

Isle of Man Customs and Excise

Excise Compliance Checks – General information

We have given you this factsheet because we have started a compliance check.

This factsheet contains important information. Please take the time to read it and keep it safe – you may need to refer to it during the check.

This factsheet is one of a series. For the full list of factsheets in the Compliance Checks series and factsheet IOMC&E1 *IOM Customs & Excise decisions – what to do if you disagree* go to <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/public-notice/visits-by-customs-and-excise-officers/>

What is an Excise compliance check

We carry out checks to make sure that all matters relating to Excise duty are correct. We call these 'compliance checks'. These checks may include:

- visiting your business premises to inspect goods, and/or documents relating to Excise matters
- visiting your business premises to ask for information about Excise goods or activities that you provide, or intend to provide
- visiting your business premises to check that you are complying with the terms of any Excise approval, registration, authorisation or licence that you may hold
- contacting you to ask for information or documents about Excise goods, activities, or any Excise related approval, registration, authorisation or licence.

What happens during an Excise compliance check

We will always tell you what we are checking.

We may ask you to give us information or documents that we need. If you are unsure why we are asking for something, please tell us and we will explain why. If you cannot do what we ask, or if you think that something we have asked for is unreasonable or not relevant to the check, please tell us. We will consider your reasons carefully and if we still think we need it, we will tell you why.

If we visit you, you must allow us entry to your business premises.

If we are visiting your business premises, the officer dealing with the check may issue a copy of factsheet 16 (MAN) *Excise visits*, which explains about our visits.

We normally only visit you at home if you run your business from there or excise goods are stored there.

If you have a tax adviser, you can ask us to deal direct with them during the check – unless doing so would delay us carrying out our check.

If you have any questions at any stage of our check, please tell the officer dealing with the check.

If you need help

If you have any questions, please contact us. You can also look for the information you need on our website, <http://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/>

Don't stop sending returns and making payments

During the compliance check, please carry on sending returns and making payments when they are due.

What if you are unhappy with our service

If you are unhappy with our service, please tell the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

This factsheet relates to compliance checks into any of the following:

- Air Passenger Duty
- Alcoholic Liquor Duties
- Excise Duties (Holding and Movements)
- Gambling Duty
- Hydrocarbon Oils Duty
- Lottery Duty
- Machine Games Duty
- Soft Drinks Industry Levy (from 1 April 2019)
- Tobacco Products Duty

What if you need more time to do something we asked you to do

If you need more time to do something we have asked you to do, please tell us. If we think it is reasonable to do so, we will allow you more time. You can also ask us to postpone the check if you have a good reason, for example, if you are seriously ill or someone close to you has died.

The benefits of helping us with a check

Helping us with our check can have benefits for you. It will allow us to complete the check as quickly as possible and reduce any inconvenience that it may cause you.

We may not find anything wrong. But if there is something wrong, helping us with our check will also reduce the amount of any penalty we may charge.

If we do find something wrong we will work with you to put it right. We will also tell you about any additional Excise duty that is due, and about any penalty that may be due.

You can reduce the amount of any penalty by giving us assistance **throughout our check**. We call this assistance the 'quality of disclosure' or 'telling, helping and giving'. We measure this by considering how much:

- you tell us about what is wrong
- help you give us to work out what is wrong
- access you give us to your records.

It may affect our view on the quality of disclosure, and the amount by which we reduce any penalty if:

- we ask you for information or documents and you do not provide these when we ask for them or
- you obstruct our inspection.

How to qualify for the maximum penalty reduction if something is wrong

If **you know or suspect** that there is something wrong, you must:

- tell us everything you know about what is wrong **as soon as** we tell you that we have started a check, and
- work with us to calculate the right amount of Excise duty.

If **we have found** something wrong that you did not know about, you must:

- have given us as much assistance as we needed up to that point, **and**
- tell the officer dealing with the check everything about it, as soon as we tell you that there is something wrong, let them see any additional records they need and help them to calculate the correct amount of Excise duty.

