

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**Supporting Statement -- Information Collection Request**

**OMB Control Number 1513-0112**

**Special (Occupational) Tax Registration and Return**

Information Collections Issued under this Title:

- Alcohol Special (Occupational) Tax Registration and Return – For Periods Ending On or Before June 30, 2008 [TTB F 5630.5a]
- Alcohol Dealer Registration – For Use On and After July 1, 2008 [TTB F 5630.5d]
- Special Tax Registration and Return – Tobacco [TTB F 5630.5t]

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

Before July 1, 2008, various sections of chapter 51 of the IRC required alcohol industry members to register for and pay an annual special occupational tax (SOT), the rates of which varied by specific occupation.<sup>1</sup> However, section 11125 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, Public Law 109–59 (the Act), permanently repealed, effective July 1, 2008, the SOT on alcohol beverage producers and marketers, non-beverage product manufacturers, tax-free alcohol users, and specially denatured spirits users and dealers.<sup>2</sup> However, any SOT liabilities incurred for periods before the law's 2008 effective date remain. (There is no liability for alcohol occupations, other than users of tax-free alcohol and users and dealers of specially denatured spirits, during the previously enacted 3-year tax suspension that ran from July 1, 2005, through June 30, 2008.) In addition, while most alcohol industry SOT registration and payment requirements have been repealed, the IRC at 26 U.S.C. 5124 continues to require wholesale and retail alcohol dealers to register with the Secretary.

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<sup>1</sup> SOT rates varied between \$250 and \$1,000.

<sup>2</sup> The Act was signed into law by the President on August 10, 2005.

Under the statutory authorities noted above, the TTB regulations in 27 CFR part 31 describe the persons and places subject to the registration requirement for wholesale and retail alcohol dealers. Under § 31.234, such dealers with SOT liabilities for periods ending on or before June 30, 2008 use of form TTB F 5630.5a as the return for such payments. Sections 31.111–31.116, 31.121–31.125, and 31.131–31.138 require such dealers to use TTB F 5630.5d to register with TTB before commencing business, report changes in existing registration information, or report the ending of business. However, businesses that file a distilled spirits- or wine-related registration or a brewer's notice under the qualification provisions of the TTB regulations in 27 CFR parts 19, 24, or 25 do not have to file TTB F 5630.5d.

While SOT no longer applies to many alcohol industry members, the IRC at 26 U.S.C. 5731 and 5732 continues to require manufacturers of tobacco products, manufacturers of cigarette papers and tubes, and export warehouse proprietors to register and pay an annual SOT on the basis of a return under such regulations as the Secretary shall prescribe.<sup>3</sup> The registration and SOT for such entities is due on or before the date of commencing business, and on or before July 1 of every year after that. Under §§ 40.31–40.33, 40.371–40.373, under the TTB regulations in 27 CFR parts 40, 44, and 46, tobacco industry members use form TTB F 5630.5t to register for and pay SOT and to report certain changes to their registration information during the tax year. The TTB regulations requiring the use of TTB F 5630.5t are found or cross-referenced in 44.31–44.33, 46.101–46.104, 46.107, 46.119, 46.120, 46.126, 46.127, 46.131, and 46.132.

The information required under this collection request is necessary to fulfill TTB's statutory obligations to register wholesale and retail alcohol dealers and to collect SOT from alcohol and tobacco industry members liable for such taxes.

This information collection is aligned with —

- Line of Business/Sub-function: General Government/Taxation Management.
- IT Investment: Special Occupational Tax/Floor Stocks Tax System.

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

Under the current statutory and regulatory requirements concerning registration and SOT payment, TTB provides respondents with three forms: (1) TTB F 5630.5a, used by persons already in business that have failed to register or pay SOT for periods ending on or before June 30, 2008; (2) TTB F 5630.5d, used by new wholesale and retail alcohol dealers register with TTB and by existing dealers required to register certain changes to their business if they have not otherwise registered or reported registration changes under the qualification provisions of the TTB regulations in 27 CFR parts 19, 24, or 25; and (3) TTB F 5630.5t, used by manufacturers of tobacco products, manufacturers of cigarette papers and tubes, and export warehouse proprietors to register and pay SOT.

As appropriate, respondents use the forms to register with TTB or to compute and report their SOT liability as required by statute. TTB's National Revenue Center (NRC) examines and processes these forms to ensure that the return was filed on time, is mathematically correct, and that the respondent has paid their SOT liability. In addition, as appropriate,

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<sup>3</sup> Under 26 U.S.C. 5731, SOT for tobacco industry members is \$1,000, but is reduced to \$500 for those with gross receipts of less than \$500,000 during the previous tax year.

NRC personnel also examine these forms to ensure the respondent is properly registered and has correctly reported any changes to a business's registration information or has notified TTB that the business is being discontinued.

The information required under this collection request is necessary to fulfill TTB's statutory obligations to register wholesale and retail alcohol dealers and to collect SOT from alcohol and tobacco industry members liable for such taxes.

*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 information. Currently, the three forms issued under this information collection request are available as fillable-printable forms on 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?*

For alcohol industry member with SOT liabilities for period ending on or before June 30, 2008, and for tobacco-related businesses, TTB F 5630.5a and TTB F 5630.5t contain information pertinent and specific to each respondent's registration and payment of SOT. As far as TTB is able to determine, similar information is not available elsewhere.

