

Private and Confidential

Minutes of the Customs Policy Group Meeting

Minutes of the Customs Policy Group Meeting held on MS Teams on the 13/05/2020 commencing at 10.30 hours.

Agenda Point 1. Competition Statement

The Chair read out the Competition Statement at the start of the meeting

Agenda Point 3. Agree the Minutes of the meeting of 13/02/2020

The Meeting agreed that the Minutes were a true and accurate account of the previous meeting.

Agenda Point 4. Matters arising from the meeting of 13/02/2020

No matters were raised

Agenda Point 5. COVID-19 – Policies and Response

The Secretariat gave an overview of how the sector had been affected by the Covid crisis over the past 2 months and how businesses and authorities had been presented with a number of very unusual operational scenarios.

The Meeting was informed the enquiries the Secretariat received during the first weeks of lockdown focused on three main policy areas:

- Specific measures to help importers of PPE and medical equipment
- Customs Debts and Guarantees
- Procedural easements particularly in the area of document presentation and proof of origin and communication with authorities

Members were informed that the Secretariat had raised all these issues immediately with the UK authorities. Since the UK was still subject to EU law and the response had to be coordinated on the European level, BIFA together with other freight forwarders associated in Clecat sent a letter to the European Commission explaining the challenges and requesting a prompt response.

It was emphasized the response from the European Commission was swift and addressed most areas of concern. The Secretariat also stressed the fact that the reaction to the industry's concern was not based on creating new legislation, but the use of already existing regulations and emergency powers included in them. That, in particular, applied to the Customs Debts and Guarantees area.

The Meeting was reminded of the measures introduced to alleviate potential cash flow issues linked to deferred payment of duties and taxes and that all enquiries about deferment account payment were being dealt with on an individual basis and Members seeking extension to their payment terms should speak to the deferment teams directly.

The meeting was also informed that the Secretariat had already raised a potential issue linked to exceeding the guarantee limit in cases where a backlog of orders were being fulfilled in a limited time period. As unlikely as it seems in the current economic climate such situation could present a danger from the legal perspective as the current regulations don't make provisions for exceeding guarantee limits even on a temporary basis.

The Secretariat also acknowledged the fact that Members were disappointed that it took the UK government around a month to provide guidance allowing for authorised use of copy documents certifying origin or preference even though this issue was highlighted a priority in the early stages. The Meeting was informed that was a logical consequence of the fact these documents needed to be recognised and authorised by trading partners on both the issuing and receiving end of the chain.

Members were also reminded about the differences between the duty/VAT relief scheme on medical equipment, medical supplies and personal protective equipment (PPE) which was a licence based scheme available only to qualifying organisations (hospitals, care home, organisation devoted to health care etc) importing medical equipment and PPE and the VAT zero rating scheme which applied to PPE only and was available to anyone purchasing PPE either locally by importing from third countries.

Members' attention was also drawn to the fact the Covid-19 crisis taught the trade that the currently existing legislation includes a number of emergency measures which may offer a certain degree of flexibility that can be utilised not only in extreme situations like pandemics but also in individual cases if businesses can convincingly justify the use of emergency measures. This was particularly relevant to matters related to guarantee requirements or potential flexibility in payment arrangements.

The Secretariat also stressed the fact that the crisis presented our sector with an opportunity to push for further improvement in the way authorities communicate with trade.

Agenda Point 6. EU Exit Update

The Meeting was informed that disappointingly no significant visible progress in terms of policy making had been made during the preceding two months. This created a dangerous situation which might result in a no-deal exit at the end of the year. Members were informed that 3 rounds of negotiations had already taken place and that the fourth round was scheduled for the first week of June should provide some clarity on whether the transition period would be extended (30 of June being the deadline)

Members were also informed that the EU and the UK held the first Specialised Committee meeting on the implementation and application of the Protocol on Ireland and Northern Ireland on 30 April. The meeting was informed that the European Commission's Task Force for Relations with the UK had prepared a technical note, outlining all measures that the UK must take as soon as possible in order to comply with its obligations under the Protocol which become applicable as of the end of the transition period. The Note also re-confirmed that fact the Protocol could not be re-negotiated.

Members were reminded that, considering the Protocol arrangements, there was all likelihood of a regulatory border between Great Britain and Northern Ireland which might potentially result in a requirement for a customs, safety and safety etc declaration for goods moving to/from Great Britain and Northern Ireland. The Meeting was encouraged to review their operations and make provisions for such a development.

Agenda Point 7. CDS and Policy Update

Members were informed that the dual running of CDS and CHIEF had been extended and would run past December 2020 with no specific end date available at the moment. It was also confirmed that although no official replacement for CHIEF HCI was being developed by HMRC similar functionality was being developed by individual CSPs. The Secretariat gave an overview of the CDS duty and VAT payment mechanism. The main changes would apply to the immediate payment, currently managed by the Flexible Accounting System (FAS) which would be replaced by the Cash Account. The two systems, although similar in principle, will differ mainly by the fact that Cash Account will be available to anyone who is a CDS account holder and not only to DTI traders as is the case with FAS. It was emphasized it could have a number of potential consequences for freight forwarders.

Members were also informed that the CDS payment mechanism will include a possibility to 'top-up' deferment account. This was linked to the fact that the method of payment could not be changed in CDS after declaration acceptance.

AOB:

The Meeting was informed that there was a known problem with duplicate C79 sent to importers and asked to inform their customers that the issue was known to HMRC.

Members were also updated on BIFA training developments which included offering a number of online training options available to Members soon.

It was noted that BIFA had written to the Select Committee of EU Exit challenging the inaccurate evidence given by Michael Gove regarding the length of time taken to train a customs agent and highlighting that the work was much more challenging than mere form filling.

Agenda Point 8. Date of next meeting 9th July 2020