EXPLANATORY MEMORANDUM TO

THE CUSTOMS (TARIFF AND MISCELLANEOUS AMENDMENTS) (NO. 3) REGULATIONS 2026

2026 No. 541

1. Introduction

1.1 This Explanatory Memorandum has been prepared by HM Treasury, the Department for Business and Trade, and the Department for Environment, Food and Rural Affairs 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 Catherine Stewart, Deputy Director for Trade Policy at HM Treasury, confirms that this Explanatory Memorandum meets the required standard.

2.3 Sir Chris Bryant MP, Minister of State for Trade, confirms that this Explanatory Memorandum meets the required standard.

2.4 Verity Threlfell, Deputy Director for Trade in Goods at the Department for Business and Trade, confirms that this Explanatory Memorandum meets the required standard.

2.5 Dame Angela Eagle DBE MP, Minister of State for Food Security and Rural Affairs, confirms that this Explanatory Memorandum meets the required standard.

2.6 Rachel Bailey, Deputy Director for Agri Growth, Technology and Trade at the Department for Environment, Food and Rural Affairs, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Eva Agerbæk at HM Treasury can be contacted by email at the following address with any queries regarding the instrument: eva.agerbaek@hmtreasury.gov.uk.

3.2 Ria Carter at the Department for Business and Trade can be contacted by email at the following address with any queries regarding the tariff amendments set out in the instrument: tariff.implementation@businessandtrade.gov.uk. Alternatively, the department can be contacted by telephone: +44 (0) 20 4551 0011.

3.3 Andreas Lendle at the Department for Business and Trade can be contacted by email at the following address with any queries regarding the preferential tariff reference document ("PTRD") changes set out in the instrument: andreas.lendle@businessandtrade.gov.uk. Alternatively, the department can be contacted by telephone: +44 (0) 20 4551 0011.

3.4 Caroline Nicholls at the Department for Business and Trade can be contacted by email at the following address with any queries regarding the origin reference document ("ORD") changes set out in the instrument: caroline.nicholls@businessandtrade.gov.uk. Alternatively, the department can be contacted by telephone: +44 (0) 20 4551 0011.

3.5 Darren Stretton at the Department for Environment, Food and Rural Affairs can be contacted by email at the following address regarding the tariff quotas provisions in this instrument: darren.stretton@defra.gov.uk. Alternatively, the department can be contacted by telephone: +44 (0) 34 5933 5577.

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 includes changes to reference documents relating to tariff quotas, tariff suspensions, and authorised use procedure. This instrument also updates a number of reference documents relating to the preferential tariffs and rules of origin that apply under preferential trade arrangements ("PTAs") between the UK and other countries.

4.3 The following Regulations are updated or amended to give legal effect to the reference documents updated in this instrument and to reflect other amendments:

- The Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (S.I. 2018/1249) ("the Special Procedures Regulations");
- The Customs (Reliefs from a Liability to Import Duty and Miscellaneous Amendments) (EU Exit) Regulations 2020 (S.I. 2020/1431) ("the Reliefs Regulations");
- The Customs (Tariff Quotas) (EU Exit) Regulations 2020 (S.I. 2020/1432) ("the Tariff Quotas Regulations");
- The Customs Tariff (Suspension of Import Duty Rates) (EU Exit) Regulations 2020 (S.I. 2020/1435) ("the Suspensions Regulations"); and
- The Customs Tariff (Preferential Trade Arrangements) (EU Exit) Regulations 2020 (S.I. 2020/1457) ("the Preferential Trade Arrangements 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 contains amendments to a range of reference documents. The below sets out the updated reference documents and the amendments thereto:

a) The "Tariff Suspension Document" reference document is updated to suspend the tariff rates of some fruits (grapes, peaches, nectarines, watermelon, oranges, satsumas,

clementines, mandarins, lemons, melons, sultanas, apricots, kiwifruit, pineapple), fruit juices (grapefruit, pineapple, cranberry, mixed tropical juice, tomato, grape), cous cous, pasta (uncooked and stuffed), cocoa butter and soy sauce. The amendment introduces exceptional duty suspensions at 0% on 135 commodity codes. These suspensions will be in place until 31 December 2028. The "Tariff Suspension Document" reference document is also updated to correct minor errors.

