

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Request

OMB Control Number 1513–0027

**Removals of Tobacco Products and
Cigarette Papers and Tubes without Payment of Tax**

Changes Since Last Approval

In this Supporting Statement, TTB is updating the information provided in Questions 8, 12, 14, and 15 to reflect changes to, respectively, the 60-day notice publication information, estimated respondent labor costs, Federal Government labor costs, and adjustments associated with this information collection request.

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), as amended, (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 (Secretary) has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Order 120–01.

The IRC at 26 U.S.C. 5704(b) provides that a manufacturer or export warehouse proprietor may, in accordance with regulations prescribed by the Secretary, transfer tobacco products and cigarette papers and tubes without payment of tax to the bonded premises of another such entity. That section also provides that manufacturers and proprietors may remove those articles without payment of tax for shipment or consumption beyond the jurisdiction of the internal revenue laws of the United States. In addition, the IRC at 26 U.S.C. 5722 requires that manufacturers of tobacco product and cigarette papers and tubes and export warehouse proprietors make reports as the Secretary requires by regulation.

Under the authority of those IRC sections, the TTB regulations regarding removals of tobacco products and cigarette papers and tubes without payment of tax are contained in 27 CFR part 44. Those regulations provide for such removals by a manufacturer (including a customs bonded manufacturing warehouse) or an export warehouse proprietor for the purposes of: (1) Exportation to a foreign country, Puerto Rico, the U.S. Virgin Islands, or possession of the United States; (2) transfer to a Federal agency or the armed forces for subsequent export; (3) transfer to a vessel or aircraft as supplies for consumption beyond

the jurisdiction of the internal revenue laws of the United States; or (4) transfer to an export warehouse or foreign-trade zone. In addition, the regulations allow an export warehouse proprietor to remove tobacco products and cigarette papers and tubes without payment of tax for return to the original manufacturer or for destruction under TTB supervision.

The part 44 regulations also require that a manufacturer or export warehouse proprietor report removals of tobacco products and cigarette papers and tubes, without payment of tax, and obtain certification of the articles' export, receipt, transfer, or destruction, using form TTB F 5200.14, Taxable Articles Without Payment of Tax. The TTB regulations that require or govern the use of that form are found at §§ 44.142, 44.198 – 44.208, 44.210, 44.213, and 44.256 – 44.267. In addition, §§ 44.209 and 44.212 require manufacturers and export warehouse proprietors to file letterhead notices with TTB when they wish to divert a shipment to a different consignee than that originally designated on TTB F 5200.14, or when the loading of a shipment is delayed more than 30 days at the port of exportation.

Alternatively, as authorized by § 44.72 and as described in TTB Industry Circular 2004–3, instead of using TTB F 5200.14 to make per-removal reports to TTB, respondents may apply to submit a “Monthly Summary Report” of removals of tobacco products and cigarette papers and tubes made without payment of tax for export purposes. Under that Industry Circular, respondents submit a letterhead application to TTB requesting approval to use the alternate procedure. After approval, respondents complete the notice of shipment section of TTB F 5200.14 for each removal but maintain the forms and the usual and customary business records documenting each export shipment at their premises, available for TTB inspection upon request. Using information from the forms and records, respondents submit Monthly Summary Reports listing the required data regarding each removal made without payment of tax for export purposes. While there is no TTB form for these summary reports, TTB Industry Circular 2004–3 contains a suggested format for the alternate procedure application and the monthly report, which respondents electronically submit to TTB via a dedicated e-mail address.

Under the IRC and the TTB regulations, manufacturers and export warehouse proprietors making removals of tobacco products and cigarette paper and tubes without payment of tax remain liable for the Federal excise tax on those articles until the articles are exported or destroyed. As such, this information collection request is necessary to protect the revenue by ensuring that the tax provisions of the IRC are appropriately applied to such removals.

This information collection request is aligned with the following Line of Business/Sub-function: *General Government / Taxation Management*.

