

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Eleventh Delegated Legislation Committee

CUSTOMS SAFETY AND SECURITY PROCEDURES
(EU EXIT) (NO. 2) REGULATIONS 2019

Monday 7 October 2019

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The Committee consisted of the following Members:

Chair: DAVID HANSON

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| † Blackman, Kirsty (<i>Aberdeen North</i>) (SNP) | † Rutley, David (<i>Lord Commissioner of Her Majesty's Treasury</i>) |
| † Crabb, Stephen (<i>Preseli Pembrokeshire</i>) (Con) | † Smith, Jeff (<i>Manchester, Withington</i>) (Lab) |
| † Dowd, Peter (<i>Bootle</i>) (Lab) | † Smith, Royston (<i>Southampton, Itchen</i>) (Con) |
| † Garnier, Mark (<i>Wyre Forest</i>) (Con) | † Stride, Mel (<i>Central Devon</i>) (Con) |
| † Hughes, Eddie (<i>Walsall North</i>) (Con) | † Timms, Stephen (<i>East Ham</i>) (Lab) |
| † Malhotra, Seema (<i>Feltham and Heston</i>) (Lab/Co-op) | † Walker, Thelma (<i>Colne Valley</i>) (Lab) |
| † Morris, Anne Marie (<i>Newton Abbot</i>) (Con) | † Williams, Dr Paul (<i>Stockton South</i>) (Lab) |
| Nandy, Lisa (<i>Wigan</i>) (Lab) | Bradley Albrow, <i>Committee Clerk</i> |
| † Norman, Jesse (<i>Financial Secretary to the Treasury</i>) | |
| † Rowley, Lee (<i>North East Derbyshire</i>) (Con) | † attended the Committee |

Eleventh Delegated Legislation Committee

Monday 7 October 2019

[DAVID HANSON *in the Chair*]

Customs Safety and Security Procedures (EU Exit) (No. 2) Regulations 2019

4.30 pm

The Financial Secretary to the Treasury (Jesse Norman): I beg to move,

That the Committee has considered the Customs Safety and Security Procedures (EU Exit) (No. 2) Regulations 2019 (S.I. 2019, No. 1219).

It is a pleasure to serve under your chairmanship, Mr Hanson. I welcome Members to the Committee. The Government's aim is to leave the European Union on 31 October 2019 with a deal that works for citizens and businesses. Until that final deadline, we will make every effort to reach an agreement with the EU, but we also have a duty to prepare and plan for all scenarios, and to prepare comprehensively for Brexit. Today we are considering a statutory instrument that is part of the Government's package for preparing for the possibility of the UK leaving the EU without a deal.

I hope the Committee will allow me to set out the context of this provision, which the Government wish to introduce to manage the safety and security risk of goods entering and leaving the UK. The measures maintain many aspects of the current safety and security regime. They will facilitate the flow of trade, while working to ensure the continued safety and security of our borders.

In 2005, the World Customs Organisation adopted the SAFE framework of standards as a deterrent to international terrorism, to secure revenue collections, and to promote trade facilitation. As a result, safety and security declarations became required when goods moved across borders. Previously, as part of the EU, the UK required safety and security declarations only for goods leaving or entering the EU. If the UK leaves the EU without a deal, UK importers and exporters will be required to complete safety and security declarations for goods moving to and from the EU, as well as to and from the rest of the world, as happens at present.

The statutory instrument has four key purposes. First, Her Majesty's Revenue and Customs has listened to industry concerns about the readiness of businesses to comply with UK-EU safety and security requirements on trade from day one, so the instrument gives businesses more time to prepare to start to submit declarations to HMRC for movements to and from the EU. The instrument introduces a 12-month transitional period until 1 November 2020, during which there will be no requirement for entry summary declarations for goods imported from territories where the UK does not currently require the declarations. That means that entry summary declarations will not be required for imports from the EU.

