

Department of the Treasury
Alcohol and Tobacco Tax and
Trade Bureau

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2025

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Section I – Budget Request

A – Mission Statement

To collect the taxes due on alcohol, tobacco, firearms, and ammunition; protect consumers by ensuring the integrity of alcohol products; enable qualified businesses to enter and operate in the alcohol and tobacco industries; uphold fair and equitable competition in the alcohol markets; and prevent unlawful markets for alcohol and tobacco products.

B – Summary of the Request

Supporting the Nation’s economic vitality is at the core of the work that the Alcohol and Tobacco Tax and Trade Bureau (TTB) performs. The Bureau’s role in permitting, regulating, and taxing the alcohol, tobacco, and firearms industries facilitates a compliant and fair marketplace for those engaged in the manufacture and trade of these commodities, and ensures that the Federal government has the resources needed to fund national priorities. In FY 2023, TTB collected more than \$18 billion in excise taxes from the alcohol, tobacco, firearms, and ammunition industries.

TTB continues to adapt to the new operating environment, focusing on addressing new mandates while transforming its services to meet the evolving needs of the businesses we regulate. At the FY 2025 funding level, and in support of the Administration’s economic recovery and growth priorities, TTB plans to continue to focus on timely service levels and improving taxpayer experience by simplifying tax and regulatory requirements, modernizing online filing systems, and issuing clear and timely industry guidance to facilitate voluntary compliance.

Service remains a top priority, as delays to issuing permits or product approvals have financial consequences for the viability of businesses. At the FY 2025 funding level, TTB expects to restore staffing levels necessary to maintain permit, label, and formula approval times within service standards. Further, TTB will ensure access to tax benefits available to alcohol producers and importers under the permanent craft beverage modernization tax provisions, including by issuing timely refunds on import claims. In FY 2025, TTB plans to continue its data-driven and risk-based approach to administering the new import claims program. The budget request supports ongoing enhancements to online registration and filing systems, as well as the necessary tax administration and enforcement staff to administer this program.

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers, consumers, or government effectiveness. In FY 2025, TTB plans to continue its major regulatory reform efforts in permitting, tax, and alcohol beverage labeling to consolidate, clarify, and simplify requirements and, where possible, minimize filing frequency. The revised requirements will ease burdens placed on new and existing businesses and make it easier to voluntarily comply. At the same time, TTB plans to tailor the requirements to improve data quality and better detect risk to direct enforcement efforts. Further, TTB will prioritize rulemaking to stimulate trade and market competition, including proposals that would expand information on alcohol beverage labels to provide greater transparency for consumers and alcohol producers.

In addition, at the FY 2025 funding level, TTB will continue to make critical investments in its IT modernization strategy to develop an integrated online experience for all tax and regulatory transactions with TTB, known as myTTB. By improving the ease and usability of its online filing systems, TTB aims to increase electronic submissions, improve timely filings, and support taxpayer compliance. Outdated and aging technology is also increasing IT and cyber risks. Investments in FY 2025 will enable TTB to migrate its legacy online systems to the new myTTB platform, starting with permitting due to an urgent need caused by changes in the underlying commercial software.

TTB will also continue to focus on providing clear and consistent industry guidance to facilitate the submission of compliant filings. Omissions and errors on permit and alcohol label applications create inefficiencies for TTB and delays in service to industry. Undue delays in service can be a barrier to industry expansion and ongoing product innovation that fuel the economy. Further, to support these industries as they grapple with increased competition and higher operating costs, TTB plans to use compliance data to target and tailor its guidance, industry outreach, and enforcement activities, ensuring that businesses have the information they need to comply and are operating on a level playing field.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023		FY 2024		FY 2025		FY 2024 to FY 2025	
	Operating Plan ¹		Annualized CR		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Collect the Revenue	226	\$76,896	247	\$80,219	262	\$86,048	6%	7%
Protect the Public	261	\$71,967	271	\$68,644	286	\$73,631	6%	7%
Subtotal New Appropriated Resources	487	\$148,863	518	\$148,863	548	\$159,679	6%	7%
Other Resources								
Reimbursables and Offsetting Collections ²	10	\$8,392	11	\$9,539	11	\$9,539	0%	0%
Unobligated Balances from Prior Years ³	16	\$4,592	21	\$4,568	20	\$4,367	-5%	-4%
Transfer In/Out ⁴	0	\$750	0	\$300	0	\$0	0%	-100%
Subtotal Other Resources	26	\$13,734	32	\$14,407	31	\$13,906	-3%	-3%
Total Budgetary Resources	513	\$162,597	550	\$163,270	579	\$173,585	5%	6%

1/ FY 2023 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 117-328, the Consolidated Appropriations Act, 2023. FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals. FY 2024 New Appropriated Resources by Budget Activity & FTE reflect levels appropriated in P.L. 118-15, the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended).

2/ Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund, Community Development Financial Institutions Fund (CDFI Fund) along with offsetting collections from the Puerto Rico cover-over program.

3/ All years include carryover of prior two-year set-aside funding for trade practice enforcement and recoveries of 50 percent in unobligated balances from prior one-year funding.

4/ FY 2023 actual obligations include transfers from TEOAF Secretary's Enforcement Fund and TEOAF Strategic Support Fund. FY 2024 includes a transfer from TEOAF Secretary's Enforcement Fund.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	518	\$148,863
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$3,833
Pay Annualization (2024 5.2% average pay raise)	0	\$1,173
Pay Raise (2025 2.0% average pay raise)	0	\$1,371
Non-Pay (2025 2.2% non-pay inflation)	0	\$1,289
Restore Staffing Levels	30	\$5,199
Subtotal Changes to Base	30	\$9,032
FY 2025 Current Services	548	\$157,895
Program Changes:		
Program Increases:	0	\$1,784
Service Improvement – myTTB IT Modernization	0	\$1,784
Subtotal Program Changes	0	\$1,784
FY 2025 President's Budget Request	548	\$159,679

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$3,833,000 / +0 FTE

Pay Annualization (5.2% in 2024) +\$1,173,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +\$1,371,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +\$1,289,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Restore Staffing Levels+\$5,199,000 / +30 FTE

TTB requests \$5.199 million and 30 FTE to restore staffing levels across programs that were reduced to cover FY 2024 MCLs. In FY 2023, TTB added staff late in the fiscal year, largely to implement the CBMA program. Operating under a CR in FY 2024 would necessitate reduced overall staffing levels in order to absorb inflationary cost increases. This restoration of base resources is necessary to avoid significant and long-term disruptions to core taxpayer services, including issuing new or amended permits, product label and formula approvals, and tax refund claims.

Program Increases.....+\$1,784,000 / +0 FTE

Service Improvements – myTTB IT Modernization +\$1,784,000 / +0 FTE

TTB requests \$1.784 million for myTTB IT modernization to build an integrated online filing system and improve the customer experience with TTB services. With this investment, TTB will deploy a custom myTTB Permits system, delivering a central myTTB component as well as critical service improvements for new and existing businesses.

