**EXPLANATORY MEMORANDUM TO**

**THE CUSTOMS (TARIFF AND MISCELLANEOUS AMENDMENTS) REGULATIONS 2025**

**2025 No. 417**

## 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.

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

2.3 Douglas Alexander MP, Minister of State for Trade Policy and Economic Security, confirms that this Explanatory Memorandum meets the required standard.

2.4 Benedict Collins, Deputy Director for Tariffs, Imports, Professions and Strategy ("TIPS") at the Department for Business and Trade, confirms that this Explanatory Memorandum meets the required standard.

2.5 Baroness Hayman of Ullock MP, Minister of State for Food Security and Rural Affairs, confirms that this Explanatory Memorandum meets the required standard.

2.6 Rachel Fisher, Deputy Director for Food Security, Strategy and Coordination at the Department for Environment, Food, and Rural Affairs, 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.

3.3 Andreas Lendle at the Department for Business and Trade, andreas.lendle@businessandtrade.gov.uk, can be contacted with any queries regarding the preferential tariff reference document ("PTRD") changes.

3.4 Darren Stretton at the Department for Environment, Food and Rural Affairs, darren.stretton@defra.gov.uk, can be contacted with any queries regarding the tariff quota reference document 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 a number of reference documents relating to preferential tariffs that apply under preferential trade arrangements ("PTAs") between the UK and other countries. This instrument also includes changes to reference documents relating to tariff suspensions, tariff quotas and the UK's customs tariff, which detail the classification, volumes and duty rates of goods that are included in the UK's tariff schedule.

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).

(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).

(d) The Customs (Tariff Quotas) (EU Exit) Regulations 2020 (S.I. 2020/1432) ("the Tariff Quota Regulations").

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

(f) 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 the 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 the 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 below reference documents:

(a) "The Tariff of the United Kingdom" reference document to address a previous error, in which a previously legislated for amendment was not reflected in the reference document. This instrument reduces the Most Favoured Nation ("MFN") tariff of 18 commodity codes of some dairy products, grape juice, and chicory extract to address a technical error caused by a miscalculation of currency

conversion from EUR to GBP when submitting the UK's bound rates to the World Trade Organization ("WTO"). Due to rounding errors, there are several mistakes in Addendum 2 to "The Tariff of the United Kingdom". There was previous work to correct this error in the Customs Tariff (Preferential Trade Arrangements and Miscellaneous Amendments) Regulations 2023 (S.I. 2023/433). While the correction was referenced in paragraph 7.13 of the explanatory memorandum to S.I. 2023/433, it was omitted from the corresponding reference document at the time. This instrument will rectify this error in the reference document. This reference document also contains minor commodity code updates.

(b) The "Tariff Suspension Document" to implement tariff suspensions applied for by stakeholders in the 2024 business suspension application window, which ran between 8 May and 3 July 2024. The objective of this process is to support UK and Crown Dependency businesses to remain competitive in the global marketplace by suspending import duties on certain goods normally used as inputs to domestic production. As a result of this process, tariff suspensions will be implemented on a range of goods such as food and drink, chemicals, metals, and car parts. These measures will be in place from 27 April 2025 to 30 June 2027. The Crown Dependencies (Guernsey, the Isle of Man and Jersey) will implement these measures in parallel. This instrument also enacts routine technical and descriptive commodity code updates and corrects minor errors to ensure the Tariff Suspension document's clarity and accuracy.

(c) The "Authorised Use: Eligible Goods and Rates" and "Authorised Use: Eligible Goods and Authorised Uses" reference documents. This instrument implements a limited number of changes to reflect commodity code updates to align with changes to "The Tariff of the United Kingdom" reference document. These changes ensure the UK's international trade policy can be delivered and avoid any unnecessary complications for businesses.

(d) The "Tariff Quotas" reference document to clarify the volumes and duty rates of a small number of jointly administered tariff quotas (05.1922/05.2115/05.2116, 05.0790/05.2119/05.2120, 05.4002, 05.4204, 05.4124) which are derived from commitments in both the WTO and PTAs. This update clarifies the links with relevant PTRDs for transparency purposes. This instrument also makes minor technical and descriptive commodity code changes to quotas 05.4195 and 05.4513 to ensure the UK tariff schedule is applied accurately and as intended. None of these changes to the reference document will have an impact on the way operators access these tariff quotas or how these quotas are administered at the border. This reference document also contains minor routine updates.

(e) The PTRDs for a range of PTAs, which the UK has agreed with other countries and trading blocs. These updates will ensure that the UK's preferential tariffs are applied correctly and as intended:

a. "The Canada Preferential Tariff" and "The Iceland-Norway Preferential Tariff" reference documents are updated to clarify the relationship between the relevant PTA and WTO quotas, in line with paragraph 5.2(d) above.

b. "The Andean Countries Preferential Tariff", "The Egypt Preferential Tariff", "The Switzerland and Liechtenstein Preferential Tariff", and "The Ukraine Preferential Tariff" reference documents are updated to reflect technical commodity code changes and make minor error corrections.

