



HM Government

UK TRANSITION

A photograph of a warehouse interior. In the foreground, a yellow forklift is positioned next to a pallet of cardboard boxes. In the background, a white truck with its rear door open is being loaded with more boxes. The warehouse shelves are filled with stacks of boxes. A red arrow graphic points upwards and to the right in the top right corner.

# Trader Support Service

*TSS How-To Guides*

**Tariffs on goods movements into NI**

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***The UK signed a tariff-free trade deal with the EU at the end of 2020. However, duties can still apply for goods moving from Great Britain into Northern Ireland deemed ‘at-risk’ of moving into the EU.***

***This guide looks at how the TSS supports traders to navigate Rules of Origin, how to declare your goods ‘not at-risk’ to correctly determine potential tariff liabilities and how you may potentially claim a waiver if your goods are deemed ‘at-risk’.***

## 1. Introduction

From 1 January, the way you move goods between Great Britain (GB) and Northern Ireland (NI) has changed, with new customs requirements introduced under the Northern Ireland Protocol.

The NI Protocol aims to:

- avoid a hard border on the island of Ireland by applying certain EU internal market rules to NI.
- ensure the effective working of the UK internal market by ensuring NI remains in the UK customs territory.

The Trader Support Service (TSS) is here to support you in understanding and adapting to new processes so that you can continue moving goods smoothly between GB and NI.

For further guidance on the new rules, please refer to the webinars, guides and policy updates on the [NI Customs and Trade Academy \(NICTA\) website](#).

## 2. The UK-EU Trade and Cooperation Agreement (TCA)

In December 2020, the UK signed an historic trade agreement with the EU, defining the future trading relationship with our biggest trade partner.

The UK-EU Trade and Cooperation Agreement (TCA) is the EU's first-ever agreement to have zero tariffs and zero quotas across all product lines.

You can read the full text of the deal [here](#) while the government has also published a summary of its most important points [here](#).

However, the TCA only delivers zero tariffs on imports and exports when conditions in its chapter on Rules of Origin are met.

Under the deal and the NI Protocol agreement there are multiple scenarios where import duty will still be due for goods moving between GB and NI.

### WHAT IS...

**Tariffs** are taxes imposed by governments on imported goods. The '**Most Favoured Nation**' or **MFN** rate is the tariff set on imports from other members of the World Trade Organisation, unless the country is part of a preferential trade agreement – i.e. the UK-EU TCA.

### 3. Tariffs in the TSS declarations process

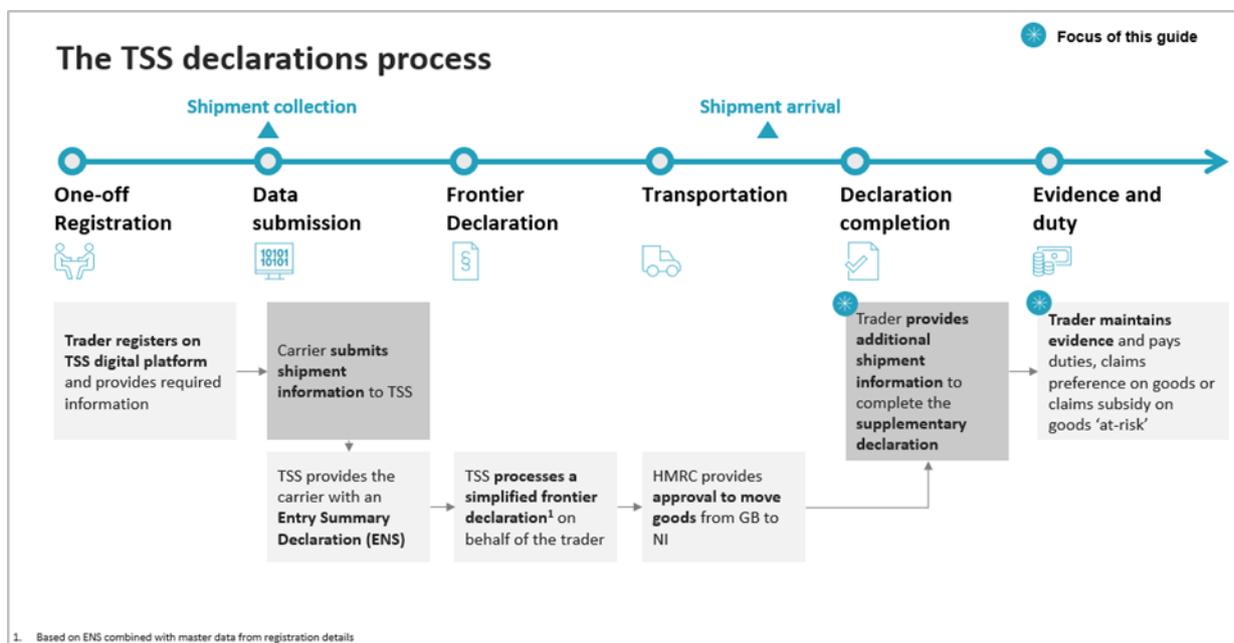
If you are moving goods from GB to NI with the support of TSS, you are likely to be providing information for the completion of the following declarations:

