



HM Treasury



HM Revenue
& Customs

A consultation on the potential approach to duty- and tax-free goods arising from the UK's new relationship with the EU.

March 2020

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Chapter 1

Introduction

- 1.1 The UK has left the European Union (EU) and entered a transition period. The question for the rest of 2020 is whether the UK and the EU can agree a deeper trading relationship on the lines of the free trade agreement (FTA) the EU has with Canada, or whether the relationship will be based simply on the Withdrawal Agreement deal agreed in October 2019, including the Protocol on Ireland / Northern Ireland. In either event the UK will be leaving the single market and the customs union at the end of this year and stakeholders should prepare for that reality.
- 1.2 The government will not agree to tax measures which go beyond those typically included in a comprehensive FTA. The government believes therefore that both parties should recognise their respective commitments to maintaining high standards in this area; confirm that they will uphold their international obligations; and agree to avoid using measures in this area to distort trade.
- 1.3 One of the policy areas that the government wishes to review in light of this new relationship is the excise duty and tax treatment of goods purchased by individuals for their own use (passengers) and carried across borders in their luggage. There are a number of policy options available, including new opportunities due to the UK no longer being bound by the EU's VAT and excise rules outside of Northern Ireland.
- 1.4 This policy area focuses on the reliefs from VAT and excise duty that currently apply to certain types of goods sold to passengers for export or those that are imported into the UK by passengers. Currently these reliefs are largely set out in EU legislation.
- 1.5 There have been calls for changes to the UK's duty-free and tax-free regimes following our exit from the EU. Given the significant complexities associated with any changes to the duty-free rules, the government is seeking views from stakeholders to help understand the impacts that any changes could have, to help inform any future policy decisions.
- 1.6 The government has a number of objectives relating to passengers after the transition period, and any changes would need to take these into account:
 - minimising disruption at exit and entry points
 - minimising delivery challenges and expensive and time-consuming infrastructure changes
 - minimising revenue loss, particularly via tax evasion or avoidance

- 1.7 For the purposes of this consultation duty-free goods are defined as alcohol and tobacco products sold free of excise duty and VAT:
- in duty-free and tax-free shops, located beyond security control in UK exit and entry points
 - on-board scheduled ships and aircraft¹ departing from the UK or destined for the UK
- 1.8 Similarly, for the purposes of this consultation tax-free goods are defined as goods that are for personal use and not subject to excise duty (non-excise goods), sold free of VAT:
- in tax-free and duty-free shops, located beyond security control in UK exit and entry points
 - on-board scheduled ships and aircraft departing from the UK or destined for the UK
 - as part of the VAT Retail Export Scheme
- 1.9 This consultation also considers the treatment of alcohol and tobacco products, and non-excise goods, carried in the personal luggage of passengers entering the UK which are for their own use and relieved from excise duty and VAT.
- 1.10 The consultation is focused on five areas:
- Personal allowances for passengers travelling from the EU to UK
 - Duty-free sales for passengers travelling from the UK to the EU
 - Duty-free sales on-board planes, trains and ships for consumption on-board and take-away
 - The VAT Retail Export Scheme (VAT RES)
 - Tax-free sales for passengers travelling from the UK to the EU
- 1.11 The personal allowance for bringing non-excise goods into the UK (currently £390, unless the passenger arrives by private plane/boat in which case the allowance is £270), and customs processes for passengers are out of scope of this consultation.

¹ For the purposes of this consultation 'scheduled ships and aircraft' also refers to chartered transportation, freight and working ships