Under the IRC, many wholesale and retail alcohol beverage dealers do not otherwise register with TTB, and information similar to that provided by respondents on TTB F 5630.5a is not available to TTB. However, for other such dealers, TTB considers registration applications filed by distilled spirits plants, wineries, bonded wine warehouses, and taxpaid bottling houses, and brewer's notices filed by breweries under the qualification provisions of 27 CFR parts 19, 24, or 25 as a registration for SOT purposes and TTB does not require a TTB F 5630.5d to be filed in such cases.

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

TTB has minimized the burden on all entities by (1) considering alternatives to registration as described in the response to Question 4, and (2) requiring that respondents submit registration and SOT return forms only when tax is due or changes occur to the information provided on the forms.

*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 the use of the forms issued under this information collection requirement, TTB could not enforce the IRC's requirements regarding SOT payment and registration, which would

jeopardize the revenue. In addition, respondents use the forms only as necessary to adhere to statutory requirements, and, as such, the frequency of this collection cannot be reduced.

*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 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.*

To solicit comments from the general public, TTB published a “60-day” comment request notice for this information collection in the Federal Register on Friday, August 24, 2018, at 83 FR 42975. TTB received no comments on this information collection.

*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 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, and 26 U.S.C. 6103 prohibits disclosure of tax returns and related information unless disclosure is specifically authorized by that section. TTB maintains the forms issued under this collection request 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 contains no questions of a sensitive nature.

A Privacy Impact Assessment (PIA) has been conducted for information collected under this request as part of the Special Occupational Tax/Floor Stocks Tax System. A Privacy Act System of Records notice (SORN) has been issued for this system under TTB .001–Regulatory Enforcement Record System, which was published in the Federal Register on January 28, 2015, at 80 FR 4637. TTB’s PIAs are available on the TTB website at <https://www.ttb.gov/foia/pia.shtml>.

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

Based on recent data, TTB estimates the burden for this information collection request as follows:

Information Collection	# Respondents (one annual response each)	Total Annual Responses	Time Per Response	Total Burden Hours
F 5630.5a (private sector, for profit)	10	10	25 minutes	4 hours
F 5630.5a (private sector, not-for-profit)	10	10	25 minutes	4 hours
F 5630.5a (Individuals or households)	10	10	25 minutes	4 hours
F 5630.5d	8,000	8,000	25 minutes	3,333 hours
F 5630.5t	280	280	25 minutes	117 hours
<b>TOTALS</b>	<b>8,310</b>	<b>8,310</b>		<b>3,462</b>

Recordkeeping: In general, the TTB regulations in 27 CFR parts 31, 40, 44, and 46 require respondents to maintain copies of SOT registration and return forms for 3 years after the close of the period covered by the form.

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 annualize costs to respondents associated with this information collection request.

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

Estimates of the annual cost to the Federal Government for this information collection are:

Clerical cost	14,960
Other Salary (review, supervisory, etc.)	5,650
<b>TOTAL</b>	<b>\$ 20,610</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 through the TTB website (<https://www.ttb.gov/forms/5000.shtml>).

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

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

As for adjustments, due to changes in agency estimates, TTB is decreasing the estimated number of respondents, responses, and burden hours for submissions of TTB F 5630.5a by private sector for profit businesses and also for private sector not-for-profit institutions. Given that almost all alcohol industry members with SOT liabilities for periods ending on or before June 30, 2008, have resolved such liabilities, TTB is decreasing the estimated number of such respondents from 20 to 10 for each type of respondent, and is decreasing the total estimated number of burden hours from 8 to 4 for each type of respondent.

In addition, due to a change in agency estimates resulting from the large, previously reported decrease in the number of alcohol industry members subject to SOT, TTB is decreasing the estimated annual cost to the Federal government for this information collection request, from \$175,000 to \$20,610.

Forms: On TTB F 5630.5a, TTB is updating the TTB headquarters address in the form's Paperwork Reduction Act Notice. On forms TTB F 5630.5a, TTB F 5630.5d, and TTB F 5630.5t, in the Contact Information statement, TTB is removing an outdated 1-800 number and an outdated e-mail address; TTB's current public contact telephone number will remain on each form, 1-877-882-3277.

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

Using data from this information collection request, TTB includes the total amount of SOT it collects in its quarterly and annual Tax Collections reports, which are posted on the TTB website at [https://ttb.gov/tax\\_audit/tax\\_collections.shtml](https://ttb.gov/tax_audit/tax_collections.shtml). Also, the yearly totals amount of SOT collected by TTB are included in the bureau's Annual Reports, which are posted to the TTB website at <https://ttb.gov/about/performance-reports.shtml>. These reports only disclose total amounts of SOT collected and do not identify any individual taxpayer.

*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?*

As a cost-saving measure for both TTB and the general public, TTB requests approval to not display the expiration date for OMB approval of this information collection request on TTB F 5630.5a, TTB F 5630.5d, and TTB F 5630.5t. By not displaying the OMB approval expiration date for this collection request, TTB will not have to update that date on those paper forms each time OMB approves the collection. This will avoid confusion among respondents when the collection's approval date may have passed but its approval continues on a month-to-month basis while it is under OMB review. In addition, respondents and other businesses will not have to update their stocks of paper forms or alter electronic copies of the forms, including any versions produced for sale to others.

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

- (c) See item 5 above.
- (f) This is not a recordkeeping requirement.
- (i) No statistics are involved.
- (j) See item 3 above.

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

This collection does not employ statistical methods.