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LDB Liquor Warehouse Program

Information Package for Warehouse Operators

BC Liquor Distribution Branch
3383 Gilmore Way
Burnaby, British Columbia V5G 4S1



**LIQUOR
DISTRIBUTION
BRANCH**

LIQUOR WAREHOUSE PROGRAM
INFORMATION
PACKAGE

This *Information Package* for Warehouse Operators provides interested parties with general information about the Liquor Warehouse Program operated by the BC Liquor Distribution Branch (LDB), requirements, application process and additional information resources.

If you would like to participate in the program, please submit your application and the documentation required. The LDB will review these and conduct an inspection of your warehouse to assess your eligibility to become an authorized Warehouse Operator in British Columbia.

Thank you for your interest. For questions about the program please contact the Industry Programs Coordinator at 604-252-6233 or regemail@bcldb.com.

Regulatory & Compliance
BC Liquor Distribution Branch
3383 Gilmore Way
Burnaby, BC V5G 4S1

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I. GENERAL INFORMATION

1. LIQUOR DISTRIBUTION BRANCH

The Liquor Distribution Branch (LDB) is one of two branches of Government responsible for the wholesale distribution and retail sale of beverage alcohol and non-medical cannabis. It is not a crown corporation; the LDB is required to comply within the requirements of a Crown agency in relation to its financial reporting, service plan, and mandate letter.

To fulfill its responsibilities to Government and the people of British Columbia (BC), the LDB:

- generates revenue for the Government of BC;
- manages the LDB's business risks;
- ensures accountability of key business partners; and
- develops and implements programs and services aimed at deterring the sale of non-medical cannabis and beverage alcohol to minors and those who appear intoxicated.

The LDB is proud to contribute more than \$1 billion annually to the Province of BC helping to provide financial support for vital public services such as health care and education.

2. LIQUOR WHOLESALE OPERATIONS

The Liquor Wholesale Operations division is the hub of beverage alcohol distribution in BC and one of the largest liquor buyers in the world.

Wholesale Operations performs several important functions:

- Purchases products for wholesale customers to buy
- Reviews and approves new product registrations
- Registers new agents and manufacturers
- Facilitates wholesale pricing and vendor price changes
- Manages the importation, warehousing, and distribution of beverage alcohol in BC
- Serves customers through the two Wholesale Customer Centres located in Vancouver and Victoria
- Operates a direct delivery service from distribution centres in Delta and Kamloops to wholesalers and retailers

3. DEFINITION OF TERMS

The LDB is the “Importer of Record” for alcohol purchased from manufacturers. Warehouse Operators may store only registered liquor products that are imported into BC from outside of Canada by an LDB authorized Domestic Agent or Distributor

The LDB accredits the Warehouse Operators that are permitted to store and transfer products to its distribution centres.

Manufacturers	Manufacturers include those outside of Canada that produce liquor or assemble the produce of growers and winemakers and sell the results under its own name. Manufacturers appoint either a Distributor or a Domestic Agent licensed by the Liquor and Cannabis Regulation Branch.
Distributor	Purchases product from the Manufacturer in order to sell the product to the LDB.
Domestic Agent	Acts on behalf of the manufacturer in BC but does not own the product.
LDB Distribution Centres	Located in Delta and in Kamloops, which are operated by the LDB.
Warehouse	Approved locations operated by authorized Warehouse Operators to store and distribute liquor in BC.
Warehouse Operators	Authorized by the LDB to operate: <ul style="list-style-type: none"> • An excise licensed warehouse for imported wines and spirits and/or • A custom bonded warehouse for imported beer

4. LIQUOR WAREHOUSE PROGRAM

- a. The LDB's Liquor Warehouse Program (LWP) allows Domestic Agents and Distributors to manage their inventory of imported liquor effectively. For more information about Domestic Agents or Distributors, refer to:

Reference: [Become a New Agent](#)
[LDB Wholesale Operations website](#)
<https://wholesale.bclddb.com/new-agents>

- b. All imported liquor must be registered for sale in BC before being imported.
- c. All imported liquor brought into BC must be stored at a Warehouse in accordance with the terms of the **Liquor Warehouse Program Agreement**, which is entered into by Domestic Agents, Distributors, and the LDB.

