

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0142

**CBMA Imports Refund Program—Foreign Producer Registration and Assignment System; CBMA Importer Refund Claims System**

**Changes Since Last Approval**

- OMB first approved this information collection request on an emergency basis in conjunction with the issuance of a temporary rule issued in September 2022 concerning the CBMA Imports Refund Program. This Supporting Statement is part of a regular, 3-year renewal request for OMB approval of this collection request.<sup>1</sup>
- In Question 1, TTB is clarifying that respondents use the “myTTB” online system to authorize additional users to act on their behalf in certain roles within the Foreign Producer Registration and Assignment System or the CBMA Importer Refunds Claims System.

**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, wines, 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 these 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 particular, chapter 51 of the IRC, at 26 U.S.C. 5001, 5041, and 5051, imposes Federal excise taxes on, respectively, all distilled spirits, wine, and beer manufactured in or imported into the United States. Under those IRC sections, as amended by the Craft Beverage Modernization Act (CBMA), certain limited quantities of such products are eligible for lower excise tax rates (see sections 13801–13808 of the Tax Cuts and Jobs Act of 2017, Pub. L. 115-97). In addition, the IRC at 26 U.S.C. 7805 provides general authority to the Secretary to issue regulations to carry out the provisions of the IRC.

In recent years, certain amendments were made to the IRC and the CBMA by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Tax Relief Act; Division EE of Pub. L 116-

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<sup>1</sup> For the temporary rule, see T.D. TTB-186, published in the Federal Register on September 23, 2022, at 87 FR 58021. In the same issue of the Federal Register, TTB also issued a concurrent notice of proposed rulemaking; see Notice No. 215 at 87 FR 58043.

260). Among other things, the Tax Relief Act transferred responsibility for administering CBMA provisions regarding reduced excise tax rates on imported distilled spirits, wines, and beer (hereafter “CBMA tax benefits”) from U.S. Customs and Border Protection (CBP) to the Department of the Treasury, effective January 1, 2023. In addition, U.S. alcohol beverage importers are no longer eligible for CBMA tax benefits at the time of an import’s entry. Instead, importers are required to pay the full excise tax rate to CBP and then subsequently submit refund claims to Treasury to receive their assigned CBMA tax benefits for entries made after January 1, 2023. As such, the Tax Relief Act’s amendments to the IRC codified at 26 U.S.C. 5001(c), 5041(c), and 5051(a) state that a U.S. importer will only be allowed a refund based on CBMA Tax benefits if a foreign alcohol beverage producer has elected to assign, and the U.S. importer has elected to receive, such benefits in accordance with regulations and procedures issued by the Secretary. Finally, under the new IRC provision at 26 U.S.C. 6038E, foreign producers electing to make such assignments are required to provide information as the Secretary requires by regulation, including information about the control group structures of such producers.

Under those amended IRC authorities, and authorities delegated to TTB under Treasury Orders 120–01, 101–05, and 111–02, TTB issued regulations establishing procedures for alcohol industry members to take advantage of the CBMA tax benefits that may be applied to specified limits of imported alcohol beverage products entered for consumption in the United States beginning on January 1, 2023. The new regulations are contained in 27 CFR, Part 27, Importation of Distilled Spirits, Wines, and Beer, Subpart P, Craft Beverage Modernization Act Import Refund Claims. In particular, the new regulations establish the procedures by which (1) Foreign producers may assign CBMA tax benefits to U.S. importers (see § 27.254 through § 27.262), and (2) U.S. importers may elect to receive those assignments and submit their CBMA tax benefit refund claims to TTB (see §§ 27.264 and 27.266).<sup>2</sup>

TTB administers those regulations through two components of its “myTTB” online system. Within myTTB, foreign alcohol beverage producers use the Foreign Producer Registration and Assignment System to register, receive a TTB-issued identification number, and assign CBMA tax benefits to U.S. importers. Also within myTTB, U.S. importers use the CBMA Importer Refund Claims System to view and manage CBMA tax benefits assigned to them by foreign producers, and to submit refund claims based on those assignments and the information submitted by the importers in their customs filings in CBP’s Automated Commercial Environment (ACE). Regulated entities must create a user account to operate within those myTTB online systems, and the account creation process includes identity verification. Regulated entities may, at their discretion, authorize additional user accounts to operate within the myTTB system, which also allows entity managers to assign system functions to authorized users. As a result, the myTTB account authorization process collects information about a user’s level of access (referred to in myTTB as “roles”).

