

Minutes of the Joint Customs Consultative Committee

Date of Meeting: 25th November 2016

Location: The Auditorium, 1 Horse Guards Road, Westminster, London SW1A 2HQ

Items discussed in this meeting

1. Introductions and Apologies
2. Minutes, Matters Arising and Action Points
3. Review of the JCCC sub – groups
4. Brexit update
5. Fulfilment House Due Diligence Scheme
6. Fulfilment House Compliance Programme Operational Update
7. JCCC Sub-group Update
8. Any Other Business

Annexes

- A – List of Attendees
- B – Action Point Update
- C – Review of JCCC sub -groups
- D- Sub-group Update

1. Introductions

1.1 The Meeting was chaired by BW (Director Customs). A list of those attending is at **Annex A**.

The chairman welcomed new members to the JCCC:

Steve Denning - British Association of Removers (BAR)

Michael Josypenko - Institute of Export (IOE)

Sarah James - British Retail Consortium (BRC)

BW introduced:

Pamela Mulholland as the new Head of EU Exit Policy and Legislation.

Tessa Robins as the new Head of Products and Processes

BW expressed thanks and best wishes on behalf of the committee to Joe O'Connor of the Association of International Courier and Express Services (AICES) for his

contribution and wished him well in his retirement. Thanks were also expressed to Mark Corby for his contribution.

2. Minutes, action points and matters arising

2.1 Minutes July 2016

The minutes for the last meeting were agreed.

2.2 Outstanding Action Points

All outstanding action points from the last meeting were discharged
Please see **Annex B**.

AP1 HMRC (AP) to create a Brexit JCCC sub-group - discharged

AP2 HMRC (AP) Undertake a review of JCCC sub-group activity before the next meeting - discharged

AP3 Industry members via the industry chair (PM) to consider representatives for new EU exit sub group – discharged

AP4 HMRC (CD) to circulate response about CHIEF outage – discharged

AP5 Industry (PM) to discuss JCCC membership issues with the Secretariat – discharged

AP6 HMRC (AS) to organise a meeting between industry and the NCH Director – discharged. RW felt there is scope to potentially widen trade inclusion. It was agreed PM will consult trade representatives about potential topics for meetings with the NCH. Requests, giving details of the reason to be sent to AS via the Secretariat.

AP1 Industry (PM) to send requests to meet the NCH to AS via the Secretariat

3. Review of the JCCC Sub-groups Angela Shephard

BW introduced AS as the new HMRC Head of EU and International Relations.

AS referred to the paper issued following discussions at the JCCC Steering Group on 1 November. Please see **Annexe C**. AS explained following a review of the terms of reference for each of the 5 existing sub groups a new structure will be implemented. The new structure sets agreed shared activities and reaffirms strategic thinking that issues from the Brexit group will filter into other more relevant groups. RW said it is important this group retains a strategic focus.

RW queried the criteria for membership of the Brexit sub-group. BW explained aims are to keep the group strategic and focussed and have as wide an industry contribution as possible. It was agreed to re-visit the composition and membership of the group and circulate a final call to JCCC members.

AP2 HMRC (Secretariat) to issue a final call for membership of the Brexit sub-group

BW confirmed membership of the Brexit sub-group will continue to be decided via the JCCC steering committee. BW acknowledged the desire and interest from Industry in getting involved at the start.

PM said it is anticipated group membership will change over time. BW highlighted engagement with industry is key and plans are to have frequent meetings of the Brexit sub group. These will be jointly chaired by Industry.

HL raised concern about ceasing the Modernising Freight Management group and continuing to maintain links with the “One Government at the Border” (OGATB) programme. BW said there is continued support for the idea and concept of OGATB and confirmed the aim for joined – up services at the border. BW said Kevin Franklin (KF) is leading on engagement with OGATB. Industry thoughts can be fed in to either BW or KF who is leading engagement on this issue.