Entry summary declarations will continue to be required for goods imported from the rest of the world. The UK will therefore continue to receive the same safety and security import declarations in a no-deal scenario as it

does today. The transitional period introduced by the instrument applies to declarations that the UK does not currently receive. As a result, there is no increased security risk to the UK from this approach.

Secondly, the instrument gives HMRC a discretionary power until 1 November 2020 to allow businesses to submit safety and security declarations for certain exports after the goods have left the UK. That is a contingency power, subject to HMRC's discretion, and the specifics will be set out in a public notice. The power will be used, if required, in combination with a similar power granted in a previous statutory instrument to extend the period in which the export customs declaration has to be provided. Together, that will be used to allow more time, if needed, to provide the combined export customs declaration and export safety and security declaration. If needed, HMRC will use these powers to facilitate the movement of goods and assist with the continued free flow of trade.

Thirdly, the instrument removes until 1 May 2020 the requirement for exit summary declarations for empty containers, empty pallets and empty vehicles moving from the UK to the EU. They are also not required for any spare parts, accessories and equipment for pallets, containers and means of transport. Those declarations are not required at present, so the Government are giving businesses a longer time to prepare.

Finally, the instrument also clarifies that a combined export and safety and security declaration can be accepted when exporting goods, so that exporters are not required to submit separate exit summary declarations.

The instrument does not apply to movements of goods between Northern Ireland and Ireland. A previous statutory instrument set out that in a no-deal scenario there would be no safety and security declarations between Northern Ireland and Ireland. The Government are committed to supporting the all-Ireland economy by avoiding checks and infrastructure at the border between Northern Ireland and Ireland. Under no circumstances will we put in place infrastructure, checks or controls at or near the border between Northern Ireland and Ireland.

In conclusion, this instrument strikes what we believe is the right balance between giving traders time to prepare for new arrangements with the EU and maintaining the safety and security of the UK, and I commend the regulations to the House.

4.35 pm

Peter Dowd (Bootle) (Lab): As always, it is a pleasure to see you in the Chair, Mr Hanson. I was confused at the beginning of this Committee when the right hon. Member for Central Devon came into the room; I thought he was going to sit in the Minister's place again, and that there had been a coup d'état, but alas, there has not.

The Minister spoke about the readiness of business. Well, business is not ready to exit the European Union; that is why we are considering these provisions. The Government have not prepared as they should have done. Instead, they have extended the time for business to prepare. Why? Because businesses are not ready. He said that there will be no safety and security declarations. He gallantly kept a straight face when he said that, but

then he went on to talk about introducing this measure in order to avoid checks. The only thing it is avoiding is reality.

I hope that Government Members will not take this personally, but it is not the same pleasure to see them as it is to see you, Mr Hanson, because of the out-of-kilter numbers on this Committee and their dominating effect. The Government have no majority, no authority and no hope, but they have stitched up and stashed out this Committee. The Government majority is fewer than 43, but the proportion of Members on this Committee is still out of kilter. When I was a councillor in local government in 1986, the Conservatives introduced legislation that made it illegal to have a committee on which the numbers were completely out of kilter, but this Committee is out of kilter. I must make that protest today.

The Chair: The hon. Gentleman has put that point on the record, but it is not actually within the scope of the Customs Safety and Security Procedures (EU Exit) (No. 2) Regulations 2019.

Peter Dowd: You have been completely indulgent in that regard, Mr Hanson. Notwithstanding that point about the nature of the Committee, I start by saying that this statutory instrument follows on from the broad powers that the Executive accumulated through the Taxation (Cross-border Trade) Act 2018 of fond memory, the Trade Bill and the European Union (Withdrawal) Act 2018, which allowed them to make shifts in policy via secondary regulations—powers that make Henry VIII look like a wilting flower. That method seemed designed specifically to undermine proper scrutiny. We are trying to undertake proper scrutiny today, but that is undermined by the lack of balance on the Committee that I referred to. We see the processes subverted time after time.

