EXPLANATORY MEMORANDUM TO

THE CUSTOMS (MISCELLANEOUS AMENDMENTS) REGULATIONS 2025

2025 No. 745

1. Introduction

1.1 This explanatory memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) on behalf of His Majesty's Treasury and is laid before the House of Commons by Command of His Majesty.

1.2 This memorandum contains information for the Select Committee on Statutory Instruments.

2. Declaration

2.1 James Murray MP, Exchequer Secretary to the Treasury, confirms that this Explanatory Memorandum meets the required standard.

2.2 Phil Bower, Deputy Director for Customs Co-ordination, Controls and Declarations at HMRC confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Iram Akhtar at HMRC email: cpsbriefingandco-ordinationteam@hmrc.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument makes various changes to the customs rules that apply when goods are imported or exported. It changes how these goods can be declared to HMRC for customs purposes in certain circumstances. This includes simplifications and other changes that will apply where certain goods are declared for export, or where imported goods are declared for a temporary admission procedure (under which goods can be imported for a temporary period and benefit from import duty relief) or a transit procedure (under which goods can be moved across borders with customs duty becoming chargeable only when the goods reach their final country of destination).

4.2 The instrument also establishes a new authorisation scheme for certain foreign postal operators providing services in Great Britain (GB) that will allow them to continue to access declaration simplifications when they carry postal items out of the UK from GB, while ensuring appropriate control. It also reduces customs information legally required for items of correspondence brought to, or taken out of, the UK.

4.3 Elsewhere, the instrument permits certain imported goods to be kept in GB under temporary admission arrangements for longer periods than is currently possible.

4.4 The instrument also ensures that HMRC powers to examine goods in Northern Ireland (NI), for example where this is necessary to check a declaration, are aligned across the UK. It also ensures penalties can be charged where a person bringing goods into GB or NI does not comply with customs requirements concerning the movement or examination of goods. Other provisions ensure that customs rules for the valuation of

imported goods align with the UK's international agreements, enable HMRC to repay or remit import duty amounts where the value of imported goods has been reduced because the goods are defective and update the law concerning HMRC control and examination of goods before they are exported.

Where does the legislation extend to, and apply?

4.5 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.6 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. Policy Context

What is being done and why?

5.1 The UK is a member of the internationally agreed Universal Postal Union (UPU). The Convention of the UPU sets out rules concerning international postal services. The Convention also makes provision for postal operators, designated by one UPU member, to provide postal services in other member countries, including the UK. The instrument formalises customs arrangements that apply when such operators carry postal items out of the UK.

5.2 The instrument establishes an authorisation scheme for these foreign designated operators providing services in GB. This will be linked to simplified declaration arrangements for items posted in GB and taken out of the UK by authorised operators. In particular, an electronic export declaration will usually not be required for these postal items, providing goods do not exceed £1,000 in value and are not subject to restrictions on export. Postal items (such as parcels and postal packets) taken out of the UK by these operators will need to have a simplified customs form (CN22/CN23) affixed, although this requirement will not apply to items of correspondence carried by the operator.

5.3 Authorisations will initially be treated as granted to foreign designated operators on a transitional basis, pending the commencement of more detailed application and approval arrangements, and to allow HMRC time to consider applications for authorisation. The intention is that any foreign designated operator providing services in the UK can be treated as authorised for a limited period of time, which will expire no later than 31 December 2026, or an earlier date specified by HMRC. After that time, foreign designated operators will only benefit from the simplified arrangements described above if they have applied for an authorisation which has been issued to them by HMRC. HMRC will exercise their power to remove the transitional cover before 31 December 2026 if for example there are concerns about an operator's capability to operate in accordance with customs requirements.

5.4 The rules concerning the use of the CN22/23 customs form for international postal items contained in postal legislation are being updated to clarify that the forms are not required in respect of postal items that consist solely of correspondence (and therefore are not parcels or other postal packets). The exclusion for items of correspondence is achieved by restricting obligations in relation to these customs forms to foreign postal packets 'containing goods in a postal consignment' and defining that latter term in a way that excludes items of correspondence. The rules concerning examination of postal items by HMRC are also being updated, to ensure that postal operators are required, on behalf of the sender of the parcel, to make certain postal items they carry available to HMRC for examination before those items are exported.

5.5 The various measures concerning postal operators and postal items are intended to regularise the customs rules for foreign designated operators and simplify requirements, while creating an appropriate authorisation framework for oversight of postal operators and postal items by HMRC.