TTB learned in late FY 2023 that the IT platform underpinning Permits Online, its current permitting system, will no longer be supported by the software vendor as of December 2025.

This funding is necessary for TTB to timely complete the migration of this legacy system to the new myTTB platform without significant mission disruption. With this system modernization, TTB also plans to optimize its online permit applications and processes to support the timely review and approval of applications for wineries, breweries, and distilleries. Once complete, the myTTB online filing system will reduce burden on industry by integrating all online interactions with TTB: permit applications, tax returns and reports, label and formula applications, and claims.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023	FY 2024	FY 2025
	Actual Obligations	Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	59,449	66,589	72,022
11.3 - Other than full-time permanent	595	0	0
11.5 - Other personnel compensation	1,366	807	1,020
11.5 - Overtime	15	101	64
11.9 - Personnel Compensation (Total)	61,425	67,497	73,106
12.0 - Personnel benefits	22,738	25,022	26,956
13.0 - Benefits for former personnel	0	5	5
Total Personnel and Compensation Benefits	\$84,163	\$92,524	\$100,067
21.0 - Travel and transportation of persons	1,693	1,957	2,194
22.0 - Transportation of things	42	42	42
23.1 - Rental payments to GSA	4,263	3,731	3,785
23.3 - Communications, utilities, and miscellaneous charges	642	1,404	1,442
24.0 - Printing and reproduction	152	225	230
25.1 - Advisory and assistance services	13,918	19,802	22,121
25.2 - Other services from non-Federal sources	20,542	18,489	18,889
25.3 - Other goods and services from Federal sources	13,840	12,387	12,853
25.4 - Operation and maintenance of facilities	39	39	42
25.7 - Operation and maintenance of equipment	3,498	3,431	3,500
26.0 - Supplies and materials	346	366	394
31.0 - Equipment	14,560	4,527	3,916
99.5 – Adjustment for rounding	22	0	0
Total Non-Personnel	\$73,557	\$66,400	\$69,408
Total Obligations ¹	\$157,720	\$158,924	\$169,475
Full-time Equivalents (FTE) ²	497	529	559

*Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

1/ FY 2023 reflects actual obligations totaling \$157.7 million, of which \$149.3 million was from direct resources (new appropriations, carryover from prior years, and a TEOAF transfer) and \$8.4 million was from reimbursable resources/offsetting collections. FY 2024 reflects anticipated obligations totaling \$158.9 million, of which \$149.6 million is from direct resources (new appropriations and carryover from prior years, and a TEOAF transfer) and \$9.3 million is from reimbursable resources/offsetting collections. FY 2025 reflects anticipated obligations totaling \$169.5 million, of which \$160.0 million is from direct resources (new appropriations and carryover from prior years) and \$9.5 million is from reimbursable resources/offsetting collections.

2/ FY 2023 FTE reflects actual total FTE of 497, of which 487 FTE was from direct resources and 10 FTE was from reimbursable resources/offsetting collections. FY 2024 reflects anticipated total FTE of 529, of which 518 FTE is anticipated from direct resources and 11 FTE is anticipated from reimbursable resources/offsetting collections. FY 2025 reflects anticipated total FTE of 559, of which 548 FTE is anticipated from direct resources and 11 FTE is anticipated from reimbursable resources/offsetting collections.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU <i>Federal Funds</i></p> <p style="text-align: center;">SALARIES AND EXPENSES</p> <p><i>For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, \$159,679,000; of which not to exceed \$6,000 shall be available for official reception and representation expenses; and of which not to exceed \$50,000 shall be available for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement: Provided, That of the amount appropriated under this heading, \$5,000,000 shall remain available until September 30, 2026.</i></p> <p>Note.—A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.</p>	<p>The 2025 Budget proposes \$5M in two-year funding to allow greater flexibility over the timing of the obligations from processing contract services for Information Technology.</p>

E – Legislative Proposals

TTB has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TTB is responsible for administering and enforcing the sections of the Internal Revenue Code of 1986 associated with the collection of excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of the alcohol beverage industry for the protection of U.S. consumers. TTB generally administers its jurisdiction according to five strategic goals that support U.S. economic growth and stability: 1) Facilitate Business Growth on a Level Playing Field; 2) Facilitate Business Innovation in a Fair Marketplace; 3) Improve Taxpayer Experience and Tax Administration; 4) Ensure Access to Tax Refunds for Eligible Businesses; and 5) Enhance Workforce Readiness. TTB’s strategic goal of Workforce Readiness underpins TTB’s performance across all of its goals and objectives.

TTB’s strategic goals to Improve Taxpayer Experience and Tax Administration and Ensure Access to Tax Refunds for Eligible Businesses ensure that TTB tax services are clear, seamless, and fair for all industry members. These efforts support Treasury’s Strategic Objective 1.1: Tax Policy and Administration, which aims to enhance tax compliance and taxpayer service. In addition, these efforts support Treasury’s Strategic Objective 5.4: Customer Experience Practices by focusing on positive experiences for TTB’s customers. The industries that TTB regulates have grown significantly in recent years, which presents taxpayer service and enforcement challenges, particularly in light of recent Craft Beverage Modernization Act (CBMA) tax reforms. Among other things, these reforms expanded TTB’s tax mission to include a new import claims program. At the FY 2025 funding level, TTB will restore staff necessary to ensure businesses receive timely refunds for claims filed on imported alcohol beverage products and prevent fraudulent claims. TTB will also continue its multiyear IT system modernization of outdated tax and regulatory systems to support efficient filing and processing. IT modernization also facilitates data analytics to timely detect fraud, tax evasion, and critical compliance issues that undermine a level playing field.

TTB’s strategic goals to Facilitate Business Growth on a Level Playing Field and Facilitate Business Innovation in a Fair Marketplace ensure that lawful U.S. alcohol businesses are competitive and thriving in the global marketplace. These efforts support Treasury’s Strategic Objective 1.3: Economically Resilient Communities by promoting economic recovery and growth for small businesses in communities across the country, including the thousands of breweries, wineries, and distilleries that TTB regulates. To this end, timely service remains a priority for TTB. As the demand for TTB services from these businesses continues to rise, and within the FY 2025 resources, TTB will aim to sustain improved service times for permit, label, and formula approvals. Starting with its permitting services, TTB plans to combine IT system modernization efforts with streamlined application requirements and enhanced guidance to achieve its performance goals for customer service. These strategies will help TTB maintain timely service by increasing the number of first-time approvals and reducing delays caused by extensive back-and-forth with industry members to correct application errors.