Reference: [Liquor Warehouse Program Agreement contained in New Import Agent Application Package](#)
[LDB Wholesale Operations website](#)
<https://wholesale.bclddb.com/new-agents>

- d. The Domestic Agent or Distributor is responsible for all costs and expenses related to the transportation, insurance, and storage of their imported liquor up to the time of delivery to the LDB distribution centres.
- e. Under the LWP, the LDB must authorize the Warehouses in BC where Domestic Agents and/or Distributors choose to store packaged alcohol (beer/wines/spirits/refreshments) imported from outside Canada.
- f. The **Agreement Relating to the Operation of a Liquor Warehouse Program Warehouse** sets out the terms and conditions on which the Warehouse Operators are approved to operate the Warehouse, store Product, conduct customs clearance, and transfer Product to the LDB distribution centres. See Appendix C Agreement Relating to the Operation of a Liquor Warehouse Program Warehouse.
- g. An **LDB Warehouse Authorization** is issued by LDB Regulatory and Compliance to the Warehouse Operator after the accreditation process. It allows a Warehouse Operator to store imported alcoholic beverages but not the direct sale of same to wholesale or retail customers.

- h. A Manufacturer must notify the LDB of the Domestic Agent/Distributor appointed to sell their product to the LDB through the **Supplier Authorization of the Domestic Agent/Distributor**.
- i. The **Supplier Authorization of the Domestic Agent** also indicates the Warehouse Operator whom the Domestic Agent has appointed to store and distribute their liquor. Vendor Relations also obtains a copy of the bonded warehouse agreement from Domestic Agents and Distributors.

Reference: [Supplier Authorization of the Domestic Agent contained in New Import Agent Application Package LDB Wholesale Operations website](https://wholesale.bclddb.com/new-agents)
<https://wholesale.bclddb.com/new-agents>

- j. Warehouse Operators are responsible for all aspects of warehousing and distribution of liquor contained within their warehouse.
- k. Warehouse Operators are allowed to co-mingle other products with liquor in a warehouse, subject to approval by Liquor and Cannabis Regulation Branch (LCRB), Canada Border and Services Agency (CBSA), and Canada Revenue Agency (CRA).
- l. Warehouse Operators and their staff must comply with:
- The Liquor Distribution Act
 - Relevant LDB policies and procedures; and
 - all other applicable federal, provincial and municipal legislation.
- m. The LDB acts as the Importer of Record for all liquor and fulfills all of its statutory obligations including those relating but not limited to the:
- Importation of Intoxicating Liquors Act;
 - Customs Act;
 - Excise Act;
 - Excise Act 2001;
 - Excise Tax Act;
 - Environmental Protection and Enhancement Act; and
 - Liquor Distribution Act

II. ENROLLMENT IN THE PROGRAM

1. SUFFERANCE & BOND LICENSES

A commercial warehouse must have the necessary sufferance and bond licenses issued by the CBSA before it can participate in the LWP. It is the responsibility of the commercial warehouse to obtain these licenses.

Reference: [Custom Bonded Warehouse Application Process
https://www.canada.ca/en/department-finance/programs/international-trade-finance-policy/foreign-trade-zone/customs-bonded-warehouse-application-process-text-version.html](https://www.canada.ca/en/department-finance/programs/international-trade-finance-policy/foreign-trade-zone/customs-bonded-warehouse-application-process-text-version.html)

2. EXCISE LICENSES

A commercial warehouse must have the necessary excise licenses issued by the CRA before it can participate in the LWP. It is the responsibility of the commercial warehouse to obtain these licenses.

Reference: [CRA Obtaining and Renewing a License
https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edm2-2-1/obtaining-renewing-a-licence.html](https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edm2-2-1/obtaining-renewing-a-licence.html)

3. LIQUOR WAREHOUSE APPLICATION

A commercial warehouse interested in participating in the LWP is required to accomplish an application and declaration form and submit documentation requirements. See Appendix A: Application for Liquor Warehouse Program

Contact: [Industry Programs Coordinator – Regulatory & Compliance
604-252-6233 or regemail@bcldb.com](mailto:regemail@bcldb.com)

4. CRIMINAL RECORD CHECK

Key persons of Warehouse Operators must request criminal record checks administered by the RCMP or municipal police and submit the results to the LDB for review before a Warehouse Operator will be authorized.

Reference: [Criminal Record Checks | Royal Canadian Mounted Police
https://www.rcmp-grc.gc.ca/en/criminal-record-checks](https://www.rcmp-grc.gc.ca/en/criminal-record-checks)

Contact: [Industry Programs Coordinator – Regulatory & Compliance
604-252-6233 or regemail@bcldb.com](mailto:regemail@bcldb.com)

5. SECURITY STANDARDS FOR BONDED WAREHOUSES

A commercial warehouse interested in participating in the LWP must comply with minimum security standards for bonded warehouses. See Appendix B: Minimum Security Standards for Bonded Warehouses. LDB's Corporate Loss Prevention inspects the commercial warehouse and issues an approval letter.

Contact: [Industry Programs Coordinator – Regulatory & Compliance](#)
[604-252-6233](tel:604-252-6233) or regemail@bcldb.com

6. LDB'S REQUIREMENTS FOR STORAGE OF PACKAGED BEVERAGE ALCOHOL

Please provide the following 7 documents to demonstrate that you meet the Liquor Distribution Branch's requirements for storage of packaged beverage alcohol.