4. Brexit Update

Alex Pienaar

BW introduced PMu as Head of EU Exit Policy and Legislation.

AP explained a new Customs policy team has been set up. This currently has 8 members but is expanding. The team is working very closely with Treasury and across government where there is a strong desire to understand Customs work and engage with trade. AP said the team recognised industry’s desire not to be approached by every department and the aim is to use one voice.

The first meeting of the Brexit sub-group has taken place. AP reiterated no decision has been made on the Customs Union. It is hoped to use the JCCC and Brexit sub group to obtain data from industry on impacts, risks and priorities. It is acknowledged there is a need for significant lead in times due to industry IT systems. RW highlighted the increased cost to business. AP said it will be helpful to have industry data on costs and lead in times.

HL asked about BF’s involvement. PMu has met with BF. DH added BF is a key delivery partner of Customs work. PM highlighted the importance of information from trade or trade systems and the good relations with BF and HMRC. PM added it can sometimes be difficult to obtain operational contacts. RW asked if the Brexit sub – group structure can be shared

It was agreed HMRC will provide an organogram of Customs Directorate to Industry.

AP3 HMRC (Secretariat) to issue an organogram of Customs Directorate to industry

TR wished to record appreciation from COS for HMRC's cross government work. TR advised one quarter of the UK's international Trade is carried across the Dover Straight through the Port of Dover. With no current plans for expansion of the port, any increase in traffic is a concern. AP replied the challenge of this is recognised as a priority.

MA asked about timescales. AP replied whilst aware of the business need for detailed information, various options pointed to different timescales.

SD said he represents a specific sector whose interest is moving household effects. SD said he is concerned about complying with legislation as these are not commercial goods. AP replied this has been discussed with PM and it was decided to continue the discussion off line.

PM said the recent response from HMRC about temporary storage and the UCC was welcomed but highlighted a need for more notice to implement changes. PM asked how long it will take for Brexit legislation to be implemented.

DR cautioned about potential difficulties, anomalies and unintended consequences when legislation is rushed in. DR continued there is a need for flexibility within enforcement agencies to ensure consistency at each location.

MA highlighted the impact on the sportswear industry and asked about WTO remits and commitments for special and different treatment.

AP replied part of a wider approach by HMT and HMRC is to consider what flexibilities may look like. IW added he is working closely with AP on business readiness under CDS. This includes procurement of a declaration processing model.

MJ felt pragmatic solutions will be needed together with wider and more consistent communication. PMu said existing channels are being reviewed with a view to addressing the need and shape of future communications. AP asked for particular industry concerns to continue to be fed in to the Brexit sub-group.

BW summarised although little detail is emerging, there is a very substantial cross government debate around real and practical issues. BW reiterated there have not been any decisions about the Customs Union. BW encouraged industry input and emphasised the JCCC and sub groups will be used to keep industry appraised.

5. Fulfillment House Due Dilligence Scheme Patrick Wilson

BW introduced Patrick Wilson from the Indirect Tax Projects Team

PW explained it is estimated between £1bn and £1.5bn of VAT is lost due to on-line fraud. A government package of measures was introduced to protect this revenue and a consultation exercise took place during summer 2016. PW thanked Industry for their information and evidence and advised some changes have been made as a direct result of consultation. A summary of responses and legislation will be published in December after which there will be further workshops. PW confirmed

invitations to the workshops will be sent to those who attended previously. Any other JCCC members who wishes to be involved should nominate via the Secretariat.

AP4 Nominations to join the Fulfillment House workshops to be sent via the JCCC secretariat

6. Fulfillment House Compliance Programme Operational Update Richard Williamson and Matt Vick

BW introduced RWi and MV.

MV reiterated legislation is due to be published on 5 Dec. MV explained his team is gathering information and intelligence towards the Fulfillment House Due Diligence Delivery Scheme planned for 2018. With ownership generally outside the EU and an often opaque supply chain, Fulfillment Houses represent a potential organised crime activity. Online market places are often Fulfillment Houses. Compliance activity is focussed on overseas sellers. RWi explained that accuracy of import declarations is also a concern.

