

**DEPARTMENT OF THE TREASURY**  
**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**  
**Supporting Statement -- Information Collection Request**  
**OMB Control Number 1513-0005**

Information Collection Request Title:

Letterhead Applications and Notices Filed by Brewers; and Brewer's Notice.

Information Collections Issued under this Title:

- Brewer's Notice (TTB F 5130.10 and Permits Online (PONL) Equivalent).
- Brewer's Notice— Bond Exemption Applications (TTB F 5130.10 and Permits Online (PONL) Equivalent).
- Letterhead Applications and Notices Filed by Brewers (TTB REC 5130/2).

**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 has delegated certain IRC administrative and enforcement authorities to TTB through Treasury Department Order 120-01.

The IRC at 26 U.S.C. 5051-5056 imposes Federal excise taxes on beer, provides for specific exemptions from those taxes, and provides for payment and/or refund for those taxes. The IRC at 26 U.S.C. 5401 requires all brewers to furnish qualifying documents to the Secretary before starting or continuing business, including a written notice containing information specified by regulation about the business and, in certain cases, a bond to ensure protection of the revenue. The "Brewer's Notice" is approved under this OMB control number, 1513-0005, while the brewer's bond is approved under OMB control number 1513-0015.) In addition, the IRC at:

- 26 U.S.C. 5411 lists authorized uses of brewery premises and stipulates that, by regulation, the Secretary may allow other uses that do not jeopardize the revenue.
- 26 U.S.C. 5412 states that brewers may remove beer only in containers marked, branded, or labeled in such manner as required by regulation, but allows for pipeline transfers of beer to a contiguous distilled spirits plant.

- 26 U.S.C. 5414 permits removals of beer from one brewery to another brewery owned by the same brewer.
- 26 U.S.C. 5415 requires brewers to keep records in the form and manner as prescribed by regulation. This section also requires brewers to make true and accurate returns of operations and transactions as prescribed by regulation.
- 26 U.S.C. 5417 authorizes establishment of pilot brewing plants for research, analytical, experimental, or developmental purposes, subject to regulations issued by the Secretary.

As authorized by those sections of the IRC, and as required under the TTB regulations in 27 CFR Part 25, Beer, all new applicants and certain existing brewers are required to file a new or amended Brewer's Notice with TTB, as appropriate, prior to commencing or continuing brewing operations. Regulations in part 25 also require brewers to file letterhead applications and notices to provide TTB with information regarding certain activities and changes at a brewery. These information collection requirements are necessary to protect the revenue and ensure that brewery operations are conducted in compliance with relevant laws and regulations. The TTB regulatory requirements associated with this information collection are discussed below.

Brewer's Notice (New, Amended, or Bond Exemption Application)

The TTB regulations at 27 CFR 25.61 require applicants to file a Brewer's Notice, including any required attachments, using form TTB F 5130.10 prior to starting business as a brewer. The data and supporting documentation requirements for Brewer's Notices are set out in § 25.62. In addition, § 25.25 requires "brewpub" applicants to file a Brewer's Notice to operate a tavern (restaurant) on brewery premises. Other part 25 regulations require existing brewers to file an amended Brewer's Notice when certain specified changes occur at a brewery, including alternations and changes to a brewery's ownership, control, location, description, and bond or operating status.

The following TTB regulations concern the requirements for, and the filing, maintenance, and amendment of, the Brewer's Notice:

§ 19.143 Alternation for other purposes.	§ 25.25 Operation of a tavern on brewery premises.
§ 25.61 General requirements for notice.	§ 25.62 Data for notice.
§ 25.63 Notice of registration.	§ 25.64 Maintenance of notice file.
§ 25.66 Organizational documents.	§ 25.68 Description of brewery.
§ 25.71 Amended or superseding notices.	§ 25.72 Change in proprietorship.
§ 25.73 Change in partnership.	§25.75 Change in officers and directors.
§ 25.77 Change in location.	§ 25.78 Change in premises.
§ 25.79 Change in bond status.	§ 25.81 Alternation of brewery and bonded or taxpaid wine premises.
§ 25.85 Notice of permanent discontinuance.	

### Letterhead Applications and Notices

As required by regulations in 27 CFR part 25, brewers file letterhead applications and notices with TTB to conduct or report certain regulated operations at the brewery. In general, brewers file letterhead applications to obtain TTB approval for activities that the agency has determined pose the most jeopardy to the revenue. Activities posing less jeopardy require brewers to submit letterhead notices to TTB.

The following regulations in part 25 require the submission of letterhead applications:

§ 25.23 Restrictions on use.	§ 25.52 Variations from requirements
§ 25.272 Application (pilot brewing plants).	§ 25.273 Action on application.
§ 25.299 Execution under penalties of perjury.	§ 25.300 Retention and preservation of records.

