



# TTB Webinar: New Import Provisions under the Craft Beverage Modernization Act

DECEMBER 2022



# TTB Disclaimer

This information is being presented to help the public to understand and comply with the laws and regulations that the Alcohol and Tobacco Tax and Trade Bureau (TTB) administers.

It is not intended to establish any new, or change any existing, definitions, interpretations, standards, or procedures regarding those laws and regulations.

In addition, this presentation may be made obsolete by changes in laws and regulations.

Please consult the applicable laws and regulations for the most current requirements.

Sample documents (such as records, returns, and labels) are for illustrative purposes only and contain fictitious data.



# Agenda

- CBMA Overview
- Overview of New Import Provisions
  - CBP to TTB
  - New refund system
- Foreign Producer Responsibilities
  - Registration
  - Assignment
  - Agents
- Importer Responsibilities and Claims
- Next Steps



# CBMA Overview

- Since 2018, the Craft Beverage Modernization Act (CBMA) provisions of the U.S. Internal Revenue Code (IRC) have set forth reduced tax rates or tax credits for beer, wine, and distilled spirits.
  - These tax benefits are available in limited quantities each year for each producer, including foreign producers.
  - Foreign producers utilize these benefits by assigning them to U.S. importers of their products.



# CBMA Import Provisions: 2018-2022

- From 2018-2022, U.S. Customs and Border Protection (CBP) has administered the CBMA tax provisions related to imported products.
- Foreign producers have been assigning tax benefits to importers via letterhead.
  - Importers have been required to submit certain CBMA-related information to CBP and maintain documentation relating to their CBMA benefits.
- Since late 2018, importers have generally been able to take advantage of assigned tax benefits when paying tax on imported beer, wine, and distilled spirits at entry to CBP.



# Changes to CBMA Import Provisions

- A 2020 change in the law transferred responsibility for administering the CBMA tax benefits for imported alcohol beverages from CBP to Treasury beginning with products entered for consumption in the United States on or after January 1, 2023.
- The law also changed the way in which importers can take advantage of CBMA tax benefits starting in 2023, requiring that importers pay the full rate and then file refund claims.
- In a June 2021 Report to Congress, Treasury outlined the plan to implement the new import provisions and announced that TTB would administer them.



# New CBMA Import Refund Procedures

- Starting January 1, 2023, importers must pay the full rate of tax to CBP and then may submit a claim to TTB for a refund based on CBMA tax benefits assigned.
  - The full rate of tax is due to CBP at the time of consumption entry regardless of the date of importation.
- CBP procedures continue to apply to all 2022 consumption entries.



# TTB Temporary Regulations

- On September 23, 2022, TTB published temporary regulations (T.D. TTB-186) and a related notice of proposed rulemaking (NPRM) (Notice No. 215) to implement the new CBMA import provisions.
  - The temporary rule took effect on October 24, 2022.
  - The comment period for the NPRM closed November 22, 2022.
  - To view these documents, see Docket [TTB-2022-0009](https://www.regulations.gov/docket/TTB-2022-0009) at Regulations.gov.
- The following slides summarize key provisions from the temporary regulations.





# Foreign Producer Responsibilities

- The foreign producer is responsible for assigning tax benefits to U.S. importers and must do so before the importer can take advantage of the tax benefits.
- Before being able to assign benefits, the foreign producer must create a myTTB account and register with TTB.
- Foreign producers must assign the tax benefits to one or more importers (by commodity and by specific tax benefit) using the importer's permit number through the new myTTB online system.



# Foreign Producer Assignments

- Each foreign producer has a statutorily-limited quantity of tax benefits that they can assign.
- A foreign producer may make assignments to one importer or to multiple importers.
- While each foreign producer cannot exceed quantity limitations when making assignments, importers may receive assignments from multiple foreign producers without any overall limitation on assignments received.



# CBMA Reduced Rates: Beer

- Foreign producers may assign a reduced rate of \$16 per beer barrel for the first 6,000,000 barrels of their beer imported into the United States during the calendar year.
- The full tax rate for beer is \$18 per barrel.