5.6 The government has reviewed the rules of the temporary admission procedure and duty relief, which is commonly used by businesses to import goods for short-term projects, exhibitions, or events, or by individuals visiting the UK. The review aimed to ensure that the rules and conditions for the use of temporary admission, and access to the procedure, remained up-to-date and consistent with requirements of users. This instrument provides for a number of improvements to the temporary admission procedure that were requested by businesses and individuals during this review.

5.7 In particular, the instrument allows for an increase to the amount of time that certain goods can remain in GB under a temporary admission procedure. Currently, goods can normally only be held under the temporary admission procedure for up to 24 months, with certain exceptions. The instrument will permit longer periods for certain goods including works of art, collectors' items and antiques (up to 48 months). It also enables HMRC to specify, in a public notice, a longer time period for other goods where justified with reference to the proposed use of the goods and any abnormal circumstances beyond the control of a person using the procedure.

5.8 Eligibility for temporary admission is subject to conditions set out in a reference document 'Temporary Admission: Eligible Goods and Conditions for Relief' (temporary admission document)[1]. The instrument will provide for the publication of an updated temporary admission document. This document will include a new stand-alone section for works of art, collectors' items and antiques, to provide for the longer period that will be available for these goods.

5.9 The instrument also extends the ability to make a simplified oral or by conduct declaration when certain imported goods ('other goods') are placed under a temporary admission procedure in GB. This means that, where HMRC agrees that such a declaration is justified, the goods can be placed under temporary admission simply by declaring them orally to a Customs Officer (oral declaration) or by carrying out certain conduct, such as taking the goods through a 'nothing to declare' channel (by conduct declaration). The instrument makes provision for an HMRC approval process for these new oral or by conduct declarations, and for the grant or refusal of an application for approval. Failure to comply with any conditions imposed in any approval will mean that any oral or by conduct declaration will not be valid. HMRC will also take into account any such failure when considering future applications for oral/by conduct declarations by the same person. Details of when HMRC will consider such a declaration to be justified, as well as rules concerning the application process (such as the form and manner in which an application is to be made), will be set out in a public notice. The instrument also includes changes that ensure that a similar form of export declaration (oral or by conduct declaration) is available for these goods when they are taken out of the UK at the end of the temporary admission procedure.

5.10 UK customs legislation implements requirements of the internationally-agreed Common Transit Convention (CTC) concerning the international movement of goods. The instrument implements agreed changes to the CTC in the UK's legislation for the

[1] Temporary Admission: Eligible Goods and Conditions for Relief' (temporary admission document): https://www.gov.uk/government/publications/reference-document-for-temporary-admission-eligible-goods-and-conditions-for-relief

common transit procedure. These changes allow goods carried by air or rail to be declared to a common transit procedure by a customs declaration with a reduced set of data requirements, subject to HMRC authorisation. A similar simplification is being introduced in the rules of the United Kingdom transit procedure, which applies for goods moving between two locations within GB. This is intended to simplify the transit declaration rules for goods carried by air or rail. Elsewhere, the instrument will withdraw paper-based declaration arrangements for goods moved by air or rail under the common transit procedure, which are no longer provided for in the CTC.

5.11 The instrument also makes changes to the rules concerning examination of goods by HMRC. Legislation which permits HMRC to examine goods will be updated to ensure that HMRC has appropriate powers of examination which will apply consistently across the UK, including in respect of goods in NI.

5.12 Customs legislation also provides for civil penalties to be applied in cases where specified customs rules are contravened. The ability for HMRC to impose penalties where customs requirements are breached is essential to ensure compliance with these requirements. This instrument permits HMRC to issue a civil penalty of up to £1,000 in cases where a person fails to comply with HMRC directions concerning the movement of goods, including any licensing requirements for persons moving goods and vehicle approval conditions, or otherwise fails to provide for the carrying of goods or their containers to a location for examination by HMRC, when required to do so.

5.13 The instrument also clarifies how the customs value should be determined in specific circumstances and under particular valuation methods. It provides for rules that will apply when the price of imported goods that are defective is adjusted after the import (including the ability for businesses to seek repayment or remission of duty amounts). It also updates rules concerning the treatment of royalty amounts and for values to be determined on a pro-rata basis (with HMRC agreement) in certain cases. The instrument also updates the various methods by which the value of imported goods can be calculated. This will provide legal certainty and clarity for importers and HMRC.

5.14 Goods being taken out of the UK are subject to customs requirements and processes before they are exported. This instrument also clarifies that these goods remain subject to control by HMRC until they are taken out of the UK, in order to ensure the orderly conduct of the export process.

5.15 Alongside the changes described above, the instrument contains some consequential changes to customs legislation. These include cases where existing customs legislation is restated as part of a new or updated provision, or where obsolete, duplicated or superseded provisions have been omitted.

