



## EXPORT GROUP FOR AEROSPACE & DEFENCE (“EGAD”)

### UK CUSTOMS ISSUES

#### NOTE OF MEETING OF HMRC JOINT CUSTOMS CONSULTATIVE COMMITTEE EXPORT & TRANSIT NON-COMPLIANCE WORKING GROUP ON 10 FEBRUARY 2014

1. Agenda & Attendees - see attached document.

2. Historical Compliance Charts - see attached documents covering 2013-2014.

3. Matters Discussed – this meeting covered principally the following issues:

a) Technical Scope of the ENCWG

HMRC had already re-badged this Group to the Export & Transit Non Compliance Working Group in view of the extent of cross-cutting issues; Trade Members accepted this action.

b) Excise Notices of Rejected Exports

Excise Information Sheets 03/13 & 05/13 also refer.

Notices of Rejected Exports (IE839) may be issued to Excise Warehouse-keepers four months from date of departure from warehouse, if a report of export (ICS 60 for direct exports or 62 for indirect exports with no irregularities) has not been issued.

However, alternative evidence of export may be accepted – see Notice 197, 13.7.3.

The Warehouse-keeper may receive the assessment even though completion of the export declaration may be the responsibility of the owner of the goods.

An NCTS entry will not close the Customs export entry unless done at the point of exit from the EU, i.e. not Dover, which is the current common practice.

**HMRC – Neil Bretell, Excise Policy, was unable to attend this meeting, neither was a deputy available.** Trade representatives expressed their concerns about Excise non-attendance. Geoff Page provided an update – following internal (unresolved) discussions and legal advice, HMRC have submitted (about a month ago) a Paper to the EU Commission for clarification on the legislative conflict between Regimes and are currently awaiting an Official response. **Meanwhile HMRC expects Local Audit Officers to honor an “unofficial moratorium” on punitive action. Trade members stressed the importance of Policy owners circulating this easement to Outfield Officers.**

c) Exports Compliance issues

See updated Compliance Charts as an Annexe to this meeting Note.

Overall, this Group continues to deliver progress and non-Compliance has reduced from 2.26% of total exports to the current stable figure of approx. 0.5% monthly; this represents some 2K – 2.5K CHIEF X9 reports (deletion of un-arrived export declarations) per month. **The level of non-compliance is still unacceptable, bearing in mind that for those exports which did actually take place, no profiling or opportunity to intervene was possible on the part of Customs.**

CITEX are targeting the top 40 offenders by visiting and Penalty action is likely to follow.

Trade Members expressed serious concerns about the Customs NCH email box regularly deleting inbound emails after 24 hours due to lack of capacity; this results in C1603 requests for retrospective Arrival being lost and having to be re-submitted several times. Trade Members requested attendance at the next meeting by an NCH representative.

The meeting considered a discussion document presented by HMRC on the timings of CHIEF ICS61 status on exports; the consensus view was for a gradual extension of the time limits towards 45 days combined with, preferably, further education of Audit Officers that ICS61 can be entirely legal for certain export movements.

In connection with Penalties, the Group considered a draft CIP and amendment to Notice 275 to clarify the status of Direct / Indirect Representation; the Group welcomed the drafts, subject to suggested amendments – notably to cover Ex Works. **The fundamental importance of written terms of engagement (BIFA has a draft form for use by its Members) between Principal and their Agents / sub-Agents received strong support from the Trade.**

d) AOB

Proof of export for Customs / VAT assurance purposes was discussed in depth, with various scenarios being considered, including Customs procedures with Economic Impact. The “Goods Departed Message” is being increasingly requested by HMRC Officers in spite of Official Guidance which allows acceptance of alternative commercial evidence; this is placing an increasing burden on the Trade. Trade Members pointed to possible better use by exporters of MSS data for those who subscribe, e.g. where these reports clearly show Status of Entry and ICS data which are equivalent to the production / printing of the elusive CHIEF S8 which is often not routinely printed / provided by Agents to their Principals. The Exports Best Practice Guide is intended to help exporters on this subject and will be regularly updated to point to “top tips”.

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