Therefore, this information collection request is required to ensure that the IRC provisions regarding CBMA tax benefit refund claims for U.S. alcohol importers are appropriately applied, which is necessary to protect the revenue.

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<sup>2</sup> Section 27.268 concerns procedures for the revocation by TTB of a foreign producer’s eligibility to assign CBMA tax benefits under § 27.262, and procedures for such a producer to submit information and appeals contesting such a revocation. As information collected during an administrative action involving a specific individual or entity, TTB has determined that the information collected under that section is exempt from the collection approval requirements of the Paperwork Reduction Act; see the OMB regulations at 5 CFR 1320.4(a)(2).

This information collection is aligned with —

- Line of Business/Sub-function: General government / Taxation management.
- IT Investment: myTTB (Foreign Producer Registration and Assignment System, and CBMA Importer Refund Claims System).

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

Using the Foreign Producer Registration and Assignment System within the myTTB online system, foreign producers register with TTB, receive a Foreign Producer Identification Number, and assign their CBMA tax benefits to specific U.S. importers. Using the CBMA Importer Refund Claims System, also contained within myTTB, U.S. importers elect to receive their assigned CBMA tax benefits, and submit their CBMA tax benefit refund claims to TTB. TTB uses the information collected in those two systems to verify the identity of foreign producers, their CBMA tax benefit assignments, and the correctness of importer CBMA tax benefit refund claims, and also to ensure that the statutory limits on CBMA tax benefits are not exceeded. In summary, TTB uses the information collected under this request to ensure that the IRC provisions regarding CBMA tax benefits and refund claims for imported alcohol products are appropriately applied, which is necessary to protect the revenue.

*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 electronically collects CBMA import refund program information through two components of the online “myTTB” system (<https://my.ttb.gov/>), the “Foreign Producer Registration and Assignment System” and the “CBMA Importer Refund Claims System.”

*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 request provides TTB with information that is pertinent to each registered foreign producer and each U.S. importer making CBMA tax benefit claims. As far as TTB is able to 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?*

Under this information collection request, all foreign producers, regardless of size, that desire to assign CBMA tax benefits to U.S. importers must register with TTB and make the required CBMA tax benefits assignments using the Foreign Producer Registration and Assignment System. In addition, all U.S. importers, regardless of size, must use the CBMA Importer Refund Claims System to accept such assignments and submit their CBMA tax benefit refund claims. However, TTB notes that: (1) All foreign producer and U.S. importer information is collected electronically via the myTTB system on its website, (2) foreign producers register with TTB and assign their CBMA tax benefits only on an as-needed basis, and (3) importers file their CBMA tax benefit refund claims on a quarterly basis as

provided by the IRC, as amended.<sup>3</sup> As such, TTB believes that this collection request does not significantly effect a substantial number of small entities.

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 did not conduct the information collections included under this request, it could not provide statutorily-mandated CBMA tax benefit refunds to U.S. importers or verify the accuracy of such claims, which would jeopardize the revenue. In addition, under this collection request, foreign producers register with TTB and assign their CBMA tax benefits only on an as-needed basis, and, as authorized by statute, U.S. importers file their CBMA tax benefit refund claims on a quarterly basis. TTB believes that such a filing period allows it adequate time to analyze such claims for potential over-assignment of CBMA tax benefits based on noncompliance with controlled group limitations. As such, TTB believes that it 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?*

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 request in the Federal Register on November 18, 2022, at 87 FR 69386. TTB received no comments on this information collection request 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 information collection request, but, in general, 26 U.S.C. 6103 prohibits disclosure of a taxpayer’s tax returns and related information unless disclosure is specifically authorized by that section. In the case of this collection request, because individual users of the Foreign Producer Registration and Assignment System must each be granted authority by the foreign producer to act on its behalf, TTB is authorized under 26 U.S.C. 6103 to disclose foreign producer return information to users of that system. In addition, because the assignment of CBMA tax benefits made by a foreign producer to a U.S. importer is also considered part of the

