

# CCA LICENCE APPLICATION: ALCOHOL OPERATIONAL POLICY

**Date:**

**2 August 2018**



NEW ZEALAND  
**CUSTOMS SERVICE**  
TE MANA ARAI O AOTEAROA

Protecting  
New Zealand's  
Border

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## ABOUT THIS POLICY

### Introduction

This policy outlines the conditions and criteria for considering an application for an alcohol related Customs-controlled Area (CCA) licence, either for a Licensed Manufacturing Area (LMA) or for Off-site Storage (OSS).

### Related documents

Use this operational policy in conjunction with the following documents:

Document name	Document type
Issue CCA licence – alcohol	Process and procedures
Types of CCA-alcohol	Operational policy
Use of off-site storage – alcohol	Operational policy
OPS PRO 051 Customs-controlled Area	OPS PRO
OPS PRO 052 Manufacture of Excisable Goods	OPS PRO

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

### Overview

The applicant for a CCA licence must be the owner, occupier or person operating the area to be licensed. For an off-site storage CCA the applicant may be the manufacturer or owner or a transport or storage company that is storing alcohol on behalf of a manufacturer or first owner.

### Making an application

The requirements and format for applying for a CCA licence are set out in the [Customs Rules 2018](#) (Application for Customs-controlled Area Licences).

Applications must be made on Form C11 – Application for Customs-controlled area Licence or in Trade Single Window (TSW). They must be lodged with the Customs office closest to the area to be licensed. There is no application fee and for LMAs and OSS there is no annual licence fee.

## Assessment of a CCA licence application

Sufficient information must accompany a CCA application to enable Customs to determine that:

- the site and facilities for the area to be licensed are suitable and adequate for the function described
- any risks to the collection of excise duty associated with the applicant or site are identified and managed
- the business records and accounting systems are adequate for accurate monitoring and audit of stock volume and movement.

The Customs Officer should discuss the licence application and proposed CCA directly with the applicant. Additional information may be requested if required.

Wherever possible the Customs Officer should visit the proposed site to verify the information and/or assertions provided in the application.

The Customs Officer should complete Ops Form 014 Check List for Customs-controlled Area Licence Application, as a record of the assessment process and attach it to the applicant's file.

### Site and facilities

A site visit must be made to assess the CCA site and to identify:

- parts of the site to be included in the LMA or off-site storage area
- in the case of a LMA, whether storage capacity is sufficient for the proposed manufacturing volume or will future off-site storage be required
- proposed security measures. Customs interest in physical security relates solely to security of revenue. The licensee should be advised that they may be required to pay duty on goods that go missing from the licensed area and therefore it is important that their security arrangements are adequate.

The Customs Officer must mark or define on the site plan all areas that will be used in the manufacture of alcohol and/or the areas to be used for storage. This is the defined CCA. The site plan then becomes part of the Alcohol Excise Plan (AEP) as a record of where alcohol should/should not be on the site.

### Risks to revenue collection and use of securities

The Customs Officer must identify in CusMod if Customs has dealt with the applicant before and whether their compliance history was satisfactory. All applications for LMA or OSS CCA licences (with a duty liability) must be assessed by Revenue Management for a credit risk assessment. An assessment covers the applicant's previous experience, their business plan and projected excise liability, and their current financial position.

Customs' interest is in the ability of the applicant to pay the required excise on time. Revenue Management therefore seeks evidence that the applicant is in a sufficient financial position to operate the CCA, has good financial and industry knowledge, and is employing sound business practices.

Revenue Management may decide to require a security for payment. Securities are most likely to be appropriate for new LMA or OSS licensees, or for licensees with a history of late excise payment, or who are known to be in financial difficulty. The purpose of a security is to provide a guarantee of payment and recourse for default on payment of excise.

If Revenue Management considers a security necessary, a condition is placed on the licence and recorded in the AEP that manufacture or use of the storage facility cannot begin until the security has been received by Customs. The applicant must be advised in writing of the requirement for a security and the reasons, and that they have the right to appeal the decision to the Customs Appeal Authority within 20 working days of receiving notice of the decision.

If the security is in the form of cash, the licensee can apply for it to be reviewed after six months provided they have been fully compliant with all aspects regarding their excise obligations and provide financial information to support their application. However if a guarantee has been taken as the form of security, it will remain in place while the CCA is licensed.

## Business records and accounting systems

The adequacy of the licensee's business records and systems should be reviewed to ensure that they cover:

- a stock account of all alcohol produced and stored including the litres manufactured and/or stored, and removed to and from the CCA
- a record of regular stocktakes of bulk and packaged product
- stock records of all excisable goods removed from the CCA or received by the CCA
- records and details of any disposal of goods and remission of excise duty.

**Note:** A start up or new licensee may not have any existing records, but the licensee informed about the types of expected systems.

## Terms, conditions or restrictions

Customs may impose terms, conditions or restrictions on the CCA licence, to manage identified risks. These are recorded in the AEP as are any ongoing authorisations and approvals. The excise plan template also includes standard terms, conditions or restrictions which apply to all licensees. All terms, conditions or restrictions should be discussed with the applicant.

The applicant must be advised that they can appeal the decision to impose or amend a term, condition or restriction on a CCA licence to the Customs Appeal Authority within 20 working days of the decision.

The terms, conditions or restrictions of a licence may be varied or revoked by Customs and new terms, conditions or restrictions imposed. The licensee must be advised of the changes in writing and that they can appeal the decision to the Customs Appeal Authority within 20 working days of notice of the decision being given.

When Customs is satisfied that an application meets the requirements for granting a CCA licence, both a licence and an AEP are prepared, using the relevant templates. The completed licence and AEP must be signed by the Supervising Customs Officer (SupCO) or Port Manager.

## Amending an Alcohol Excise Plan

An AEP is updated whenever there are changes to the licence, or to details recorded in the AEP including terms, conditions or restrictions, key personnel associated with the licence, or addition or withdrawal of authorisations and approvals.

## Refusing a CCA licence

A CCA application may be refused if risks are identified, including risks:

- over the ability of the applicant to pay the excise due
- associated with the applicant, for example they have a history of insolvency or illegal activity.
- associated with the applicant's ability to meet the conditions of the licence, for example if they have a poor compliance record with Customs and can provide no evidence that this would improve.

The applicant must be advised of the licence refusal, and reasons, in writing and must be advised of their right to appeal to the Customs Appeal Authority within 20 working days of receiving notice of the decision.

On receipt of an application for a CCA licence, Customs can direct that an area need not be licensed if it is considered not to be in the public interest or it is impracticable or unnecessary for the area to be licensed. This direction can apply to all or any specified part of the business being carried out in the area and the activity can be undertaken without a licence. This direction allows a business to carry out licensed activity without a license. The chief executive can still impose such conditions as they see fit.

## References

### Customs and Excise Act 2018

- › Section 56: Areas required to be licensed as a Customs-controlled Area
- › Section 57: Application for licence
- › Section 58: Chief executive may request further information
- › Section 59: Chief executive must determine application
- › Section 61: Grant of licence
- › Section 63: Variation of terms, conditions, or restrictions
- › Section 62: Exemption from requirement to be licensed directed by the chief executive
- › Section 67: Exemptions in relation to Customs-controlled Areas

### Customs and Excise Regulations 1996

#### Customs-controlled Areas

#### Customs Rules

[Customs \(Applications for Customs-controlled Area Licences\) Rules 2018.](#)