- Entry Summary (ENS)
- Simplified Frontier (SFD)
- Supplementary (SDI)

The first two of these (ENS and SFD) are completed before goods are moved.

Once your goods have been delivered, TSS will contact you for further information to complete the SDI.

Your tariff liabilities will be indicated on the SDI, which is completed by the fourth working day of the month following the goods movement.



When completing your SDI, you will need to identify whether your goods qualify under the TCA for reduced or zero tariffs.

If you do not qualify for zero tariffs and are liable to pay import duties for the goods you are moving, TSS will help you to understand what options you have – whether that be declaring your goods 'not at-risk' (see box, below) or by claiming a waiver.

### 4. How to identify if tariffs apply to your goods movement

To identify whether tariffs apply to your goods movement, you should follow these checks:

1. EU Common External Tariff is zero

#### WHAT IS...

**'At-risk'**: applies to goods that enter NI but may later be sold or consumed within the EU

**'Not at-risk'**: applies to goods that will be for sale to or final use by end-consumers located in the UK

If the EU's Most Favoured Nation (MFN) rate is zero – as set out in the EU Common External Tariff (CET) – you will not be required to pay any duty for GB:NI goods movements.

## **2. UK Trader Scheme**

Goods moving from GB to NI can be declared 'not at-risk' of entering the EU via the UK Trader Scheme (UKTS) if they are intended for sale to or final use by end consumers located in the UK. These traders will not be required to pay a tariff for these movements (see page 5).

## **3. Rules of Origin**

Goods that can be proved to be of UK origin under the TCA can claim preferential tariffs if moved directly from GB to NI.

## **4. Claim a waiver**

If your goods movement is deemed 'at-risk', you can claim a waiver on the duties, provided as 'de minimis aid' on the SDI.

If your goods are 'at-risk' and none of the above applies, you will be subject to the appropriate EU tariff as set under the CET, unless you use customs special procedures such as a bonded warehouse or temporary storage relief (see page 10).

We will now look at each of these steps in more detail below.

## **Check 1: How do I find out if my goods are subject to zero tariffs under the EU's CET?**

If the EU has set a zero tariff in the CET for the goods you are moving, no duty needs to be paid after you submit the SDI – unless a trade remedy is in place.

You can identify the EU's CET duties for your goods through your commodity code(s).

You provide this code(s) when submitting the SDI, meaning TSS will have proof of whether tariffs apply for your goods movement.

To find out what duties may apply to your goods' commodity code(s), use the government's [Northern Ireland \(EU\) Tariff checker](#).

