



HM Revenue
& Customs

Update on the Northern Ireland Protocol



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What you need to know

The Northern Ireland Protocol`

From **1 January 2021** our trading arrangements will either be based on the Withdrawal Agreement only, or on a Free Trade Agreement concluded with the EU.

The Northern Ireland Protocol has been designed as a practical solution to avoiding a hard border on the island of Ireland whatever the trading arrangements are between the UK and the EU.

The staged approach that applies in GB to EU-GB movements will not apply in Northern Ireland.

Under the protocol the UK Government will:

- Deliver unfettered access for NI producers to the whole of the UK market;
- Ensure there are no tariffs on goods remaining within the UK customs territory;
- Give effect to our obligations without the need for any new customs infrastructure in Northern Ireland; and
- Guarantee that NI businesses will benefit from the lower tariffs we deliver through our new Free Trade Agreements with third countries.



Joint Committee Agreement

In December the UK Government announced that agreement has been found in the following areas, amongst others:

- export declarations,
- 'at risk' goods
- A UK Trader Scheme for businesses to declare their goods not at risk

What has been agreed at the Joint Committee does not alter the requirement for goods moving GB to NI to have an import declaration and an entry Safety and Security declaration. This applies even where easements have been agreed for certain supplies of agri-food products in relation to SPS requirements.

The UK government's approach is set out in a command paper published 10 December 2020.



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[The NI Command Paper](#)

1. NI and IE



- ✓ **No hard border**
- ✓ **No physical infrastructure**
- ✓ **No checks or processes**
- ✓ **No customs duties or tariffs**

1. NI to GB (Unfettered Access) – Movement of Goods



The UK Government will guarantee **unfettered access** for Northern Ireland's businesses to the rest of the UK internal market from 1 January 2021, ensuring that direct trade from Northern Ireland to Great Britain continues, for the majority of businesses, as it does now.

- ✓ No import customs declarations or entry summary declarations as goods enter the rest of the UK from Northern Ireland
- ✓ No tariffs applied to Northern Ireland goods entering the rest of the UK in any circumstances
- ✓ No customs checks

The only extremely limited exceptions where goods movements require bespoke processes, for example to take account of specific international obligations binding on the UK or the EU.

- Goods placed under a customs special procedure in NI
- Transit movements
- Goods on a list of 14 prohibitions and restrictions where export declarations are required

Goods that start their journey in the EU and come to GB via NI will have to comply with export requirements in their home Member State.

Indirect movements

NI-ROI-GB will benefit from an override of the tariff on entry to GB. These goods movements will have to comply with EU export procedures to depart through ROI.

2. NI to GB (Unfettered Access) – Movement of Goods



From **1 January 2021**, the first phase of unfettered access will apply to goods in free circulation in Northern Ireland.

This will be supported by **anti-avoidance provisions** to tackle any EU businesses who seek to route their goods through Northern Ireland to avoid the UK's customs regime.

Purchasers from Great Britain who buy Northern Ireland goods are not liable for tariffs, whether they move goods directly or via Ireland.

We will bring in a long-term regime in the **second half of 2021** which focuses its benefits on those businesses established in Northern Ireland.

This will identify “qualifying” traders as they ‘check in’ in the usual way at ports and airports, meaning that the system will be light-touch - with many traders auto-enrolled in the scheme - while still ensuring that goods are free of checks, controls or tariffs when moving from Northern Ireland to Great Britain.

We will introduce specific arrangements for agri-food trade, while ensuring that these do not impose any additional burdens for manufacturers or other traders using Northern Ireland ports.

3. GB to NI – Changes to Processes



The Protocol entails some new administrative processes for traders moving goods from the UK to Northern Ireland:

- new digital import declaration requirements, and
- digital safety and security declaration



These processes, which will be administered by UK authorities in the form of HMRC and Border Force, are needed to make sure that:

- tariffs are not paid on trade within the UK
- that Northern Ireland can benefit from UK FTAs, and that goods destined for Ireland and the EU (i.e. at a genuine and substantial risk of doing so) pay tariffs when they should.