b) The "Authorised Use: Eligible Goods and Rates" reference document is updated to correct a minor error identified on an Authorised Use measure by reducing the Authorised Use tariff rate from 4% to 0% on code 1512 19 10 00 (sunflower seed oil). The "Authorised Use: Eligible Goods and Authorised Uses" reference document is updated to add code 0206 29 91 69, which is subject to a tariff quota, see paragraph 5.2(d).

c) The PTRDs and ORDs for a range of PTAs, which the UK has agreed with other trading partners, are updated to reflect both policy and technical updates that will ensure that the UK's preferential tariffs are applied correctly and as intended:

i. "The Canada Preferential Tariff" reference document is updated to clarify that the PTA tariff quota for pork under linked quotas 05.9282 and 05.9286 incorporates the volume allocated to Canada under the UK's WTO quota for pork, in accordance with the PTA. The quota volume under linked quotas 05.9282 and 05.9286 is also increased by 380 tonnes. This reflects the outcome of negotiations with Canada under Article XXVIII of the General Agreement on Tariffs and Trade ("GATT"), as set out in paragraph 5.2(d)(i).

ii. "The Chile Preferential Tariff" and "The Faroe Islands Preferential Tariff" reference documents are updated to align with EU technical commodity code updates.

iii. "The Morocco Origin Reference Document" is updated to clarify provisions relating to cumulation of materials from the EU or a Pan-Euro-Mediterranean ("PEM") Convention partner, direct transport, and related matters. These clarifications were agreed between the UK and Morocco in Decision No. 1/2026 of the United Kingdom-Morocco Association Council of 16 March 2026. The amendments ensure continuity of trade by clarifying the conditions for traders in the UK and Morocco under the relevant PTA.

iv. "The Southern African Customs Union and Mozambique Preferential Tariff" reference document is updated to reflect scheduled tariff reductions for sweet oranges and jams in line with the PTA, and to align with EU technical commodity code changes.

v. "The Tunisia Preferential Tariff" reference document is updated to remove reference to a WTO quota for potatoes (05.0055). Following negotiations with WTO partners under Article XXVIII of the GATT, the quota volume for potatoes, initially apportioned between the UK and EU following the UK's exit from the EU, will be fully apportioned to the EU, and the UK has removed it from the UK goods schedule, in line with paragraph 5.2(d)(vi) below.

d) Following the conclusion of negotiations with WTO partners under Article XXVIII of the GATT and as part of routine maintenance updates, the "Tariff Quotas" reference document is updated to:

i. delete the Canadian pork quota (05.4204). In line with our obligations under the UK-Canada PTA, the WTO quota volume commitment of 380 tonnes will be added to the preferential quota volume, in line with paragraph 5.2(c) above;

ii. provide for a temporary increase to the Uruguayan high quality beef quota (05.4452) of 353 tonnes for the 2026/27 quota year only. The quota volume will increase from 770 tonnes to 1,123 tonnes with effect from 1 July 2026 but will revert to 770 tonnes from 1 July 2027 and subsequent quota periods;

iii. to correct a duty expression for grape juice (05.0067) following discovery of a clerical error from an earlier addendum to the UK's WTO goods schedule. The duty rates for commodity codes 2009 69 11 11 and 2009 69 11 19 are amended to 40.00% + £17.23/100 kg from 40.00% + £17.23/1000 kg;

iv. to improve clarity and add a missing commodity code, 0206 29 91 69, to joint quotas 05.0144/05.0145 (beef for processing);

v. to clarify that goods originating within the EU are not eligible under poultry quota 05.4218; and

vi. to remove the quotas 05.0055 (potatoes), 05.4253 (processed chicken), and 05.4317 (raw cane sugar) from the reference document. Following the UK exit from the EU and the initial apportionment of EU WTO tariff quotas between the UK and EU, negotiations with WTO partners have determined that these quota volumes will be fully apportioned to the EU.

