



Minutes of the Customs Products & Processes Joint Customs Consultative Committee Sub Group

Date of Meeting: 14 January 2020

Location: Euston Tower, London

1. Introductions

The Meeting was chaired by CD & JE. A list of attendees and apologies is at Annex A.

2. Sign off Minutes from 9th September 2019 meeting

The minutes were agreed and signed off.

3. Update on Action Points from September 2019 meeting

AP63 – HMRC to set up a date for NILP’s working group.

More consideration is required before setting up this working group due to UK’s current situation. Closed.

Trade to inform secretariat should they wish to join the working group when this is set up.

New AP73

AP64 - HMRC to set up working group on guidance for authorisation of CW & CFSP

Colin to cover this item under the agenda item 7 (authorisation streamlining project and proposed workshop). Closed.

AP65 - HMRC to give update on ICS 2 Phase 1

Covered under agenda item 13. Closed.

AP66 - HMRC to provide summary of discussions on co storage and common storage

Covered under agenda item 11. Closed.

AP67 - HMRC to respond on number of AEO customers that have been targeted in the inland pre-clearance activity.

CD explained that HMRC are committed to our legal obligation to provide the benefits of AEO. We take this into account when undertaking risk assessments, including inland pre-clearance activity. However we do not have any management information available to share with Trade. Improved management information is part of HMRC’s action plan to improve the AEO system. AW added that AEO status is part of the overall data held on customers, our aim is to ensure that we are using information effectively when risking. Closed.



AP68 - Trade (Lorenzo Rossetti and Barbara Scott) to advise HMRC if there are inconsistent decisions being made around adjustments in warehouse/closing balance systems

Covered under agenda item 10. Closed.

AP69 - Trade (Lorenzo Rossetti) to resubmit his email to HMRC (Colin Davis) around the solution for adjustments in warehouse/closing balance systems and HMRC to respond.

Covered under agenda item 10. Closed.

AP70 - HMRC (Valerie Gilmore) to check that all relevant information from the G-Forms is available to officers when they do their visit

Valerie Gilmore has advised; 'Further work to improve the current MVP G-forms is ongoing. CDIO are working on a 'Task List', which will mean traders will be able to check their progress as they complete all sections of the application. CDIO are also adding some improvements to the form to make it clearer to the customer what they need to do when completing, particularly around starting and continuing the form. To support some of the changes, updates will be made to the Gov.uk landing page'. Closed.

AP71 - HMRC (Sukhbir Panesar) to review CW application process including timeline for IT integration and testing on CDS and respond

JH's email to be resent to PMacS [New AP74](#). Closed.

AP72 - HMRC to respond to trade (Gordon Shuttleworth) on the process for tracked postal movements from freight into postal.

JE stated that more correspondence has been discovered that still needs to be addressed. We agree that further work needs to be done by HMRC on this issue.

AR expressed that there has been confusion in the past and felt it necessary for a CIP to be produced setting out the guidelines for movements through the express industry.

JE agreed that whilst we may not publish CIP, there should be broad communication disseminated to trade in the near future. Any further questions in the meantime from trade to be sent to the secretariat. Closed.

4. Introduction to BP&D (JE)

JE Introduced himself, the work covered by BP&D and the structure of the team.

GR requested information as to the team layout.

[New AP75](#) Secretariat to disseminate organigram of BP&D to the group.

5. NCH Route 1 Automation Process

JE set out the forthcoming changes to the NCH Route 1 automation process whereby HMRC are coordinating the centralisation and coordination of documentary inspections. The



process is to be automated using robotics and the proposal is to have route 1 information sent by email rather than fax. Forms are to be attached with a particular file reference. The changes should result in an improvement in service.

JE proposed that the new process is to be delivered in February. There were no objections to the proposed date, however, JM advised it would be useful to provide notice to as many trade members as possible beforehand.

HL asked whether there were limits on the file size or whether information required would have to be provided separately. JE responded stating that he believed multiple items could be sent on the same e-mail but they each would require a separate header document.

PM suggested that it would be useful for clarification on what documents would be required and the format of those documents.

JE advised that we will release guidance on Gov.uk and via automatic responses to emails using the current system.

6. EU Exit Update

CD provided an update as per the attached paper (annex B).

Trade stressed it would be burdensome to submit S&S declarations in relation to EU and NI movements. It would be helpful if the EU and UK could agree on what would be required from trade. AM stated that 6 months was not enough time to connect and develop the necessary systems. CD reassured the group that HMRC are keen to negotiate a waiver on S&S declarations. JE agreed and assured the group that HMRC are aware of the volumetric pressure on trade and that businesses need to be sighted on EU expectations.

