

Altion Law

The new Alcohol Wholesaler Registrations Scheme (AWRS) comes into force on October 1st 2015.

If your business is involved in the wholesale of Alcohol you will be impacted.

Background

The Government estimates that Alcohol duty fraud costs UK taxpayers an estimated £1 billion each year. They believe that the majority of illicit alcohol typically works its way into legitimate supply chains at the point of wholesale. To tackle alcohol duty fraud the Government proposed a dedicated scheme called the Alcohol Wholesaler Registrations Scheme (AWRS) and it is intended to come into force from October 2015.

Is my business affected?

UK legislation will be put in force to impact parties that sell duty paid alcohol in the UK. AWRS is intended to apply to existing and new alcohol wholesalers who trade in or retail alcohol to any entity with a UK VAT number that may retail alcohol. Full powers have not yet been published but it is proposed that impacted businesses will need to make sure they have clear evidenced processes as part of their Enhanced Due Diligence, that show checks against HMRC's AWRS were made for any UK wholesaler they purchase from.

It will NOT apply to private individuals purchasing alcohol from retailers.

What do I need to do?

It is proposed to be a 2 part introduction: From Oct 2015 all Alcohol wholesalers will need to apply to HMRC for AWRS registration. HMRC propose that alcohol

wholesalers must submit an AWRS application between October and December 2015.

Once in place, HMRC will have the power to investigate whether applicants are 'fit and proper' and can be accepted onto the register and by definition continue to trade in the alcohol sector. For a business to be considered 'fit and proper' HMRC will assess its application and then carry out a pre-registration visit.

Additionally, it's proposed from April 2017, all business who trade or retail Alcohol must make sure any UK wholesalers they purchase from are registered with HMRC.

What are HMRC looking for as part of their 'fit and proper' criteria?

HMRC have advised they are looking to ensure:

- there is no evidence of illicit trading
- the applicant, or any person with an important role in the business has not previously been involved in any significant revenue non-compliance or fraud
- there are no connections between the business, or key persons involved in the business, with other known non-compliant or fraudulent businesses
- key persons involved in the business have no unspent criminal convictions which HMRC consider relevant - for example offences involving any dishonesty or links to organised criminal activity

- the application is accurate and complete and there has been no attempt to deceive.
- there have not been persistent or negligent failures to comply with any HMRC recordkeeping requirements
- the applicant has not previously attempted to avoid registration and traded unauthorised
- the business has provided sufficient evidence of its commercial viability and/or credibility
- there are no outstanding, unmanaged HMRC debts or a history of poor payment
- the business has in place satisfactory due diligence procedures to protect it from trading in illicit supply-chains.

HMRC has not issued an exhaustive list and may refuse approval to a wholesaler for reasons that are not given above if HMRC have concerns that the applicant is a serious risk to revenue.

What will HMRC do if I do not register or meet the criteria?

New criminal and civil sanctions will be introduced for wholesalers and trade buyers caught purchasing alcohol from non-registered wholesalers. HMRC may also remove a business's right to wholesale alcohol at any time during the introduction of the scheme.

Penalties for wholesalers could start from as early as 1 January 2016, while penalties for buyers are proposed to start in April 2017. In

addition, any alcohol found in the premises of unregistered businesses may be seized, whether or not the duty has been paid. Businesses will have a similar right to review and appeal as for other HMRC regimes in regard to civil penalties raised or decisions related to appeals.

October 1st is some time away, can I leave it till then?

No. HMRC are looking for evidence that all applicants have robust safeguards to protect against illicit trade and effective due diligence processes. You should review all processes including Anti Money Laundering, Payment and internal monitoring processes well in advance of 1st October 2015.

Can Altion Law help with AWRS applications?

Yes. Altion Law can review existing business processes and assist with the application process. We would also urge businesses that have been refused registration or have failed the 'fit and proper' test to contact us at the earliest point as you only have a limited period to challenge a decision. Altion Law can also assist with appealing any fines or penalties applied under the scheme but again businesses only have limited time to lodge an appeal.

About Altion Law

For expert legal advice call us on 01908 414990 or contact us online at www.Altion-law.co.uk and we'll be happy to help you.

At Altion Law we provide clear, no-nonsense, expert legal advice and representation to help you get the best result.

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