

Customs sites: responsibility and liability

- “An operator of a Freeport customs site will be **jointly and severally liable** with a declarant for any import duty liability arising where there is a breach of any requirement of the Freeport operator’s authorisation in relation to the keeping of goods in the Freeport customs site.”

(Freeports Bidding Prospectus para 3.4.5)



Customs sites: responsibility and liability

- Operators of Freeport customs sites must:
 - adhere to the specific anti-illicit trade and security measures set out in the OECD Code of Conduct for Clean Free Trade Zones;
 - meet regulatory obligations under the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations.



Customs sites: responsibility and liability

- Customs sites must be authorised.
- This authorisation includes meeting requirements set out by HMRC and Border Force and may involve other departments or agencies including Defra.
- Authorisation will be based on existing Authorised Economic Operator security and safety (AEO(S)) standards.



Customs sites: authorisation criteria

- Measures to prevent unauthorised access to the Freeport customs site – this involves having robust perimeter security measures such as fences, controlled access gates and lighting to secure goods within the customs site
- Having appropriate measures in place to ensure that businesses operating within the Freeport customs site are complying with the relevant security requirements
- Ensuring that their external service providers, e.g. cleaners, caterers, software providers, contractors, or security companies meet the relevant security requirements



Customs sites: authorisation criteria

- Operators of Freeports customs sites will need to have secured a HMRC-approved inventory linking system that would ensure control of the movement of goods entering and exiting the Freeport customs site.
- Additionally, the inventory linking system would need to ensure control of movement of goods between different Freeport locations and between a Freeport customs site and ports.



Customs sites: authorisation criteria

- As excise goods are subject to additional controls to mitigate the risk of illicit trade, bidders will need to comply with additional requirements.
- Potential operators will need to demonstrate that they are a **“fit and proper” person** to allow excise goods to enter and be processed in the Freeport customs site in line with the existing excise rules and conditions. This ensures a level playing field with excise businesses in the rest of the UK and helps to protect the revenue in respect of excise goods held in duty suspension within the Freeport customs site.



Who pays?

- The government will expect bidders to meet the cost of establishing and securing these sites according to these requirements. Overly expansive or inadequately secured customs sites will not be authorised.
- The operator of the site (who monitors goods moving in and out of it) must be approved by HM Government. Businesses who operate in the operator's site must also be approved by HM Government. The process for becoming an approved site operator and business operator will open after the successful locations are announced. Bidders should ensure that the operator of each customs site is willing and able to undergo the relevant customs authorisation.