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## EXPLANATORY NOTE

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

These Regulations are made under the Taxation (Cross-border Trade) Act 2018 (“the Act”) as a consequence the United Kingdom leaving the European Union. They implement preferential customs import duty rates agreed under free trade arrangements entered into between Her Majesty's Government in the United Kingdom and the governments of other countries or territories.

These Regulations are to be brought into force by way of a separate statutory instrument made under the Act. They apply to any goods imported into the United Kingdom from a country or territory outside the United Kingdom that are chargeable to import duty under Part 1 of the Act. Regulation 1(4), and the Table in Schedule 1, sets out the arrangements between Her Majesty's Government in the United Kingdom and the governments of the other countries or territories to which the provisions of these Regulations apply. These arrangements are available electronically at: <https://www.gov.uk/government/collections/customs-vat-and-excise-uk-transition-legislation-from-1-january-2021>. Hard copies are held and available to view free of charge at the Department for International Trade, 3 Whitehall Place, London SW1A 2AW. A person unable to access these arrangements electronically can arrange access to a hard copy while government advice on social distancing and unnecessary travel applies, by telephoning the Department for International Trade on 020 7215 5000.

Regulations 3 and 4 provide that, where goods declared to Her Majesty's Revenue and Customs (HMRC) on importation into the United Kingdom meet the preferential duty or preferential quota conditions, they are subject to a rate of import duty as set out in the relevant Preferential Duty Tariff or Preferential Quota Table. The rate of import duty is without prejudice to a more favourable duty rate that is contained in Regulations made under sections 8, 11, 12 or 19 of the Act or, or to a different rate of import duty that applies to goods under the terms of a particular arrangement. Specific provision is also made in respect of preferential quota goods the importation of which is subject to the grant of a licence under Part 3 of the Customs (Tariff Quotas) (EU Exit) Regulations 2020 (S.I. 2020/1432) in relation to which certain provisions of these Regulations have also been disapplied.

Regulation 5 provides that, if the commodity code in the Preferential Duty Tariff Table or the Preferential Quota Table have a description in the Goods Classification Table in the Tariff of the United Kingdom which refers to their use, then those goods are subject to authorised use and, must meet the relevant conditions to attract the preferential duty rate or quota duty rate.

Regulation 6 refers to the conditions that must be satisfied in relation to goods in order for those goods to qualify as “originating goods” and where these conditions are to be found.

Regulation 7 provides that, within the limits of the quota, goods classified as quota goods in the Preferential Quota Table are subject on importation to goods-specific rules of origin.

Regulation 8 specifies the period or periods which preferential or origin quotas apply and makes provision for those periods to be adjusted in certain circumstances.

Regulation 9 provides that the quota volumes in any given quota period are set out in column 5 of the Preferential Quota Table. Provision is also made for quota volumes to be adjusted on a pro-rata basis where, under regulation 8, an adjustment is made to the quota period.

Regulation 10 provides the rules for the deduction of preferential or origin quotas and linked quotas. Deductions are made in the order in which HMRC accepts the Customs declaration accompanied by a request to benefit from a preferential or origin quota except as otherwise provided.

Regulation 11 provides the rules for HMRC to allocate preferential or origin quotas which have been deducted under regulation 10.

**Changes to legislation:** *There are currently no known outstanding effects for the The Customs Tariff (Preferential Trade Arrangements) (EU Exit) Regulations 2020. (See end of Document for details)*

Regulation 12 sets out the conditions which give preferential quotas critical status and the requirements which critical quota goods must meet.

Regulation 13 ensures that commodity codes deleted from the Goods Classification Table made under the Customs Tariff (Establishment) (EU Exit) Regulations 2020 (S.I. 2020/1430) are to be retained in the Preferential Quota Table for the purposes of applying quotas.

Regulation 14 provides the conditions and documentary requirements for providing proof of the origin of goods.

Regulation 15 provides that the period of validity of the proof of origin is as set out in the relevant origin reference document.

Regulation 16 permits backdated claims to be made for repayment of duty under certain conditions.

Regulation 17 provides that HMRC may request proof that the goods were transported in accordance with the requirements of the origin reference document and have not undergone any production outside the territories of the parties to the arrangement.

Regulation 18 disapplies the requirement for a proof of origin in cases where this is not required under the origin reference document to a particular arrangement or in cases where the value of the consignment falls below a de minimis threshold amount as published by the Secretary of State in a notice.

Regulation 19 makes provision for HMRC to request the production of specified information or documents to verify the originating status of any goods presented to HMRC where this is necessary under the origin reference document to an Agreement.

Regulation 20 makes specific provision in respect of re-imported goods under the Agreement between the United Kingdom and Switzerland that is listed in Schedule 1. The provision ensures that when goods of a particular commodity code that are of United Kingdom origin are imported into the United Kingdom under the terms of that Agreement, the rate of import duty that is to apply under these Regulations is the preferential rate for goods of that commodity code as specified in that Agreement.

Regulation 21 and Schedule 2 make modifications to provisions of the Act and of these Regulations that are necessary having regard to the customs union between the United Kingdom and the Crown Dependencies.

This instrument is one of a group of instruments covered by a single overarching full Tax Information and Impact Note (TIIN). The TIIN primarily focuses on the Customs Tariff (Establishment) (EU Exit) Regulations 2020 and will be available electronically in due course at: <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. A hard copy will be held and available for viewing free of charge at the Department of International Trade, 3 Whitehall Place, London SW1A 2AW. A person unable to access this document electronically can arrange access to a hard copy, while government advice on social distancing and unnecessary travel applies, by telephoning the Department for International Trade on 020 7215 5000.

An Explanatory Memorandum is being published on the same website. There is no significant impact on business, charities or voluntary bodies as this instrument broadly replicates the effect of European Union legislation.

**Changes to legislation:**

There are currently no known outstanding effects for the The Customs Tariff (Preferential Trade Arrangements) (EU Exit) Regulations 2020.