



HM Revenue
& Customs

Irish whiskey, Irish cream and Irish poteen verification

Summary of responses
December 2015

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1. Introduction

Geographical Indication verification schemes for Irish whiskey, Irish cream and Irish poteen produced in Northern Ireland

1.1 HMRC published a consultation document on its proposals to verify the Geographical Indications (GIs) for Irish whiskey, Irish cream and Irish poteen on 1 October 2015. The consultation closed on 31 October 2015. This document summarises the responses received and explains how HMRC plans to proceed.

1.2 Between the closure of the consultation and the publication of this document, HMRC has worked to finalise the details of the verification schemes, consulting the Department of Agriculture, Food and Marine (DAFM), who have responsibility for the technical files covering Irish whiskey, Irish cream and Irish poteen, and the Irish Revenue Commissioners. The technical files apply across Ireland. Any questions about their content should be addressed to DAFM. DAFM and the Irish Revenue Commissioners are responsible for the corresponding verification schemes in the Republic of Ireland.

1.3 It is anticipated that the UK and the Republic of Ireland schemes will be introduced together, on 10 December 2015.

Consultation

1.4 The consultation sought comment on HMRC's proposals to verify compliance with the Geographical Indications for Irish whiskey, Irish cream and Irish poteen, and recover the associated costs of verification.

1.5 The consultation document set out how HMRC proposes to verify these spirits, checking that their manufacturing processes have been correctly set up to create products that comply with the specifications detailed in their technical files.

1.6 A total of 7 responses were received from businesses, representative and professional bodies.

1.7 The responses to the consultation are described in detail in chapter 2 of this document.

1.8 In summary, most respondents were in favour of HMRC's proposals. Some had questions about how new brands were to be incorporated into the verification scheme, once the list of verified brands had been drawn up. There were also questions about how bulk exports of GI products would be verified. HMRC's responses to these concerns and other issues raised are set out in Chapter 2 of this document.

1.9 Chapter 3 sets out the next steps relating to the introduction of the verification schemes for Irish whiskey, Irish cream and Irish poteen.

2. Responses

The consultation document sought comments on the questions identified below.

Q1. Do you agree that checking the processes identified in paras 2.7, 2.8 and 2.9 will provide assurance of compliance with the technical files for Irish whiskey, Irish cream and Irish poteen?

2.1. We received 4 responses to this question. In general, respondents were in favour of HMRC's proposals to verify compliance with the technical files by checking the manufacturing processes used by producers.

2.2 A question was asked about how new innovative production techniques could be incorporated into the technical file for a product.

2.3 A respondent suggested that the maximum permitted level of methanol in Irish poteen, which is set in the product's technical file at 30 grams per hectolitre of 100% alcohol, should be increased to 100-150 grams, as the current level '*...would restrict potato content and might require producers to invest in expensive demethyliser columns...*'

HMRC's intentions

2.4 HMRC will verify brands of Irish whiskey, Irish cream and Irish poteen by assuring the processes used to create them.

2.5 We will publish a verification scheme for each product, which will set out the checks we will use to establish compliance with the technical files. The schemes will also set out how to apply for verification and how much verification will cost. They will also be included in a public notice which we will publish on GOV.UK to accompany the schemes, prior to their launch on 10 December 2015.

2.6 DAFM consulted on the content of technical file in 2015 before the technical file was finalised. Whilst changes to the technical file may be possible in the future, this would delay the introduction of the verification scheme. Should business wish to make the case for changing the technical file, please contact DAFM (see contact details below).

Q2. Do you currently send bulk Irish whiskey, bulk Irish cream or bulk Irish poteen to be bottled outside Northern Ireland, or intend to do so in the future? If so, which country/countries do you send or intend to send the product to?

2.7 We received 5 responses to this question. The respondents who expressed an opinion confirmed that they either already send bulk product outside Northern Ireland for bottling or are aware that the practice does take place. The only named destination for bulk bottling was the USA.

2.8 Some respondents asked for clarification of how bulk product despatched outside Northern Ireland would be verified.

HMRC's intentions

2.9 Where bottling takes place on the UK mainland, we will carry out verification at the bottler's premises. We are discussing with the EU Commission and also the Irish Revenue Commissioners and DAFM the options for verifying bottling in other Member States or outside the EU, and will clarify the position in due course. Authorities in the UK and Republic of Ireland are keen that this issue does not delay the introduction of the scheme.

Q3. Do you agree with the proposal to collect brand names from the bottler of the product?

2.10 We received 5 responses to this question. All respondents who expressed an opinion were in favour of collecting brand names from the bottler of the product.

2.11 One respondent observed that where brands are bottled by independent bottlers, they will need the brand owner's approval before providing the details.

HMRC's intentions

2.12 HMRC will collect brand names from the bottlers/labellers of the final product and make them available on GOV.UK.

Q4. How often do you think it would be necessary to refresh the list of verified brands, i.e. how often are new brands created?

2.13 We received 5 responses to this question. There was no general agreement among respondents on how often the brands list (to be published on GOV.UK) should be updated. The preferred frequency varied between six months and two years.

2.14 One respondent commented that every two years should be sufficient for updating brands of Irish cream, providing brand verification is not required every time a new product is launched on the market.