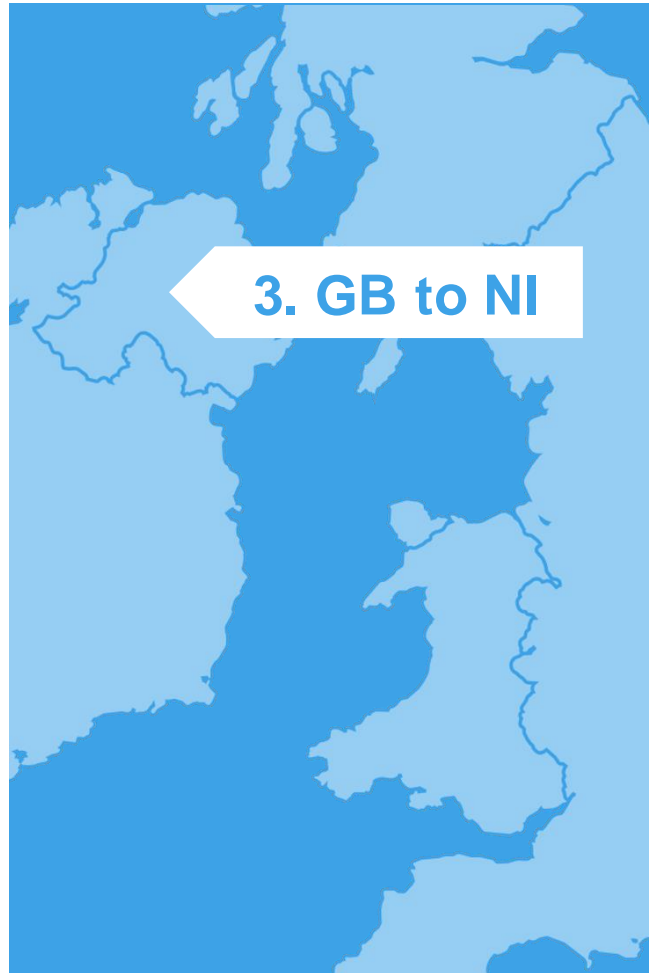
It is important to note that the ultimate destination of goods and whether, for example, traders will be selling them in Northern Ireland or moving them on to Ireland/the EU, will become relevant in the future.

These digital processes will be streamlined and simplified to the maximum extent, and will not require any export declaration, exit declaration, or customs and regulatory clearance for goods as they leave the rest of the UK for Northern Ireland.



Furthermore, the new **Trader Support Service** will ensure that the process is straightforward even for businesses who have not previously engaged with customs, and that no direct costs are incurred.

4. GB to NI – The Trader Support Service



3. GB to NI

The UK Government have established a new, free to use digital service. The Trader Support Service (TSS) will help **GB-based businesses and traders** of all sizes to navigate the changes to the way goods move once the Northern Ireland Protocol comes into effect on 1 January 2021.

TSS will offer education and advice to help traders understand and prepare for the upcoming changes, provide support with declarations for goods moving from Great Britain to Northern Ireland and provide contact centre support.

If your business is impacted by the changes, you should register for Trader Support Service. It can help you if you:

- ✓ Move goods between Great Britain and Northern Ireland
- ✓ act on behalf of someone to move goods between Great Britain and Northern Ireland
- ✓ are based in Northern Ireland and receive goods from outside of Northern Ireland
- ✓ send parcels between Great Britain and Northern Ireland, or bring parcels into Northern Ireland from outside the UK, using Royal Mail or an express operator

The [Northern Ireland Customs and Trade Academy](#) (NICTA) will also provide key training modules including seminars, webinars and selected how to guides to help you understand the changes once the Northern Ireland Protocol comes into effect.

Register today

At risk goods (1)

Businesses will have a range of options to reach the right outcome on the application of tariffs for goods movements into NI.

Good **always at risk**:

- Good subject to EU trade defence measures
- Good subject to commercial processing in NI and the additional processing criteria is not met
- Goods from outside the UK/EU where the EU duty is more than 3% greater than the UK duty

Goods **automatically NOT at risk**

- Good where the UK duty is equal to or higher than the EU duty

For GB-NI movements there is no UK duty so this would cover goods where the EU tariff is zero

A business does not require a UK Trader Scheme authorisation to declare these goods not at risk



At risk goods (2)

A business may register for the UK Trader Scheme, allowing them to declare their goods 'not at risk', where the goods meet the criteria below.