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<sup>3</sup> Regarding quarterly filing of CBMA tax benefit refund claims, see 26 U.S.C. 5001(c)(4)(A)(ii), 5041(c)(7)(A)(ii), and 5051(a)(6)(A)(ii).

importer’s tax return information, TTB is authorized to disclose that information to the assigned importer under 26 U.S.C. 6103(e)(1) and (e)(7). TTB maintains the collected information in computer systems with limited and 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. However, it does collect personally identifiable information (PII) in an electronic system, and TTB has conducted a Privacy Impact Assessment (PIA) for the collection as part of its Tax Major Application. TTB’s PIAs are available on its website at <https://www.ttb.gov/foia/privacy-impact-assessments>. Additionally, TTB has issued a System of Records notice (SORN) for the collected information as part of the Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB) .001—Regulatory Enforcement System of Records. TTB published that SORN 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: TTB estimates the initial annual respondent burden for this information collection request as shown below. The per-response time estimate includes time for reviewing instructions, searching existing information sources, gathering and maintaining the data needed, and completing and reviewing the information collection.

<b>Information Collection</b>	<b>Respondents</b>	<b>Responses/ Respondent</b>	<b>Responses</b>	<b>Time Per Response</b>	<b>Burden Hours</b>
Foreign Producer Registration and Assignment System	19,000*	1	19,000*	2 hours	38,000*
CBMA Importer Refund Claims System	7,000	4	28,000	2 hours	56,000
<b>Totals</b>	<b>26,000</b>	<b>(avg. 1.8077)</b>	<b>47,000</b>	<b>2 hours</b>	<b>94,000</b>

\* In the future, after existing foreign producers have registered with TTB for CBMA purposes, the respondent burden for the Foreign Producer Registration and Assignment System information collection will significantly decrease as only new producers and existing producers making changes to their registration will need to respond to that collection.

Estimated Respondent Labor Costs: TTB estimates respondent labor costs for this information collection request as shown below. Labor cost estimates for foreign producer employees are based on similar costs in the United States; while specific individual foreign producers may have higher labor costs, TTB believes actual foreign labor costs for this collection request may be lower than shown below.

<p><b>Respondent Labor Costs for OMB No. 1513–NEW Beverage Industry Compliance Officers — Average Fully-Loaded Labor Rate = \$45.24/hour<sup>4*</sup></b></p>
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Information Collection	Avg. Time / Response	Fully-loaded Labor Rate / Response	Responses / Respondent	Labor Costs / Respondent	Total Responses	Total Labor Costs
Foreign Producer Registration and Assignment System	2 hours	\$90.48	1	\$90.48	19,000**	<b>\$1,719,120</b>
CBMA Importer Refund Claims System	2 hours	\$90.48	4	\$361.92	28,000	<b>\$2,533,440</b>
<b>TOTALS</b>	<b>2 hours</b>	<b>\$90.48</b>	<b>(avg. 1.8077)</b>	<b>\$163.56</b>	<b>47,000</b>	<b>\$4,252,560</b>

\* The fully-loaded labor rates are rounded to the nearest whole cent.

\*\* Once existing foreign producers have registered with TTB, the number of responses and the respondent labor cost burden for the Foreign Producer Interface collection will significantly decrease as only new producers and existing producers making changes to their registration will need to respond to that collection.

Record retention: There is no stated recordkeeping requirement for this information collection request. Submissions to the Foreign Producer Registration and Assignment System and the CBMA Importer Refund Claims System will be maintained by TTB as records in that system. Record retention requirements for information that supports the data contained in tax claims submitted to TTB by U.S. importers, which includes CBMA-related refund claims, are approved under other information collection requests.<sup>5</sup>

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)?*

Foreign producers and importers use the electronic “myTTB” system provided on TTB’s website to access the Foreign Producer Registration and Assignment System and the CBMA Importer Refund Claims System to provide the readily-available identification, ownership, and import information required under this collection. In addition, TTB maintains the provided data as records within the myTTB system. Also, while foreign producers must respond to this collection in English, translation programs for many foreign languages are readily available online at no cost to users. As such, TTB believes that there are no annualized non-labor costs to respondents associated with this collection.