In recent weeks, there has been an excellent article that the Minister might find useful by Alexandra Sinclair and Joe Tomlinson of the UK Constitutional Law Association. It is called, “Eliminating Effective Scrutiny: Prorogation, No Deal Brexit, and Statutory Instruments”. There are several articles in the series.

As hon. Members are aware, these regulations relate to the Union customs code and Commission Delegated Regulation (EU) 2015/2446. I turn to regulation 2, as you will be pleased to hear, Mr Hanson. It is on the modification of the regulation laying down the Union customs code, and appears to smooth the seams between the Union customs code and the more recent customs Act, the Taxation (Cross-border Trade) Act 2018, which introduced far-reaching powers to amend the UK customs procedure that I mentioned. If I am right, regulation 2 seems to be a tidying-up measure to align UK legislation with the Union customs code. Specifically, it seeks to ensure that an export declaration, as defined by the 2018 Act, is included under the Union customs code definition of a customs declaration, and as we speak, there is an urgent question in the Chamber on the schedule of tariffs in the event of a no-deal Brexit.

Regulation 3, headed “Modification of Commission Delegated Regulation (EU) 2015/2446 supplementing certain provisions of the Union Customs Code”, perhaps provides more interest. Its first part, which inserts a new article 104(6) in the Commission delegated regulation, appears to give broad powers enabling us to override EU legislation and apply import duty to pallets, which

the Minister mentioned, spare parts, containers and means of transport. Can the Minister explain why that waiver is necessary, and in what circumstances he could see import duty needing to be applied to those goods?

Regulation 3(3) inserts a new paragraph after article 244(4) of the Commission delegated regulation. That paragraph proposes that the time limits that apply to pre-departure declarations on travelling by different means of transport should continue to apply until November 2020, as the Minister said. If I have got this right, 1 November 2020 will fall slightly before the end of the proposed transition period. Can the Minister explain why?

Regulation 3(4) inserts a paragraph after article 245(2) that extends the power to waive pre-departure declaration in certain circumstances. That paragraph creates a new class of goods for which a pre-departure declaration would not have to be lodged. Unfortunately, though, the class of goods created is

“goods that would benefit from the waiver”

and

“goods that would so benefit if Article 104(1)(e) applied to goods carried under a transport contract.”

That does not clarify matters. This appears to be a rather circular piece of legislation, allowing a waiver to be applied to any good that would benefit from it. I am afraid that that will provide little certainty for businesses that are trying to understand how the regulations will affect them. Where is the Government guidance on this proposal?

Perhaps the Government are too busy using taxpayers’ money to advertise the point that the UK is leaving on 31 October to do what they should be doing, namely pulling their finger out and giving useful or credible guidance that might, God forbid, actually be of some help to businesses. Perhaps the Minister could clarify how a business will know what is waived under proposed new article 245(3). Can he give examples of goods that would qualify for the waiver?

The final regulation, regulation 4, amends the date set out in earlier regulations. I am afraid that the Government appear to have bungled this. The original Commission delegated regulation said:

“Until 1 October 2019, the lodging of an entry summary declaration shall be waived in respect of goods which before then are in transit to or are brought into the customs territory of the Union from a place where, in relation to that territory, such a declaration was not required before exit day.”

As hon. Members will note, it is 7 October—6 days after the end date set out in the above passage. Perhaps the Minister can enlighten us. Has the waiver been dropped since last Tuesday, only to be re-introduced should these regulations be agreed to? What are the implications for this gap in the law for business? Could businesses be legally liable for not lodging an entry summary declaration over the last 6 days? Is this competent on the part of the Government? It is a wonder that they want to centralise all these powers when they get things wrong in doing so. With these regulations, the Government have sown more confusion in an environment where exactly the opposite is needed.

