

Minutes of the Joint Customs Consultative Committee

Date of Meeting: 24 March 2017

Location: The Auditorium, 1 Horse Guards Road, Westminster, London SW1A 2HQ

Items discussed in this meeting

1. Introductions and Apologies
2. Minutes, Matters Arising and Action Points
3. EU Exit Update
4. CDS Update
5. UCC, AEO, Suspense Regimes
6. HMRC Legal Case Update
7. HMRC Office Moves
8. JCCC Sub-group Update
9. Any Other Business

Annexes

- A – List of Attendees
- B – Action Point Update
- C – Sub-group Update

1. Introductions

1.1 The Meeting was chaired by BW (Director Customs). A list of those attending is at **Annex A**.

The chairman welcomed new members to the JCCC:

| | |
|------------------------------|---|
| Adrian Jones - | British Business General Aviation Authority (BBGA) |
| BW introduced: | |
| Laurence Jessop | Senior Officer Operational Policy Customs Strategy, Planning and Operational Policy Border Force (BF) |
| Deborah Persaud | as the new Head of EU and International |
| Malcolm Ashbrook Law HMRC | Head of Customs Enforcement, Engagement & |

2. Minutes, action points and matters arising

2.1 Minutes November 2016

The minutes for the last meeting were agreed.

2.2 Outstanding Action Points

AP1 (Industry to send requests to meet the NCH via the Secretariat) was carried forward. All other outstanding action points from the last meeting were discharged. Please see **Annex B**.

3. EU Exit Update

HMRC gave an update on EU Exit work since the last meeting:

- The Government has announced its intention to invoke Article 50 on Wednesday 29 March 2017 and that is on track.
- This will start the formal exit discussions between the United Kingdom and the European Union for a period of two years.
- HMRC have been examining what needs to be in place to support trade and are working closely with stakeholders.
- HMRC's priorities are to support UK businesses to trade internationally, ensure the safety of our borders and collect the revenue that is due.
- HMRC is ensuring readiness for Day 1 after exiting the EU, including being ready for the eventuality that we leave the EU two years after article 50 is triggered without a deal and without transition.
- It is acknowledged industry needs support with keeping the UK an attractive place to do business as well as keeping trade flowing.

HMRC asked for clarification about JCCC representation of businesses trading exclusively with the EU as these may lack the systems and expertise to carry out customs processes. It was decided the EU Exit team will draft communication which will be sent by Industry with the aim of helping identify EU only traders.

AP1 Industry Chair to provide details of EU-only traders

Industry recorded thanks to the EU Exit team and wider HMRC for their extensive stakeholder engagement.

HMRC said communication will continue via the JCCC Brexit sub-group.

Industry considered EU exit an opportunity to turn "One Government at the Border" (OGATB) into reality, highlighting their unique position to shape this model.

HMRC reiterated the close work with Other Government Departments and the desire to not put anything in place which impedes the OGATB approach.

Industry were pleased with this common sense approach, adding how pleased they were that BEIS and BF are represented at these meetings.

Industry expressed a desire for greater involvement, suggesting secondments and exchanges. HMRC said each department will have a process for engaging with stakeholders. There is also a senior assurance group. Industry asked about Trading Standards and Port Health. HMRC confirmed engagement with both.

Industry requested timelines, when known are shared. HMRC agreed, assuring representation has been made at the highest level for clarity and decisions about timelines to enable industry readiness.

HMRC thanked Industry for their comments adding:

- The Prime Minister has stated 'a smooth, orderly Brexit' is a priority,
- And that a phased process of implementation, to avoid a cliff edge, will be beneficial for both the EU institutions and member states as we prepare for the new arrangements that exist between us.
- Such a Transition will give businesses across the world, in Europe and in the UK enough time to plan and prepare for the new arrangements.

4. CDS Update

Bill Williamson introduced Ian Wilkins who gave an update on the Customs Declaration Service (CDS) programme.

- The end to end plan is on target for delivery in early 2019.
- A detailed migration strategy will be issued.
- Stakeholder events are ongoing and will continue throughout the programme.
- Invitations to demonstrations will be issued shortly.
- Follow up meetings with Community Systems Providers and software suppliers will be arranged.
- Aim is to support dual running of CHIEF and CDS.
- A test environment is ready and there are plans to commence trade testing at the end of 2017.
- Industry should continue to submit items for discussion through either the Customs Change sub-group or at stakeholder events.

5. UCC, AEO, suspense regimes

5.1 AEO

TRo noted that at the last meeting industry stated that many AEO applications were being rejected at the first error. HMRC policy is to check the entire form. Industry are encouraged to notify TRo if problems continue.

