



United Kingdom Warehousing Association

UKWA comment on Government's response to consultation on Fulfilment House Due Diligence Scheme - December 2016

The government has now published the response to the proposed FHDDS consultation which took place earlier this year.

We are pleased to see that our views have been taken on board and the proposals for the FHDDS have been modified, most significantly to provide a more narrow definition of what is a fulfilment house.

Also, the government has decided not to require those delivering to and from businesses that might be operating as fulfilment houses to check the details on a register each time.

The new definition of a fulfilment house is a business that operates a fulfilment business, meaning:

- some or all of the storage and fulfilment premises of the business are located in the UK
- the storage and fulfilment premises must wholly or partly contain 'relevant goods' (see below)
- the fulfilment business arranges for the customer to receive the relevant goods (either by initiating delivery or allowing collection)

Relevant goods are third country goods that:

- have been imported into the EU
- are in free circulation at the point when they arrive at the fulfilment business's premises in the UK
- do not normally have a delivery address beyond the address of the fulfilment business
- are owned by a business located outside of the EU until such time as they are sold to the customer

The new proposed legislation will be the subject of consultation in the new year, which UKWA will attend. The key points of the new proposals are:

- legislation to be introduced in the Finance Bill 2017
- the new scheme will be effective from 1st April 2018
- Fulfilment Houses will be required to register with HMRC and carry out due diligence checks on overseas customers

It is hoped that this new legislation will combat the abuse (undervaluation and misuse of duty relief schemes) that is apparent in some trade via online marketplaces.

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UKWA is a leading trade organisation for the logistics sector, with 700 members many of whom provide logistics services for companies involved in international import and export trades to and from the United Kingdom. The sector we represent is worth £93 billion to the UK economy with 1 in 12 people employed in the logistics industry. Our membership includes many companies operating both customs and bonded warehouse operations.