B – Budget and Performance by Budget Activity

2.1.1 – Collect the Revenue Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	\$58,856	\$57,513	\$57,526	\$59,252	\$79,581	\$80,219	\$86,048
Reimbursable and Offsetting Collections	\$3,573	\$4,131	\$3,654	\$4,556	\$4,955	\$5,632	\$5,632
Unobligated Balances from Prior Years	\$214	\$98	\$77	\$135	\$127	\$125	\$125
Transfers In/Out	\$597	\$349	\$1,087	\$821	\$750	\$300	0
Budget Activity Total	\$63,240	\$62,091	\$62,344	\$64,763	\$85,413	\$86,277	\$91,805
Full-time Equivalents (FTE)	213	211	211	230	231	253	268

The FY 2019 - FY 2023 appropriated resources level represents the approved operating plan; all other resources in FY 2019 - FY 2023 represent actual obligations.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Amount of Revenue Collected Per Program Dollar (\$)*	339	380	375	336	254	I	I	I
Voluntary Compliance from Large Taxpayers - Overall (%)	91	91	93	93	94	95	95	95
<i>By Payment</i>	99	99	99	99.6	99.7	-	-	-
<i>By Tax Return</i>	84	84	87	87	88	-	-	-
<i>By Operational Report</i>	83	83	87	86	87	-	-	-
Electronically Filed Tax Returns - Pay.gov (%)	41	43	47	51	58	65	65	65
Electronically Filed Operational Reports - Pay.gov (%)	46	50	53	56	63	65	65	65
Claims Processed within Service Standard (30-45 days) (%) ¹	18	46	59	58	73	85	85	85

Key: I – Indicator

* Performance Indicators do not have a target

¹ Claims services standards are set annually and vary by type: Manufacturer of Nonbeverage Products = 30 days; Other Claims = 45 days; CBMA Import Claims = TBD. Current standards account for when interest starts to accrue to the government, as defined by statute.

Collect the Revenue Budget and Performance

(\$86,048,000 from new direct appropriations, \$5,632,000 from reimbursable sources, and \$125,000 from unobligated balances from the prior year):

This budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the Federal tax code for alcohol, tobacco, firearms, and ammunition products. TTB collects more than \$18 billion in Federal tax revenue annually from a tax base of nearly 41,000 businesses based on their production and operations. TTB's regulated taxpayers include distilleries, breweries, bonded wineries, bonded wine cellars, manufacturers of tobacco products, manufacturers of paper and tubes for tobacco products, and manufacturers and importers of firearms and ammunition.

Additionally, TTB issues approximately \$400 million in tax refunds and drawback payments on taxes paid by manufacturers of nonbeverage products (MNBPs). In FY 2023 TTB began administering an import refund claims program to provide CBMA tax benefits to U.S. importers. Between April and September 2023, the first two quarterly filing periods under the new program,

TTB received claims totaling more than \$110 million and issued nearly \$80 million in tax refunds.

Federal excise tax evasion in relation to alcohol and tobacco products is another core focus area for TTB. The diversion of these products outside of legitimate commercial channels without the payment of taxes due threatens Federal revenues, undermines fair competition, and provides a source of funding for criminal enterprises. TTB extends the reach of its enforcement resources through advanced analytics and risk-based audits and investigations. To ensure a level playing field for those engaged in the trade of these regulated commodities, TTB also takes appropriate enforcement action to detect and address tax evasion and fraud to ensure all products sold in the marketplace are properly taxpaid.

Other Resources.....	\$5,757,000
<i>Unobligated Balances from the Prior Year.....</i>	<i>\$125,000</i>
<i>Offsetting Collections/Reimbursables.....</i>	<i>\$5,632,000</i>

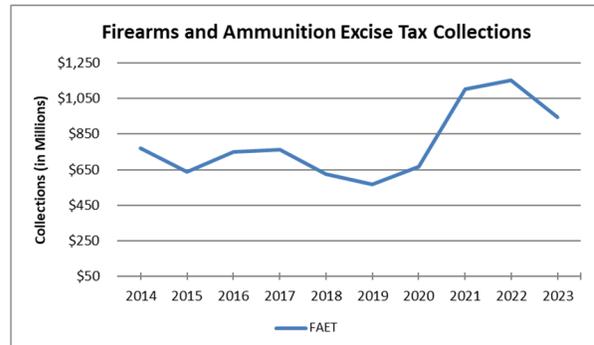
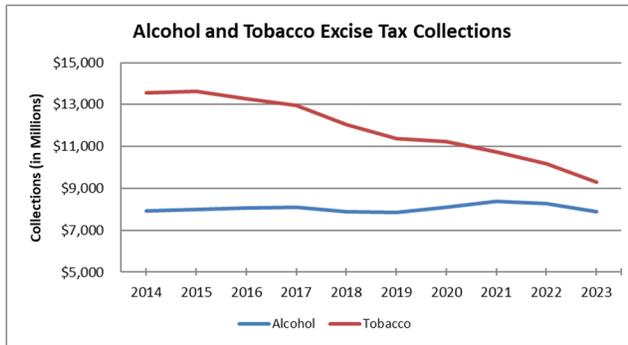
Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of TTB’s Puerto Rico field office, which are offset against the roughly \$362 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the 50 States; reimbursement from the Community Development Financial Institutions Fund (CDFI Fund) for IT services provided by TTB; and funding from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund to cover investigative expenses, data systems, and training.

Description of Performance:

TTB demonstrates the effectiveness and efficiency of its tax administration function through a combination of measures and indicators that assess voluntary compliance as well as field enforcement efforts to address critical threats to Federal revenues. Through FY 2025, TTB plans to improve tax compliance by updating its tax filings, processes, and technologies; enhancing its capacity to timely identify and address non-compliance through analytics and other detection tools; and continuing to improve taxpayer education and outreach.

The *Amount of Revenue Collected per Program Dollar* indicator uses annual collections figures and the actual expenditures and obligations for collection activities to quantify the efficiency of the TTB tax collection program. In FY 2023, TTB collected \$254 for every program dollar spent on collection activities, down from \$336 in FY 2022.

In FY 2023, Federal tax revenue from the alcohol and tobacco industries decreased year-to-year. Tobacco collections continued to steadily decline, down another 9 percent in FY 2023, in line with shifts in consumption and market patterns. Alcohol collections also trended down almost 5 percent, driven in large part by reduced CBMA tax rates. Firearms and ammunition excise tax collections, which represent a small percentage of total collections, also experienced a downturn this year. Collections for these commodities declined 18 percent but remained at nearly double the collections in FY 2019.



At the same time, TTB’s tax administration costs have increased in recent years, due in part to higher costs for field enforcement and outreach activities. Costs related to IT development also increased as TTB redirected resources to administer the new CBMA import claims program, including the development of two new systems to enable the online filing and processing of these claims. TTB received funding in FY 2023 to administer the CBMA import provisions, and the FY 2025 funding level will enable TTB to restore adequate staffing levels to support ongoing program and service improvements.

Going forward, TTB will continue to monitor its return on investment for its Collect the Revenue activities as a key indicator; however, results will depend on several external factors, including market and consumption trends, as well as any legislative changes that impact TTB-regulated industries.

