New plans to tackle illicit tobacco smuggling into the UK were published this week by HM Revenue & Customs (HMRC) in an effort to recoup more than £2bn ($3.3bn) in lost taxes caused by smuggled tobacco which is then resold on the black market.

As part of this, UK Customs says it will be reducing the minimum indicative levels for personal imports and personal use to 800 cigarettes and 1kg of hand-rolling tobacco this autumn. [UK minimum indicative levels are currently set at 3,200 cigarettes and 3kg of hand-rolling tobacco-Ed].

This new measure will have no impact on holidaymakers duty free allowance of 200 cigarettes (one carton) bought from countries outside the EU, or on those entering the country with no more than the aforementioned volumes.

TARGETING TOBACCO SMUGGLERS...

In a statement, HM Revenue & Customs said: Under the new strategy, supported by the UK Border Agency, the Government has provided additional investment for more officers to target organised criminals who smuggle tobacco.

There will be increasing numbers of prosecutions, more illicit tobacco will be seized, and smugglers will face fresh hard-hitting financial sanctions. Minimum indicative levels for travellers bringing tobacco into the UK from the EU will also be reduced, aligning the UK with levels elsewhere in Europe.

Adding his comments, Justine Greening, Economic Secretary to the Treasury, said: The Government believes that tobacco smuggling must be tackled head on. Tobacco fraud costs taxpayers more than £2bn ($3.3bn) a year, depriving the public of revenue to fund vital public services.

We have made an additional £917m ($1.5bn) available to HMRC to tackle evasion, avoidance and criminal fraud across the tax system, and that includes illicit trading in tobacco. Those who think that tobacco smuggling is a quick, easy and risk-free crime that will go unchallenged, are making a serious mistake.

THE MASTER PLAN...

Key changes under the new strategy will include increasing criminal intelligence and investigation resources deployed on tobacco fraud by 20% to prosecute more criminals involved in smuggling at all levels; expanding the UK’s overseas network of fiscal crime liaison officers by 20% to increase seizures of illicit cigarettes; the introduction of new technology, intelligence and detection capability to improve response times more flexibly at borders and inland; pursuing proceeds of crime and applying new powers of assessment and penalties, including recovering lost taxes and charging penalties of up to 100% of the tax evaded.

BACKGROUND:

HMRC launched its first tobacco strategy in 2000. Since that time, working in partnership with the UK Border Agency it has seized more than 20bn smuggled cigarettes with a value of around £4.5bn ($7.4bn) and more than 2,700 tonnes of hand-rolling tobacco.

More than 3,300 people have been successfully prosecuted and more than £48m ($80m) worth of confiscation orders have been issued to recover the proceeds of crime.

The UK Government now claims that the illicit market for cigarettes has been reduced by almost half since 2000 (from 21% and rising, to 11%). At the same time, it says that the hand-rolling tobacco (HRT) illicit market has fallen from 61% to 49% over the same period.
UK smuggling crack down