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

<sup>3</sup> Federal Government Fully-loaded Labor Rate = Hourly wage rate x 1.63 to account for benefit costs. Per the most recent Office of Personnel Management (OPM) hourly wage data, the fully-loaded labor rates for the Cincinnati, Ohio, wage area are: (1) GS-6, step 5, employee = \$36.17 (\$22.19 in wages plus \$13.98 in benefit costs); and (2) GS-11, step 5 = \$59.50/hour (\$36.50 in wages plus \$23.00 in benefit costs). See the OPM website at [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/CIN\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/CIN_h.pdf).

form, TTB F 5110.30. By not displaying that date on the form, TTB will not have to update the form each time OMB reapproves this information collection. Similarly, respondents 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.
- (j) See item 3 above.

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

This information collection does not employ statistical methods.