

Introducing a voluntary standard for customs intermediaries

Response by the Chartered Institute of Taxation

1 Executive Summary

- 1.1 The Chartered Institute of Taxation (CIOT) is the leading professional body in the UK for advisers dealing with all aspects of taxation. We are a charity and our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all. We draw on the experience of our 19,700 members, and extensive volunteer network, in providing our response.
- 1.2 The CIOT considers that a voluntary standard for customs intermediaries should be considered as part of the wider work on raising standards in the tax market.
- 1.3 A voluntary standard is a good basis for raising standards amongst customs intermediaries but ultimately may not drive poor quality agents out of the market and we would therefore hope this work could be built on over time to ensure mandatory enforceable standards are in place.
- 1.4 If a voluntary standard is introduced, verification of agents meeting the standard will be helpful to assist clients in selecting agents with higher standards. This will require education and publicity.
- 1.5 The verification process will also require systems to ensure standards are monitored over time and action is taken where firms no longer meet the standards required.
- 1.6 Any standard introduced should complement the current requirements on members of professional bodies such as the CIOT, known as Professional Conduct Relation to Tax (PCRT), and HMRC's broader standards for agents. Given the professional standards to which CIOT members (and those of other PCRT bodies adhere) we would seek automatic verification or a fast-track process for those who are PCRT body members.

- 1.7 PCRT is prepared jointly by seven professional bodies and associations, including the CIOT, and sets out the fundamental principles and the high ethical standards for working in tax and tax planning when advising on UK tax matters. It is regularly updated. PCRT is endorsed by HMRC. Members of all seven professional bodies must be familiar with, and comply with, PCRT otherwise they may face disciplinary action.

2 About us

- 2.1 The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

- 2.2 The objects of the CIOT include the requirements:

- (i) to prevent crime and;
- (ii) to promote the sound administration of the law for the public benefit by promoting and enforcing standards of professional conduct amongst those engaged in the provision of advice and services in relation to taxation and monitoring and supervising their compliance with money laundering legislation.

- 2.3 The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties.

- 2.4 Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

3 Introduction

- 3.1 The CIOT welcomes the opportunity to comment on the consultation [Introducing a voluntary standard for customs intermediaries](#)¹ (the Consultation) which was published by HMRC on 5 June 2023.

- 3.2 Work on a voluntary standard for customs intermediaries should be considered alongside other work being undertaken on raising standards. In particular it should be noted that the CIOT provided a detailed response in relation to the call for evidence [raising standards in the tax advice market](#)² (the Call for Evidence) in 2020. The CIOT continues to work with HMRC collaboratively and looks forward to working on the next steps to raise standards as set out in [raising standards in the tax advice market – summary of responses](#)³.

Key points in relation to the market include:

- It is widely recognised that the UK has one of the most complex tax systems in the world and the market for customs duty advice and the services of customs intermediaries has had to expand

¹ <https://www.gov.uk/government/consultations/introducing-a-voluntary-standard-for-customs-intermediaries/introducing-a-voluntary-standard-for-customs-intermediaries-3#:~:text=The%20government's%20view%20is%20that,of%20customs%20processes%20and%20rules>

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873540/Call_for_evidence_-_raising_standards_in_the_tax_advice_market.pdf

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/934614/Raising_standards_in_the_tax_advice_market_-_summary_of_responses_and_next_steps.pdf

rapidly as a result of withdrawal from the European Union. HMRC is resource-constrained and this amongst other factors leads to difficulties for taxpayers in accessing assistance from this source.

- Taxpayers make use of agents' services to comply with their tax obligations. Agents should have the information and experience to deal with the taxpayer's requirements within the UK tax system. The reliance placed by a taxpayer on their agent places weight on the need for high standards and good behaviour and puts pressure on the agent in their dual roles of interpreting the tax system for their client and representing their client in interactions with HMRC.
- Standards in the tax advice market are important. There is an obvious public interest in high standards, both to protect the specific taxpayer (the customer in HMRC terms) and the public revenue.