Chapter 2

Background

- 2.1 The framework for the VAT and excise treatment of cross-border movements of goods in the EU is currently set out in EU law. The international norm, consistent with OECD Guidelines and World Trade Organisation (WTO) rules, is that VAT and excise on goods should be paid in the country of consumption. The consequence is that the UK relieves excise duty and VAT on goods which are exported and consumed outside of the EU.
- 2.2 For passengers travelling within the EU, duty-free and tax-free sales were abolished on 30 June 1999, which meant that passengers travelling intra-EU were no longer entitled to purchase duty-free and tax-free goods. However, they could, instead, carry unlimited amounts of tax paid non-excise goods and duty-paid alcohol and tobacco across borders within the EU, subject to indicative limits. No customs duty, additional excise duty (providing the goods are for personal use and are transported by the individual) or additional VAT was due at their destination, VAT and excise duty having been paid in the EU country of purchase. These passengers may currently enter the UK by using the blue channel at airports and ports and this will remain the case during the transition period, as the UK continues to be a member of the customs union and goods may flow freely between the UK and EU.
- 2.3 In the case of excise goods, passengers entering the UK from a non-EU country can bring in limited amounts of alcohol and tobacco in their personal luggage without making a declaration. If they remain within the personal allowances, then they can use the green channel to declare that they are within these allowances. If the goods carried by the passenger exceed the personal allowances (or the goods are held for a commercial purpose) then the passenger must use the red channel, where they must declare goods and pay relevant taxes and duties. Duty-free shops are found at international airports and ports¹; duty-free sales are also made on-board some aircraft and ships.
- 2.4 Currently duty-free sales are only available to passengers travelling to or from non-EU countries by air or sea. Those travelling between the UK and the EU or by other means of transport, such as by car and train (the Dublin-Belfast train or on Eurostar or Eurotunnel) cannot purchase duty-free products. Existing EU law does not allow duty-free shops at land borders, including train stations.

¹ Currently there are no duty-free shops at UK ports

- 2.5 At the end of the transition period EU member states will be able to offer duty-free and tax-free sales on the cross-border movement of goods to those travelling to the UK from airports, ports or on-board aircraft or ships. The decision on the application of duty-free and tax-free limits to those goods when entering the UK will lie with the UK government. It would similarly be the UK's choice whether to offer duty-free and tax-free sales to those travelling from the UK to the EU after the transition period, subject to the UK's international obligations.

Chapter 3

Travelling from the EU to the UK

Personal allowances for passengers travelling from the EU to the UK

- 3.1 As the EU has stated that duty-free and tax-free sales will be reintroduced for those travelling to the UK after the transition period, the government is minded to reintroduce personal allowances for passengers arriving from EU member states. Allowing passengers to bring unlimited or significant amounts of duty-free and tax-free goods into the UK for personal use could theoretically lead to sales being shifted from passengers purchasing domestically from UK retailers paying excise duty and VAT, to duty-free and tax-free retailers in the EU, giving them an unfair advantage. This could damage the UK high street and may have an adverse impact on the Exchequer.
- 3.2 A new system based on renewed access to duty-free and tax-free sales in the EU combined with the reintroduction of personal allowances could benefit some passengers but disadvantage others. Passengers who currently buy volumes of excise and non-excise goods in EU countries within the existing non-EU personal allowances would be less disadvantaged by a return of duty-free and tax-free goods, as they would be able to continue to purchase similar amounts to now but not have to pay EU excise duty or VAT. However, those passengers who purchase quantities significantly above the current non-EU personal allowances could lose out when compared to the current rules. These passengers would lose the ability to purchase unlimited EU duty- and tax-paid goods, subject to indicative limits. The quantities they may bring to the UK without paying any UK excise duty or VAT would be limited by the reintroduction of personal allowances, as they are for current non-EU passengers.
- 3.3 A reintroduction of duty-free and tax-free personal allowances for those travelling from the EU may also require changes to entry points to the UK. The blue channels will cease to be operational when the UK leaves the customs union at the end of the transition period. Ports, airports and international rail terminals that have, since 1999, dealt exclusively with EU only passengers may need to invest in infrastructure that will allow passengers to make an excise duty or VAT declaration. Similarly, border officials would be required to avoid any disruption at UK entry points as more passengers may need to stop to make a declaration.

3.4 Q1. The government would welcome any evidence or views on reintroducing duty-free and tax-free personal allowances to passengers travelling from the EU to the UK, including the impacts that these could have. This includes, but is not limited to, the impact on

- businesses (for example travel retailers, travel industry and UK excise duty paying retailers)
- UK arrival points
- consumers (for example the loss of being able to carry unlimited amounts of EU duty- and tax-paid alcohol and tobacco without having to pay any UK excise duty on arrival, or the impact that losing blue channels - which will be unavoidable - would have on their journeys)
- the Exchequer

3.5 The current personal allowances for non-EU passengers are set out in EU legislation. Therefore, after the transition period, the government will be free to consider whether the personal allowances for alcohol and tobacco products should be changed. However, any changes to the level of the duty-free personal allowances must consider a range of factors and impacts including, but not limited to:

- whether there are any limits on the volumes of alcohol and tobacco that passengers can import to the UK from the EU before excise duty is payable
- the ease with which passengers can enter the UK
- consistency with public health objectives
- impact on UK businesses
- the Exchequer impact

3.6 Q2. The government would welcome views on whether the current personal allowances¹ for alcohol and tobacco imports should remain the same or should be changed, and if so why?