2.15 With regard to Irish whiskey, two respondents asked for clarification of how the list would be updated. There was concern that delaying the launch of a new brand until it has been verified would be a barrier to trade.

HMRC's intentions

2.16 HMRC will publish a list of verified brands on GOV.UK after the end of the first verification cycle (this is expected to be in summer 2016). Verified producers who wish to market new brands following the publication of the list will be able to contact HMRC to add the brand to the list, which will normally be updated within 24 hours of notification. The new brand will be considered compliant with the product's technical file until the next verification visit, providing there is no evidence of non-compliance.

2.17 HMRC will also publish a list of verified production premises, so businesses and consumers can easily identify which producers have been verified and are producing compliant brands.

Q5. Do you agree that verifying producers every two years strikes the right balance between assuring processes and minimising burdens? If not, what frequency would you suggest and why?

2.18 We received 4 responses to this question. Most respondents agreed that two years between verification visits was acceptable, although one respondent suggested verification taking place once every three years for businesses that have been satisfactorily verified.

HMRC's intentions

2.19 HMRC will verify producers every two years, unless there are grounds to change the frequency of verification visits. We believe this strikes a reasonable balance between ensuring that businesses are compliant with the relevant technical file and minimising costs to business.

Q6. Is calculating verification fees based on an officer's salary and expenditure costs fair and reasonable?

2.20 We received 4 responses to this question. All respondents who expressed an opinion agreed that it was fair and reasonable to base verification fees on an officer's salary and expenditure costs.

2.21 One respondent suggested training local staff in Northern Ireland to carry out verifications in future, rather than have staff from the Glasgow-based Spirit Drinks Verification Unit carry out the work, as this would reduce costs to industry.

2.22 One respondent asked how verification fees would be calculated where verification is spread across different jurisdictions.

HMRC's intentions

2.23 HMRC will charge verification fees as set out in the consultation document, based on an officer's salary and expenditure costs.

2.24 While acknowledging the observation of the respondent in paragraph 2.21, HMRC has no plans to delegate GI verification work to local staff in Northern Ireland. HMRC considers the use of a specialist team to undertake the verification of all UK GI spirit drinks is the most effective way of carrying out its role as verifying authority and achieving consistency in verifying each GI spirits product.

2.25 Fees will be charged according to the scheme that applies in the location where the production premises is based. So production premises located in Northern Ireland (or bottlers based in the UK) will be verified by HMRC and the verification fees

charged will be those that apply to the UK scheme. Production premises located in the Republic of Ireland will be verified by the Irish Revenue Commissioners or DAFM and the verification fees charged will be those that apply to the Republic of Ireland scheme.

Q7. Is the assessment of the likely impact of the verification schemes accurate?

2.26 We received 4 responses to this question. Most respondents felt it was too soon to comment on the accuracy of the impact assessment, because the schemes have not yet started.

HMRC's intentions

2.27 HMRC will review the schemes after the first verification cycle, when their effectiveness and any necessary changes will be considered.

Other Comments

2.28 The following questions were also asked, with our response following.

2.29 How will the verification schemes help to tackle counterfeit GI spirit drinks? *They will do so by ensuring that only products made through verified, compliant processes are marketed in the EU.*

2.30 How will the verification schemes apply to producers who make both GI and non-GI spirit drinks? *The schemes only apply to GI spirit drinks. During GI verification visits, we will not be looking at non-GI products.*

2.31 Will producers have to apply for verification of each GI spirit drink they make? *Yes, they must make a separate application for each GI.*

2.32 Will it be possible to verify more than one GI product on the same visit? *Where businesses require verification of more than one GI product, it might be possible to carry out all the required verification work in one 'block of time' (e.g. 4 successive days to verify Irish whiskey and Irish poteen, rather than two separate visits of 2 days spread over a number of weeks to verify the GIs separately). We will discuss proposed verification visits with applicants to try and establish mutually acceptable arrangements.*

2.33 Do flavoured whisky based products fall within the GI verification scheme? *Flavoured whisky based products will be verified if they are covered by provisions in the relevant technical file (e.g. the use of sherry, port or bourbon casks in the maturation of Irish whiskey).*

2.34. Do you require brewing, fermentation and distillation of Irish whiskey in Northern Ireland to take place on the same site, as the Irish Revenue Commissioners do for Irish whiskey made in the Republic of Ireland? *Yes, brewing, fermentation and distillation must take place on the same site.*

3. Next Steps

Publication of Verification Schemes and Public Notice

3.1 The separate verification schemes for Irish whiskey, Irish cream and Irish poteen will be published on GOV.UK at the start of December 2015. They will set out the checks that we will use to verify compliance with the technical files, the application procedure and the verification fees to be charged. The accompanying public notice for the schemes will also be published at the same time.

Launch of the verification schemes and completion of the first verification visits

3.2 We will launch the verification schemes on 10 December 2015. We expect that all initial verification visits for producers in Northern Ireland will be completed by summer 2016.

Contact Details

If you have any questions about this document or HMRC's plans to verify Irish whiskey, Irish cream or Irish poteen, please contact HMRC's Alcohol Policy team by email at mailbox.alcoholpolicy@hmrc.gsi.gov.uk

The Department of Agriculture, Food and Marine (DAFM) can be contacted by email at info@agriculture.gov.ie

The web site for the Irish Revenue Commissioners is www.revenue.ie