

## **Customs powers: definition of goods**

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### **Who is likely to be affected?**

All those involved in importing and exporting goods into or from the UK.

### **General description of the measure**

This measure amends the current definition of 'goods' in section 1 Customs and Excise Management Act 1979 (CEMA) to make clear that it includes containers. This will ensure that items such as packages of commercial documents, containers containing live animals and containers containing human remains are within the scope of the Commissioners' powers as they apply to 'goods'.

### **Policy objective**

This measure puts beyond doubt that officers' powers to search, examine and require information include any container. The strengthening of these powers contributes to the reduction of the tax gap.

### **Background to the measure**

The proposal was included in the customs law modernisation consultation document published in August 2011 and attracted very little attention.

The measure was announced at Budget 2012.

## **Detailed proposal**

### **Operative date**

The measure will have effect on and after the Royal Assent of the Finance Bill 2013.

### **Current law**

Many customs powers in CEMA relate to 'goods'. This is defined in CEMA s1 as including 'stores and baggage'. This is not an exhaustive definition and in a number of areas questions have arisen as to whether something is or is not 'goods'.

Key sections are:

- s28(1) (powers of access etc.);
- s77(1) and (2) (information powers);
- s159 (powers to examine and take account of goods); and,
- s163 (power to search vehicles).

It is not clear currently whether the powers extend to items such as commercial documents, human remains, live animals and empty containers.

### **Proposed revisions**

Legislation will be introduced in Finance Bill 2013 to clarify the definition in CEMA s1 by replacing 'baggage' with 'containers'.

## Summary of impacts

Exchequer impact (£m)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	-	nil	nil	nil	nil	nil
	This measure is not expected to have an Exchequer impact. This measure supports the Exchequer in its commitment to protect revenue.					
<b>Economic impact</b>	The measure is not expected to have any significant economic impacts.					
<b>Impact on individuals and households</b>	The measure will have no impact on the compliant.					
<b>Equalities impacts</b>	There are no impacts on the protected characteristics in the Equality Act 2010.					
<b>Impact on business including civil society organisations</b>	This measure is expected to have a negligible impact on businesses. Businesses will face one-off costs in familiarising themselves with the new legislation. There are no changes in ongoing administrative burdens. This measure is expected to have no impact on civil society organisations.					
<b>Operational impact (£m) (HMRC or other)</b>	There will be no operational impact on HM Revenue & Customs. The current fines are issued by UK Border Force. The larger fine should have a deterrent effect and may reduce their workload.					
<b>Other impacts</b>	<p><u>Small firms impact test</u>: there is no impact on compliant small firms.</p> <p>Other impacts have been considered and none have been identified.</p>					

## Monitoring and evaluation

There will be ongoing monitoring of challenges to our measure to assess its effectiveness.

## Further advice

If you have any questions about this change, please contact Anne Treadaway on 020 7147 0337 (email: [anne.treadaway@hmrc.gsi.gov.uk](mailto:anne.treadaway@hmrc.gsi.gov.uk)).

**1 Definition of “goods” for certain customs purposes**

In section 1(1) of CEMA 1979 (interpretation), in the definition of “goods”, for “baggage” substitute “containers”.

**EXPLANATORY NOTE**

**DEFINITION OF “GOODS” FOR CERTAIN CUSTOMS PURPOSES**

**SUMMARY**

1. This clause amends the current definition of “goods” in section 1 of the Customs and Excise Management Act 1979 (CEMA) to make clear that the definition of “goods” includes containers. This will ensure that items such as packages of commercial documents, containers containing live animals and containers containing human remains are within the scope of the Commissioners’ powers.

**DETAILS OF THE CLAUSE**

2. Subsection 1 amends the definition of ‘goods’ in section 1(1) of CEMA 1979 (interpretation) from ‘includes stores and baggage’ to ‘includes containers’.

**BACKGROUND NOTE**

3. Some importers and exporters have questioned Commissioners' powers to search, examine and require information about goods extends to parcels and packages that are empty or that contain (or are said to contain) only documents, or that contain things in which there may be no value or property.
4. If you have any questions about this change, or comments on the legislation, please contact Anne Treadaway on 020 7147 0337 (email: [anne.treadaway@hmrc.gsi.gov.uk](mailto:anne.treadaway@hmrc.gsi.gov.uk)).