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Global Indirect Tax News

Your reference for indirect tax and global trade matters

Welcome to the September 2015 edition of GITN, covering updates from the Americas, Asia Pacific and the EMEA regions.

Highlights of this edition include an announcement that negotiations on an expanded ASEAN-China FTA are expected to conclude by November 2015 and a report from the European Commission on the 'VAT gap'.

If you have any queries or comments about the GITN, I would be delighted to hear from you.

David Raistrick
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Americas

Mexico

Modifications to General Foreign Trade Rules

On 28 and 31 August 2015, the Tax Administration Service published the second and third resolutions of modifications to the General Foreign Trade Rules in the Mexican Official Journal.

Among the most important aspects of these resolutions are the following.

Notification of suspension from Mexican Importers' Registry

Companies that commit any of the causes for immediate suspension from the Mexican Importers' Registry and/ or Mexican Importers' Registry for Specific Sectors will be advised of the reason or cause through the companies' electronic tax mailbox, or other electronic means, within five working days.

Direct customs clearance through legal representative

A new chapter containing 12 rules has been added to establish the guidelines to carry out direct customs clearance through the legal representative of a company, without the intervention of customs brokers.

Companies will still be able to use customs brokers, however they will have the option of undertaking customs clearance themselves, through their legal representative.

Application format for renewal of VAT Certification

The application format for the renewal of the Certification for Value Added Tax and Special Tax on Production and Services (VAT Certification) has been published.

Although the legal provisions for the renewal of VAT Certification were already in place, the application format was not available.

This is relevant for companies with VAT Certification under modality A, who need to submit the renewal application 60 working days before the expiration date of their current authorization; in in many cases the expiration date is 1 January 2016.

Importation of footwear by package delivery companies

It has been established that package delivery companies do not need to be registered in the Mexican Importers' Registry to import footwear into Mexico, unlike other importers, which have that obligation.

Attachments to Value Declarations

The entry into force of the obligation to provide documents attached to the Value Declaration was extended. Such attachments will be mandatory from 15 January 2016. Some of the information that will have to be provided to the customs broker, in addition to the Value Declaration, are the following:

- Commercial invoice
- Bill of lading, packing list, airway bill
- Document that proves the origin of the goods
- Documents that prove the payment of goods, freight, insurance, and related expenses
- Agreements related to the commercial transaction of the goods
- Other documents.

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Trade Preferences

Mexico-Japan

10 years of the Free Trade Agreement between Mexico and Japan

On 24 August 2015, Mexico and Japan held a seminar to commemorate the 10th anniversary of the signing of the Agreement for the Strengthening of the Economic Partnership between Mexico and Japan.

During this seminar, it was emphasized that there is an economic complementarity between both nations in the automotive industry, in which Japan supplies key raw materials and investment, while Mexico contributes with highly qualified human capital and as a territory that acts as a global export platform. In addition, it was highlighted that Japan is the second market of Mexican exports of agricultural and fishing products.

During the last 11 years, Mexican exports to the Japanese market have doubled, and trade between both nations increased 71%, rising to USD 20,153 million in the last year. On the other hand, Japan has positioned itself as the main investor from Asia into Mexico.

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Asia Pacific

China

China resumes levy of VAT on chemical fertilizers

China's Ministry of Finance (MOF), the General Administration of Customs (GAC) and the State Administration of Taxation (SAT) jointly issued a Notice (Cai Shui [2015] No. 90) on 10 August 2015 on resuming the levy of 13% VAT on domestic supplies and imports of chemical fertilizers, which have been VAT exempt. The resumption of the levying of VAT on chemical fertilizers aims to optimize agriculture investment structure and to encourage sustainable development of agriculture in China. Notice 90 took effect as of 1 September 2015.

Further, a Supplementary Notice (Cai Shui [2015] No. 97) was issued by MOF and SAT on 28 August 2015 on the VAT treatment during the transitional period, i.e., 1 September 2015 to 30 June 2016. Under Notice 97, VAT general taxpayers are allowed to apply a simplified method with a 3% VAT levy rate for supplies of unsold fertilizer inventory manufactured or purchased before 31 August 2015, provided certain criteria are met. However, the 3% VAT paid cannot be deducted by the purchaser and this is a feature under the simplified method.

