EXPLANATORY MEMORANDUM TO

THE CUSTOMS (TARIFF AND MISCELLANEOUS AMENDMENTS) (NO. 3) REGULATIONS 2025

2025 No. 1003

1. Introduction

1.1 This Explanatory Memorandum has been prepared by HM Treasury and the Department for Business and Trade 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 Dan Tomlinson, Exchequer Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.

2.2 Catherine Stewart, Deputy Director for Trade Policy, at HM Treasury confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Eva Agerbaek at HM Treasury, eva.agerbaek@hmtreasury.gov.uk, can be contacted with any queries regarding the instrument.

3.2 Ria Carter at the Department for Business and Trade, ria.carter@businessandtrade.gov.uk, can be contacted with any queries regarding the UK Global Tariff ("UKGT") and tariff suspensions changes.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument makes amendments to subordinate legislation previously made under the Taxation (Cross-border Trade) Act 2018 ("TCTA"), which provided for the United Kingdom's Customs, Value Added Tax ("VAT") and Excise regimes to be in place after the end of the Transition Period following the withdrawal of the United Kingdom ("UK") from the European Union ("EU").

4.2 This instrument updates the reference document which details the classification of goods that are included in the UK tariff schedule and applicable import duty rates. This instrument also includes changes to reference documents relating to tariff suspensions and authorised use.

4.3 The reference documents updated in this instrument have been given legal effect by the following Regulations:

a) The Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (S.I. 2018/1249) ("the Special Procedures Regulations").

b) The Customs Tariff (Establishment) (EU Exit) Regulations 2020 (S.I. 2020/1430) ("the Establishment Regulations").

c) The Customs (Reliefs from a Liability to Import Duty and Miscellaneous Amendments) (EU Exit) Regulations 2020 (S.I. 2020/1431) ("the Reliefs Regulations").

d) The Customs Tariff (Suspension of Import Duty Rates) (EU Exit) Regulations 2020 (S.I. 2020/1435) ("the Suspensions Regulations").

Where does the legislation extend to, and apply?

4.4 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales, Scotland, and Northern Ireland.

4.5 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland, and Northern Ireland.

5. Policy Context

What is being done and why?

5.1 This instrument contains policy and technical updates to tariff legislation.

5.2 This instrument updates a number of tariff reference documents. The below sets out the updated reference documents and the amendments thereto:

a) "The Tariff of the United Kingdom" reference document to create a new additional Chapter note for Chapter 20, which will specify that the correct commodity code for importing urid bean poppadoms is 2005 59. The tariff for this code is also being reduced by 2 per centage points from 18 per cent to 16 per cent to ensure that all importers of any commodity under this heading are subject to the same tariff. This instrument also includes amendments across 79 codes where the existing reference to Authorised Use will be removed and replaced with a rate of 0%. This change will not impact the duty rate applied.

b) The "Authorised Use: Eligible Goods and Rates" and "Authorised Use: Eligible Goods and Authorised Uses" reference documents. This instrument adds an additional subheading and table clarifying the current rates of import duty and conditions for the authorised use procedure relating to "Parts, Components and Subassemblies of Weapons and Military Equipment" to the "Authorised Use: Eligible Goods and Rates" document. This instrument also removes a commodity code from the "Authorised Use: Eligible Goods and Authorised Uses" document to align with changes to the UKGT. This change will ensure the UK's international trade policy can be delivered and avoid any unnecessary complications for businesses.

c) The "Tariff Suspension Document" to implement routine technical and descriptive commodity code updates and correct minor errors to ensure the document's clarity, accuracy and effective functioning. This includes 4 entries where the commodity codes are being updated and a further 16 entries where the descriptions are being modified to clarify the text. Suspensions on 14 commodity codes that have been duplicated across different sections of the reference document will be amended so that the relevant information now only appears once in the correct place. Suspensions on 4 commodity codes that have been incorporated into listings with a different end date will be amended so that they now have a separate listing with the correct end date.

What was the previous policy, how is this different?

5.3 Sections 5.1-5.2 above set out the previous policy and the changes being made.

6. Legislative and Legal Context

How has the law changed?

UK Global Tariff

6.1 Section 8 of the TCTA gives HM Treasury the power to make regulations ensuring that the UK has functioning Customs, VAT and Excise regimes and sets out the associated rules of, and exceptions to, the UK's Most Favoured Nation tariffs, which have applied since 1 January 2021.

6.2 In considering the rate of import duty that ought to apply to goods in a standard case as defined under section 8(8) of the TCTA, HM Treasury has had regard to the matters set out in section 8(5) of the TCTA and the recommendation about the rate made to them by the Secretary of State for Business and Trade under section 8(6).

Authorised Use

6.3 Section 19 of the TCTA gives HM Treasury the power to make regulations that make provision for full or partial relief from a liability to import duty, including in the case of goods that are declared for an authorised use procedure or temporary admission procedure.