***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?***

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 applied MFN 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 under section 8(6).

*Preferential Tariffs*

6.3 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.

6.4 Pursuant to the UK's respective agreements and arrangements 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 MFN rate. 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*

6.5 Section 11 of the TCTA gives HM Treasury powers to establish tariff rate quotas ("TRQs"). 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) gives powers to the Secretary of State to determine the licensing or allocation system that goods subject to a TRQ will be subject to.

6.6 In considering what provision to include in regulations made under section 11 of the TCTA, HM Treasury has had regard to a recommendation made to them by the Secretaries of State for the Department for Business and Trade and the Department for Environment, Food and Rural Affairs, in accordance with section 11(7) of the TCTA.

*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, 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.

*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.

***Why was this approach taken to change the law?***

6.9 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.

6.10 Import duties (or tariffs) are the taxes that an importer needs to pay when bringing goods into the UK. The UKGT sets out these non-preferential import duty rates, with product-specific commodity codes determining the rate to be applied to each good. This provides the legal basis for conveying information that traders need to ensure the correct classification of goods being imported into the UK and is subject to variation over time. The Establishment Regulations set out the legislative mechanism through which the UK implements non-preferential and otherwise unamended tariffs set out in the UKGT.

6.11 The Suspensions Regulations set out the legislative mechanism through which the UK may implement a temporary reduction in duties on goods for a specified period. To give effect to tariff suspensions that have been granted as a result of a business application process, the "Tariff Suspensions Document" has been amended.

6.12 Where there are technical or descriptive changes to commodity codes relevant to the UKGT, Tariff Suspensions, and Authorised Use customs procedure, the corresponding reference document(s) must be updated to ensure the UK's Tariff Schedule is up-to-date and operating as intended.

6.13 The Preferential Trade Arrangements Regulations set out the legislative mechanism through which the UK implements the preferential tariff and related rules of origin requirements that it has agreed with trading partners. Schedule 1 to the Preferential Trade Arrangements Regulations sets out the agreements to which those Regulations apply, and the related reference documents that contain the corresponding preferential duty rates and rules of origin. To give effect to a new version of the relevant reference document, the reference in Schedule 1 of the Preferential Trade Arrangements Regulations is amended. This instrument effects that amendment to Schedule 1 in respect of PTAs with the Andean Countries, Canada, Egypt, Iceland-Norway, Switzerland and Liechtenstein, and Ukraine.

6.14 The Tariff Quota Regulations set out the legislative mechanism through which the UK implements tariff quotas deriving from our WTO commitments and ATQs. To give effect to a new version of the "Tariff Quotas" reference document, the reference at regulation 2(1) of those Regulations defining "Quota Table" is amended.

## 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 PTA. 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 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 version 2.16 of the "Authorised Use: Eligible Goods and Authorised Uses" reference document with version 2.18. The version number of this reference document is amended non-sequentially because, since this reference document was last amended by the Customs (Tariff and Miscellaneous Amendments) (No. 4) Regulations 2024 (S.I. 2024/1292), a public notice (published on 14 February 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 2.17, dated 12 February 2025.

11.2 This instrument replaces version 1.16 of the "Authorised Use: Eligible Good and Rates" reference document with version 1.18. The version number of this reference document is amended non-sequentially because, since this reference document was last amended by the Customs (Tariff and Miscellaneous Amendments) (No. 4) Regulations 2024 (S.I. 2024/1292), a public notice (published on 14 February 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 1.17, dated 12 February 2025.

11.3 This instrument replaces version 1.22 of "The Tariff of the United Kingdom" reference document with version 1.24. The version number of this reference document is amended non-sequentially because, since this reference document was last amended by the Customs (Tariff and Miscellaneous Amendments) (No. 4) Regulations 2024 (S.I. 2024/1292), a public notice (published on 14 February 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 1.23, dated 12 February 2025.

11.4 This instrument replaces version 2.6 of the "Tariff Suspension Document" reference document with version 2.8. The version number of this reference document is amended non-sequentially because, since this reference document was last amended by the Customs (Tariff and Miscellaneous Amendments) (No. 4) Regulations 2024 (S.I. 2024/1292), a public notice (published on 14 February 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 2.7, dated 12 February 2025.

## 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 ("relevant European Union Acts"). However, it does amend legislation that was itself related to the withdrawal of the UK from the EU because the withdrawal required the UK to replace the EU's customs regime with a UK-specific customs regime.