

HMRC to analyse lower-than-expected uptake on Alcohol Wholesaler Registration Scheme

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City A.M - 11 April 2016



The scheme received around 4,800 applications despite HMRC predicting up to 20,000 wholesalers might need to apply (Source: Getty)

The government's Alcohol Wholesaler Registration Scheme has suffered a blow after it was revealed it received only a quarter of the sign-ups as HM Revenue & Customs (HMRC) had predicted.

The scheme received around 4,800 applications before its deadline of 31 March, although HMRC had previously estimated around 20,000 businesses might need to register and had directly identified 9,500 eligible parties.

"The estimate of how many customers need to apply was made on the best information available. In the past wholesalers have not been required to register with HMRC so we knew the numbers were not exact.

"However the number of applications is lower than expected. We are currently looking at who applied and will use that analysis to determine what we do next

for those who have not applied but should have," an HMRC spokesperson said.

Wholesalers that do not register under the scheme could face a fine of up to £10,000 or a criminal conviction. However, City AM understands that businesses that are able to prove they did not know they needed to register for the scheme will not be subject to any punishments.

"There could be a number of reasons why people thought they would be liable to register but weren't," David Richardson, regulatory and commercial affairs director at the Wine and Spirit Trade Association, said.

"It may be that some of the reasons behind the figure include businesses registering as part of wider groups, premises numbers and that some weren't actually eligible under the conditions of the scheme who originally thought they would be."

HMRC sets its sights on rogue wholesalers

Federation of Wholesale Distributors (FWD) / HMRC letter - June 2016

Illicit alcohol wholesalers will be exposed and investigated ahead of next year's introduction of the Alcohol Wholesaler Registration Scheme, a Treasury Minister has said.

In a letter to FWD, Damian Hinds MP, the Exchequer Secretary to the Treasury, said that HMRC would 'take robust action to enforce the requirements of the scheme where [wholesalers] have not complied despite knowing they should.' He said that over the 11 months before the scheme goes live next April, the enforcement agency would be building intelligence and taking advantage of the new Alcohol Control Room announced in last year's Budget to investigate potential rogue traders.



Treasury Minister Damian Hinds has written to FWD

"Even if illicit wholesalers manage to evade attention during 2016-17, from April 2017 it will be increasingly difficult for them to carry out their trade without being detected," he added.

Mr Hinds said that the scheme would establish an accurate measure of the number of alcohol wholesalers, following criticism that HMRC'S initial estimate of 21,000 expected applicants for AWRS proved to be high, with less than 5,000 meeting the March 31 deadline for applications. As no previous register of alcohol wholesalers had been held by HMRC or any other body, it was hard to say accurately how many should apply and to target communications, he added. HMRC is looking at who has applied to see if extra communication is necessary for particular groups.

From April next year, retailers will be required to check that they are buying from a registered wholesaler via an online look-up service. Mr Hinds said work will continue to prepare retailers for this.

FWD members who trade in alcohol have all applied for registration. Chief Executive James Bielby said: "We are very pleased that the Treasury and HMRC are committed to vigorously pursuing the illegal traders who have for years been able to take business away from legitimate wholesalers. We will work with the Government and other trade associations to make sure that licensed retailers understand their responsibilities from April next year. It should not be a burden on responsible retailers to quickly check that their wholesaler is registered - in fact, the AWRS online look-up will make their normal due diligence significantly easier."