¹ See Annex for current personal allowances

Chapter 4

Travelling from the UK to the EU

Duty-free sales

- 4.1 Following the transition period, the government is minded to extend duty-free sales to passengers travelling to the EU. This would put the UK on an even footing with the EU which has said they will allow duty-free shopping for passengers travelling to the UK after the transition period, and parity of treatment with passengers travelling to non-EU countries. If passengers can purchase duty-free goods on one leg of their journey, but not on the other, then the UK travel industry could conceivably be at a relative disadvantage. However, reintroducing duty-free shopping at UK exit points could also displace some sales from the UK high street and other duty-paying retailers.
- 4.2 **Q3. Do you agree that the government should extend duty-free sales to those travelling to the EU?**
- 4.3 **Q4. The government would welcome any evidence or views on the impacts that a return of duty-free sales for passengers travelling from the UK to the EU could have.** This includes, but is not limited to, the impact on:
- businesses (both for travel retailers, travel industry and UK excise duty paying retailers)
 - UK departure points
 - consumers (for example the loss of being able to carry unlimited amounts of UK duty-paid alcohol and tobacco without having to pay any EU excise duty and VAT on arrival at their EU destination)
 - consistency with public health objectives
 - the Exchequer
- 4.4 Current EU law prevents the sale of duty-free goods within the EU. Following the transition period, the UK could allow duty-free shops selling goods to passengers exiting the UK at international train stations as well as at ports and airports.
- 4.5 The Northern Ireland-Ireland border is the only land border the UK and the EU share. If no FTA is agreed between the UK and the EU then this relationship will be based on the Withdrawal Agreement deal agreed in October 2019, including the Protocol on Ireland / Northern Ireland. The

government will consider and set out how this will impact passengers separately in due course.

- 4.6 **Q5: The government would welcome any evidence or views on the impacts that an introduction of duty-free sales for passengers travelling to the EU at ports, airports and international train stations could have.**

Duty-free sales on-board planes, trains and ships

- 4.7 Different rules apply for those goods that are either consumed on or sold as take-away on-board aircraft and ships. Alcohol sold to be consumed in bars or restaurants on board aircraft and ferries can currently be sold duty-free on any journey outside of the UK regardless of whether the destination is an EU country or any other country.
- 4.8 This does not apply to train journeys as under current EU law international rail terminals cannot sell duty-free goods, or on-board trains. At the end of the transition period the UK will be free to offer duty-free sales at train stations, and potentially for on-board consumption.
- 4.9 **Q6: The government would welcome any evidence and views on the impact of allowing duty-free sales for passengers to the EU on-board trains.**
- 4.10 Under existing EU laws, a cruise ship visiting the UK may only sell goods from its shops for passengers to take-away if it is making a stop at a non-EU country on its itinerary. There are already cases where cruise operators make additional stops in non-EU countries to be able to sell duty-free on-board. Current common additional stops on itineraries of EU cruises are Tunisia and Montenegro. The annex sets out further details of the rules for cruise shop sales.
- 4.11 At the end of the transition period, if an otherwise EU only cruise were to make a stop in the UK, it would be allowed to sell duty-free goods for the whole duration of the cruise, under the current EU regime. Passengers on-board these cruises would be able to purchase duty-free goods to take-away with them within the personal allowances set in their destination country (the UK).
- 4.12 Crew on-board planes and ships are treated as the same with regards to duty-free allowances. At the end of the transition period, this would allow non-passenger vessels such as freight or working ships to sell duty-free on board to crew who, if the ship lands in the UK, would be allowed to bring in duty-free products as well, subject to personal allowances. Together with cruise ships, this could cause a further increase in the quantity of duty-free alcohol and tobacco goods being brought into the country.
- 4.13 **Q7: The government would welcome any evidence and views of the impact of allowing duty-free sales for passengers and crew on-board planes and ships destined for the EU.**