# CBMA Reduced Rates: Distilled Spirits

- Foreign producers may assign the reduced rate of:
  - \$2.70 per proof gallon on the first 100,000 proof gallons of their distilled spirits imported into the United States during the calendar year, and
  - \$13.34 per proof gallon on the next 22.13 million proof gallons of their distilled spirits imported into the United States.
- The full tax rate for distilled spirits is \$13.50 per proof gallon, but may be lower based on eligible wine or flavor content.



# CBMA Tax Credits: Wine

- Foreign producers may assign tax credits of:
  - \$1 per wine gallon on the first 30,000 wine gallons of their wine imported into the United States during the calendar year,
  - 90 cents on the next 100,000 wine gallons, and
  - 53.5 cents on the next 620,000 wine gallons.
- The tax credits apply to all wine tax rates, except that CBMA provides for adjusted credits for the hard cider tax rate (6.2 cents, 5.6 cents, and 3.3 cents per wine gallon).
- The full tax rate for wine ranges from \$0.226 to \$3.40 per wine gallon, depending on the tax classification.



# Foreign Producer Registration

- Foreign producers who wish to assign CBMA tax benefits must first register with TTB using the myTTB online system and receive a TTB Foreign Producer ID.
- U.S. importers will use the TTB Foreign Producer ID to identify the foreign producer who has assigned tax benefits to them when submitting information to CBP during the entry process.
- TTB will use the Foreign Producer ID to connect tax benefit assignments with the importers' entry data for their refund claims.



# Foreign Producer Registration (cont'd)

- The Foreign Producer will need information in order to register:
  - Basic information about the business, such as name and address, and contact information for a point of contact.
  - Their unique U.S. Food and Drug Administration (FDA) Food Facility Registration Number(s).
  - Ownership information, if under common ownership with other foreign or U.S. alcohol producers.
    - The name, address, and phone number of the individual or entity that owns 10% or more of the foreign producer.
    - For entity owners, an EIN (for U.S. entities) or Dun & Bradstreet Universal Numbering System (DUNS) number are required if the entity already has one of these numbers.



# Foreign Producer Assignments

- After registering, the foreign producer will need to provide information to assign tax benefits in the myTTB system:
  - The calendar year for which the CBMA tax benefits are being assigned;
  - The importer to whom the assignment is made, identified by the TTB permit number (or TTB-assigned reference number if applicable);
  - The commodity (i.e., beer, wine, or distilled spirits);
  - The specific reduced rate or credit being assigned (e.g., \$2.70 or \$13.34 for distilled spirits); and
  - The quantity of proof gallons, wine gallons, or beer barrels on which the benefits are being assigned. TTB will be posting information on conversions from liters and proof liters.





# Foreign Producer Assignment (cont'd)

- The quantities of tax benefits available to be assigned may be limited by controlled group rules that apply to foreign and U.S. producers under certain kinds of common ownership.
  - The myTTB system will not automatically track controlled group limitations, so it is the foreign producer's responsibility to ensure they are not exceeding these limitations for the controlled group.
- Additional assignments may be made throughout the year, but foreign producers may not unilaterally revoke assignments once they are made through the myTTB system.



# Corrections to Foreign Producer Assignments

- Before a foreign producer may make changes to an assignment, the importer first needs to decline the assignment in the myTTB Importer Claims system, which will be available in early 2023.

**REVISED TB-4: May a foreign producer reduce the quantity of CBMA tax benefits assigned to an importer or reassign CBMA tax benefits to a different importer?**



Once the foreign producer has assigned CBMA tax benefits to an importer, the foreign producer cannot reduce the quantity of the assigned tax benefits or reassign the tax benefits unless the importer to whom the tax benefits were assigned first declines the assigned benefits through [myTTB's](#) Importer Claims system. At this time, the Importer Claims system is not yet available, and importers will not be able to decline benefits until it is available. TTB expects the Importer Claims system to be available in early 2023. As a result, it is very important that the foreign producer make sure that the assignments are accurate.