## **Check 2: Are you eligible for the UK Trader Scheme?**

Please note, 'at-risk' policy is a direct outcome of the NI Protocol. Its objective is to ensure that EU duties are only paid on goods that enter NI and then go beyond NI into the EU.

If the EU's CET rate is above zero, then you should check whether you qualify for UKTS.

If you do and apply to the scheme, then you will not pay a tariff on your movement as it will be an internal UK customs territory movement.

You must be authorised and able to demonstrate that your goods:

- Are not 'at-risk' of moving to the EU

- Are being sold to, or provided for final use by, end consumers located in NI
- Are being sold for internal UK trade, elsewhere in the UK

For more information about these requirements, [review government guidance](#).

If you apply before the end of February 2021 and satisfy these requirements, you will receive a provisional authorisation for up to four months.

When you apply, you will receive a notification from HMRC which you can use as an indication that you are provisionally authorised for the UKTS.

### **Criteria to apply for UKTS**

To qualify for the UKTS you must demonstrate:

- Your business is established in NI
  - Or is established in GB, carrying out customs processes in the UK with a fixed place of business or indirect customs representation in NI
- You have no history of serious customs or tax infringements, or other similar criminal offences
- You can maintain records that support the 'not at-risk' criteria
  - i.e. goods that will be for sale to, or for final use by, end-consumers in either GB or in NI

Please note, HMRC has announced a grace period to authorise those businesses supplying goods to a business in NI that do not have a fixed address in NI.

This period is so that businesses can establish a fixed address in NI or amend their terms of trade (Incoterms®), if appropriate so that the NI importer is the importer of record.

### **Declaring goods 'not at-risk'**

**In order to declare goods are 'not at-risk', you must:**

- 1. Be authorised** under the UKTS
- 2. Maintain evidence** that goods entered NI for the purpose of either:
  - sale to consumers in NI (for example, a sale in a retail store)
  - business-use in NI (for example, a business purchasing stationery, or a farmer purchasing a tractor, for their own use)

If you cannot provide evidence to support either of the above, you must declare your goods 'at-risk' when completing the SDI.

Please note, if some but not all your goods are at-risk, then you can declare which goods are and which are not. If you have a mix of 'at-risk' and 'not at-risk' goods, you can still use the UKTS for your 'not at-risk goods'.

However, you will need to show evidence that you have control over the goods movements that you declare 'not at-risk'.

### **Commercial processing and 'not at-risk' exemptions**

If you move goods that will be subject to processing in NI, then you will need to meet additional criteria to be able to declare these goods as 'not at-risk', beyond those set out in the above. These include:

1. **Small processor exemption:** businesses that fall below the turnover threshold (£500,000) may declare goods 'not at-risk' and apply for the UKTS.
2. **Approved Processing Sector:** the following sectors are exempted from the general rule that commercial processing means a goods movement is automatically 'at-risk':
  - sale of food to consumers in the UK
  - construction in NI by the importer
  - direct provision of goods for health or care services by the importer
  - not-for-profit activities by the importer
  - final use of animal feed on premises in NI by the importer

The table below summarises the 'at-risk' and 'not at-risk' categorisations for goods imported into NI:

	GB – NI	RoW – NI
<b>Default to 'Not at risk'</b>	<ul style="list-style-type: none"> <li>• EU tariff is zero.</li> </ul>	<ul style="list-style-type: none"> <li>• UK tariff is equal to or higher than the EU tariff.</li> </ul> <p><i>[UK Global tariffs apply]</i></p>
<b>Can be declared 'Not at risk'</b>	<ul style="list-style-type: none"> <li>• For sale to end consumers in the UK</li> <li>• For own-business use</li> <li>• Subject to specific further processing (<i>see previous slide</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• For sale to end consumers in NI</li> <li>• For own-business use in NI</li> <li>• Subject to specific further processing (<i>see previous slide</i>)</li> </ul> <p><i>[UK Global tariffs apply]</i></p>
<b>Default to 'At risk'</b>	<ul style="list-style-type: none"> <li>• Subject to 'other' processing</li> <li>• For onward movement into the EU.</li> </ul> <p><i>[UK - EU common external tariff apply, provided rules of origin are satisfied]</i></p>	<ul style="list-style-type: none"> <li>• Subject to 'other' processing</li> <li>• EU duty is more than 3% higher than the UK duty.</li> </ul> <p><i>[EU common external tariff apply, provided rules of origin are satisfied]</i></p>