5.2 UCC, suspense regimes

TRo acknowledged Industry issues with changes to End Use and Transfer Of Rights and Obligations (TORO) due to the Union Customs Code (UCC). TRo explained HMRC are legally obliged to enforce the UCC. This was raised at the JCCC Product and Processes sub-group and an update will be given at their next meeting in April.

PM is concerned about the new UCC requirements for Special Procedures)/Warehousing and the need for guarantees. TRo replied that HMRC is obliged to ensure that legislation is properly implemented. Nevertheless, industry are encouraged to put forward proposals with suggested approaches. PM enquired about financial underpinning for guarantees. DB said a bank guarantee is required for any customs special procedure. DB continued there is the option to have joint contractual liability where a 3rd party can agree to underwrite, however this only applies to a potential debt.

PW asked for clarification of figures quoted by a Minister stating UK companies with AEO status account for around 60% of the UK's imports and 74% of the UK's exports.

These figures, if reflecting values, reflect a very high proportion of AEO. BW said volumes by value can be misleading, it may be worthwhile looking at numbers of declarations rather than values. TRo replied that the figures quoted related to values not volumes. TRo said she did not have information to hand on whether this was based on whether the owner of the goods had AEO status or whether the freight forwarder/business transporting the goods did.

AP2 TRo to provide clarification on published export figures to check if these are based on the owner of the goods or the agent.

RW expressed strong views about i-forms, requesting enhancements to make any AEO i-forms forms more user-friendly. SM agreed and added inability to see a blank questionnaire prevents preparing for input. GAT added concerns have been raised at sub-group level. It was decided Industry should put their concerns in writing to IW so that representation can be made to Government Digital Service (GDS). IW also agreed to facilitate a discussion between GDS and Industry.

AP3 Industry members to submit views on AEO i-forms to IW via the Industry Chair.

AP4 HMRC (IW) to facilitate discussion about i-forms between Industry Chair and GDS.

PM asked if traders who only trade with the EU will be required to wait several years to demonstrate an appropriate compliance record for AEO post-Brexit. TRo replied this is being looked at alongside a number of different models.

AR referred to recent CIPs about:

- Loss of Local Clearance procedure (LCP) and export simplifications.
- Replacing Customs Supervised Exports (CSE) with Entry in the Declarant's Records (EIDR).

CIP (11/2016) suggests only a limited number of traders can operate EIDR

TRo agreed to investigate.

AP5 HMRC (TRo) to investigate loss of LCP and export simplifications/EIDR replacing CSE.

6. HMRC Legal Case Update

BW introduced MAs who gave an update on HMRC legal cases.

MAs explained:

- HMRC Solicitors Office and Legal Services now includes Customs Appeals and Reviews teams and the Glasgow based Excise teams.
- Customs Directorate continues to work with and support both teams, providing policy advice on cases and appeals.
- The teams are resourced appropriately to handle demand.
- There has been a steady reduction in the number of cases received by the customs team over the last 2 years.
- Work on Fulfilment Houses is increasing.
- Approximately 90% of cases reviewed by the team do not go to appeal.

RW asked about:

- Only 10% of cases going to tribunal
- Percentage of regimes causing issues

It was decided HMRC (MAs) will include in the minutes a list of the regimes with the highest numbers of legal issues.

AP6 HMRC (MAs) to include a list of the regimes with the highest numbers of legal issues in the minutes (included - please see below).

Top 5 reviews for 2016/17 by regime are as follows:

| | |
|-----------------------------------|-----|
| Inward Processing (IP) | 149 |
| Tariff Classification - Assurance | 24 |
| Repayment Remission (RGR) | 20 |
| Tariff Classification - BTI | 18 |
| Civil Penalty | 16 |

BW summarised moving reviews and appeals into the legal area places skills and expertise in one place, creating a much larger pool of trained staff.

7. HMRC Office Moves

BW introduced DP who gave an update on HMRC's transformation programme:

HMRC

- Is modernising and moving to Regional Centres.
- Recognises the National Audit report highlights some issues with the process.
- Key focus, as with any big change programme, is on staff and customers.
- For Customs, process continues at same pace.

Industry

- Concerned about losing expertise and key contacts.
- Rumours about staff morale.

HMRC

- Moves timetabled to take place at same time as EU exit.
- Customs is experiencing a higher profile with wider recognition and appreciation of staff expertise.
- Positives for HMRC and for customers are key drivers for transformation.
- Succession planning is ongoing in Customs so that expertise is retained.