- i. A floor plan of the bonded warehouse.
- ii. A copy of the warehouse lease or land title.
- iii. An estimate of the maximum in-bond value of liquor products stored at any one time.
- iv. A brief history of the length of time the company has been in business.
- v. A copy of the certificate of incorporation.
- vi. A list of the shareholders' names in full and dates of birth.
- vii. A ten-year summary of each of the shareholders.

Upon receipt and satisfactory review of the above documentation by the LDB Regulatory and Compliance department, the Corporate Loss Prevention Department will be notified to review the physical security requirements described in Appendix B. Upon ultimate clearance by the LDB's Corporate Loss Prevention Department, the warehouse applicant must agree to the following conditions:

- All liquor must be stored in accordance with Canada Customs memorandums D4-1-4 (Customs Sufferance Warehouses) and D4-1-5 (Storage of Goods).
- All liquor will be sold in accordance with Canada Customs memorandum D4-2-1 (Ships Stores Regulations).
- The LDB will not authorize the exportation of liquor products from a bonded warehouse to any country unless the Branch has written authorization from the producer of the products.

- The Company's documents, books and records will be subject to LDB audit.
- The Branch must be notified in advance and give approval prior to any physical changes in the company's bonded area.
- The approval of the LDB does not pass with the company's change of ownership and is not assignable.
- Should any warehouse shortages arise as a result of voluntary disclosure, Customs Audit, or LDB Audit, those warehouse shortages will be duty paid according to Canada Customs regulations and the LDB will charge full mark-up on those deficiencies.
- The LDB has the right to alter LWP policy, under which this approval falls, and/or rescind the warehouse approval to store packaged beverage alcohol without notice.
- The annual renewal of the Bond with Canada Customs must be approved by the LDB.

Once final approval of the company and the facility has been given by our Corporate Loss Prevention Department and we are in receipt of agreement to the above conditions, Canada Customs and Revenue Agency will be notified in writing that the LDB has no objection to liquor being stored in your bonded warehouse.

Contact: Industry Programs Coordinator – Regulatory & Compliance
604-252-6233 or regemail@bclldb.com

7. LIQUOR WAREHOUSE AGREEMENT WITH THE LDB

Upon satisfactory fulfillment of all the documentation, requirements, and security inspection, the commercial warehouse will enter into an **Agreement Relating to the Operation of a Warehouse Under the Liquor Warehouse Program** that sets out the terms under which imported liquor can be stored pending its transfer to the LDB Distribution Centres. See Appendix D: Agreement Relating to the Operation of a Warehouse Under the Liquor Warehouse Program.

Contact: Industry Programs Coordinator – Regulatory & Compliance
604-252-6233 or regemail@bclldb.com

8. SUPPLIER AUTHORIZATION

Domestic Agents/Distributors are required to submit to Vendor Relations the **Supplier Authorization** form which indicates their appointment by the Supplier and the appointed Warehouse Operator.

A copy of the **Bonded Warehouse Agreement** must also be provided to Vendor Relations.

An amended **Supplier Authorization** form and the new **Bonded Warehouse Agreement** are required when there is a change in the appointed Warehouse Operator.

Contact: Vendor Relations Team
604-252-8700 or lbdagentinfo@bcldb.com

9. ACTIVATION OF NEW LIQUOR WAREHOUSE

The Warehouse will be set up in the LDB systems after the **Agreement Relating to the Operation of a Warehouse Under the Liquor Warehouse Program** is executed, and the Warehouse Operator is appointed by a Domestic Agent/Distributor as indicated on a **Supplier Authorization**, and a copy of the **Bonded Warehouse Agreement** is provided to the LDB.

- a. The Warehouse's bond and excise numbers should be assigned in the Liquor Import (LI) application which produces the Purchase Order lot number and Automated Customs Entry System (ACES). The PO Templates will also be created in the Legacy Purchasing application by Demand Planners. Wholesale Imports will provide the Warehouse Operator with an orientation.

Contact: Wholesale Imports Team
604-252-8796 or lbdadvnt@bcldb.com

- b. The Warehouse will be set up and receive EPOs (excise purchase orders for products with the excise-deferred status such as wines and spirits) and RPOs (beer) for the transfer of products to the LDB distribution centres.

Contact: Purchase Orders Team
lbdpo@bcliqorstores.com

- c. Warehouse Operators are required to compile and submit the Agent Warehouse Inventory (AWI) report, listing the complete and accurate on hand inventory of all products in the excise warehouse. The AWI report must be submitted every end of day. The report must be contained in a file and uploaded to the LDB system using Secure File Transfer Protocol (SFTP).