The following regulations in part 25 require the submission of letterhead notices:

§ 25.74 Change in stockholders.	§ 25.81 Alternation of brewery and bonded or taxpaid wine premises.
§ 25.141 Barrels and kegs (label coding system).	§ 25.142 Bottles (label coding system).
§ 25.144 Rebranding barrels and kegs.	§ 25.158 Tax computation for bottled beer.
§ 25.167 Notice of brewer to pay reduced rate of tax.	§ 25.184 Losses in transit.
§ 25.213 Beer returned to brewery other than that from which removed.	§ 25.222 Notice of brewer (beer to be destroyed).
§ 25.225 Destruction of taxpaid beer which was never removed from brewery premises.	§ 25.277 Discontinuance of operations (pilot brewing plants).
§ 25.282 Beer lost by fire, theft, casualty, or act of God.	§ 25.300 Retention and preservation of records.

This information collection is aligned with —

- Line of Business/Sub-function: Law Enforcement / Substance Control.
- IT Investment: Permits Online and Tax Major Application Systems.

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

As required by the IRC and the TTB regulations, respondents provide an original Brewer's Notice to inform TTB of their identity and intent to establish a brewery, and its location, extent, and proposed operations. Existing brewers submit an amended Brewer's Notice or letterhead applications and notices, as appropriate, to inform TTB of changes in a brewery's bond requirements, description, control, location, processes, status, and operations, including the destruction, loss, or return of beer.

In sum, the Brewer's Notice serves as an application and approval document, and, together with a brewer's letterhead applications and notices, this information collection provides a permanent, ongoing record of a brewery's operations. To protect the revenue, TTB uses the collected information to determine the respondent's identity and eligibility to operate a

brewery, and if the brewery and its operations conform to relevant the Federal laws and regulations.

*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 has approved and will continue to approve, on a case-by-case basis, the use of improved information technology for the collection and maintenance of required records. Currently, respondents may file the information collected on the Brewer's Notice electronically using the Original/Amended Brewery, Microbrewery, or Brewpub Application contained in TTB's Permits Online (PONL) system; see the TTB website at <https://www.ttbonline.gov/permitsonline>. A PONL Tutorial and a PONL Customer User Guide are available on the TTB website at, respectively, [https://www.ttb.gov/pnl/permits\\_online-tutorials.shtml](https://www.ttb.gov/pnl/permits_online-tutorials.shtml) and <https://www.ttb.gov/pnl/customer-reference-manual-permits-online-0515.pdf>.

In addition, the Brewer's Notice also is available as a fillable/printable paper form, TTB F 5130.10, on the TTB website at <https://www.ttb.gov/forms/5000.shtml>.

*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 collected under this approval is pertinent to each respondent and applicable to the specific issues of filing a Brewer's Notice and filing letterhead applications and notices related to certain specific brewery operations. As far as TTB is able to 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 by statute and regulation to file and maintain a Brewer's Notice to operate as a brewer. Brewers also are required to file letterhead applications and notices to identify specific operational activities in accordance with statutory and regulatory requirements. To lessen respondent burden, TTB encourages the use of its PONL system to electronically file new and amended Brewer's Notices. In addition, TTB notes that a number of changes to brewery operations and activities are reported using less-burdensome letterhead applications and notices. In sum, TTB considers the burden associated with this information collection to be the minimum necessary to protect the revenue and ensure compliance with relevant laws and regulations.

*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?*

Regarding the Brewer's Notice, no similar information source is available to TTB from which it can determine who is operating as a brewer or that describes the brewery's location, construction, operations, and security. Regarding letterhead applications and notices filed

by brewers, there are no other information sources from which TTB can learn of changes to brewery control, ownership, or status, or learn of changes to brewery operations that could propose a jeopardy to the revenue or from which TTB can determine if a brewer is operating in compliance with Federal law and regulations. Applicants and brewers file the Brewer's Notice and letterhead applications and notices only on an as-needed basis. As such, this information collection cannot be conducted less frequently, and not collecting the required information could 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 27 CFR 25.64, Maintenance of notice file, for as long as the brewery remains in business, the proprietor must maintain, at the brewery premises, the approved Brewer's Notice and all supplemental documents incorporated into the Notice. This file must be complete and current, and readily available for inspection by an appropriate TTB officer.

*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 general public, TTB published a "60-day" comment request notice for this information collection in the Federal Register on June 9, 2017, at 82 FR 26837. TTB received no comments on 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 collection.

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

No specific assurance of confidentiality is provided for the Brewer's Notice on TTB F 5130.10 or for its PONL equivalent. However, a Privacy Act Statement for the Brewer's Notice is provided on TTB F 5130.10 and in PONL, which explains TTB's use of the requested information and to what entities, and for what purposes, TTB may disclose the information. No specific assurance of confidentiality or Privacy Act Statement is provided for letterhead applications and notice filed by brewers since these are generated by the respondents and there is no medium for TTB to display such statements.

However, Federal law at 5 U.S.C. 552 protects the confidentiality of proprietary information obtained by the Government from regulated businesses and individuals, and 26 U.S.C. 6103 prohibits disclosure of tax returns and taxpayer-related information unless disclosure is specifically authorized by that section. TTB maintains the collected information in secure office space with controlled access and in password-protected computer systems, as appropriate.