The VAT Retail Export Scheme

- 4.14 During the transition period, visitors to the UK who are resident in a non-EU country, can continue to use the VAT Retail Export Scheme (VAT RES) to obtain a VAT refund on leaving the UK (and the EU) on high street goods they buy and take home with them in their luggage. In most cases, a refund company will charge an administration fee for using the VAT RES and take the money out of the customer's VAT refund. The current system is paper-based, and passengers must be prepared to show the goods, the till receipts and the VAT refund document to a border official when they leave the UK (or currently an EU country) to evidence the fact that the goods are exported. By allowing non-EU residents to obtain a VAT refund on exporting these goods the scheme is consistent with international tax principles (WTO rules and OECD Guidelines), in which VAT should be paid in the country of consumption.
- 4.15 The government also recognises the contribution that the VAT RES makes to international tourism in the UK. As with the other policy areas set out in this consultation, the government is reviewing the future of VAT RES after the transition period. This includes considering the benefits of the VAT RES to tourism and the high street, how effectively the scheme meets the UK's policy objectives, how any future policy could be made more effective or efficient, and how the UK can manage the risk of fraud and non-compliance (for example, goods that do not leave the country, passenger adherence to eligibility rules, and passengers not declaring goods that are liable for excise duty and VAT in the destination country).
- 4.16 The government is aware that a number of claims have been made about the scale of the benefits of the VAT RES to international tourism, the high street and other businesses. Before the government considers retaining the VAT RES or extending this service to EU residents it would welcome evidence as to the scale of those benefits, and whether the current scheme is achieving its aims. While the VAT RES adheres to international tax principles, it is unclear what the impact on the high street is (particularly outside of London and other tourist destinations), whether the scheme offers value for money for the Exchequer, and whether passengers are being treated fairly (for example, some customers only receive a small proportion of their VAT refund).
- 4.17 **Q8. The government would welcome any evidence or views on the current structures, practices and benefits of the VAT RES.** This includes, but is not limited to:
- the benefits to international tourism and the UK high street
 - regional use of the scheme (particularly outside London)
 - administration fees or the proportion of VAT that is refunded
 - customer experience

- practices at the border
- 4.18 In parallel with this consultation the government is continuing to explore the possible digitisation of any future VAT RES and is currently undertaking user research, which follows on from previous research in this area.
- 4.19 **Q9. What additional benefits would there be to an extension of the VAT RES to EU residents in its current, or digital form?** This includes, but is not limited to, the benefits for:
- businesses (for the high street, travel retailers, travel industry and UK excise duty paying retailers)
 - UK departure points
 - consumers
 - the Exchequer
- 4.20 Some countries offer a VAT RES, or an equivalent scheme, in a different way to how it currently operates in the UK. For example, Norway and Sweden operate a VAT RES with an information exchange system in place¹. This means that a VAT refund is only provided to a Swedish customer who has purchased goods in Norway, if they provide evidence to show VAT has been paid as the goods have been imported into Sweden. This adheres to international tax principles and ensures that goods are taxed correctly in the country of consumption. It also ensures that tax revenue is protected in respective countries. Another option for the VAT RES is to extend the scheme in its paper-based, or digital form, to residents of EU and non-EU countries, but with a minimum spend requirement. Alternatively, after the transition period there is no requirement to keep the scheme.
- 4.21 Finally, as the UK will no longer be bound by the EU's VAT and excise rules outside of Northern Ireland, the government has the freedom to introduce amendments to the VAT RES in the UK, or abolish the scheme, should it wish to do so.
- 4.22 **Q10. The government would welcome any evidence or views on alternative and/or more effective ways of operating the VATRES.** This includes but is not limited to digital and policy alternatives.
- 4.23 **Q11. The government would welcome any evidence or views on the impacts of abolishing the VAT RES.** This includes, but is not limited to, the impacts on:
- businesses (for the high street, travel retailers, travel industry and UK tax paying retailers)
 - UK departure points
 - consumers
 - the Exchequer

