

CP & P JCCC Sub Group meeting minutes

Date: 30 January 2015

Time: 10.00 – 14.00

Room: 15.17.19

Building: Alexander House, Southend

Chair:

Ian Wilkins HMRC

Secretariat:

Jim Leigh HMRC

Trade attendees:

Agency Sector Management (ASM) - Peter MacSwiney

Airline Operators Committee for Cargo UK (AOCC) - Andy Miller

Association of Freight Software Suppliers (AFSS) - Gordon Tutt

Association of International Courier and Express Services (AICES) - Joe O'Connor

Boots UK Ltd - Karen Coventry

CCS-UK - Mark Bellis

CCS-UK - Adrian Gunn

CNS - Richard Stapleton

Customs Practitioners Group (CPG) - Steve Hudson

Dnata - Lawrence Cockburn

Export Group for Aerospace & Defence - Gary Charles

Grosvenor - Lorenzo Rossetti

Maritime Cargo Processing (MCP) - Alan Long

MSC UK Ltd - Vincent Kearney

Pentant - Mark Phippen

Unipart - Don Makepeace

Velta International Ltd - Alonso Mrabety

Border Force attendees:

David Huke

HMRC attendees:

Sue Bohannan

John Evans

Lynne Goodwin

Syed Moinuddin

Kevin Snow

Bruce Stewart

Caroline Wilkins

Ian Wilkins

Apologies:

Automated Customs and International Trade Association (ACITA) - Brian McLaughlin

Automated Customs and International Trade Association (ACITA) - Robert Hina
British International Freight Association (BIFA) - Robert Windsor
Chartered Institute of Taxation - Howard Marsh
Chartered Institute of Taxation - John Carlin
CNS - Matt Bradley
Customs Practitioners Group (CPG) - Barbara Scott
DHL - Steve Parker
Dixons Retail - Linda Stone
Dnata - Gary Morgan
Institute of Chartered Shipbrokers - John Grange
Institute of Chartered Shipbrokers - Nic Ingle
Jabil - Ruth Maciver
HMRC - Andrea Head
HMRC - Lee Barham
HMRC - Mark Ellis
Road Haulage Association - Peter Cullum
Scotch Whiskey Association - Siobhan MacLennan
Society of Motor Manufactures and Traders - Howard Levene

Agenda:

1. Introductions
2. Update on previous action points
3. Sue Bohannan to provide an update on Self-Assessment.
4. Caroline Wilkins update group on Control Strategy.
5. Caroline Wilkins update on progress with Guarantees and the approach to future reference amounts.
6. Syed Moinuddin: An update on the current position on the EU/US FREE Trade Agreement also known as the Transatlantic Trade & Investment Partnership. Please see the latest information on the European Commission website.
7. Kevin Snow / James O'Dell in response to Gordon Tutt: NCTS briefing paper.
8. Lorenzo Rossetti: Current CFSP/Customs Warehouse Authorisation timescales and processes.
9. Ian Wilkins in response to Lorenzo Rossetti: HMRCs preparedness for post UCC driven reauthorisation and AEO authorisation "rush".
10. Lorenzo Rossetti: Discussion about the background to the Customs Warehouse / CFSP procedural "clarification" emails distributed by the Leeds Authorisations & Returns Team in December 2014 and the (yet to be seen) CIP.
11. Kevin Snow / Lynne Goodwin / Tim Gordon: Update on November JCCC Consultation on Commercial Samples Relief.
12. Lynne Goodwin / Sue Bohannan: Implications of Commission instruction that Article 123 of Council Regulation no 1186/2009 must be strictly implemented.
13. AOB
14. Details of next meeting.

1. Introductions:

Previous minutes were agreed.

2. Update on previous action points:

AP4 11.04.2014 Stuart Armstrong / Lee Barham to raise cross HMG working practices with BIS. Lee Barham confirmed that 98% of exports go Route 6 and that the border checks are the responsibilities of HMRC, approximately 20% of all goods that are stopped end up requiring a licence or authorisation. HMRC ideally wants to stop items before they enter the supply chain and undertakes outreach to industry, in conjunction with BIS, to improve knowledge of strategic export controls. 30.01.2015 Lee Barham paper stated that we reviewed export control working practices with BIS and Border Forces and we believe they are working well. Joe O'Connor stated that the blame had been put on the trade by the paper and more urgency was needed in communicating between departments particularly with Strategic Exports Team and dual use problems. CLOSED. **New AP21** Lee Barham to discuss with Joe O'Connor concerns in communicating between departments particularly with Strategic Exports Team and dual use problems.

