

COMMITTEE DISCUSSION: DEVELOPING A RESPONSIBLE RETAILER TYPE APPROACH TO HMRC'S UPCOMING ALCOHOL WHOLESALER REGISTRATION SCHEME

Committee	Licensing Committee
Officer Contact	Mark Braddock, Democratic Services Beejal Soni, Legal Services
Papers with report	Appendix 1 - Letter from Committee Chairman to HMRC Appendix 2 - Response from HMRC Appendix 3 - Recent Articles about the Scheme
Ward(s) affected	All

OVERVIEW FOR DISCUSSION

The Licensing Committee at its January 2016 meeting discussed how the upcoming Alcohol Wholesaler Registration Scheme (AWRS) should include a positive consumer marketing approach along the lines of existing "Responsible Retailer Schemes". This would ensure businesses purchasing alcohol know that wholesalers have been accredited with the Scheme and provide assurances to businesses and also consumers that products at the final point of sale are of legal origin.

Wholesalers or businesses that sell alcohol to another business will need to apply to register for the Scheme, introduced by HM Revenue and Customs (HMRC) to tackle alcohol fraud. Non-compliance will be a criminal offence.

The Chairman of the Committee wrote to HMRC (Appendix 1) and received a favourable response (Appendix 2) seeking the Council's views on how such an approach would operate and the benefits it might deliver. This is an opportunity for the Committee to potentially help shape Government policy around alcohol consumer protection going forward. It is therefore proposed that a wide-ranging discussion takes place to seek Members' views, with advice from officers who have expertise in similar schemes.

HMRC are also seeking feedback on the online 'look-up' service outlined in the information section below, so it is user friendly to businesses.

Members may also wish to focus their discussion from the point of view of how local traders, off licences and restaurants would wish to demonstrate they buy from accredited wholesalers, providing both business and consumer reassurance.

Appendix 3 shows some recent media articles of relevance.

The views put forward by the Committee can then be passed onto HMRC for consideration.

RECOMMENDATION

That the Committee considers how a Responsible Retailer Scheme type approach could be applied to the upcoming Alcohol Wholesaler Registration Scheme (AWRS) and delegates authority to the Senior Manager, Democratic Services, in consultation with the Chairman, to draft a response to HMRC on behalf of the Committee, sent by the Chairman.

BACKGROUND

Last year, HMRC announced plans to begin the registration of alcohol wholesalers with a view to limiting instances of non-duty paid alcohol being made available for sale within the United Kingdom.

Excise Notice 2002 confirms that the registration scheme (AWRS) applies to, amongst others, a pub retailer with a wholesale arm to their business, brewery, a local Cash and Carry or a specialist wine merchant. Internet sales from a UK established internet wholesaler to a UK trade buyer fall within the scheme in the same way as any other wholesale business. Excise Notice 2002 can be found at:

<https://www.gov.uk/government/publications/excise-notice-2002-alcohol-wholesaler-registration-scheme/excise-notice-2002-alcohol-wholesaler-registration-scheme>

From 1 January 2016, HMRC began accepting applications under the AWRS from pre-existing wholesalers to determine whether they are "fit and proper" businesses for inclusion on an online wholesaler business register. Applications for new businesses were accepted from 1 April 2016.

Existing wholesalers/wholesale businesses should have submitted an application on or before 31 March 2016 in order for an assumption to exist that the business was trading with approval. This assumption of approval would cease to have effect in the event that an application was subsequently refused. Any new business that may engage in the wholesale sale of alcohol must submit an application 45 days before the first day of trading. Wholesalers/wholesale businesses granted approval will be included in an online database of approved businesses. A unique reference number (URN) will be issued to these businesses and it will be mandatory to display the URN on sales invoices from 1 April 2017.

From 1 April 2017, trade buyers, for example off licences or restaurants, who buy their alcohol from UK wholesalers for resale will need to make sure that these wholesalers are approved by HMRC. The check will be made using an online look up service, and using this to check the validity of wholesalers will form part of these businesses' 'due diligence' processes. In addition to the penalties listed above, there is a potential that a trade buyer may have his/her premises licence reviewed as a consequence of failing to purchase alcohol for resale from an approved wholesaler.

Penalties for wholesalers who trade without submitting an AWRS registration form began on 1 April 2016. From 1 April 2017, it is also an offence to knowingly buy alcohol wholesale from wholesalers who should be approved under the AWRS scheme. Penalties for these offences can include forfeiture of a personal licence, a fine, imprisonment of up to 7 years or all three. Enforcement powers under the AWRS currently vest in HMRC only.

The AWRS scheme only covers sales that are made in the course of a trade or business to other businesses. It does not apply to private individuals purchasing alcohol from retailers for their own use.

Implications on related Council policies

None at this stage.

Legal implications

The Wholesaling of Controlled Liquor Regulations 2015 as well as Excise Notice 2002 confirm that administration and enforcement powers under the AWRS vest in HMRC Commissioners only. Consequently, the Council may introduce a voluntary scheme in order to support AWRS. Any voluntary scheme will require the approval of the Cabinet Member and/or the Cabinet dependent on the cost of introducing and running such a scheme.

Members are advised voluntary organisations, such as the Retail of Alcohol Standards Group and Best Bar None, have similar schemes which are compulsory for members of these organisations.

Financial Implications

None at this stage.

Background Papers

NIL.