

Entry and payment for alcohol product

Operational Policy

Contents

About this policy.....	2
Introduction.....	2
Related documents.....	2
Overview.....	2
Excise entry and payment timeframes.....	3
Liability for excise entry and payment.....	3
New licensees.....	4
Changing entry and payment timeframes.....	4
Who must lodge the entry.....	5
Port of lodgement and payment method.....	5
Goods to be entered.....	6
Removal for home consumption.....	6
Exemption from entry for removal from a CCA.....	7
Definitions.....	8
REFERENCES.....	8
Customs and Excise Act 2018.....	8
Customs and Excise Regulations 1996.....	8
Customs Rules.....	8

About this policy

Introduction

1. This policy outlines the requirements and timeframes for entry and payment of excise duty on alcohol products.

Related documents

2. Use this operational policy in conjunction with the following documents:

Document name	Document type
Issue CCA licence - alcohol	Process and procedures
Amend CCA licence - alcohol	Process and procedures
CCA licence application – alcohol	Operational policy
Types of CCA – alcohol	Operational policy
Product movement excise unpaid – alcohol	Operational policy
OPS PRO 051 Customs-controlled area	OPS PRO
OPS PRO 052 Manufacture of Excisable Goods Procedure	OPS PRO

Note: For legislation links see the reference section at the end of this document.

Overview

3. The Customs and Excise Regulations 1996 (regulations 52, 57, 57A, 57B and 57C) provide timeframes for specified alcohol product entries and payment, and allow the timeframe to be changed under certain circumstances. In these regulations, 'specified alcoholic products' means goods specified in items 99.10 to 99.50 of Part A of the Excise and Excise-equivalent Duties Table.

Excise entry and payment timeframes

4. Timeframes for entry and payment are set out in the table below. Excise duty liability is the total excise duty liability of the licensee for any year commencing 1 July in respect of specified alcohol products removed from the Customs-controlled area (CCA) in that year, as estimated by the licensee.

Excise duty liability	Frequency	Entry timeframe	Payment timeframe
<ul style="list-style-type: none"> New licensee Licensee with annual excise duty liability >\$100,000 	Monthly	15 th working day from the end of the month in which the goods were removed	Last working day of the month following the month the goods were removed
Licensee with annual excise duty liability \$50,000 ≤ \$100,000	Six monthly	15 th working day of January for goods removed between 1 July and 31 December	Last working day of January
		15 th working day of July for goods removed between 1 January and 30 June	Last working day of July
Licensee with annual excise duty liability ≤\$50,000	Annual	15 th working day of the July immediately following year of removal	Last working day of July
Licensee with no duty liability (i.e. a third party storage CCA)	Monthly	15 th working day from the end of the month in which the goods were removed	Last working day of the month following the month the goods were removed NB: the manufacturer or first owner of the alcohol is responsible for payment

Liability for excise entry and payment

5. If product is removed for home consumption, or is consumed at the CCA, the duty becomes payable. Ownership of the goods determines who makes the excise entry and payment of the duty, as outlined in the following table.

Note: This table is a guide only, owners and occupiers are both jointly and severally liable.

If the goods are owned by the...	in a CCA belonging to the...	then on removal from the CCA for home consumption, or when consumed at the CCA...
LMA licensee or unlicensed first owner	LMA licensee	The LMA licensee makes the entry and pays the excise.
First Owner	First Owner	The First Owner makes the entry and pays the excise
LMA licensee	Third party	The LMA licensee makes the entry and pays the excise.
Unlicensed first owner	Third party	The licensee of third party CCA makes the entry. They may also collect and pay the excise on behalf of the owner depending on their contract, but the unlicensed first owner is liable for payment of the duty.
CCA licensee	Unlicensed site (temporary)	The CCA licensee makes the entry and pays the excise.

New licensees

6. All new licensees are required to complete monthly entry and payments for at least six months, and are monitored until they demonstrate compliance with the entry and payments requirements. The timeframe is recorded in the Alcohol Excise Plan (AEP).