Imported chemical fertilizers with the below tariff codes are covered:

No.	HS code	Name of Chemical Fertilizers
1	28342110	Potassium nitrates for use as a fertilizer
2	31042090	Other potassium chloride (not pure) as mineral or chemical fertilizer
3	31043000	Potassium sulphate as mineral or chemical fertilizer
4	31052000	Mineral or chemical fertilizers containing the three fertilizing elements nitrogen, phosphorus and potassium
5	31053000	Diammonium hydrogenorthophosphate (diammonium phosphate)
6	31056000	Mineral or chemical fertilizers containing the two fertilizing elements phosphorus and potassium

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India

VAT not to apply to implementation of customized software

In a recent case, the assessee was engaged in the supply of customized software, and was charging VAT on the supply. It was also involved in providing the services of implementation of the software, on which it was paying service tax.

The tax authorities took the view that any customization of packaged software, prior to sale, renders the software as ‘goods’ and the transfer of the right to use such goods involves sale, and is therefore chargeable to VAT. The tax authorities contended that customization of software includes its implementation and without implementation, the software would not be completely saleable, useable and functional. Thus, implementation of the software was a pre-sale process and should be subject to VAT.

Karnataka High Court observed that the implementation of software could also be done by a third party, and not necessarily by the assessee. Thus, the sale of software and its implementation are two different and independent activities. Further, on perusal of the contract it was observed that the implementation program could only start after the installation of software.

Karnataka High Court held that the payment for implementation was for post-sale activity and this was done to integrate customized software into several other systems, so that the user could start using the licensed software. In the process there was no transfer of any goods or right to use any goods. Thus, the implementation process was a pure service contract and should not be subject to VAT.

Service tax not to apply to composite indivisible works contract prior to June 2007

The issue in a recent case before the Supreme Court was whether the rendition of a service under a composite works contract falls within the taxable services such as Commercial or Industrial Construction Services; Construction of Complex Services; or Erection, Commissioning or Installation Services prior to the introduction of the taxable category 'Works Contract Service' in June 2007.

Earlier this year, the Larger Bench of Tribunal dealing with the same issue held that composite transactions involving the supply of goods and the provision of services were liable to service tax prior to June 2007.

However, the Supreme Court observed that a works contract was a separate specie of contract distinct from contracts of service simpliciter. Further, the Finance Act did not lay down any charge or machinery to levy and assess service tax on an indivisible works contract at that point of time prior to 2007. Thus, it was held that an indivisible composite works contract cannot be made subject to service tax under the pre-existing taxable service categories such as Commercial or Industrial Construction Services; Construction of Complex Services; or Erection, Commissioning or Installation Services prior to June 2007.

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Indonesia

Measures to shorten port dwelling time

The Indonesian Government has set up a task force to improve the performance of the country's ports, particularly the Tanjung Priok Port in North Jakarta.

The taskforce is expected to finalize a plan to shorten the dwelling time (from time of unloading to removal from the port) to between 2 to 2.5 days from the current 5.5 days, and to be implemented by December 2015.

The proposed measures to reduce the dwelling time include the following:

1. The port will no longer process the pre-customs clearance with hardcopy documents. Importers will be encouraged to utilize the pre-notification facility and submit papers in advance before their containers arrive at port to prevent the containers from staying too long at the ports.

2. The clearance process will be divided into two lanes, green and red lane, instead of the previous three lanes of green, yellow and red. Importers that have a good compliance track record and fulfill the customs' criteria will be granted green lane status, where only documents will be checked. In contrast, in the red lane, both documents and goods will be examined.

3. There will be an increase in the storage fees at seaports to prevent importers stockpiling cargo after import licenses have been issued, a likely result of seaport's lower storage fees compared to the cost of private warehouses.

4. The Transportation Ministry's port authority should provide a buffer zone outside the port to quarantine high-risk goods.

5. Implementation of a single-window system, whereby all documentation would be automated through an online network between supply chain stakeholders.

Amendment to rules for importation of tires

The Ministry of Trade has issued a regulation stipulating that importation of tires is only for completing the process of goods production (e.g., car assembly), and not to be traded and/ or transferred to another party.