¹ <https://www.toll.no/en/tourist-in-norway/reimbursement-of-vat-to-tourists1/>

Tax-free sales under the airside extra statutory concession

- 4.24 The current rules that allow tax-free airside shopping for non-excise goods are not set out formally in legislation, and instead are applied as part of an HMRC extra statutory concession. Without this easement non-EU resident passengers would be entitled to reclaim VAT only through the VAT RES. This would entail paperwork in the airport, and likely lead to airside queues and disruption. The concession is also applied more widely than the residence criteria for the VAT RES, currently allowing all passengers travelling to a non-EU country to purchase airside tax-free goods.
- 4.25 The above chapters have indicated that, following the transition period the UK is minded to extend airside tax-free sales to those travelling to the EU by air, sea and rail. As the rules for airside tax-free shopping are set out in a concession the government is aware that these rules are applied inconsistently. For example, in 2015 media coverage alleged that in some cases the tax-free element was not being passed on to consumers. And in some cases the relief is applied to tax-free sales of goods that will very likely be consumed in the airport rather than being exported. This is not consistent with international tax norms (WTO rules and OECD Guidelines), in which VAT and excise on goods should be paid in the country of consumption. Extending airside tax-free shopping to EU bound passengers travelling by air, sea, and rail would require legislation to formalise the system, and further requirements setting out how tax-free shops should operate could be included in this legislation. Alternatively, the government could remove the airside extra statutory concession and use the VAT RES - if it decides to retain the scheme - to achieve tax-free sales for passengers.
- 4.26 **Q12. Do you agree that the government should extend airside tax-free sales for non-excise goods to passengers travelling to the EU?**
- 4.27 **Q13. The government would welcome any evidence or views on the impacts of abolishing airside tax-free sales.** This includes, but is not limited to, the impacts on:
- businesses (for the high street, travel retailers, travel industry and UK excise duty paying retailers)
 - UK departure points
 - consumers
 - the Exchequer
- 4.28 **Q14. What additional benefits would there be to an extension of airside tax-free sales to EU bound passengers?** This includes, but is not limited to, the benefits for:
- businesses (travel retailers, travel industry and UK tax paying retailers)
 - UK departure points
 - consumers

- the Exchequer

4.29 Q15. What do you think the impacts of introducing tax-free sales for non-excise goods for passengers travelling from the UK to the EU could have?

This includes, but is not limited to, the impact on:

- businesses (both for travel retailers, travel industry and UK excise duty paying retailers)
- UK departure points
- consumers (including how the relief is passed on to consumers)
- the Exchequer

4.30 Q16. The government would welcome any evidence or views on the impacts that an introduction of tax-free sales at international train stations could have.

Chapter 5

Summary of consultation questions

- 5.1 Q1. The government would welcome any evidence or views on reintroducing duty-free and tax-free personal allowances to passengers travelling from the EU to the UK, including the impacts that these could have.
- 5.2 Q2. The government would welcome views on whether the current personal allowances for alcohol and tobacco imports should remain the same or should be changed, and if so why?
- 5.3 Q3. Do you agree that the government should extend duty-free sales to those travelling to the EU?
- 5.4 Q4. The government would welcome any evidence or views on the impacts that a return of duty-free sales for passengers travelling from the UK to the EU could have.
- 5.5 Q5. The government would welcome any evidence or views on the impacts that an introduction of duty-free sales at international train stations could have.
- 5.6 Q6. The government would welcome any evidence and views of the impact of allowing duty-free sales for passengers on-board trains and to take-away.
- 5.7 Q7. The government would welcome any evidence and views of the impact of allowing duty-free sales for passengers and crew on-board planes and ships.
- 5.8 Q8. The government would welcome any evidence or views on the current structures, practices and benefits of the VAT RES.
- 5.9 Q9. What additional benefits would there be to an extension of the VAT RES to EU residents in its current, or digital form?
- 5.10 Q10. The government would welcome any evidence or views on alternative and/or more effective ways of operating the VATRES.
- 5.11 Q11. The government would welcome any evidence or views on the impacts of abolishing the VAT RES.
- 5.12 Q12. Do you agree that the government should extend airside tax-free sales for non-excise goods to passengers travelling to the EU?
- 5.13 Q13. The government would welcome any evidence or views on the impacts of abolishing airside tax-free sales.
- 5.14 Q14. What additional benefits would there be to an extension of airside tax-free sales to EU bound passengers?

- 5.15 Q15. What do you think the impacts of introducing tax-free sales for non-excise goods for passengers travelling from the UK to the EU could have?
- 5.16 Q16. The government would welcome any evidence or views on the impacts that an introduction of tax-free sales at international train stations could have.

Chapter 6

Consultation process

How to respond

- 6.1 A summary of the questions in this consultation is included at chapter 5.
- 6.2 We welcome comments from all stakeholders who may be interested. The consultation will close at 23:59 on 20 May 2020.
- 6.3 Responses should be sent by email to duty.free@hmtreasury.gov.uk or by post to:
- 6.4 Duty-free consultation
VAT and Excise Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
- 6.5 All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.
- 6.6 When responding please say if you are a business, individual or representative body. In the case of representative bodies, please provide information on the number and nature of people you represent.

