EXPLANATORY MEMORANDUM TO

THE SPIRITS (AMENDMENT) REGULATIONS 2013

2013 No 1229

1. This Explanatory Memorandum has been prepared by HM Revenue and Customs and is laid before Parliament by Command of Her Majesty.

2. Purpose of the Instrument

2.1 The purpose of the instrument is to consolidate and simplify the secondary legislation that governs the rectifying and compounding of spirits. It does so by (a) revoking the Spirits (Rectifying, Compounding and Drawback) Regulations 1988 ("the SRCDR") in their entirety, (b) inserting in the Spirits Regulations 1991 ("the Spirits Regulations") a provision requiring rectifiers and compounders to make entry to the Commissioners of their premises and plant and (c) removing from the Spirits Regulations a number of superfluous and redundant words and definitions. It also makes minor consequential amendment to the Duty Stamps Regulations 2006 and the Beer, Cider and Perry, Spirits and Wine and Made-wine (Amendment) Regulations 2006.

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

3.1 None.

4. Legislative Context

4.1 The primary legislation covering the rectifying and compounding of spirits is contained in sections 18-20 and 22 of the Alcoholic Liquor Duties Act 1979 ("the Act"). The secondary legislation is the SRCDR. The operative provisions of the SRCDR are in Parts II (Rectifiers and Compounders) and III (Drawback). Part III was automatically revoked with the repeal in Finance Act 2012 of section 22 of the Act.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As this instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- ***What is being done and why***

7.1 As described above, with the repeal of Section 22 of the Act, Part III of the SRCDR was automatically revoked.

7.2 The remaining operative provisions (contained in Part II) have been the subject of an internal HMRC review and the conclusion of that review was that the sole provision which should be preserved was the requirement that rectifiers and compounders should make entry to the Commissioners of their premises and plant.

7.3 By inserting a provision to that effect (and making certain minor associated amendments) in the Spirits Regulations, the entirety of the SRCDR could be revoked, thereby reducing the amount of unnecessary legislation and regulation.

- ***Consolidation***

7.4 There are no plans for consolidation beyond what is described above.

8. Consultation outcome

8.1 The spirits industry was consulted on the repeal of section 22 of the Act.

8.2 Informal consultation on these Regulations was held with the spirits industry in early 2013. No objection was raised to the Regulations.

9. Guidance

9.1 HM Revenue and Customs will provide guidance in the form of an update to the Spirits Notice (Notice 39 *Spirits Production in the United Kingdom*) which is accessible on the HMRC website at http://www.hmrc.gov.uk.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 There is no impact on the public sector.

10.3 A Tax Information and Impact Note covering this instrument will be published on the HMRC website at http://www.gov.uk/thelibrary/tinns.htm.

11. Regulating small business

11.1 The legislation will have no adverse effect on small business.

12. Monitoring & review

12.1 The measure will be subject to ongoing monitoring of the effects of the amendments by HMRC.

13. Contact

Paul Manson at HM Revenue & Customs (tel: 0161 827 0357) or e-mail: paul.manson@hmrc.gsi.gov.uk who can answer queries regarding this instrument.