EXPLANATORY MEMORANDUM TO

THE CUSTOMS (MISCELLANEOUS AMENDMENTS) REGULATIONS 2026

2026 No. 605

1. Introduction

1.1 This Explanatory Memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of His Majesty.

2. Declaration

2.1 Dan Tomlinson 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 can be contacted by email at the following address with any queries regarding the instrument: cpsbriefingandco-ordinationteam@hmrc.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument includes various changes to customs regulations. In particular, it will ensure HMRC can require operators of ports to provide appropriate facilities for customs formalities at an offsite location where HMRC assesses that there is insufficient space for those facilities to be provided at the port. Other changes in the instrument relate to the declaration of goods for customs purposes. These changes facilitate the use of digital 'carnet' documents as declarations, and extend bulk Customs declaration arrangements for imported postal packets, so these are available for imported postal packets sent to recipients anywhere in the United Kingdom (UK). This instrument also updates the law concerning interest chargeable by HMRC on import duty liabilities where there has been non-compliance with a Customs obligation or the correction or amendment of a previously accepted Customs declaration.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the UK.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is Great Britain (GB).

5. Policy Context

What is being done and why?

5.1 Since leaving the European Union (EU), the UK government has operated a small number of Inland Border Facilities (IBFs). These ensure that customs infrastructure is available where there is insufficient space for it to be provided at a port. Government provision of IBFs was always intended to be temporary. The changes in this instrument will ensure that HMRC can require operators of ports assessed as having insufficient space for customs infrastructure on-site to provide suitable facilities for checks of goods and other customs formalities at an off-site location agreed by HMRC. This will end reliance on government provided IBFs and bring arrangements into line with the longstanding model used at all other ports while ensuring the checks on goods necessary to protect the UK can continue to take place.

5.2 The Admission Temporaire or Temporary Admission (ATA) Carnet and the Carnet de Passages en Douane (CPD) Carnet are internationally agreed arrangements for moving certain goods temporarily between customs territories without the need to pay customs duties. They simplify customs requirements by allowing a single customs document to be used in any country that participates in the relevant agreement. The carnet must be presented to customs each time the goods enter or exit a customs territory. Historically, carnets have been paper-based and have required a 'wet-stamp' each time goods enter a new customs territory. ATA Carnets are now being digitised. Digital carnets will ease administrative burdens and save users time and money, whilst also reducing risks and environmental impact where a carnet is used. The changes will ensure that goods declared for a UK transit procedure using a digital carnet will benefit from the same facilitations as goods declared using a paper-based carnet. This instrument also includes other minor and consequential changes to accommodate digital carnets.

5.3 Customs rules provide for HMRC to charge interest when a liability to customs duty is not paid by the due date. This instrument updates the rules concerning how interest is calculated where a customs declaration is found to be incorrect after goods have been released from customs control, or where there has been a breach of the customs rules. In these cases, interest will be calculated and chargeable from the date the relevant liability to duty was incurred. The calculation of interest will cease on the date the liability to pay duty is notified to the relevant person by HMRC, following which the usual rules relating to late payment interest will apply.

5.4 A person importing postal packets into GB may be authorised by HMRC to use simplified declaration arrangements known as the "bulk Customs declaration process". A single simplified declaration ("bulk Customs declaration") can be made by an approved person covering multiple imported postal packets, subject to certain conditions. The condition that each postal packet included in a bulk Customs declaration must be intended for a recipient in GB is being replaced with a condition that each postal packet must be intended for a recipient in the UK. This will accommodate cases where an approved person brings international postal packets intended for delivery within the UK into GB for customs declaration and sorting, before the packets are then delivered to addresses in GB and Northern Ireland.

What was the previous policy, how is this different?

5.5 Under the previous policy HMRC provided infrastructure at certain locations to ensure customs checks and processes could take place because there was not room for

this infrastructure to be provided by the port within their boundary. HMRC can now make it a condition of approval that suitable facilities must be provided at an off-site location agreed by HMRC. This means the port operators will now be responsible for providing relevant customs infrastructure, bringing them into line with the longstanding model used at all other ports.

5.6 ATA Carnets can be used as declarations when goods were imported or exported but were previously available in paper-based form only. The law is updated to ensure that the same treatment applies where goods are declared using a paper-based or digital Carnet.

5.7 Previous law was unclear about the calculation and charging of interest by HMRC in certain cases where a liability to duty is paid late because a declaration is found to be incorrect after goods have been released from customs control or where there has been a breach of the customs rules. The interest calculation rules for these cases are now updated as described in para 5.3 above.

5.8 Previously the bulk Customs declaration process could only be used to declare postal packets sent to a recipient in GB. Postal packets destined for a recipient in Northern Ireland can now be included on a bulk Customs declaration when they are brought to GB before delivery.

6. Legislative and Legal Context

How has the law changed?

6.1 The Customs and Excise Management Act 1979 ("CEMA") provides for the approval by HMRC of places for the loading and unloading of goods. CEMA also permits HMRC to specify approval conditions by regulations. The CEMA provisions concerning the imposition of these conditions and restrictions were updated by Finance Act 2026. These updates permit regulations to specify conditions and restrictions which may be imposed after an approval has been granted, including conditions requiring the provision of specified facilities, services or infrastructure at an off-site facility and conditions and restrictions in relation to the movement of goods between the place approved under section 20(1) CEMA and an off-site facility.

6.2 The Wharves, Examination Stations and Temporary Storage Facilities (Approval Conditions) (EU Exit) Regulations 2018 (SI 2018/1265) ("the 2018 Regulations") are made, in part, in exercise of the CEMA regulation-making powers set out above. The 2018 Regulations set out conditions that ports must meet to be approved or to remain approved by HMRC.