In conclusion, today’s process, aligned with the illegal prorogation of Parliament, the stifling of Opposition day debates in the Chamber, the unprecedented use of “no amendment to the law” clauses in, I think, the last

[Peter Dowd]

four Finance Bills, the stitched-up Committee membership, the use of unbridled secondary legislation and a Prime Minister who, with the connivance of Conservative Members, cannot even have a veracious discussion with a 93-year-old woman—namely the Queen—is deeply worrying.

4.45 pm

Kirsty Blackman (Aberdeen North) (SNP): It is a joy to be here under your chairmanship, Mr Hanson, discussing customs once again. Along with the hon. Member for Bootle, the right hon. Member for Central Devon and many others, I have fond memories of going through the customs Bill in the House.

I have quite a few questions, mostly about the process that the legislation has followed and the logic behind our discussing the regulations today. I am very keen to know why this delegated legislation was not brought before the House in good time, before the Prorogation that did not exist. Given that we knew that the previous legislation, as the hon. Member for Bootle mentioned, took us up to only 1 October, why was this change not made previously?

Added to that, why was the change not introduced in good enough time for it to go to the sifting Committee, the European Statutory Instruments Committee, where it could have gone through the normal sifting processes and been looked at by that group of people? I am a member of the sifting Committee, and I have found it incredibly useful to go through the instruments that require sifting. We are able to give Committee members, and other Members across the House, a heads-up on things that require more scrutiny. More notice for Members is always a good thing. We have a ridiculous number of statutory instruments on the agenda today, and we have had a fairly short time to look at them. I would not imagine that the scrutiny that has been done is the best it could possibly have been, as we have not had as much time as we should have had.

The reason why I believe that the Government should or could have brought forward the information before now is the fact that they mention in the explanatory memorandum that an event was held with industry in January, when HMRC heard from industry that it did not have the capacity to comply with the security and safety changes as of exit day. The Government should have known at that point that changes would be required to the legislation, and should have made them much earlier. I would appreciate it if the Minister could let us know why that has not happened. I am focusing particularly on giving HMRC discretionary power to allow up to 12 months extra for a waiver to be granted to individuals.

Paragraph 13.3 of the explanatory notes states:

“Guidance will be published online and on social media platforms and HMRC have customer contact centres that can provide advice on what to do leading up to the UK departure date.”

Can the Minister confirm whether that guidance has already been published, seeing as this instrument was put forward in made affirmative form, and that the Government could therefore have assumed that it was likely to go through, given the choice of process? Has that guidance been published?

This morning, when I walked to school with my daughter, she asked me how many days until Halloween, because Halloween is much more important to her than Brexit day. I looked at my watch and said, “It’s 24 days.” That is 24 days for these companies to look at potential new guidance that may or may not be online at this moment in time. I do not think that that is enough time for companies to work out what they will need to do, or not do; as the hon. Member for Bootle said, there is not a huge amount of clarity about which goods, companies and organisations will be able to get the waiver, and which ones will not.

There are a huge number of instances, especially in the customs Act, but also in a number of areas around financial services, for example, in which HMRC has been given a huge amount of discretion on how to take things forward. It is being given a huge amount of power as to how to take things forward and write guidance. I understand that HMRC is the expert on this and needs a certain amount of discretionary power, but it seems to me that we are giving quite a lot of discretionary power to HMRC on this basis.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): The hon. Lady is making an important point about an area of concern. The explanatory memorandum says,

“HMRC will only use the power if needed to respond to business un-readiness that is greater than anticipated.”

It is not clear how “greater than anticipated” will be determined, how transparent the use of the power will be, or who will not be granted an extension.

Kirsty Blackman: I absolutely agree with the hon. Lady. In reality, the legislation does not provide more clarity to businesses. In fact, it provides less, because they do not know whether HMRC will be able to grant them the waiver using this discretionary power. Businesses will still have to prepare to put in safety and security declarations because there is no clarity from the Government on whether they definitely will or will not be included in the new regime. It would have been sensible of the UK Government to lift the clauses from the Union customs code and use them to make the customs Act work, but they chose not to.