HM Treasury Consultations – Processing of Personal Data

- 6.7 This notice sets out how HM Treasury will use your personal data for the purposes of this consultation and explains your rights under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA).
- 6.8 **Your data (Data Subject Categories)**
- 6.9 The personal information relates to you as either a member of the public, parliamentarians, and representatives of organisations or companies.
- 6.10 **The data we collect (Data Categories)**

- 6.11 Information may include your name, address, email address, job title, and employer of the correspondent, as well as your opinions. It is possible that you will volunteer additional identifying information about themselves or third parties.
- 6.12 **Legal basis of processing**
- 6.13 The processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in HM Treasury. For the purpose of this consultation the task is consulting on departmental policies or proposals or obtaining opinion data in order to develop good effective government policies.
- 6.14 **Special categories data**
- 6.15 Any of the categories of special category data may be processed if such data is volunteered by the respondent.
- 6.16 **Legal basis for processing special category data**
- 6.17 Where special category data is volunteered by you (the data subject), the legal basis relied upon for processing it is: the processing is necessary for reasons of substantial public interest for the exercise of a function of the Crown, a Minister of the Crown, or a government department.
- 6.18 This function is consulting on departmental policies or proposals, or obtaining opinion data, to develop good effective policies.
- 6.19 **Purpose**
- 6.20 The personal information is processed for the purpose of obtaining the opinions of members of the public and representatives of organisations and companies, about departmental policies, proposals, or generally to obtain public opinion data on an issue of public interest.
- 6.21 **Who we share your responses with**
- 6.22 Information provided in response to a consultation may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA) and the Environmental Information Regulations 2004 (EIR).
- 6.23 If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence.
- 6.24 In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury.

- 6.25 Where someone submits special category personal data or personal data about third parties, we will endeavour to delete that data before publication takes place.
- 6.26 Where information about respondents is not published, it may be shared with officials within other public bodies involved in this consultation process to assist us in developing the policies to which it relates. Examples of these public bodies appear at: <https://www.gov.uk/government/organisations>.
- 6.27 As the personal information is stored on our IT infrastructure, it will be accessible to our IT contractor, NTT. NTT will only process this data for our purposes and in fulfilment with the contractual obligations they have with us.
- 6.28 **How long we will hold your data (Retention)**
- 6.29 Personal information in responses to consultations will generally be published and therefore retained indefinitely as a historic record under the Public Records Act 1958.
- 6.30 Personal information in responses that is not published will be retained for three calendar years after the consultation has concluded.
- 6.31 **Your rights**
- 6.32 You have the right to request information about how your personal data are processed and to request a copy of that personal data.
- 6.33 You have the right to request that any inaccuracies in your personal data are rectified without delay.
- 6.34 You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.
- 6.35 You have the right, in certain circumstances (for example, where accuracy is contested), to request that the processing of your personal data is restricted.
- 6.36 You have the right to object to the processing of your personal data where it is processed for direct marketing purposes.
- 6.37 You have the right to data portability, which allows your data to be copied or transferred from one IT environment to another.
- 6.38 **How to submit a Data Subject Access Request (DSAR)**
- 6.39 To request access to personal data that HM Treasury holds about you, contact:
- 6.40 HM Treasury Data Protection Unit
G11 Orange
1 Horse Guards Road
London
SW1A 2HQ
dsar@hmtreasury.gov.uk
- 6.41 **Complaints**

- 6.42 If you have any concerns about the use of your personal data, please contact us via this mailbox: privacy@hmtreasury.gov.uk.
- 6.43 If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner, the UK's independent regulator for data protection. The Information Commissioner can be contacted at:
- 6.44 Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
casework@ico.org.uk
- 6.45 Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.
- 6.46 **Contact details**
- 6.47 The data controller for any personal data collected as part of this consultation is HM Treasury, the contact details for which are:
- 6.48 HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
London
020 7270 5000
public.enquiries@hmtreasury.gov.uk
- 6.49 The contact details for HM Treasury's Data Protection Officer (DPO) are:
- 6.50 The Data Protection Officer
Corporate Governance and Risk Assurance Team
Area 2/15
1 Horse Guards Road
London
SW1A 2HQ
London
privacy@hmtreasury.gov.uk

Consultation principles

- 6.51 This consultation is being run in accordance with the government's [consultation principles](#).
- 6.52 If you have any comments or complaints about the consultation process, please contact HM Treasury at the above address.