Goods which may be declared not at risk:

- Goods for sale to or final use by, end-consumers located in the UK
 - for example, goods for sale in retail stores
- Goods for business use in NI
 - for example, a business purchasing stationery, or a farmer purchasing a tractor

A business does not need to provide supporting evidence as part of its declaration, but must hold evidence, which may be examined by HMRC on request

Examples of evidence:

- Commercial receipts and invoices
- Commercial contracts and purchase orders
- Delivery receipts, consignment notes



Goods brought into NI for processing are automatically at risk, unless the business meets one of the criteria:

- Small processor – businesses with an annual turnover less than £500,000 pa
- Approved processing sectors
 - Sale of food to end-consumers
 - Construction in NI
 - Not for profit activities in NI
 - Goods for use in health or care in NI
 - Final use of animal feed in NI

Other than the sale of food the processing must be carried out by the business moving the goods into NI

Businesses who meet these criteria must inform HMRC of this when applying for the UKTS. Once authorised they may declare goods for processing not at risk. They must keep supporting evidence.



UK Trader Scheme

- ❑ To declare goods not at risk a business must be authorised to use the UK Trader Scheme
- ❑ Open to businesses in all sectors and of all sizes

Criteria:

- Established in NI, **or**
- Established in GB **and** have customs operations carried out in the UK **and** have indirect representation in NI **and** have a fixed place of business in NI where records are available and where goods are sold to, or provided for final use by end-consumers, **and**
- Have no history of serious customs or tax infringements or other similar criminal offences of an economic nature, **and**
- Have sufficient controls of their operations and record keeping to ensure they can provide evidence to support not at risk declarations



Waivers

Businesses can claim a waiver for duty on goods brought into Northern Ireland from Great Britain which might otherwise incur 'at risk' tariffs if they have not exceeded the allowances set out below at the point the import declaration is submitted.

How much you can claim

- If you are eligible to claim a waiver you must do this at the point your import declaration is submitted.
- Waivers for duty on goods that would otherwise incur 'at risk' tariffs are provided in the form of 'de minimis aid'.
- This is measured in euros.

Allowances and de minimis aid

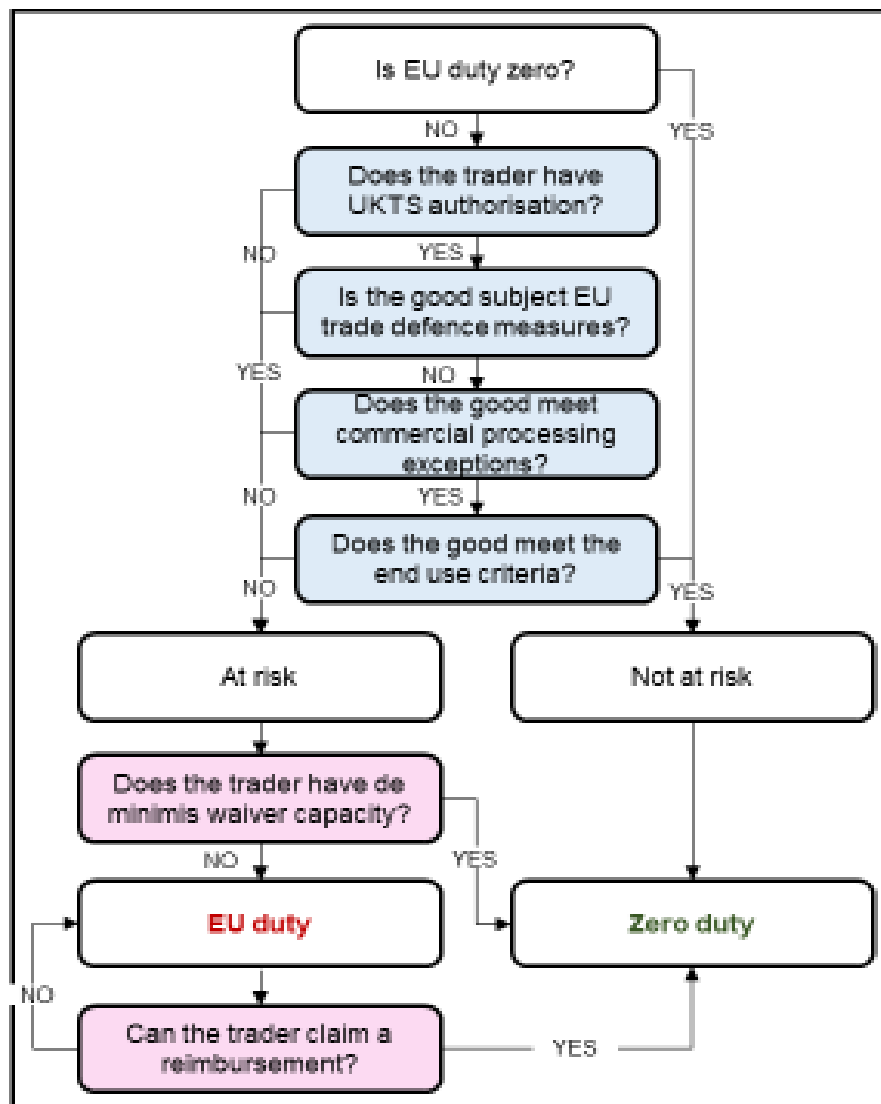
Most businesses can claim up to a maximum of €200,000 of aid over 3 tax years. The period of 3 years is assessed on a rolling basis.