### Check 3: Can you claim preferential tariffs as result of the EU-UK TCA?

The TCA grants tariff-free access for trade between the UK and EU for the majority of goods, subject to:

- Goods entering the EU meeting UK origin requirements
- Goods entering GB meeting EU origin requirements

#### Rules of Origin

Rules of Origin are used to determine the nationality of a product.

They determine which preferential tariff rates, or other specific measures, apply to certain goods under a specific trade agreement.

For example:

- Zero or reduced tariff duty rates are payable if UK origin met
- Agreement on quotas for the total amount of imports or exports allowed for that good, e.g. a limit on the quantity of steel imported into the UK from the EU
- Special controls, restrictions or even bans on certain goods

When trading under the terms of an FTA, exporters must prove that the good is originating in a certain territory in order to access preferential tariff rates, as per the deal's Rules of Origin.

However, to comply with such rules, you will need to know where your materials, component parts or ingredients come from – whether that's from the home market (the UK) or from abroad.

There are different rules for different commodity codes which determine how much 'content' needs to be derived from the UK or EU to qualify for preferential rates.

### How do goods qualify for tariff reductions under 'Rules of Origin'?

Rules of Origin can also be satisfied when some components are imported but there has been either:

- a substantial transformation of that product
- change in tariff classification

The TCA's Rules of Origin chapter contains detailed information about what constitutes a good of UK origin.

1. For instance, both EU and UK content will contribute to whether a good has enough content to qualify as EU or UK origin – a process known as 'bilateral cumulation'
2. In some cases, even if the goods come from the EU and are EU origin, these goods must be further processed in the UK so that they may claim UK origin when they are moved into NI on an 'at-risk' basis – even if all the content came from the EU or the UK
  - a. If the goods fail to meet the further processing test, then they will not have UK origin and a tariff will be owed for their 'at-risk' movement from GB to NI
3. Goods do not obtain UK origin simply from being previously cleared through customs procedures into free circulation in the UK
4. Where components are imported from the rest of the world (ROW), such that a tariff must be paid for these parts moving from the EU to GB, there could be an additional tariff on entry into NI
  - a. In this case, you will need to use Customs Special Procedures (*see page 10*) to delay the application of the tariff so that only one tariff (the EU CET) is paid on entry of goods into NI, if they 'at-risk'

#### WHAT IS...

**Free circulation** is a principle allowing goods to be produced and moved within a single customs territory (i.e. the UK or EU) without paying duty.

5. If you are bringing goods into GB from ROW under the Generalised System of Preferences (GSP) or other preference programmes, then you should use the UKTS for 'not at-risk' movements
  - a. If you cannot use the UKTS, then goods moving to NI on an 'at-risk' basis will be subject to the EU CET if they lose UK origin in the UK, though the EU CET GSP rate is typically zero for goods which benefit from a UK GSP rate of zero.
  - b. If they satisfy TCA Rules of Origin and have UK origin, then no further tariff needs to be paid for their movement into NI
6. If your goods are 'at-risk' and subject to a trade remedy, such as for anti-dumping or countervailing duty measures, you will need to pay the tariff (or utilise the EU tariff rate quota) that is relevant to the country of origin
  - a. If the UK also has a trade remedy measure in place, imports of these products into free circulation in GB may lead to two sets of trade remedy measures applying
  - b. The only way to avoid this is to use Customs Special Procedures so the goods do not enter free circulation in GB. In this case they will be subject to the EU tariff rate quota on entering free circulation in NI

Confirming whether your goods movements satisfy Rules of Origin can be difficult, so you are advised to check within your supply chain and network to understand the origin of all the components of your goods. It is important to maintain documentary evidence of this.

