



Key Messages of the Joint Customs Consultative Committee

Date of Meeting: 27 March 2020

Location: Teams meeting

Agenda

1. Welcome and Introductions
2. Minutes, matters arising, action points from last meeting
3. HMRC update
- 4 Delivery of CDS Update
5. Inland Pre-clearance
6. Update on customer services at NCH
7. AOB

1. Welcome and introductions

The Meeting was chaired by Bill Williamson(BW)

2. Minutes, matters arising, action points from last meeting

HMRC

BW confirmed with the group the minutes had been sighted, signed off and published onto Gov.UK

There were a number of action points from the last meeting which have all been discharged.

Thanked trade on e-mails in respect of COVID-19 covering a variety of issues outlining their thoughts and ideas on how these can be addressed.

Trade Feedback

PM stated he had not seen the minutes

AP1 to confirm minutes were issued to PM

3. HMRC update Sally Beggs (SB)

HMRC

SB covered two aspects in her update: 1) EU transition and 2) COVID-19 pandemic

EU Transition



This update is similar to the one we gave at the EU Transition dial-in held on the 17 March 2020

There is no change in the Government position, and the transition period is due to end on the 31/12/20. As the PM has confirmed that date has already been legislated for, so that is the date we continue to focus on.

In terms of the future relationship discussions between the EU and UK are ongoing, although the discussions cannot be face to face at the moment.

At previous calls, we have trailed that the Border Delivery Group (BDG) were due to publish the Level 1 Border Operating Model by the end of March. The update is that work continues on this. However, conscious of the pressures on diaries and the focus understandably being elsewhere, publication of the model has been deferred. In the meantime, the group was invited to feed in any views they had on the model. We will share next steps on the model in due course.

SB reminded members about the three announcements at the budget which are relevant to the sector:

- I. Postponed VAT accounting will apply to all imports of EU and non-EU goods from 1 January 2021.
- II. Passengers Consultation –launched for 10 weeks covering inbound allowances for excise and non-excise goods, outbound duty free and tax-free sales and the VAT Retail Export Scheme,
- III. Parcels informal consultation– focusing on the VAT treatment of goods from overseas sellers, looking at abolishing low value consignment relief and collecting VAT from overseas sellers and online marketplaces. .

COVID 19

The chancellor has already announced 4 packages-of unprecedented measures to support the economy

- I. 11/03: a three-point plan providing £12 billion for public services, individuals and businesses whose finances are affected by the outbreak.
- II. 17/03: a package to provide further support for businesses and individuals totalling £350 billion (including grants/loans and relief from business rates).
- III. 20/3: Temporary but uncapped package to help firms keep people in employment. This includes deferment of VAT payment, so that no VAT registered business will need to pay VAT due on returns from now through to June. They will have until the end of the financial year to pay. This represents direct investment of more than £30 billion into the economy, 1.5 % of GDP
- IV. 26/03: package for the self-employed

This represents a huge package of support, and a link for more information about these packages is included at the end of this section.

On Border issues arising as a result of COVID 19 many thanks for all the information you are sending us and the representations you are making about the impacts of COVID 19 on aspects of the border industry.

We have set up a team in HMRC to coordinate all the various enquiries we are receiving from external stakeholders, from HMRC operational teams and from the rest of government.



This gives us a single view of all the border issues arising from the pandemic, enabling us to prioritise them and we are working hard to see what we can do.

Some of these issues are not straightforward to resolve, and there are some limitations under the UCC. We are very aware of the pending deadlines stakeholders are flagging to us.

Our top priority at the moment is to ensure medical shipments destined for the NHS are not held up at the border. HMRC is working with DHSC on this.

EU has indicated the disaster relief provision can be applied to aid importation of medical equipment coming into the UK. Since this meeting the UK has announced that the UK has implemented the relief, and JCCC members were notified about this.

Link to guidance for employers and businesses about COVID 19

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19>

MW We are looking at areas to reduce the burden on businesses, if there is anything specific e-mail to MW

Walton, Mike (C&BD) michael.walton@hmrc.gov.uk including enquiries.importexporttransit@hmrc.gov.uk

If any members are having difficulty complying with any condition within their authorisation, then they need to contact their authorising office.

Easements currently being looked into:

- Operating hours to try and facilitate trade
- HMRC are relaxing Temporary storage inventory controls which are required to be dealt with on site
- Approvals and requests to promote self-distancing, practical measures such as examination areas to be further away.
- Time limits for temporary storage may be extended to 90 days.
- HMRC are not be making full amendments to authorisations but recording them. Once business as usual resumes we will re-visit.
- Renewals - If previously mandatory to be sent by post, renewal of authorisations will be accepted by e-mails.

<https://www.gov.uk/guidance/moving-goods-through-customs-during-the-coronavirus-covid-19>

<https://www.gov.uk/guidance/customs-authorisations-during-the-coronavirus-covid-19>

<https://www.gov.uk/difficulties-paying-hmrc>

BW – HMRC are receiving a multiplicity of diverse queries and if trade unsure if their issue is an HMRC accountability or a wider border related matter we can field out to the appropriate OGD's. COVID-19 questions regarding moving goods across the border can be submitted to SB team and these will be prioritised and fielded out for responses.