6.3 The 2018 Regulations are amended by this instrument to specify conditions of approval regarding the provision of space, facilities and physical infrastructure for the performance of customs functions. HMRC may require those customs facilities to be provided at an off-site location agreed by HMRC if there is insufficient space for those facilities at the place approved under section 20(1) CEMA.

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

6.5 Regulations under the TCTA include the Customs (Import Duty) (EU Exit) Regulations 2018 (S.I. 2018/1248) ("the Import Duty Regulations") and the Customs (Export) (EU Exit) Regulations 2019 (S.I. 2019/108) ("the Export Regulations"), which permit the use of a paper-based carnet document as a declaration where goods are exported or imported. The Customs Transit Procedures (EU Exit) Regulations 2018 (S.I. 2018/1258) ("the Transit Regulations") make provision in relation to

various transit arrangements, including the UK transit procedure (under which imported goods can be moved between locations within the UK, with customs duty only becoming chargeable at the end of the movement). The Transit Regulations make provisions for various simplifications and other rules that apply where goods are declared for the UK transit procedure using a paper-based-carnet. These three sets of TCTA Regulations are amended to ensure that goods declared using digital carnets can benefit from the same facilitations and other treatment under the customs rules as goods declared using a paper-based version of the carnet.

6.6 The Import Duty Regulations also set out rules that apply for the calculation and recovery of interest chargeable where a liability to customs duty has not been paid by the due date. The Import Duty Regulations are amended to update rules concerning the calculation of interest in specified cases (including the start and end date for the calculation).

6.7 The Customs (Bulk Customs Declaration and Miscellaneous Amendments) (EU Exit) Regulations 2020 (S.I. 2020/967) are also made under powers in the TCTA and provide for the use of the simplified bulk Customs declaration process by an approved person, subject to certain conditions. This instrument amends those Regulations to allow postal packets destined for a recipient in Northern Ireland to be included on a bulk Customs declaration when brought to GB before delivery.

Why was this approach taken to change the law?

6.8 This instrument makes amendments to a number of customs-related Regulations. A single amending instrument is the most appropriate approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 The government published the final version of the Border Target Operating Model in August 2023, which explained that HMRC was exploring options for provision of IBF services on a commercial basis. HMRC began engaging with the affected ports on the changes in early 2025. The amendments required for primary legislation were announced on 28 April 2025 and the legislation was formally announced on 26 November 2025. There has been no formal public consultation as the measure is intended to bring all ports into line with the longstanding model for customs infrastructure. HMRC will continue to work closely with relevant government departments and industry representatives to support implementation and address any operational issues that arise.

7.2 HMRC has discussed the digital carnet provisions with carnet issuing bodies and has worked with the London Chamber of Commerce and industry on a pilot of digital carnets.

7.3 The changes in respect of the charging of interest and the bulk Customs declaration process are technical changes for which consultation is not considered necessary.

7.4 Additionally, to support our ongoing engagement with those impacted, a virtual reading room was held on the draft instrument on 4 June 2026 with members of the Joint Customs Consultative Committee (“the JCCC”), to provide more details on the draft legislation and provide members with an opportunity to ask questions. The JCCC is a HMRC sponsored forum established to exchange views on, and to discuss proposed change 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 the GOV.UK[1] website.

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 Impact Note will be published on the GOV.UK[2] website.

Impact on businesses, charities and voluntary bodies

9.2 The measure requiring ports to maintain and operate customs infrastructure at an off-site location if there is not room within the port is expected to have a significant impact on three ports currently benefitting from IBFs. Provided it meets the government requirements, how ports choose to provide infrastructure and recover any costs is a commercial matter, and has been a longstanding practice at all other ports. One-off costs will include costs for setting up the required infrastructure. Ongoing costs will relate to operating the customs infrastructure. Ports may choose to pass infrastructure costs on to trade, meaning traders pay slightly more to use affected ports and pay for the use of customs infrastructure functions. This measure is expected overall to bring these businesses' experience of dealing with HMRC in line with the status quo at all other ports, by requiring them to take on customs infrastructure requirements. There may be one-off familiarisation costs for businesses using routes following any changes implemented by affected ports as a result of this measure.

9.3 The measure in respect of digital carnets does not itself impact businesses that choose to use a carnet, as it simply ensures digital carnets are treated in the same way as paper carnets within the customs rules.

9.4 The measure in respect of interest will have no impact on compliant businesses.

9.5 The measure in respect of the bulk Customs declaration process will extend the availability of this declaration simplification. It will permit an approved person to use a single bulk Customs declaration for postal packets brought to GB for onward delivery to any part of the UK.

9.6 The legislation does impact small or micro businesses.

9.7 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

[1] Guidance: https://www.gov.uk/government/publications/inland-border-facilities-changes-to-port-approvals-legislation/inland-border-facilities-changes-to-port-approvals-legislation#summary-of-impacts; https://www.gov.uk/guidance/apply-for-an-ata-carnet; https://www.gov.uk/government/publications/rates-and-allowances-hmrc-interest-rates-for-late-and-early-payments ; https://www.gov.uk/guidance/apply-to-import-multiple-low-value-parcels-on-one-declaration

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

customs rules and the impact on small or micro businesses is expected to be negligible.

9.8 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 measure requiring ports to maintain and operate customs infrastructure will be monitored through the existing port approval process. The approach to monitoring the other measures in the instrument is to keep those rules under review through ongoing stakeholder engagement and compliance activity, to ensure that the instrument meets the policy objective outlined 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. Dan Tomlinson 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 2025".

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative 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"). It does however relate to the withdrawal of the UK from the European Union because the requirement for additional customs infrastructure at some ports arose because of the UK's withdrawal from the EU.