

**EXPLANATORY MEMORANDUM TO
THE CUSTOMS AND EXCISE (PERSONAL RELIEFS FOR SPECIAL VISITORS)
(AMENDMENT) ORDER 2007**

2007 No. 5

1. This explanatory memorandum has been prepared by the Commissioners for Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Description

This instrument amends the definition of the term "warehouse" in article 2 of the Customs and Excise (Personal Reliefs for Special Visitors) Order 1992 (S.I. 1992/3156). The effect of this amendment is to permit duty-free and VAT-free supplies to diplomats, persons of similar status, members of NATO visiting forces, and headquarters organisations ("Special Visitors"), to be made from registered beer stores, registered breweries, registered cider premises, licensed wineries, and registered tobacco stores.

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

None.

4. Legislative Background

The Customs and Excise (Personal Reliefs for Special Visitors) Order 1992 permits duty-free and VAT-free supplies to be made to Special Visitors. Articles 15 and 20 of that Order provide for goods to be removed from a "warehouse", without payment of excise duty or VAT, for this purpose. The term "warehouse" means an excise warehouse, victualling warehouse, or distiller's warehouse. It does not include premises registered as beer stores, breweries, cider premises, or tobacco stores. Nor does it include licensed wineries. Consequently, those who produce or package beer, and those who produce cider, perry, wine and made-wine, and tobacco products may not supply Special Visitors directly from their own premises. They must send their products to a warehouse for onward supply to Special Visitors.

5. Extent

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 The supply of alcoholic beverages and tobacco products to Special Visitors is regulated by the Customs and Excise (Personal Reliefs for Special Visitors) Order 1992. The Order allows alcoholic beverages and tobacco products to be removed from warehouse for supply to Special Visitors without payment of any duty or VAT. However, within the Order a “warehouse” is interpreted as meaning only an excise warehouse, a victualling warehouse or a distiller’s warehouse. It does not include registered beer stores, registered breweries, registered cider premises, licensed wineries, or registered tobacco stores. So, for example, removals of beer from an excise warehouse to a diplomat are covered by the Order but removals of beer from a brewery to a diplomat are not.

7.2 Since the Commissioners became aware of this anomaly within the legislation they have allowed such removals without payment of duty or VAT by means of an informal concession. This amendment Order legislates for this informal concession and provides a sound legal base for these removals. This amendment is minor and uncontroversial.

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

Sharon McDermott at Her Majesty’s Revenue and Customs Tel: 0161 827 0350 or e-mail: Sharon.McDermott@hmrc.gsi.gov.uk can answer any queries regarding the instrument.