Fostering voluntary compliance among taxpayers is a primary tax administration strategy for TTB. The *Percent of Voluntary Compliance from Large Taxpayers* is a key performance measure that shows the rate of compliance by large taxpayers (i.e., those that pay more than \$50,000 in annual taxes) in voluntarily filing their required tax returns, operational reports, and payments on or before the scheduled due date. TTB uses its tax compliance data to improve the Bureau’s ability to evaluate and prioritize taxpayers based on relative risk to ensure TTB addresses the most serious instances and patterns of non-compliance.

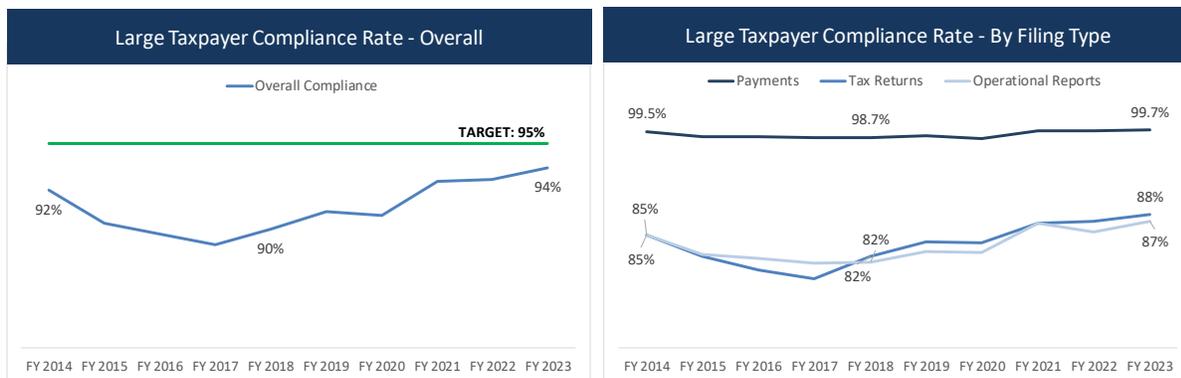
To ensure adequate protection of Federal tax revenue, TTB established a high standard for its largest taxpayers, with a targeted filing compliance rate of 95 percent. In FY 2023, TTB achieved an overall compliance rate of 94 percent from its large taxpayers in meeting all tax filing requirements, improving upon progress achieved last year. The overall compliance rate has increased from 91 percent in FY 2019 due to strategic program improvements. Payment compliance rates remain high at more than 99 percent, indicating that the majority of reported liabilities were paid on time. Compliance rates for tax returns increased to 88 percent and operational reports increased to 87 percent in FY 2023, but these areas warrant continued focus in the year ahead to achieve targeted performance.

As the taxpayer universe grows, and workloads increase, TTB has faced resource challenges in maintaining industry compliance. Over time, with limited resources, TTB outreach efforts to educate industry members on tax requirements have also decreased. More recently, TTB has also faced competing enforcement priorities, including renewed efforts to address prohibited trade practice activity in the alcohol industry, with directed funding for this purpose enacted in

TTB’s appropriations since FY 2017. Since then, TTB has increased its trade practice enforcement to address anti-competitive conduct as well as expanded its industry outreach and education in this area so that businesses understand their obligations and can voluntarily comply.

In FY 2023, to improve tax oversight, TTB refined analytics tools and internal procedures to address identified non-compliance. By partnering its tax experts with its analytics team, TTB continued to enhance new dashboard views of taxpayer compliance scores, including summary and detailed information about each compliance factor (i.e., late/missing returns, late/missing reports, late payments, and underpayments). TTB is also streamlining procedures for reconciling taxpayer accounts and issuing assessments, enabling greater taxpayer oversight. At the same time, TTB continued to improve its coordination of taxpayer referrals for field audits to address serious non-compliance issues that undermine the level playing field. These policy and process improvements proved effective, resulting in identified tax liabilities of nearly \$80 million and \$60 million in collections over the last three years.

At the FY 2025 funding level, improving compliance rates will remain a priority for TTB. Plans include continuing TTB’s risk-based reviews of taxpayer accounts, with a focus on continued enhancements to analytics tools and expanding analysis into additional taxpayer segments. Additionally, TTB plans to improve its education and outreach strategies to drive compliant behavior across TTB taxpayers, using compliance data to direct its annual outreach plan as well as to prioritize the development of new online tax guidance. These strategies will prove critical to supporting and increasing compliance by the thousands of small businesses that TTB regulates.



Overall compliance trended down in the first part of the past decade – from 92% in FY 2014 to 90% in FY 2018. Recent enforcement efforts have increased overall taxpayer compliance to 94% in FY 2023. Sustaining these improvements requires enhanced technology and increased guidance to support voluntary compliance by the increased number of TTB taxpayers.

Compliance with tax payment remains high; however, lower compliance scores for required tax returns and operational reports pose challenges to verifying the taxes paid. At the FY 2025 funding level, TTB will continue to employ risk-based enforcement and data-driven outreach to improve compliance.

TTB will also focus on increasing tax compliance by developing an improved and integrated online taxpayer experience, supported by the FY 2025 budget request. Today, TTB relies on Pay.gov, a Bureau of the Fiscal Service system designed for government payments, for the

electronic filing of tax returns and operational reports. TTB's two measures to monitor the *Electronic Filing Rates for Tax Returns and Operational Reports in Pay.gov* support ongoing efforts to reduce paper tax filings.

E-filing rates for tax returns and operational reports trended positively in FY 2023 but remain low compared to other TTB e-filing systems. Low e-filing rates impede TTB's ability to timely and effectively detect and address non-compliance and add costs to making the data available for routine reconciliation or advanced analytics. TTB ended the year with 58 percent of tax returns and 63 percent of operational reports submitted electronically, up 7 percent since last year, but short of the target of 65 percent for both filing types. TTB attributes these gains to recent Pay.gov improvements that enable new users to self-enroll, eliminating a time-consuming registration process that previously deterred users. Additional Pay.gov promotion should result in increased e-filing rates, although more significant tax system modernization is likely required for TTB to achieve its long-term target of 80 percent.

As part of its IT modernization efforts, TTB intends to implement phased releases to its tax system, including a custom external interface for electronic tax filings and account management, as well as enhanced internal workflows to support TTB tax administration. Additionally, TTB intends to implement redesigned tax filing requirements to reduce compliance burden and to streamline and improve data collections. These efforts will make it easier for taxpayers to comply, especially for the many small businesses that comprise the vast majority of TTB taxpayers. However, the pace and scale of system modernization efforts are dependent on TTB funding levels and competing IT priorities or mandates. At the FY 2025 funding level, TTB expects limited progress on tax system modernization due to the urgent requirement to migrate its legacy permitting system, Permits Online, to myTTB.

In FY 2023, TTB focused its IT development efforts on implementing the statutory mandate to administer the new CBMA import claims program, as well as other improvements to support existing claims processes. Prior to FY 2023, TTB received approximately 5,000 claims each year, totaling approximately \$400 million in tax refunds and drawback payments on taxes paid by MNBP. In FY 2023, the volume of claim submissions increased substantially with the implementation of the CBMA import claims program. In the first six months of the program, TTB received nearly 3,000 additional claims for tax refunds on imported alcohol products, totaling more than \$110 million in tax refunds. In the year ahead, as industry continues to adjust to the new import claim paradigm, TTB anticipates that import claim submissions will nearly double its total claims workload.