MV said there are options around targeting when goods enter the UK. PM said Brexit has the potential to widen the scope of the scheme. PM highlighted intra- EU traffic as a risk. PW said once there is more detail these issues will be taken into account.

BS asked for clarification about what will be issued on 5 Dec. PW said a summary of the responses to the FH consultation plus draft legislation for the scheme. PW added this will be a good basis for discussion.

RW noted some members taking a tough line and tightening up procedures. AS said this is good to know.

AR said definition of a FH was an issue. PW replied there has been considerable work around this issue.

KR reminded the JCCC Secretariat could assist with issuing the legislation and summary of responses. BW confirmed PW will discuss distribution of material with Secretariat

AP5 PW to discuss with JCCC Secretariat issuing FH summary of responses and legislation.

TR enquired about recommendations not taken forward. PW confirmed these will be included in the summary.

7. Sub - Group Update

The written sub-group update was circulated for information.

The updated document is at **Annex D**.

8. AOB

8.1 AEO authorisation issues

BW introduced TRo as Head of Products and Processes.

TRo apologised for delays and outlined the timeframes for processing an AEO application. The reasons for delay were:

- Difficulties around planning for and anticipating AEO application numbers as a result of UCC implementation
- Resourcing issues at the central site

TRo said it was recognised there had not been an acceptable level of customer service. A plan was implemented to address this and the backlog is now cleared.

TRo explained that 95% of applications are initially rejected RW asked if data is being kept on errors. IWo asked if any data analysis can be shared. TRo said there isn't currently a pattern but will look at providing a more comprehensive picture in due course.

HL advised it appears only the first error prompts a rejection. If there is another error on resubmission it is rejected again. TRo agreed to investigate.

AP6 HRMC (TRo) to investigate concern that AEO applications are being rejected on an error by error basis and report back at next meeting

MA enquired about forecasting. IW said whilst some modelling work was commissioned, it is difficult to accurately predict industry behaviour. CD added where a business had an existing authorisations there is no need to re-apply as yet. Those who have AEO are also looking for a guarantee waiver. RW highlighted some disconnect between waivers and applications. IW agreed this has caused problems but a new organisational design within HMRC should mitigate this. PM added a decent i-form will help. IW said there is work in this area ongoing with the digital team.

BS commented any disconnect also extends to other procedures.

PM felt there are lessons to be learned for Industry around AEO applications. RW said there is a genuine desire to move forward and recognised some of the issues are not with HMRC.

BW summarised HMRC recognises the need to do better. BW re-iterated there is a recovery plan for AEO applications. As the rejection rate is the highest anywhere in HMRC, BW is keen to report back on progress. HMRC take on board the rejection issue is not providing the expected level of customer service. BW advised the bigger picture includes transformation of all these items in the future.

CD said from a Customs transformation perspective there is a need to address and improve digital interactive forms.

8.2 UCC Authority to present

RW said industry concerns are around:

- Evidence for Indirect Representation
- Definition of empowerment for direct and indirect representation

Discussion took place about HMRCs position with regards to the requisite authority to act in respect of different levels of representation. IW confirmed that the UCC had not altered its approach to this as a result of UCC and that third party representatives should hold formal authority to act from their principal stating the nature of the representation and the manner in which declarations would be completed.

There was still trade concern that different standards are being applied across the EU and IW recommended the P&P sub group is consulted for guidance to clarify the situation.

AP7 HMRC (TRo) P&P sub group to consider and issue guidance on representation

BS referred to changes in Customs organisation and requested a chart. BW referred to AP3 - HMRC (Secretariat) to issue an organogram of Customs Directorate to industry.

AR said some CIP's were not seen by Industry before issue. AS said a reminder will be issued.

AP8 HMRC (AS) to issue a reminder about draft CIPs to industry

BW closed the meeting.