AP5 11.04.2014 Stuart Armstrong / Lee Barham to contact BIS re communicating warning list. Stuart Armstrong replied that BIS publish a list of suspect end users and provide an End Use Advice Service. 30.01.2015 Lee Barham provided a response which stated that BIS already publishes a list for Iran and they offer an "End-user Advice Service" to exporters who have suspicions about their customers. BIS does not have any other lists to make available at present. Steve Hudson stated that BIS are not sharing this information. CLOSED to link this with the new AP21.

AP9 11.04.2014 Kevin Snow to establish Transit sub group, the trade to submit agenda items. 20.10.2014 KS updated group, RS has moved to a new role. Awaiting nomination of potential members and agenda items. 30.01.2015 KS New items received to be discussed, James O'Dell is organising a meeting. CLOSED **New AP22** John Evans to provide details from the Transit sub group meeting.

AP11 11.04.2014 Kevin Snow to compile a list of issues and members for an export/transit sub group. 20.04.2014 KS No agenda items provided to date. 30.01.2015 KS Few agenda items so far, items to be sent to John Evans. Gordon Tutt stated that export compliance was deteriorating, KS stated that this is a Transit issue.

AP13 11.04.2014 Andy Milne to issue an update on ICS developments. 20.04.2015 IW Cion Risk Strategy looking at cleaner data from source and dual filing option. 30.01.2015 IW Cion have now published Risk Management Strategy with proposals for the creation of a central EU data repository and the opportunity for dual filing of data via a common data portal. There are issues for the UK in relation to the ceding of competence to the EU in terms of risk analysis and this has led to a Parliamentary Scrutiny Reserve being placed against the proposals. However UK is in support of more flexible approach whereby MS retain competence in this area and as such is looking to reserve to be lifted in order to vote in favour of proposals. The proposals include the adoption of a 7+1 data message for pre loading assessment as well as the option for dual filing of the ENS. **New AP23** Andy Miller to confirm this message of funding of 7+1 to IW. Vince Kearney had concerns regarding the approach and liability in respect of data and advised World Shipping Council were challenging some EU proposals in respect of carrier liability. IW stated the current legislation makes the carrier responsible and UK were not looking for a change to this. WSC paper has been published about Dual Filing and Commission meetings attended by John Nightingale and Peter Starling may have some information regarding consignee putting in information. Joe O'Connor questioned is 7+1 deemed to be a Customs Dec, IW stated it would form a sub set of the data required for the ICS ENS.

AP15 11.04.2014 UK arrival message. Vincent Kearney requested an update on UCC requirements in relation to UK arrival messages. 20.10.2015 IW to clarify details of arrival message requirements with ICS policy holder. 30.01.2015 IW advised that this message remains an optional message but will become mandatory in the future which will require a software change. David Huke to report back on Border Force use of arrival message.

AP16 20.10.2014 Lee Barham and Stuart Armstrong to circulate the minutes of the CHIEF, NCH and Border Force processes of identifying and detaining goods sub group to the wider group. 30.01.2015 IW no minutes issued, Joe O'Connor will ensure minutes are issued.

AP17 20.10.2014 Compulsory Inventory / NILPs. CW to contact group for nominations for creating a sub-group to provide input on compulsory inventory once ministerial response received. 30.01.2015 IW The CIE proposal is now with Ministers, the election may delay publication until after May 2015.

AP18 20.10.2014 IW to discuss with Mike Coussins / Bruce Stewart to decide on an acceptable forum to discuss fines imposed by Customs in other Member States. 30.01.2015 IW Being taken up by Syed Moinuddin's team as part of a new regulation on sanctions and penalties, meeting with Customs Attaché in Brussels the week of 02.02.2015.

AP19 20.10.2014 RW to issue a copy of the Commission paper on draft regulations concerning fines imposed by Customs in other Member States. 20.10.2014 RW sent a copy of the paper to IW. 30.01.2015 IW to issue the paper, attached. CLOSED



CI177-annexes.zip

AP20 20.10.2014 IW, CW and SB to share UCC pilot proposals and general update paper on Self-assessment, Temporary Storage, Guarantees and Waivers once they have been signed off at Director Level. 30.01.2015 IW Not issued yet, awaiting decisions and Director's sign-off, intension to look at early winners under the UCC.