Changing entry and payment timeframes

7. A licensee may make an application to have their timeframes extended. This should be made when the licensee estimates their excise duty liability for the coming year. If granted, the extension will be applied from the beginning of the financial year for which they have provided the estimate commencing July 1 (regulation 57C).
8. To be eligible, the licensee must have held their licence for at least six months, have met all excise entry and payment requirements since they commenced operation, and have provided evidence that they have adequate and effective systems in place to ensure that all future entry and payment time frames will be met.
9. The timeframes will not be extended when any of the following apply:
- the licensee advises they want to remain on monthly reporting and payment
 - the licensee has not complied with the reporting and payment requirements
 - the licensee has been suspended at any time during the previous six months.

10. A licensee can voluntarily make payments and/or entries more frequently than the timeframe specified in their AEP. Additional duty will only be payable if they do not make payment according to the timeframe recorded in their AEP.
11. Timeframes can be reduced to monthly if the licensee has not complied with the reporting and payment requirements in the previous year, and is therefore no longer eligible for the extended timeframe. This will be assessed at the end of the financial year and the reduction will be implemented at the start of the new financial year.
12. A licensee can be suspended from six-monthly or annual timeframes and moved back to monthly timeframes if they do not provide sufficient 'specified evidence' within 20 working days of it being requested (regulation 57C). Suspension can be used when there are concerns about the licensee's ability to meet entry and payment timeframes. The suspension lasts until the evidence is provided and Customs determines that it is sufficient.
13. 'Specified evidence' means evidence of adequate and effective systems to provide reasonable assurance that entry and payment timeframes will be met. Once a licensee has provided this evidence, they do not need to do so again.
14. If a licensee is suspended from extended entry and payment timeframes, then for excisable goods moved since the last entry and payment made by the licensee:
 - entries must be made within 15 working days from the end of the month in which the suspension took effect
 - payment must be made by the last working day of the month following the month in which the suspension took effect.
15. Apart from cases where a licensee voluntarily makes entries and payments more frequently than required, the AEP must be updated with the new timeframe when entry and payment timeframes are changed.
16. Licensee cannot appeal, a decision made by Customs not to grant an extension to their timeframes, to the Customs Appeal Authority (CAA). However licensees have the general right to a judicial review, and can complain to the Ombudsman.

Who must lodge the entry

17. Normally an entry for excisable goods is made by the licensee of the CCA from where the goods were removed, however there are circumstances which require that the entry must be made by the licensed owner of the alcohol instead. (Refer [section 405](#) of the Act and [regulation 52A](#)).
18. Where locally manufactured alcohol is removed from a CCA licensed as an off-site storage area, and on its removal it is owned by a licensee of a manufacturing area, the excise entry must be made by the owner (the manufacturing area licensee).

Port of lodgement and payment method

19. The licensee of the CCA may lodge their entry at any Customs office. Payment may be made by cheque, cash, electronic payment, or payment can be made using internet banking. Your excise code or excise entry should be used as a reference number.

Goods to be entered

20. The Act ([section 81](#)) requires that specified alcohol product is entered when it is removed from a CCA for home consumption.

Removal for home consumption

21. The Act ([schedule 3, clause 3](#)) specifies that goods are deemed to be removed for home consumption when they are physically removed from a CCA, except in certain circumstances where they are being moved excise unpaid. These are described fully in the operational policy: Product movement excise unpaid – alcohol.

22. The Act ([schedule 3, clause 3](#)) specifies that goods are deemed to be removed for home consumption when they are physically removed from a CCA except where they are:

- moved to another CCA as approved by the chief executive.
- temporarily removed as approved by the chief executive.
- removed for export or to an export warehouse.

Examples of each of these exceptions are outlined below.

23. Examples goods moved to another CCA as approved by the chief executive, (approvals which can be granted under [section 85](#) of the Act) include the transfer of:

- product to a licensed manufacturing area for further manufacture
- a product between CCAs of entities within a company's structure
- finished alcohol to the storage facility of the first owner (this can include bulk wine where no process of manufacture is required to be undertaken to the wine while in the storage area)
- finished goods from a contract manufacturer to the owner of the goods, where the owner is the CCA licensee, licensed under [section 56](#) of the Act
- product to an area licensed under [regulation 6\(b\)](#) 'duty free shop'
- product by an LMA to their own off-site storage premises or to a contract off-site storage premises.