Date of next meeting

The next JCCC meeting will be 24 March 2017

Summary of Action Points	
AP1	Industry (PM) to send requests to meet the NCH to AS via the Secretariat
AP2	HMRC (Secretariat) to issue a final call for membership of the Brexit sub-group

AP3	HMRC (Secretariat) to issue an organogram of Customs Directorate to industry
AP4	Nominations to join the Fulfilment House workshops to be sent via the JCCC secretariat
AP5	PW to discuss with JCCC Secretariat issuing FH summary of responses and legislation.
AP6	HRMC (TRo) to investigate concern that AEO applications are being rejected on an error by error basis and report back at next meeting
AP7	HMRC (TRo) P&P sub group to consider and issue guidance on representation
AP8	HMRC (AS) to issue a reminder about draft CIPs to industry

Annex A - List of Attendees – Nov 2016

Trade Organisations

Trade Organisation	Representative
Airline Operators Committee for Cargo UK (AOCC)	(JOS)
Association of Freight Software Suppliers (AFSS)	(GT)
Association of International Courier and Express Services (AICES)	(AR)
Automated Customs and International Trade Association (ACITA)	(DH)
British Association of removers (BAR)	SD
Chamber of Shipping (COS)	(TR)
British Chamber of Commerce (BCC)	(PW)
British Ports association (BPA)	(RB)
British International Freight Association (BIFA)	(RW)
British Retail Consortium (BRC)	(SJ)
British Association of Ship Suppliers (BASS)	(IWo)
Chamber of Shipping (COS)	(TR)
Community System Providers (CSPs)	(PM)
Chartered Institute of Logistics and Transport (CILT)	(SM)
Customs Practitioners Group (CPG)	(BS)
Food and drink Federation (FDF)	(GR)
Federation of Sport and Play Associates (FSPA)	(MA)
Freight Transport Association (FTA)	(AV)
Institute of Export (IOE)	(MJ)

Institute of Chartered Shipbrokers (ICS)	(RH)
International Meat Trade Association (IMTA)	(KD)
Society of Motor Manufacturers and traders (SMMT)	(HL)
UK Major Ports Group (UKMPG)	(PB)
UK Warehousing Association (UKWA)	(BS)
Wine and Spirits Trade Association (WSTA)	(DR)

HMRC/OGD attendees

Department	Representative
HMRC	(BW) (Chairman)
HMRC	(PMu)
HMRC	(AP)
HMRC	(AS)
HMRC	(CD)
HMRC	(IW)
HMRC	(KR)
HMRC	(TRo)
HMRC	(PW)
HMRC	(RWi)
HMRC	(MV)
Border Force	(DH)
Department for Industry & Trade	(SG)
Secretariat	(SY)

Apologies

Organisation	Representative
Road Haulage Association (RHA)	(JS)
Chartered Institute of Taxation (CIT)	(JC)
UK Aerospace Industry Customs Group (UKAICG)	(GT)

**Annex B - JCCC Meeting Action Points
From July Meeting**

NO.	ACTION POINT	UPDATE
Agenda Item 2 – Outstanding Action Points		
AP1	HMRC (AP) to create a Brexit JCCC sub-group	Discharged
AP2	HMRC (AP) Undertake a review of JCCC sub-group activity before the next meeting	Discharged
AP3	Industry members via the industry chair (PM) to consider representatives for new EU exit sub group	Discharged
AP4	HMRC (CD) to circulate response about CHIEF outage	Discharged
AP5	Industry (PM) to discuss JCCC membership issues with the Secretariat	Discharged
AP6	HMRC (AS) to organise a meeting between industry and the NCH Director	Discharged



Joint Customs Consultative Committee

Review of JCCC Sub- Groups

November 2016

Background

The JCCC is a key platform for industry and HMRC, as the UK's customs authority, to discuss Customs matters. Within the JCCC framework a number of smaller sub-group exist to discuss in-depth, technical issues. These groups are set up when required and disbanded once their purpose is achieved. Each sub-group provides an update to the main JCCC and these are included in the notes of each meeting: [Joint Customs Consultative Committee \(JCCC\) - GOV.UK](#)

Five sub groups met during 2016:

1. Customs Change
2. Customs Product & Processes
3. Duty Liability
4. International Trade Operating Systems Working Group
5. Modernising Freight Management

Terms of reference for JCCC sub – groups together with minutes of meetings can be found at: [Joint Customs Consultative Committee \(JCCC\) - GOV.UK](#).