The Purchase Orders Team will liaise between the Warehouse Operator and LDB IT-Wholesale who will specify the detailed requirements for the AWI file and test the file from the Warehouse Operator.

Contact: Purchase Orders Team
lbdpo@bcliqorstores.com

III. BRINGING PRODUCTS INTO THE WAREHOUSE

1. IMPORT PURCHASE ORDER

The LDB initiates the importation of liquor by the issuing an Import Purchase Order to the Domestic Agents on behalf of a foreign Manufacturer or to the Distributors, as applicable, specifying the quantity of import liquor ordered and the Warehouse Operator.

The Import Purchase Order indicates what will be shipped to BC Agents should make a note that the unit price is the Freight on Board (F.O.B.) value of the product per case in Canadian dollars or foreign currency. Only when the product has been cleared through Canada Customs will the product be available to receive in the Warehouse. The pricing stage begins when product is received in the Warehouse.

Import Purchase Orders are managed by Imports team while LDB Purchase Orders (EPOs and RPOs) are managed by the Supply Chain.

Contact: Imports Team
604-420-8216 or ldbpo@bcliquorstores.com

2. SHORTAGES ON IMPORTATION OF PRODUCTS

Domestic Agents and Distributors and their Warehouse Operators must advise the LDB as soon as possible of instances where there is damaged, missing, or shortages of product during importation. The LDB will invoice the Domestic Agents and Distributors for the customs and excise duties and applicable taxes.

Contact: Imports Team
604-420-8216 or ldbpo@bcliquorstores.com

3. RETURNS FROM LDB DISTRIBUTION CENTRES

Products received into inventory of the Delta and Kamloops distribution centres that have not been circulated to the marketplace may be returned to the Domestic Agent or Distributor through the Warehouse Operator.

Products may be returned when they are approaching their expiry/best before date or have passed their expiry/best before date; the product may have an off-taste and faulty packaging; or the Domestic Agent/Distributor has requested the product be returned due to seasonality.

The LDB will notify both the Domestic Agent/Distributor and the Warehouse Operator, and the products will be transported back to the Warehouse Operator. Coordination of returns to Domestic Agents/Distributors is done by the Demand Planning Team.

Reference: Short and Stale Dated Product (expired and best before dates)
LDB Wholesale Operations Website
<https://wholesale.bcldb.com/resources/vendors>

Contact: Demand Planning
WholesaleDemandPlanning@bcldb.com

4. TRANSFERS IN FROM OTHER BOND WAREHOUSES

As the Importer of Record, the LDB must authorize transfers of agent-owned beer from a bonded warehouse in BC to the Warehouse (bond-to-bond transfer). The sending bond warehouse should submit the **Agent Order Requisition Transfer of Goods Form** to LDB Customs Advice Notices by emailing ldbadvnt@bcldb.com. The Beer Transfers team will review and send back the approval to the sending bond warehouse.

Contact: Wholesale Imports Team
604-252-8796 or ldbadvnt@bcldb.com

5. PRODUCT RECALLS

The following information must be supplied to the LDB within 24 hours if a product has been voluntarily recalled by the vendor, the product is under mandatory recall from the LDB or from the Canadian Food and Inspection Agency (CFIA), or if the LDB is conducting a quality control investigation:

- Product information
- The affected lot numbers
- Number of cases affected for each lot number
- The Purchase Orders (PO) or Release Purchase Orders (RPO) where the affected product arrived to the LDB Distribution Centres
 - The expiry date / best before date (as applicable)
- The production date (as applicable)
- The reason for the recall
- If the product poses a health hazard
- When unaffected product is scheduled to arrive at the LDB Distribution Centres

This information, which should be provided by the Domestic Agent/Distributor or the Warehouse Operator, can be requested by the LDB any day of the week, including weekends and public holidays. The LDB has the right to hold products under a product recall and remove products under investigation from customer orders at any time.

Contact: Heidi Schumacher
604-252-8814 or heidi.schumacher@bcldb.com

6. NEW PRODUCT SAMPLES

The New Product Sample Program provides a channel for Domestic Agents and Distributors to import product samples into BC free of provincial mark-up, providing an opportunity for Domestic Agents and Distributors to determine if they wish to represent the product and/or register it for sale. This program does not include samples or products imported into BC for promotional, educational or tasting events, or products imported as gifts or donations.