The maximum allowance includes all de minimis aid you claim over a period of 3 tax years such as:

- de minimis aid unrelated to waivers for Customs Duty
- de minimis aid granted through any other scheme - such as [Employment Allowance](#)

Lower allowances apply for 3 tax years to businesses in some sectors:

GB-NI Tariff flow chart



Traders moving goods into NI from GB will have a range of options for reaching a zero-tariff outcome. The UKTS has been designed to be accessible to different types of traders, but not all traders will choose to use it.

Traders will need to choose which is the best option to suit their specific circumstances – TSS can help traders with this.

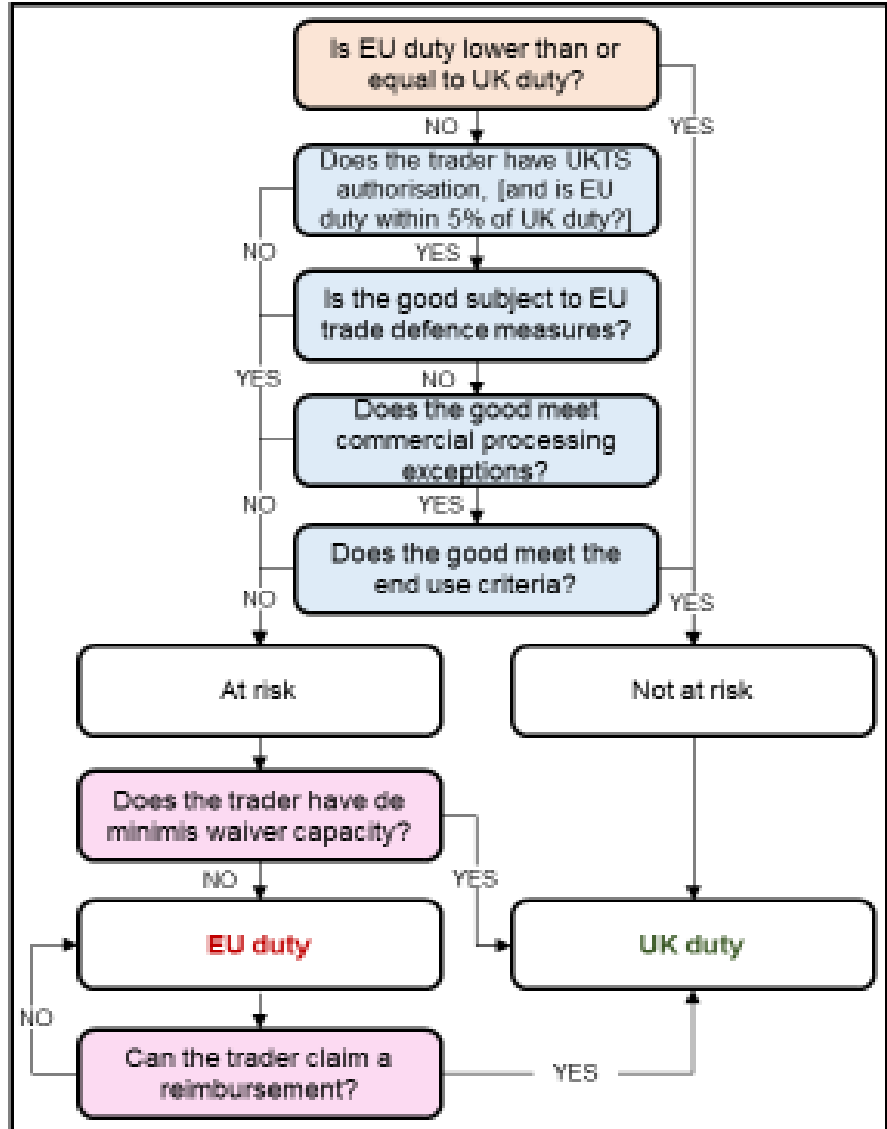


Traders can declare goods “not at risk” if they can meet the authorisation requirements and declare that their goods will be sold or used in the UK.
This could be the best option for traders bringing finished goods into NI for sale (e.g. retailers), or processors who qualify for one of the commercial processing exemptions



Instead of using the UKTS, traders can use waivers or reimbursements.
This could be the best option for small or infrequent traders, or processors who are bringing non-UK goods into NI and who do not qualify for one of the commercial processing exemptions.

ROW-NI tariff flow chart



Traders importing goods into NI from RoW will also have a range of options for ensuring they pay the UK tariff rather than the EU tariff.

Applicable UK and EU duties

Goods will be "not at risk" when duties payable in the UK are the same as duties payable in the EU. This includes cases where UK and EU MFN tariffs are the same, but also when goods are eligible for preferential duties under both UK and EU trade deals (e.g. Japanese goods).

UK Trader Scheme (UKTS)

Traders can declare goods "not at risk" as long as they can meet the authorisation requirements and declare that their goods will be sold or used in Northern Ireland. For RoW-NI movements, there is an additional tariff differential test.