The categories of tires that are allowed to be imported are as follows:

1. Goods for the purpose of technological research and development;

2. Goods for the purposes of exhibitions;

3. Goods for the purposes of motor sports;

4. Sample goods not for trade;

5. Goods with special specifications for government needs; and/ or

6. Export goods rejected by a foreign buyer and later re-imported in the same quantity.

The regulation limits the destination ports for import of tires, to:

1. Seaports: Belawan (Medan), Tanjung Priok (Jakarta), Tanjung Perak (Surabaya), Semayang (Balikpapan), Soekarno Hatta (Makassar) and Sorong (Papua); and/ or

2. Airports: all international airports in Indonesia.

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Singapore

Changes to strategic goods control list, brokering order, and transhipment and transit controls

The new Strategic Goods (Control) Order 2015 (SGCO 2015) will come into effect on 2 November 2015. The SGCO 2015 will incorporate revisions such as new entries, deletions, re-categorization, as well as editorial changes for consistency and clarity of controls to align with the 2014 Wassenaar Arrangement Munitions List and 2015 EU List of Dual-use Items (EUDL).

In line with the updated strategic goods control list, the following amendments will also come into effect on 2 November 2015:

- Strategic Goods (Control) (Brokering) (Amendment) Order 2015, which reflects the re-categorization of strategic goods subject to brokering controls.

- Strategic Goods (Control) (Amendment) Regulations 2015, which reflects strategic goods subject to transhipment and transit controls under Schedule 4 and Schedule 5 of the Strategic Goods (Control) Regulations (SGCR).

Companies should assess whether their goods for exports would be caught under the SGCO 2015 and/ or subject to the brokering, transhipment and transit controls. To ensure dual-use goods that may be subject to strategic export control are flagged, companies should evaluate their existing process and procedure, and introduce systems enhancements where necessary.

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Trade Preferences

ASEAN

Expanded ASEAN-China FTA expected by November 2015

During the 47th ASEAN Economic Ministers' Meeting in August, ASEAN and China announced that the negotiations on an expanded ASEAN-China FTA are expected to conclude by November 2015.

The original ASEAN-China FTA was enacted in 2010; the agreement aims to eliminate import-export tariffs and other barriers on over 90% of all products traded between China and the ASEAN member states.

The goals of the expansion of the current FTA include further reduction of tariffs and addition of new provisions on trade in services, investment, economic cooperation, customs procedures and trade facilitation, and rules of origin.

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Mexico-Japan

10 years of the FTA between Mexico and Japan

On 24 August 2015, Mexico and Japan held a seminar to commemorate the 10th anniversary of the signing of the Agreement for the Strengthening of the Economic Partnership, between Mexico and Japan. See **here** for further information.

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EMEA

European Union

European Commission presses Member States on VAT revenue collection

According to the European Commission, the 'VAT Gap' (the difference between the amount of VAT theoretically due and the sum actually collected) "…has failed to show significant improvement across EU Member States …". The latest **VAT Gap report** prepared for the Commission showed that in 2013, the VAT Gap increased in 11 Member States, whilst there was an improvement in 15 of the 26 countries surveyed (Croatia and Cyprus were omitted as their

national account statistics were incomplete when the report was drawn up). The report suggests that EUR 168 billion of VAT was lost due to fraud and evasion, tax avoidance, bankruptcies, financial insolvencies and miscalculation and that VAT Gaps range from around 4% in Finland, the Netherlands and Sweden to 41% in Romania.

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Denmark

VAT treatment of tattoo services

Previous administrative practice indicated that a tattooist's tattoos made 'in free hand' were considered to be artistic activities exempt from VAT. The Danish Tax Authorities (DTA) have now issued a binding instruction that for exemption to apply, it is no longer sufficient that the tattooist works 'in free hand'. The DTA emphasize that a number of elements should also be considered when deciding if tattooing is VAT exempt as an artistic activity.

VAT deduction for holding companies

The Court of Justice of the European Union has, in the cases *Larentia + Minerva* and *Marenave Schiffahrt*, ruled on holding companies' right to deduct VAT on costs incurred for the acquisition of shares in subsidiaries. It is expected that the DTA will soon issue a binding instruction, which will allow for increased input VAT deductibility for holding companies (including on a retrospective basis).

New binding instruction regarding VAT registration of bankruptcy estate

The bankruptcy estate of previously VAT-registered companies must be registered for VAT when supplying goods and services that are not VAT exempt. Under previous administrative case law, the bankruptcy estate did not have to VAT register.

The change of practice was effective from 8 July 2015.