We will reduce the penalty by the maximum amount possible if we agree that you have done everything you could to assist us.

If you delay telling us, you may still be entitled to a reduction but it will be smaller.

You can find more information about penalties and penalty reductions in our penalty factsheets. Details of all the factsheets in the Compliance checks series, and how you can get copies of them, are in the right hand panel of this factsheet.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

What happens if something is wrong

If something is wrong, we will explain why and work with you to put it right. Where relevant, we will also tell you how to prevent it happening again. We may also extend the scope of our check.

If we believe that the correct amount of Excise duty has not been paid we can issue a demand for the duty due.

Where there are goods that we believe have not had the correct amount of Excise duty paid on them, we may seize the goods, or items connected with them.

If you have an Excise approval, registration, authorisation or licence, we may impose further conditions or restrictions, or revoke it and in serious cases of non-compliance we have the right to revoke any approvals granted by us. You may also have to pay a penalty.

About the penalties that we may charge

You may have to pay a penalty if you have:

- supplied certain Excise products knowing that they will be used in a way that results in an additional amount of duty being due
- used certain Excise products for a purpose that results in an additional amount of duty being due (this is called 'misuse')
- handled goods on which there is unpaid Excise duty and where that duty has not been deferred in agreement with us. Handling goods includes
 - acquiring possession of them
 - being involved in the carrying, removing, depositing or keeping of them
 - otherwise dealing with them
- failed to register for an Excise duty on time
- sent us an inaccurate return or document.

What happens if you have deliberately done something wrong

If you give us a statement or documentation that you know to be false, or dishonestly misrepresent your liability to tax or claim payments to which you are not entitled, we may carry out a criminal investigation with a view to prosecution.

What happens at the end of a check

We will finish our check by sending you one or more 'decision notices' if appropriate.

A decision notice can be any one of the following:

- an assessment or amendment to an assessment
- a penalty notice if a penalty is due
- a letter setting out what the final position is.

What if you cannot pay what you owe

If you think you may have problems paying, please tell the officer dealing with the check.

What to do if you disagree

If you disagree with anything during the check, please tell the officer dealing with the check what you disagree with and why.

You can appeal against most of the decisions that we make. We will write and tell you when we make a decision that you can appeal against. We will also explain the decision and tell you what to do if you disagree.

You can find more about this in factsheet IOMC&E1 *IOM Customs & Excise decisions – what to do if you disagree*. Details of how you can get a copy are in the right hand panel of this factsheet.

Your principal rights and obligations

You have:

- the right to be represented – you can appoint anyone to act on your behalf, this includes professional advisers, friends and relatives, but we will not delay carrying out our check while you seek professional advice
- the right to consult an adviser – we will allow a reasonable amount of time for you to do so, but what is reasonable will depend on the circumstances
- an obligation to take care to get things right – if you have an adviser, you must still take reasonable care to make sure that any returns, documents or details they send us on your behalf are correct
- an obligation to allow us to carry out an inspection and provide the information required.

Your rights when we are considering penalties

If there is something wrong and we are considering penalties, we will tell you.

The European Convention on Human Rights gives you certain rights when we are considering penalties.

You can find full details about these rights in factsheet 9 (MAN) *Compliance Checks – The Human Rights Act and Penalties*. Details of how you can get a copy are in the right hand panel of this factsheet.

Authorising a representative

You can authorise someone to deal with us on your behalf. This includes professional tax advisers, friends or relatives. They can deal with us just for a compliance check, or more permanently for your day to day tax affairs.

If you want to authorise a professional tax adviser, they will be able to give you a form to complete and send to us. If you want to authorise someone other than a professional tax adviser, you will need to write to tell us who you want to authorise and what you want them to deal with for you.

Privacy Notice

To find out more about how we collect and use personal information, contact any of our offices or visit our website at: <https://www.gov.im/about-the-government/departments/the-treasury/privacy-notice/> We will send you a paper copy if you telephone us or write to us using the contact details provided on this form.