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## **Consolidated Imports of Personal Purchases of Alcohol Beverage Products**

*The Alcohol and Tobacco Tax and Trade Bureau (TTB) issues this ruling to clarify that TTB requires the importer to obtain a Federal basic permit and a Certificate of Label Approval (COLA) before distilled spirits, wine, and/or malt beverages are released from customs custody if the importer is importing the products into the United States as a service to establishments (producers, retailers, and other sellers of alcohol beverages) in foreign countries who sell these alcohol products to among others, individuals from the United States who purchase these products at these establishments for their personal use upon importation.*

### **TTB RUL. 2010-2**

#### **Background**

As a general rule, travelers arriving in the United States may bring alcohol beverage products with them for personal use without having to obtain an importer's Federal basic permit and a COLA. Under current Transportation Security Administration rules, individuals arriving by aircraft are allowed to carry only very limited quantities of liquids in their carry-on luggage. Moreover, travelers may choose not to include bottles of distilled spirits, wine, or malt beverage products with their checked baggage due to the risk of breakage.

In response to the transportation problems mentioned above, some individuals in the United States have established businesses that provide shipping and importing services to foreign sellers of alcohol products. These businesses consolidate and ship the alcohol beverage products to the United States, arrange for customs clearance of the shipment, and then distribute the products to the individual purchasers. These operations have given rise to questions regarding the labeling requirements that apply to the imported products as well as whether permit requirements apply to the businesses that import and distribute them.

#### **Laws and Regulations**

The Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 201 *et seq.*, is the primary governing authority on the labeling of alcohol beverage products and on the issuance of permits for the importation of alcohol beverage products. TTB administers the regulations promulgated under the FAA Act.

### Permit Requirements

Under the FAA Act, it is unlawful, except pursuant to a basic permit issued by the Secretary of the Treasury, to engage in the business of importing into the United States distilled spirits, wine, or malt beverages (27 U.S.C. 203(a)(1)) or for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits, wine, or malt beverages so imported (27 U.S.C. 203(a)(2)). Regulations governing the issuance of basic permits are contained in 27 CFR Part 1.

### Labeling Requirements

Under the FAA Act (27 U.S.C. 205(e)), it is unlawful for an importer (that is, a person engaged in the business of importing) of distilled spirits, wine, or malt beverages to sell or ship or deliver for sale or shipment, or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for consumption, any distilled spirits, wine, or malt beverages in bottles, unless such products are bottled, packaged, and labeled in conformity with such regulations as are prescribed by the Secretary of the Treasury, with respect to packaging, marking, branding, labeling, and standards of fill of containers. Additionally, that provision of the FAA Act provides that no person shall remove from customs custody, in bottles, for sale or any other commercial purpose, distilled spirits, wine, or malt beverages without first obtaining a certificate of label approval (COLA). The implementing regulations are in 27 C.F.R. Parts 4, 5, and 7. The FAA Act does not define the phrase “any other commercial purpose” but it is clear that Congress intended it to encompass commercial transactions and arrangements that do not include the subsequent sale of the product in the United States after its removal from customs custody.

In addition, the Alcohol Beverage Labeling Act (ABLA) states that it shall be unlawful for any person to import for sale or distribution in the United States any alcoholic beverage unless the container bears the specified Government warning statement in a conspicuous and prominent location on the container (27 U.S.C. 215(a) and (b)). Regulations under the ABLA are contained in 27 CFR Part 16.

### **Consolidated Shipments of Personal Purchases**

Consolidated shipments of individuals’ personal purchases of alcohol beverage products normally occur after a foreign seller of alcohol beverages, such as a foreign winery, arranges for a shipping and importing service to import the product into the United States. The foreign seller invoices the individual traveler for the services and then makes payment to the importer service. The importer service collects the alcohol beverage products purchased by individual customers overseas for their personal use and sends the beverages to the United States as a consolidated shipment. After filing required entry documentation and obtaining

customs clearance of the shipment, the importer service sends the product to a centralized warehouse from which the business delivers the beverages to the individual purchasers. In these transactions, the original purchasers of the beverages retain ownership of the beverages.

The importer service business is engaged in the business of importing distilled spirits, wine, or malt beverages into the United States because it is performing these importations on a recurring and continuing bases. Such business activity requires a basic permit as an importer. This importation service is provided as part of a commercial arrangement under which the business is paid a fee for its services. The fact that the importer service never holds title to the products does not change the commercial purpose or character of the transaction. At the time the importer service is removing the products from customs custody, it is doing so as part of its commercial arrangement with the foreign seller and the purchaser using its independent expertise and business experience to effectuate the commercial release from customs custody. Under these circumstances, the importer service is required to have a COLA because the release is in furtherance of a commercial purpose.

### **TTB Holding**

*Held*, that import business which provide their shipping and importing services overseas to sellers of alcohol beverages, consolidate the alcohol beverage products purchased by individual customers overseas for their personal use, ship the products to the United States, remove them from customs custody, and send the products to the individual owners of the products must have valid Federal basic importers' permits as required by the FAA Act.

*Held further*, that such businesses described above are subject to the COLA and other requirements of the FAA Act as well as the Government warning statement required by the ABLA, and that the businesses must comply with all other applicable Federal and State laws and regulations.

**Additional Information**

Individuals may refer to TTB's website (specifically [www.ttb.gov/importers/personal importation.shtml](http://www.ttb.gov/importers/personal_importation.shtml)) for more information on importing alcohol beverages for personal use. Importers should contact the Director, International Trade Division, with any questions on facilitating personal importations of alcohol beverages to individuals.

Date signed: Jan. 12, 2010

**Signed by John J. Manfreda**

John J. Manfreda  
Administrator  
Alcohol and Tobacco Tax and Trade Bureau