3.3 Much of the detail on existing problems in the tax market relates to recalcitrant promoters of egregious tax avoidance. However, from the information set out in the consultation document and based on our experience, concerns with customs intermediaries appear to relate more to a broader range of issues such as:

- incorrectly completed documents.
- poor knowledge and experience.
- customer service issues (timeliness, communications and paperwork).

3.4 In terms of this broader range of issues in relation to standards these appear, from the very limited amount of publicly available information about agents in general, to be more pronounced among those who are not members of professional bodies. We would welcome information from HMRC about whether there is any evidence of a similar trend amongst customs intermediaries as there is in relation to other areas of taxation.

3.5 Our response to the 'Raising Standards' Call for Evidence mentioned above, made it clear that we favoured maximising the regulatory role of professional bodies (Option E) as the most effective way of raising standards. This would build on what has been achieved by the professional bodies working together with each other and with HMRC to raise standards.

3.6 Whilst we understand the reasons for adopting a voluntary code for customs intermediaries who deal with a wider range of work than advice on customs duty, we consider that ultimately those advising on tax and duties should be within the regulatory framework for tax advisers in general.

3.7 We accept that the position is not always perfect in relation to Professional Body members but:

- The evidence to date in relation to other areas of tax advice is that there are proportionately more issues with unaffiliated agents; and
- Professional body efforts to improve standards are potentially undermined by the fact that members have the option of moving into the unaffiliated sector if membership requirements are perceived of as too onerous. Our members have shown by becoming professionally qualified and adhering to PCRT they have made a commitment to quality but there are always limits to what can be achieved if everything is voluntary. In this regard it is helpful that HMRC have adopted a standard for agents, irrespective of professional body membership⁴.

⁴ <https://www.gov.uk/government/publications/hmrc-the-standard-for-agents>

- 3.8 A voluntary code for customs intermediaries will potentially raise standards amongst those willing to sign up for it and verification will assist members of the public in identifying good agents but it will not prevent agents with poor quality standards of work from operating in the market. We would hope therefore that the introduction of a voluntary standard would be built upon with the ultimate aim of becoming enforceable standards on those providing customs duty services.

4 Responses to the Consultation

Section 3 - About you

4.1 **Question 1: What type of business are you? (such as clothes retailer, car manufacturer, freight forwarder, fast parcel operator, haulier)**

- 4.2 The CIOT is a professional body and our remit is as set out in 2 above. We have members who provide advice on Customs matters often alongside other work on VAT, excise and other indirect taxes.

4.3 **Question 2: What is the size of your business? (Micro: 0 to 9 employees, small: 9 to 49 employees, medium: 50 to 249 employees, large: 250 or more employees)**

- 4.4 Medium.

4.5 **Question 3: If applicable, how many movements do you make per year? Are they imports, exports, or both?**

- 4.6 The CIOT is not an importer or exporter but some of our members advise importers and exporters, and some have inhouse tax or accountancy roles for import/export businesses.

4.7 **Question 4: If applicable, how long has your business been importing or exporting goods, or supporting traders to import/export if you are an intermediary?**

- 4.8 Not applicable.

5 Objective of a voluntary standard

5.1 **Question 5: Do you agree that the primary objective of a voluntary standard for customs intermediaries should be to promote quality and consistency among customs intermediaries with an indication of quality, rather than to predominantly inform and educate? If not, what do you consider should be its primary objective, and why?**

- 5.2 The primary objective of a standard applying to customs intermediaries should be to set out the principles and standards of behaviour that customs agents must follow in their tax work. This helps to protect the public interest by, for example, setting the principle that customs agents must be competent in the work they undertake. Adherence to the standard should provide HMRC with confidence in the agents to calculate liabilities and advise clients appropriately and gives users of the services the confidence that the customs intermediary has the knowledge, skills and integrity they can expect from a professional.

- 5.3 Adherence to the standards set should therefore promote quality and consistency amongst customs agents rather than purely inform and educate.