Only Domestic Agents and Distributors can send their requests for importation of samples to the Special Clearance Department, which will arrange for the Warehouse Analyst to inspect sample products upon arrival at the Warehouses. Warehouse Operators can release the samples to the Domestic Agent or Distributor only after they have been inspected and Customs Clearance (B3) has been issued by the Special Clearance team. For requests for importation and inspection of samples:

Contact: Special Clearance Team
604-252-8771 or ldbcustoms@bcldb.com

IV. SHIPMENTS FROM THE WAREHOUSE

1. EXCISE PURCHASE ORDERS (EPO)

LDB Demand Planners issues EPOs to the Domestic Agents and Distributors (through the Warehouse Operators) to draw down on the inventory of imported liquor held in the excise licensed warehouse for shipment to the LDB Distribution Centres. At this point, the LDB assumes possession and risk of the and pays for the imported liquor in accordance with Purchase Order and Supplier Authorization payment terms.

Contact: [Demand Planning](#)
wholesaledemandplanning@bcldb.com

2. RELEASE PURCHASE ORDERS (RPO)

LDB Demand Planners issue RPOs to the Domestic Agents and Distributors through the Warehouse Operators to draw down on the inventory of imported liquor held in the bond warehouse for shipment to the LDB Distribution Centres. At this point, the LDB assumes possession and risk and pays for the imported liquor in accordance with Purchase Order and Supplier Authorization payment terms.

Import Beer cleared through Customs may be held in storage until the LDB issues RPOs or until it is otherwise disposed of in accordance with the LDB's Direct Beer Distribution Policy.

Contact: [Demand Planning](#)
wholesaledemandplanning@bcldb.com

3. RETURNS TO SUPPLIERS

As Importer of Record, the LDB must authorize the movement of beer products from a bond warehouse in BC to:

- a. Outside of Canada;
- b. Change of ownership

The Domestic Agents or Distributors or the Warehouse Operators on behalf of the Domestic Agents or Distributors shall submit an **Agent Order Requisition Transfer of Goods** form for the returns to suppliers.

Contact: [Beer Transfers Team](#)
beertransfers@bcldb.com

4. TRANSFERS TO OTHER BOND WAREHOUSES

As Importer of Record, the LDB must authorize the movement of beer products from a bond warehouse in BC to:

- a. Any Canadian province or territory;
- b. Another bond warehouse in BC;
- c. Ship chandlers

The Domestic Agents or Distributors or the Warehouse Operators on behalf of the Domestic Agents or Distributors shall submit an **Agent Order Requisition Transfer of Goods** form for the bond-to-bond transfers to the LDB.

An RPO is generated to reduce inventory based on an approved **Agent Order Requisition Transfer of Goods**.

Contact: [Beer Transfers Team
beertransfers@bcldb.com](mailto:beertransfers@bcldb.com)

V. DESTRUCTION OF PRODUCTS

Warehouse Operators must immediately report to the LDB all loss or damage to liquor occurring while under its care.

1. ON-SITE DESTRUCTION OF IMPORT BEER

The LDB can authorize and witness the on-site destruction of up to 20 cases (per ACES per SKU) of stale, obsolete, or damaged imported beer (agent-owned) in a bond warehouse. The Warehouse must have a permit from the local government authority and safety protocols in place. Upon inspection, the Warehouse Analyst generates an RPO to reduce on hand inventory.

2. ON-SITE DESTRUCTION OF IMPORT WINES, SPIRITS AND REFRESHMENTS

The LDB can authorize and witness the on-site destruction of up to 20 cases (per ACES per SKU) of stale, obsolete, or damaged products in an excise warehouse. The Warehouse must have a permit from the local government authority and safety protocols in place. The LDB authorization of the destruction is the basis of the Warehouse Operator to reduce on hand inventory.

3. OFF-SITE DESTRUCTION OF IMPORT BEER

The LDB must authorize the transfers of stale, obsolete, and damaged agent-owned imported beer from a bond warehouse to a CBSA approved third party destruction facility. CBSA requires the LDB authorization before it witnesses the destruction of the products. Damaged product greater than 20 cases (per ACES per SKU) must be destroyed off-site. For beer destruction, the Warehouse Analyst issues a Certificate of Destruction (E15) which will be stamped by the CBSA after witnessing the destruction. The stamped Certificate of Destruction (E15) is used to issue (release from hold) the RPO to reduce on hand inventory.

4. OFF-SITE DESTRUCTION OF IMPORT WINES, SPIRITS AND REFRESHMENTS

The LDB must authorize the transfers of stale, obsolete and damaged agent-owned imported wines, spirits, and refreshments from an excise warehouse to a CBSA approved third party destruction facility. CBSA requires the LDB authorization before it witnesses the destruction of the products. Damaged product greater than 20 cases (per ACES per SKU) must be destroyed off-site. The stamped Certificate of Destruction (E15) is the basis to reduce on hand inventory.

5. PROCESSING OF DAMAGED IMPORT PRODUCT FOR DESTRUCTION

For various reasons including quality control, import products may be returned from the LDB back to the bond warehouse. It may not be possible to receive returned import product under the original ACES number as it might have fully cleared Customs. The Warehouse Operator should request a new ACES number from the LDB (commonly referred to as a "re-warehouse request").