EU Commission sees no need to change legislation and working within the UCC. We are meeting with the Commission to discuss the flexibilities within the UCC to support businesses, the flow of goods and address the urgent H&S need to reduce physical and document contact.

SB- The chancellor's announcement regarding deferral of VAT was only in relation to domestic VAT returns and cannot be interpreted more broadly than that.

Beggs, Sally (CS&TD) sally.beggs1@hmrc.gov.uk

External Stakeholders Customs externalstakeholders.customs@hmrc.gov.uk

Will review the Self-Assessment Working Group (SAWG) and how it sits within the overall work plan and look into how they intend to now take this forward.

AP2 Contact SAWG to obtain an update on the group and relay back to members

Trade Feedback

PM Postponed VAT accounting is welcomed news for business in general. There is a wide consensus of opinion this should be introduced from 06/04/20.

RB There is a growing concern from areas of the Ports industry that they will not be ready for when the transition period ends.

PJ Has raised various questions but here has not been a standard reply received from HMRC. Trade requested a standard worded reply be provided to go out to trade members in respect of the flexibility HMRC are offering and the e-mail contact details to avoid confusion?

MA In terms of guidance government have announced for VAT can import VAT be included?

PMC There was a view that Self-assessment should form part of Borders activities This is something that is available now and can be deployed now.

4. Delivery of CDS Update

HMRC

CO Following extensive collaboration with external partners to agree credible external readiness timelines, the date for last declarations on CHIEF of the September 2020 no longer stands.

A revised date has not yet been set as the impacts of EU Transition and COVID-19 need to be worked through. As such, the details in respect of the dual-running of CHIEF and CDS have not yet been finalised.

The context of CDS has been poorly understood by some, it is not only an IT impact but is a significant business change. HMRC have taken this on board and are working on communication.



The majority of the MVP Scope will have been delivered by the end of March 2020, but we have encountered some specific challenges and there will be a small amount of carry forward

KF CDS is a live service. Will operate dual running in December as we do not want to compromise the integrity of the border. Common objective is to facilitate smooth movement of goods. CHIEF is not UCC compliant and we need a system more responsive to future changes.

Migration of users from CHIEF to CDS is complex with multiple and large volumes of actors.

There is not only IT change, but the processes, policies and operational implications also need to be aligned.

Trade need to ensure they are aligned with organisations making the changes and the different types of declarations consistent with UCC. For example, understanding what new data items need to be submitted on the Customs declarations. Recommended members get behind the CSP's/port operators and ensure they are aligned up with their business plans and HMRC's business plans will be aligned up with the CSP's.

AP3 – CDS Guidance within the Tariff volume 3 needs to be re-instated

Trade feedback

GR Asked HMRC to clarify the date of migration?

PM Software developers are still working on products and are encouraging users to take what is available and deploy in their organisation to start training etc.

MA What do HMRC need Importers and Exporters to do in order to prepare?

The guidance on CDS published in the Tariff volume 3 has been removed will this be re-instated?

5. Inland Pre-clearance

HMRC

JC/JP/AW - Inland pre-clearance examinations (IPC) are currently suspended in light of COVID-19 developments

The current suspension has arisen from our ongoing review of health and safety considerations of IPC operations. We are triaging consignments already snagged e.g. to prevent delay to medical supplies

JP provided the background of inland pre-clearances to the group.

Inland, physical pre-clearance checks were introduced on a test and learn basis in 2017. Part of a robust response to Customs Duty undervaluation fraud, tackling a systematic attack by organised criminals to undercut legitimate trade which resulted in a 90% plus drop in



targeted fraudulent activity. Following successful test and learn, IPC became a business as usual part of HMRC's activity to protect customs duties and import VAT. Scaled up operations were launched at two purpose equipped sites in Milton Keynes and Hayes in February 2019. The 'business as usual' picture of IPC has involved targeting undervaluation fraud as a priority but also other key risks across the customs regime. This has involved risk testing, including profiles designed to prove an absence of risk in some areas.

HMRC has been working to address industry concerns raised before the COVID-19 outbreak.

AW

We have set limits to the number of times an entity's consignments will be snagged for IPC in cases where we have found no irregularities, the profile does not target a severe fraud risk, and there are no new indicators of risk.

A factsheet it to be sent to traders whose consignments are snagged for IPC and are adding information to standard letters to help traders understand what to expect.

Putting together a gov.uk page to provide essential information about IPC.

Streamlined processes around referring cases from IPC examination to post-clearance checks, increased staff numbers working on post-clearance checks, to speed take-up of cases referred from IPC

Temporarily suspended the option for traders to attend physical examinations in order to preserve social distancing and protect them and our staff. Still allowing traders to come to the sites to collect overspill and to Castle Donnington to collect released containers.