Once that system is available, the importer can decline the quantities assigned in full or in part. Once the importer has declined the assignment, the foreign producer may reassign the declined benefits through [myTTB's](#) Foreign Producer system. All rules that apply to the timing of assignments apply to reassignments. See [FAQ TB-3](#).



# Foreign Producers May Use Agents

- A foreign producer may have a third party agent (such as an importer or a business consultant) register the foreign producer with TTB and make assignments of CBMA tax benefits to importers on its behalf.
- A person acting on behalf of a foreign producer in TTB's online foreign producer registration and assignment system must maintain written proof of authorization from that foreign producer to act on that foreign producer's behalf, and must provide that proof to TTB upon request.
- See FAQ FP-6 on TTB's CBMA Imports Web Page for details.



# Importer Responsibilities

- Beginning January 1, 2023, importers must pay the full rate of tax to CBP. (For distilled spirits, the full tax rate may incorporate wine or flavor content credits.)
- To take advantage of CBMA reduced rates, the importer must electronically file a refund claim with TTB through the myTTB online system.
  - Claims may be filed after the close of each calendar quarter covering entries in that quarter.
  - An importer can only claim refunds on imports where the foreign producer has assigned its CBMA tax benefits to that importer using the myTTB online system.



# Importers: Customs Entry Filings

- Before claiming a refund, the importer must submit information in their customs entry filings identifying the products that will be subject to the claim, including:
  - The commodity (beer, wine, or distilled spirits) and quantity being imported with an assigned CBMA tax benefit;
  - The name and TTB Foreign Producer ID of the foreign producer assigning the CBMA tax benefits;
  - The specific reduced tax rate or tax credit assigned to the imported quantity; and
  - The “C” flag indicator to signal that the importer will submit a refund claim for tax benefits.



# Importers: TTB PGA Message Set

- Importers who expect to file CBMA refund claims must also submit the TTB Partner Government Agency (PGA) Message Set electronically in ACE.
  - This includes the TTB importer permit number issued to most importers under the Federal Alcohol Administration (FAA) Act.
  - Importers who are not required to hold an FAA Act permit with TTB must request a TTB reference number, and enter their TTB-assigned reference number in the TTB PGA Message Set.



# TTB Tips: Entry Filings

- It is important to have the following for accurate claims processing:
  - Valid TTB permit number in the TTB PGA Message Set.
  - Only one permit per entry line.
  - Valid TTB Foreign Producer ID in the entry summary.
  - Import date cannot be blank or missing.





# ACE Tax Rates Table

CBMA Tax Rates <a href="https://www.ttb.gov/tax_audit/taxrates.shtml">https://www.ttb.gov/tax_audit/taxrates.shtml</a>			ACE CBMA Flag (40-Record)	ACE CBMA Product Detail (54-Record; Type=05)		Full IRT Rate
Product	Tax Benefit Category For TTB Refund	TTB Tax Rate (USD\$) (Effective Tax Rate After TTB Refund)	Product Claim Code (c=CBMA)	CBMA Rate Designation Code	TTB Tax Rate (Confirmation)(Effective Tax Rate After TTB Refund)	Full Tax Rate

## Beer

Beer	First 6,000,000 beer barrels	\$16.00/beer barrel	C	B01010	00160000	\$18.00/beer barrel
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## Wine

Still Wine. 16% and under alcohol by volume (0.392g CO2/100mL or less)	First 30,000 wine gallons	\$0.07/wine gallon	C	W01010	00000700	\$1.07/wine gallon
Still Wine. 16% and under alcohol by volume (0.392g CO2/100mL or less)	Over 30,000 up to 130,000 wine gallons	\$0.17/wine gallon	C	W01020	00001700	\$1.07/wine gallon
Still Wine. 16% and under alcohol by volume (0.392g CO2/100mL or less)	Over 130,000 up to 750,000 wine gallons	\$0.535/wine gallon	C	W01030	00005350	\$1.07/wine gallon
Still Wine. Over 16 - 21% alcohol by volume (0.392g CO2/100mL or less)	First 30,000 wine gallons	\$0.57/wine gallon	C	W02010	00005700	\$1.57/wine gallon
Still Wine. Over 16 - 21%						

