Importation of Alcoholic Beverages &
the Craft Beverage Modernization Act

Guide to a Successful Claim

July 16th, 2020
Agenda

- Brief History
- CBMA Tranche Levels
- CBMA Document Requirements
- How to File a Claim
  - Entry
  - Post Summary Correction (PSC)
  - Protest
  - Bonded Warehouse
  - Foreign Trade Zones
- Questions?
History of CBMA

Effective January 1, 2018, the Craft Beverage Modernization and Tax Reform Act of 2017 (CBMA) (as contained in Pub. L. No. 115-97) amended the Internal Revenue Code (IRC) with respect to the tax treatment of Certain Alcoholic beverages. The provisions are effective during calendar years 2018 and 2019. This law was extended at the end of 2019 to be effective during the calendar year 2020.
CBMA Tranche Levels

Three types of alcohol and tranche level for each:

- **Beer (Tax Rate)**
  - $16 per Barrel on first 6 million barrels
  - $18 per barrel after 6 million barrels

- **Wine / Hard Cider (Tax Credit)**
  - $1 per wine Gallon on 1st 30,000 Wine Gallons (Hard Cider 6.2 cents)
  - 90 Cents on the next 100,000 Wine Gallons (Hard Cider 5.6 Cents)
  - 53.5 cents on the next 620,000 Wine Gallons (Hard Cider 3.3 Cents)

- **Distilled Spirits (Tax Rate)**
  - $2.70 per Proof Gallon on 1st 100,000 Proof Gallons
  - $13.34 per Proof Gallon on next 13 million Proof Gallons
  - $13.50 per Proof Gallons not covered above two tranche levels.
Substantiating Documentation Requirements

There are three documents required to substantiate a CBMA claim:

1. CBMA Spreadsheet
2. Controlled Group Spreadsheet
3. Assignment Certification

*Note: If your tax rate includes the Flavor Credit (Standard Effective Tax Rates/STER), please ensure you have uploaded the approval letter from TTB to DIS or the protest module.

*Note: IRT Rate assigning entity is providing the importer must be specified on the Assignment Certificate.
Substantiating Documentation Requirements

(1) CBMA Spreadsheet


CBMA Spreadsheet

The CBMA Spreadsheet was created to assist with the documentation requirements for the Cross-Border Management Agreement (CBMA). It is intended to be used in conjunction with the CBMA document to facilitate the submission of documentation as required by the CBMA.

The CBMA Spreadsheet contains the following fields:

- Presenter's Name: The name of the presenter who will be presenting the CBMA.
- Date: The date of the presentation.
- CBMA Spreadsheet: A link to the CBMA Spreadsheet document.

The CBMA Spreadsheet is designed to be used by officers involved in the CBMA to ensure compliance with the documentation requirements as outlined in the CBMA document.
CBMA Documentation Requirements

- (2) Controlled Group Spreadsheet
Substantiation Documentation Requirements

(3) Assignment Certification


ASSIGNING ENTITY CERTIFICATION

I (PRINTED NAME AND TITLE), currently employed by (ASSIGNING ENTITY NAME AND ADDRESS) and authorized to bind the company, certify that (ASSIGNING ENTITY) is the producer manufacturer of the imported (BEER/WINE/CIDER/DISTILLED SPIRITS) that is subject to a Craft Beverage Modernization and Tax Reform Act (CBMA) claim. I certify that I assigned (IMPORTER NAME) to receive the (X REDUCED TAX RATE/CREDIT) for (X NUMBER OF BARRELS/WINE GALLONS/PROOF GALLONS) for (X CALENDAR YEAR). I certify that this assignment and any other assignment given by (ASSIGNING ENTITY) during this calendar year does not exceed the production of (ASSIGNING ENTITY) during (X CALENDAR YEAR). I certify that (ASSIGNING ENTITY) has not assigned more (BARRELS/WINE GALLONS/PROOF GALLONS) to this importer or any other importer, individually or collectively, to receive a reduced tax rate/tax credit than is permissible by the CBMA.

I certify that the information contained in this submission is accurate and complete to the best of my knowledge and belief. I am aware that the information contained in this submission may be subject to verification. I am aware that eligibility of the (ASSIGNING ENTITY) and (IMPORTER) for the reduced tax rate/tax credit under the CBMA can be revoked in the case of any erroneous or fraudulent information provided which is deemed to be material to qualifying for the reduced rate.
When to file CBMA Claim

Importers can file a CBMA Claim anytime after they have received their Assignment Certificate from the Controlled Group Assigning Entity. Claim may be made at the following Entry Summary Stages:

1. Time of Entry Summary
2. Post Summary Correction
3. Protest
File Claim At Time of Entry

To File your claim at time of Entry the following must be transmitted and uploaded.

- Each line a CBMA claim is to be filed on must have the Claim Code “C” added to the entry. *All other lines without CBMA Claim must be filed at the high IRT Rate.

- CBMA Spreadsheet must be uploaded to DIS and attached to the Entry Summary Number.

- Controlled Group Spreadsheet and Assignment Certificate must be uploaded to DIS attached to the IOR Number.

- CSMS #19-000148 details the DIS File Name and Document Label guidance for CBMA.
File Claim At PSC

To File your claim at time of PSC the following must be transmitted and uploaded to DIS.

- Each line a CBMA is claimed must have the Claim Code “C” added to the entry.
- CBMA Spreadsheet must be uploaded to DIS and attached to the Entry Summary Number.
- Controlled Group Spreadsheet and Assignment Certificate must be uploaded to DIS attached to the Importer of Record Number.
- CSMS #19-000148 details the DIS File Name and Document Label guidance for CBMA.
File Claim At Protest

To File your claim at time of Protest

- Protest must be filed after Entry Summary has liquidated.

