

1. [Classifying your goods in the UK Trade Tariff if there's no Brexit deal](#)
1. Department for International Trade
2. HM Revenue & Customs
3. HM Treasury

Published 23 August 2018

## Contents

1. [Purpose](#)
2. [Before 29 March 2019](#)
3. [After March 2019 if there's no deal](#)
4. [What you would need to do](#)
5. [More information](#)

A scenario in which the UK leaves the EU without agreement (a 'no deal' scenario) remains unlikely given the mutual interests of the UK and the EU in securing a negotiated outcome.

Negotiations are progressing well and both we and the EU continue to work hard to seek a positive deal. However, it's our duty as a responsible government to prepare for all eventualities, including 'no deal', until we can be certain of the outcome of those negotiations.

For two years, the government has been implementing a significant programme of work to ensure the UK will be ready from day 1 in all scenarios, including a potential 'no deal' outcome in March 2019.

It has always been the case that as we get nearer to March 2019, preparations for a no deal scenario would have to be accelerated. Such an acceleration does not reflect an increased likelihood of a 'no deal' outcome. Rather it is about ensuring our plans are in place in the unlikely scenario that they need to be relied upon.

This series of technical notices sets out information to allow businesses and citizens to understand what they would need to do in a 'no deal' scenario, so they can make informed plans and preparations.

This guidance is part of that series.

Also included is an [overarching framing notice](#) explaining the

government's overarching approach to preparing the UK for this outcome in order to minimise disruption and ensure a smooth and orderly exit in all scenarios.

We are working with the devolved administrations on technical notices and we will continue to do so as plans develop.

## **Purpose**

This technical notice is one of a series which covers the movement of goods between the UK and the EU following EU exit. It should be read alongside Trading with the EU if there's no Brexit deal and Trade Agreement Continuity.

In the unlikely event that the UK leaves the EU on 29 March 2019 with no agreement in place, EU goods will be treated as goods from elsewhere in the world are treated now, until such a time as a preferential trading agreement can be established.

The purpose of this notice is to set out the way in which businesses will identify their goods in the correct way, in order to establish what duties and specific rules apply, as a requirement of the declaration process (see the Trading with the EU if there's no Brexit deal technical notice).

This notice is particularly relevant to firms that currently trade predominantly with the EU, where the declaration process does not apply, and there are currently no tariffs on UK exports or imports to or from the EU.

## **Before 29 March 2019**

The UK is currently a member of the European Union, its Single Market and Customs Union, and so applies the EU's Common

Customs Tariff (CCT) at the external EU border.

- For goods moving between EU countries, there are no customs duties, and no routine intervention during the movement of goods.
- For goods entering the EU's Customs Territory from the rest of the world ("third country goods"), an import declaration is required, customs formalities and checks are carried out – for example for compliance with EU regulations – and any customs duties must be paid. Imports from a country with which the EU has a free trade agreement may qualify for preferential rates of duty and rules of origin. Imports from a country with which the EU does not have a free trade agreement will be subject to the EU's Most Favoured Nation (MFN) rates of duty and non-preferential rules of origin.

This note does not describe transit, any other way in which goods are held under duty suspense, or where duty is paid in a member state other than that to which the good is imported (for example Single Authorisation for Special Procedures). See other notes on import procedures/special procedures.

Customs processes centre on the provision of information to a customs authority by way of a declaration (see Trading with the EU if there's no Brexit deal technical notice). This captures information necessary to collect the import duty due on a good, and to affect any controls necessary to ensure public safety, security, and health. The required data identifies the good itself, where it is from, and what it is worth, in addition to, for example, information about the importer and exporter.

Once any duties have been paid on third country goods, and any other formalities complied with, those goods can move freely between member states (they are in "free circulation") and are no longer subject to routine controls.

## **After March 2019 if there's no deal**

The government has made it clear that when the UK leaves the EU it is going to leave the EU's single market and Customs Union. It is

negotiating to secure an ambitious and comprehensive future economic partnership with the EU, which will allow frictionless movement of goods between the UK and the EU.

However, in the event of “no deal”, goods traded between the UK and the EU after 23h on 29 March 2019 will be subject to the same requirements as third country goods, including the payment of duty. Under World Trade Organisation (WTO) rules, the principle of most-favoured-nation (MFN) treatment means that, unless a preferential agreement is in place, the same rate of duty, on the same good, must be charged to all WTO members equally.

For UK exports to the EU, the EU will require payment of customs duty at the rate under the EU’s CCT. For goods imported to the UK from the EU, the UK will require payment of customs duty at the rate set by the UK Government.

In preparing for “no deal” businesses will want to be aware of the following:

- the Taxation (Cross-Border Trade) Bill will provide the necessary powers for the UK to set its own tariff once it leaves the EU
- in a ‘no deal’ scenario, trade with the EU will be on non-preferential, WTO terms. This means that MFN tariffs and non-preferential rules of origin would apply to consignments between the UK and EU
- the EU will apply its MFN rates to goods imported into the EU from the UK. The EU MFN rates are set out in the CCT, where they are listed as “erga omnes” (which translates as “towards all”), rather than stating a specific country. The EU may change these rates between now and March 2019, but this provides an indication
- the UK will apply its MFN rates to goods imported into the UK from the EU. The government will determine and publish these new UK duty rates before we leave the EU. They may be different from the rates in the EU’s CCT
- the UK intends to continue offering unilateral preferences to developing countries, and to seek to transition all EU Free Trade Agreements for day 1 in order to ensure continuity for both goods imported to the UK, and for UK exports. Maintaining these benefits is

of clear importance to businesses, consumers and investors, and will ensure a smooth transition for users of these provisions as we leave the EU. Further information on preferential trade under the UK's existing trade agreements will be captured in the Trade Agreement Continuity technical notice

