

---

## EXPLANATORY NOTE

*(This note is not part of the Order)*

Part 1 of the Schedule to this Order contains an Exchange of Letters between the Government of the United Kingdom and the States of Guernsey relating to an Arrangement concerning the Establishment and Operation of the United Kingdom-Crown Dependencies Customs Union (“the Arrangement”). Part 2 of the Schedule contains the text of the Arrangement. The Exchange of Letters and the Arrangement are “arrangements establishing a customs union” between the United Kingdom and Guernsey for the purposes of section 31(2) of the Taxation (Cross-border Trade) Act 2018.

Article 1 provides for citation.

Article 2 provides that it is expedient that the arrangements specified in the Schedule should have effect for the purposes of import duty. Chargeable goods, as defined in section 2 of the Taxation (Cross-border Trade) Act 2018, imported into the United Kingdom from Guernsey will be subject to import duty at a rate of nil (paragraphs 4 and 5 of the Arrangement). The United Kingdom will make provision for Her Majesty’s Revenue and Customs (HMRC) to process applications for tariff information rulings and origin information rulings from persons intending to import goods from outside the United Kingdom-Crown Dependencies Customs Union into Guernsey, and for such persons to seek review and appeal of these rulings (paragraph 12 of the Arrangement).

The Government of the United Kingdom and the States of Guernsey entered into the arrangements set out in the Schedule on 26 November 2018 (Part 1 of the Schedule). As provided in paragraph 19 of the Arrangement, the Arrangement will come into effect upon an exchange of letters between the Government of the United Kingdom and the States of Guernsey.

The date that the Arrangement comes into effect will, in due course, be published in the London, Edinburgh and Belfast Gazettes.

A full impact assessment has not been prepared for this instrument as it contains no substantive changes to tax policy.