TTB measures its service levels through its measure of *Claims Processed within Service Standards*. Service standards are set by claim type and are intended to meet industry service expectations while also minimizing costs to the government from interest payments on delayed claims. For MNBP claims, the highest volume claim type, TTB met the 30-day standard for 67 percent of submissions, up from 46 percent in FY 2022, a year-to-year improvement of 21 percentage points. For other claim types, TTB met the 45-day standard for 77 percent of submissions, up 8 percentage points from 69 percent in FY 2022. TTB achieved these service gains by improving internal processes through IT enhancements and effectively deploying staff

to address backlogs. Addressing backlogs was particularly essential to preparing TTB for the expected influx of new CBMA import claims submissions in the second half of FY 2023.

Despite heavy demands on its tax administration program this year, TTB also made significant progress in lowering average processing times across all claim types. TTB reduced times by half over the past 3 years, improving from approximately 50 - 60 days in FY 2020 to 25 - 30 days in FY 2023. This performance was possible due to an infusion of funding in FY 2023 to provide the staffing, IT, and analytics resources necessary to administer the new CBMA import claims program without diverting resources from other programs. With these resources, TTB hired an additional 40 staff and deployed new processes and myTTB systems to implement its data-driven approach to CBMA import claims filing and processing, including the associated system security and data enhancements to facilitate implementation of the statute.

In October 2022, TTB launched the Foreign Producer Registration system, enabling more than 15,000 foreign alcohol producers to submit registrations with TTB and assign CBMA tax benefits to alcohol importers. In April 2023, TTB released the Importer Claims system, allowing importers to file nearly 3,000 refund claims on imported alcohol products, totaling more than \$110 million. Both systems incorporate external data sets to validate foreign producer registrants and importer eligibility for refunds, critical features to prevent the submission of ineligible or fraudulent claims. TTB is using data sets from U.S. Customs and Border Protection and the U.S. Food and Drug Administration that, in combination with TTB data, help to detect and prevent improper registrations, assignments, and claims. These initial system-based validations also support efficient claims processing and positioned TTB to provide timely service despite the increased volume of claims submissions.

At the FY 2025 funding level, TTB will continue to enhance the CBMA myTTB systems, including by deploying additional automated validations and risk flags to prevent improper payments and speed the approval of eligible refunds. Given the criticality of effective system-based validations to service times, TTB established a new measure of the *Auto-Validation Rate of Import Claims* and set a priority goal target of 50 percent by the end of FY 2025. Planned system enhancements should result in substantial progress toward this target.

2.1.2 – Protect the Public Resources and Measures

Dollars in Thousands

Resource Level	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	\$60,744	\$62,087	\$66,811	\$68,815	\$64,447	\$68,644	\$73,631
Reimbursable and Offsetting Collections	\$2,666	\$2,613	\$3,418	\$3,977	\$3,437	\$3,907	\$3,907
Unobligated Balances in Prior Years	\$4,865	\$4,479	\$4,534	\$4,716	\$4,401	\$4,443	\$4,242
Transfers In/Out	0	0	0	0	0	0	0
Budget Activity Total	\$68,275	\$69,179	\$74,763	\$77,508	\$72,285	\$76,993	\$81,780
Full-time Equivalents (FTE)	282	284	290	261	266	297	311

The FY 2019 - FY 2023 appropriated resources level represents the approved operating plan; all other resources in FY 2019 - FY 2023 represent actual obligations.

Performance Measure	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2023	FY 2024	FY 2025
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Permit Applications Processed within Service Standards (Original - 75 days) (%)	58	84	92	91	86	85	85	85
Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) (%) ¹	48	83	92	93	93	85	85	85
Initial Error Rate for Permit Applications	71	62	67	64	63	25	25	25
Initial Error Rate for Label and Formula Applications	37	34	31	29	28	25	25	25
Electronically Filed Permit Applications - Original (%)	89	92	95	95	95	95	95	95
Electronically Filed Permit Applications - Amendments (%) ²	-	87	92	92	93	90	95	95
Electronically Filed Label and Formula Applications (%) *	99	99	99.5	99.6	99.6	I	I	I
Customer Satisfaction Rate with eGov Systems - Permits Online	68	78	79	78	73	80	80	80
Customer Satisfaction Rate with eGov Systems - COLAs Online	77	80	83	83	83	80	80	80
Customer Satisfaction Rate with eGov Systems - Formulas Online ³	70	73	80	78	78	80	80	80

Key: I - Indicator

*Performance Indicators do not have a target

1/ Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. In FY 2018, following a spike in submission volume, TTB set service standards of 15 days for both label and formula applications. TTB has maintained this standard through FY 2025.

2/ Results represent amendment submissions, with multiple permit amendment types often submitted on a single submission; the ability to submit multiple amendments via a single submission took effect in Q4 FY 2018. Updated actuals for FY 2020 – FY 2022 due to data quality issue detected in FY 2023 that resulted in undercounting electronic submissions.

3/ Results represent beverage alcohol filers only (nonbeverage alcohol formula submissions are excluded).

Protect the Public Budget and Performance

(\$73,631,000 from new direct appropriations, \$4,242,000 from unobligated balances from the prior year, and \$3,907,000 from reimbursable sources):

This budget activity funds the programs that ensure the integrity of the products and industry members in the marketplace; promote compliance with Federal laws and regulations by more than 122,000 alcohol and tobacco businesses that TTB regulates; facilitate fair and lawful domestic and international trade in the alcohol and tobacco commodities; and provide full and

accurate alcohol beverage product information to the public as a means to prevent consumer deception and promote fair market competition.

Other Resources.....	\$8,149,000
<i>Unobligated Balances from the Prior Year.....</i>	<i>\$4,242,000</i>
<i>Offsetting Collections/Reimbursables.....</i>	<i>\$3,907,000</i>

Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of the TTB Puerto Rico field office, which are offset against the roughly \$362 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the 50 States; reimbursement from the CDFI Fund for IT services provided by TTB; and funding from the TEOAF Mandatory Fund to cover investigative expenses, data systems, and training.

Description of Performance:

TTB uses a combination of measures to monitor progress toward meeting strategic goals to facilitate lawful commerce for the protection of U.S. businesses and consumers. These measures also help TTB monitor the extent to which it is meeting established service standards for permit, label, and formula applications; the error rate on applications; the usage rate of TTB’s online systems; and the level of satisfaction that users have with these online systems. TTB’s strategies to achieve its performance targets for these measures include a combination of improving internal processes, streamlining application requirements, modernizing IT systems, and providing clearer guidance to industry members.