- 5.4 The CIOT considers that appropriate exam training and professional body membership ensures customs duty advisers meet required standards. We consider that our members providing this service are bound by high standards which promote quality and consistency and where failure to adhere to the standards can result in disciplinary action and sanction.
- 5.5 Our members are required to adhere to [Professional Conduct in Relation to Taxation](#) (PCRT)⁵ and this sets out principles and standards of behaviour that all CIOT members and students must adhere to in their tax work including customs duty calculations and advice. Principles based standards are helpful as they can generally be applied even where tax law is updated and changed, albeit that as new challenges arise the standards may need to respond by way of extra guidance, helpsheets etc.

PCRT includes the five fundamental principles of:

- Integrity
 - Objectivity
 - Professional Competence and due care
 - Confidentiality
 - Professional behaviour
- 5.6 It also includes five standards for tax planning. Whilst the certification process seems likely to need very specific practical standards which can be easily measured, the CIOT would still encourage the standards adopted to start with the principles to be adhered to. The principles can then be supplemented with guidance on how the requirement can be met for verification purposes.
- 5.7 The CIOT would consider that adherence to these principles as set out in PCRT and the associated guidance should ensure our own members acting as Customs intermediaries (particularly customs duty advisers) are already providing services subject to high professional standards. The introduction of any new standards needs to be complementary to PCRT and the HMRC Standard for Agents to avoid:
- Additional complexity for advisers already subject to professional standards
 - Any potential undermining of the high standards expected of members
- 5.8 A key issue for CIOT members is whether adherence to PCRT and other Professional Standards required by virtue of their membership would mean they were automatically considered to meet the requirements of the voluntary standards for customs intermediaries. We would encourage HMRC to consider that our members do meet the requirements of the voluntary standard by virtue of their membership requirements outlined above. We would be happy to provide further information about this if it would assist HMRC to adopt this approach.
- 5.9 Individuals do not have to belong to the CIOT (or other professional body) in order to provide customs intermediary services. Our members therefore voluntarily sign up to be members and adhere to CIOT's Professional Standards and failure to comply results in potential referral to the Taxation Disciplinary Board for disciplinary action. However, in the absence of regulation of the tax profession, individuals can still continue to act as tax advisers even if they are not a member of a professional body. That similarly applies to customs intermediaries who do not sign up to the voluntary code or whose verification was removed owing to them failing to meet the requirements.

⁵ <https://www.tax.org.uk/professional-conduct-in-relation-to-taxation-pcrt>

- 5.10 As set out in paragraph 3.8 above a voluntary code will not prevent agents with poor standards from continuing to operate in the market.
- 5.11 If HMRC come across CIOT members who are failing to adhere to our high professional standards we would welcome referrals to the Taxation Disciplinary Board under the Memorandum of Understanding we have in place.
- 5.12 **Question 6: Do you agree that a voluntary standard for customs intermediaries should be suitable for independent, third-party verification that the standard has been met, in other words, certification? If not, what alternative form do you think the standard should take, and why?**
- 5.13 Ultimately, we would consider that those advising on customs duty should be encouraged (or required) to undertake professional body exams and become members of professional bodies (in particular the PCRT bodies). This is tied in closely to developments on the regulation of the tax advice market.
- 5.14 In the absence of any formal requirement to be a member of a professional body, or adherence to mandatory professional standards, certification could encourage best practice and improve quality within the customs sector and raise standards more widely. In particular, clients could check whether firms are verified and therefore subject to high standards. You would expect that agents would want to obtain verification to maintain a competitive advantage.
- 5.15 If a system of verification is introduced the CIOT would be eager to see a professional body membership as providing automatic verification or failing that, a fast track process.

