

EXPLANATORY MEMORANDUM TO

The Excise Goods (Aircraft and Ship's Stores) Regulations 2015

2015 No. [XXXX]

- 1.** This explanatory memorandum has been prepared by HM Revenue and Customs (HMRC) and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

- 2. Purpose of the instrument**

2.1 These Regulations make provision in relation to goods for use on a ship or aircraft as stores. In particular they make provision for when excise goods may be shipped or carried as stores without payment of excise duty, the authorisation required to ship or carry such goods and the procedures to be followed in supplying such goods.

- 3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 These Regulations are made in part under powers contained in s 60A of the Customs and Excise Management Act 1979 (c. 2) (“CEMA”). This is the first time those powers have been exercised.

- 4. Legislative Context**

4.1 Schedule 21 to the Finance Act 2014 (c. 26) made amendments to CEMA in relation to goods shipped or carried as stores on ships or aircraft.

4.2 Section 60A of CEMA (inserted by paragraph 3 of Schedule 21 to FA 2014) allows the Commissioners for HMRC (“the Commissioners”) by regulations to make provision in relation to goods for use on a ship or aircraft as stores. Such provision may permit, in specified circumstances and subject to authorisation from the Commissioners and specified conditions and restrictions, goods to be carried or shipped as stores without payment of excise duty. The circumstances, conditions and restrictions may be specified in the regulations or by the Commissioners under the regulations.

- 5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

What is being done and why

7.1 Following consultations with the trade associations it was found that the existing legal provisions relating to the authorisations required to load, carry and use excise goods as ship or aircraft stores without payment of excise duty needed to be updated to reflect current commercial practices.

7.2 Detailed consultations with the trade associations showed a need to modernise the legislation and to allow the Commissioners to be better able to react to future changes. The trade associations put forward some suggestions on how revised legislation could assist in reducing business burdens and these suggestions have been taken into account.

7.3 The Regulations will simplify the authorisation procedure to be followed by ships' Masters whilst introducing a requirement for the dispatching excise warehouse keeper to obtain a copy of the authorisation before allowing the goods to be removed from his warehouse. This requirement will significantly reduce an area of known risk.

7.4 The Regulations will include a simplification that will allow authorised airline operators and cruise ship operators to use duty free stores on certain approved routes within the UK or for special events held on board a cruise ship in a UK port with the UK excise duty being accounted for and paid at a later date. This measure will significantly reduce business costs especially for the authorised airlines.

Consolidation

7.5 These are new Regulations and no consolidation is required at this time.

8. Consultation Outcome.

8.1 Trade associations and individual businesses were consulted on modernising the legislation and the introduction of simplifications to facilitate trade in certain specified circumstances.

8.2 Businesses were asked to give specific instances of where flexibility in the legislation could reduce administrative burdens and reduce costs. Where these posed no risk to the revenue, the suggestions have been incorporated into the legislation or associated Notice.

9. Guidance

9.1 A revised Notice 69A will be issued to coincide with the making and laying of the Regulations. This Notice will contain the specified circumstances when excise goods may be shipped or carried as stores without payment of duty, when an authorisation has to be obtained, the procedure for obtaining it and the specified conditions and restrictions.

10. Impact

10.1 The legislation will have limited negative impact on business as it reflects current business practices. Where simplifications are appropriate there will be a net cost and burden reduction. The legislation does not affect charities or voluntary bodies.

10.2 The legislation does not affect the public sector.

10.3 A Tax Information and Impact Note covering this instrument has been published on the GOV.UK website at <https://www.gov.co.uk/government/publications/modernisation-of-ship-and-aircraft-stores>

11. Regulating small business

11.1 The existing and revised procedures for loading, carrying and usage of duty free excise goods as stores will apply equally for all businesses.

12. Monitoring & review

12.1 As the Regulations regularise existing commercial practices there will be no changes to the burdens imposed on businesses.

13. Contact

Neill Brettell of HM Revenue and Customs (Tel: 03000 588055 or email: neill.brettell@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.