



Registration of alcohol wholesalers

BRIEFING

STOP PRESS : the launch of the scheme has been delayed from 1 October 2015 to 1 January 2016

Introduction

The Government announced in the Autumn Statement of 2013, its intention to address alcohol fraud such as alcohol duty fraud, smuggling and diversion of alcoholic drinks into the UK with duty unpaid. It estimates that such fraud costs the taxpayer £1billion per year.

There have been significant increases in the illicit trade in alcohol. This high level of fraud has prevented legitimate wholesalers and retailers from competing fairly. The intention of the legislation is to introduce a registration scheme ("the Scheme") for all wholesalers of alcohol. The legislation will also impact on those businesses that purchase alcohol from wholesalers. The scheme is included in the Finance Bill 2015 to come into effect in January 2016.

The Scheme

Impact on the Wholesaler

Any person wishing to sell alcohol in wholesale quantities must apply for

This briefing note is not intended to be an exhaustive statement of the law and should not be relied on as legal advice to be applied to any particular set of circumstances. Instead, it is intended to act as a brief introductory view of some of the legal considerations relevant to the subject in question.

approval and be registered by HMRC. Any sale without this approval will constitute an offence:

- If the contravention is deliberate and concealed the penalty will be £10,000.
- If deliberate but not concealed the penalty will be £7000
- In any other case the penalty will be £3000

It is worth noting that where a penalty is payable by a company in respect of contravention attributable to an officer of the company, the officer is liable to pay such portion of the penalty as the HMRC may decide.

The approval may require the sale of alcohol to be carried out only at or from the premises specified or approved by HMRC. Wholesalers will be required to clearly display the HMRC approval reference number on all invoices involving alcohol.

Impact on the Retailer

The scheme is set to "remove the excuse of ignorance" from any off-trade or on-trade

outlet selling alcohol from an unregistered wholesaler.

An online register will be maintained and buyers will be expected to verify that the wholesaler they are purchasing from has been fully approved by the HMRC. From April 2017, licensed retailers will be required to demonstrate that they have bought alcohol from registered wholesalers.

Timetable

It is essential for wholesalers to register during a window from 1 October 2015 to 31 December 2015. These applications will be assessed by HMRC and may involve visits to the premises.

The programme of the assessments is forecast to take 15 months to complete. New businesses that wish to start trading and have not applied to register before January 2016 must apply to HMRC at least 45 working days before they intend to operate to ensure they are 'fit and proper'.

Conclusion

Wholesalers of alcohol must not ignore this new registration process. We should know more in the new year and we will be watching out for the registration process so do get in touch if you wish to know more. And we will, of course, be reminding our retailer clients of their new obligations closer to the implementation date.

For further information – please contact:



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