

**EXPLANATORY MEMORANDUM TO**  
**THE CUSTOMS (CONTRAVENTION OF A RELEVANT RULE) (AMENDMENT)**  
**REGULATIONS 2015**

**2015 No. 636**

**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 To amend the Customs (Contravention of a Relevant Rule) Regulations 2003 (S.I. 2003/3113, “the CRRR”) in order to introduce civil penalties for breaches of new customs rules, as well as remove redundant penalties and improve and simplify the existing provisions of the CRRR.

2.2 The new penalties take account of the requirements set out in new legislation. The Customs (Contravention of a Relevant Rule) Regulations 2003 provide civil penalties for contraventions of the Postal Packets (Customs and Excise) Regulations 1986. Those Postal regulations were repealed in 2011 and replaced by the Postal Packets (Revenue and Customs) Regulations 2011. Therefore replacement penalties are required to maintain a robust customs civil penalty regime to encourage compliance with the new regulations.

2.3 The Regulations also introduce new civil penalties where existing penalties have become obsolete, and to extend the range of contraventions of customs law to which civil penalties apply.

2.4 The Regulations will also provide for the issue of a customs civil penalty to travellers entering the UK from outside the EU who have failed to declare goods in excess of their allowance when stopped before clearing customs controls.

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

3.1 None.

**4. Legislative Context**

4.1 The CRRR attach civil penalties (of up to £2500) to breaches of a range of ‘customs rules’, where a ‘relevant tax’ is in issue. The customs rules in question include domestic rules (laid down by or under the Customs and Excise Management Act 1979) but, because the operation of the customs union is a matter for the EU, the majority of the rules derive from European legislation, in particular Council Regulation 2913/92/EEC

(“the Community Customs Code”) and Commission Regulation 2454/93/EEC (“the Implementing Regulation”).

4.2 The CCRRR are regularly amended to reflect changes in, or additions to, customs rules.

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

5.1 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 new penalties are required to take account of the requirements set out in the new legislation and ensure that there is a robust customs civil penalty regime to encourage trade compliance.

7.2 This measure will ensure that there are effective sanctions to deal with non-compliance where criminal prosecution would not be appropriate.

## **8. Consultation outcome**

8.1 A Tax Information and Impact Note (TIIN) was published at Budget 2014 and the consultation period took place over Summer 2014, ending in Autumn 2014.

8.2 No responses were received during the consultation period.

## **9. Guidance**

9.1 There is existing internal guidance Customs Civil Penalties (CCP): Main Contents and Public Notice Civil penalties or contraventions of customs law – Notice 301. These will be amended to take account of the new measures.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is nil where they are compliant.

10.2 The impact on the public sector is minimal. As this is intended only to introduce one penalty in specific circumstances the training costs will be minimal for HMRC and Border Force.

10.3 A Tax Information and Impact Note covering this instrument was published on 22 July 2014 and is available on the gov.uk website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.

## **11. Regulating small business**

11.1 The legislation applies to small businesses but introduces no new requirements.

## **12. Monitoring & review**

12.1 The application of the CCRRR is already carefully monitored to ensure that the penalties are applied correctly, effectively and consistently. That monitoring will continue, with particular attention to the new penalties.

12.2 The new Union Customs Code will be introduced on 1 June 2016. Customs penalties will be reviewed and amended, if necessary. This will be consulted on in line with the Government's Tax Consultation Framework.

## **13. Contact**

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