Tariff Suspensions

6.4 Section 12 of the TCTA gives HM Treasury the power to make regulations that, for a specified period, make provision for the rate of import duty applicable to specified goods to be lower than the applicable rate in the customs tariff in its standard form. In considering what provision to include in regulations made under section 12(1) of the TCTA, HM Treasury has had regard to recommendations made to them by the Secretary of State for Business and Trade in accordance with section 12(5) of the TCTA.

General considerations

6.5 In considering making the changes to the UK tariff schedule, as set out in paragraphs 5.2 (a)-(c) and 6.1-6.4, and in making the relevant recommendations referred to in those paragraphs, HM Treasury and the Secretary of State have had regard to the matters set out in section 28 of the TCTA.

Why was this approach taken to change the law?

6.6 The TCTA gives primary powers for the UK to create its own customs regime, including a system of import duty rates, allowing import duty to be applied to chargeable goods entering the UK.

6.7 The details of the UK's customs regime are set out in certain reference documents (see paragraphs 4.1-4.3 for further details). In order for changes to these reference documents to come into force, it is necessary for regulations to be made. This instrument gives effect to the changes to the reference documents discussed above. As these changes do not increase the rates of import duty applied in the standard case, the negative procedure is adopted pursuant to section 32 of the TCTA.

7. Consultation

Summary of consultation outcome and methodology

7.1 No consultation in relation to this instrument has been undertaken.

8. Applicable Guidance

8.1 Since the end of the Transition Period, the UKGT has applied to all goods imported into the UK unless an exception applies, such as a tariff relief or tariff suspension, goods imported from countries that have tariff-free access granted unilaterally, or as part of a Preferential Trade Arrangement. Further guidance is available at: https://www.gov.uk/guidance/finding-commodity-codes-for-imports-or-exports.

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 it largely maintains the position of existing legislation which was covered by an overarching Tax Information and Impact Note: https://www.gov.uk/government/publications/the-uks-integrated-tariff-schedule/the-uks-integrated-tariff-schedule.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies.

9.3 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 in line with the general approach to tariff legislation, which is kept under review to ensure that it meets the policy objectives set out above in section 5 of this Explanatory Memorandum and ensure burdens on business are carefully monitored.

10.2 The instrument does not include a statutory review clause as the content relates to a tax or duty and therefore meets the requirements 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 This instrument replaces the reference to version 1.25 of the "The Tariff of the United Kingdom" reference document with version 1.27 in the definition set out in regulation 1(2) of the Establishment Regulations. The version number of this reference document is amended non-sequentially because, since this reference document was amended by S.I. 2025/751, a public notice (published by HM Treasury on 7 August 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 1.26, dated 4 August 2025: https://www.gov.uk/government/publications/notices-made-under-s32a-of-the-taxation-cross-border-trade-act-2018/notice-made-by-hm-treasury-under-section-32a-of-the-taxation-cross-border-trade-act-2018.

11.2 This instrument replaces the reference to version 2.9 of the "Tariff Suspension Document" with version 3.1 in the definition set out in regulation 2 of the Suspensions Regulations. The version number of this reference document is amended non-sequentially because, since this reference document was amended by S.I. 2025/751, a public notice (published by HM Treasury on 7 August 2025 under section 32A of the

TCTA) has modified the relevant statutory reference document to version 3.0, dated 4 August 2025: https://www.gov.uk/government/publications/notices-made-under-s32a-of-the-taxation-cross-border-trade-act-2018/notice-made-by-hm-treasury-under-section-32a-of-the-taxation-cross-border-trade-act-2018.

11.3 This instrument replaces the reference in regulation 20(4) of the Reliefs Regulations to version 1.19 of the "Authorised Use: Eligible Goods and Rates" reference document with reference to version 1.21 of that reference document. The version number of this reference document is amended non-sequentially because, since this reference document was amended by S.I. 2025/751, a public notice (published by HM Treasury on 7 August 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 1.20, dated 4 August 2025: https://www.gov.uk/government/publications/notices-made-under-s32a-of-the-taxation-cross-border-trade-act-2018/notice-made-by-hm-treasury-under-section-32a-of-the-taxation-cross-border-trade-act-2018.

11.4 This instrument replaces the reference in regulation 32(2) of the Special Procedures Regulations to version 2.19 of the "Authorised Use: Eligible Goods and Authorised Uses" reference document with reference to version 2.21 of that reference document. The version number of this reference document is amended non-sequentially because, since this reference document was amended by S.I. 2025/751, a public notice (published by HM Treasury on 7 August 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 2.20, dated 4 August 2025: https://www.gov.uk/government/publications/notices-made-under-s32a-of-the-taxation-cross-border-trade-act-2018/notice-made-by-hm-treasury-under-section-32a-of-the-taxation-cross-border-trade-act-2018.

12. European Convention on Human Rights

12.1 As the instrument is subject to 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. However, it does amend legislation that was itself related to the withdrawal of the UK from the EU because withdrawal required the UK to replace the EU's customs regime with a UK-specific customs regime.