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. Personally identifiable information (PII) is collected via the Brewer's Notice, and this information is stored and retrievable from a TTB electronic system. Therefore, a Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Permits Online system and the Tax Major Application system. A Privacy Act System of Records Notice (SORN) has been issued for these systems under TTB .001-Regulatory Enforcement Record System and published in the Federal Register on January 28, 2015, at 80 FR 4637. TTB's PIAs are available on the TTB website at <http://www.ttb.gov/foia/pia.shtml>. (The letterhead applications and notices associated with this information collection do not collect PII in an electronic system.)

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

Respondents file the Brewer's Notice before commencing business, and then file amended Brewer's Notices on an as-needed basis. As such, TTB estimates that 6,298 applicants or existing brewers will file one Brewer's Notice each year, with 2,099 of those brewer's filing on paper via TTB F 5130.10 and 4,199 filing electronically via the PONL system. We estimate each notice requires 3 hours to complete using the paper form and 2 hours to complete electronically using PONL. TTB also estimates that 1,652 existing brewers will file one amended Brewer's Notice in each of the next three years to apply for the bond exemption recently authorized for certain small brewers under the IRC at 26 U.S.C. 5551(d).<sup>1</sup> On average, TTB estimates that the bond exemption application will require 1 hour to complete using either the paper TTB F 5130.10 or the PONL system.

Brewers file letterhead applications and notices as necessary during the course of business. Some letterhead applications and notices may be filed only once in the course of a brewery's lifetime, while others are filed more frequently, particularly those related to changes in the status of the brewery. Therefore, based on TTB's experience, we estimate that each of 6,298 brewers will file an average of 5 letterhead applications and notices per year, and TTB estimates that each letterhead application or notice requires one-half hour to prepare. The burden associated with this information collection is summarized as follows:

	Respondents	Responses per Respondent	Annual Responses	Hours Per Response	Annual Burden Hours
F 5130.10 (paper)	2,099	1	2,099	3.0	6,297
PONL (electronic)	4,199	1	4,199	2.0	8,398

<sup>1</sup> Effective January 1, 2017, section 332 of the Protecting Americans from Tax Hikes Act (PATH Act; Public Law 114-113, Division Q) amended the IRC at 26 U.S.C. 5551(d) to add an exemption to the bond requirements for alcohol beverage producers, including brewers, who are eligible to file excise taxes on an annual or quarterly basis. To use annual filing, a taxpayer must reasonably expect to be liable for not more than \$1,000 in excise taxes for the calendar year and must be liable for not more than \$1,000 in such taxes in the preceding calendar year. To use quarterly filing, a taxpayer must reasonably expect to be liable for not more than \$50,000 in excise taxes for the calendar year and must be liable for not more than \$50,000 in such taxes in the preceding calendar year.

F 5130.10 & PONL bond exemption applications	1,652	1	1,652	1	1,652
Letterhead Notices & Applications	6,298	5	31,490	0.50	15,745
<b>Totals</b>	<b>6,299</b>		<b>39,440</b>		<b>32,092</b>

Record Retention: Brewers must maintain copies of letterhead applications and notices related to brewery operations for a period of 3 years. However, in cases where such retention is deemed necessary for the protection of the revenue, TTB may require that such records be kept for an additional period. In addition, as long as the brewery is in operation, the brewer must keep, at the brewery, up-to-date copies of the Brewer's Notice and all incorporated applications, notices, and supporting documents.

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)?*

There are no annualized start-up or maintenance costs to respondents associated with this information collection.

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

Annual costs to the Government associated with this information collection are as follows:

Clerical costs	\$2,963
Other Salary costs (review, supervisory, etc.)	\$2,808
<b>TOTAL COSTS</b>	<b>\$5,771</b>

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 website (<http://www.ttb.gov>).

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

There are no program changes or adjustments to this information collection associated with this information collection approval request.

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

TTB will not publish the results of this 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?*

Brewer's Notice: As a cost-saving measure for both TTB and the general public, TTB is seeking approval not to display the expiration date for OMB approval of this information collection on the paper TTB F 5130.10 form or on its PONL equivalent. By not displaying the expiration date of this collection, TTB will not have to update the expiration date on the paper form, in its electronic systems, and any related website pages each time the information collection is approved. Similarly, TTB-regulated businesses will not have to update their stocks of paper forms or alter electronic copies of the form, including any marginally punched continuous printed versions of the form produced by some businesses, at their own expense, for use with their electronic systems or for sale to other businesses or individuals. Additionally, not displaying the OMB approval expiration date for this collection will avoid confusion among members of the public who may have identical forms with different expiration dates in their possession. By not displaying the expiration date, supplies of the form could continue in use regardless of when OMB's approval has expired.

Letterhead Applications and Notice Requirements: For the letterhead application and notice submission requirements contained in this information collection, these are sent to TTB on the brewer's letterhead, and, as such, there is no medium for TTB to display the collection's OMB approval expiration date.

18. *What are the exceptions to the certification statement?*

(i) No statistics are involved.

**B. Collections of Information Employing Statistical Methods.**

This collection does not employ statistical methods.