

Advocacy's Comments on TTB's Proposed and Temporary Rules on Refund Procedures for Excise Taxes on Alcohol Imports

On September 23, 2022, the Alcohol and Tobacco Tax and Trade Bureau (TTB) published temporary and proposed rules implementing amendments to the Craft Beverage Modernization Act provisions of the Internal Revenue Code (Code). The proposed and temporary rules reflect amendments to the Code found in the Taxpayer Certainty and Disaster Tax Relief Act of 2020. The rules establish refund procedures that will allow importers to take advantage of tax benefits applicable to imported alcohol products on a quarterly basis. Prior to the statutory amendments, importers were allowed to elect Craft Beverage Modernization Act tax credits when alcohol products entered the United States.

On November 18, 2022, the Office of Advocacy (Advocacy) filed a comment letter encouraging TTB to publish either a supplemental Regulatory Flexibility Act assessment or an Initial Regulatory Flexibility Analysis (IRFA), allowing additional time for public comment.

Advocacy made the following suggestions:

- TTB should perform a threshold economic impact analysis. The analysis should identify small entities that will be affected by the regulation and describe the costs of the rulemaking to those small entities.
- TTB should publish for public comment either a supplemental Regulatory Flexibility Act assessment with a valid factual basis in support of a certification or an IRFA before proceeding with the rulemaking.
- If TTB cannot certify, the IRFA should consider regulatory alternatives which accomplish the agency's stated objectives and minimize the significant economic impact of the regulation on small entities. The alternatives considered should include an examination of more frequent refund periods.
- TTB should extend the comment period to allow small businesses additional time to consider the impact of the rulemaking.

A complete copy of [Advocacy's letter to TTB](#) is available. For more information, please contact Meagan Singer, Assistant Chief Counsel at meagan.singer@sba.gov or (202) 921-4843.