GR commented that Article 103 of the UCC sets a limitation on customs debt of 3 years, confirmation is required as to whether this specific article is being maintained and the ability to reclaim will continue for 3 years. CD confirmed that this will be the case for the duration of the implementation period. What happens after this period will be subject to the outcome of negotiations.

The meeting discussed the NI Protocol. CD confirmed, while the Protocol sets out the general principles and framework, many details such as food hygiene certificates or other types of certified products will need to be established in the Joint Committee negotiations. CD advised HMRC will publish details as they become available.

Trade were in agreement that businesses need certainty as soon as possible, particularly in regards to customs declarations, authorisations and postponed VAT accounting. CD and JE recognised that certainty is important but we are now in a more certain position; we know that we will definitely be leaving the EU and customs declarations will be required at the end of the implementation period, with the exceptions in the NI protocol.

BS asked whether HMRC will be attending EU meetings in Brussels during the implementation period. CD advised we would attend some meetings where there is a strong UK interest e.g. on security and monitor activity through our Brussels office. JE advised that we remain an active part of international organisations and conventions such as the WCO, CTC and TIR. We will represent the UK's interest at these meetings separately from the EU.



7. Authorisation Streamlining Programme/Application Forms & CIDD Questions to Trade

CD introduced the group to the Authorisation Streamlining Project; HMRC recognises that the current processes are archaic. Our current requirement for multiple applications, which are paper based is neither cost nor time effective. Modernisation of the process is imperative irrespective of Brexit, however Brexit does increase the urgency to deliver this.

The streamlining project aims to address the issues by delivering three key aspects.

- New digital functionality with a case management system
- Improving internal and external guidance
- Streamlined business processes so we only ask for info and carry out checks once.

We aim to deliver a minimum viable product (MVP) by Oct 2020 and will seek to extend the MVP to special procedures and other authorisations in 2021.

We have been building a requirements catalogue by developing user stories. A draft was disseminated to the group and we would welcome feedback and information as to how involved trade would like to be **New AP76**.

PM asked whether there is any confirmation that authorised consignee/consignors need an inventory linked TS facility as the message from HMRC is unclear thus far. CD agreed we need to set this out clearly for trade. **New AP77**

MA expressed support for the project and suggested it may be useful to refer to case studies in other countries. For instance, Republic of Ireland use EU Customs Decision Management Systems which seem to work well, we could use their architecture. CD agreed it would be of use to look to other countries.

CR introduced himself and CS and the work that the Behaviour insight and Research Team will be carrying out.

CR asked the group questions relating to business concerns after the IP ends, as set out in Annex C (attached).

The main points of concern from the group were:

- Not knowing what is going to happen yet, what needs to change and the costs associated.
- How we trade in future with NI.
- Not enough time to develop the systems and authorisations taking too long.
- Will we need transit, do we need TS and transit etc.?
- Questions around S&S and the associated IT system. Transit and S&S need to be joined up.
- Lack of enthusiasm from Medium sized companies as they've wasted time in the past.
- Micro companies and SMEs not having enough knowledge of the fundamentals of imports and exports and dependency on intermediaries.
- EORI causing issues for smaller businesses.
- Whether funding will continue for training and employing extra staff to build intermediary capacity.
- Concerns around processes being finalised at the last minute by HMRC.



- Whether there will be similar support for large businesses. They need help also.

JE explained that, whilst we have prepared to leave the EU more than once, we now have political clarity regarding the Withdrawal Bill and will not be part of the EU come 2021. We must, therefore all move collectively to ensure our readiness for 2021. CD added that the authorisations streamlining project will assist in reducing the 120 day lead time and burdens on businesses.

With regards to the issue of funding, CD agreed that this is important to consider and will come back to the group with an answer *New AP78*.

Trade to send secretariat any other questions for Colin Rice and his team *New AP79*.

New AP80 Workshop to be set up, volunteers to make themselves known to secretariat within a week.

8. Discharge of IP Materials

BS had concerns around the interpretation of legislation relating to the discharge of IP goods. BS explained that in 2014 the EU introduced guidelines as to how we discharge IP goods under simplifications, for instance scrap waste duty was not payable. The question was asked whether these guidelines still apply.

JH agreed that this was a good point and will consider the matter further. JH to provide a response on this and what our future position would be under UK legislation. The secretariat to circulate response to the group. *New AP81*

9. Service Levels from IP & CCG Teams

BS had concerns regarding the service levels of the IP & CCG teams as it is taking many months to get a response on requests for IPR amendments and changes to CCG potential debt. Many members were in agreement with BS.