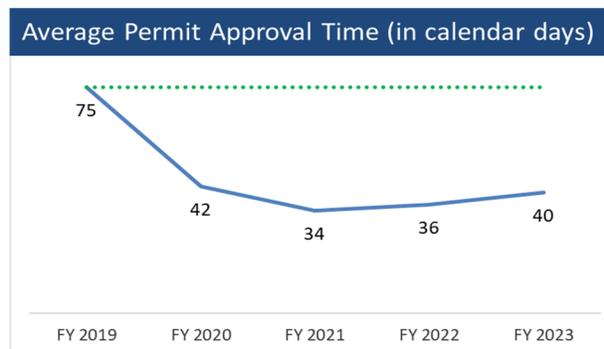
TTB protects Federal revenues and U.S. consumers by screening permit applications and registrations to ensure only qualified persons engage in the alcohol and tobacco industries. TTB’s strategic goal to facilitate business growth calls for TTB to streamline permit applications to reduce applicant burden and make effective use of technology to minimize application errors and improve processing times.

TTB monitors its timeliness in processing permit applications through its measure of the *Percentage of Permit Applications Processed within Service Standards*. As businesses rely on accurate information related to TTB service delivery in their operational planning, this measure provides important data related to a key outcome for TTB and its stakeholders.

High submission volume, particularly in the more complex permit application types related to producing alcohol beverage products, continues to present service challenges. TTB has maintained a priority focus on timely approvals, recognizing the financial consequence of delays on applicants, many of whom make significant upfront investments prior to applying. TTB’s performance goal is to issue new permit applications within 75 days for 85 percent of applicants.

TTB has achieved and sustained significant improvements in its service levels for permitting. Average approval times are holding at around 40 days and are down nearly 50 percent in the past five years. This year, TTB also demonstrated its ability to provide consistent service, despite staffing challenges. In FY 2023, TTB again surpassed its target to achieve the 75-day service standard for 85 percent of permit applicants, ending the year at 86 percent.

This progress is largely due to TTB’s improved management of in-process permit applications, employing dashboards that display key metrics on the status and age of applications to proactively identify and address any processing delays. TTB also continues to cross-train specialists to allow management to redeploy staff as necessary to cover fluctuations in application types.



Sustaining these performance improvements will require continued progress on several crosscutting initiatives. Going forward, TTB plans to achieve its performance target through ongoing program modernization initiatives, including updates to permit applications to simplify requirements and improvements to IT systems.

At the FY 2025 funding level, TTB will continue its multi-year IT modernization initiative, focusing on improvements to improve the customer experience in filing and amending TTB permits or registrations. The legacy Permits Online system, initially built on a commercial software platform, has limited TTB’s ability to optimize the application filing and processing experience for users. In FY 2025, TTB plans to transition Permits Online to the modern myTTB platform. With the transition to myTTB, the Bureau will incorporate newly simplified application requirements and engage users throughout development and testing to design a seamless and integrated permitting experience.

TTB measures the *Initial Error Rate on Permit Applications* to track how many applications are submitted either incomplete or with errors. These results inform strategies to maintain timely service by increasing the number of first-time permit application approvals. Errors on applications increase the overall workload volume, requiring extensive back-and-forth with applicants to verify the information provided, which adds to the total processing time.

TTB’s ability to meet its service standard for new permit applications continues to be hindered by high error rates on submissions, which exceeded 80 percent in prior years. Error rates are highest for prospective breweries, wineries, and distilleries, which have more complex applications compared to non-manufacturers (i.e., wholesalers and importers). In FY 2023, TTB reduced error rates on new permit applications to 63 percent, down from 64 percent in FY 2022. The most significant improvement has been achieved on wholesaler and importer applications, with error rates down 10 percent since FY 2019. Over the last five years, TTB has reduced total permit application errors by approximately 12 percent, indicating that efforts to streamline applications and processes are resulting in sustained improvements.

To meet its permitting performance goals, TTB will continue to focus on reducing errors on permit applications that delay processing and frustrate applicants. The bureau expects significant progress in the next two years as it continues to simplify permit requirements and implement its myTTB Permits system to make filing easier.

Additionally, TTB's call center will focus on improving the level of service provided to customers seeking live assistance with the permit application process. Going forward, TTB plans to use call center data to understand customer pain points to develop effective guidance and support strategic system enhancements to improve the overall customer experience with TTB services.

According to its measure of the *Percent of Electronically Filed Permit Applications - Originals*, which tracks the electronic filing rate for new business applications, TTB received 95 percent of permit applications via Permits Online in FY 2023. TTB attributes the high rate of electronic filing to recent improvements in Permits Online, as well as ongoing system promotion at industry conferences and seminars.

More recently, TTB introduced a new measure for the *Percent of Electronically Filed Permit Applications – Amendments* to provide similar visibility into electronic filing rates for applications to amend an existing TTB permit, a requirement following certain changes to a business premises, operations, and/or ownership. These submissions represent both a critical service to existing industry members and a significant workload for TTB, with roughly 16,000 amendments filed annually. In FY 2023, TTB achieved a 93 percent e-filing rate for permit amendments, exceeding its 90 percent target. In the year ahead, TTB plans to increase guidance on business or ownership changes that require an amendment and continue to promote online filing.

Planned IT modernization efforts, combined with improved online guidance to help first-time filers navigate the application process, will support TTB in achieving its targets to sustain electronic filing rates at or above 95 percent and reduce error rates on permit applications to 25 percent.

As part of its strategy to optimize electronic filing systems, TTB measures *Customer Satisfaction with the Permits Online eGov System* through an email survey to assess how satisfied businesses are in applying for a permit or registration through Permits Online. In FY 2023, TTB achieved a system satisfaction rate of 73 percent, down 5 percent compared to last year, and holding below the 80 percent target. TTB expects system satisfaction to improve as it implements myTTB Permits and initiates broader IT modernization efforts to provide applicants with a single integrated online filing experience.

Broader changes to TTB's permit application requirements, some of which require rulemaking, are also underway. The proposed changes are informed by industry input on Treasury regulations that can be eliminated, modified, or streamlined to reduce burden. These changes will enable TTB to achieve and sustain its targeted performance levels for this goal, particularly as the alcohol beverage industry continues to grow.

TTB has made significant progress in its regulatory modernization efforts in recent years. TTB published the first in its series of proposed rulemakings to simplify permit applications in early FY 2022, starting with distilled spirits plants, followed by a proposed rule to simplify the brewer's notice process in June 2022. In the year ahead, TTB plans to issue Final Rules for distilled spirits and brewer applications and publish proposed rulemaking for winery

applications. The proposed changes should dramatically decrease the number of open text fields and requirements to upload supporting documentation, further streamlining the application process. TTB also expects that simplifying and clarifying these regulatory requirements will reduce errors on permit applications and contribute to improved approval times in the years ahead.

TTB protects tax revenues and U.S. consumers by screening applicants before issuing a Federal permit. This includes performing investigations into high-risk applicants. In FY 2023, TTB refined new procedures to screen permit applicants. The procedures employ risk indicators to flag applications that warrant further review and potential field referral. Going forward, TTB will continue implementing process improvements to its risk-based screening to help manage workloads and improve service delivery.

