

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement -- Information Collection Request

OMB Control Number 1513-0095

Application for Registration for Firearms and Ammunition Tax-Free Transactions
Under 26 U.S.C. 4221

Changes Since Last Approval

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

- Throughout the Supporting Statement, TTB is making minor editorial and grammatical changes for clarity and conciseness;
- In Question 8, TTB is updating the 60-day notice publication information for this information collection;
- In Question 12, TTB is increasing estimated the number of annual responses, responses, burden hours; and respondent labor costs associated with this information collection;
- In Question 14, TTB is increasing its labor costs for this information collection due to increases in the number of respondents and employee wages; and
- In Question 15, TTB explains the reasons for the adjustments made to this information collection's estimated respondent burden as reported in Question 12.

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. 4181 imposes Federal excise tax on the sale of firearms and ammunition sold by manufacturers, producers, and importers. However, under 26 U.S.C. 4221, that tax is not imposed on certain sales of firearms and ammunition, provided that the seller and the first and second purchaser of the articles (with certain exceptions) are registered with the Secretary to engage in such tax-free transactions as required by 26 U.S.C. 4222. Section 4222 also provides that the Secretary may issue regulations regarding the manner, forms, terms, and conditions of such registrations.

Under the authority of 26 U.S.C. 4222, the TTB regulations at 27 CFR 53.140 prescribe the use of form TTB F 5300.28 as the application to obtain an approved Certificate of Registry to sell or purchase firearms and ammunition free of excise tax.¹ Also, once registered, respondents amend their registration information by filing a letterhead notice or a revised TTB F 5300.28, as appropriate. This collection is necessary to protect the revenue as TTB uses the provided information to determine if respondents are statutorily qualified to engage in tax-free sales or purchases of firearms and ammunition.

This information collection is aligned with:

Line of Business/Sub-function: General Government/Taxation Management.

IT Investment: Integrated Revenue Information System and Permits Online (PONL).

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

In order to protect the revenue and ensure compliance with applicable laws and regulations, TTB uses the collected information to determine if an applicant is qualified under the IRC to engage in tax-free sales or purchases of firearms and ammunition, and to determine if the transactions in which an applicant proposes to engage are qualified for tax-free treatment. If TTB determines that the applicant and their proposed tax-free transactions are qualified, TTB completes its portion of the registration application and returns a copy to the respondent. The returned copy includes the respondent's tax-free sales registration number and acts as the respondent's Certificate of Registry.

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?*

Currently, respondents may electronically file the required information by completing the Firearms or Ammunition Tax-Free Registration application contained in TTB's Permits Online (PONL) system (see <https://www.ttb.gov/ponl/customer-support>). In addition, a paper form, TTB F 5300.28, Application for Registration for Tax-Free Transactions Under 26 U.S.C. 4221 (Firearms and Ammunition), is available as a fillable-printable form at no cost on 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 unique to each respondent, and applicable to the specific issue of registering to engage in tax-free sales or purchases of firearms and ammunition. 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?*

¹ The TTB regulations in 27 CFR Part 53, Manufacturers Excise Taxes—Firearms and Ammunition, Subpart K, Exemptions, Registration, Etc., govern tax-free sales of firearms and ammunition (see 27 CFR (53.131 through 53.143. Regulations regarding exceptions to the registration requirements are found in § 53.141, and regulations regarding the denial, revocation, or suspension of registrations are found in § 53.142.

This information collection is required by statute (26 U.S.C. 4222) and is minimal. Those wishing to engage in tax-free transactions involving firearms and ammunition provide the required information only once to obtain a registration number and Certificate of Registry, and then respondents file amendments to their registrations only on an as-needed basis. As such, this information collection is not susceptible to reduced requirements for 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?

The requirement to register to engage in tax-free firearms and ammunition transactions is statutory; see the IRC at 26 U.S.C. 4222. If TTB did not require submission of the collected information, it could not comply with that statute, and it could not determine if an applicant is qualified to engage in such tax-free transactions. Such determinations are necessary to protect the revenue. Additionally, respondents provide the required information only once to obtain a registration number and a Certificate of Registry; respondents then file amendments to their approved registrations only on an as-needed basis. As such, TTB cannot reduce the frequency of this information 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? (See 5 CFR 1320.5(d) (2).)

There are no special circumstances associated with this information collection.

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 July 21, 2023, at 88 FR 47235. TTB received no comments regarding 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?