Summary of activity in 2016

During 2016 the sub –group focus was on working together on the following key priorities:

- Implementation of the Union Customs Code (UCC)
- The Customs Declaration Service
- Keeping CHIEF operational and resolving any CHIEF issues
- Import/Export technical and policy issues
- Freight modernisation, incorporating wider cross-government activity

Sub-Group re-structure

At their meeting on 2 November 2016, the JCCC Steering Group agreed to a sub-group re-structure following an HMRC review of the sub-groups and the requirement to discuss Brexit. The sub-groups will now consist of:

- Brexit – chaired by Aaron Dunne
- Customs Change and Modernising Freight Management - chaired by Ian Wilkins
- Customs Product and Processes – chaired by Kevin Snow
- Duty Liabilities – chaired by Valerie Smith
- ITOSWG – chaired by Ian Wilkins

The new structure enables continued collaboration on Customs matters that are in the UK's interest and reflects the need for the JCCC to continue to evolve to meet challenges whilst delivering on agreed activities.

The aim of the Brexit sub-group is to have strategic discussions on the impacts and mitigations of Brexit, and to co-create a new model for customs control. Issues that need technical deep dives will be referred to the other sub-groups, who will report back to the Brexit sub-group.

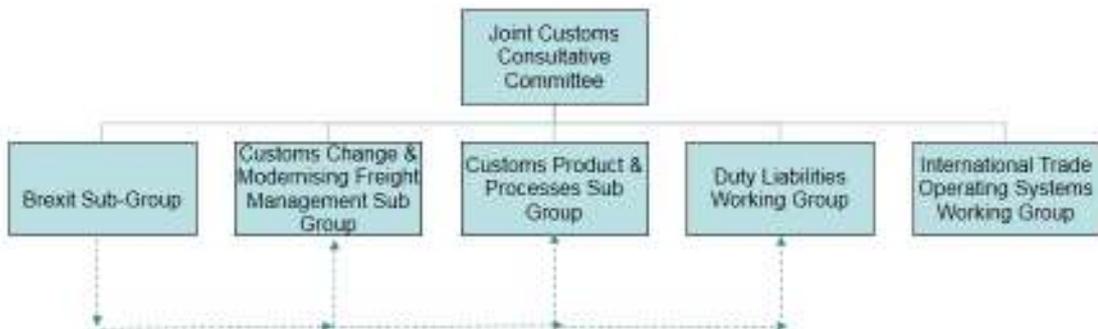
JCCC sub-group agreed activities for 2017

As well as working together to develop a post Brexit customs model, the sub-groups will continue to:

- consider what the future of compliance looks like both inland and at the border;
- agree the purposes of an intervention for government departments and industry;
- look at the legislation and policies that underpin the systems and processes;
- identify and address the threats within international supply chains from criminals, fraudsters and terrorists;
- explore how UK government departments and industry can engage internationally to promote UK thinking and influence;
- determine what joined up control tools are needed, including quality data, customer segments, targeting systems and intelligence;
- assess capability needs for government and industry; and
- establish and seek to reduce the costs and admin burdens to large businesses and SMEs in discharging their customs responsibilities.

The terms of reference for all sub – groups will be re-written to reflect the new sub –group structure and focus, and agreed at the first available sub-group meetings in 2016/17.