We can however see some disadvantages in a system of certification/accreditation:

- Service users would need to be aware of the verification, how they can find out whether a firm is verified and what it means for them. This would require considerable publicity and education of customs intermediary users.
 - Meeting the voluntary standards and achieving verification is likely to have associated costs which ultimately will be borne by clients. Clients may ultimately choose an adviser based on the price they are paying for a service and without taking into account the verification which would undermine the benefit of the verification.
- 5.16 We consider that verification would need to include some system of regular review or 'reverification'. For example professional bodies require members to confirm compliance with standards through an annual return declaration and check compliance through sample checks etc.
- 5.17 Verification will never provide the same safeguards in the system as a mandatory enforceable standard on agents.
- 5.18 **Question 7: Do you think certification bodies that provide that external verification should themselves be checked to ensure they are capable of assessing conformity to the standard, in other words, accreditation? Please provide details to explain your answer.**
- 5.19 We are not experts in how accreditation bodies work, but accreditation would help ensure the certification bodies that operate the verification process do so in a fair and equitable way. Providing a structure of oversight and accountability will support the raising of standards.

6 Design and implementation

6.1 **Question 8: Do you agree with the key principles for the design and implementation of a standard as set out above (in other words a credible, collaborative approach between government and stakeholders, freely and readily accessible, monitored for usage and effectiveness)?**

6.2 CIOT strongly encourages collaboration across government, industry and interested parties. Recognising the various interested parties and the benefits of gathering their views would ensure the Standard developed was fit for purpose and therefore improve the potential uptake of the voluntary standard within the sector. Following the initial consultation CIOT would encourage the formation of a working party to help develop the structure and content of the voluntary standard, with further communication at regular intervals with the wider group of interested and impacted parties. The CIOT would be willing to participate in this group.

6.3 **Question 9: In your view, how could usage of the standard be encouraged?**

6.4 As noted in paragraph 6.2 above, engagement with the various stakeholders within the sector, including relevant professional bodies and trade associations would in turn mean those stakeholders could encourage their own firms, members or associated firms in adopting the standard.

6.5 If membership of bodies such as CIOT meant that verification was automatic by virtue of the high professional standards already required, then there would be an early 'critical mass' of firms receiving verification which would set the precedent for others in the industry to seek verification.

6.6 As set out in paragraph 5.15, there would need to be a programme to raise awareness amongst those using the services of customs intermediaries to make them aware of the verification process.

6.7 Allowing certified organisations to include a reference to their certification status or a logo on company websites and correspondence would raise awareness of the standard. It would also be helpful to have a readily accessible public list of certified organisations similar to the HMRC '[Supervised Business Register](#)'⁶, which potential clients could refer to. This would need to be kept up to date and associated resources allocated to ensure this happens.

7 Content

7.1 **Question 10: What are your views on the above suggested components of the voluntary standard? Please include any suggestions for potential specific requirements within these general areas.**

7.2 The suggested components of the voluntary standard refer to elements reflected within the CIOT's Professional Standards in PCRT, Professional Rules and Practice Guidelines (PRPG) and associated more detailed regulations in relation to Continuing Professional Development (CPD) and Professional Indemnity Insurance. The voluntary standard should make it clear where an intermediary is also a member of a PCRT body (such as CIOT), that they are meeting the standard as a result of their obligations under PCRT and other associated member requirements and have no further requirements over and beyond what is outlined within their own professional body's professional standards. The following wording is included in the [HMRC](#)

⁶ <https://www.gov.uk/guidance/money-laundering-regulations-supervised-business-register>

[Standard for Agents](#)⁷ in the tax and accountancy sector, which could be duplicated or suitably adapted within the voluntary standard for customs intermediaries:

‘Most agents are members of professional regulatory bodies that publish and endorse standards for behaviour, such as the Professional Conduct in Relation to Taxation (PCRT). HMRC endorses the Professional Conduct in Relation to Taxation and continues to work with professional bodies to align standards for agents and how they are enforced.’

7.3 CIOT would regard this as an important inclusion to ensure members have clarity that there are no further requirements on them under the new voluntary standard.