Peter Dowd: On readiness, as the hon. Lady points out, we are less than a month away from leaving the EU, which we have been told will happen come what may, ditches included. It says on Gov.uk:

“Contact your vehicle insurance provider 1 month before you travel to get green cards for your vehicle, caravan or trailer.”

How many of those who know that they are going away in less than a month have their documentation ready?

Kirsty Blackman: Certainly too few. In fact, I discovered relatively recently that France and Spain, for example, have different regulations for those taking caravans, trailers or cars abroad. If someone were planning to do some kind of tour around those countries—that is perfectly feasible, given that they have much warmer weather than us at this time of year—they would need different permissions, depending on the country that they are going to. I am particularly concerned that many individuals will not have contacted their insurer in good time.

More specifically on businesses and the waiver, we know that businesses are not prepared for Brexit. If the Government are setting out to try to make things easier for businesses, they are abjectly failing to do so. In reality, the Government chose not to lift and shift the Union customs code. Had they chosen to lift and shift from the code, they would have had to take out certain parts because of the way that it works, but when the customs Act was written—I made this point at the time—the Government chose to bodge some parts of it and do them completely differently, with no rhyme or reason about the way to take it forward. For businesses, that has made things much more complicated than they needed to be. The Government have chosen that route and made the nuts and bolts and red tape much more complicated for businesses.

In circumstances where HMRC does not decide to grant the discretionary waiver to businesses and requires them to submit two separate declarations of security and safety work, how much additional money will that cost businesses? I understand from the explanatory memorandum that an analysis of the cost to businesses has to be done if it is likely to pass a certain threshold. The explanatory memorandum does not state the amount that it would cost businesses to submit those two separate declarations if HMRC decides that it will not use its discretionary power.

The hon. Member for Feltham and Heston mentioned the “greater than anticipated” wording. What level of unreadiness is anticipated? Do the Government anticipate that 50% of businesses making declarations will fail to do so adequately? Does the power kick in only if 51% of businesses fail to do so adequately? What is the anticipated failure rate by businesses before the legislation kicks in for HMRC? I feel that this has been put together in a shoddy way, and that it could have been done much better. Better scrutiny could have been applied if the Government had chosen the better processes that the House agreed for the sifting Committee. The reason we are in this mess today—aside from Brexit in general—is that the Taxation (Cross-border Trade) Act 2018 was not good enough and did not give enough certainty to businesses. That is why we have had to amend it a number of times before exit day.

4.55 pm

Stephen Timms (East Ham) (Lab): It is a pleasure to serve under your chairmanship, Mr Hanson. I have a question for the Minister that builds on those that have been asked. I understand that safety and security information will be required on all goods transiting between the UK and the European Union. That has not been necessary before; it is onerous, difficult and complex, and both entry summary and exit summary declarations would normally be required. I can well see the sense of the UK authorities deciding that they do not want those declarations for the first 12 months, or six months in some cases.

What I do not think the Minister has told us is whether the EU side will still require those declarations. When there is an entry declaration required of the EU, presumably the EU would require an exit summary declaration. Similarly, when the UK would require an exit summary declaration, the EU would require an entry summary declaration. It is a good thing that, at least for a period, the UK will not require all those

difficult and costly declarations, but can the Minister tell us whether the EU will issue a similar waiver for the first 12 months, or will all that information still have to be compiled in order to satisfy the needs of the EU authorities, even if HMRC will not require it? That strikes me as yet another very damaging burden that is being imposed on UK firms—perhaps not for the first 12 months but certainly thereafter—if we leave the EU without a deal. Under these proposals, in a year, that damaging burden will be imposed anyway. That strikes me as another good reason why Parliament has determined that if we do not have a deal by the end of this month, the Government need to apply to the EU for an extension—precisely so we do not have to impose those costly and difficult burdens on UK firms.