While TTB F 5300.28 and its electronic PONL equivalent contain Privacy Act Information statements, TTB provides no specific assurance of confidentiality for this information collection. However, Federal law at 26 U.S.C. 6103 prohibits disclosure of tax returns and taxpayer-related information unless that section specifically authorizes such disclosure. TTB maintains its copies of the collected information in password-protected computer systems and in secure file rooms 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. However, this information request does collect personally identifiable information (PII) in a government electronic system. TTB has completed a Privacy Impact Assessment (PIA) for the collected PII as part of its Integrated Revenue Information System, and as part of its Permits Online (PONL) system. TTB’s PIAs are available on the TTB website at <https://www.ttb.gov/foia/privacy-impact-assessments>. TTB also has issued a Privacy Act System of Records notice (SORN) for this collection under “Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB) .001—Regulatory Enforcement System of Records,” published in the Federal Register on October 11, 2022, at 87 FR 61435.

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

Estimated Burden: Based on recent data, TTB estimates that, annually, there are 110 total respondents to this information collection (80 State, local, or tribal government entities and 30 private sector entities), with each respondent submitting one response, for a total of 110 annual responses. TTB also estimates that each response takes 3 hours to complete, for an estimated total annual burden of 330 hours.

Respondent Labor Costs: TTB estimates respondent labor costs as follows, based on the average fully-loaded labor rate (hourly wage plus cost of employee benefits) of office and administrative employees:

Respondent Type	Fully-Loaded Labor Rate ²	Per Response		Totals for All Responses		
		Burden Hours	Labor Costs*	No. of Respondents	Burden Hours	Labor Costs
State, Local & Tribal Governments	\$36.21	3	\$108.63	80	240	\$8,690.40
Private Industry	\$33.44	3	\$100.32	30	90	\$3,009.60
TOTALS	(\$35.4545)	3	(\$106.3636)	110	330	\$11,700.00

* Costs rounded to the nearest whole cent unless otherwise noted.

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)?

Because the business information collected by TTB F 5300.28 or its electronic equivalent is readily available to respondents, collected once for an original registration, and amended only

² Based on recent Department of Labor, Bureau of Labor Statistics (BLS) wage data for State government employees, the average fully-loaded labor rate for office and administrative support occupations is \$36.21/hour (based on \$22.63/hour wage); see https://www.bls.gov/oes/current/naics4_999200.htm. For the private sector, the fully-loaded wage rate for office and administrative support occupations in NAICS 3320A1 – Fabricated Metal Product Manufacturing, which includes firearms manufacturing, is \$33.44/hour (based on \$23.22/hour wage); see https://www.bls.gov/OES/Current/naics4_3320A1.htm.

very occasionally, TTB believes this information collection imposes no annualized costs on respondents. In addition, the estimated 77 respondents (70 percent) who submit the required information electronically via PONL have no mailing costs. However, the estimated 33 respondents (30 percent) who submit paper forms (or letterhead notices) and their supporting documents have estimated mailing costs of \$10.00 for their one annual response. This results in a total of \$330.00 in mailing costs for this information collection.

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

Estimates of annual cost to the Federal Government for this information collection are:

Category	Fully-Loaded Labor Rate/Hour	Cost per Response ³	Annual Responses	Total Costs
Overhead, mailing, supplies	n/a	\$3.00	110	\$330.00
Clerical costs (GS-5, step 5) (12 minutes per response))	\$34.75	\$6.95		\$764.50
Specialist review (GS-11, step 5) (1 hour per response)	\$63.72	\$63.72		\$7,009.20
TOTALS	n/a	\$73.67	110	\$8,103.70

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 Web site at <https://www.ttb.gov/forms>.

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

There are no program changes associated with this information collection at this time. As for adjustments, due to a change in agency estimates, TTB is increasing the estimated number of annual respondents, responses, and burden hours associated with this collection, from 100 to 110 respondents, from 100 responses to 110, and from 300 burden hours to 330. The number of annual responses per respondent, one, remains the same for this collection, as does the 3-hour estimated per-response burden.

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?*

³ TTB employee labor costs are based on the fully-loaded labor rate (hourly wages x 1.63 to account for employee benefit costs) for the Cincinnati, Ohio, Federal locality pay area—the location of TTB's National Revenue Center, which processes this information collection. Therefore, the GS-5, step 5, clerical worker fully-loaded labor rate is \$32.21 per hour (\$19.76/hour x 1.63 = \$32.21), and a GS-11, step 5 fully-loaded labor rate is \$58.91 per hour (\$36.14/hour x 1.63 = \$58.91). See https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/CIN_h.pdf.

As a cost saving measure for both TTB and the public, TTB is seeking approval not to display the expiration date for OMB approval of this information collection on its related form, TTB F 5300.28. By not displaying that date on the form, TTB will not have to update the form on its website each time OMB reapproves this information collection. Similarly, TTB-regulated and other businesses will not have to update stocks of the paper form, self-produced electronic copies of the form, or versions of the form made for sale to other businesses. Additionally, not displaying the information collection's OMB approval expiration date on the form will avoid confusion among members of the public who may have copies of the form with different expiration dates in their possession.

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 does not employ statistical methods.