VAT exemption for cost sharing groups widened

In 1997, the CJEU published a ruling in the *SDC* case (C-2/95). The question referred to the CJEU was whether or not SDC, as a subcontractor to savings banks, could benefit from the VAT exemption for certain financial transactions. At that time, SDC was organized as an association, and the savings banks were the members. The VAT exemption for cost sharing groups was implemented in the VAT Act but not discussed in the case.

SDC and the DTA reached a settlement in Denmark, and according to the settlement some of the services were exempt, some were partly exempt, and some were wholly taxable. However, since the settlement, SDC has undergone a reorganization and is now a Limited Liability Company (LLC).

The DTA has now published an anonymized binding ruling regarding the VAT exemption for cost sharing groups. The facts in the ruling confirm that the taxpayer who is applying for the binding ruling is an LLC and that the services provided to the shareholders are similar to those provided by SDC to its members back in 1997.

The taxpayer has also stated in the ruling request that the LLC does not seek to obtain a profit. Based on this 'fact', the DTA have concluded that the LLC is not excluded from the VAT exemption, i.e., the services provided to the shareholders can be exempt.

This ruling widens the scope of the VAT exemption for cost sharing groups and opens up the potential for further outsourcing in the financial sector in general.

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Italy

New VAT rules regarding intra-EU movements of goods subject to processing operations/ usual forms of handling

On 18 August 2015, new VAT rules regarding intra-EU movements of goods subject to processing operations/ usual forms of handling have come into force in Italy. As anticipated, the amendments respond to the infringement procedure brought by the European Commission against Italy, because of the contrast between the domestic rules and the Principal VAT Directive (refer to Court of Justice of the European Union cases *Dresser Rand* (C-607/12) and *Dresser Rand SA* (C-606/12).

The differences between the domestic rules and the Principal VAT Directive were as follows:

- **Under the old Italian VAT rules:**

  a) There is not an 'intra EU acquisition' where goods are introduced into Italy that are subject to processing operations or usual forms of handling, if the goods are subsequently transported or dispatched to the purchaser in the Member State of origin or on his behalf in another Member State, or outside the territory of the Community;

b) There is not an 'intra-EU supply' where there is a movement of goods from Italy subject to processing operations or usual forms of handling.

- **Under the Principal VAT Directive:** there is no intra-EU transaction where there is a movement of goods subject to processing operations or usual forms of handling, provided the goods are returned to the taxable person in the Member State from which the goods were initially dispatched or transported.

Under the new rules, Italy is now compliant with the EU provisions:

- **For intra-EU acquisitions**, the introduction into Italy of goods subject to processing operations or usual forms of handling are not intra-EU acquisitions, provided the goods are returned to the purchaser, who is a taxable person in the Member State from which the goods were initially dispatched or transported. This means that the introduction into Italy of goods that, following the processing operations or usual forms of handling, do not return to the Member State from which they came, shall be deemed to be intra-EU acquisitions. For these transactions, in order to be compliant with the new rules, the EU supplier must be VAT registered in Italy.

- **For intra-EU supplies**, movements from Italy of goods subject to processing operations or usual forms of handling are not intra-EU supplies, if the goods are dispatched or sent to the purchaser, who is a taxable person in Italy. This means that intra-EU movements of goods that, following the processing operations or usual forms of handling do not return to Italy, shall be deemed to be intra-EU transactions. For these transactions, in order to be compliant with the new rules, the Italian supplier must be VAT registered in the EU country of the goods destination.

New VAT e-invoicing rules

New VAT rules have come into force (Decree dated 5 August 2015 (published in the Official Gazette n° 190 dated 18 August 2015)), stating the following:

- A new free service for the generation, transmission and storage of e-invoices will be made available by the tax authorities from 1 July 2016;

- An 'optional' procedure for the e-submission to tax authorities of all invoices issued/ received via the so-called "'Inter-charge System' will be made available by the tax authorities from 1 January 2017;

- The optional procedure will be valid for five years and will be renewable for a further five years;

- There are a number of benefits for taxpayers who apply for the optional procedure (e.g., exemption from the 'Spesometro', 'Black List' and 'Intrastat' requirements; reduction of the statute of limitation);

- Special rules for supplies of goods through automatic machines.

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Lithuania

CJEU decides that exemption can apply to all transactions in fuel bunkering chain

The Court of Justice of the European Union has decided the Lithuanian case of *Fast Bunkering Klaipeda UAB* (FBK), about the VAT treatment of marine fuel delivered to ocean-going vessels, where the physical delivery of the fuel into the vessel's tanks (by FBK) crystallises a series of transactions involving one or more intermediate suppliers as well as FBK and the ship owner/ operator.