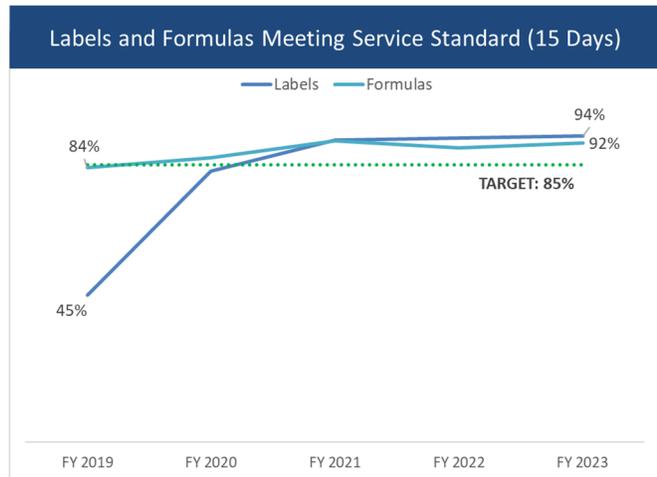
TTB also protects U.S. consumers by ensuring that alcohol beverage products sold are properly labeled and comply with Federal regulatory standards. TTB's strategic goal to modernize its labeling program calls for the Bureau to provide timely and consistent service, reducing the burden of resubmissions on industry and TTB, and to employ risk-based market sampling and investigations to ensure product integrity and fair competition.

In FY 2023, TTB received nearly 198,000 label and 27,000 formula applications for new alcohol beverage products. Given the importance of timely TTB approvals and the negative impact that delays have on U.S. businesses, TTB monitors its ability to provide timely and consistent service through its measure of the *Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards*. TTB combines label and formula applications in this measure given the interdependent nature of these approvals.

Label and formula submission volume remains high, reflecting industry expansion and product innovation over the last five years. COVID-19 temporarily halted the growth in label applications in FY 2020. Submissions rebounded to near pre-pandemic levels in FY 2023, up two percent from FY 2022. However, after years of double-digit growth, formula applications decreased for the second year in a row in FY 2023, down over six percent compared to the high point in FY 2021. The exception to this trend was distilled spirits submissions, with both label and formula applications continuing to increase in FY 2023, although at a more modest rate. Even so, industry has demonstrated its resilience and continued to innovate through the economic recovery. Total formula submissions remain more than 30 percent higher than in FY 2019, largely due to the use of novel ingredients and market trends toward flavored alcohol beverage products.

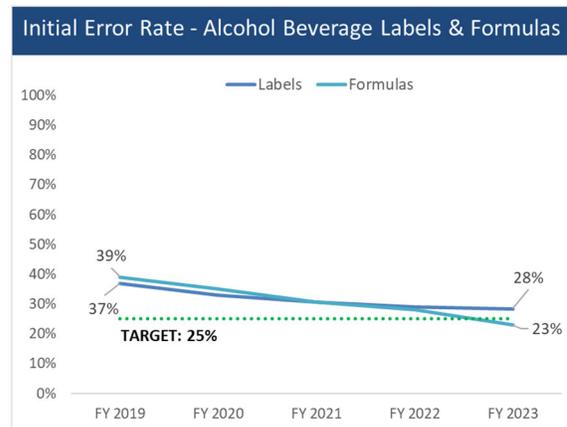
In light of customer expectations and supported by set-aside funding again enacted in the FY 2023 budget to accelerate approval times, TTB maintained a 15-day service standard for alcohol beverage label and formula applications in FY 2023. TTB ended the year at 94 percent of label applications meeting the 15-day standard, exceeding the target of 85 percent. This was

achieved through effective monitoring and management of the application backlog combined with strategic workforce management to efficiently deploy staff in response to submission fluctuations. By employing similar strategies, TTB was also able to overcome significant staffing shortages in its formulation office and exceed the targeted performance level, ending the year at 92 percent of formula applications meeting the 15-day standard. By year-end, label and formula applicants received approvals in less than 10 days on average, well below the 15-day standard, and a significant improvement over the 30 - 45 day standards that the Bureau set and struggled to achieve in the past.



TTB plans to maintain timely service for label and formula application approvals in FY 2025 by restoring staffing levels and continuous queue management to facilitate strategic resource alignment. As a result, TTB intends to maintain its 15-day service standard for label and formula applications. TTB will also work toward its performance target of meeting this standard for 85 percent of applications through initiatives to improve guidance and industry outreach, with particular focus on reducing errors on applications that increase total workload and challenge timely processing.

Application errors are a key driver of label and formula processing times due to the additional review required for each resubmitted application. TTB uses its measure of the *Initial Error Rate of Label and Formula Applications* to monitor error trends and evaluate the effect of system and guidance enhancements on first-time approvals. In FY 2023, approximately 28 percent of label and formula applications were submitted incomplete or with errors, demonstrating continued year-to-year progress toward the targeted performance level of 25 percent. TTB made gains across commodity and application types and, notably, ended the fiscal year below target for wine labels and below target for wine, malt beverage, and distilled spirits formulas, proving the ongoing effectiveness of prior year strategies to reduce wine label and formula errors.



In FY 2023, TTB continued to use a data-driven strategy to address the most frequent application errors, with the goal of increasing the number of applications that do not need to be returned for correction. Distilled spirits and malt beverage submissions continue to have the highest error rates. This year, TTB focused on improving industry outreach and education, including webinars and guidance on TTB.gov. TTB continued its *TTB Boot*

Camp webinar series, starting with sessions for distillers and expanding to brewers, which includes guidance on labeling. In the year ahead, TTB plans to add wine to the *Boot Camp* series.

TTB also continues to make progress in issuing improved guidance on TTB.gov for each alcohol beverage commodity. This includes detailed examples of compliant label and formula submissions by commodity as well as web-based tools to make it easier to determine if products require TTB formula approval prior to filing a label – a high frequency error. With the publication of new malt beverage guidance, TTB has completely redesigned its core labeling web guidance in an easy-to-read, user-friendly format to help improve compliant label submissions and reduce the burden of resubmissions on TTB and industry. Going forward, TTB also plans to update its web-based tool to assist distilled spirits producers and importers in determining whether their products require formula approval.

In FY 2023, TTB continued its initiative to modernize Federal alcohol beverage labeling regulations to reflect current TTB policy and modern industry practices. TTB is proceeding in phases by commodity, with the last final rule intended to address wine-specific issues and advertising for all commodities. When finalized, the updated regulations will facilitate industry compliance by simplifying and clarifying regulatory standards, incorporating guidance documents and other current policies into the regulations, and reducing regulatory burden on industry members where possible.

At the FY 2025 funding level, TTB will also continue to focus on updating industry guidance on TTB.gov to implement the new regulatory requirements and aid industry compliance. With the new rules, TTB also continues to prioritize internal training to improve the quality of its reviews and ensure determinations on label and formula applications are consistent with current policy.

