

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement — Information Collection Request

OMB Control Number 1513–0107

Monthly Report – Importer of Tobacco Products or Processed Tobacco

**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, cigarette papers and tubes, and processed tobacco), 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. 5722, importers of tobacco products and of processed tobacco are required to make reports containing such information, in such form, at such times, and for such periods as the Secretary prescribes by regulation. Pursuant to that provision, the TTB regulations at 27 CFR 41.206 and 41.262 require importers of tobacco products or processed tobacco to submit monthly reports using form TTB F 5220.6, Monthly Report – Importer of Tobacco Products or Processed Tobacco. The form requires respondents to report the amount of imported tobacco products and processed tobacco on hand, released from customs custody, received, and removed. Also, under the authority of the IRC at 26 U.S.C. 5741, the TTB regulations at 27 CFR 41.208 and 41.263 and the form's instructions, require respondents to keep copies of completed reports for at least three years after the close of the calendar year in which a report was filed or made.

The collected information is necessary to protect the revenue, detect diversion of processed tobacco and tobacco products into the illegal market, and ensure that importers of those products are operating in accordance with statutory and regulatory requirements.

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 this report as an accounting tool to protect the revenue and to ensure tobacco product and processed tobacco importers are operating in accordance with statutory and regulatory requirements. In addition, TTB uses the collected information to track the disposition of processed tobacco, which is not subject to excise tax under chapter 52 of the IRC but may be diverted to the manufacture of taxable tobacco products that are subject to that tax. These reports assist TTB in determining whether importers are transferring processed tobacco to entities that do not hold TTB permits.

*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?*

Respondents may electronically complete and submit TTB F 5220.6 to TTB via the Pay.gov system; see <https://www.ttb.gov/epayment>. Respondents may also download a fillable-printable version of the form for free from 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 specific to the operations of each importer of tobacco products and processed tobacco. 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?*

Respondent reports on the disposition of imported tobacco products and processed tobacco are necessary to protect the revenue and to identify noncompliant or illegal activity. As such, TTB cannot reduce this collection based simply on the size of the respondent entity. TTB notes, however, that smaller importers of tobacco products or processed tobacco have to gather fewer source records from which to provide the information required in this report.

*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?*

TTB requires the tobacco product and processed tobacco import information collected on this monthly report to account for the disposition of such imports. If TTB did not collect the required information, or collected it less frequently, TTB would be unable, or less able, to track the disposition of such imports, which 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? (See 5 CFR 1320.5(d)(2).)*

Under 5 CFR 1320.5(d)(2)(i), requiring respondents to report information to an agency more often than quarterly is a special circumstance. The TTB regulations require importers of tobacco products and importers of processed tobacco to file TTB F 5220.6 on a monthly basis. TTB believes this frequency of reporting is necessary to identify noncompliant activity

or diversion of tobacco products and processed tobacco in a timely fashion, which serves to protect the revenue.

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 16, 2021, at 86 FR 51720. TTB received one comment in response to this notice, from the Department of Commerce, Bureau of Economic Analysis (BEA). In its comment, BEA stated that it supports the continued collection of data by TTB on form TTB 5220.6, Monthly Report – Importer of Tobacco Products or Processed Tobacco. BEA states that it uses the collected data to validate estimates of monthly personal consumption expenditures on tobacco products. In response, TTB notes that it has no plans to discontinue collection of tobacco product and processed tobacco import data or the use of TTB F 5220.6.

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 action. TTB maintains the collected information in secure file rooms and computer systems 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. 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, TTB estimates that 280 importers of tobacco products or processed tobacco will each prepare and submit 12 monthly reports on TTB F 5220.6, resulting in 3,360 total annual responses. TTB also estimates that each response will take 1 hour (56 minutes to complete and submit the report and 4 minutes for

recordkeeping). Therefore, the estimated annual burden for this collection is 12 hours per respondent, and 3,360 total hours.