24. Examples of goods temporarily removed as approved by the chief executive (approvals that may be granted under [section 85](#) of the Act, in accordance with the conditions of [section 235\(2\)](#)) include when goods are removed:

- for display purposes
- when some stock is required to be held separately from other stock, for example when an infected beer must be isolated so as not to infect other product
- to address space issues, where plans are in place to extend or find new premises, or current circumstances prevent the licensee from doing so. Examples might be where a new company experiences rapidly increased production but does not yet have the capital to expand premises or relocate, or a company's physical location prevents it from expanding even though they wish to do so
- to address space issues where to increase storage would be uneconomical for a business to accommodate the storage of the product

- when product is to be temporarily relocated while building work or repairs are undertaken, such as extensive renovations or after a natural disaster
 - use in manufacture, where the finished product is returned to the originating CCA.
Note: Refer also to OPS PRO 046 Transportation within New Zealand, for requirements on temporary removal of goods from CCAs.
25. Examples of situations where applications for temporary permits should be declined are:
- when security of the goods or the record keeping of the client is of concern
 - when conditions of a previously held permit were not complied with
 - to remove goods purely for distribution purposes.
- Note:** these are not continuous permits. Any temporary permit issued can only be reissued on application with evidence that the request still meets the criteria.
- Any application for a temporary permit that falls outside the above criteria should be referred to the Chief Customs Officer (CCO), Service Delivery for consideration.
- they are removed for export or to an export warehouse.
26. All approvals issued under [section 85](#) of the Act are to be in writing, and a copy kept on the licensee's file.

Exemption from entry for removal from a CCA

27. Approval may be given for goods to be removed from a CCA in accordance with [section 85\(1\)\(b\) or \(c\)](#) of the Act without entry. However, both the sending CCA and receiving CCA must record the transfer in their records. This does not apply where any condition or restriction to a CCA licence requires an entry to be made.
28. The following guidelines apply:
- the operations and records of the CCA shall follow the AEP issued by Customs. Any procedural amendments require the written approval of the chief executive or their delegate
 - the licensee's records are to include a register detailing all goods subject to the control of Customs that have been removed from or delivered to their area. Minimum details are to include:
 - the name and place of the CCA the excisable goods are being removed to/from
 - the date the excisable goods were removed from/received into the area
 - a description of the goods
 - the quantity of the goods (e.g. number of bottles/barrels/kegs etc.)
 - stock detail/job number or home consumption details.
 - on receiving the goods the receiving area is to provide the sender with details of the date of receipt of the goods and stock/job number
 - the sending area is to investigate any removals where the receiving area has not supplied details within one month of dispatch.
27. Any area operating as a "U-make" type facility for alcohol shall be licenced, however the majority of production may be exempt excise duty under schedule 3, clause 6 of the Act.

Definitions

Term	Definition
Excise duty liability	Total excise duty liability of the licensee for any year commencing 1 July in respect of specified alcohol products removed from the Customs-controlled area (CCA) in that year, as estimated by the licensee.
First owner	<p>The owner of the alcohol label, but not the manufacturer of the alcohol.</p> <p>Licensed First Owners are those that have a licence for the purpose of offsite storage</p> <p>Unlicensed First Owners are those that use a third party off site storage (OSS) facility.</p> <p>For example, a vineyard may grow grapes or source grape juice and then contract an independent facility to manufacture and bottle the wine from their grapes or grape juice. The same applies to a person who contracts a brewer to make beer on their behalf.</p>

REFERENCES

Customs and Excise Act 2018

- Section 81 Entry of Part A goods
- Section 85 Removal of goods from Customs-controlled area
- Section 235 Temporary removal of goods from Customs-controlled area
- Section 405 Regulations in relation to entries
- Schedule 3, clause 3 Removal for home consumption
- Schedule 3, clause 2 Excise duty is a debt owed to the Crown

Customs and Excise Regulations 1996

- Regulation 52 Time for lodgement of entry for excisable goods
- Regulation 52A Circumstances in which entry to be made by owner
- Regulation 57 Payment of excise duty
- Regulation 57A Specified alcoholic products: time for lodgement of entry
- Regulation 57B Specified alcoholic products: time for payment of excise duty
- Regulation 57C Specified alcoholic products: conditions for extension of time for lodgement of entry and payment of excise duty

Customs Rules

Customs (Excisable Goods Entry) Amendment Rules 2018.