3. Sue Bohannon to provide an update on Self-Assessment:

SB advised that OLAF are looking to extend the current Surveillance Data requirement from 8 data elements to 52 data elements. This would also apply to self-assessment. This removes one of the main benefits of Self-Assessment as a supplementary declaration would still be required offering little in addition to current Local Clearance Procedure rules. It was also advised that a waiver for supplementary declarations for Self-Assessment has been deleted in the DA. Bruce Stewart advised that HMRC have challenged the Commission for justification why so many items are needed as nobody would want Self-Assessment with these requirements and that we are trying to get MEP's on side with this. A list of issues will be put to the Change Group. **New AP24** JOC will send information to BS concerning express carriers approach to MEPs. IW advised that as part of ongoing work Customs will be working with the Stats Office and AEO traders on how to handle future stats requirements as part of a planned UCC prototype. **New AP25** Peter MacSwiney to send BS a view from the trade on how to handle future stats requirements.

4. Caroline Wilkins update group on Control Strategy:

CW As part of the HMRC Promote, Prevent and Respond (PPR) we have started to build intervention packages in line with the needs and behaviours of the trade. We are looking at tailoring our activities to the individual trader depending on past compliance history, the infringements and the reasons for them: e.g., genuine error or deliberate non-compliance Nigel Pearce is now leading. Lorenzo Rossetti stated that in CITEX audit visits the visiting officer stated that their job is to make money not to teach the trader. **New AP26** LR to provide names of this instance to IW for forwarding to Jim Treherne.

We are seeking to focus our interventions under the "Respond" part of the business model so that we deal with the most non-compliant businesses. This will minimise the burden on those businesses who wish to comply and help meet HMRCs two year target to collect in

excess of £50 billion additional compliance revenues. HMRC is also increasing the support it provides businesses under the "Promote / Prevent" parts of the business model. This approach is fully described within the [current business plan](#) . It does not mean that we will stop providing face to face support and advice. AEO and Customs Freight Simplified Procedures both involve pre-authorisation visits / discussions to ensure that businesses understand their tax obligations and have the requisite systems in place to ensure compliance. However, by designing services around the compliance history and behaviours of the businesses, we can focus our resources to areas of greatest risk. This will mean that Face to Face full audits will not always be the most appropriate response.

Peter MacSwiney questioned why AEO's are getting audited more often than non AEO traders, CW responded that if a customs regime is operated we have to prove due diligence, if we do not demonstrate supervision we could be fined up to 20% of GDP by the EU. We have an obligation under EU law to only authorise businesses where we properly supervise their use of the procedures, this supervision has to take place at least once every three years as this is the time bar for recovery of any underpaid revenue. To ease burdens on businesses but still demonstrate due diligence to the EU, we are looking at alternative methods of supervision, such as increased use of desk audits and Flexible Deployment Teams. This may mean for regular 'small' inspections rather than a full end to end audit. **New AP 27** IW to look at guidance being given and feed back to Nigel Pearce and Robert Oxlade.

5. Caroline Wilkins update on progress with Guarantees and the approach to future reference amounts:

IW We are starting to move to UCC implementation with an administration transition period. There are 13,000 Deferment account businesses which may need to be looked at, an agreed approach is needed for re-authorisations and guarantees. BS We do not know the timescales but are expecting end of transition at 31 December 2018. Businesses may be able to continue to use some of their existing authorisations up to this date but will do so under the current Code rules. This will mean that they will not be able to take advantage of any new benefits introduced under the UCC but should be able to continue to operate without needing to meet new obligations such as guarantees. The Commission aims to publish clear transition proposals, DA+IA final drafts and transitional draft legislation by the end February 2015. The text will go to linguists before a final product is published at the end May 2015 for a vote on the IA's. The EU legislation will then be looked at in both houses of Parliament, which may be delayed by the General Election. IW we have been talking to LBS and CITECH to identify means of processing authorisations under the UCC that will minimise burdens on business and HMRC resources. **New AP28** IW to form a small sub group to look at approaches to new elements of legislation.

Lynne Goodwin All IP Drawback, Type D customs warehouses, PCC authorisations and some simplifications under other CPEI authorisations will be discontinued under the UCC. If business want to continue to benefit from these facilitations a new UCC authorisation will be required. There will be changes to CHIEF to stop the use of some CPC's at import, such as PCC. CW We are developing a guidance manual for the authorisations and approvals under the UCC, we are aiming to have a first draft of this by the end February 2015. For those regimes needing authorisation it will include a comparison between old and new rules, what has changed under the UCC and what benefits may be gained from each type of authorisation. Under the UCC a lot of the criteria and conditions for these regimes are generic (aligned with the standards expected of an AEO), we will be looking to introduce standardised checks to cover these that can then be looked at once rather than for each regime applied for. This is dependent on these being checked thoroughly the first time around. Individual (one transaction) guarantee is available with no prior authorisation required. It covers potential and / or actual debts and covers the customs debt and other

charges in relation to the specific declaration. If the guarantee has not been released it may be used for post clearance recovery of any debts.

