

**EXPLANATORY MEMORANDUM TO**  
**THE TRAVELLERS' ALLOWANCES (AMENDMENT) ORDER 2009**  
**2009 No. 3172**

1. This explanatory memorandum has been prepared by HM Revenue & Customs and is laid before the House of Commons by Command of Her Majesty.
2. **Purpose of the instrument**
  - 2.1 This Order amends the value of the tax free allowance for 'other goods' (that is goods other than alcohol, tobacco and fuel) which travellers from outside the European Union can import in their personal luggage.
3. **Matters of special interest to the Select Committee on Statutory Instruments**
  - 3.1 None.
4. **Legislative Context**
  - 4.1 Travellers entering the United Kingdom from outside the European Union's value added tax (VAT) area do not pay VAT on 'other goods' (that is goods other than alcohol, tobacco and fuel) which they import in their personal luggage, so long as the goods do not exceed a certain monetary value.
  - 4.2 There are two values, one for travellers by air and sea and one for other travellers (this includes passengers travelling in private planes or boats for pleasure purposes). The values are expressed in euro and set down in Article 7(1) of Council Directive 2007/74/EC on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries (OJ No L 346, 29.12.07, p6).
  - 4.3 In accordance with Article 15 of that Directive, HM Revenue & Customs must determine the equivalent of these values in sterling for the application of the other goods allowance in the UK. The exchange rate to be used is that which applies on the first working day of October and is published in the Official Journal of the European Union. If the result of conversion is an increase of 5% or more in the existing UK allowance, the values in sterling must be increased.
  - 4.4 The Travellers' Allowances Order 1994 (S.I. 1994/955) implements Council Directive 2007/74/EC and contains the sterling values for the other goods allowance. This instrument amends the Schedule to the 1994 Order to increase the values to £390 (up from £340) for those travelling by air or sea, and to £270 (up from £240) for other travellers.

4.5 This Order also removes the other goods values which applied for the period 1 December 2008 to 31 December 2008 from the Schedule to the Order.

## **5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- **What is being done and why**

7.1 Each year the United Kingdom must determine the sterling values of the allowance for “other goods”. HM Revenue & Customs must do this by converting the euro values for the allowance set down in Council Directive 2007/74/EC using the exchange rate applicable on the first working day of October each year, as published in the Official Journal of the European Union (this year the rate is 1 euro to £0.91085 (OJ No C 237, 2.10.09, p4)). If the result is a lowering of the exemption or a change of less than 5%, the existing values in sterling may be maintained. However, if the result is an increase of 5% or more, the sterling values must be increased and the UK must bring the change into effect from 1 January of the following year.

7.2 This year the conversion results in an increase of over 5% in the sterling values. This Order amends the Travellers’ Allowances Order 1994 to update the values of the other goods allowance in line with that increase and with a rounding off permitted by the Directive.

7.3 The values for the other goods allowance which applied for the month of December 2008 are removed from the Schedule because they are no longer needed.

- **Consolidation**

7.4 We have no plans for consolidation. The Travellers’ Allowances Order 1994 was substantially changed by the Travellers’ Allowances (Amendment) Order 2008 (S.I. 2008/3958) to give effect to the Council Directive. That Order also revoked the only other amending Order (the Travellers’ Allowances (Amendment) Order 1995 (S.I. 1995/3044)).

## **8. Consultation outcome**

8.1 We have not consulted on this change because it results from an annual review of the sterling values of the allowance which are fixed in euro in the Council Directive.

## **9. Guidance**

9.1 The guidance material to inform travellers about these changes will be updated by the UK Border Agency. This includes Public Notice 1 “Travelling to the UK” and the allowance posters and LCD screens which are strategically placed at seaports and airports.

9.2 HM Revenue & Customs will update the travel information on its own website [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and will ask for changes to be made to the following other Government websites:

[www.ukba.homeoffice.gov.uk](http://www.ukba.homeoffice.gov.uk) (UK Border Agency),

[www.fco.gov.uk](http://www.fco.gov.uk) (British Foreign & Commonwealth Office), and

[www.direct.gov.uk](http://www.direct.gov.uk) (Directgov).

We will also notify Britain’s official travel and tourism guide [www.visitbritain.co.uk](http://www.visitbritain.co.uk) of the change to allow them to update their travel information.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is nil.

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation does not apply to small business.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the approach taken is, as the legislation imposes no requirements on such firms, to make no special provision.

11.3 The basis for the final decision on what action to take to assist small business is that, since the Order concerns a personal relief from tax, no such action is required.

## **12. Monitoring & review**

12.1 HM Revenue & Customs is required to review the sterling values of the ‘other goods’ allowance each year and intend to do so in October 2010 when the relevant exchange rate is published.

## **13. Contact**

Caroline Gale at HM Revenue & Customs Tel: 0161 827 0471 or e-mail: [caroline.gale@hmrc.gsi.gov.uk](mailto:caroline.gale@hmrc.gsi.gov.uk) can answer any queries regarding this instrument.