4.57 pm

Jesse Norman: I thank colleagues for the peppering of questions about this piece of legislation. Let me start, if I may, with the hon. Member for Bootle, who was very dismissive of business’s preparedness. He did not recognise the Herculean efforts made to assist businesses with that. If there had not been the delays to Brexit, business would take the current work of the Government more seriously. The Government are attempting to make people understand the reality of the departure from the EU on the 31st of this month.

The hon. Gentleman criticised the Government for making powers via secondary legislation. If the Labour party wished to eschew secondary legislation—if it ever came to power, God forbid—that would be an interesting declaration, and we would look forward to hearing it. Secondary legislation has been a very important part of our system of government for many a long year. It is particularly helpful in areas where regulations can be used to give effect to primary legislation, as in this case.

The hon. Gentleman raised a whole series of questions, which I will go through before turning to others’ questions. He asked why 1 November 2020; as I mentioned, hauliers and carriers have consistently told us that they require 12 months to prepare to submit safety and security declarations. They are increasingly asked to fill these things in directly themselves; they have asked for that extra time, and we are seeking to accommodate them. He asked why there should be a six-month waiver on applying security declarations for empty pallets on exit. The matter is relatively straightforward: if the pallets themselves, or the empty vehicles themselves, are not being exported, there are no goods being carried by them for which safety and security declarations would be required.

The hon. Member for Bootle and the hon. Member for Aberdeen North asked about guidance. There are two forms of guidance. As regards the SI, the guidance the hon. Gentleman seeks is in the explanatory memorandum. As regards the policy roll-out, HMRC has already set out that it will provide guidance and support to assist businesses when the time comes for them to submit declarations.

Kirsty Blackman: Will the Minister clarify whether HMRC has published that guidance already?

Jesse Norman: HMRC has published some guidance already, and plans to publish more in time for the moment when declarations may come into force.

[*Jesse Norman*]

The hon. Member for Bootle asked whether these powers have the effect of undermining scrutiny. He should be aware that of course Border Force will continue to run checks on goods in the way it does at the moment, and these declarations are independent of customs declarations that might be made.

Peter Dowd: I wanted clarity about the declarations because one has to be prepared in advance of the potential for a declaration. Rather than having the guidance only when one gets to the declaration, would it not be much more appropriate to have that guidance laid out clearly and unambiguously much earlier, in advance of the need to make the declaration?

Jesse Norman: I think the hon. Gentleman is making my point for me. The instrument introduces a 12-month transitional period until 1 November 2020, during which there is no requirement for entry summary declarations for goods imported from territories where the UK does not currently require them. That is precisely in order to allow people to adopt guidance as necessary.

Stephen Timms: I am grateful to the Minister for explaining that the UK authority is not going to require these declarations, but what about the EU side? Will the EU still require them? He makes the point that businesses need 12 months to prepare. Are they going to be ready to meet the EU's requirements, which obviously are not covered by the SI?

Jesse Norman: That is true. The right hon. Gentleman raises the question he asked in his speech, so let me take that point out of order. The EU has indicated that it will still require declarations, and of course declarations are required already on goods imported from outside the EU. That structure is not changed as regards imports; as regards exports, exporters will need to adjust.

Stephen Timms: I am grateful to the Minister for that answer, but if the information and declarations are still required by the EU side, what is the benefit in not requiring them on the UK side?

Jesse Norman: The benefit is that we require, for imports, declarations of safety and security that are reasonably full and cover a whole variety of different elements, and we will need to assure ourselves in due course, if and when we introduce declarations following a no-deal scenario, that that data is being provided. Of course, not to have to provide that, and to give oneself the opportunity to put in arrangements that allow it, is a considerable benefit.

Stephen Timms: I think the Minister is telling us that businesses need 12 months to prepare for providing these declarations, but he is also telling us that, from day one of a no-deal Brexit, the EU is going to require those declarations from our businesses. How are they expected to cope with that?