8. Sub - Group Update

The written sub-group update was circulated for information.

The updated document is at **Annex C**.

It was agreed to include the Brexit sub group and Self -Assessment working group in the next update.

AP7 HMRC (Secretariat) to include Brexit update and Self-Assessment working group in the sub-group update paper.

GAT said how important and valuable the recent self-assessment sub group was.

9. AOB

Industry expressed appreciation for the work of Angela Shephard and gave heartfelt thanks for her contribution to this group which has been second to none.

9.2 Fulfilment House Due Diligence Scheme Update

PM asked about an update on the Fulfilment House Due Diligence Scheme.

TRo agreed to provide an update at the next meeting.

AP8 HMRC (TRo) to provide an update on FH DD scheme at the next meeting.

Date of next meeting:

The next JCCC meeting will be 24 July 2017.

| Summary of Action Points | |
|---------------------------------|--|
| AP1 | Industry Chair to provide details of EU-only traders. |
| AP2 | TRo to provide clarification on published export figures.to check if these are based on the owner of the goods or the agent. |
| AP3 | Industry members to submit views on AEO i-forms to IW via the Industry Chair |
| AP4 | HMRC (IW) to facilitate discussion about i-forms between Industry Chair and GDS. |
| AP5 | HMRC (TRo) to investigate loss of LCP and export simplifications/EIDR replacing CSE |
| AP6 | HMRC (MAs) to include a list of the regimes with the highest numbers of legal issues in the minutes. Discharged |
| AP7 | HMRC (Secretariat) to include Brexit update and Self-Assessment working group in the sub-group update paper |
| AP8 | HMRC (TRo) to provide an update on FH DD scheme at the next meeting |

Annex A - List of Attendees – Nov 2016

Trade Organisations

| Trade Organisation | Representative |
|---|-----------------------|
| Association of Freight Software Suppliers (AFSS) | (GAT) |
| Association of International Courier and Express Services (AICES) | (AR) |
| Automated Customs and International Trade Association (ACITA) | (DH) |
| British Association of removers (BAR) | (SD) |
| British Chamber of Commerce (BCC) | (PW) |
| BBGA | (AJ) |
| British International Freight Association (BIFA) | (RW) |
| British Retail Consortium (BRC) | (SJ) |
| British Association of Ship Suppliers (BASS) | (AM) |
| Chamber of Shipping (COS) | (TR) |
| Community System Providers (CSPs) | (PM) |
| Chartered Institute of Logistics and Transport (CILT) | (SM) |
| Customs Practitioners Group (CPG) | (BS) |
| Food and drink Federation (FDF) | (GR) |
| Federation of Sport and Play Associates (FSPA) | (IW) |
| Freight Transport Association (FTA) | (AV) |
| Institute of Export (IOE) | (MJ) |
| Institute of Chartered Shipbrokers (ICS) | (RH) |
| Society of Motor Manufacturers and traders (SMMT) | (HL) |

| | |
|---|------|
| UK Warehousing Association (UKWA) | (BS) |
| Wine and Spirits Trade Association (WSTA) | (DR) |

HMRC/OGD attendees

| Department | Representative |
|--------------|-----------------|
| HMRC | (BW) (Chairman) |
| HMRC | (PMu) |
| HMRC | (DP) |
| HMRC | (MAs) |
| HMRC | (IW) |
| HMRC | (DB) |
| HMRC | (TRo) |
| HMRC | (AM) |
| HMRC | (IR) |
| HMRC | (KA-J) |
| Border Force | (LJ) |
| BEIS | (GM) |
| Secretariat | (SY) |

Apologies

| Organisation | Representative |
|---------------------------------------|----------------|
| BPA | (RB) |
| CAITG | (MF) |
| Chartered Institute of Taxation (CIT) | (JC) |
| | |

**Annex B - JCCC Meeting Action Points
From November Meeting**

| NO. | ACTION POINT | UPDATE |
|--|---|-----------------|
| Agenda Item 2 – Outstanding Action Points | | |
| AP1 | Industry (PM) to send requests to meet the NCH to AS via the Secretariat | Carried forward |
| AP2 | HMRC (Secretariat) to issue a final call for membership of the Brexit sub-group | Discharged |
| AP3 | HMRC (Secretariat) to issue an organogram of Customs Directorate to industry | Discharged |
| AP4 | Nominations to join the Fulfilment House workshops to be sent via the JCCC secretariat | Discharged |
| AP5 | PW to discuss with JCCC Secretariat issuing FH summary of responses and legislation. | Discharged |
| AP6 | HRMC (TRo) to investigate concern that AEO applications are being rejected on an error by error basis and report back at next meeting | Discharged |
| AP7 | HMRC (TRo) P&P sub group to consider and issue guidance on representation | Discharged |
| AP8 | HMRC (AS) to issue a reminder about draft CIPs to industry | Discharged |

