



INTRODUCING A VOLUNTARY STANDARD FOR CUSTOMS INTERMEDIARIES

Issued 29 August 2023

ICAEW welcomes the opportunity to comment on the consultation regarding introducing a voluntary standard for customs intermediaries published by HMRC on 5 June 2023, a copy of which is available from this [link](#).

For questions on this response please contact us at taxfac@icaew.com quoting REP 82/23.

This response of 29 August 2023 has been prepared by the ICAEW Tax Faculty. Internationally recognised as a source of expertise, the ICAEW Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities on behalf of ICAEW, drawing upon the knowledge and experience of ICAEW's membership. The Tax Faculty's work is directly supported by over 130 active members, many of them well-known names in the tax world, who work across the complete spectrum of tax, both in practice and in business. ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark the tax system and changes to it, are summarised in Appendix 1.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 166,000 chartered accountant members in over 146 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

ICAEW 2023

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KEY POINTS

1. ICAEW is broadly supportive of the proposed voluntary standard for customs intermediaries as a way of improving the quality and consistency of service across the sector.
2. Our primary concern with the introduction of a voluntary standard relates to its interaction with other standards that already exist, or that are in development, with which it may overlap and potentially cause confusion. For example, we would stress the need for consistency with HMRC's [standard for agents](#) so that, as much as possible, different standards do not have different requirements. Also relevant to this consultation is the continuing discussion about raising agent standards in the wider tax services market and, in particular, how to address the risks posed by unaffiliated agents who are not subject to any oversight or sanctions if they perform poor work. The work of customs intermediaries is a sub-set of the wider tax services market and many of those providing services in the sector will be 'unaffiliated', ie. not members of a professional body and therefore not subject to any oversight. Any approach to raising standards in the customs sector should be consistent with any wider proposals aimed at raising standards across the unaffiliated sector.
3. This consultation is aimed clearly at seeking to raise standards in the 'unaffiliated sector'. That is entirely reasonable given the lack of any oversight of unaffiliated agents (we appreciate that there will be many good unaffiliated agents). However, the same concerns should not extend to the affiliated sector as those service providers are subject to rules and oversight aimed at ensuring professional behaviours and standards and thus a level of quality ICAEW members, as well as members of the other largest accountancy and tax professional bodies, already comply with the [Professional Conduct in Relation to Taxation \(PCRT\)](#) standard. Amongst other things, this includes an obligation to maintain professional knowledge and skill at the level required to ensure that a client receives competent professional service, and to comply with relevant laws and regulations. Para 1 of [Helpsheet A Submission of tax information and tax filings](#) to the PCRT also confirms that for these purposes tax includes duties.
4. For further details about the extensive compliance framework and standards required of ICAEW practising members and firms undertaking tax (and duties) work, we refer you to ICAEW's [Reliance on ICAEW firms undertaking Tax Work](#). The paper summarises the compliance framework and standards required of ICAEW practising members and firms undertaking tax work, as well as how the standards are enforced and concerns about poor work are addressed. As you will see from the paper, these requirements extend beyond the PCRT and provide a comprehensive framework of expected behaviours expected from ICAEW who provide tax services. We hope that the ICAEW framework may assist HMRC as it develops a voluntary standard, and we would be happy to discuss it in more detail with you.
5. Given the extensive existing requirements for members of a professional body such as ICAEW and others that subscribe to the PCRT, we would therefore recommend the exploration of the extent to which exemption or full credit can be given for being a member of a recognised professional body where many, if not all, of the desired characteristics sought by the proposed introduction of the voluntary standard are already in place in the affiliated sector.
6. Although the voluntary standard must be robust to ensure it has credibility, it should not be prohibitive for small businesses to obtain certification.
7. Similarly, it should not be prohibitive for independent organisations conducting certification to gain accreditation. It should be ensured that there are enough organisations able to certify intermediaries such that there is a functioning market in this area, so that cost of certification is not too high.
8. ICAEW remains available to provide input into the development of the voluntary standard throughout any subsequent stages of this consultation.

ANSWERS TO SPECIFIC QUESTIONS

About you

1) What type of business are you?

9. Professional body

2) What is the size of your business?

10. 250 or more employees

3) If applicable, how many movements do you make per year? Are they imports, exports, or both?

11. Not applicable

4) If applicable, how long has your business been importing or exporting goods, or supporting traders to import/export if you are an intermediary?

12. Not applicable

Objective of a voluntary standard

5) Do you agree that the primary objective of a voluntary standard for customs intermediaries should be to promote quality and consistency among customs intermediaries with an indication of quality, rather than to predominantly inform and educate? If not, what do you consider should be its primary objective, and why?

13. We agree that the primary objective of a voluntary standard for customs intermediaries should be to promote quality and consistency among customs intermediaries with an indication of quality.
14. Although it is important to educate and inform the sector on best practice, this does not provide traders with any comfort that the customs intermediaries they are considering comply with this best practice guidance.
15. For the voluntary standard to carry weight, it must be independently verifiable, and this points towards a standard promoting quality and consistency.