7.4 Having fundamental principles set out in the standards which are then illustrated through supporting guidance is also helpful as they can then be applied to new areas as the industry develops. See the fundamental principles set out in 5.2 above. In relation to each bullet point in turn we would make the following comments:

- **competence and/or education and/or experience, to include ways of demonstrating sufficient understanding of customs processes and rules.** The CIOT seeks to ensure their members are competent through stringent exam and professional experience requirements. If adherence to the code or licensing requirements are not mandatory then there would need to be an exploration of how customs intermediaries could demonstrate that this requirement has been met. We consider CIOT members who act as customs advisers would be able to demonstrate this requirement because they are obligated to meet the fundamental requirement of professional competence and due care and undertake both the qualification process and ongoing CPD requirements.
- **staff development, to include commitments to CPD.** Members of PCRT bodies are required to maintain and develop the skills and knowledge necessary to carry out professional and technical duties competently. This is necessary to uphold the highest standards of practice and to enhance public confidence in the integrity and quality of the professional services offered by members. CIOT would regard this as being an important inclusion in a voluntary standard, and would suggest HMRC provide a list of known training providers to assist customs intermediaries in this area. This would assist in the HMRC aim of improving quality and best practice within the sector. Including a commitment to undertake CPD will also support bullet point 1 ‘competence and/or education and/or experience, to include ways of demonstrating sufficient understanding of customs processes and rules’.
- **systems and data, to include quality assurance processes.** Under the fundamental principles CIOT members are required to meet confidentiality requirements, take due care and have professional behaviour which includes meeting all legal and regulatory requirements.
- **customer service, to include complaints procedures, dispute resolution mechanisms and timeliness.** Members of CIOT and PCRT bodies in general are required to adhere to standards in relation to these areas. For example the CIOT [Professional Rules and Practice Guidelines](#)⁸ require members to have a complaints process in place.
- **administration, to include record keeping and insurance.** Again these requirements tie into the fundamental principles applying to CIOT members. We would suggest that the standards refer across to statutory requirements included in data protection law. Those in the sector and their insurers are also likely to require detailed guidance on the insurance which is acceptable to protect clients in the

⁷ <https://www.gov.uk/government/publications/hmrc-the-standard-for-agents/the-hmrc-standard-for-agents>

⁸ <https://www.tax.org.uk/professional-rules-and-practice-guidelines>

same way that the CIOT set out PII requirements in our regulations and guidance [here](#).⁹ A wide range of insurance policies are available and this area in particular will need detailed consideration. Again it is important that these complement the requirements of professional bodies to which intermediaries belong and do not cause members to have to meet two divergent sets of requirements which would undermine their ability to receive verification.

- **compliance with relevant statutory requirements.** Agents would be required to do this whether they adhere to a voluntary code or not but we see no harm in making this explicit in the standards.

- 7.5 Although the standard is voluntary, CIOT would query what (if any) enforcement action HMRC would anticipate initiating where an intermediary obtains certification and then fails to maintain the standards required? HMRC would also need to consider how any enforcement action would be handled where an intermediary is already a member of a PCRT body. We would seek to ensure that no further obligations are imposed on intermediaries who are already subject to PCRT and face enforcement action under the disciplinary procedures of the bodies of which they are members.
- 7.6 If clients have signed up to use an intermediary because they are verified, it would be important to ensure there was some public information available on the removal of verification so clients know the status of their adviser has changed.
- 7.7 **Question 11: Should any of the suggested components not be included? And Question 12: Are there any areas missing that you feel should be included?**
- 7.8 The suggested components look sensible for inclusion although as stated above we consider setting out the fundamental principles which apply at the outset of the guidance would then give a point of reference to the outworking of these through additional guidance in specific areas.
- 7.9 **Question 13: Do you anticipate any unintended consequences arising from including any of the suggested content?**
- 7.10 As covered in our responses to earlier questions above, CIOT are conscious of and keen to ensure that intermediaries who are also members of PCRT bodies are not subject to additional requirements over and beyond what is covered in PCRT and other professional body requirements Help Sheets. Confusion amongst those who are members could invariably lead to questions around what is required of those affected and the voluntary standard should make it clear that it recognises PCRT in the same way that the current HMRC Standard for Agents states in section 1.1.
- 7.11 As the proposed standard is voluntary, managing enforcement of those who are certified and fail to meet the standard would be an important area to be considered. Where there is a focus on raising standards within the sector, this should also include a focus on identifying and responding where there are perceived failures within the certified body of intermediaries.
- 7.12 **Question 14: Do you envisage any issues with measuring against these areas for the purposes of certifying intermediaries against this standard?**
- 7.13 The measures will need to be ones which are verifiable. Care will need to be taken to ensure the measures do not just encourage a 'tick box' approach. For example, verification of training might include staff achieving x hours of training but the requirements would need to be clear what training would deliver the outcomes

