

EXPLANATORY MEMORANDUM TO
THE CUSTOMS (TARIFF AND MISCELLANEOUS AMENDMENTS) (NO. 2)
REGULATIONS 2025

2025 No. 751

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 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 at the Department for Business and Trade, 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”), tariff suspensions, and additional duties 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.

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, additional duties, authorised use, and the UK's customs tariff. This instrument also updates the reference document relating to the preferential tariffs that apply under the preferential trade arrangement ("PTA") between the UK and the Andean Countries.

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) ("the Special Procedures Regulations").
- 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) ("the Reliefs Regulations").
- d) The Customs Tariff (Suspension of Import Duty Rates) (EU Exit) Regulations 2020 (S.I. 2020/1435) ("the Suspensions Regulations").
- e) The Customs Tariff (Preferential Trade Arrangements) (EU Exit) Regulations 2020 (S.I. 2020/1457) ("the Preferential Trade Arrangements Regulations").
- f) The Customs (Additional Duty) (Russia and Belarus) Regulations 2022 (S.I. 2022/376) ("the Additional Duties Regulations").
- g) The Customs Tariff (Preferential Trade Arrangements and Tariff Quotas) (Ukraine) (Amendment) Regulations 2022 (S.I. 2022/525).
- h) The Customs (Tariff and Miscellaneous Amendments) Regulations 2023 (S.I. 2023/774).

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 updates a number of tariff reference documents. The below sets out the updated reference documents and the amendments thereto:

- a) "The Tariff of the United Kingdom" reference document to reflect a range of technical and descriptive commodity code amendments, and some additional nomenclature changes. The nomenclature changes concern the mixture provisions across Annex I, which contains a table that classifies all goods imported into the UK, and Annex II, which contains a table that sets out the applicable import duty to each good. The changes are threefold:
 - (i) explicitly reference mixture provisions in additional Chapter notes within Annex I for Chapters 2, 4, 9, 10 and 11 so that these provisions can appear on the Online Tariff Tool;

- (ii) reference the mixture provision for Chapter 4 in Part Four of Annex II alongside other similar provisions;
- (iii) amend the wording for the provision for Chapter 9 in Annex II so it is consistent with Annex I and the provisions that are displayed publicly on the Online Tariff Tool.

All these updates to the commodity code structure, descriptions, and mixture provisions in the UKGT will ensure the UK's international trade policy can be delivered and avoid unnecessary complications for businesses.

- b) The “Authorised Use: Eligible Goods and Rates” and “Authorised Use: Eligible Goods and Authorised Uses” reference documents to correct an error. Taxation Notice 2020/34 gives effect to an anti-dumping duty on bicycles and parts from certain countries, and exempts imports of parts used in assembling non-cycle vehicles, whether or not fitted with an auxiliary motor. These exempted parts were mistakenly omitted from these reference documents. To rectify this mistake, the new reference documents are updated to add fourteen commodity codes for the exempted goods. The new reference documents also contain amendments to add and remove commodity codes to align with changes to the UKGT. These changes will ensure the UK's international trade policy can be delivered and avoid any unnecessary complications for businesses.
 - c) The “Tariff Suspension Document” to implement routine technical and descriptive commodity code updates and correct minor errors to ensure the document's clarity and accuracy.
 - d) “The Andean Countries Preferential Tariff” reference document to add a new tariff rate quota for Colombia-originating banana imports. This update gives effect to Decision 1/2025 of the UK-Colombia-Peru-Ecuador Trade Committee of 28 May 2025 between the UK and Colombia which modified the UK's tariff elimination schedule in respect of goods originating in Colombia to the UK-Andean Countries Agreement, to include a new tariff rate quota for bananas.
 - e) The “Belarusian Additional Duties Document” and “Russian Additional Duties Document” to implement additional 10% duties (totalling 16%) on imports of Belarusian and Russian origin urea, which had previously been excluded from the UK's packages of additional duties on Belarus and Russia. The changes to the reference documents also mean that the additional duty rate on urea will continue to rise incrementally to 20% on 1 July 2026 and 35% on 1 July 2027.
- 5.3 This instrument will revoke Part 2 of the Customs Tariff (Preferential Trade Arrangements and Tariff Quotas) (Ukraine) (Amendment) Regulations 2022 (S.I. 2022/525) and Part 2 of the Customs (Tariff and Miscellaneous Amendments) Regulations 2023 (S.I. 2023/774), which make provisions in relation to the duties of customs charged on goods of Ukrainian and Moldovan origin imported into the United Kingdom. The operation of the Windsor Framework means these provisions are no longer required. Revoking them will have no effect on the customs duties charged.

