

Importation of Alcoholic Beverages & the Craft Beverage Modernization Act

Latest ACE Enhancements

May 21st, 2021



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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.

Update: CBMA was made permanent by Congress at the end of 2020. CBP will maintain operation of CBMA for Imports for two years.



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Definition

Importation Date: Definition Pursuant to 19 CFR 101.1:

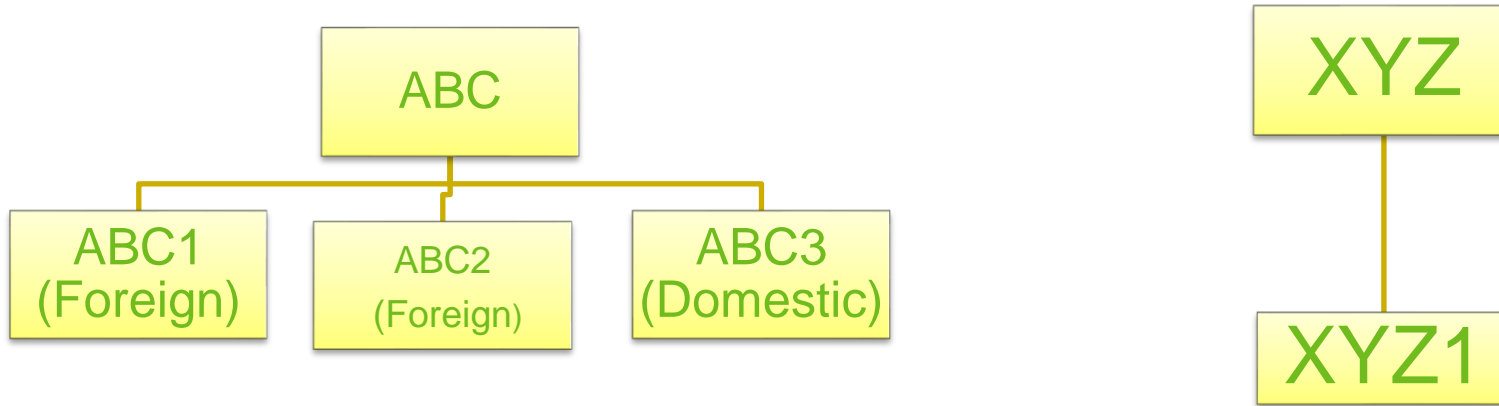
“Date of importation: “Date of importation”, means, in case of merchandise imported otherwise than by vessel, the date on which the merchandise arrives within the Customs territory of the United States. In the case of merchandise imported by vessel, “date of importation” means the date on which the vessel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

Controlled Group: Definition Pursuant to 26 USC 5061(e)(3)

- (A) In General: In Case of a controlled group of corporations, all corporations which are component members of such group shall be treated as 1 taxpayer. For purpose of the preceding sentence, the term “controlled group of corporations” has the meaning given to such term by subsection (a) of section 1563, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears in such subsection.
- (B) Controlled groups which include nonincorporated persons: Under regulations prescribed by secretary, principles similar to the principles of subparagraph (A) shall apply to a group of Persons under common control where 1 or more of such persons is not a corporation.



Controlled Group



Producers ABC1, ABC2, and ABC3 all share a common ownership of 50% or more by Owner ABC. The Tranche levels is based upon all imports made by the controlled group as a whole and not the individual Foreign producer. Example: ABC3 claims 15K wine gallons at \$0.07 cents this leave 15K wine Gallons to be split between ABC1 and ABC2 to issue to an Importer. If any of the three make a claim, or issue to an importer, the first 30K wine gallons, the remaining two will not be able to have a claim or issue an assignment to an importer.

Controlled Group XYZ has XYZ1 as their only producer, then XYZ1 does not share the tranche level with any other producer.



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CBMA Tranche Levels

Three types of alcohol and tranche level for each Alcohol Type by Controlled Group:

- Beer (Tax Rate)
 - \$16 per Barrel on first 6 million barrels
 - \$18 per barrel after 6 million barrels
- Wine / Hard Cider (Tax Credit) {reduction of applicable rate}
 - \$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.



CBMA Tax Rates Table

Rate table can be located on CBP CBMA website:

<https://www.cbp.gov/trade/program-administration/entry-summary/cbma-2017/cbma-irt-tax-rate-table-imports>

Tax Rates for Beer that is Imported During Calendar Years 2018 - 2020	
Barrels per Calendar Year	
Beer	
First 6,000,000 Barrels	Over 6,000,000 or No Foreign Allocation (No CBMA Claim)
\$16.00	\$18.00

Tax Rates for Distilled Spirits Imported During Calendar Years 2018 - 2020		
Proof Gallons per Calendar Year		
Distilled Spirits		
First 100,000 Proff Gallons	Over 100,000 up to 22,230,000	Over 22,230,000 or No Foreign Allocation (No CBMA Claim)
\$2.70	\$13.34	\$13.50



