

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0112

Special (Occupational) Tax Registration and Return

Information Collections Issued under this Title:

- Alcohol Special (Occupational) Tax Registration and Return – For Periods Ending On or Before June 30, 2008 [TTB F 5630.5a]
- Alcohol Dealer Registration – For Use On and After July 1, 2008 [TTB F 5630.5d]
- Special Tax Registration and Return – Tobacco [TTB F 5630.5t]

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.). TTB administers those provisions of the IRC 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 Order 120–01.

Before July 1, 2008, various sections of chapter 51 of the IRC required alcohol industry businesses to register for and pay an annual special occupational tax (SOT), the rates of which varied by specific occupation.¹ However, section 11125 of Public Law 109–59 permanently repealed effective July 1, 2008, the SOT on alcohol beverage producers and marketers, non-beverage product manufacturers, tax-free alcohol users, and specially denatured spirits users and dealers, but any SOT liabilities incurred for periods before that effective date remain. In addition, while the law repealed most alcohol industry SOT registration and payment requirements, the IRC at 26 U.S.C. 5124 continues to require wholesale and retail alcohol dealers to register with the Secretary.

As such, under its IRC authority, the TTB regulations in 27 CFR part 31 describe the persons and places subject to the registration requirement for wholesale and retail alcohol dealers. Section 31.234 requires such dealers with SOT liabilities for periods ending on or before June 30, 2008 to use of form TTB F 5630.5a as the return for such payments.

¹ SOT rates varied between \$250 and \$1,000 per business location.

Sections 31.111–31.116, 31.121–31.125, and 31.131–31.138 require such dealers to use TTB F 5630.5d to register with TTB before commencing business, report changes in existing registration information, or report the ending of business. However, businesses that file a distilled spirits- or wine-related registration or a brewer’s notice under the qualification provisions of the TTB regulations in 27 CFR parts 19, 24, or 25 do not have to file TTB F 5630.5d.

While SOT no longer applies to many alcohol industry members, the IRC at 26 U.S.C. 5731 and 5732 continues to require manufacturers of tobacco products, manufacturers of cigarette papers and tubes, and export warehouse proprietors to register and pay an annual SOT on the basis of a return under such regulations as the Secretary shall prescribe.² The registration and SOT for such entities is due on or before the date of commencing business, and on or before July 1 of every year after that. The TTB regulations in 27 CFR parts 40, 44, and 46 require tobacco industry members to use form TTB F 5630.5t to register for and pay SOT and to report certain changes to their registration information during the tax year. Specifically, those regulations are found or cross-referenced at §§ 40.31–40.33, 40.371–40.373, 44.31–44.33, 46.101–46.104, 46.107, 46.119, 46.120, 46.126, 46.127, 46.131, and 46.132.

TTB requires the information collected under this request to fulfill its statutory obligation to register wholesale and retail alcohol dealers and to collect SOT from alcohol and tobacco industry members liable for such taxes.

This information collection request is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Special Occupational Tax/Floor Stocks Tax System.

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

This information collection request is necessary to ensure the registration and SOT provisions of the IRC are appropriately applied. As appropriate, alcohol and tobacco industry respondents use the forms issued under this collection register for, and to compute, report, and pay, their SOT liability. TTB examines the submitted forms to ensure that the respondent filed the SOT registration and return on time, that the calculations are mathematically correct, and that the respondent paid their SOT liability. In addition, as appropriate, TTB personnel examine the submitted SOT forms to ensure proper registration for SOT, and that the respondent has correctly reported any changes to a business’s registration information or has notified TTB that they are discontinuing business.

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 three SOT-related forms issued under this information collection request are available as fillable-printable forms on TTB website at <https://www.ttb.gov/forms>.

² Under 26 U.S.C. 5731, SOT for tobacco industry members is \$1,000, but is reduced to \$500 for those with gross receipts of less than \$500,000 during the previous tax year.

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?

For alcohol industry members with outstanding SOT liabilities, alcohol wholesalers and retailers required to register with TTB, and tobacco industry members required to register for and pay SOT to TTB, forms TTB F 5630.5a, TTB F 5630.5d, and TTB F 5630.5t provide TTB with information pertinent and specific to each respondent's registration and payment of that tax. As far as TTB is able to determine, similar information is not available elsewhere. However, for proprietors of distilled spirits plants, wineries, breweries, and taxpaid bottling houses who also engage in wholesale or retail operations, TTB considers their IRC-based registration applications or brewer's notices, filed under the provisions of 27 CFR parts 19, 24, or 25, as registration for SOT purposes. In such cases, TTB does not require those proprietors to file a separate SOT registration on TTB F 5630.5d.

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

TTB has minimized the burden on all alcohol industry entities, including small businesses, by allowing the IRC-based alcohol producer registrations filed by such entities under 27 CFR parts 19, 24, or 25 to serve also as their SOT registration. In addition, TTB requires all entities subject to SOT to file such registrations and returns only when SOT is due or when changes occur to their SOT registration information.

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 the use of the forms issued under this information collection request, TTB could not fulfill its statutory obligations under the IRC regarding SOT registration and payment. In addition, respondents use the forms only as necessary to adhere to IRC's statutory SOT payment and registration requirements, and, as such, TTB cannot reduce the frequency of this information collection request.

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).)

There are no special circumstances associated with this information collection request that would require it to be inconsistent with OMB guidelines.

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 November 16, 2021, at 86 FR 63448. 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 request.