CD explained that the authorisation streamlining programme will include amendments but acknowledged that something needs to be done about the issue now. CD to discuss this with the authorisations team to see if improvements can be made.

New AP82 Trade to share examples of issues with IP & CCG teams through the Secretariat.

10. Warehouse Stock Adjustments

It was agreed that JH and Lorenzo were to have a conversation separately on this issue. A workshop might be necessary to overcome issues, trade to inform secretariat if interested in participating.

New AP83.

11. Co Storage and Common Storage

As above.



12. NOPs Project and Representation

LR requested an update as to where HMRC are with the NOPs pilot project.

JE explained that we are standing down on the NOPs project due to our exit from the EU. The UK's legislative requirement for NOPs is different to UCC and we can use this to manage challenges regarding provision of NOPs on the release of goods from Warehousing. It is thought that a C21/NOPs would still be required for goods being released from the frontier. The requirement within Northern Ireland may need to align with UCC rules, in which case AEO status would still provide the ability to waive the NOP requirement.

Guidance is to be sent out stating we are standing down the NOPs project *New AP84*.

JE also stated that HMRC had received questions from PJ regarding the position first set out in CIP 10(2018) and later updated in CIPs 5 & 15 (2019). HMRC set out that EU legislation requires that the holder of any authorisation cited on a declaration must be the declarant which prevents Special Procedure authorisation holders from being indirectly represented. This prevents Special Procedure importers from benefiting from declaration simplifications that are operated by their customs agent.

Whilst maintaining that the interpretation of the UCC is correct, HMRC will no longer require trade to adjust their practices by the 31st Jan 2020 deadline set out in CIP 15 (2019). JE stated that NI trade may need to implement changes in order to remain compliant with the Northern Ireland Protocol and that HMRC will consider whether new UK legislation has a similar requirement but that trade will be notified before any operational change is required.

13. ICS2 Update

JE advised that ICS2 readiness is continuing to progress, S&S declarations may be necessary for NI and also for movements between the UK and EU. Transformation colleagues will contact trade with ICS2 delivery updates and changes. JE explained that it would be wise to keep abreast of international S&S developments, as changes to post and air arrivals in Europe are imminent. Data element requirements are increasing and this will inevitably impose burdens on businesses.

It was the consensus of the group that we should follow EU systems as harmonisation is a meaningful advantage to trade. JE agreed that we would represent the view that we should be harmonised with the EU during internal discussions within HMRC.

AR informed the group that FEDAT suggested that we would input data into their system rather than ICS.

PM felt that it was important to know which systems BF were going to use and that all BF locations should be consistent in their requirements, especially with regards to datasets.

DH responded by saying trade facilitation is a priority for Border Force and that Border Force work closely with HMRC to ensure the systems and processes being developed are aligned.

A question was raised as to whether the ICS2 delivery docs (which have been published on CIRCABC) could be distributed. JE advised that he would check with technical colleagues as to whether this information can be circulated. *New AP85*.



14. CPC Codes (CW goods)

PJ explained that traders have been receiving contradicting advice regarding CPC codes. JE asked PJ to send further information regarding the issue with examples, in order for HMRC to investigate the matter further. *New AP86*.

15. Incoterms and Offsetting of Import VAT

SS had concerns regarding changes due to be implemented in relation to VAT and importing under DDP. If the offsetting of VAT will no longer be allowed and the goods have to be owned by the traders at the time of import, this will inevitably cause issues for traders. Clarity is required on the ownership of goods issue and whether VAT reclaims will be impacted.

JE apologised for not being able to have a colleague from VAT at the meeting. Whether VAT can be recovered would be a matter for them but it is unlikely a change in incoterms would affect VAT recovery. MA requested information as to whether there had been any guidance from Customs on this. *New AP88* HMRC/secretariat to share the guidance when we have the answer.

DB offered that the changes were set out in Revenue & Customs Brief no 2/2019.

BS advised that she had spoken with a representative from VAT policy but as yet has not received a response. *New AP87* secretariat to chase VAT colleagues for a response and disseminate to group.

16. GMS

This issue was not discussed as the representative of the agenda item did not attend.

17. Inland Pre Clearance

BS requested an update on the issue of inland pre clearance checks. A 5/6 week turnaround for checking a container is not acceptable. The general consensus within the group was that the delays were causing major issues for trade. There were also concerns that large, reputable businesses in the UK are being targeted.

AW explained that HMRC are expanding the range of risks tested and that they are expanding the scope of IPC beyond its original remit. The complaints team will assess whether there has been an unreasonable delay to trade. HMRC try to minimise the impact that testing a consignment has on imports but ultimately it is our duty to manage import risks.

