

Navigating customs and excise compliance in the logistics sector

Logistics companies and customs agents operate in a fast-moving, high-volume and significant value industry. They are heavily regulated by UK authorities, such as HMRC and Border Force, who remain determined in their scrutiny of this area, and businesses therefore must ensure they operate lawfully and in compliance with UK laws.

Notably, the potential dangers for logistics companies were highlighted recently in *Roseline Logistics Limited v HMRC* [2025] UKFTT 427 (TC) (*Roseline*) (examined briefly below). Non-compliance can lead to serious consequences such as a substantial tax liability, forfeiture, significant penalties, shipment delays, or even criminal sanctions.

Common risk areas and how to address them

Stay ahead, by understanding the most pressing tax and customs compliance challenges that your business could face and take steps to mitigate against these risks. Some common issues you might face are summarised in this document.

Customs breaches

Whether you are importing or exporting, customs declarations must be accurate and timely. Key risk areas include:

- misclassification of goods under the UK tariff system or untrue declarations of goods
- undervaluation or incorrect origin claims
- failure to obtain and present appropriate import/export records during customs processes as well as retaining records.

Certain goods may be under stricter rules depending on their nature and greater care and additional requirements may need to be satisfied to ensure compliance in relation to them.

Roseline: direct representation and indirect representation

It is important to appreciate that there is a difference between a direct agent and an indirect agent. A direct agent makes declarations in the name of a principal, whereas an indirect agent makes declarations in their own name. There are different obligations and consequences for non-compliance depending on the type of agent.

In *Roseline*, the First-tier Tribunal decided that *Roseline Logistics Limited* had not been properly authorised to act as an

agent, but it was still found to be jointly and severally liable for a significant import VAT liability of over £1m, as the tribunal concluded that it knew, or should have known, of the breach of customs obligations. This decision highlights that correct procedures and detailed checks should be carried out by both customs agents and principals responsible for the goods.

Further key considerations include:

- Customs agents must be disclosed to HMRC.
- Customs agents must have written authorisation to act on behalf of their clients and be clear on the nature of their relationship.
- Customs agents should check that the steps they are taking on behalf of principals, especially in relation to tax, are correct.
- Liability for errors may shift if proper direct representation is not established.
- Agents should be fully trained, and the contracts with principals are clear.

Excise duty risks

If you are transporting alcohol, tobacco, or fuel products, excise duty rules apply. Common pitfalls include:

- Unauthorised movement of excise goods
- Incomplete or incorrect duty documentation
- Failure to register for the Excise Movement and Control System (EMCS).

Liability in this area is wide-ranging. Not only is the owner of the excise goods potentially liable, but so too are those who transport or hold them, such as logistics companies and warehousing providers. Guarantors for excise goods travelling under duty suspension can also face significant liabilities for non-compliance.

How we can assist

Breach of compliance obligations can result in civil and criminal sanctions which include financial penalties, forfeiture of goods, fines and imprisonment. Beyond the legal and financial impact, businesses may also face challenges in managing client relationships affected by HMRC or Border Force interventions. In addition, reputational damage can follow if the matter becomes public. We can help you comply with your legal obligations and successfully navigate any difficulties which may arise, safeguarding both your operations and your brand.

We have extensive experience of managing and resolving compliance issues and unexpected assessments or post-clearance demands in this area. Our team regularly engages with HMRC, Border Force, and other UK authorities to achieve swift and effective outcomes for our clients. Whether you are facing a routine query or require assistance with a complex dispute, we can provide the strategic support you need to stay compliant and in control.

If you would like to discuss anything, please contact Michelle Sloane or Jasprit Singh.

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