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 request. However, the IRC at 26 U.S.C. 6103 prohibits disclosure of tax returns and related information unless that section specifically authorizes such disclosure. TTB maintains the forms issued under this information collection request 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 collection request contains no questions of a sensitive nature. As for the personally identifiable information collected under this request, TTB has conducted a Privacy Impact Assessment (PIA) for that information as part of the Special Occupational Tax/Floor Stocks Tax System. TTB's PIAs on the TTB website at <https://www.ttb.gov/foia/privacy-impact-assessments>. TTB also has published a Privacy Act System of Records notice (SORN) which includes that system under "Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB) .001-Regulatory Enforcement System of Records." That SORN appeared in the Federal Register on February 10, 2021, at 86 FR 8988.

12. What is the estimated hour burden of this collection of information?

Estimated Respondent Burden: Based on recent data, TTB estimates the respondent burden for this information collection request as follows:

Information Collection	No. of Respondents (1 annual response each)	Total Annual Responses	Time Per Response	Total Burden *
F 5630.5a (private sector, for profit)	10	10	25 minutes	4 hours
F 5630.5a (private sector, not-for-profit)	10	10	25 minutes	4 hours
F 5630.5a (Individuals or households)	10	10	25 minutes	4 hours
F 5630.5d	6,000	6,000	25 minutes	2,500 hours
F 5630.5t	290	290	25 minutes	121 hours
TOTALS	6,320	6,320	25 minutes	2,633 hours

* Rounded to the nearest whole hour.

Estimated Respondent Labor Costs: Based on the average fully-loaded labor rate of \$54.53 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:³

Annual Respondent Labor Costs for OMB No. 1513-0112 (Accountants and Auditors in the Beverage and Tobacco Manufacturing Industries)					
Avg. Time / Response	Fully-loaded Labor Rate / Response*	Responses / Respondent	Labor Costs / Respondent	Total Responses	Total Labor Costs
25 minutes	\$22.72	1	\$22.72	6,320	\$143,590.40

* Fully-loaded labor rate rounded to the nearest whole cent.

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 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 once-annually or occasional information collection request. TTB estimates this collection's annual postage and mailing supply costs to be \$2.00 per response and respondent, which, for 6,320 responses, results in \$12,640.00 total mailing costs for this collection request.

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

Printing and distribution costs to the Federal government have decreased to \$0.00 in TTB's cost estimate due to the availability of TTB forms to the public on the TTB website. There are no overhead costs to TTB associated with this information collection request.

TTB estimates the annualized labor costs to the Federal Government for this information collection request as shown below. TTB clerks process all responses while TTB specialists examine tobacco industry SOT returns filed on TTB F 5630.5t:

³ 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 \$54.53 (\$37.87 in wages plus \$16.66 in benefit costs). See https://www.bls.gov/oes/current/naics3_312000.htm. TTB notes that fully-loaded wage rates in this industry for compliance officers, and for office and administrative support functions such as bookkeepers, are less than those of accountants and auditors. As such, the cited labor costs are a maximum.

Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio, for OMB No. 1513-0112*					
Position	Fully-loaded Labor Rate per Hour ⁴	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-5, Step 5, Clerk	\$33.27	6 minutes	\$6.65	6,320	\$42,028.00
GS-11, Step 5, Specialist	\$60.99	24 minutes	\$24.40	290**	\$7,076.00
TOTALS	(\$15.54)	30 minutes	(\$7.77)	6,320	\$49,104.00

* Labor costs rounded to the nearest whole cent. ** These 290 responses are included within the 6,320 total responses.

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

There are no program changes associated with this information collection request at this time. As for adjustments, due to changes in agency estimates, TTB is decreasing the overall estimated burden for this information collection request, from 8,310 respondents and responses to 6,320, and from 3,462 hours to 2,633. Specifically, while the estimated burden for TTB F 5630.5a remains the same, TTB is decreasing the estimated burden for TTB F 5630.5d, from 8,000 respondents and responses to 6,000, and from 3,333 hours to 2,500. However, TTB is increasing the burden associated with TTB F 5630.5t, from 280 respondents and responses to 290, and from 117 hours to 121. The number of annual responses per respondent (one) remains the same, as does the per-response burden (25 minutes).

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

Using data from this information collection request, TTB includes the total amount of SOT it collects in its quarterly and annual Tax Collections reports, which it posts on the TTB website at <https://www.ttb.gov/tax-audit/tax-collections>. In addition, TTB reports the annual total amount of SOT it collects in its Annual Reports, which TTB posts on its website at <https://www.ttb.gov/about-ttb/plans-and-reports-annual-reports>. These reports are generalized compilations of the tax amounts collected by commodity, and TTB does not identify any specific taxpayers in them.

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 requests approval not to display the expiration date for OMB approval of this information collection request on its related forms, TTB F 5630.5a, TTB F 5630.5d, and TTB F 5630.5t. By not displaying the OMB

⁴ 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 for a GS-5 (step 5) employee is \$33.27, and for GS-11 (step 5) employee is \$60.99. See https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/CIN_h.pdf.

approval expiration date for this information collection request, TTB will not have to update that date on those paper forms each time OMB approves the collection. This will avoid confusion among respondents when the collection's approval date may have passed but its approval continues on a month-to-month basis while it is under OMB review. In addition, respondents and other businesses will not have to update their stocks of paper forms or alter electronic copies of the forms, including any versions produced for sale to others.

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 request does not employ statistical methods.