

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement — Information Collection Request

OMB Control Number 1513–0110

**Recordkeeping for Tobacco Products Removed in Bond from a Manufacturer's Premises
for Experimental Purposes – 27 CFR 40.232(e).**

Changes Since Last Approval

There are no changes to this Supporting Statement since the last approval of this information collection, other than updates to the Federal Register notice publication data in Question 8.

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.

The IRC at 26 U.S.C. 5701 imposes a Federal excise tax on domestically-produced and imported tobacco products (cigars, cigarettes, smokeless tobacco, pipe tobacco, and roll-your-own tobacco) and cigarette papers and tubes, and, under the IRC at 26 U.S.C. 5703, the manufacturer or importer of such articles is originally liable for that excise tax. However, the IRC at 26 U.S.C. 5704(a) allows tobacco product manufacturers to furnish such products for experimental purposes without payment of the Federal excise tax, “in such manner as the Secretary shall by regulation prescribe.”

Therefore, under the authority of 26 U.S.C. 5704(a), the TTB regulations at 27 CFR 40.232, Experimental purposes, provide that, under certain conditions, manufacturers of tobacco products may use such products for experimental purposes inside a factory or remove tobacco products for experimental purposes outside of a factory without determination and payment of tax. Under § 40.232(e), Record of use, manufacturers that remove tobacco products without payment of tax for experimental use outside a factory must keep records documenting: (1) The name and address of the consignee, (2) the kind and quantity of tobacco products removed, (3) a description of the tobacco products' packaging (if any),

(4) a description of how and when the consignee will use the tobacco products, and (5) the disposition of any remaining tobacco products after the consignee's use.

The data required under § 40.232(e) is necessary to protect the revenue. Accounting for nontaxpaid removals of tobacco products from a factory for experimental purposes allows TTB to prevent or detect the diversion of such nontaxpaid products into the taxable market.

This information collection is aligned with Line of Business/Sub-function: General government / Taxation management.

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

The records required under § 40.232(e) document nontaxpaid tobacco products removed by manufacturers for experimental purposes outside a factory, the amount of which they report to TTB on their monthly operations reports.¹ Manufacturers maintain the required records at their business premises, and TTB personnel may inspect the records during audits or field investigations. TTB personnel use the records required under § 40.232(e) to verify: (1) The reported amount and kind of nontaxpaid removals of tobacco products for experimental purposes, (2) the recipients of such removals, (3) the legitimate experimental uses of such products, and (4) the final dispositions of the removed products. Accounting for removals of such nontaxpaid tobacco products is necessary to protect the revenue as that accounting assists TTB in preventing or detecting diversion of such products into the taxable 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?

Tobacco product manufacturers maintain the records required under § 40.232(e) at their premises for a period of at least 3 years, subject to TTB inspection. TTB specifies no specific form or format for the records, and manufacturers may keep the required records in paper or electronic formats at their discretion.

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?

Each nontaxpaid removal of tobacco products for experimental purposes outside a factory is unique in its identity, quantity, and purpose. As far as TTB can determine, there are no comparable records available to the agency to describe and account for such removals.

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

Records documenting removals of nontaxpaid tobacco products for experimental purposes outside a factory are necessary to protect the revenue as such products can be diverted to taxable uses. As such, this recordkeeping requirement cannot be waived simply because the respondent's business is small. In addition, TTB believes that the required records are usual and customary, and, therefore, TTB cannot further reduce this requirement.

¹ See TTB F 5210.5, Report—Manufacturer of Tobacco Products or Cigarette Papers and Tubes, which is approved under OMB control number 1513-0033. The amount of nontaxpaid tobacco products removed for experimental purposes outside the manufacturer's factory is reported on line 15(f) of that form.

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 this recordkeeping requirement, TTB could not accurately verify nontaxpaid removals of tobacco products for experimental purposes outside a factory. Lack of such verification would jeopardize the revenue as it would prevent TTB from detecting diversion of nontaxpaid tobacco products into the taxable 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 regarding this information collection requirement from the public, TTB published a “60-day” comment request notice for this collection in the Federal Register on January 30, 2026, at 91 FR 4180. TTB received no comments regarding this 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 information collection, which consists of records regarding nonpaid tobacco products removed for experimental purposes outside of a factory, which are kept by respondents at their premises. TTB notes that Federal law at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated businesses and individuals, and that 26 U.S.C. 6103 prohibits disclosure of tax returns and related information unless disclosure is specifically authorized by that section.

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 requirement, which consists of records kept by respondents at

their business premises, contains no questions of a sensitive nature, and it does not collect personally identifiable information (PII) in a Government 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?

Estimated Respondent Burden and Labor Costs: Based on recent data, TTB estimates that 235 respondents are subject to this information collection requirement. TTB further estimates that each respondent makes one annual response to this recordkeeping requirement for a total of 235 annual responses. Because this information collection consists of usual and customary records, such as consignment and shipping records, kept by respondents during the normal course of business regardless of any regulatory requirement to do so, this collection imposes no additional time or labor cost burden on respondents per the OMB regulations at 5 CFR 1320.3(b)(2).

Respondent record retention: Under 27 CFR 40.185, tobacco product manufacturers must keep all records required under 27 CFR part 40, and they must maintain those records for at least 3 years after the close of calendar year during which the records were made or filed.

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)?

This information collection consists of usual and customary business records, such as consignment and shipping records, that respondents keep at their premises during the normal course of business. As such, in accordance with 5 CFR 1320.3(b)(2), there is no cost burden to respondents associated with this information collection.

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

There is no cost to the Federal Government for the maintenance of usual and customary business records kept by respondents at their premises.

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

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

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?

This information collection consists of certain usual and customary records that tobacco product manufacturers keep at their premises during the normal course of business. As

such, there is no prescribed TTB form for this collection and there is no medium for TTB to display the information collection's OMB approval expiration date.

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.