

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0074

Airlines Withdrawing Stock from Customs Custody (TTB REC 5620/2)

Changes Since Last Approval

Changes made to the Supporting Statement since this information collection's last approval:

- In Question 8, TTB is updating the Federal Register publication citation for the most recent 60-day notice requesting comments on this information collection.
- In Question 12, TTB is updating the respondent labor costs associated with this information collection based on the most recent U.S. Labor Department wage estimates for the air transportation industry.
- Throughout this Supporting Statement, TTB is making minor editorial and grammatical changes for clarity.

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 (IRC, 26 U.S.C.). TTB administers those IRC provisions 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.

In general, under chapter 51 of the IRC, distilled spirits and wine produced in or imported into the United States are subject to Federal excise tax, but those taxes are subject to drawback (refund) when such products are subsequently exported from the United States, which, under 26 U.S.C. 5214 and 5362 includes the lading of such products as supplies on aircraft engaged in foreign flights. Also, under 19 U.S.C. 1309, those products may be withdrawn from customs custody without payment of tax for use as supplies on such aircraft. Additionally, those statutes authorize the Secretary to issue regulations regarding such withdrawals.

Under its delegated authorities, the TTB alcohol export regulations in 27 CFR part 28 require airlines to account for distilled spirits and wine withdrawn from their stocks held in

customs custody at airports for use as supplies on aircraft engaged in foreign flights. Under 27 CFR 28.280, an airline must prepare a requisition when making such withdrawals, and it must identify the product, the amounts withdrawn, and the relevant aircraft, flight, and destination. The requisition must include verification by a customs officer of the lading of the withdrawn products as supplies on the aircraft. That section also requires the airline to return any unused distilled spirits and wine to customs custody upon the aircraft's return to the United States and to account for the returned products on the relevant requisition.

In addition, § 28.281 requires an airline to prepare a certificate of use for the distilled spirits and wine listed on each requisition, which is signed by a customs officer. If the products in question were taxpaid before their withdrawal, the airline must attach the certificate to the appropriate export drawback claim, filed on form TTB F 5110.30 for distilled spirits or on form TTB F 5120.24 for wine.¹ For withdrawals made without payment of tax, the airline must attach the certificate to the notice of withdrawal of distilled spirits or wine for export, which is filed on form TTB F 5100.11.² Under § 28.45, airlines must retain file copies of the required requisitions and certificates of use for a minimum of two years, subject to inspection by TTB personnel during regular business hours.

Accounting for withdrawals of distilled spirits and wine by airlines from their stocks held in customs custody at airports, whether made subject to drawback or made without payment of tax, is necessary to protect the revenue. The required requisitions and certificates of use allow TTB to verify export drawback claims and detect diversion of untaxed distilled spirits and wine into the domestic market.

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?

In cases of distilled spirits and wine withdrawn from customs custody by airlines for use as supplies on foreign flights, TTB uses the collected information to ensure that the excise tax provisions of the IRC are properly applied. The required requisitions and certificates of use allow TTB to account for the withdrawn products, verify export drawback claims for tax-paid products, and detect diversion of non-taxpaid products into the taxable domestic market.

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. Respondent airlines may use information technology at their discretion to prepare the required requisitions and certificates, and maintain the required record copies.

¹ TTB F 5110.30 is approved under control number OMB No. 1513-0042, and TTB F 5120.24 is approved under OMB No. 1513-0016.

² TTB F 5100.11 is approved under OMB No. 1513-0037.

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 required requisitions and certificates of use provide information pertinent to each respondent airline and specific to their withdrawal of distilled spirits or wine from customs custody for use as supplies on aircraft engaged in foreign flights. As far as TTB can determine, similar information is not available elsewhere.

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

The TTB regulations require all entities, regardless of size, to collect the required information regarding the lading of distilled spirits and wine as supplied on aircraft used in foreign flights. However, TTB believes that this information collection does not have a significant impact on a substantial number of small businesses, as the required data is minimal and readily available to respondents.

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?*

Because airlines withdraw distilled spirits and wines for use as supplies on aircraft engaged in foreign flights either subject to export drawback or without payment of tax, elimination or less frequent collection the required information would jeopardize the revenue. Without the required requisitions and certificates of use, TTB would be unable to verify export drawback claims or detect diversion of non-taxpaid products into the taxable domestic market.

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 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 February 18, 2022, at 87 FR 9420. 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. Airlines submit the collection information in support of export drawback claims or export notifications, which TTB maintains in secure office space 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 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 Burden Hours: Based on recent data, TTB estimates that, annually, 25 airlines make one on-going response to this information collection, resulting in 25 total responses. TTB further estimates that each ongoing response requires 100 hours to complete, resulting in an estimated total annual burden of 2,500 hours for this collection.

Estimated Respondent Labor Costs: Based on the average fully-loaded labor rate of \$35.60 per hour for office and administrative support occupations in the air transportation industry, TTB estimates the per-respondent and total respondent labor costs for this information collection as follows:³

Respondent Labor Costs for OMB No. 1513-0074 Office and Administrative Support Occupations, Air Transportation Industry Average Fully-Loaded Labor Rate = \$34.88 per hour*					
Average Time per Response	Fully-loaded Labor Rate per Response	Responses per Respondent	Labor Costs per Respondent	Total Annual Responses	Total Labor Costs
100 hours	\$3,488.00	1	\$3,488.00	25	\$87,200.00

* The fully-loaded labor rates and respondent labor costs are rounded to the nearest whole cent.

³ Private Sector Fully-loaded Labor Rate = Hourly wage rate x 1.44 to account for employee benefit costs. According to the most recent U.S. Department of Labor, Bureau of Labor Statistics (BLS), data for the Air Transportation industry (NAICS 481000), the average fully-loaded labor rate for Office and Administrative Support Occupations (43-0000) is \$34.88 per hour. See https://www.bls.gov/oes/current/naics3_481000.htm.

Recordkeeping: Under 27 CFR 28.45, respondent airlines must retain file copies of the required requisitions and certificates of use for a minimum of two years, subject to inspection by TTB personnel during regular 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)?*

Respondents submit the requisitions and certificates of use required under this collection as supporting documents to excise tax drawback claims or to withdrawal for export notices, which OMB has approved under other OMB control numbers (see Footnotes 1 and 2 above). As such, TTB accounts for any respondent non-labor costs for this information collection under those other information collection approvals.

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

Respondents submit the requisitions and certificates of use required under this collection as supporting documents to excise tax drawback claims or to withdrawal for export notices, which OMB has approved under other OMB control numbers (see Footnotes 1 and 2 above). As such, TTB accounts for its labor and other costs for this information collection under those other information collection approvals.

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

There are no program changes or adjustments associated with this information collection.

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?*

There are no TTB forms associated with this information collection, which consists of requisitions and certificates of use prepared by airlines and submitted as supporting documents to export drawback claims or withdrawal for export notices. As such, there is no medium for TTB to display the expiration date for OMB approval of this collection request.

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

- (c) See item 5 above.
- (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.