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

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

<sup>4</sup> Private Sector Fully-loaded Labor Rate = Hourly wage rate multiplied by 1.44 to account for employee benefit costs. Per the most recent U.S. Department of Labor, Bureau of Labor Statistics (BLS), data for National Industry-Specific Occupational Employment and Wage Estimates for NAICS 312100—Beverage Manufacturing, the mean hourly wage for Compliance Officers is \$31.42/hour, resulting in a fully-loaded labor rate of \$45.24/hour. See [https://www.bls.gov/oes/current/naics4\\_312100.htm](https://www.bls.gov/oes/current/naics4_312100.htm).

<sup>5</sup> U.S. importers must maintain such records for at least 3 years as required by 27 CFR 27.137, approved under OMB No. 1513–0064, Importers Records and Reports, and OMB No. 1513–0088, Alcohol, Tobacco, and Firearms Related Documents for Tax Returns and Claims.

**Labor Costs:** TTB estimates that 70 percent of the estimated 47,000 annual responses to this information collection request will be processed automatically by the Foreign Producer Registration and Assignment and the CBMA Importer Refund Claims systems, resulting in 32,900 auto-processed responses. However, TTB estimates that its personnel will manually spot check 900 of those auto-processed responses. In addition, TTB personnel will manually process 30 percent of the annual responses to this collection request, which equals 14,100 responses.

Given manual processing of 14,100 responses, plus 900 spot-checked auto-responses, by TTB GS–7 Technicians or GS–11 Specialists, as well as the spot-checking of that work by GS–12 Technical Advisor or a GS–13 Supervisor, and sign-off by a GS–14 Deputy Director or a GS–15 Director, TTB estimates its annual labor costs for processing a total of 15,000 responses to this information collection request responses as follows:

<b>Labor Costs for Personnel at TTB’s National Revenue Center in Cincinnati, Ohio, for the CBMA Imports Refund Program Information Collection Request</b>					
Position	Fully-loaded Labor Rate per Hour <sup>6*</sup>	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-7, step 5, Technician	\$41.22	1 hour	\$41.22	15,000	\$618,300.00
GS-11, step 5, Specialist	\$60.99	1 hour	\$60.99		\$914,850.00
GS-12, step 5, Technical Advisor	\$73.12	0.1 hour	\$7.312		\$109,680.00
GS–13, step 5, Supervisor	\$87.76	0.1 hour	\$8.776		\$131,640.00
GS-14, step 5, Deputy Director	\$102.74	0.05 hour	\$5.137		\$77,055.00
GS-15, step 5, Director	\$120.85	0.05 hour	\$6.0425		\$90,637.50
<b>TOTALS</b>	<i>(avg.\$56.294565)</i>	<b>2.3 hours</b>	<b>\$129.4775</b>		<b>15,000</b>

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

**Other Costs:** TTB estimates an average of \$1.00 in overhead costs (computer time, office supplies, etc.) for each of the 47,000 total responses to the information collection request, for a total of \$47,000 in such costs. However, as the collection instruments used for this

collection request are completely electronic, there are no printing and distribution costs to TTB for this collection request.

<sup>6</sup> Federal Government Fully-loaded Labor Rate = Hourly wage rate x 1.63 to account for benefit costs. For the most recent hourly wage rates for Federal employees in the Cincinnati, Ohio wage area (the collected information is processed at TTB’s National Revenue Center in that city), see Office of Personnel Management (OPM) Federal pay tables at [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/CIN\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/CIN_h.pdf).

Total Costs: Given its general and labor costs, TTB estimates the total cost to the Federal government for this information collection to be **\$1,989,162.50**.

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

There are no program changes or adjustments associated with this information collection request at this time. OMB previously approved this information collection request on an emergency basis on November 1, 2022. This current approval request is for a regular 3-year renewal of this information collection request.

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 request.

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 a Paperwork Reduction Act Notice, including the expiration date of OMB approval for this information collection request, in the myTTB system, which includes the Foreign Producer Registration and Assignment System and the CBMA Importer Refund Claims System.

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.

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

This information collection request does not employ statistical methods.