Respondent Labor Costs: Based on the U.S. Department of Labor average wage estimates for tobacco industry office and administrative support positions, TTB estimates the annual respondent labor costs for this information collection request as follows:

| <b>NAICS 312200 –Tobacco Product Manufacturing: Office &amp; Administrative Support Occupations – Fully-loaded Labor Rate Per Hour<sup>1</sup> = \$31.95*</b> |                       |                        |                          |                   |                   |
|---|-----------------------|------------------------|--------------------------|-------------------|-------------------|
| Avg. Time / Response  | Labor Cost / Response | Responses / Respondent | Labor Costs / Respondent | Total Respondents | Total Labor Costs |
| 1.0 hour  | \$31.95               | 12                     | \$383.40                 | 3,360             | \$107,352.00      |

\* Respondent labor costs are rounded to the nearest whole cent.

Recordkeeping Burden: The TTB regulations at 27 CFR 41.208 and 41.263 and the form’s instructions require respondents to keep copies of completed reports for at least three years after the close of the calendar year in which a report was filed or made.

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 estimates that respondents have no capital, overhead, or start-up costs related to this information collection request. Importers of tobacco products or processed tobacco keep records to track their inventory, receipt, shipment, and transfer of such products during the normal course of business. Under the OMB regulations at 5 CFR 1320.3(b)(2), such usual and customary practices do not impose an additional burden on respondents. However, TTB estimates the annual postage and mailing supply costs to respondents to be \$2.00 per response, \$24.00 per respondent, and \$6,720.00 in total for this information collection.

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

TTB estimates that it has \$1.00 in overhead costs for each response to this collection, resulting in \$3,360.00 such costs for this collection request. 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>.

In addition, TTB estimates the annualized labor costs to the Federal Government for this information collection request as follows:

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<sup>1</sup> Private Sector Fully-loaded Labor Rate = Hourly wage rate x a factor of 1.44 to account for benefit costs. Per the most recent (May 2020) U.S. Department of Labor, Bureau of Labor Statistics (BLS), data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312200—Tobacco Product Manufacturing, the average fully-loaded labor rate for Office and Administrative Support Occupations is \$31.95 (\$22.19 in wages plus \$9.76 in benefit costs). See the BLS website at [https://www.bls.gov/oes/current/naics4\\_312200.htm](https://www.bls.gov/oes/current/naics4_312200.htm).

| <b>Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio, for OMB No. 1513-0107 (TTB F 5220.6)</b> |   |                              |                          |                 |                       |
|---|---|------------------------------|--------------------------|-----------------|-----------------------|
| Position  | Fully-loaded Labor Rate per Hour <sup>2</sup> | Processing Time per Response | Labor Costs per Response | Total Responses | Total TTB Labor Costs |
| GS-5, Step 5, Clerk   | \$32.45                                       | 3 minutes                    | \$1.62                   | 3,360           | \$5,443.20            |
| GS-11, Step 5, Specialist   | \$59.50                                       | 15 minutes                   | \$14.88                  |                 | \$49,996.80           |
| <b>TOTALS</b>   | <b>(\$55.00)</b>                              | <b>18 minutes</b>            | <b>\$16.50</b>           | <b>3,360</b>    | <b>\$55,440.00</b>    |

\* Labor costs rounded to the nearest whole cent.

Therefore, the total costs to the Federal Government for this information collection request are **\$58,800.00** (\$55,440.00 in labor costs plus \$3,360.00 in overhead costs).

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

There are no program changes or adjustments associated with this information collection at this time. On TTB F 5220.6, in the form's Paperwork Reduction Act Notice, TTB is revising the title of the person to whom comments regarding the form and its burden are directed, from "Reports Management Officer," to "Paperwork Reduction Act Officer," and is adding a reminder not to mail completed forms to the comment submission 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?*

TTB will display the expiration date for OMB approval of this information collection on its related form, TTB F 5220.6, Monthly Report – Importer of Tobacco Products or Processed Tobacco.

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.

<sup>2</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) Federal hourly wage data, the fully-loaded labor rates for the Cincinnati, Ohio, wage area are: (1) GS-5, step 5, employee = \$32.45 (\$19.91 in wages plus \$12.54 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).

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

This information collection request does not employ statistical methods.