Annex A

Current rules on duty- and tax-free goods

Passengers arriving from the EU

1. Unlimited personal use allowances for alcohol and tobacco (applies to excise duty only) for passengers going from EU-UK.
2. Minimum indicative levels act as guidelines for what constitutes personal use.
3. The current minimum indicative levels for alcohol, derived from EU law, are:
 - o 110 litres of beers
 - o 90 litres of still or sparkling wine
 - o 20 litres of fortified wine
 - o 10 litres of spirits
4. The current minimum indicative levels for tobacco, derived from EU law, are:
 - o 800 cigarettes
 - o 200 cigarillos
 - o 200 cigars
 - o 1 kilogram offhand rolling tobacco (or any pro rata combination of tobacco)
5. VAT is paid in the member state of purchase for goods bought within EU (no UK VAT is paid by consumers – different rules can apply if goods are carried in a commercial context).
6. No customs duty is due on goods bought in the EU and brought back to the UK as within EU customs union.
7. Passengers must use the blue channel to enter the UK.

Passengers arriving from the Rest of World (RoW)

8. Quantitative 'tax and duty-free' allowances for VAT and excise duty for goods contained in personal luggage of passengers from RoW to UK and are for personal use (Travellers Allowances Order). Total value £340 or less, if the person travelled by air or sea. Total value £240 or less, if the person did not travel by air or sea.
9. For excise goods customs duty is not due if within the quantitative allowances.
10. The current quantitative allowances for alcohol are:
 - o 16 litres of beer
 - o 4 litres of still wine
 - o 2 litres of sparkling wine or 2 litres of fortified wine or 1 litre of spirits (or any pro rata combination of these drinks)
11. The current quantitative allowances for tobacco are:

- 200 cigarettes
 - 100 cigarillos
 - 50 cigars
 - 250 grams of hand rolling tobacco (or any pro rata combination of tobacco)
12. If within the allowance, declare using the green channel, but if carrying anything exceeding this amount, the goods must be declared using the red channel.

Tax/Duty-free Shops

13. Referred to as 'Export Shops' in excise legislation and 'airside/tax-free shops' in VAT legislation.
14. UK export shops are permitted to supply excise goods to passengers without payment of excise duty and are located in ports and airports beyond security and customs controls.
15. The passengers can buy duty-free goods if they have travel transport documents for a voyage or flight to a destination outside of the EU.

Sales on-board ships and aircraft

16. There are differing rules for sales of goods on board ships (including cruise ships) and aircraft.
17. For VAT - goods sold on journeys taking place within the EU must be sold subject to VAT at the rate of the member state of departure.
18. Sales for on-board consumption:
- Excise goods for consumption on any journey to a destination outside the UK may be sold duty-free
19. Sales of excise goods to take-away:
- No customs duty applicable. Customs duty only applies if goods bought on board are then imported into the UK – see above regarding allowances. If the passenger consumes the goods on board, no customs duty is due
 - Excise goods sold for take-away on journeys taking place within the EU must be sold excise duty-paid according to the rules of the member state of departure or destination, depending on where in the journey the goods are sold. There are rules for persons who intend to sell excise goods on board ships and aircraft making journeys between the UK and EU including, amongst other things, requiring those who sell excise goods on board ships and aircraft to be registered "mobile operators"
 - Excise goods sold on-board ships and aircraft on journeys from the UK to a country outside the EU for take-away are considered export shops and the same rules apply – goods may be sold duty-free to passengers travelling to a destination outside the EU

Cruise ships

20. There are three classification of cruises:

- Intra-UK – these cruises do not call at any port other than those within the UK. As such they may only carry as stores or offer for sale UK duty-paid excise goods, such as alcohol and tobacco
 - Intra-EU – these cruises call at ports within the EU. Stores may be loaded for consumption on board from bars and restaurants which may be duty-free. Any goods purchased from shops to take-away must have tax and excise duty applied
 - Non-EU – these cruises must make at least one call to a non-EU country port
21. Existing rules mean that cruise ships that call exclusively at EU countries may not sell duty free on-board for take-away.
22. If a cruise ship makes a stop at a non-EU country, it may sell duty-free from its shop on-board for the duration of the cruise.

HM Treasury contacts

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