

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement – Information Collection Requirement

OMB Control Number 1513-0089

TTB REC 5530/3 Liquors and Articles from Puerto Rico or the Virgin Islands

A. Justification

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection? Also include the following: Align the information collection to Treasury's Strategic Goals, Line of Business/Sub-function, and IT Investment, if one is used.

This submission renews OMB approval for 27 CFR part 26, which implements section 1879(i) of the Tax Reform Act of 1986 (26 U.S.C. 7652(g)). The act allows the drawback of taxes paid for distilled spirits contained in certain nonbeverage products (medicines, medicinal preparations, food products, flavors, and flavor extracts) brought into the United States from Puerto Rico or the Virgin Islands. It makes the provisions of 26 U.S.C. 5131 through 5134 applicable to such products at the time of entry into the U.S. This information collection is necessary to ensure compliance with those provisions.

This information collection imposes recordkeeping and reporting requirements necessary to assure (1) the manufacture of nonbeverage products in accordance with approved formulas, (2) the tax payment of distilled spirits contained in nonbeverage products brought into the U.S., (3) the entry of nonbeverage products into the U.S., and (4) the filing of claims for drawback of tax within the statutory time period.

Accordingly, 27 CFR 26.51 and 26.221 require the submission of formulas for eligible nonbeverage products on TTB Form 5154.1 rather than TTB Form 5150.19. These forms have been approved under OMB Control Numbers 1513-0021 and 1513-0011, respectively.

Sections 26.173 and 26.309 of 27 CFR have requirements for information to be submitted with claims for drawback. The claim is filed on TTB Form 5620.8 (OMB Control Number 1513-0030).

Sections 26.174 and 26.310 of 27 CFR list requirements for records to be maintained by claimants of drawback for eligible nonbeverage products brought into the U.S. from Puerto Rico or the Virgin Islands. Records must be maintained for not less than 3 years.

This information collection is aligned with:

Treasury Strategic Goal: Effectively Manage US Government Finances.

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

IT Investment: Tax Major Application Systems.

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

The supporting data required by 27 CFR 26.173 and 26.309 is necessary so that our National Revenue Center can determine (1) that the imported products are eligible articles manufactured under an approved formula, (2) the quantity of distilled spirits contained in the products, (3) that the claim was filed within the statutory time period, and (4) that the tax was paid on the distilled spirits contained in the products. Without the submission of this information, our National Revenue Center would be unable to determine whether a claimant was entitled to the drawback of taxes.

Similarly, 27 CFR 26.174 and 26.310 list requirements for records to be maintained by claimants of drawback for eligible nonbeverage products brought into the U.S. from Puerto Rico or the Virgin Islands. If the claimant is also the manufacturer of the product, the data elements required by paragraph (b) of those sections will enable our officer to verify that information submitted with a claim is accurate and complete. If the claimant is other than the manufacturer of the product, the records required by paragraph (c) of those sections will only enable the officer to verify portions of the information submitted with a claim. In such instance, the manufacture of the product, in accordance with approved formulas, must be verified by chemical analysis of samples taken, as necessary, for that purpose. Paragraph (d) of those sections prescribes the evidence of tax payment, which must be maintained by the claimant.

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?

We have 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?

The information collected in the supporting documentation and in required records is pertinent to only the claimant. Claimants provide this supporting documentation to substantiate the claim. As far as we 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?

All entities, regardless of size, are required to submit and retain information, however, a small entity may be expected to have fewer and smaller transactions, and the recordkeeping burden would be commensurately less.

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?

Records required by this collection are maintained on a continuing basis and supply the necessary supporting data to be submitted with claims.

Collections of information on the shipment of eligible nonbeverage products to the U.S. from Puerto Rico or the Virgin Islands are the minimum amount of information necessary to establish that a claimant is eligible for the drawback of the distilled spirits taxes. With any less information, we would be unable to verify compliance with the provisions of 26 U.S.C. 5131 through 5134.

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 other 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.

A 60-day Federal Register notice was published for this information collection on Friday, June 29, 2012, 77 FR 38886. 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 remuneration 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?

The confidentiality of the information prepared in this supporting documentation to substantiate tax claims is protected by 26 U.S.C. 6103.

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

We do not ask questions of a sensitive nature in this collection.

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

There is no change in burden from the previous submission. Required records are usual and customary commercial records, which would be maintained in the normal course of business activities. Therefore no burden to the respondents is imposed. We estimate that the time it will take for each claimant to provide the supporting data for each claim for drawback of taxes will be approximately one hour. We anticipate each entity will file an average of 8 claims annually. We therefore estimate a burden of one hour for each response on each of approximately 20 possible respondents.

$20 \text{ (respondents)} \times 8 \text{ (times filed annually)} = 160 \text{ (responses)} \times 1 \text{ hour (processing time)} = 160 \text{ (total burden hours)}$.

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information (excluding the value of the burden hours in Question 12 above?)

We do not associate any cost with this collection.

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

Recordkeeping requirements and requirements for supporting data on claims will be of no costs to TTB.

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

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 of OMB approval because this is a recordkeeping requirement and supporting data submission. Unlike the form, there is no medium on which to display the 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. Collection of Information Employing Statistical Methods

This collection does not employ statistical methods.