Under the rules of the TCA, importer's knowledge is sufficient when you make this declaration.

#### **Check 4: If your goods are 'at-risk' of moving into the EU, you may be able to claim a waiver**

Claiming a waiver might be the best option if you:

- don't move significant volumes of goods into NI
- are not eligible or do not want to apply for UKTS authorisation – for example, if you are a small or micro trader
- move goods that do not meet Rules of Origin requirements
- cannot prove that your goods are 'not at-risk' or you know that they are 'at-risk' of entering the EU via Ireland

If you are a small business owner claiming a waiver could be the best way for you to reduce the duty you may need to pay. You do not need to register for the UKTS to claim one.

**What is a waiver?**

If your imports fall into the 'at-risk' category and a duty is liable, you may claim a waiver for this duty.

The waiver is provided as 'de minimis aid' up to a maximum of €200,000 over three fiscal years. Lower allowances apply for certain sectors.

#### How do I claim a waiver?

- You will need an EORI number
- When completing the SDI, enter the Additional Information (AI) code "NIAID" against each line item for which you want to claim a waiver
- Submit details to HMRC [using this link](#) within 10 working days of making your declaration

For more information, [review HMRC guidance](#).

## 5. What to do when your goods are considered 'at-risk'

If your goods are deemed 'at-risk', you will be subject to the EU CET rate and liable for any associated duties. You can check what the EU common external tariffs are on the [European Commission website](#).

Duties will be calculated as part of the SDI submission which must be completed by the fourth working day of the month following the goods movement.

If you are using the TSS Duty Deferment Account, which is a free service, then you will also need to pay duties to TSS by the fourth day of the next month, so that it can discharge the obligation with HMRC by the 15<sup>th</sup> day of that month.

If you are using your own DDA, you may defer payment to the fifteenth day of the month following the movement.

### Customs Special Procedure

You could use a Customs Special Procedure to either remove, reduce or suspend your tariff liability until goods enter free circulation. They could be particularly useful for 'at-risk' goods movements where tariffs are payable.

If you use special procedures and are entering goods into GB in duty suspension and not in free circulation, then you must use transit to get the products into NI.

Because the goods have not entered GB in free circulation and only reach free circulation in NI, they are 'at-risk' and you cannot benefit from the UKTS.

### Most used Customs Special Procedures:

- **Customs Warehousing** allows for goods not in free circulation to be stored in a customs warehouse without payment of customs duty, and (where appropriate) excise duty or import VAT. You can find more information [here](#).
- **Inward Processing** allows for the payment of customs duties, import VAT and excise duties to be suspended on imported goods whilst processing is taking place. You can find more information [here](#)

- **Outward Processing** allows for the temporary export of goods for processing or repair and for the re-import of these goods whilst retaining domestic status or with partial relief from import duties. You can find more information [here](#).
- **Temporary Admission** allows goods to be imported temporarily (for a period of up to 24 months) with total or partial relief from import duty. You can find more information [here](#).
- **Authorised Use** provides for customs duty to be charged at a reduced or nil rate for certain goods imported from outside the UK, provided those goods are put to a prescribed use and processed within a specific period. You can find more information [here](#).

## 6. I need to know more

Fear not, help is at hand. A recording of a recently-broadcast webinar on the subject of tariffs for goods moving into NI is now available on the NI Customs & Trade Academy (NICTA) website [for you to view here](#).

In case you have not registered for TSS, you can do so [here](#).

All the courses provided by the TSS online training portal NICTA are free of charge and can be accessed [here](#).

***For more TSS How-To Guides please see [here](#).***