Annexe C Sub Group Update

DATE OF MEETING: 24th March 2017
SUBJECT : Update on JCCC Sub Groups

The information table below provides key issues and updates from JCCC Sub Group/ Working Group meetings. The minutes from each Sub Group or Working Group meeting will continue to be posted onto the [HMRC website](#)

Definitions

- **JCCC Sub Group** - for projects / initiatives which are finite; and
- **JCCC Working Group** - for “perpetual” meetings;

| Name of Group / Type of Group | Next Meeting | Contact | Update and Key issues from recent meetings |
|-------------------------------|--------------|---------------|--|
| Customs Change | TBA | Daniel Foster | <p>Update provided to the group regarding a shift in our position and influence at EU commission meetings. This has led to difficulty in seeking UK's proposed changes to the Implementing Act. Support was sought from like-minded MS but was unsuccessful. IA change proposals to be voted on in March/ April 2017 but timeline for implementation will mean they are unlikely to affect UK if current Brexit timeline remains.</p> <p>CDS Programme update provided to the group and confirmed that October 2016 plan last discussed with trade still stands. Information given regarding the restructuring of the programme into three release trains and a supporting enabler train with the aim to expedite delivery.</p> <p>Feedback sought from trade on the proposed restructuring and redesign of Customs Gov.uk pages.</p> <p>Update provided to trade on progress made against MASP. May 16 – EOS delivered, Jan 17 – REX delivered. Exploratory work ongoing to meet October 2017 implementation date for CDMS following changes to the specification by the EU. Remainder of the MASP will likely be pushed back to later in the timeline where possible.</p> <p>NILPs working group held in Jan 17 and next group to be held in April 17. Work underway to liaise with trade ahead of January 2019 NILPs implementation.</p> <p>Trade advised that work is underway to refresh and rebuild the ITDLO service but that there will be a lead in time for the recruitment and training of new ITDLO's.</p> |

| | | | |
|--------------------------------------|------------|---------------|--|
| Customs Product and Processes | 20/04/2017 | Kevin Snow | <p>At its meeting on 11 January 2017 the JCCC CP&P sub-group:</p> <ul style="list-style-type: none"> • Agreed revised terms of reference in accordance with the wider re-alignment of JCCC groups • Was updated on use of guarantees and the approach to future reference amounts • Heard updates on TTIP, CETA, FTA with Vietnam, WTO TFA, UK ranking in World Bank ease of doing business • Agreed to await a written update on NILPs (supplied with minutes) • Discussed the future of CIPs, Gov.UK and other forms of communication • Discussed issues with End use under UCC with particular ref to the Seafood industry • Discussed concerns around direct/indirect representation and were reassured that existing contractual arrangements provided the necessary cover |
| Duty Liabilities | 28/04/17 | Valerie Smith | <p>The group last met on 28/10/16. A range of issues were discussed including:</p> <ul style="list-style-type: none"> • Origin – general update on progress with the various trade agreements including the Vietnam Agreement; the IUU; and preparations for implementation of the Registered Exporter Scheme. • Valuation – Update on latest discussions in the Customs Code Committee including guidance on technical issues. • Tariff Classification sector reports were circulated and issues discussed including Drones and 3D Printers as well as CJEU C-91/15 • Tariff – the sub group were advised about the plans for Tariff Data |

| | | | |
|---|-----|--------------|--|
| | | | publication as part of the CDS Programme. |
| International Trade Operating Systems Working Group (ITOSWG) | TBA | Maggie Kelly | <p>The group last met in September 2016. A range of issues were discussed including:</p> <ul style="list-style-type: none"> • Recent CHIEF outages and the improvements that have been implemented as a result. • Summary of CHIEF changes and fixes. • Communication improvement plans for the future. • Comprehensive Guarantees – new CHIEF status code 'CP' has been introduced to be used for Full authorisation Comprehensive Guarantees. CP is now live on CHIEF. Comprehensive Guarantee owners are urged to use this new status code as soon as possible. If any other code is entered for full authorised comprehensive guarantees CHIEF may deduct/charge that amount on the declaration. • Appreciation and thanks from the Trade to both CHIEF Operations and CSG for their support. |