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

TTB uses the information collected under this request to protect the revenue by ensuring that the tax provisions of the IRC are appropriately applied to removals of tobacco products and cigarette papers and tubes made without payment of tax. The collected information allows TTB to maintain accountability over such articles and removals and to detect diversion of untaxed articles to otherwise taxable uses. To do so, TTB personnel may compare the collected information with other information provided by respondents in periodic operations reports and in records maintained at their premises.

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?

Respondents may use the alternate procedure described in TTB Industry Circular 2004–3 to electronically report removals of tobacco-related articles made without payment of tax by submitting a Monthly Summary Report to TTB as an attachment to an e-mail sent to exports@ttb.gov. Respondents may generate that report using information technology of their choice. In addition, TTB F 5200.14 is available as a fillable-printable form on the TTB website (see <https://www.ttb.gov/public-information/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?

The information TTB requires under this collection request contains data unique to each respondent and applicable to specific removals of tobacco products and cigarette papers and tubes, without payment of tax, made by the respondent. As far as TTB can determine, similar information regarding such removals is not available elsewhere.

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

TTB requires all entities, regardless of size, to provide the required information concerning removals of tobacco products and cigarette papers and tubes, without payment of tax, in order to prevent diversion of such articles to otherwise taxable uses. As such, waiver or reduction of this collection requirement, simply because the respondent's business is small, would jeopardize the Federal revenue. In addition, TTB notes that respondents may request to use the alternative Monthly Summary Report in place of the per-removal reports made to TTB on form TTB F 5200.14, which TTB believes reduces the burden of this collection request for all 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?

The required information is necessary to protect the revenue as it allows TTB to account for removals of tobacco products and cigarette papers and tubes made without payment of tax, and it assists TTB in detecting diversion of such articles to otherwise taxable uses. TTB requires respondents to provide the required information only when such removals are made, or, alternatively, on a monthly basis. Not collecting the required information, or collecting it less frequently, would jeopardize the revenue.

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?

Under 5 CFR 1320.5(d)(2)(i), requiring respondents to report information to an agency more often than quarterly is a special circumstance. In the case of this information collection request, respondents must report removals of tobacco products and cigarette papers and tubes, without payment of tax, made for the purposes authorized by the IRC at 26 U.S.C. 5704(b) each time such a removal is made, or, alternatively, via a monthly summary report.

TTB believes that this frequency of reporting is necessary to protect the revenue as the collected information allows TTB to account for such removals, and it assists in preventing the diversion of untaxed tobacco products and cigarette papers and tubes to otherwise taxable uses.

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 29, 2024, at 89 FR 94871. 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 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, Federal law at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated businesses and individuals. In addition, the IRC at 26 U.S.C. 6103 prohibits disclosure of tax returns and related information, including that collected under this request, unless that section specifically authorizes disclosure. TTB maintains the collected information 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 request contains no questions of a sensitive nature. In addition, this request does not collect personally identifiable information (PII) in an electronic system. Therefore, no Privacy and Civil Liberties Impact Assessment (PCLIA) or System of Records Notice (SORN) is required for this collection.

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

Respondent Burden Hours: Based on recent data, TTB estimates the annual respondent burden hours for this information collection request to be as follows:

Information Collection	No. of Respondents	Avg. No. of Responses / Respondent	No. of Responses	Time Burden Per Response	Total Estimated Burden Hours
Removal Reports Submitted on TTB F 5200.14	210	100	21,000	1.0 hour	21,000
Monthly Summary Report (Alternate Procedure)	80	12	960	7.0 hours*	6,720
Letterhead Applications and Notices**	10	1	10	1.0 hour	10
TOTALS	300	(avg. 73.2333)	21,970	(avg. 1.2622)	27,730

* 6 hours of recordkeeping and 1 hour of reporting. ** Includes letterhead notices modifying information on a TTB F 52100.14 and letterhead applications to use the Monthly Summary Report alternate method described in Industry Circular 2004-3.