6) Do you agree that a voluntary standard for customs intermediaries should be suitable for independent, third-party verification that the standard has been met, in other words, certification? If not, what alternative form do you think the standard should take, and why?

16. We agree that a voluntary standard for customs intermediaries should be suitable for independent, third-party verification that the standard has been met.
17. Without this, the voluntary standard would have little credibility in the market.

7) Do you think certification bodies that provide that external verification should themselves be checked to ensure they are capable of assessing conformity to the standard, in other words, accreditation? Please provide details to explain your answer.

18. In principle we agree that certification bodies that provide external verification should themselves be checked to ensure they are capable of assessing conformity to the standard. The costs of accreditation need to be reasonable as otherwise that might limit the number of bodies providing such a service and the resulting costs may discourage intermediaries from adopting the standard.

19. However, it is crucial that the voluntary standard is applied uniformly across the sector and not dependent on who the intermediary has been certified by. That would damage the credibility of the standard and encourage a 'race to the bottom'.

Design and implementation

8) Do you agree with the key principles for the design and implementation of a standard as set out above (in other words a credible, collaborative approach between government and stakeholders, freely and readily accessible, monitored for usage and effectiveness)?

20. We agree with the key principles for the design and implementation of a standard; the process should be undertaken in partnership between government, industry and interested parties.
21. We would stress the vital role that ICAEW members can play in this process. Our members have a long history of implementing best practice across a range of compliance activities.
22. Furthermore, our members interact with the border industry both as intermediaries themselves, but also as interested parties working alongside more 'traditional' customs intermediaries. They can therefore ensure that a wider range of views are represented when determining best practice.

9) In your view, how could usage of the standard be encouraged?

23. As a voluntary standard, intermediaries will only seek certification if there is a likelihood that failure to be certified will lose the intermediary business.
24. This will be dependent on traders believing that certified intermediaries are more likely to provide a good service and that the attendant risks of employing a certified intermediary would be lower than using an uncertified intermediary.
25. Therefore, the usage of the standard could be encouraged by a government campaign to promote it as a robust benchmark of quality and consistency. HMRC could have a role to play in encouraging take-up by emphasising the higher risk profile of uncertified intermediaries and that this will feed in to HMRC's own risk analysis. Companies subject to the Senior Accounting Officer rules are likely to insist on using a certified intermediary which may assist in establishing credibility at the larger end of the market which in time would filter down to smaller companies.
26. HMRC may wish to consider maintaining a list of certified customs intermediaries, and a list of accredited certification providers, like the list it keeps of [customs training providers](#).

Content

10) What are your views on the above suggested components of the voluntary standard? Please include any suggestions for potential specific requirements within these general areas.

27. On the face of it, the suggested components of the voluntary standard appear reasonable. We would stress that the importance of the standard being consistent, wherever possible, with other similar standards, such as HMRC's [standard for agents](#). ICAEW remains available to help develop the voluntary standard throughout the subsequent stages of this consultation.

11) Should any of the suggested components not be included?

28. No comment.

12) Are there any areas missing that you feel should be included?

29. No comment.

13) Do you anticipate any unintended consequences arising from including any of the suggested content?

30. No comment.

14) Do you envisage any issues with measuring against these areas for the purposes of certifying intermediaries against this standard?

31. No comment.

Training and educational offerings for the customs intermediary sector

15) If you are an intermediary, do you or your organisation use external training offerings? Please provide details to explain why/why not.

32. Not applicable

16) If you are an intermediary, do you or your organisation provide internal training? Please provide details to explain why/why not.

33. Not applicable

17) If you answered 'yes' to Question 15 or Question 16, what aspects of your work do you use external and/or internal training for? If you use both external and internal training, please explain if you use them for different aspects of your work (such as external training on customs processes, but internal training on using CDS).

34. Not applicable

18) If you answered 'yes' to both Question 15 and Question 16, have you found either external or internal training to be more beneficial to your day-to-day work?

35. Not applicable

19) Do you think there are currently sufficient, adequate training offerings available to intermediaries? Please provide details to explain why/why not.

36. We note that HMRC's own list of customs training providers lists 148 training providers, including a number of ICAEW member firms. We cannot comment on whether this is a sufficient number of training offerings.

37. We are also not in a position to comment on whether any of the offerings are adequate.

20) Considering the training and qualifications available to and undertaken by intermediaries, how do you think competence or education should be referenced within a voluntary standard? Please provide details to explain your answer.

38. If qualifications are required to comply with the voluntary standard, HMRC will need to ensure that the qualifications themselves are vetted to ensure accuracy and consistency.

39. We note that the qualifications provided by [UK Customs Academy](#) in this area are aligned with the [qualification levels of England, Wales and Northern Ireland](#).

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. Statutory: tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. Certain: in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. Simple: the tax rules should aim to be simple, understandable and clear in their objectives.
4. Easy to collect and to calculate: a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. Properly targeted: when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. Constant: Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. Subject to proper consultation: other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. Regularly reviewed: the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. Fair and reasonable: the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. Competitive: tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see <https://goo.gl/x6UjJ5>).