



Irish Petroleum Industry Association

Code of Practice

Policy

It is IPIA policy is to sell oil products only to fully legitimate businesses. The industry works closely with the Revenue Commissioners and other State agencies to seek to eradicate illegal activities such as the passing off of laundered fuel or the evasion of excise duty. IPIA member companies individually implement particular procedures and precautions in their own companies to ensure adherence to this principle. The following recommendations are to assist IPIA members in meeting this objective. Members may amend the manner in which these recommendations are implemented in order to align with existing systems and processes.

Legal Requirements

Finance (No.2) Act 2013, Section 47 makes the seller of oil products liable for any duty on rebated fuels if that person 'knew that, or was reckless as to whether or not, he or she in making that supply or delivery was participating in a transaction or series of transactions connected to the fraudulent evasion of excise duty'. It is thus incumbent on each IPIA member company to ensure, in so far as is possible, that it has taken every precaution to ensure that the rebated oil that it sells is used in a legitimate way and is not connected to the fraudulent evasion of excise duty.

Risk Assessment

The Risk Assessment process should consist of two parts - *On boarding* and *In life monitoring*.

Prior to signing up a large volume new customer, IPIA member companies should complete an *On boarding* section of its Risk Assessment process to determine, in so far as is possible, that the prospective customer is a legitimate business engaged in legitimate business activities.

On boarding checks should be complete prior to setting the customer up.

(See page two following).

In life monitoring should be carried out to monitor the customers' usage of duty rebated products during the ongoing life of the member's business relationship with that customer.

(See page three following).

Customer *On boarding*

IPIA recommends that the following should be secured before any large volume new account is set up by IPIA member companies.

- **Company Office search:** Prior to setting up a large volume new customer, the IPIA member should run a Company Office search to ensure that the company is properly registered and, if appropriate, has submitted accounts.
- **Scope:** Through a detailed discussion with the potential customer, the scope of his business will be determined and thus the products which will be required to support that business determined. Where these products include Marked Fuels, specifically Sulphur Free Gas Oil then further discussions will be required to assess the new customer's customer portfolio and ensure that the new customer has the necessary checks in place, to ensure that the products are being used in accordance with relevant legal statutory provisions
- **Site visit:** An on-site visit to the proposed delivery location is recommended as part of the *On-boarding* process to verify storage details, planning and other details.
- **VAT Number:** Prior to commencing trading, all new customers require a valid VAT Number so that invoicing can handle the VAT appropriately.
- **Auto Fuels Traders Licence:** If the customer expects to purchase road transport fuels, then he must have applied for and received an Auto Fuels Traders Number from Revenue and must make that number available prior to any product purchases taking place.
- **Marked Fuels Traders Licence:** If the customer expects to purchase rebated fuels, then he must have applied for and received a Mineral Oil Traders Number from Revenue and must make that number available prior to any product purchases taking place.
- **Bank Account Details:** Payment by cash, third party cheques or bank drafts can be an indicator of unusual activity. The preference amongst IPIA member companies is that payment is made by direct debit or by electronic funds transfer. Thus prior to setting up a new customer, that customer must submit bank account details.
- **Directors and company control:** As part of the *On boarding* process, the identity of company directors will be determined and enquiries made as to the reasonable bona fides of these directors.

Based on a review of the items referred to above, the IPIA member can a decision as to whether trade can be made with the relevant customer.

Customer In Life Monitoring

- **Monitoring purchasing patterns:** Once trading has begun on a regular basis, IPIA members should monitor purchasing patterns against agreed volume commitments. They should highlight anomalies.
- **Enterprise Resource Planning controls:** IPIA members should implement system controls to highlight sales to customers who do not have a valid Auto Fuels Traders Licence or Marked Fuels Traders Licence.
- **Sales to other traders:** Members should make reasonable efforts to ensure that sales to other traders are for genuine rebated use. They should try to assure themselves that these traders have appropriate 'Know your customers' controls' in place for their onward sales. Where necessary, members should review the adequacy of these customers' systems.
- **Percentage of Sulphur Free Gas Oil sales:** Each month, IPIA members should compare sales of Sulphur Free Gas Oil with the market data from the National Oil Reserves Agency to ensure that such sales are not out of line with those of the industry in general. Records should be kept of the monthly total so that trends can be identified. IPIA members should also review monthly sales patterns of Sulphur Free Gas Oil and Standard Gas Oil on a customer by customer basis.