

CCBS – LEGISLATIVE AFFAIRS

16 March 2018 – 23 March 2018



Northern Ireland
Assembly

The Northern Ireland Assembly was dissolved at 00:01 on Thursday 26 January 2017.



Thursday 22 March 2018

Department of Finance

Brendan Smith asked the Minister for Finance the additional measures he plans to implement to counteract cross-Border illegal trading in goods such as fuels and tobacco; and if he will make a statement on the matter.

Paschal Donohoe: The threat that fuel fraud and the illicit tobacco trade pose to legitimate business, to consumers and the Exchequer is recognised and I am advised by Revenue that tackling such criminal activity has been one of their priorities over recent years.

Revenue's strategy for combatting the illegal fuel trade has included the introduction of stringent supply chain controls and reporting requirements for fuel transactions to minimise the scope for fraud. It also included a programme of enforcement action, underpinned by legislative changes including a "reckless trading" provision under excise law for oil traders, that have been introduced over a number of Finance Acts, to strengthen Revenue's powers for dealing with this kind of fraud. In addition, Revenue and HM Revenue and Customs in the United Kingdom undertook a joint initiative

to introduce from the beginning of April 2015, in Ireland and the United Kingdom, a new fiscal marker for use in marked fuels.

I understand that the industry view is that the measures implemented to date have been successful in significantly curtailing fuel fraud in Ireland. This view is supported by a significant increase in tax revenues from road diesel in recent years. I am also advised that Revenue conducted National Random Sampling Programmes in 2016, 2017 and 2018 with a view to obtaining an updated picture of the extent of the fuel laundering problem. The programmes involved selecting a random sample comprising nearly one in every ten of the 2,500 holders of Auto Fuel Trader Licences (any trader that produces, sells, deals in, or keeps for sale or delivery road diesel is legally obliged to hold such a licence). Road diesel samples were taken from all traders in the programme and tested for the presence of the marker introduced in 2015. In all three years, no evidence of this marker was found in any of the samples tested. This constitutes persuasive evidence that the strategy undertaken in recent years has resulted in the near elimination of selling of laundered product at retail level. The available evidence to date indicates that Accutrace cannot be laundered by conventional methods.

I am advised by Revenue that while the effectiveness of the measures introduced over the last few years is very welcome as is the very positive outcome of the collaboration with HMRC, Revenue is not complacent and is mindful of the resourcefulness of those involved in criminality in the fuel trade. Revenue remains vigilant and ready to respond to any new developments in this area.

Action is taken against all aspects of the illegal tobacco trade and includes a range of measures to identify and target persons engaged in the supply or sale of illicit products, with a view to seizing the illicit products and prosecuting those involved. Revenue's multifaceted strategy encompasses ongoing analysis of the nature and extent of the problem, the use of analytics and detection technologies, optimising the deployment of resources and extensive cooperation (including the development and sharing of intelligence) on a national, EU and international basis.

A combination of risk analysis, profiling and intelligence and the risk based screening of cargo, vehicles, baggage and postal packages contribute to the effectiveness of Revenue's goal of intercepting the supply of illicit tobacco products. Revenue also targets the illicit trade in tobacco at post-importation level by carrying out intelligence-based operations and random checks at retail outlets, markets and private and commercial premises. Action has also been taken through Finance Acts over recent years to ensure that Revenue has the statutory powers necessary for undertaking its important work against the illegal tobacco trade.

I would like to take this opportunity to congratulate Revenue, who in a joint operation with An Garda Síochána, as part of the Joint Agency Task Force, last week closed down an illicit commercial cigarette factory in Jenkinstown, Co. Louth. I understand from Revenue that this was the first time a commercial illicit cigarette production plant was discovered in the State and the factory was in full operation when Revenue officers and the Armed Support Unit of An Garda Síochána entered the premises. Revenue officers found more than 60 tonnes of tobacco, all the pre-cursor components for the manufacture of cigarettes, and approximately 25 million cigarettes ready for distribution. This was a sophisticated self-contained operation with machinery capable of producing 250,000 illicit cigarettes per hour and pre-processing, processing and packaging facilities, along with living quarters.

In assessing the overall effectiveness in tackling the illegal tobacco trade, a reliable measure is provided by the annual surveys of illegal tobacco products carried out by IPSOS/MRBI for Revenue and the National Tobacco Control Office of the Health Services Executive. The survey in 2017 found that 13% of cigarette packs encountered in the course of the project were illicit. This figure is slightly up from the levels of 12% and 10% reported in 2015 and 2016 respectively but is nevertheless lower than in earlier years.

Revenue works closely with an An Garda Síochána in acting against fuel and tobacco fraud, and the relevant authorities in the State also work closely with their counterparts in Northern Ireland, through cross-border enforcement groups, to target the organised crime groups responsible for a large proportion of this criminal activity. This work is being supported and facilitated by the setting up in 2016, in the framework of “A Fresh Start: the Stormont Agreement and Implementation Plan”, of a Joint Agency Task Force, which includes Revenue as well as An Garda Síochána and their Northern Ireland counterparts. Revenue also works in close cooperation with the relevant authorities in other jurisdictions, the European Anti-Fraud Office and other international bodies and agencies in the ongoing programmes of action at international level to combat both the illicit fuel and tobacco trades.

I am satisfied that Revenue’s work against fuel fraud and the illicit tobacco trade has achieved a considerable level of success, and I am assured that action in these areas will continue to be a high priority. In addition, I can say to the Deputy that I will give careful consideration to any further proposals for legislative change that may be brought forward by Revenue to enhance their capacity to deal effectively with fraud and criminality in these areas.

Source: <https://www.kildarestreet.com/wrans/?id=2018-03-22a.133&s=cross+border+2018-03-16..2018-03-23#g134.q>

Thursday 22 March 2018

Department of Finance

Tommy Broughan asked the Minister for Finance the position regarding the revision of Directive 2008/118/EC on the rules for cross-border movements of excisable goods such as alcohol or tobacco in particular regarding Article 32 of the directive; and if he will make a statement on the matter.

Simon Harris: I am advised that the European Commission is currently developing proposals for a revision of Directive 2008/118/EC on the general arrangements for excise duty in the EU. The Commission is expected to publish these proposals during 2018. Ireland will participate fully in the legislative process once the proposals have been presented.

Source: <https://www.kildarestreet.com/wrans/?id=2018-03-22a.127&s=cross+border+2018-03-16..2018-03-23#g128.q>

