

# Product movement excise unpaid – alcohol

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## Operational Policy

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## About this policy

### Introduction

1. The movement of specified alcohol product manufactured in New Zealand from Licenced Manufacturing Areas (LMAs) and Customs-controlled Areas (CCAs) without the payment of excise can happen in certain circumstances. Goods must be able to be tracked at and between CCAs.
2. This policy covers:
  - movements that are authorised for licensees and do not require an application
  - issuing permits for movements not already authorised in the Alcohol Excise Plan (AEP)
  - revoking authorisations to move product.

**Note:** For information about entry and payment responsibilities for moved product, see the operational policy: Entry and payment for alcohol product.

### Related documents

3. Use this document in conjunction with the following documents:

Document name	Document type
Authorise product movement excise-unpaid – alcohol	Process and procedures
Authorise use of off-site storage – alcohol	Process and procedures
Amend CCA licence – alcohol	Process and procedures
Use of off-site storage – alcohol	Operational policy
Entry and payment for alcohol product	Operational policy

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

### Overview

4. Alcohol product becomes liable for excise duty when removed from a CCA for home consumption, or when it is consumed at the CCA. Product may be removed for reasons other than home consumption such as further manufacture, storage, export and testing. [Section 85\(1\)\(b\)](#) enables goods to be moved excise unpaid if they are moved to another CCA as approved by the chief executive.
5. Approval to move goods between CCAs is recorded as an on-going authorisation in the AEP, unless the movement is exempt and does not require authorisation.

6. All movements to an unlicensed site require authorisation. Permits will be issued for these movements.

### **Authorised movements from CCA to CCA not requiring an application – general authorisation**

7. A general authorisation for on-going movements of New Zealand made alcohol product CCA to CCA is included in the AEP for all licensees, and an additional movement application is not required. The general authorisation covers the following types of on-going movements:
  - removal of product to a licensed manufacturing area for further manufacture
  - transfer of a product between CCAs of entities within a company's structure
  - removal of product by an LMA to their own off-site storage premises or to a contract off-site storage premises, provided OSS has been approved
  - removal of finished alcohol to the OSS facility of the first owner, provided use of OSS has been approved
  - removal of finished goods from a contract manufacturer to the owner of the goods, where the owner is the controlled area licensee, licensed under [section 56\(1\)](#) of the Act
  - removal of product to a duty free shop (regulation 6(b)) or export warehouse ([section 85\(2\)\(b\)](#))
  - removal of small quantities for testing.

### **Other movements not requiring authorisation**

8. New Zealand made alcohol product can be removed from the CCA without authorisation in the AEP for the following purposes:
  - sales to a foreign embassy – see Ops Pro 052 for further information on selling to a foreign embassy or diplomat
  - supply solely for the use of organisations, expeditions etc approved by the Minister, whose New Zealand base has been arranged between the governments of New Zealand and another United Nations-member country, or solely for the use of temporary residents who are serving members of these approved bodies. See Ops Pro 052 for further information.

### **Movements requiring an application**

9. The following types of movements will require a permit or authorisation:
  - transfer from CCA to CCA when the general authorisation has been revoked
  - removals from a CCA to a temporary unlicensed site
  - transfer from CCA to CCA not covered by a general authorisation.

## Temporary removal to an unlicensed site

10. Application for removal to an unlicensed site must be for an approved purpose and applications should be made using the form: NZCS 201 Customs Permit for removal of NZ manufactured goods from a Customs-controlled area. This covers removal for the following purposes, which may include but not limited to:

- for temporary display
- for destruction
- for a requirement to hold stock separately from other stock, for example when an infected product must be isolated so as not to infect other product
- to address storage space issues when OSS is not available on a licensed site
- to enable building repairs to the CCA where the product is currently held.

## Conditions associated with authorised movements

11. Specified alcohol product that is being moved excise unpaid remains subject to the control of Customs. The issuing CCA is responsible for the product until it is receipted at the receiving CCA. At this point it becomes the responsibility of the licensee of the CCA.

12. The business records and tracking systems must be adequate for the accurate monitoring and audit of stock volumes and movement across both CCAs. The sending CCA is responsible for tracking product moved to an unlicensed site.

13. Losses produced by the movement or occurring during the movement must be accounted for by the party who is responsible at the time of loss or when the loss is discovered. See operational policy: Remissions.

14. Duty is payable on product that is moved without authorisation.

## Tracking systems requirement

15. The licensee must keep a register (and provide the destination CCA) with the following information for every movement of specified alcohol product:

- The name and address of the CCA to which the product is being moved
- The date of the product movement
- The name of the carrier who is uplifting the product and any relevant consignment notes
- The date the product is received at the destination CCA
- The number (or volume) and type of specified alcohol product moved.

16. The party responsible for entry and payment of excise duty, if product is consumed or removed for home consumption, must be named in the AEP or the permit. Once it has arrived at the destination CCA, written acknowledgement must be provided to the sending CCA that the specified products have been received.

## Declining a permit

17. Reasons for declining a permit may include, but are not limited to:

- the security of goods or the record keeping of the client is of concern
- the client did not comply with the conditions of a previously held permit
- movement is not for an approved purpose or is deemed unnecessary. This includes movements purely for goods distribution
- the application is retrospective.

18. The licensee must be advised in writing that the permit was declined and also be advised of their right to appeal to the CAA within 20 working days of notification.

## Revoking authorisation for product movement

19. Authority and permits to move product can be revoked. This may occur as part of managing debt recovery, in response to non-compliance with terms and conditions of the licence. Customs officers should consider any impact on debt or issues.

20. Licensees should be advised of the intention to revoke the authorisation to give time for compliance or debt issues to be addressed. Advice of revocation must be in writing and served on the licensee.

21. The client can appeal the decision to the Customs Appeal Authority within 20 working days of the decision

## Definitions

Term	Definition
Excise plan	A document that details the terms, conditions or restrictions of the CCA licence. It also includes approvals, authorisations, guidelines and a site plan of the CCA.
Home consumption	Home consumption is not formally defined, but is the point at which an importer or owner of the goods may move or sell the goods. Once Customs formalities have been completed, goods may be released from Customs' control for home consumption.
Off-site storage (OSS)	An area which is licensed under <a href="#">regulation 6(a)</a> of the Regulations pursuant to <a href="#">section 56(1)(g)</a> of the Act This means a CCA licensed to hold specified alcohol product excise-unpaid that is remote from the LMA where the alcohol product was manufactured.
Specified alcoholic product	Specified alcoholic product means the goods specified in items 99.10 to 99.50 of Part A of the <a href="#">Excise and Excise-</a>

Term	Definition
	<a href="#">equivalent Duties Table.</a>

## References

### Customs and Excise Act 2018

- Section 56 Areas requiring to be licensed as a Customs-controlled Area
- Section 63 Variation of terms, conditions or restrictions
- Section 64 Revocation or suspension of licence
- Section 85 Removal of goods from a Customs-controlled Area
- Section 235 Temporary removal of goods from Customs-controlled Area
- Section 241 New securities may be required
- Schedule 3, clause 3 Removal for home consumption

### Customs and Excise Regulations 1996

- Regulation 2 Interpretation
- Regulation 6 Areas required to be licensed as Customs-controlled Areas
- Regulation 52A Circumstances in which entry to be made by owner
- Regulation 56 Certain goods removed from Customs-controlled Area exempt from entry
- Regulation 57 Payment of excise duty