EXPLANATORY MEMORANDUM TO

THE CUSTOMS TARIFF (ESTABLISHMENT) (EU EXIT) (AMENDMENT) REGULATIONS 2025

2025 No. 1199

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 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 Benedict Collins, Deputy Director for Tariffs and Imports Policy and Systems at the Department for Business and Trade, 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.

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 UK's customs tariff, which details the classification and duty rates of goods that are included in the UK Global Tariff ("UKGT").

4.3 The reference document updated in this instrument has been given legal effect by The Customs Tariff (Establishment) (EU Exit) Regulations 2020 (S.I. 2020/1430) (the "Establishment Regulations").

Where does the legislation extend to, and apply?

4.4 The extent of this instrument (that is, the jurisdictions 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 the following updates to "The Tariff of the United Kingdom" reference document:

- This instrument will correct an error regarding tropical fruit jam and similar such products. It will re-insert in "The Tariff of the United Kingdom" reference document a 14% import duty applicable to commodity code 2007 99 93, which covers these goods. The import duty for this commodity code was erroneously left blank in the reference document in 2025 when two commodity codes, to which the 14% import duties applied, were deleted and merged into their heading code, 2007 99 93. This instrument corrects this error by re-inserting the 14% import duty, ensuring the UK's tariff schedule is applied as intended. By making the above change, this instrument now corrects the error, ensuring that both operational systems and legislation are delivering the original policy intent.
- This instrument will update the import duty applicable to two rice commodity codes (1006 20 19 13 and 1006 20 99 13) covering specific varieties of husked basmati rice, other than round, medium or long-grain. The import duty for these two commodity codes was erroneously set at 0% in 2023, when they should have been subject to the import duty relevant to other types of husked rice, which are subject to a rate of £25 per 1000kg. This instrument corrects the error by increasing the import duty applicable to these two husked basmati rice codes to £25 per 1000kg. Specific varieties of long-grain husked basmati rice are eligible for a 0% duty rate if they are accompanied by a Certificate of Authenticity and declared under commodity code 1006 20 17 13 or 1006 20 98 13. This will remain unchanged. This update will address the error and eliminate the risk of circumvention of tariffs, ensuring that the UK's tariff schedule functions as intended.

What was the previous policy, how is this different?

5.2 Section 5.1 above sets 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 setting out the associated rules of, and exceptions to, the UK's applied 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 under section 8(6).

Why was this approach taken to change the law?

6.3 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.

6.4 Import duties (or tariffs) are the taxes that an importer needs to pay when bringing goods into the UK. The Tariff of the United Kingdom reference document 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 non-preferential import duty rates, conveys information that traders need to ensure the correct classification of goods being imported into the UK and is subject to variation over time.

6.5 Where there are technical or descriptive changes to commodity codes relevant to the UKGT, the corresponding reference document must be updated to ensure the UK's Tariff Schedule is up-to-date and operating as intended.

6.6 HM Treasury has decided to correct the two errors set out in section 5.1 for the reasons set out in the same section. As correcting these two errors results in increasing the import duty applicable in the standard case, the changes must be made following the made affirmative legislative procedures, as set out in section 32 of the TCTA.

7. Consultation

Summary of consultation outcome and methodology

7.1 Defra undertook informal engagement with The Rice Association, which represents the UK's rice milling sector. The Rice Association raised concerns about the increased risk of tariff circumvention if the error was not corrected and were supportive of an update to legislation, as set out in section 5.1.

7.2 No other exercise was undertaken in relation to the other elements of this instrument, because the changes have been assessed to be technical corrections which remove circumvention risks and align the tariffs for two basmati rice commodity codes and tropical fruit jams with the original policy intent.

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 trading 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 because both changes correct minor technical anomalies.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because both changes correct minor technical anomalies.

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 Previous versions of the reference document contained errors on this limited set of goods. By making the above changes, this instrument now corrects these errors, ensuring that both operational systems and legislation are delivering the original policy intent. In relation to any overpayments that have already been made by the importers of those goods prior to the coming into force of this instrument, HMRC will be making arrangements for refunds.

12. European Convention on Human Rights

12.1 The Exchequer Secretary to the Treasury has made the following statement regarding Human Rights:

"In my view the provisions of The Customs Tariff (Establishment) (EU Exit) (Amendment) Regulations 2025 are compatible with the Convention rights."

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 United Kingdom from the European Union because withdrawal required the UK to replace the EU's customs regime with a UK-specific customs regime.