To submit requests for destruction,

Contact: Warehouse Analyst - Risk & Taxation
6040252-7511 or finwarehouse@bcldb.com

VI. ANNUAL AND AD HOC INVENTORY COUNTS AND AUDITS

1. ANNUAL INVENTORY COUNTS

Warehouse Operators must conduct an annual inventory count of all product in its possession or control, at a time agreed to by the LDB. Such a count must be performed at the Warehouse Operator's cost, and, if specifically requested by the LDB, must be conducted by a mutually agreed upon and independent third party qualified to perform such services.

Warehouse Operators must permit LDB, its employees and agents, and the CRA to enter the warehouse at all reasonable times during normal business hours, and upon prior reasonable notice to the Warehouse Operator, for the purpose of viewing the condition of the warehouse and the liquor, and for an annual inventory count.

2. OVERAGES

If the LDB determines (after the annual count and a review of product inventory, records and/or Custom and Excise documents) that there are overages related to product under the Warehouse Operator's possession or control, such product must be brought back into warehouse inventory through an Import Purchase Order to legalize the product in BC and trigger duties payments.

3. SHORTAGES

If the LDB determines (after the annual count and a review of product inventory, records and/or Custom and Excise Documents) that there are shortages related to product under the Warehouse Operator's possession or control, warehouse shortages will be duty paid according to CBSA and CRA regulations and the LDB will charge the LDB Established Price on deficiencies.

4. AD HOC COUNTS

Ad Hoc counts can be performed at supplier request as part of an investigation of variances in their cycle count, or as part of CBSA or CRA audits. These ad hoc counts can be done by SKU, by ACES, by all products from a supplier, etc. The Warehouse must pay to the LDB any amounts owing for warehouse shortages resulting from the Warehouse Operator's voluntary disclosure of shortages resulting from ad hoc counts requested by supplier or arising out of CBSA audits or CRA excise duty audits. Warehouse shortages will be duty paid according to CBSA and CRA regulations and the LDB will charge the LDB Established Price on deficiencies.

Contact: [Regulatory & Compliance](#)
[604-252-6233](tel:604-252-6233) or regemail@bcldb.com

VII. OTHER RESPONSIBILITIES OF A WAREHOUSE OPERATOR

1. RECORD KEEPING

- a. Warehouse Operator records are subject to review and audit by LDB Regulatory & Compliance.
- b. Warehouse Operators must retain printed and electronic records and Custom and Excise documents for a period of six years.
- c. Warehouse Operators must make records and Custom and Excise documents available to the LDB or its authorized representative. Any of the LDB's authorized representatives may inspect, copy, or audit any Record or Custom and Excise document at any time.
- d. Warehouse Operators must give LDB or its authorized representative free and unrestricted access to all records including, but not limited to, the following:
 - Shipping reports;
 - Bills of lading;
 - Invoices;
 - Adjustments; and
 - Receiving reports
 - Excise Purchase Orders/Release Purchase Orders (EPO/RPO)
 - Cycle count sheets
 - Reconciliation working papers that identify any shortages
 - Declaration requests to the LDB regarding any inventory shortages
- e. The Warehouse Operator must comply with the LDB guidelines discussed in detail in the Inbound Shipment Handbook. This is a comprehensive guide on Safe Food for Canadians Regulations (SFCR) Requirements, Product Recall & Quality Control Investigations, Product Identification Standards for the Use in the Distribution of Beverage Alcohol, and other LDB warehousing guidelines. This document also contains the contact information and hours of operations of the Delta Distribution Centre and the Kamloops Distribution Centre.

Reference: [Inbound Shipment Guide](#)
[LDB Wholesale Operations Website](#)
<https://wholesale.bclddb.com/resources/vendors>

- f. Warehouse Operators must comply with record keeping guidelines outlined in the **LDB Inventory Movement Guidelines – Wines & Spirits** and on **Inventory Movement Record Keeping Guidelines – Bonded Warehouses**.

Contact: [Industry Program Coordinator - Regulatory & Compliance](#)
[604-252-6233](tel:604-252-6233) or regemail@bcldb.com

2. REPORTING REQUIREMENTS

- a. LDB will specify the manner and timelines in which Warehouse Operators must provide additional information.
- b. LDB may consult with Warehouse Operators in determining the detail and technical requirements of the information required.
- c. LDB may amend information requirements from time to time, at its sole discretion.
- d. Warehouse Operators must provide, in electronic format, all information required by the LDB in fulfilling its statutory obligations under all federal, provincial, and municipal legislation.