MB suggested moving the checks back to the ports rather than moving them inland as this would save a lot of time. AW advised that work will continue to be carried out inland, despite the logistical difficulties.

AW advised that she would share a news article, which discussed some of the seizures at IPC, which you can read using the link below;

<https://www.dailymail.co.uk/news/article-7818095/Nearly-3-million-Chinese-fake-designer-label-goods-seized-Border-Force-officials.html>



18. Update on NCTS Phase 5

AM posed the following questions and JE provided a response based on an email from the transit technical team;

1. Could we have an update on NCTS 5 and if there are any impacts on the UK version of NCTS when other Members of the CTC move over to v5. I believe Germany and Poland will be ready to use NCTS 5 in Q1 2021 although they may apply a 2 months transition period using a legacy and NCTS 5 interface. NCTS 5 requires the use of HS codes and will this be required from Q1 2021 regardless of using NCTS 5 or the legacy system when 1st being introduced by a CTC Member?

JE confirmed that contracting parties will start sending P5 messages at different stages. There will, however, be no impact on the UK or any other contracting party, who remain in P4 mode whilst other countries may have already started sending P5 messages. This is because all contracting parties must be capable of sending and receiving messages in P4 and P5 format during the transition period. This upgrade/downgrade conversion will be carried out by each countries own national system - there is no requirement for the trade to do anything other than make changes to their NCTS software to meet the new P5 requirements during the transition period and HMRC will set out timings in due course.

2. The NCTS 5 Technical System Specifications were agreed at the EECG on 18th November 2019, have these been issued yet for us to review?

JE advised that whilst we do hold Commission Technical Specifications currently we do not have any available that are externally formatted.

3. Would HMRC share the Transition Implementation plan if it has been published?

JE explained that we have agreed an implementation plan with the Commission, however this has not been published. We expect our transitional period, that is to say the period during which the trade will be able to submit NCTS declarations in Phase 4 and Phase 5 format simultaneously will run from Q4 2022 to Q4 2023. We expect to make the test environment available from Q1 2022.

4. AM Would HMRC confirm that that the CTC will be modified immediately following any amendments to Union Legislations impacting NCTS 5?

JE Confirmed that will be the case and that the use of the paper-based common/Union transit procedure for goods carried by air, sea and rail will cease immediately upon the date of UK switch to full P5 operation.

19. AOB

ITDLO officers:

BS asked the question as to whether ITDLO officers were no longer in operation. CD explained that their responsibilities have changed. They have previously supported both business and HMRC, however they will now be focussed on business facing support.

Stat limits:



JE explained that EIDR is based on thresholds for exit summary declarations which are linked to oral declarations for export, which are explicitly less than 1000 kilo AND 1000 euros. We will confirm whether the guidance is incorrect and adjust it if necessary.

EMCS:

NW pointed out that EMCS 3.4 customs tech specs are not fully out yet but this is being rolled out on 13th Feb. NW requested confirmation as to when the tech specs will be sent out and advised that we should learn from this for transit and NCTS going forward as this info has been disseminated in other MS for several months.

JE advised the group to get in contact with Excise colleagues who should be able to provide them with further info on EMCS.

Relocation of Authorisation and Returns

After the meeting LR raised the question as to what measures have been put in place to ensure that experience and knowledge is retained with the imminent relocation of the Authorisations and Returns Team.

HMRC have provided the following response;

As part of the rationalisation of the HMRC estate, under the Building Our Future Programme, and rationalisation of our customs authorisation processes, HMRC's Customer Services Group has been consolidating our authorisation processes within two core sites in Salford and Liverpool. This change will also help to deliver our strategy to streamline and improve the efficiency of our customs authorisation processes.

We recognise any transfer of roles and responsibilities within an organisation creates some transitional risks. HMRC is managing this risk through knowledge transfers, training programmes and transfer of documented procedures. The Customs Authorisations Policy Teams are also maintaining close links with the operational teams to ensure continuity of knowledge and service.