5.3 Additionally, this instrument amends the licensing table at Part A of Schedule 2 to the Tariff Quotas Regulations to remove obsolete entries relating to quotas 05.4253 (processed chicken) and 05.4317 (raw cane sugar), in line with the changes set out in paragraphs 5.2(d) above.

What was the previous policy, how is this different?

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

6. Legislative and Legal Context

How has the law changed?

Preferential Tariffs granted under PTAs

6.1 Section 9 of the TCTA gives HM Treasury powers to implement PTAs that His Majesty's Government in the UK agrees with the Government of a trading partner country. HM Treasury can only exercise these powers on the recommendation of the Secretary of State further to section 9(3) of the TCTA. That recommendation has been given by the Secretary of State for Business and Trade.

6.2 Pursuant to the UK's respective PTAs with those countries and territories covered by this instrument, the UK has agreed to apply a lower import duty rate (a preferential tariff) than would otherwise be offered under the UK's applied most favoured nation ("MFN") tariffs. The preferential tariff rate is only available to goods that enter the UK after meeting all relevant terms set out in the PTAs in question, including meeting specific rules of origin requirements.

Tariff Quotas

6.3 Section 11 of the TCTA gives HM Treasury the power to make regulations which establish tariff rate quotas ("TRQs") for particular products. A TRQ allows a fixed volume of goods to be imported at zero duty or at a lower rate of duty than would be

applied under the standard rate of import duty. Section 11(6) give the power to the Secretary of State to determine the licensing or allocation system that goods subject to a TRQ will be subject to.

6.4 In considering what provision to include in regulations made under section 11 of the TCTA, HM Treasury has had regard to the recommendation made to them by the Secretary of State in accordance with section 11(7) of the TCTA.

Tariff Suspensions

6.5 Section 12 of the TCTA gives HM Treasury the power to make regulations securing that, for a specified period, the rate of import duty applicable to specified goods is to be lower than the applicable rate in the customs tariff in its standard form ("suspensions"). To implement suspensions, HM Treasury must have regard to any recommendation made to them by the Secretary of State in accordance with section 12(5) of the TCTA.

6.6 Regulation 10 of the Suspensions Regulations sets out the exceptional circumstances by which the Secretary of State may recommend suspensions to HM Treasury, in the absence of a request by businesses. That recommendation has been given by the Secretary of State for Business and Trade.

Rules of Origin

6.7 Section 17 of the TCTA gives HM Treasury the power to make regulations that make provision for determining the place of origin of chargeable goods. The power is exercised on the recommendation made to HM Treasury by the Secretary of State for Business and Trade further to section 17(8) of the TCTA.

Authorised Use

6.8 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.

General considerations

6.9 In considering making the changes in this instrument, as set out in sections 5 and 6, 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?

6.10 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.

6.11 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 detailed above, alongside other amendments to secondary legislation. 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 UK General Tariff has applied to all goods imported into the UK unless an exception applies, such as a tariff relief, tariff quota, or tariff suspension, goods imported from countries that have tariff-free access granted unilaterally, or as part of a PTA.[1]

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 maintains the position of existing legislation, which was covered by an overarching Tax Information and Impact Note.[2]

Impact on businesses, charities and voluntary bodies

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

9.3 The legislation does not impact small or micro businesses.

9.4 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.

[1] Further guidance is available at https://www.gov.uk/guidance/finding-commodity-codes-for-imports-or-exports.
[2] Available at https://www.gov.uk/government/publications/the-uks-integrated-tariff-schedule/the-uks-integrated-tariff-schedule.

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 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. It does, however, relate 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.