⁹ <https://www.tax.org.uk/professional-indemnity-insurance-regulations>

required in relation to competence to provide customs intermediary services. A simple hours-based system alone may not provide sufficient comfort in this area.

- 7.14 Members of PCRT bodies are subject to disciplinary procedures and there are complaints procedures available to members of the public with grievances. Once an intermediary acquired certification, would there be a system established to monitor the practice of businesses and how would this be operated? It would be difficult to measure the components of the standard without a formal process in place to oversee the sector and identify those who fail to meet the voluntary standard they have agreed to uphold.

8 Training and educational offerings for the customs intermediary sector

- 8.1 **Question 15: If you are an intermediary, do you or your organisation use external training offerings? Please provide details to explain why/why not.**

8.2 The CIOT is a registered charity and the leading body in the UK for taxation professionals dealing with all aspects of taxation. Our primary purpose is to promote education in taxation.

8.3 We deliver excellence in tax education. With membership by examination, we are nationally recognised as the benchmark of UK taxation education and development. We promote high standards of training for tax advisers, designed to not only meet the demands of today, but also the needs of the future market. Our exam syllabus [includes customs duty](#)¹⁰ and we would be in favour of customs duty specialists being required to undertake suitable exam and ongoing continual professional development training.

- 8.4 **Question 16: If you are an intermediary, do you or your organisation provide internal training? Please provide details to explain why/why not.**

8.5 Not applicable as the CIOT is not an intermediary.

- 8.6 **Question 17: If you answered 'yes' to Question 15 or Question 16, what aspects of your work do you use external and/or internal training for? If you use both external and internal training, please explain if you use them for different aspects of your work (such as external training on customs processes, but internal training on using CDS).**

8.7 Not applicable as CIOT is not an intermediary.

- 8.8 **Question 18: If you answered 'yes' to both Question 15 and Question 16, have you found either external or internal training to be more beneficial to your day-to-day work?**

8.9 Not applicable as the CIOT is not an intermediary.

- 8.10 **Question 19: Do you think there are currently sufficient, adequate training offerings available to intermediaries? Please provide details to explain why/why not.**

8.11 The CIOT are unable to comment on whether there is sufficient, adequate training available to intermediaries. A list of known training [providers](#)¹¹ could be provided alongside the voluntary standard when

¹⁰ <https://www.tax.org.uk/prospectus-and-syllabus>

¹¹ <https://www.tax.org.uk/courseproviders>

published, and support the drive to improve standards and promote best practice and quality within the sector.

8.12 Question 20: Considering the training and qualifications available to and undertaken by intermediaries, how do you think competence or education should be referenced within a voluntary standard? Please provide details to explain your answer.

8.13 We suggest that when working on a voluntary standard input is provided from those within the professional bodies on the continuing professional development regulations they have in place and the work which is done to ensure compliance with these requirements. Further guidance on the CIOT requirements is available in our [CPD regulations and guidance](#).¹²

9 Acknowledgement of submission

9.1 We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

The Chartered Institute of Taxation

31 August 2023

¹² https://www.tax.org.uk/cpd_regs_guidance