5.16 In making these changes, regard has been had to the international arrangements to which His Majesty's Government is a party and, in particular, to the UPU and the CTC.

What was the previous policy, how is this different?

5.17 Customs legislation previously made no provision concerning authorisation by HMRC of postal operators designated by other member states within the UPU where they are operating within GB, or how these operators could access various customs simplifications in relation to postal items. However, these operators have been permitted to access certain customs simplifications for goods being taken out of the UK on a temporary basis, pending the changes made by this instrument. The

instrument establishes an authorisation scheme for 'foreign designated operators' (as defined by amendments made by this instrument) and therefore regularises access of these operators to certain customs simplifications. This ensures that access to these simplifications is subject to appropriate approval requirements and oversight by HMRC.

5.18 Postal legislation required a CN22/23 customs form to be affixed to any postal packet brought to the UK or taken out of the UK by Royal Mail. This requirement is removed for post that consist solely of items of correspondence (as opposed to parcels or other postal packets).

5.19 The use of temporary admission is subject to certain conditions about who can declare goods for the procedure and how long goods can remain in GB under the procedure. The period during which goods can remain in GB under temporary admission is extended, in cases where respondents to the government's review of temporary admission identified that previous rules created difficulties or did not meet the objectives of the temporary admission procedure. The instrument also addresses certain gaps in the current rules permitting oral or by conduct declarations, which meant that certain goods could only be declared for a temporary admission procedure using an electronic or paper declaration.

5.20 Customs legislation provided for paper-based arrangements to be used for goods transported by air or rail under the common transit procedure. These arrangements are no longer available under the CTC, which sets out the internationally-agreed rules of the common transit procedure that apply in all CTC-member countries. These paper-based arrangements are therefore withdrawn in the UK. Businesses transporting goods by air or rail can now apply for a new HMRC authorisation permitting the use of a simplified declaration for a common transit procedure with reduced information requirements.

5.21 The instrument also formalises and makes clear HMRC's powers to examine and take account of goods entering NI, including for the purposes of verifying customs declarations.

5.22 Elsewhere, the instrument addresses a previous gap in the ability of HMRC to impose a civil penalty for breaches of customs rules relating to the movement or examination of imported goods and to repay or remit duty amounts where appropriate following a reduction to the price payable for defective imported goods.

5.23 Other changes in the instrument - such as the clarification on how the customs value should be determined in specific circumstances and under particular valuation methods - are intended to provide legal certainty and to align UK customs legislation with international customs agreements. These do not reflect any significant changes in UK customs policy. Similarly, the provision concerning HMRC control of goods that are to be taken out of the UK is intended to provide legal certainty that these goods are subject to customs until they are taken out of the UK.

6. Legislative and Legal Context

How has the law changed?

6.1 The main provisions of UK law concerning import duty are in the Taxation (Cross-border Trade) Act 2018 (TCTA), and regulations made under that Act.

6.2 These regulations include the Customs (Import Duty) (EU Exit) Regulations 2018 (S.I. 2018/1248) (the Import Duty Regulations) which apply in GB and include rules concerning the availability and use of oral and by conduct declarations to place goods

under a temporary admission procedure. These Import Duty Regulations also make provision for cases in which an oral or by conduct declaration can be used to be set out in the reference document entitled 'List of Goods Applicable to Oral and By Conduct Declarations' (the Oral or By Conduct List). The Import Duty Regulations also permit the making of a customs declaration in paper form in certain circumstances, and provide rules for the valuation of imported goods for duty purposes and the repayment or remission of duty by HMRC. The Import Duty Regulations are amended to extend the availability of an oral and by conduct declaration for certain goods declared for a temporary admission procedure, provide for applications for these simplified forms of declaration, withdraw the ability to declare goods for a transit procedure using certain paper declarations, permit HMRC to repay or remit duty after certain adjustments to the price payable for defective imported goods and clarify how the value of goods should be determined for customs purposes in specific circumstances or under certain valuation methods. Guidance has been published to further explain the clarifications made in respect of valuation of goods (see paragraph 8.1).

6.3 The Customs (Export) (EU Exit) Regulations 2019 (S.I. 2019/108) (the Export Regulations) include provisions that apply in GB for goods that are to be exported from the UK. This includes a requirement to make goods available for examination by a Customs Officer before they are exported. The Export Regulations also set out rules concerning export declarations made orally or by conduct and concerning the control by a Customs Officer of goods that are to be exported. The Export Regulations are being amended to establish new authorisation requirements for foreign designated postal operators. Certain postal items taken out of GB can be declared for export by the conduct of submitting them to an authorised postal operator. Operators will be responsible for making these declared postal items available for examination by HMRC, before they are exported. Changes to the Export Regulations also ensure that an oral and by conduct export declaration will be possible for certain goods that are being exported at the end of a temporary admission procedure. The Export Regulations are also updated to clarify that goods remain under the control of a Customs Officer until they have been taken out of the UK.