The tax authorities argued that only the final transaction between the last intermediary in the chain and the ship owner/ operator qualified for the VAT exemption, and that other transactions in the chain (including the supply by FBK) were subject to VAT. The CJEU decision confirms that since FBK delivered fuel directly into the vessel's tanks, "…exemption may apply if the transfer to those intermediaries of the ownership in the goods concerned under the procedures laid down by the applicable national law took place at the earliest at the same time when the operators of vessels used for navigation on the high seas were actually entitled to dispose of those goods as if they were the owners …". It was left to the national court to work out if this was the case but the decision suggests that the narrow view of when exemption applies to transactions between intermediaries in supply chains of this kind may not be correct in all cases and that, in some circumstances, exemption would apply throughout the transaction chain.

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Malta

Items removed from the scope of eco-contribution

As announced by the Minister of Finance in his Budget Speech in November 2014, various items have been removed from the scope of the eco-contribution in Malta. These goods can broadly be classified as follows:

- Cooling and refrigerating equipment;
- Water heaters;
- Monitors and TV equipment;
- Telecommunications equipment;
- Appliances used for washing and cooking;
- Electronic equipment; and
- Incandescent/ halogen lamps and fluorescent tubes.

Instead, various (non-tax) obligations have been imposed on businesses selling such goods on the local market to prevent and reduce the adverse impact of the generation and management of waste from such products.

The changes are effective 1 September 2015.

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Slovenia

Fiscal verification of invoices mandatory from 2 January 2016

The new Act on the fiscal verification of invoices provides a basis for the introduction of the so-called system of online tax-certified cash registers, which will become mandatory from 2 January 2016, and under which cash registers will be connected to the central information system of the financial authority via the internet, meaning that issued invoices will be verified by the financial authority in real time.

According to the new Act on fiscal verification of invoices, starting from 2 January 2016, all invoices for the supply of goods and services, paid in cash, will have to be verified with the tax authorities according to the prescribed procedure. The Act foresees a two-year transitional period, in which those affected may decide whether they will use the electronic verification of invoices or a pre-registered book of receipts, the latter of which will subsequently also have to be reported to the financial authority.

Electronic confirmation of invoices will be compulsory for all legal and natural persons undertaking cash transactions and issuing invoices, except for statutory-provided exemptions. Under the Act on fiscal verification of invoices, exemption from the procedure of invoice verification automatically applies to all those not obliged to issue an invoice under the VAT Act, as well as to those not obliged to keep books and records under the Tax Procedure Act.

The Act on fiscal verification of invoices further envisages some specific exceptions:

- Supplies of goods by foreign taxable persons, not established in Slovenia, for which the place of supply is deemed Slovenia, if the value of supplies does not exceed EUR 35,000 in a calendar year;
- The supply of telecommunication, broadcasting and electronic services subject to the special ‘Mini One Stop Shop’ (MOSS) scheme;
- The continuous supply of goods and services such as supply of water, electricity, natural gas, utility services, etc.

Although not specifically stated in the Act, the Financial Administration and the Ministry of Finance have clarified that in case of payment through a payment service provider (e.g., PayPal), the invoice will not be subject to the fiscal verification of invoices.

The Act also provides for a penalty for customers not taking and saving an invoice for the services provided or the goods supplied upon leaving the business premises of the supplier. The penalty in the Draft Act, which was initially set at EUR 40-400, has now been capped at EUR 40. Control and implementation of sanctions will be the responsibility of the Financial Administration and the market inspection authorities.

Prior to the introduction of the new Act, taxpayers will need to prepare and adopt internal policy and procedures setting out the rules for invoice numbering, and provide to the tax authorities a list of business premises and a list of corresponding codes of the locations of these respective business premises.

The timeline for the adoption of the new rules is as follows:

31 July 2015 – Adoption of the Act on fiscal verification of invoices* (*implemented)

August 2015 – Adoption of Regulation on the implementation of the Act on fiscal verification of invoices

August 2015 – Release of technical specifications required for implementation of fiscal verification of invoices

September 2015 – Establishment of the testing system for software developers

1 December 2015 – Establishment of the voluntary testing system for taxable persons subject to fiscal verification of invoices

2 January 2016 – Commencement of the fiscal verification of invoices

1 January 2018 – End of the two year transitional period

Timeline of introduction of the online system of tax-certified cash registers

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Spain

New ‘supply of information system’ to require certain taxpayers to electronically file VAT ledgers from 1 January 2017

The tax authorities have recently published a draft Royal Decree, in connection with the new ‘Supply of Information System’ (SII), under which taxpayers are to upload their VAT ledgers to the tax authorities´ website. The system is expected to come in force as of 1 January 2017.

