

DEPARTMENT OF THE TREASURY

ALCOHOL AND TOBACCO TAX AND TRADE

Supporting Statement - Information Collection Requirement

OMB Control Number 1513-0069

TTB REC 5210/6 Tobacco Products Manufacturers - Supporting Record for Removals
for the Use of the United States.

A. JUSTIFICATION

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection?

Tobacco products and cigarette papers and tubes are subject to tax under 26 U.S.C. 5701. Pursuant to 26 U.S.C. 5704(b), these items can be removed without the payment of tax if they are for the use of the United States.

In order to safeguard these taxes, tobacco products manufacturers are required to maintain a system of records designed to establish accountability over the tobacco products and cigarette papers and tubes produced. Under 26 U.S.C. 5741, every manufacturer of tobacco products or cigarette papers and tubes, every importer, and every export warehouse proprietor is required to keep such records as the Secretary of the Treasury prescribes by regulation.

The recordkeeping requirements of 27 CFR 45.51 establish a supporting record showing such removals; the date, the name and address of the Federal agency to which shipped, the quantity, and for large cigars, the wholesale price. Records must also be kept detailing any items returned to the manufacturer.

The implementing regulation was issued under the authority of, which states that

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

These records are used by TTB personnel during field tax compliance examinations to verify that all tobacco products removed without payment of tax for the use of the United States can be accounted for, thus ensuring that tax revenues are protected. Without this recordkeeping requirement, no recording of the data elements pertaining to these operations would be prescribed, leaving a significant gap in the audit trail and making it difficult or impossible to trace these transactions. This could jeopardize 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 record keeping requirements do not prohibit the use of information technology in record keeping or the use of electronic records. TTB has approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the maintenance of required records.

4. What efforts are used to identify duplication? Why can't any similar information already available be used or modified for use for the purposes described in Item 2 above?

TTB searches an agency subject classification system to identify any duplication. No similar information is available from any other sources. If the manufacturer keeps invoices or other usual and customary business records showing the required information, no additional record need be kept.

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

The collection of information does not have a significant impact on a substantial number of small businesses or other 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?

This record is necessary so that TTB Officers can verify that removals made without payment of tax were actually for the use of the United States. If no record showing these removals was maintained, or if the name of the receiving agency was not shown, there would be no way to corroborate that the manufacturer was in fact not liable for the tax. This record is thus part of the comprehensive record system that enables TTB Officers to trace tobacco products transactions and determine that tax liabilities have been accurately determined and discharged by the manufacturer. The records tie in with one another to form an inclusive system that provides a high degree of accuracy regarding the determination of tax liabilities.

This recordkeeping requirements established are considered to be the minimum necessary to confirm that the appropriate taxes have been paid on tobacco products. The record contains the minimum amount of information necessary to maintain accountability within the system; any less information would make the record incomplete and jeopardize the revenue.

7. Are there any special circumstances associated with this information collection?

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?

A 60-day Federal Register notice was published for this information collection on Wednesday, November 21, 2007, 72 FR 65646. The notice solicited comments from the general public. TTB received no comments.

9. What decision was made to provide any payment or gift to respondents, other than reenumeration of contractors or grantees?

No payment or gift is associated with this collection.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

These records are maintained at the premises of the regulated individual. However, 26 U.S.C. 6103 protect the confidentiality of taxpayer information obtained by the Government from regulated individuals.

11. What justification is there for questions of a sensitive nature?

We ask no questions of a sensitive nature.

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

We estimate that this recordkeeping requirement will take each of the 101 respondents 5 hours per year to compile and record the required information, resulting in a total burden of 505 hours.

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information?

There is no annual cost burden associated with this collection of information.

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

There is no cost to the Federal Government.

15. What is the reason for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I?

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

16. Outline plans for tabulation and publication for collections of information whose results will be published.

The results of this collection will not be published.

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?

It would be inappropriate to display the expiration date for OMB approval because these are records that are maintained by the respondent and unlike a form there is no medium for us to display the date.

18. What are the exceptions to the certification statement?

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods

This collection does not employ statistical methods.