Additionally, TTB continues to pursue regulatory modernization that will further stimulate trade and market competition. Executive Order 14036 titled “Promoting Competition in the American Economy,” and Treasury’s related February 2022 report “Competition in the Markets for Beer, Wine, and Spirits,” seek to address market conditions and practices that hinder competition and act as a barrier to new entrants. In line with Treasury report recommendations, TTB published an advanced notice of proposed rulemaking in November 2022 to evaluate current trade practice regulations. Treasury report recommendations also include TTB rulemaking on Alcohol Facts Labeling (akin to food nutritional labels), Allergen Labeling, and Ingredient Labeling ANPRM, which TTB plans to pursue in the year ahead.

Sustaining service levels will also be supported through ongoing enhancements to TTB’s IT systems. Over the last several years, TTB has deployed system enhancements to COLAs Online and Formulas Online, focusing efforts on compliance validations and embedded help features to address frequent application errors. These system releases have targeted both application errors (e.g., incomplete form fields) and label compliance errors (e.g., use of prohibited terms or images). FY 2023 results indicate that the system changes implemented to date have proven effective, supporting the year-to-year performance improvement of 2 percent, and a total reduction in application errors of 32 percent since FY 2019.

To be successful in this strategy, TTB must maintain high rates of electronic filing for label and formula applications. According to its measure of the *Percent of Electronically Filed Label and Formula Applications*, TTB now receives nearly 100 percent of applications via COLAs Online and Formulas Online, indicating that continued focus on system validations is warranted and will support performance goals in increasing accurate applications and accelerating approval times.

Through its IT system modernization efforts, TTB expanded and improved system-based validations. These efforts included an enhancement to prevent the submission of label applications with low quality images. Problems with image legibility are among the top errors on label applications, and the system now flags low-resolution images so an applicant can address the error before they submit. Since implementing this enhancement, TTB has reduced this error type by as much as 70 percent. Legacy systems limit current opportunities to implement broader validations, but TTB plans to continue evaluating technical solutions to prevent submissions with errors as it modernizes its IT systems. Going forward, as part of the myTTB IT modernization initiative, TTB will also employ user testing and feedback to make iterative enhancements to COLAs Online and Formulas Online to reduce application errors.

Through its measures of *Customer Satisfaction with COLAs Online and Formulas Online*, TTB monitors user satisfaction with the process of submitting an application through its IT systems, collecting responses via e-mail survey to assess factors such as ease of access, guidance, and overall experience. In FY 2023, satisfaction rates held at 83 percent for COLAs Online users, exceeding the 80 percent performance target; however, satisfaction rates for Formulas Online users remained at 78 percent just below target. Substantial improvements may be contingent on modernizing these systems and integrating in myTTB to better meet user expectations and provide a better customer experience. However, progress in FY 2025 will likely be limited due to competing demands for IT development resources in other key programs, including priority development of the new myTTB permitting system.

After alcohol beverages enter the marketplace, TTB surveys products to evaluate compliance and determine where issues may exist. TTB checks for all required label information and confirms whether there is a valid COLA. TTB also sends products to its laboratories to undergo chemical analyses to evaluate whether the label information accurately reflects the content of the container.

In most cases, TTB notifies the industry member about a violation and works with them to bring the product into compliance. For more significant violations, TTB conducts field investigations and ensures that the industry member takes corrective action. Frequent violations in FY 2023 included disparities between the actual alcohol content of certain wine, spirits, and malt beverage products and the alcohol content stated on the label of those products, as well as discrepancies between the approved label and the label on the bottle.

In FY 2025, TTB's market sampling program will continue to include both a random and risk-based sample. The risk-based sample will allow TTB to evaluate products that may have a higher probability of being non-compliant based on certain risk factors. These results will be used to help inform decisions on enforcement actions, priorities, and guidance and allow the Bureau to employ its investigative resources in a more efficient and effective manner. TTB also plans to increase advertising reviews to ensure compliance with the TTB laws and regulations.

Section III – Additional Information

A – Summary of Capital Investments

Information Technology

TTB's Strategic Plan establishes the vision and objectives for the bureau in the business context. TTB's Information Technology (IT) Strategic Plan is a five-year plan based on its business strategy, which includes the Bureau's mission, vision, goals, and objectives from an IT perspective. This plan charts the course the Bureau will follow in the coming years to develop and implement IT solutions that are aimed at streamlining the collection of data, leveraging web technologies, and continuing to make the internet the method of choice for the reporting and exchanging of information between businesses and TTB. By aligning business and technical strategy, TTB is able to leverage technology to enable the Bureau to meet its objectives in the most efficient and cost-effective manner while identifying ways to minimize system redundancy.

TTB has no major IT investments based on the OMB and the Department of the Treasury criteria. Several non-major investments, however, directly support the mission, strategy, and day-to-day operations of the Bureau. These include:

TTB Mission Investments:

- **TTB Tax System:** This investment includes several legacy applications and new myTTB modules supporting permitting and taxation to ensure fair and proper collection of alcohol, tobacco, firearms, and ammunition excise taxes, as well as industry compliance with excise tax laws and regulations.
- **TTB Regulatory System:** This investment includes legacy applications and myTTB regulatory modules that streamline the beverage and nonbeverage alcohol formula approval process and COLA issuance for tax and regulatory compliance.
- **TTB Mission Applications Support Services (MASS):** This investment provides shared software, platforms, and myTTB modules needed to operate the TTB mission systems (TTB Tax System and TTB Regulatory System).

TTB Standard Information Technology (IT) Investments: According to CIRCULAR NO. A-11 PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET, "standard IT investments are expenditures of IT resources that include, but are not limited to, commonly used enterprise-wide information systems and services, computing infrastructure, and other technology services and applications that are commonly used across agencies." The following investments support TTB and the CDFI Fund's common IT resources/standard IT investments:

- **TTB IT Infrastructure Data Center and Cloud**
- **TTB IT Infrastructure End User Systems and Support**
- **TTB IT Infrastructure Network**
- **TTB IT Security and Compliance Program**
- **TTB IT Management**

In addition to leveraging IT to support the mission, strategy, and day-to-day operations of the Bureau, TTB supports and maintains strategic alignment with OMB and Treasury through enterprise-wide IT initiatives. These include Cybersecurity; IT Infrastructure; Electronic Identity

and Access Management (HSPD-12); Enterprise-wide Contracts and Services; and Program Metrics and Milestones.

Scientific Equipment for Laboratories

This investment will enable TTB's chemists to continue to provide accurate and reproducible scientific data and laboratory results to support regulatory compliance, tax enforcement, tax classification, rulemaking, and investigations for both the alcohol and tobacco commodities. Laboratory instruments require periodic replacement, as they have finite lifecycles due to use and as advances in scientific technology render older instruments obsolete. Periodic replacement of the existing technologies and equipment is essential for TTB laboratories to remain state-of-the-art and effective to support the bureau's mission, strategy, and day-to-day operations.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at: <https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>