The text is only a draft of a Royal Decree, so it may be subject to amendment before being published.

The main features of the draft Royal Decree are as follows.

Which entities must apply the new SII?

This new system would apply (in principle, as of January 2017) to those entities that are in one of the following situations:

- Mandatory for monthly taxpayers, that is, for those companies (i) that are registered in the Monthly VAT Refund Register, (ii) that are registered under the VAT Grouping Regime, or (iii) for which transactions undertaken during the last year have exceeded the amount of EUR 6,010,121.04.

- Optional for taxpayers who voluntarily enroll. To apply for inclusion in the system, a census form 036 should be submitted during November of the previous year.

What is the purpose of SII?

The key aim of the tax authorities is to improve their tax control and, therefore, assistance to taxpayers. When the system is implemented, the authorities would have immediate control of taxpayers’ VAT ledgers, and the system will provide them with reliable data in order to speed up the conduct of VAT audits. Companies would be able to verify which data has been declared by other taxpayers in connection with transactions carried out with them.

Deadlines for the submission of the relevant VAT books

- Information with regards to invoices should be submitted within the following four days from their issuance/ receipt (if the invoice is issued by a third party or on a self-billing basis, the period of time would be extended to eight days). In any event, the information should be filed before the 16th day of the next month from when the VAT accrual took place.

- Information in connection with EU transactions should be submitted within four days from the beginning of the transport or the receipt of the goods.

- Information with regards to investment goods should be submitted within the deadline set out for the submission of the latest VAT return of the year (i.e., 4th quarter or December).

According to the draft of the Royal Decree, VAT ledgers should be submitted through the tax authorities' online platform and, also, they should reflect additional data that is not currently required. Additionally, there will no longer be the ability to make joint entries.

Deadline to file VAT returns (forms 303)

Companies required to apply the SII must submit VAT returns on a monthly basis. The due date for filing monthly VAT returns would be extended to the 30th day of the month following the reporting period.

Submission of other forms (390, 347 and 340)

Taxpayers enrolled in the SII would not be required to file the annual VAT Summary (form 390), the annual informative return containing transactions with third parties (form 347), or the monthly form 340, as they would provide the abovementioned information through the tax authorities' website on a detailed basis.

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Switzerland

E-filing for VAT returns now available

After several months of trial in four designated cantons, SuisseTax, the e-filing platform for Swiss VAT returns, is now available to all Swiss VAT registered companies.

Whenever a new return is available, companies registered for SuisseTax will receive an email notification. Companies can also easily grant access to their fiduciary to prepare returns. Paper VAT returns remain valid, and may be sent by post as usual.

In summary, the advantages of SuisseTax are:

- Electronic submission of VAT returns and corrective returns;

- Electronic submission of the annual corrective return;

- Online extension of time limits to submit VAT returns;

- Overview of awaiting and completed operations, as well as of VAT returns already submitted online;
- Online management of the users' rights.

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United Kingdom

English carrier bag levy includes VAT and is subject to corporation tax

The tax authorities have confirmed that, like the Welsh 'carrier bag levy' (but unlike the slightly different Northern Irish scheme, where the minimum 5p levy is treated as outside the scope of VAT unless a greater sum is charged), the charge on single use plastic carrier bags that comes into effect in England on 5 October will be subject to VAT, and the charges will form part of the business's trading income.

This means that businesses must include the charges for single use bags in their retail scheme calculations and account for VAT (0.83 pence per bag if the minimum 5p is charged) on them.

Under the scheme, larger retailers (those with 250 full time or equivalent staff) must charge a minimum of 5p for each single use carrier bag that they provide subject to exceptions, for example, for bags containing uncooked meat, fish and poultry products, etc.

Guidance for retailers on the operation of the scheme (including details of which bags are subject to the levy and the penalties that can be imposed for non-compliance with it) was published by Department for Environment, Food & Rural Affairs earlier in the year.

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