

**EXPLANATORY MEMORANDUM TO
THE CIDER AND PERRY AND WINE AND MADE-WINE (AMENDMENT)
REGULATIONS 2007**

2007 No. 4

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 This instrument amends the provisions of the Cider and Perry Regulations 1989 (S.I. 1989/1355) and of the Wine and Made-wine Regulations 1989 (S.I. 1989/1356) that deal with the giving of security for, and the payment of, excise duty. In each case the amendments have an identical effect.

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

None

4. Legislative Background

4.1 Under the Cider and Perry Regulations 1989 and the Wine and Made-wine Regulations 1989 ("the principal Regulations") the Commissioners of HM Revenue and Customs ("the Commissioners") may require a registered cider maker or a licensed producer of wine or made-wine to provide security for payment of excise duty. The principal Regulations also prescribe when excise duty must be paid.

4.2 The Commissioners are introducing common systems for the guarantees that may be required when the payment of excise duty is deferred. Although the principal Regulations make accounting arrangements for excise duty, they do not make provision for deferred payment of excise duty. One of the consequences flowing from this is that, where a maker of cider, or producer of wine or made-wine, is the subject of a requirement to provide security for payment of excise duty, he is not afforded a right of appeal against that requirement, nor is he afforded a right of appeal against the amount of security that he is required to provide.

4.3 This instrument makes provision for the deferred payment of excise duty by makers of cider, and producers of wine or made-wine. In addition to providing consistency with other payment regimes for excise duty, it has the incidental effect of affording a right of appeal (following a formal review) where a maker of cider, or producer of wine or made-wine, is the subject of a requirement to provide security for payment of excise duty.

5. Territorial Extent and Application

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

7.1 As part of a package of measures to simplify tax administration, reduce administrative burdens on businesses, and cut compliance costs, the Commissioners are introducing a common system for guarantees connected to the deferred payment of excise duty. The reformed system will be consistent across all the excise product duty categories (i.e. alcohol, oil, and tobacco).

7.2 During the development of the improved system it was noted that under current legislation the provisions that allow the Commissioners to require security for payment of excise duty from registered cider makers and licensed producers of wine or made-wine were not consistent with the arrangements applicable to other products, or with the arrangements for the same products when held by persons other than makers or producers. This instrument rectifies this anomaly.

7.3 Details of the consultation carried out on the new system are in the Operational Impact Assessment “Reform of excise duty deferment guarantees” which can be found on the HMRC website at www.hmrc.gov.uk.

7.4 Although there has been no formal consultation, the relevant trade associations have seen the amendments made by this instrument in draft and have raised no objection.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is negligible.

9. Contact

Steve Kent at the Her Majesty’s Revenue and Customs Tel: 0161 827 0912 or e-mail: Stephen.Kent@hmrc.gsi.gov.uk can answer any queries regarding the instrument.