6.4 The Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (S.I. 2018/1249) (the Special Procedures Regulations) set out rules for the temporary admission procedure in GB, including the period for which goods can be kept under the procedure before they have to be exported. These Special Procedures Regulations also provide for details concerning the goods which qualify for full relief under temporary admission, and other eligibility conditions, to be set out in the temporary admission document. These Special Procedures Regulations are updated to permit works of art, collectors' items and antiques to remain under a temporary admission procedure for a longer period of up to 48 months and ensure that HMRC can permit other goods to be kept under a temporary admission procedure for longer than 24 months. An updated version of the temporary admission document will be published alongside this change. The Special Procedures Regulations will also be modified to permit the period during which other goods can be kept under a temporary admission procedure to be specified in a notice published by HMRC.

6.5 The Customs Transit Procedures (EU Exit) Regulations 2018 (S.I. 2018/1258) (the Transit Regulations) implement the requirements of international transit agreements, such as the CTC, in GB. They also provide transit arrangements for goods moving between UK destinations (United Kingdom transit procedure). These Transit Regulations are updated to remove the availability of paper-based transit

arrangements for certain goods moved by air or rail under the common transit procedure, and provide for a new simplification which allows goods to be placed under the common transit procedure or the United Kingdom transit procedure using a declaration with reduced information requirements.

6.6 In addition to legislation made under TCTA, the Finance Act 2003 provides for circumstances in which a person will be liable to a penalty for breaches of specified customs rules, and other matters in relation to penalties, to be set out in Regulations. Regulations made under this Act include the Customs (Contravention of a Relevant Rule) Regulations 2003 (S.I. 2003/3113) (the Penalty Regulations). These Penalty Regulations are being updated to clarify the scope of an existing penalty relating to breach of directions and to provide for a penalty of up to £1,000 where a person breaches certain requirements imposed by or under the Customs and Excise Management Act 1979 (CEMA) in relation to the movement or examination of goods.

6.7 The Customs (Northern Ireland) (EU Exit) Regulations (S.I. 2020/1605) (Northern Ireland regulations) set out how certain provisions of CEMA and the other legislation detailed above apply for the purposes of duty chargeable in NI. These Northern Ireland Regulations are being updated to make clear how CEMA provisions concerning HMRC powers to examine and take account of goods apply in NI and to ensure that penalties for breach of requirements under those provisions apply correctly.

6.8 The instrument also makes changes to the Postal Packets (Revenue and Customs) Regulations 2011 (S.I. 2011/3036) (the Postal Packets Regulations), which are made under the Postal Services Act 2000, and which set out information requirements and other rules for the international movement of postal packets. These changes remove the requirement for a CN22/23 customs form to be affixed to any item of correspondence, but the Postal Packets Regulations still require a CN22/23 to be affixed to other postal packets or parcels caried out of the UK by foreign postal operators authorised under the export regulations (as described above).

6.9 Alongside the changes described above, the instrument contains some minor or consequential changes to customs and postal legislation. These include the updating of cross-references, the omission of obsolete, duplicated or superseded provisions or the restatement of existing rules as part of new provisions. Transitional provision is also made in relation to foreign designated operators to enable them to continue their existing operations up until the end of December 2026 or until they become authorised under the new regime. The provision also gives a Customs Officer the power to remove the transitional cover for reasonable cause.

Why was this approach taken to change the law?

6.10 This instrument makes amendments to a number of customs-related regulations. The changes made by this instrument do not require consolidation or restatement of the regulations that are being amended. A single amending instrument to amend these regulations is therefore the most proportionate approach to changing the law.

7. Consultation

Summary of consultation outcome and methodology

7.1 HMRC formally consulted on the customs treatment of foreign designated operators from 27 April 2023 to 20 July 2024[2]. A consultation response was published on 28 April 2025[3].

7.2 HMRC published a Call for Evidence on how the process for importing goods temporarily into the UK can be improved through a Call for Evidence[4] which ran from 29 June to 22 September 2023. A summary of responses was published on 7 December 2023[5].

7.3 Other changes are technical changes for which formal consultation is not considered necessary.

7.4 A virtual reading room on the draft instrument was held on 5 June 2025 with members of the Joint Customs Consultative Committee (JCCC), to provide more details on the draft legislation. The JCCC is a HMRC sponsored forum established to exchange views on, and discuss proposed changes to, customs rules.