Next meeting will be Thursday 7th May 2020 – Euston Tower, London

| New Action Points | |
|-------------------|--|
| AP73 | Trade to inform secretariat should they wish to join the NILP's working group |
| AP74 | HMRC (JH) to resend email to PM regarding CW application process. |
| AP75 | HMRC Secretariat to disseminate organigram of BP&D to the group. |
| AP76 | Trade to provide feedback to secretariat on authorisation streamlining user story spreadsheet. |
| AP77 | HMRC to provide more info on whether consignee/consignors with TS need to be inventory linked. |
| AP78 | HMRC (CD) to provide further info on funding. |
| AP79 | Trade to send any further queries concerns regarding Colin Rice's QA session to secretariat. |
| AP80 | HMRC Workshop to be set up in relation to Colin Rice EU Exit QA session and trade to let secretariat |
| AP81 | HMRC (JH) to provide response on discharge of IP materials. |
| AP82 | Trade to provide examples of service level issues with IP & CCG teams. |



HM Revenue
& Customs

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| AP83 | Trade to inform secretariat if interested in participating in CW workshop. |
| AP84 | HMRC to send out guidance stating that we are standing down the NOP's project. |
| AP85 | HMRC (JE) to disseminate ICS2 delivery docs to group if possible. |
| AP86 | PJ to send further information and examples regarding incorrect CPC codes. |
| AP87 | HMRC secretariat to chase VAT colleagues for an answer in relation to incoterms and the offsetting of VAT. |
| AP88 | HMRC to share guidance or business briefs in relation to offsetting of VAT. |



Annex a – List of Attendees 14 January 2020

Chair

Colin Davis (CD) – HMRC
John Evans (JE) – HMRC

Secretariat

Fiona Beckford (FB) – HMRC
Nipul Pravin (NP) - HMRC

Outside organisation attendees

Agency Sector Management (ASM) – Peter MacSwiney (PMac)
Airline Operators Committee for Cargo UK (AOCC) – Andy Miller (AM)
Association of Freight Software Suppliers (AFSS) – Steve Bartlett (SB)
Association of International Courier and Express Services (AICES) – Adrian Robson (AR)
Automated Customs & International Trade Association (ACITA) – Maurice Woodbridge (MWo)
KPMG – Lorenzo Rossetti (LR)
British International Freight Association (BIFA) – Pawel Jarza (PJ)
Customs Practitioners Group (CPG) – Barbara Scott (BS)
DHL – Mark Redding (MR)
DHL – Steve Parker
Descartes - Mark Phippen (MP)
Descartes – Martin Meacock (MM)
DNATA – Lawrence Cockburn (LC)
EGADD – Gary Charles (GC)
Institute of Chartered Shipbroker – Robert Hill (RH)
Mail Carriers Association – Lee Bucktrout (LB)
Maritime Cargo Processing – Lyn Needs (LN)
Orange Bob Ellison (BE)
Pentent – Mark Phippen (MP)
Seafish – Ivan Bartolo (IB)
Society of Motor Manufacturers & Traders (SMMT) – Howard Levene (HL)
Sojitz Europe Ltd – Alonso Mrabety (AMr)
FDF – Gavin Roberts (GR)
Federation of Sport and Play Associations – Michael Alexander (MA)
M&S – Karen Coventry (KC)
CCS-UK – Adrian Gunn
CNS – Matt Bradley

HMRC

Darren Bradbury (DB)
Richard Crosby (RC)
John Evans (JE)
Jane Ewart (JEw)
Mary Ezebude (MEz)
Felix Osuagwu (FO)
David Peters (DP)
Mayowa Sotunde (MSo)
Ali Surti (AS)
James Holburn (JH)



HM Revenue & Customs

Alison Winston (AW)
Colin Rice (CR)
Isobel Wightman (IW)
Cathryn Collins (CC)
Claire Hubert (CH)
Madeline McGrillen (MM)
Arnold Mtopa (AMt)
Darren Bradbury (DB)

Other Government Departments

Border Force - David Huke (DH)
Cabinet Office – Christopher Salmon

Apologies received for 14 January 202

Outside organisations

Adidas Group – Samantha Gartside (SG)
Boots UK Ltd – Julia Lomas (JLo)
Chartered Institute of Taxation – John Carlin (JC)
Crossflight Ltd – James Kelly (JK)
Descartes Systems Group – Howard Marsh (HM)
Felixstowe Dock & Railway Company (FDRC) – Rob Kirk (RK)
Felixstowe Dock & Railway Company (FDRC) – Paul Davey (PD)
Mail Carriers Association (MCA) – Lee Bucktrout (LB)
Scotch Whisky Association – Siobhan MacLennan (SMac)
Unipart – Don Makepeace (DM)
Zen Trade – Alison Zaremba (AZ)

HMRC

Richard Broers (RB)
Dawn Clennett (DC)
Joanne Cheetham (JCh)
Cathryn Collins (CC)
Jane Hassan (JH)
Andy Lord (ALor)
Lyn Norton (LN)
Katherine Salter (KSa)
Kevin Snow (KS)
Mike Walton (MW)
Jenny Wicker (JW)
Sue Hill (SH)

Valerie Gilmore
Mohammed Aqueel

Other Government departments

Border Force – Benjamin Butler (BB)