Joint Customs Consultative Committee (JCCC) Sub-Groups



Annexe D Sub Group Update

JOINT CUSTOMS CONSULTATIVE COMMITTEE

DATE OF MEETING: 25th July 2016
SUBJECT: Update on JCCC Sub Groups

The information table below provides key issues and updates from JCCC Sub Group/ Working Group meetings. The minutes from each Sub Group or Working Group meeting will continue to be posted onto the [HMRC website](#)

Definitions

- **JCCC Sub Group** - for projects / initiatives which are finite; and
- **JCCC Working Group** - for “perpetual” meetings;

JCCC Secretary, E-Mail – [JCCC Secretariat](#)

Name of Group / Type of Group	Next Meeting	Contact	Update and Key issues from recent meetings
Customs Change	September (Date TBC)	Daniel Foster	<p>Appreciation and thanks from trade members on the smooth rollout of UCC with minimal changes on day 1 of implementation.</p> <p>At the time of the meeting work was underway to gather trade feedback for the first amendments to the UCC DA and IA. With the EU referendum result since the meeting there is uncertainty as to the weight of UK proposals going forward.</p> <p>At the time of the meeting CDS delivery had been assessed as green with significant confidence in progression to contract stage. This is in comparison to an amber/red rating achieved 12 months before. As with the point above this position is now under review following the EU referendum result.</p> <p>At the time of the meeting MASP had been confirmed to include an additional 5 projects totalling 33 fiches including some non-functional requirements. There had also been a shift in MASP dates to 2020.</p> <p>The trade representatives raised some concerns regarding the rejection of authorisation applications where the guarantee was not in place, despite the guarantee application being submitted at the same time. This has been addressed by confirming the guidance to the processing teams and ensuring close working relationships between the two teams.</p> <p>Trade members invited to join a P&P subgroup working group for a self-assessment pilot in the UK. The pilot was scheduled to start in the summer.</p>

Name of Group / Type of Group	Next Meeting	Contact	Update and Key issues from recent meetings
Customs Product and Processes	18/08/2016	Kevin Snow	<p>The group last met in April 2016. A range of issues were discussed:</p> <ul style="list-style-type: none"> • HMRC's business plan, Tax Strategy and Customs Vision 2020. • Import/export Gov.uk redesign • CFSP software audit. Edifact to xml proposal to the CDS project. • Temporary Storage and the UCC work ongoing to look at 3rd parties working in a TS facility or subletting. • C117 potential changes. • Visits to AEO. SIVA transition period and impact on AEO re-assessment. • Working group to look at Self-Assessment opportunities. • Guarantees update. • Update on EU/US TT&IP. • Customs Input Entry (CIE), consultation process and planned CIP. • Update on NILPs. • Substantial Update on UCC, guidance issued and planned, Transit, new simplified procedures and transition updates. • Update on Customs Declaration Service and plans for publication of changes to customs declarations.

Name of Group/Type of Group	Next meeting	Contact	Update and Key issues from recent meetings
Duty Liabilities	28/10/16	Valerie Smith	<p>The group last met on 18/5/16. A range of issues were discussed including:</p> <ul style="list-style-type: none"> • Origin – general update on progress with the various trade agreements including the Transatlantic Trade & Investment Partnership Also, emerging plans for the Registered Exporter Scheme • Update on the Information Technology Agreement II implementation • Emerging issues following UCC implementation for Valuation and Classification. The Commission guidance for both subjects was examined. A range of technical issues were discussed. • Tariff Classification sector reports were circulated and issues discussed <p>Tariff – the sub group were advised about the award of contract for a Tariff 'off the shelf' product.</p>
International Trade Operating Systems Working Group (ITOSWG)	TBA	Maggie Kelly	There have been no meetings of this group since the last update.
Modernising Freight Management	18/07/2016	Alex Childs	<p>The May sub group was postponed due to purdah. It will now take place on the 18th July. There are no key issues. An update on this meeting will be provided for the December JCCC</p>