

Explanatory Memorandum to Tynwald Members

Issued by the Department of the Treasury

To the Hon Laurence Skelly MLC, President of Tynwald and the Hon Council and Keys in Tynwald assembled

1. Title of measure

Fulfilment Business (Miscellaneous Amendments and Transitional Provisions) Regulations 2021.

2. Changes in policy

None.

3. Effects of the measure

These Regulations make amendments to the Fulfilment Businesses Regulations 2018 as a consequence of the United Kingdom leaving the European Union.

Part 3 of the regulations make transitional provisions in relation businesses that need to register for the Fulfilment House Due Diligence Scheme from IP completion day as a result of the United Kingdom's departure from the European Union.

The transitional arrangements only apply to fulfilment houses that:

- were carrying on a fulfilment house business before the end of the transition period but were not registered for the Fulfilment House Due Diligence Scheme because all of the goods stored were acquired from within the EU and owned by EU businesses
- start carrying on a fulfilment house business between IP completion day and 30 June 2021 and would not have required registration under the Fulfilment House Due Diligence Scheme if it was operating immediately before IP completion day. This means that this new fulfilment house business only has customers who are based in an EU member state after the end of the transition period
- start carrying on a fulfilment house business between 1 July 2021 and 30 September 2021 and has customers who are based outside the Isle of Man and United Kingdom.

4. Reasons for the measure

Under the terms of the Customs and Excise Agreement the Island is obliged to maintain its Customs regimes in line with that of the UK.

These are transitional provisions for business that need to register for the Fulfilment House Due Diligence Scheme.

5. Resource implications

It is not expected that this measure would involve any significant resource or revenue implications.

6. Tynwald procedure

These regulations are made under section 95 of the Value Added Tax Act 1996 and sections 51(1) of the Taxation (Cross-border Trade) Act 2018, as it has effect in the Island.