CW Comprehensive guarantee authorisation requires that the person is established in the EU, have no serious customs infringements, no record of serious criminal (for the business) offences, is a regular user of the procedures or meets the practical standards of competence or professional qualifications related to customs activity. It covers potential and actual debts (under a single, combined guarantee). The comprehensive guarantee may cover more than one member state, more than one customs procedure / operation, cover both goods in duty suspense and secure the payment of duty (e.g., deferment charges). For the potential debt element of the comprehensive guarantee, reductions to 50% then 30% then 0% are available depending on the level of competence, completeness of trader records, and level of proven solvency. Additional criteria are applied at each level of reduction. The person does not need to be an AEO to benefit from these reductions in relation to potential debts. For the actual debt element of the comprehensive guarantee the only reduction available is a reduction to 30%. In order to benefit from this reduction the comprehensive guarantee authorisation holder must be an AEO (C). In order to continue to operate deferment account an authorisation for a comprehensive guarantee to cover the deferred charges will be required. So long as the applicant has no record of any serious non-compliance/ criminal offences the authorisation should be fairly routine.



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Guarantees diagram.c

IW We will prototype how this will work with the trade. Peter MacSwiney The advice we are giving traders is to apply for AEO (C). JOC Asked what is plan B if the trade are not ready, IW replied that it is a big challenge, we need plan A 1st.

CW The calculation of reference amounts is based on the value of goods covered by the procedure at any time. We will work with the applicant to arrive at a sensible value of the reference amount, including alternative evidence where invoice values are not known. An example might be the use of premises insurance policies that cover £x amount of goods at any one point in time. HMRC and the applicant will work together to arrive at a reasonable solution. The EUR7000 is a fall-back if no agreement is reached. Andy Miller Carriers do not have the values. **New AP29** IW to set up a team to work on reference amounts for carriers.

6. Syed Moinuddin: An update on the current position on the EU/US FREE Trade Agreement also known as the Transatlantic Trade & Investment Partnership. Please see the latest information on the European Commission [website](#):

SM 8th round of negotiations to start next week (w.c 02nd February) with a further 4-5 rounds planned for this year with the aim to have an agreement by December 2015/early 2016. The Trade Promotion Authority bill and the Trans Pacific Partnership (TPP) would have to be completed first before substantial progress can be made on TTIP, TTIP seems to be more attractive in the USA. Tier 2 such as Data Harmonisation and alignment have the most impact on reducing the burden on business. Although US Trade representatives lead on the negotiations with the European Commission, we are engaged with US Customs and Border Protection (CBP) on the customs and trade facilitation and rules of origin chapters. In the 2015 World Bank Doing Business report, the UK is ranked 15th on the Trading across borders indicator compared to Singapore who is 1st, the top 10 include France, Germany, Eire. **New AP30** SM Reps to provide their details to Syed who will forward them onto the World Bank in order for them to receive more information on the International Benchmarking study and the annual survey. VK There is an issue with Member States imposing penalties

for amendments, Member States are asking for information pre-loading of goods, if manifest is amended once confirmed C status then you are fined. **New AP31** SM to look at the issue of Member States imposing penalties and is asking for examples to be provided by the group.

7. Kevin Snow / James O'Dell in response to Gordon Tutt: NCTS briefing paper:

GT It is to agree processes for NCTS, how to collaborate trade / HMRC, the trader software for the UCC fall-back to be electronic rather than paper. IW The 3rd prototype may cut across these.

8. Lorenzo Rossetti: Current CFSP/Customs Warehouse Authorisation timescales and processes:

LR advised he is experiencing a lack of consistent approach by the authorisation team in terms of processing authorisations. Whereas an approach is held up as best practice in certain circumstances it is deemed unacceptable in subsequent applications. This leaves trade unsure of HMRC requirements and incurring additional costs. **New AP32** LR to put these issues in a paper to IW who will then raise with CITE X.

9. Ian Wilkins in response to Lorenzo Rossetti: HMRCs preparedness for post UCC driven reauthorisation and AEO authorisation "rush":

This point was addressed under item 5. HMRC is devising a strategy to deal with future applications and handle workloads.

10. Lorenzo Rossetti: Discussion about the background to the Customs Warehouse / CFSP procedural "clarification" emails distributed by the Leeds Authorisations & Returns Team in December 2014 and the (yet to be seen) CIP:

LR Leeds have stated that Leeds have issued a CIP which indicates that a false declaration should be made for SDI. He queried this. Lynne Goodwin advised CIP had been withdrawn and the decision is under Review by herself and Sue Bohannon **New AP33** IW to take issue of CITE X changing policy up with Jim Treherne and report back to sub group.