3. SYSTEM REQUIREMENTS

- a. Warehouse Operators must have an operational computer system and software that will provide, on a timely basis and in the form specified by the LDB, all information requirements.
- b. Warehouse Operators must process required information daily and transmit or receive, in an electronic format acceptable to the LDB.
- c. Warehouse Operators must have the following, at a minimum, for the purposes of communicating with the LDB:
 - communication software enabling industry-standard communication, encryption, protocols, and sessions; and
 - courier or delivery services for all critical documents (e.g., Customs and Excise documents).
- d. Warehouse Operators are responsible for the following:
 - external audit system requirements;
 - back-up recovery and disaster recovery measures;
 - the maintenance and management of documents; and
 - data security.

4. SECURITY REQUIREMENTS

- a. The Warehouse Operator must maintain the Warehouse with the configuration, layout, condition, and security features approved by the LDB;
- b. The Warehouse Operator may not make any changes to the physical configuration, layout, condition, or security of the Warehouse as described in its application or as approved by the LDB and shall immediately notify the LDB and seek inspection of the Warehouse by the LDB upon substantial completion of any changes.
- c. The Warehouse Operator must ensure that adequate physical controls and processes are implemented to ensure that only authorized persons have physical access to the Warehouse, products, and systems.
- d. The Warehouse Operator must develop, document, and disseminate a physical and security policy that it reviews at least annually.
- e. The Warehouse Operator must review physical access logs for one rolling year and review at least once quarterly to ensure all users are up to date and authorized.
- f. The Warehouse Operator must ensure that physical security of the Warehouse and systems meets a standard as would reasonably be expected to provide adequate protection based on the nature and value of the records being protected and the environment in which the products and systems are located.

5. PRODUCT LOSS

- a. Warehouse Operators must ensure loss and damage to liquor is minimized through reasonable care and diligence.
- b. Warehouse Operators are liable for liquor damaged or destroyed in their Warehouses due to the negligent or willful acts or omissions of the Warehouse Operator, its directors, officers, employees, agents, or others for whom the Warehouse Operator is by law, responsible.
- c. Warehouse Operators are liable for all loss of liquor products caused by the theft or dishonest acts of a Warehouse Operator's employees.
- d. If the LDB determines after an inventory count or a review of Warehouse inventory and/or Records, that there is Lost Product, the Operator will pay to the LDB an amount equal to (a) mark-up calculated based on the Lost Product having been sold at the LDB Established Price, plus (b) the container deposits, container recycling fees and applicable taxes associated with the Lost Product.

6. DELIVERIES TO LDB DISTRIBUTION CENTRES

- a. Warehouse Operators must ensure satisfactory arrangements with carriers to deliver product from the Warehouse to the LDB Distribution Centres.
- b. Warehouse Operators are responsible for loss or damage to product until it is delivered to and accepted by the LDB Distribution Centres.

- c. Deliveries of liquor can be made to the LDB Distribution Centres as follows:

Location	Receiving times	Hours of operation
Delta DC 7003 72 nd Street	10:45 pm to 6:00 am Sunday to Friday 6:30am to 2:00 pm Monday to Friday	Sunday 10:45 pm to Friday 10:30 pm
Kamloops DC 9881 Dallas Drive	Monday 8:00 am to Friday 9:00 pm	Sunday 10:30 pm to Friday 10:30 pm

- d. Warehouse Operators must refer to the Inbound Shipment Guide on the LDB wholesale operations website. This was designed to provide vendors guidelines on their shipments to the LDB Distribution Centres.

Reference: [Inbound Shipment Guide](#)
[LDB Wholesale Operations Website](#)
<https://wholesale.bcldb.com/resources/vendors>

DECLARATION

APPENDIX A: APPLICATION FOR LIQUOR WAREHOUSE PROGRAM

The federal Excise Act requires all British Columbia warehouse operators, who operate a custom bonded warehouse or intend to store alcoholic beverages, to operate an excise licensed warehouse if they wish to store import wine, spirits, and/or refreshment beverages on an excise duty deferred basis ("Bonded warehouse operator").

Under the terms of the *Liquor Distribution Act*, the general manager must approve all operators of premises where excise duty deferred liquor is to be stored.

Such approval is conditional upon:

1. Bonded warehouse operator consenting to the sharing of information about it and its operations among the Liquor Distribution Branch (BCLDB), Liquor Control and Licensing Branch and the Canada Revenue Agency.
2. Bonded warehouse operator advising the BCLDB of all excise licensed premises or other locations where duty deferred liquor is being stored. (**Note:** these premises/locations must be listed in the excise warehouse license application)
3. The Bonded warehouse operator being responsible for all duties and markup payable on all warehouse shortages, chargeable in accordance with BCLDB policies and procedures.
4. A Bonded warehouse operator may distribute any liquor under its control in the manner currently permitted (import wine, all spirits, and/or refreshment beverages can only be delivered to the BCLDB distribution centres from an Liquor Warehouse Program warehouse).

