

European Scrutiny Committee

House of Commons London SW1A 0AA

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From: Sir William Cash MP

25 June 2020

Rt Hon Jesse Norman MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
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Article 8 of the Ireland/Northern Ireland Protocol: continued application of EU VAT law in Northern Ireland

On 14 May, we wrote to you about the Ireland/Northern Ireland Protocol in the UK's Withdrawal Agreement from the EU, specifically with respect to Article 8 thereof. This requires Northern Ireland to continue applying EU rules on Value Added Tax (VAT) as listed in Annex 3 to the Protocol, insofar as they 'concern goods'.

In particular, we put to you a number of precise questions about the practical implications and application of Article 8, including whether Northern Ireland would continue to enjoy in full all the UK's specific pre-withdrawal exemptions from the EU's minimum VAT rates for certain goods, even where different from those applicable in Ireland; the manner in which EU VAT law will be applied under the Protocol where it applies businesses engaged in either the supply of goods or services (or both); and the state of play of your discussions with the EU to ensure a smooth implementation from 1 January next year, including with respect to the necessary IT systems to be used by HMRC and businesses to track goods for VAT purposes.

Your reply of 5 June did not address any of those questions; it did not make an attempt to do so; it did not explain why you could not answer them; and it did not state when you might be in a position to do so. We note in this respect that the Command Paper of 20 May on the implementation of the Protocol more generally, to which you refer, also does not contain any information which could be construed as answering the questions that we put to you.

Given that businesses in Northern Ireland, and those in Great Britain involved in the movement of goods to or from there, urgently need clarity about the VAT rules that will apply and the systems they will need to use only six months from now, this is not acceptable. We therefore ask you to write to us again within 10 days to answer the individual questions set out in our letter of 14 May, or explain why you are not able to do so (and when you expect such answers *can* be provided).

I am copying this letter to Simon Hoare MP, Chair of the Northern Ireland Affairs Committee and Nick Beech, Clerk of that Committee; the Rt Hon Hilary Benn, Chair of the Committee on the Future Relationship with the EU and Gordon Clarke, Clerk of that Committee; to Lord Kinnoull and Christopher Johnson in the Lords; to Les Saunders at the Cabinet Office; and to Victor Peluola at your Department.

CHAIR