Estimated Respondent Labor Costs: Based on the average fully-loaded labor rate of \$35.42 per hour for Office and Administrative Support employees in the tobacco manufacturing industries, TTB estimates the per-respondent and total respondent labor costs for this information collection request as follows:¹

Annual Respondent Labor Costs for OMB No. 1513-0027 (Office and Administrative Employees in the Tobacco Manufacturing Industry)						
Information Collection	Avg. Time / Response	Fully-loaded Labor Rate / Response*	Responses / Respondent	Labor Costs / Respondent	Total Respondents	Total Labor Costs
TTB F 5200.14	1 hour	\$35.42	100	\$3,542.00	210	\$743,820.00
Monthly Summary Report	7 hours	\$247.94	12	\$2,975.28	80	\$238,022.40
Letterhead Applications & Notices**	1 hour	\$35.42	1	\$35.42	10	\$354.20
TOTALS	(avg. 1.26)	(avg. \$44.71)	(avg. 73.23)	(avg. \$3,273.99)	300	\$982,196.60

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

Recordkeeping: The TTB regulations at 27 CFR 44.142, 44.199, and 44.257 require respondents filing TTB F 5200.14 with TTB to keep a record copy of each form for 3 years following the close of the calendar year in which the reported shipments or transfers were received or removed.

¹ Private Sector Fully-loaded Labor Rate per Hour = Hourly wage 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 312200—Tobacco Product Manufacturing, the estimated fully-loaded labor rate per hour for Office and Administrative Support Occupations (43-0000) employees is \$35.42 based on a mean hourly wage of \$24.60. See https://www.bls.gov/oes/2023/may/naics4_312200.htm.

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 source the provided information regarding removals of tobacco products and cigarette papers and tubes made without tax from usual and customary records, such as shipping and consignment records, kept during the normal course of business. As such, respondents do not have any non-labor costs for this collection request. As for mailing supply and postage costs for responses provided by mail, TTB estimates that each response costs \$4.00, which totals \$84,040.00 annually for the 21,010 responses submitted by mail.

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

TTB estimates of the annual cost to the Federal Government for this information collection request are as follows:

General costs: There are no overhead costs to TTB associated with this collection, nor are there any printing and distribution costs to TTB due to the availability of TTB forms on the website (see <https://www.ttb.gov/public-information/forms>).

Labor costs: TTB estimates the annualized labor costs to the Federal Government for this information collection request as follows:

Labor Costs for Personnel at TTB's National Revenue Center in Cincinnati, Ohio, for OMB No. 1513-0027*					
Position	Fully-loaded Labor Rate per Hour ²	Processing Time per Response	Labor Costs per Response	Total Responses	Total TTB Labor Costs
GS-5, Step 5, Clerk	\$37.18	6 minutes	\$3.718	21,970	\$81,684.46
GS-11, Step 5, Specialist**	\$68.17	24 minutes	\$27.268	10 [#]	\$272.68
TOTALS	(avg. \$37.237)	(6.0109 min)	(avg. \$3.7304)	21,970	\$81,957.14

*Fully-loaded labor rates rounded to the nearest whole cent unless otherwise notice. **After filing by TTB clerks, GS-11 TTB specialists only review submitted TTB F 5200.14 forms and the alternative Monthly Summary Reports during audits or investigations of specific respondents and those labor costs are excluded from this labor cost estimate. As such, only the GS-11 labor costs associated with review of the letterhead applications and notices associated with this information collection request are included in this labor cost estimate. [#]The 10 letterhead and notice responses are within the total of 21,970.

² 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 Federal employees in the Cincinnati, Ohio, wage area are: (1) GS-5, step 5 employee = \$37.18 (based on an hourly wage of \$22.81); and (2) GS-11, step 5 employee = \$68.17 (based on an hourly wage of \$41.82).. See the OPM website at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2025/CIN_h.pdf.

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

There are no program changes or adjustments to this information collection request at this time, and TTB is submitting it for extension purposes only.

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 the OMB approval expiration date for this information collection request on its related form, TTB F 5200.14. However, TTB notes that respondents generate the alternative Monthly Summary Reports, along with the related Letterhead Applications and Notices included in this collection request, and, as such, there is no medium for TTB to display the OMB expiration date on those information collection instruments.

18. What are the exceptions to the certification statement?

(c) See item 5 above.

(i) No statistics are involved.

B. Collection of Information Employing Statistical Methods.

This information collection request does not employ statistical methods.