Changes to the current model for the distribution of liquor in the province, may require all other persons wishing to be involved in the storage and distribution of liquor to apply or re-apply for approval to operate a warehouse where liquor (excise duty deferred or duty paid) is stored under the approval process in place at that time.

Please initial all pages of this Application and complete and execute the Declaration.

Initial

DECLARATION

My signature below indicates that I understand and acknowledge, on behalf of _____ (the Applicant Company):

1. The Applicant Company applies for BCLDB approval to operate one or more premises where duty deferred liquor may be stored.



2. List premises' name and complete address where excise duty deferred liquor is to be stored (if additional space is required, please attach on a separate piece of paper):

3. On behalf of the Applicant Company:

- a) I agree to advise the BCLDB of any changes to the locations where excise duty deferred liquor is stored when I apply for changes to my excise license.
- b) I acknowledge that I have read and understood the above cited conditions and agree to abide by these conditions.
- c) I agree to sign any further documentation required by the BCLDB, Liquor Control and Licensing Branch or the Canada Revenue Agency to facilitate the sharing of information among these entities.
- d) I acknowledge that should any warehouse shortages arise as a result of voluntary disclosure, Canada Revenue Agency audit, or BCLDB audit, those warehouse shortages will be treated as duty paid according to Excise Act 2001 and assessed at the LDB Established Price.

Dated: _____

Name of Applicant Company

Authorized Signatory

Authorized Signatory Name

Position in the Applicant Company

Initial

Witness Signature

Witness Name

Witness Address

Initial

APPENDIX B: MINIMUM SECURITY STANDARDS FOR BONDED WAREHOUSES

The following is a list of the minimum security standards a warehouse must meet in support of an application to operate a bonded warehouse under the BCLDB's Liquor Warehouse Program.

1. Unless otherwise authorized in writing by CBSA, The bonded area must be separated from the rest of the warehouse by means of a physical barrier (i.e. wall or chain link fence). If the product is to be located within four (4) feet (1.21M) of the barrier, the height of the barrier must be either to the ceiling, or be at least six (6) feet (1.82M) above the top of the shelving or product stacked next to it.
2. The warehouse containing the bonded area must be protected by a CSA approved alarm system, monitored 24-hours per day via a dedicated telephone line or Network Connection (Ethernet). The monitoring station must have a ULC rating of 'AA' or higher. An accepted alternative to dedicated phone line or Network Connection is a cellular backup which will send signals should the telephone line cut.
3. The bonded area/warehouse must have a minimum of 60 days CCTV retention and cover the bonded area or all access points into the warehouse if the bonded area is the entire warehouse.

The alarm system must also have a back-up battery (UPS) system.

4. All access points to the bonded area (i.e. doors and windows) must have a locking mechanism and be equipped with alarm contacts. Access doors must also be equipped with either a peephole or window to allow the identification of person(s) outside the bonded area prior to opening the door.
5. The bonded area should be adequately protected by way of motion detectors, installed so as not to be obstructed by either shelving or product. All detectors must have a tamper switch monitored 24-hours per day through a separate zone.
6. Hollow-core walls within the bonded area that are shared with an adjoining business must be protected by way of directional motion detectors, infrared beams, or shock sensors.
7. The alarm system in the bonded area should be controlled by its own individual panel. In the event that the panel is shared by other parties or businesses it is to be configured so that the bonded area can be armed independently from the rest of the building or other businesses (i.e. a partitioned panel).

8. In addition to Intrusion Alarms, the alarm panel controlling the bonded area must be programmed to send Arm, Disarm and Bypass signals to the monitoring station. Arm/Disarm/Bypass signals received out of normal operating hours should be acted upon in accordance with the monitoring station's established policies and procedures. Records of these signals/activities must be made available for inspection at the request of the BCLDB's Corporate Loss Prevention Department.
9. All alarm system installations or upgrades must conform to local by-laws, acts and/or regulations.
10. Documentation must be provided by the alarm company certifying that the alarm system has been tested and is operating properly and in accordance with the above standards
11. Documentation must be provided by the CCTV installation company certifying that the CCTV system has a minimum of 60 days retention of the bonded area or warehouse if there is not a caged area. In addition, a building map of all CCTV locations.

Should you have any questions concerning what is required to upgrade your security system to meet these standards, please contact your alarm company directly. Once the required work has been completed, and the appropriate documentation received, arrangements are to be made for an inspection by the BCLDB's Corporate Loss Prevention Department.



**APPENDIX C: AGREEMENT RELATING TO THE OPERATION OF A WAREHOUSE UNDER
THE LIQUOR WAREHOUSE PROGRAM**