8. Applicable Guidance

8.1 Guidance has been or will be published on most of the matters in this instrument and will, where necessary, be updated before the changes take effect. Guidance can be found on GOV.UK[6].

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because the instrument does not contain any non-tax matters. A Tax Information and Impact Note will be published on GOV.UK[7].

Impact on businesses, charities and voluntary bodies

9.2 The new requirements for foreign postal operators will have a negligible impact on an estimated 20-30 operators. This includes slightly increased costs and administration.

---

[2] Consultation: https://www.gov.uk/government/consultations/customs-treatment-of-post-and-parcel-exports/f1a36454-e8dc-4cd6-b7e9-7ec42fe98c8a

[3] Consultation response: https://www.gov.uk/government/consultations/customs-treatment-of-post-and-parcel-exports/outcome/customs-treatment-of-post-and-parcel-exports-export-memorandum-of-understanding-and-extra-territorial-offices-of-exchange-consultation-response

[4] Call for Evidence: https://www.gov.uk/government/consultations/bringing-goods-into-the-uk-temporarily/bringing-goods-into-the-uk-temporarily-call-for-evidence

[5] Call for Evidence summary of responses: https://www.gov.uk/government/consultations/bringing-goods-into-the-uk-temporarily/outcome/fa37a216-7810-4d81-8f18-27ee1f213c02

[6] Guidance: https://www.gov.uk/guidance/apply-to-import-goods-temporarily-to-the-uk-or-eu; https://www.gov.uk/government/collections/using-common-or-union-transit-to-move-goods-into-through-and-out-of-the-uk; https://www.gov.uk/guidance/civil-penalties-for-contraventions-of-customs-law-customs-notice-301; https://www.gov.uk/government/collections/working-out-the-customs-value-of-your-imported-goods, and https://www.gov.uk/export-customs-declaration

[7] Tax Information and Impact Note: https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins

One-off costs could include familiarisation with the changes and applying for HMRC approval.

9.3 The changes to the temporary admission procedure will have a positive impact on those businesses, charities and voluntary bodies who can take advantage of the extended periods of time certain goods can remain in the UK temporarily without the need to pay customs duty or import VAT.

9.4 The changes concerning HMRC powers to examine and take account of goods and civil penalties will have a negligible impact on business, charities or voluntary bodies.

9.5 The changes to the transit regulations will impact airline and railway companies. They will no longer be permitted to use paper-based common transit arrangements for goods moved by air or train but may be able to use simplified customs declarations which have fewer information requirements.

9.6 The changes in respect of the customs valuation of goods, and control of goods that are to be exported are not expected to have any significant impact on businesses, charities or voluntary bodies.

9.7 The legislation does impact small or micro businesses.

9.8 No measures are proposed to minimise the impact of the requirements on small or micro businesses (employing up to 50 people). The rules in this instrument are general customs rules that apply to all businesses who import or export goods and the impact on small or micro businesses is expected to be negligible.

9.9 There is no, or no significant, impact on the public sector.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is to keep customs rules under review through ongoing stakeholder engagement, and compliance activity, to ensure that this instrument meets the policy objectives set out in section 5 of this Explanatory Memorandum.

10.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, James Murray MP has made the following statement:

"A statutory review clause is not included in the instrument because the instrument relates to a tax or duty, and therefore meets the requirements of the exemption set out in section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015".

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 Provisions in this instrument that amend the Postal Packets Regulations are made using powers at section 105 of the Postal Services Act 2000 (application of customs and excise amendments to certain postal packets). Section 105(2) provides that regulations concerning certain matters may only be made by HM Treasury on the recommendation of the Commissioners of Revenue and Customs and the Secretary of State for the Department for Business and Trade. The relevant provisions in this instrument are made following the required recommendations from the Commissioners and Secretary of State.

11.2 This instrument makes provision for certain matters to be specified in a notice published by HMRC. TCTA includes the power to sub-delegate and certain provisions of this instrument rely on sections 32(8) of TCTA. The effect of this provision is that any power to make regulations under Part 1 of TCTA includes a power conferring a discretion on any specified person to do anything by or under, or for the purposes of, the regulations, and a power to make provision by reference to things specified in a notice published in accordance with the regulations. The notices made under this instrument will be published at https://www.gov.uk/government/collections/customs-vat-and-excise-uk-transition-legislation-from-1-january-2021 no later than the date on which the relevant provisions of the instrument come into force.

12. European Convention on Human Rights

12.1 As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).