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?

UK Global Tariff

- 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 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 for Business and Trade under section 8(6).

Authorised Use

- 6.3 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 Suspensions

- 6.4 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.

Preferential Tariffs

- 6.5 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.
- 6.6 Pursuant to the UK's agreement with Colombia, 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.

Additional tariffs on imports from Russia and Belarus

- 6.7 Section 15 of the TCTA provides that the Secretary of State may make regulations varying the amount of import duty applicable to certain goods, or a description of goods, where a dispute or other issue has arisen between His Majesty's Government and the Government of another country or territory. As part of the UK's ongoing response to Russia's illegal invasion of Ukraine, His Majesty's Government considers it appropriate to vary the amount of import duty applicable to imports of urea, originating from Russia or Belarus, having had regard to the matters set out in section 28 of the TCTA and other relevant matters.

- 6.8 To lessen the impact on UK traders who have already shipped urea originating in Russia and Belarus, but which has yet to reach the UK customs border, the instrument contains a transitional provision. The effect of this is that the additional duty will not apply to urea originating from Russia and Belarus which was exported from those territories prior to the regulations coming into force. For example, goods that have already completed customs formalities and are already en-route to the UK.

Revoking previous Regulations

- 6.9 As set out in paragraph 5.3, Regulation 2 and Part 2 of the S.I. 2022/525 and Part 2 of S.I. 2023/774 are revoked because of the operation the Windsor Framework.

General considerations

- 6.10 In considering making the changes to the UK tariff schedule, as set out in paragraphs 5.2 (a)-(e) and 6.1-6.9, 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?

- 6.11 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.
- 6.12 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 discussed above. 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.
- 6.13 The Additional Duties Regulations came into force following the illegal invasion of a sovereign country, namely Ukraine. The measures are part of a broader response to isolate Russia and Belarus from the global economy, which includes diplomatic pressure and financial sanctions in respect of actions undermining the territorial integrity, sovereignty, and independence of Ukraine. When designing this policy, the Government looked at relevant considerations, including balancing the impacts on the UK economy against wider objectives. Where there are changes required to the Additional Duties customs procedure, such as those set out in paragraph 5.2e), the corresponding reference document(s) must be updated, following the legislative procedures as set out in the TCTA, to ensure the UK's Tariff Schedule is up-to-date and operating as intended.
- 6.14 As set out in paragraph 5.3, Regulation 2 and Part 2 of the S.I. 2022/525 and Part 2 of S.I. 2023/774 are revoked because of the operation of the Windsor Framework.

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 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 1.4 of the “Russian Additional Duties Document” with version 1.6. The version number of this reference document is amended non-sequentially because, since this reference document was last amended by S.I. 2023/1203, a public notice (published on 18 March 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 1.5, dated 14 March 2025: <https://www.gov.uk/government/publications/notices-made-under-s32a-of-the-taxation-cross-border-trade-act-2018/notice-made-by-the-department-for-business-and-trade-under-section-32a-of-the-taxation-cross-border-trade-act-2018>.
- 11.2 This instrument replaces version 1.5 of the “Belarusian Additional Duties Document” with version 1.7. The version number of this reference document is amended non-sequentially because, since this reference document was last amended by S.I. 2024/406, a public notice (published on 18 March 2025 under section 32A of the TCTA) has modified the relevant statutory reference document to version 1.6, dated 14 March 2025: <https://www.gov.uk/government/publications/notices-made-under-s32a-of-the-taxation-cross-border-trade-act-2018/notice-made-by-the-department-for-business-and-trade-under-section-32a-of-the-taxation-cross-border-trade-act-2018>.

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. However, it does amend legislation that was itself related 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.