EXPLANATORY MEMORANDUM TO

THE CUSTOMS (TARIFF AND MISCELLANEOUS AMENDMENTS) (NO. 6) REGULATIONS 2026

2026 No. 984

1. Introduction

1.1 This Explanatory Memorandum has been prepared by HM Treasury and the Department for Business, Innovation, Science 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 Lucy Rigby KC MP, Economic 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 Lord Sarwar, Minister of State for Trade, confirms that the Explanatory Memorandum meets the required standard.

2.4 Benedict Collins, Deputy Director for Tariffs and Import Policy and Systems at the Department for Business, Innovation, Science and Trade, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Arnab Haque at HM Treasury can be contacted by email at the following address with any queries regarding the instrument: arnab.haque@hmtreasury.gov.uk.

3.2 Ria Carter at the Department for Business, Innovation, Science 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 Alexander Keeler at the Department for Business, Innovation, Science and Trade can be contacted by email at the following address with any queries regarding the steel 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.

3.4 Rhiannon Kempson at the Department for Business, Innovation, Science and Trade can be contacted by email at the following address with any queries regarding the Developing Countries Trading Scheme amendments set out in the instrument: Rhiannon.Kempson@businessandtrade.gov.uk. Alternatively, they can be contacted by telephone: +44 (0) 20 4551 0011.

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, authorised use, and steel quotas.

4.3 This instrument also includes an amendment to primary legislation by amending Schedule 3 of the TCTA to reflect Bhutan's graduation from the list of least developed countries ("LDCs") to the list of "other eligible developing countries".

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

(a) The Trade Preference Scheme (Developing Countries Trading Scheme) Regulations 2023 (S.I. 2023/561) ("the DCTS Preference Regulations").

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

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

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

(e) The Customs (Tariff Quotas) (EU Exit) Regulations 2020 (S.I. 2020/1432) ("the Tariff Quotas Regulations"); and

(f) 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?

4.5 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.

4.6 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 the DCTS Preference Regulations which established the UK's DCTS. The DCTS is a unilateral preferential trading arrangement, which has been designed to boost trade, create jobs and ultimately reduce poverty in developing countries through export-led growth. This instrument

amends the TCTA and the DCTS Preference Regulations to reflect Bhutan's graduation from the United Nations LDC status. This instrument removes Bhutan from the TCTA's list of LDCs and adds Bhutan to its list of "other eligible developing countries", as well as adding Bhutan to the DCTS Preference Regulations' list of countries eligible for Enhanced Preferences. These amendments are necessary to ensure that Bhutan receives the correct preferential tariff under the DCTS.

5.3 The "Authorised Use: Eligible Goods and Rates" and "Authorised Use: Eligible Goods and Authorised Uses" reference documents are updated to ensure continued alignment with recent changes to the "Tariff of the United Kingdom" reference document. To this end, the "Authorised Use: Eligible Goods and Rates" reference document is amended by adding 26 commodity codes, removing two commodity codes, and amending the descriptions of two commodity codes. To the same end, the "Authorised Use: Eligible Goods and Authorised Uses" reference document is amended by adding 28 commodity codes, removing four commodity codes, and amending the descriptions of two commodity codes. Further, three errors are corrected by adding authorised use measures to two commodity codes that were previously omitted and removing access to authorised use procedure for one commodity code that was included in error, aligning with the UK Global Tariff. The changes ensure that the UK's international trade policy can be delivered as intended and avoid unnecessary complications for businesses. Finally, formatting changes are applied to both documents as part of a simplification process to make the reference documents more user-friendly.

5.4 The "Tariff of the United Kingdom" reference document is updated to reflect a range of technical and descriptive commodity code amendments, and some additional nomenclature changes. This instrument also implements a technical correction to the product scope of the steel trade measure, by amending the standard duty rate of import into the UK for steel commodity codes 72173049 and 72173090 (both covering "Wire of iron or non-alloy steel – Plated or coated with other base metals") to 0% within Annex II and removes these steel commodity codes from Annex III. These updates to the commodity code structure and descriptions in the "Tariff of the United Kingdom" reference document ensures the UK's international trade policy can be delivered and avoid unnecessary complications for businesses.

5.5 Regulation 2 of the Tariff Quotas Regulations is updated to remove commodity codes 72173049 and 72173090 from the "Steel Tariff Quotas" document ("Steel Quota Table"). This reflects the change in the standard rate of duty from 50% to 0% for the same codes (see paragraph 5.4), meaning a quota lowering the rate on these goods is no longer necessary.

5.6 The "Tariff Suspension Document" is updated to implement routine technical and descriptive commodity code updates and minor error corrections to ensure the document's clarity, accuracy and effective functioning. This includes 16 entries where the commodity codes are updated.

What was the previous policy, how is this different?

5.7 Sections 5.1-5.6 above set out the previous policy and the changes being made.

6. Legislative and Legal Context

How has the law changed?

Bhutan

6.1 Section 10 of the TCTA gives the Secretary of State the power to make regulations for a unilateral preference scheme. Paragraph 2(1) of Schedule 3 to the TCTA gives the Secretary of State the power to make regulations for provisions for the purpose of section 10, including determining whether a country is an LDC or an "other eligible developing country".

Authorised Use

6.2 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 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 a rate of import duty that is lower than the rate chargeable under the customs tariff in its standard form (the standard duty rate).

6.4 To create a new set of TRQs for specified steel products, The Customs (Tariff and Miscellaneous Amendments) (No. 5) Regulations 2026 amended the Tariff Quotas Regulations to implement the Steel Quota Table. These Regulations give effect to an amended Steel Quota Table.

UK Global Tariff

6.5 Section 8 of the TCTA gives HM Treasury the power to make regulations that establish and maintain in force the customs tariff. Legislation was made under this section of the TCTA which ensured that the UK has functioning Customs, VAT and Excise regimes. That legislation sets out the associated rules of, and exceptions to, the UK's applied most favoured nation tariffs, which have applied since 1 January 2021.

6.6 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 have 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, Innovation, Science and Trade under section 8(6). In making this recommendation, the Secretary of State has had regard to these matters.

Tariff Suspensions

6.7 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 relating to the technical amendments described in paragraph 5.6 above, HM Treasury has had regard to recommendations made to them by the Secretary of State for Business, Innovation, Science and Trade in accordance with section 12(5) of the TCTA.

General considerations

6.8 In considering making the changes to the UK tariff schedule, as set out in paragraphs 5.1-5.6 and 6.1-6.7, 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.

6.9 In considering making the changes to the lists in Parts 2 and 3 of Schedule 3 to the TCTA, the Secretary of State has had regard to the matters set out in paragraphs 2(2) and 2(3) of Part 4 of Schedule 3 to 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 4.1-4.4 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 – in addition to other changes to secondary legislation and the TCTA in relation to the DCTS changes. Although these changes do result in a higher rate of import duty being charged to Bhutan, as they 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 Global Tariff 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 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 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.

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 1.32 of the "The Tariff of the United Kingdom" reference document with version 1.34 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. 2026/572, a public notice published on 9 July 2026 modified the relevant statutory reference document to version 1.33, dated 2 July 2026: 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 The Economic Secretary to the Treasury and the Minister of State for Trade, on behalf of the Secretary of State for Business, Innovation, Science and Trade, have made the following statement regarding Human Rights: "In our view the provisions of the Customs (Tariff and Miscellaneous Amendments) (No. 6) Regulations 2026 are compatible with the Convention so far as they concern amendments to primary legislation. In respect of those provisions of these Regulations that do not concern primary legislation, no statement is necessary."

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.