Still taking securities where IPC checks show reason to suspect customs duties have been underpaid.

JC invited the group for what information traders needed from HMRC in the current circumstances – what are you worried about that we may not have considered?

AW Agreed to work with trade to ensure all have an understanding of the processes of IPC.

Responses can be sent to importenquiries.hmrcisbc@hmrc.gov.uk

AW- HMRC are unable to provide any data on the number of checks carried out. No face to face audits is currently taking place due to COVID-19 Delay in post clearance audits due to training staff.
If BAU once post clearance audit received case worker would start looking at this within two weeks.

BW- Found a good way forward: working in partnership to try to reduce the maximum 5-week timelines by streamlining the work that both HMRC and trade need to do.

AW – There is a complaints process available on Gov.UK for appeals/complaints. Any specific cases can be sent to <https://www.gov.uk/complain-about-hmrc>



Trade feedback

PM- The 5 weeks is a long time to carry out any checks

A lot of the goods have been pre-entered can any advance work be done?

There is no understanding of the processes, maybe draw up a list of what trade can do to help speed up the process?

BS What are the number checks carried out?

Is there a time line for when audits will be undertaken as issues with traders who are putting forward securities especially VAT which cannot be recovered until audits have been taken place, these can be large sums of money?

GR - Is there a compensation/complaint process available?

6.Update on customer services at NCH

HMRC

JL – NCH is an operational business and there are staff challenges. WET signatures and stamps/original documents skeleton staff to deal with these issues.

Looking at easements that could be put in place. Key imports/exports are being prioritised as is Route 1's.

Questions raised on performance – performance has been good, all targets have been met, telephone calls have been erratic 80 calls a day instead of the average 170 a day. Most are progress chasing.

JL invited any specific concerns from trade.

Liddy, Joanne (BT&C) joanne.liddy@hmrc.gov.uk

Working with policy colleagues to look at easements in respect of WET stamping.

MW Policy working with NCH prioritising movements and looking at room for easements possibility of doing things electronically.

Trade feedback

PM – The question was in relation to a general question that everything has slowed down

Feedback from members regarding WET stamping and applications for quotas. Would like to know this has been prioritised.

AOB

BW- proposed that the tabled question on changes to guidance on Simplified declarations (Direct/Indirect representation) be dealt with offline. PM content with this approach.

In order to facilitate the group in this current climate small mini meetings can be set up to address issues.

A request from trade for HMRC to improve the platform for virtual meetings. **BW** said that HMRC would look at the technical feasibility of doing so and acknowledged the challenge of



moving practical issues forward. Suggested that JCCC members may want to use informal issue specific groups outside of the sub-group structure to coordinate on issues.

PM – requested that HMRC reflect to ministers the trade’s serious concerns on business readiness and the challenging impact off Covid-19 on capability to prepare for the end of the Transition Period,

Date of next meeting:

The JCCC meeting will be 02/07/20

Summary of Action Points	
AP1	Confirm minutes were issued to PM
AP2	Contact Self-Assessment Working Group to obtain an update on the group and relay back to members
AP3	Guidance for CDS within the Tariff volume 3 needs to be re-instated



Annex A - List of Attendees –

Airline Operators Committee for Cargo UK (AOCC UK)	JO
Association of International Courier and Express Services (AICES)	AR/AF
Association of Freight Software Supplies (AFSS)	SB
Automated Customs and International Trade Association (ACITA)	DH
British Association of Removers (BAR)	SD
British Association of Exporters (BEXA)	SS
British Chambers of Commerce (BCC)	LS
British International Freight Association (BIFA)	PJ
Customs Air Transport Industry Consultative Group (CATICG)	MF
British Ports Association (BPA)	RB
Chartered Institute of Logistics & Transport (CILT)	SM
Community Systems providers (CSPs) also Agency Sector Management (ASM)	PM
Customs Practitioners Group (CPG)	BS
Food and Drink Federation (FDF)	GR
Federation of Sport and Play Association (FSPA) (works for Samsung)	MA
Freight Transport Association (FTA)	JL
Fresh Produce Consortium (FPC)	ST
Institute of Chartered Shipbrokers (ICS)	RH
Institute of Export (IOE)	IG
International Meat Trade Association (IMTA)	KD
Society of Motor Manufacturers and Traders (SMMT) **(Five lane consultancy)	HL
UK Aerospace Industry Customs Group (UKAICG)	GT
UK Chamber of Shipping (UKCoS)	GS
UK Warehousing Association (UKWA)	BS
Wine and Spirits Trade Association (WSTA)	DR
Institute of Directors (IoD)	CC



HMRC Chair	BW
HMRC Co-Chair	SB
HMRC Secretariat	SH
HMRC	DB
HMRC	CW
HMRC	AR
HMRC	JC
HMRC	JP
HMRC	AW
HMRC	AW
HMRC	AD
HMRC	KF
HMRC	CO
HMRC	MW
HMRC	JL
HMT	MM
BF	DM
DIT	NA
DIT	CM