



TaxNewsFlash

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TTB temporary and proposed regulations: Implementation of refund procedures for federal excise tax benefits applicable to imported alcohol

Temporary and proposed regulations from the U.S. Treasury Department's Alcohol and Tobacco Tax and Trade Bureau (TTB) implement certain changes to the Internal Revenue Code made by the "Taxpayer Certainty and Disaster Tax Relief Act of 2020" (enacted as part of the "Consolidated Appropriations Act, 2021" (Pub. L. No. 116-260)), which amended the Craft Beverage Modernization Act (CBMA) provisions of the 2017 tax law (Pub. L. No. 115-97), the law that is commonly referred to as the "Tax Cuts and Jobs Act" (TCJA).

The [temporary regulations](#) [PDF 359 KB] (published in the Federal Register today, September 23, 2022) establish procedures for foreign producers and importers to take advantage of the reduced rates or tax credits for certain quantities of beer, wine, and distilled spirits produced in or imported into the United States.

The text of the temporary regulations also serves as the text of [proposed regulations](#) [PDF 252 KB issued to obtain comments on the provisions in the temporary regulations. The proposed regulations would also clarify that a foreign producer may not assign CBMA tax benefits on distilled spirits, wine, or beer unless it produces the product.

Comments on the regulations are due by November 22, 2022.

As noted in a related [TTB release](#), under the new CBMA import refund provisions, importers must pay the full rate of tax to U.S. Customs and Border Protection (CBP) on beer, wine, and distilled spirits entered for consumption in the United States on or after January 1, 2023. To take advantage of the CBMA tax benefits, the importer must subsequently file a refund claim with TTB using the [myTTB online system](#). Importers may file refund claims after the close of each calendar quarter covering their entries in that quarter.

An importer cannot claim a refund unless the foreign producer of the imported beer, wine, or distilled spirits has registered with TTB and assigned their CBMA tax benefits to that importer using the myTTB online system. TTB expects the myTTB online system to be available to foreign producers to register and make assignments by the end of October 2022.

In the past, foreign producers assigned CBMA tax benefits to one or more importers using a letterhead template published by CBP. For products imported on or after January 1, 2023, foreign producers will, instead, assign their CBMA tax benefits to importers through the myTTB online system, and assignments by letterhead will no longer be acceptable.

For more information, contact a tax professional with KPMG's Excise Tax Practice group:

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