- the UK Trade Tariff, detailing the import duty rates and rules that will be applicable to each good, will be made available free on GOV.UK in the same way as now. Importers of goods into the UK will no longer use EU Tariff information published by the EU
- the UK does not intend to immediately change the classification of goods in a “no deal” scenario. The UK does not plan any immediate deviation from the current commodity code list published in the UK Trade Tariff, which is currently applied by the EU, except where necessary to maintain alignment with international standards, or for trade remedies purposes.

## **What you would need to do**

Anyone importing goods into the UK from the EU, or exporting goods to the EU from the UK, will have to comply with customs procedures, where these were not previously necessary. As set out above, this includes the potential payment of duty on UK-EU trade.

### **Establishing A UK Trade Tariff**

The Taxation (Cross-Border Trade) Bill provides the powers for HM Treasury to establish a new UK trade tariff.

The importer (or their agent) must use the guidance in the tariff to help decide the correct classification of their goods (although it should be noted that the guidance is not the legal text of the tariff). This will require knowledge of the item being classified, as well as its constituent parts: what it is made of, and the purpose for which it will be used. It will also be necessary to know where it originates from. The process of classification will result in a numeric commodity code. The commodity codes will be listed in the Tariff with the rate of import duty applicable to the goods falling within those codes (duty rates are shown either by formula or percentage of the customs value of the

goods). The Tariff will contain rules for determining the amount of import duty applicable to those goods based on their description (the commodity code) and country of origin.

The Tariff will also set out import procedures such as how the value of a good is calculated, and which forms, codes, and procedures are to be used.

The UK Trade Tariff will replace the EU CCT for imports to the UK. HMRC already publishes [tariff data online for use by UK traders with third countries](#). Those currently importing goods from third countries into the UK will be familiar with this system.

## **UK Commodity Codes**

Commodity codes in the EU are 10 digits long for imports, and 8 digits long for exports.

Commodity codes are standardised under the World Customs Organisation's Harmonised System for the first 6 digits of the code. The UK is, and will remain, a participating country in this system.

The Harmonised System allows additional digits to be set by Customs authorities. Tariff codes beyond 10 digits are used for some food products, to identify sugar, starch, and fat content, and for trade defence measures. The UK does not intend to immediately change any commodity codes, but the rules will be set out in new UK regulations rather than EU ones.

## **Classification - an example**

I am seeking the commodity code for a grand piano. Searching for "grand piano" on the UK Trade tariff identifies the commodity code 9201200000 for imports (92012000 for exports).

The tariff has a hierarchical structure. The first two digits (92) are the "chapter", and refers to Musical instruments; parts and accessories of

such articles. The next two digits (01) are the “heading”, and identify pianos, including automatic pianos; harpsichords and other keyboard stringed instruments. The following two digits (20) are the “sub-heading”, and identify a grand piano.

Up to this level, the same digits are used internationally as part of the Harmonised System. Because no further distinction is required, the next two pairs of digits are each 00.

For a more detailed worked example, please see the [classification section](#) on the uktradeinfo website.

## **Northern Irish businesses importing and exporting to Ireland**

The UK government is clear that in this scenario we must respect our unique relationship with Ireland, with whom we share a land border and who are co-signatories of the Belfast Agreement. The UK government has consistently placed upholding the Agreement and its successors at the heart of our approach. It enshrines the consent principle on which Northern Ireland’s constitutional status rests. We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland. This includes North-South cooperation between Northern Ireland and Ireland, which we’re committed to protecting in line with the letter and spirit of Strand two of the Agreement.

The Irish government have indicated they would need to discuss arrangements in the event of no deal with the European Commission and EU member states. The UK would stand ready in this scenario to engage constructively to meet our commitments and act in the best interests of the people of Northern Ireland, recognising the very significant challenges that the lack of a UK-EU legal agreement would pose in this unique and highly sensitive context.

It remains, though, the responsibility of the UK government, as the sovereign government in Northern Ireland, to continue preparations for the full range of potential outcomes, including no deal. As we do, and as decisions are made, we’ll take full account of the unique

circumstances of Northern Ireland.

## More information

Find out more about:

- [current UK trade tariffs](#)
- [classifying goods using the UK trade tariffs](#) - HMRC also publishes [guidance on classification in Notice 600](#)
- [classifying goods](#) - this includes DEFRA advice concerning the specific procedures applied to agricultural products
- [for businesses exporting to the EU, the EU publishes its tariff online](#) (as TARIC – (Integrated Tariff of the European Community))
- [contact the Tariff Classification Service operated by HMRC](#) if you need help with tariff classification
- [importing and exporting](#),
- [HMRC public notices](#)
- [the WTO](#)

For more information on import processes in the event of “no deal”, please see the Trading with the EU if there’s no Brexit deal technical notice.

This notice is meant for guidance only. You should consider whether you need separate professional advice before making specific preparations.

It is part of the government’s ongoing programme of planning for all possible outcomes. We expect to negotiate a successful deal with the EU.