- Access from <https://www.ttb.gov/alcohol/cbma-imports>





# Importers: Quarterly Refund Claims

- An importer can file a quarterly refund claim based on CBMA tax benefits assigned to them after imported products have entered the United States for consumption, and after the importer has paid to CBP the tax due on those products at the full tax rate.
  - Importers may not file refund claims more frequently than quarterly. That is, the calendar quarter must end before CBMA import refund claims may be filed for any consumption entries made during that quarter.
- Importers must submit CBMA refund claims electronically through myTTB. We are currently developing the claims system, and expect it to be available in early 2023.



# For Information:

- TTB's CBMA Imports web site will continue to be updated with FAQs and guidance:

<https://www.ttb.gov/alcohol/cbma-imports>

## Imports – Tax Benefits under the Craft Beverage Modernization Act (CBMA)

### New Provisions

The Craft Beverage Modernization Act (CBMA) provisions of the U.S. Internal Revenue Code provide for reduced rates or tax credits for beer, wine, and distilled spirits produced in or imported into the United States. These CBMA tax benefits are limited in quantity for each producer, including foreign producers. Foreign producers utilize these CBMA tax benefits by assigning them to U.S. importers of their products. U.S. importers pay the Federal excise tax on imported beer, wine, and distilled spirits, and must receive an assignment of the CBMA tax benefits from the foreign producer to take advantage of the CBMA tax benefits.

From 2018 to 2022, U.S. Customs and Border Protection (CBP) has administered the CBMA tax provisions related to imported products.

A change in the law transferred responsibility for administering the CBMA tax benefits for imported alcohol from CBP to TTB beginning with products entered for consumption in the United States on or after January 1, 2023.

The law also changed the way in which importers will take advantage of tax benefits assigned to them. Starting January 1, 2023, importers who want to take advantage of assigned tax benefits must pay the full tax rate to CBP and then subsequently submit a claim to TTB for a refund.

### For more information on TTB's CBMA import regulations:

- Watch TTB's CBMA Imports Overview video
- See TTB's temporary rule T.D. TTB-196, effective October 24, 2022.
- See TTB's notice of proposed rulemaking Notice No. 215 in Docket No. TTB-2022-0009 at Regulations.gov. The comment period for the Notice closed November 22, 2022.

[Overview for Importers](#) • [Overview for Foreign Producers](#) • [myTTB System User Guides](#) • [Foreign Producer Registration Questions and Answers](#)  
• [CBMA Tax Benefit Assignment Questions and Answers](#)

### Summary of CBMA Import Refund Provisions for Distilled Spirits, Wine, and Beer

The following summaries outline the new provisions covering importers and foreign producers.

[Overview for Importers](#)



[Overview for Foreign Producers](#)



[NEW: ACE CBMA Tax Rates Table](#)



See the [ACE CBMA Tax Rates Table](#). Use these codes for consumption entries on or after January 1, 2023 when the



<https://my.ttb.gov>

TTB launched the myTTB foreign producer registration and assignment system in October 2022.

A user guide is available on the website listed above.

The myTTB system that will allow importers to submit CBMA refund claims to TTB will be available in early 2023.

TTB plans to provide ongoing training materials on how to use these systems.



## CBMA Imports

Sign in to myTTB to access the CBMA Foreign Producer system to register a foreign producer and make tax benefit assignments.

**CBMA Imports**

### CBMA Imports Quick Links

- [CBMA imports overview](#)
- [How to use the Foreign Producer Registration and Assignment System](#) 
- [Import Claims System \(Coming in 2023\)](#)



# Contact Us

## CBMA Imports Questions?

**Contact the Regulations and Rulings Division at:**

- (202) 453-2265, OR
- Use our [Regulations and Rulings Division Contact Form](https://www.ttb.gov/contact-rrd)  
([www.ttb.gov/contact-rrd](https://www.ttb.gov/contact-rrd))