



The Technical Side of Exporting Alcohol

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Objectives

- Define an “export”
- Identify applicable laws and regulations
- Requirements for untaxed exports
- Requirements for taxed exports
- Proof of Exportation
- Alternate Records Variances
- TTB Information – www.ttb.gov
- Summary

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- Not Sold in U.S. – Tax Liability?
 - “Free of Tax”
 - “Without Payment of Tax”
 - “Benefit of Drawback of Tax”
- Exportation – defined as “Separation from the U.S.”
- When does separation occur?
- Kinds of export transactions

- A severance of goods from the mass of things belonging to the United States with the intention of uniting them to the mass of things belonging to some foreign country and shall include shipments to any possession of the United States.
- The export character of any shipment shall be determined by the intention with which it is made, and it assumes an export character only when destined for use in a foreign country or in a possession of the United States.
- For the purposes of this part, shipments to the Commonwealth of Puerto Rico, to the territories of the Virgin Islands, American Samoa and Guam, and to the Panama Canal Zone shall also be treated as exportations.

- Title 26 United States Code – Chapters 51
 - § 5214, Withdrawal of distilled spirits from bonded premises free of tax [denatured] or without payment of tax [un-denatured].
 - § 5362, Withdrawal of wine from bonded premises without payment of tax
 - § 5053, Withdrawal of beer from a brewery without payment of tax
 - § 5055, Drawback of Tax – Beer
 - § 5062, Drawback of Tax – Distilled Spirits and Wines

- Title 27 Code of Federal Regulations
 - Part 1 – Basic Permit Requirements under the Federal Alcohol Administration Act
 - Part 19 – Distilled Spirits Plants
 - Part 24 – Wineries
 - Part 25 – Brewers
 - Part 28 – Exportation of Alcohol



Untaxed Exports

- Beer, spirits, or wine may be exported without payment of tax when shipped from a bonded distilled spirits plant (DSP), bonded wine cellar (BWC), or brewery premises.
- Exportation is covered by bond pending receipt of proof of exportation.

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Bonds – Operations Coverage

- 27 CFR -
 - Part 19, Subpart H – Distilled Spirits Plants
 - Part 24, Sections 24.145 to 24.159 – Bonded Wineries
 - Part 25, Subpart H – Breweries
 - Subpart D of Part 28
- Bond can be through an approved surety company (<http://www.fms.treas.gov/c570/c570.html>), cash, or collateral.

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Continuing or Specific Export Bond - Distilled Spirits or Wines

- When an exporter is not the operator of DSP or BWC:
 - 27 CFR Sections 28.61 and 28.62 require exporter to obtain bond using TTB Form 5100.25 to cover one specific lot of spirits or wines being exported, or TTB Form 5100.30 to cover continuing withdrawals for export.
 - See also requirement to file TTB Form 5100.11 as an application.

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Types of Exportations

- Types of exports:
 - To a contiguous country
 - To a non-contiguous country
 - To a Foreign-Trade Zone (FTZ)
 - To a Customs Bonded Warehouse (CBW)
 - For use as supplies on vessels and aircraft (See 27 CFR 28.21 and 28.22)
 - For use of the Armed Forces, overseas

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Forms – Untaxed Exports

- TTB Form 5100.11, Wine and Spirits
- TTB Form 5130.12, Beer
- See examples in your handouts

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Reporting

- Each operational report submitted to TTB has lines for reporting exports
- TTB Form 5120.17, Wine
- TTB Form 5130.9, Beer
- TTB Forms 5110.11; 5110.28; 5110.40; 5110.43, Distilled Spirits
- Total on export lines must equal amounts shown on transaction forms for report period

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Other Requirements

- Markings
 - Export marks required
 - See 27 CFR part 28 sections 28.103 (spirits); 28.123 (wines); or 28.144 (beer)
- Records
 - See 27 CFR parts 19, 24, 25, and 28 for daily and summary records of withdrawals

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Forms – Taxed Exports

- TTB Form 5120.24, Wine Drawback Claim
- TTB Form 5120.20, Certificate of Tax Determination - Wine
- TTB Form 5110.30, Spirits Drawback Claim
- TTB Form 5130.6, Beer Drawback Claim
- See examples in handout packet

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Proof of Exportation

- 27 CFR part 28 Requirements
 - See 28.40-28.43 and Subpart M
- Industry Circulars
 - I.C. 2000-2
 - I.C. 2004-3
 - For other specific historical rulings, see the Research Resources box on www.ttb.gov

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Proof of Exportation (Cont'd)

- Customs Certifications (FTZ or CBW)
- Bills of Lading
- Certificate of Receipt
- Certificate by Exporting Carrier
- Receipt by Armed Forces
- Alternative combinations – see Industry Circulars

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Alternative Procedure

- Industry Circular 2004-3 allows for DSPs, BWs, and brewers to apply for a variance that permits retention of export documents at the plant premises
- Features:
 - Savings on mailing costs
 - E-filing of summary monthly report
 - Voluntary tax adjustments (+/-) when proof of export is delayed
 - Expanded definition of acceptable proof
 - E-mail application for variance
- Refer to I.C. 2004-3 and FAQ in your handouts

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What We Learned Today

- Defined an “export”
- Identified applicable laws and regulations
- Reviewed untaxed exports
- Reviewed taxed exports
- Discussed “Proof of Exportation”
- Described how to obtain a cost saving variance
- TTB Information – www.ttb.gov

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Contact Information

- NRC Contacts –
 - exports@ttb.gov
 - Your Tax Services Specialist – call us at 1-877-882-3277
 - E-filed reports under I.C. 2004-3 variance:
 - Elaine Rose
 - Phone: 513-684-7231
 - E-mail: c.rose@ttb.gov

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