

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement — Information Collection Request**

**OMB Control Number 1513–0008**

**Application and Permit to Ship Liquors and Articles of Puerto Rican Manufacture  
Taxpaid to the United States**

**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The IRC at 26 U.S.C. 7652 provides that products of Puerto Rican manufacture shipped to the United States and withdrawn for consumption or sale are subject to a tax equal to the internal revenue tax imposed on like products manufactured in the United States. That section also provides that the taxes collected on such products will be covered over (transferred) into the Treasury of Puerto Rico. In addition, the IRC at 26 U.S.C. 5314 provides distilled spirits may be withdrawn from the bonded premises of a distilled spirits plant in Puerto Rico pursuant to an authorization issued under the laws of Puerto Rico.

The TTB regulations regarding alcohol products produced in Puerto Rico are found in 27 CFR Part 26, Liquors and Articles from Puerto Rico and the Virgin Islands.<sup>1</sup> As authorized by the IRC at 26 U.S.C. 5314 and 7652, the TTB regulations at §§ 26.114 through 26.119 require respondents to use form TTB F 5170.7, Application and Permit to Ship Liquors and Articles of Puerto Rican Manufacture Taxpaid to the United States, to apply for and receive permission to make such shipments.<sup>2</sup> That form identifies the consignor in Puerto Rico and consignee in the United States, provides certifications by government officials regarding the liquors and articles shipped and received, and documents the amount of tax paid or deferred on those items. This information collection is necessary to protect the revenue and ensure

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<sup>1</sup> Under § 26.11, “liquors” are defined as industrial spirits, distilled spirits, wine, beer, and similar alcohol preparations fit for beverage use, while “articles” are defined as any alcohol preparation unfit for beverage use that contains wine, beer, distilled spirits, or certain denatured spirits.

<sup>2</sup> As also authorized by 26 U.S.C. 5314, and as approved under OMB No. 1513–0043, respondents may ship Puerto Rican distilled spirits to the United States without payment of tax under certain circumstances. Other regulations in 27 CFR part 26 require consignors to use form TTB F 5110.31, Application and Permit to Ship Puerto Rican Spirits to the United States Without Payment of Tax, to apply for and receive permission to make such shipments.

that IRC provisions regarding distilled spirits produced in and shipped from Puerto Rico are appropriately applied.

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?*

Respondents use TTB F 5170.7 to apply for and receive permission to ship tax-paid or tax-deferred distilled spirits from Puerto Rico to the United States. The Government of Puerto Rico and U.S. Customs and Border Protection use the collected information to identify the consignor, the consignee, the specific distilled spirits shipped and received, and the amount of excise tax paid or deferred. TTB uses the collected information to account for tax-paid or tax-deferred Puerto Rican distilled spirits brought into the United States since such taxes are, in large part, subsequently transferred to the Treasury of Puerto Rico as required by the IRC (26 U.S.C. 7652(a)(3)). As such, TTB requires the collected information to protect the revenue and to ensure that the provisions of the IRC regarding Puerto Rican distilled spirits are appropriately applied.

*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 5170.7 is available free to the public on the TTB website as a fillable-printable form; 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?*

TTB F 5170.7 contains information pertinent to each respondent and applicable to the specific issue of shipments of tax-paid or tax-deferred Puerto Rican distilled spirits to the United States. As far as TTB is able to 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?*

All entities, regardless of size, are required to submit TTB F 5170.7 in order to meet the relevant IRC and TTB regulatory provisions related to shipments of Puerto Rican distilled spirits to the United States. Waiver or reduction of these requirements, simply because the respondent's business is small, could jeopardize the revenue.

*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?*

Without this collection, TTB would be less able, to account for tax-paid or tax-deferred Puerto Rican distilled spirits brought into the United States. As required by the IRC, TTB subsequently transfers, in large part, those taxes to the Treasury of Puerto Rico, not conducting this collection or conducting it less frequently would jeopardize TTB's ability to account for such taxes.

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)(iii), requiring respondents to submit more than an original and two copies of any document is a special circumstance. The instructions for TTB F 5170.7 require respondents to prepare an original and five copies of the form for distribution to the shipment's consignor and consignee and to various government offices, 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 regarding this information collection in the Federal Register on September 16, 2021, at 86 FR 51720. 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 action. TTB maintains its copies of TTB F 5170.7 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 contains no questions of a sensitive nature. In addition, this information collection 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, annually, there are 20 respondents to this information collection, each making 106 responses, for 2,120 total responses. TTB further estimates that each response takes 30 minutes to complete, resulting in an estimated annual burden of 53 hours per respondent and 1,060 hours in total.

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>3</sup> = \$30.50*</b>					
Avg. Time / Response	Labor Cost / Response	Responses / Respondent	Labor Costs / Respondent	Total Responses	Total Labor Costs
30 minutes	\$15.25	106	\$1,616.50	2,120	\$32,330.00

\* Labor costs rounded to the nearest whole cent.

Respondent Record Retention: For persons and distilled spirits plant proprietors bringing liquors into the United States from Puerto Rico, the TTB regulations at 27 CFR 26.163 and 26.164 cross-reference the recordkeeping requirements of 27 CFR parts 31 and 19, respectively. Under those cross-references (see 27 CFR 31.191, and 27 CFR 19.574 and 19.575), such persons or proprietors must retain records of such transactions for at least 3 years and make those records available for TTB inspection during that time period.

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 information collection, which largely consists of customary consignment and shipment information kept during the normal course of business. TTB estimates respondent's postage and mailing supply costs to be no more than \$6.50 per response. Given that 20 annual respondents make 106 responses to this collection, TTB estimates mailing costs to be \$689.00 per respondent annually, and \$13,780.00 in total for all 20 respondents.

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

<sup>3</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).

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

<b>Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio, for OMB No. 1513-0043*</b>					
Position	Fully-loaded Labor Rate/Hour <sup>4</sup>	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-9, Step 5 Specialist	\$49.18	0.2 hour	\$9.84	2,120	\$20,860.80

\* Labor costs rounded to the nearest whole cent.

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>.

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 form TTB F 5170.7, in the Paperwork Reduction Act notice, TTB is revising the position title of the staff member who receives public comments on the burden estimates associated with its collections, and is adding an admonition to not send 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?*

TTB will display the expiration date for OMB approval of this information collection on its related form, TTB F 5170.7, Application and Permit to Ship Liquors and Articles of Puerto Rican Manufacture Taxpaid to the United States.

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.

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<sup>4</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-9, step 5, employee = \$49.18 (\$30.17 in wages plus \$19.01 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 does not employ statistical methods.