



March 23, 2020

Brenda Smith, Executive Assistant Commissioner
Office of Trade
United States Customs and Border Protection Bureau
Washington, DC

Re: Urgency of Refunds Under the Craft Beverage Modernization Act

Dear EAC Smith:

The National Association of Beverage Importers (NABI) and the Wine and Spirits Wholesalers of America (WSWA) greatly appreciate all that you and your colleagues at the Customs and Border Protection Bureau (CBP) are doing to protect the safety and security of the borders and facilitate trade in these difficult times. As we confront the challenges to our economy, we know that CBP is a partner with the trade community in strengthening our importation community so we can help build and recover our economy. It is with this goal in the forefront that we write to respectfully ask that CBP accelerate refund claims made under the Craft Beverage Modernization Act.

The Craft Beverage Modernization Act (CBMA) was enacted as part of the Tax Cuts and Jobs Act in December 2017, and extended in the Consolidated Appropriations Act, 2020. CBMA provides reduced excise tax rates and tax credits for domestic and imported distilled spirits, wine, and beer. All tiers of the beverage alcohol distribution system benefited from these tax incentives that were used to expand physical facilities, purchase equipment, and hire new employees. All of these steps enhance the inventory adequacy of entire distribution chain and consumer choice. However, the importer community bears a heavier burden.

Domestic distilleries, wineries, and breweries were able to claim the reduced tax rates and tax credits immediately when CBMA became effective on January 1, 2018. Importers, however, who pay the excise taxes to CBP on these beverage alcohol products at the time of the consumption entry continued to pay the higher pre-CBMA tax rates until CBP promulgated the framework for claiming the reduced tax rates and tax credits. The framework for claiming the CBMA tax benefits was announced in October 2018. Importers are required to obtain an Assignment Certificate Letter from the Foreign Producer (each year), a Controlled Group Spreadsheet (revised as necessary), and a CBMA Spreadsheet with each entry recording the drawdown of the CBMA tax benefits assigned by the foreign producer. For many importers, this was a time-consuming effort.

During all this time, the importers were paying the higher CBMA tax rates with the understanding that CBP would process refund claims (with interest) for the overpayment of the excise taxes.

Many refund claims have been filed but many still remain unpaid. We understand that CBP Headquarters compiled a report covering the records filed by the importers and their customs brokers on these claims. That report is used by Import Specialists at the Center for Excellence and Expertise (CEE) to process the refund claims. While we understand that these claims have been difficult for CBP due to errors or incompleteness (not disclosed to us in any detail), the current economic situation counsels urgency in getting these refund payments to importers so they can keep their business solvent and operational. The telework status of the Import Specialists should not impede the processing of these refund claims.

Importers of beverage alcohol are facing unique and expanding financial challenges today in the marketplace not faced by other businesses. The retaliatory tariffs in the Airbus trade dispute, the delays in receiving refunds from CBP under the CBMA when money is desperately needed by these businesses more than ever before, and now the disruptions of the coronavirus/COVID-19 both in the supply chains of the countries they import from and in the United States in protecting and keeping safe their workers and the financial support of their families are imposing huge financial outlays by importers. At the same time, these importers are facing uncertainty in the marketplace arising from the rising likelihood of a recession.

In the current economic environment, importers need these refunds paid as quickly as possible in order to inject much needed liquidity into their business. Importers will use these monies in their businesses in ways to stimulate the economy. But we cannot do that without assistance from CBP in accelerating the processing of the refund claims. Each day the urgency becomes greater.

We are available at any time to answer any questions you may have and provide any information you may need. Thank you very much for your time on this important matter.

Sincerely,



Michelle L. Korsmo
President and CEO
Wine & Spirits Wholesalers of America



Robert M. Tobiassen
President
National Association of Beverage Importers

CC: Randy Mitchell, Director, Commercial Operations, Revenue and Entry Division at randy.mitchell@cbp.dhs.gov