- Protest must be filed within 180 days of the date of Liquidation or Re-liquidation (from decision you are protesting). Cannot be filed prior to liquidation.

- Entry Summary should only have one protest filed. May have multiple entries on a protest, but not multiple protests to an entry summary.

- APP Center highly recommends all CBMA Claims filed by protest to be on the same protest.
File Claim At Protest – Cont.

- All Supporting documentation must be uploaded to the Protest module. This includes CBMA Spreadsheet, Controlled Group Spreadsheet, and Assignment Certificate.

- Protest Issue Type must be CBMA.

- Paper Protest can be filed at CBP Port of Entry, where the merchandise entered, with all supporting documentation attached. [19 CFR 174.12(d)]

- You may upload or submit supporting documentation up-to the time the protest has been decided.

*CBP Highly encourages electronic submission of the protests. Please check with CBP.gov how to setup a Protest Account to submit them electronically.*
Importation Date

Definition Pursuant to 19 CFR 101.1:

“Date of importation: “Date of importation”, means, in case of merchandise imported otherwise than by vessel, the date on which the merchandise arrives within the Customs territory of the United States. In the case of merchandise imported by vessel, “date of importation” means the date on which the vessel arrives within the limits of a port in the United States with intent then and there to unlade such merchandise.”
Importation Date

To Qualify for CBMA Claim merchandise must be physically imported into the United States in 2018, 2019, or 2020. Only the merchandise imported in that particular calendar year can qualify for CBMA claim for the particular CBMA year.

Merchandise imported in 2018 can only use the assignment from 2018.

Merchandise imported in to an FTZ in 2018 and withdrawn in 2019, must use the 2018 assignment certificate.

Proof of Importation may need to be substantiated prior to claim being made. This may require additional documentation being provided by the importer, FTZ Operator, or Warehouse Proprietor.
Bonded Warehouse

- Claim should be made on the withdrawal entry (22, 31, 32, etc..) *Note: IRT must be paid against the Entry type 21 at time of Re-warehouse (type 22) is filed.

- Importer or FTZ operator should provide detailed information about the admission of the merchandise into the FTZ to establish proof the importation date is within the calendar year the merchandise is seeking the claim for.

- Assignment certificate, Controlled Group Spreadsheet, & CBMA Spreadsheet is required.

- Claim may be made at time of Withdrawal, PSC, or Protest (Original Warehouse (entry type 21) must me liquidated).
Importation date is the date the merchandise was physically entered into the United States. This will be identified by the bill of lading of the merchandise from the FTZ Admission Line detail.

- Importer should provide detailed information about the admission of the merchandise into the FTZ to establish proof the importation date is within the calendar year the merchandise is seeking the claim for.

- Assignment certificate, Controlled Group Spreadsheet, & CBMA Spreadsheet is required.
Still Wine 14-16%

- Still Wine 14-16% ABV that was entered at the $1.57 rate but wants to request the refund of the difference between $1.57 and new $1.07 credit must request a letter from CBP pursuant to 19 CFR 24.36(e).

- CBP does not have the authority to refund the .50 difference between the $1.57 and the $1.07 credit.

- CBP does have the authority to refund only the CBMA credit reduction of that is allowed for the tranche level. (Max of $1.00, $0.90, or $0.535 each tranche level respectively)
Bulk Shipments of Alcohol

- IRT is paid directly to TTB at time Bottling and withdrawal from TTB Bonded Warehouse.
- CBP does not collect payment for Bulk IRT.
- “C” indicator is not to be submitted.
- Deferred Tax indicator should be set to “No”. CBP Deferred Tax program is only for entries CBP collect payment on.
- If you over pay on bulk shipment you will need to submit a request in accordance with 19 CFR 24.36(e) to CBP and TTB.
## CBMA Claim Chart

<table>
<thead>
<tr>
<th>Claim Time</th>
<th>Indicator</th>
<th>IRT Rate</th>
<th>Documents Submission location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry No Claim</td>
<td>No Indicator</td>
<td>High Rate</td>
<td>No Documents</td>
</tr>
<tr>
<td>Entry CBMA Claim</td>
<td>“C” Indicator for line with claim.</td>
<td>IRT rate listed on Assignment Certificate.</td>
<td>DIS</td>
</tr>
<tr>
<td>PSC w/ Claim</td>
<td>“C” Indicator for line with claim.</td>
<td>IRT rate listed on Assignment Certificate.</td>
<td>DIS</td>
</tr>
<tr>
<td>Protest</td>
<td>CBMA as Protest Type</td>
<td>CBP 155 CBMA Spreadsheet should list correct rate.</td>
<td>Protest Module, may upload as Supplemental information.</td>
</tr>
<tr>
<td>Bulk Shipment</td>
<td>No Indicator</td>
<td>CBP does not Collect IRT</td>
<td>No documents are Required by CBP for CBMA claim.</td>
</tr>
</tbody>
</table>

**Note:** License Customs Brokers are responsible to ensure the data transmitted to CBP is accurate.
Helpful Links and Contact

Questions should be directed to CBMA@cbp.dhs.gov

CBMA on CBP.gov

https://www.cbp.gov/trade/program-administration/entry-summary/cbma-2017

CBMA FAQ:


TTB FAQ


Liquidation Bulletin

https://aceservices.cbp.dhs.gov/LBNotice
U.S. Customs and Border Protection