11. Kevin Snow / Lynne Goodwin / Tim Gordon: Update on November JCCC Consultation on Commercial Samples Relief:

LG New notice on CSDR in November, responses taken into account. Notice 372 to be published on www.gov.uk by 10 February 2015.

12. Lynne Goodwin / Sue Bohannon: Implications of Commission instruction that Article 123 of Council Regulation no 1186/2009 must be strictly implemented:

LG The EU state that Article 123 must be strictly imposed, a CIP will be issued. SB LVBI will have to change in order to comply with the EU Commission ruling in future no goods for consignees in Other Member States can be cleared through LVBI. A CIP will be issued outlining the change to LVBI terms and conditions.

13. AOB:

Peter McSwiney and Adrian Gunn: Trade opposition to Clone Codes for ETSF's as the cost to the trade would be circa £4.5million to £6million. PMcS and AG in agreement with Border Force for Box 30 for location, trade feel that the changes should be done on CHIEF not on trader systems. SB reiterated that this was a Temporary Storage review recommendation.

PMcS stated that the review was not fully endorsed. AG will be writing to PMcS and others. **New AP34** IW to revisit the ETSF Review recommendation for Clone Codes to establish what the aim is and look at CHIEF implications.

Joe O'Connor: CSPs/ASN: asked what the future of ASNS was under the review of inventory linking. IW advised that should this be adopted all ports would require ANS in line with CSP Service Delivery Agreement. Also confirmed there was no bar on any party applying to operate as a CSP should they meet the requirements set out in the SDA.

Joe O'Connor: asked what changes were anticipated to CFSP following UCC implementation. SB replied that under the UCC, the notification waiver for entry in records would only apply to AEO's and there are data set changes for simplified declarations. We are still awaiting final data set requirements.

Vincent Kearney: queried what the UK approach was to meeting the Reporting Formalities Directive in conjunction with the DfT. IW advised that HMRC had met with DfT and expressed a view that they saw the CSPs as a key part of the NSW solution but DfT had yet to commit to this and the decision ultimately rests with them.

Kevin Snow: Policy restructure being done with a pool arrangement to cover for single points of expertise, CAP, Preference and Origin are now with KS.

14. Date and venue of next meeting – 14 May 2015 Alexander House Southend.

List of new Action Points from this meeting:

AP21 30.01.2015 IW Lee Barham to discuss with Joe O'Connor concerns in communicating between departments particularly with Strategic Exports Team and dual use problems.

AP22 30.01.2015 John Evans to provide details from the Transit sub group meeting.

AP23 30.01.2015 Andy Miller The Commission have stated that they could not afford to fund 7+1, this may have an effect on Dual Filing, AM to confirm this message of funding of 7+1 to IW.

AP24 30.01.2015 JOC will send information to BS concerning express carriers approach to MEPs. IW advised that as part of ongoing work Customs will be working with the Stats Office and AEO traders on how to handle future stats requirements as part of a planned UCC prototype.

AP25 30.01.2015 Peter MacSwiney to send BS a view from the trade on how to handle future stats requirements.

AP26 30.01.2015 Lorenzo Rossetti stated that in CITECH audit visits the visiting officer stated that their job is to make money not to teach the trader. LR to provide names of this instance to IW for forwarding to Jim Treherne.

AP27 30.01.2015 IW to look at guidance being given and feed back to Nigel Pearce and Robert Oxlade.

AP28 30.01.2015 IW to form a small sub group to look at approaches to new elements of legislation.

AP29 30.01.2015 IW to set up a team to work on reference amounts for carriers.

AP30 30.01.2015 SM Reps to provide their details to Syed who will forward them onto the World Bank in order for them to receive more information on the International Benchmarking study and the annual survey.

AP31 30.01.2015 SM to look at the issue of Member States imposing penalties and is asking for examples to be provided by the group.

AP32 30.01.2015 LR to provide details in a paper to IW of the issues concerning CFSP and CW applications as there is a lack of consistent approach by the authorisation team. The 60 day timescale only starts when HMRC has all of the information and CHIEF enquires and WORKFLOW start. The authorisation team does not accept template applications.

AP33 30.01.2015 IW to take up the issue with Jim Treherne that Leeds have stated that SDI should be what you should have received not what was received, ignoring the commercial receipting warehouse. Leeds have stated that a CIP is to be issued. This appears to be a local issue which is now affecting the UK, and report back to sub group.

AP34 30.01.2015 IW to revisit the ETSF Review recommendation for Clone Codes to establish what the aim is and look at CHIEF implications.