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CBMA Tax Rates Table

Tax on Wine that is Imported During Calendar Years 2018 - 2020				
Tax Class	First 30,000 Wine Gallons	Over 30,000 up to 130,000	Over 130,000 up to 750,000	Over 750,000 or No foreign Allocation (No CBMA Claim)
Still Wine				
16% and under alcohol by volume (0.39g CO2/100mL or less)	\$0.07	\$0.17	\$0.535	\$1.07
Over 16 - 21% alcohol by volume: (0.392g CO2/100mL or less	\$0.57	\$0.67	\$1.035	\$1.57
Over 21 - 24% alcohol by volume:(0.392g CO2/100mL or less)	\$2.15	\$2.25	\$2.615	\$3.15
Mead: No more than 0.64g CO2/100mL; derived solely from honey and water; containing no fruit product or fruit flavoring; and containing less than (not equal to) 8.5% alcohol by volume.	\$0.07	\$0.17	\$0.535	\$1.07
Low alcohol by volume wine: No more than 0.64g CO2/100mL; derived primarily from grapes or from grape juice concentrate and water; containing no fruit product or fruit flavoring other than grape; and containing less than (not equal to) 8.5% alcohol by volume.	\$0.07	\$0.17	\$0.535	\$1.07
Artificially Carbonated Wine				
Over 0.392g CO2/100mL - injected or otherwise added	\$2.30	\$2.40	\$2.765	\$3.30
Sparkling Wine				
Over 0.392g CO2/100mL - naturally occurring	\$2.40	\$2.50	\$2.865	\$3.40
Hard Cider				
No more than 0.64g CO2/100mL; derived primarily from apples/pears or apple/pear juice concentrate and water; containing no other fruit product or fruit flavoring other than apple/pear; and containing at least 0.5% and less than (not equal to) 8.5% alcohol by volume	\$0.164	\$0.17	\$0.193	\$0.226



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.



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Substantiating Documentation Requirements

The three substantiating documents are not required at time of Entry or Post Summary Corrections unless request by CBP through a Docs Required Message in ACE or CF 28; for 2021 claims and later. They are still required for all 2018, 2019, and 2020 claims to be uploaded at time of claim filing.

All three substantiating documents will be required to file claim at Protest.

CBMA Importer Spreadsheet show all claims up-to and including current claim being reviewed. If multiple documents are required due to file size limitation, please submit multiple spreadsheets as needed.



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New ACE Enhancements

All Claims filed at time of Entry and Post Summary Correction (PSC) will require to have certain data elements entered on lines with a “C” indicator.

The data elements will need to be input on the entry line in the Importers Additional Declaration field(s) (54 Record). The seven data elements are:

- (1) Controlled Group Name,
- (2) Foreign Producer Identifier,
- (3) Foreign Producer Name,
- (4) Allocation Quantity,
- (5) Flavor Content Credit Indicator (only if a CBMA claim is being filed)
- (6) CBMA Rate Designation Code,
- (7) TTB Tax Rate.



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New ACE Enhancements (Cont.)

The Foreign Producer Identifier is constructed through information contained on the CBMA Spreadsheet and constructed through a formula described in the CATAIR and repeated here:

Definition: The identifying code of the foreign producer / assigning entity named as Foreign Producer.

Formula: The code can be up to 14 characters in length and should be comprised of the following:

- The 1st character of the alcohol type (Beer=B, Wine or Cider=W, Spirits=S); followed by:
- Up to the 1st 6 characters of the Foreign Producer Name (eliminating any space value); followed by:
- Up to the 1st 5 characters of the Foreign Producer's international postal code; followed by:
- The 2-digit calendar year of the claim.



New ACE Enhancements (Cont.)

The CBMA Rate Designation Code and TTB Tax Rate are found on the ACE CBMA Tax Rate Table on CBP.gov at the following link:

<https://www.cbp.gov/trade/program-administration/entry-summary/cbma-2017/ace-cbma-tax-rates-table>.

The CBMA Rate Designation Code and the TTB Tax Rate will need to be determined based on the alcohol type and the CBMA tranche and corresponding reduced tax rate or credit. The (CBMA Rate Designation Code and TTB Tax Rate pair will need to match to be accepted in ACE



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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



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CBMA Claim Chart

Claim Time	Indicator	IRT Rate	Documents Submission location
Entry No Claim	No Indicator	High Rate	No Documents
Entry CBMA Claim	“C” Indicator for line with claim.	IRT rate listed on Assignment Certificate.	DIS (Not Required for 2021 and Forward)
PSC w/ Claim	“C” Indicator for line with claim.	IRT rate listed on Assignment Certificate.	DIS (Not Required for 2021 and Forward)
Protest	CBMA as Protest Type	CBP 155 CBMA Spreadsheet should list correct rate.	Protest Module, may upload as Supplemental information.
Bulk Shipment	No Indicator	CBP does not Collect IRT {except in the case of Wine going to a Tax Paid Premise}	No documents are Required by CBP for CBMA claim.

Note: License Customs Brokers are responsible to ensure the data transmitted to CBP is accurate.



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Changed to ACE

- ACE was changed to not provide IRT rate on any ABI HTS query. The X0 code is there to inform the filer to research the calculations for the respective amount.
- For HTS 2206.00.4500 has had class code 022 added to be used on this HTS for payment of IRT for SAKE.
- Any technical issues with CBMA enhancements, contact CBP Client Representative.
- Any policy questions pertaining to CBMA contact:
CBMA@cbp.dhs.gov



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:

<https://www.cbp.gov/trade/programs-administration/entry-summary/craft-beverage-modernization-tax-reform-act-2017/FAQs>

TTB FAQ

<https://www.ttb.gov/alcohol/craft-beverage-modernization-and-tax-reform-cbmtra>

Liquidation Bulletin

<https://aceservices.cbp.dhs.gov/LBNotice>



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