Waivers and reimbursements

Instead of using the UKTS, traders can use waivers or reimbursements to cover the difference between UK and EU duties. This could be the best option for small or infrequent traders, or processors who are bringing non-UK goods into NI and who do not qualify for one of the commercial processing exemptions.



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What you need to do

EORI- Requirements for movements

From 1 Jan 2021 you will need an EORI number to move goods between GB (England, Scotland, Wales) and the EU. You may also need one if you move goods to or from NI. If you do not have an EORI you may incur increased costs and delays.

If you move goods to or from Northern Ireland

From 1 January 2021 you'll need an EORI number that starts with XI to:

- move goods between Northern Ireland and GB
- move goods between Northern Ireland and non-EU countries
- make a declaration in Northern Ireland
- get a customs decision in Northern Ireland

To get an EORI number that starts with XI, you must already have an EORI number that starts with GB. If you do not have one, [apply for an EORI number that starts with GB](#) as soon as possible.

If you already have an EORI number that starts with GB and HMRC thinks you need one that starts with XI, they'll automatically send you one in mid-December 2020.



Trader Readiness – Steps to Take

What are the key things you need to do to get ready for 1 January 2021?

- **Apply for an EORI Number by visiting <https://www.gov.uk/eori>**
- **Register for TSS by visiting tradersupportservice.co.uk**
- **Sign up to TSS training courses:** *Introduction to Customs and GB-NI Trade* are available now
- **Identify if you need to seek additional professional advice** on the most suitable customs arrangements to meet your specific needs
- **See the latest guidance** on <https://www.gov.uk/transition>