Jesse Norman: It has always been built into the situation that we cannot control what EU countries may insist or demand. There have been plenty of other areas in which the EU has sought to give reliefs or allow easements for the first period. It has chosen not to do so in this case, but that does not bear on the question of

what we require as a matter of import security declarations from our own hauliers and others. That is what the statutory instrument seeks to address.

The hon. Member for Aberdeen North asked about the timing and the process by which the statutory instrument was laid before Parliament. As she will be aware, it was laid on 4 September, which was in plenty of time before 31 October. It should be understood that it was thought at that point that Parliament was going to be prorogued, and that there would have been time to assess the instrument after that, but the timing reflects the reality.

The hon. Member for Aberdeen North asked how the SI relates to the earlier SI introduced by my right hon. Friend the Member for Central Devon. Being in front of him is like being a young priest being pushed up for ordination with the Pope sitting behind him in St Peter's. It is a great privilege and honour to have him behind me. He will know better than anyone that the SI replaces the earlier one and will come into effect from day one if we have a no-deal scenario.

The hon. Member for Aberdeen North raises an important question about whether too much power has been given to HMRC. She will know that, more widely, I have asked HMRC, alongside Her Majesty's Treasury, to conduct a serious investigation into the balance of its powers, and to make recommendations on how those can be adjusted. In this case, the power is relatively limited. To remind the Committee, it is a discretionary power, lasting for a year, that allows businesses to submit safety and security declarations for certain exports after the goods have left the UK. It is subject to HMRC's discretion, but it is required to be exercised according to a public notice.

The broad point is that this is designed to be an intervention that allows HMRC discretion to give additional easements. HMRC does not believe that it needs to do that at the moment; it wishes to have the power to make those easements, conceivably for a 12-month period. In order to do that, it will have to consult Ministers and publish a public notice. It would be a matter of intense public interest if there was any suggestion that those easements picked out a particular subsection in a discriminatory or unfair way, so there are implicit constraints, both of time and of public pressure, on how those powers can be exercised.

Kirsty Blackman: I suppose my concern was not just about this SI, but about the fact that I have sat on so many Delegated Legislation Committees, and Committees scrutinising primary legislation as well, that have given additional discretionary powers to HMRC that it can exercise just by means of a public notice, potentially in consultation with Ministers. It seems that HMRC now has a huge amount of these powers that it did not have two or three years ago. I am concerned that it now has too much power, or that nobody is doing an assessment of the powers. I am pleased about the overview. It would be incredibly useful if the Minister could assure me that it will look at all the new discretionary powers that HMRC has gathered.

Jesse Norman: That is a very interesting suggestion. The work that is being done at the moment has to do with the way HMRC exercises powers in relation to UK

taxpayers, particularly individual taxpayers. Once Brexit has taken place, it would be a very interesting idea to consider whether there should be a further piece of work to assess whether there has been a ratchet in some way that has granted HMRC powers that it ultimately should not have. If the hon. Lady is happy with this, I will take that away and reflect on it, because it is an interesting suggestion. I am grateful to her for it.

I was asked how much declarations and the full panoply of the costs associated with Brexit will affect businesses. The Committee will be aware that this has previously been estimated at £6.5 billion, a fact that has been in the public domain for some time. The impact assessment that has just been published has pushed the figure up to £7.5 billion. Although that is a significant increase of £1 billion, it appears to be related mainly to an increase in business activity and trade over the period measured, and also to a slight tweak to the methodology, rather than to any large rise in underlying costs.

The hon. Member for Aberdeen North raised the issue of the UCC. She will be aware that the Union customs code requires safety and security declarations. We are seeking to waive them and have clarified that we will continue the process of combining export and safety and security declarations. It has been deemed straightforward to incorporate aspects of this directly into our law, rather than to go via the UCC, but I am thankful for the question.

Question put and agreed to.

Resolved,

That the Committee has considered the Customs Safety and Security Procedures (EU Exit) (No. 2) Regulations 2019 (S.I. 2019, No. 1219).

5.10 pm

Committee rose.

