

STANDARD FORM OF EXPLANATORY MEMORANDUM FOR EUROPEAN UNION LEGISLATION AND DOCUMENTS

COMMISSION IMPLEMENTING REGULATION (EU) 2020/2254 of 29 December 2020 on the making out of statements on origin on the basis of supplier declarations for preferential exports to the United Kingdom during a transitory period

Submitted by HM Revenue & Customs – 14 January 2021

SUBJECT MATTER

The Trade and Cooperation Agreement between the European Union and the United Kingdom was signed on 30 December 2020 and applied provisionally from 1 January 2021. Under the Agreement, goods can be traded between the Parties without incurring customs tariffs provided they meet the Rules of Origin requirements. Evidence that the goods meet the Rules of Origin, which are set out in the Agreement, can be provided by a statement on origin completed by the exporter. In order for an exporter to complete a statement on origin, the exporter must obtain from their supplier a declaration, or an equivalent document that contains the same information, describing any non-originating materials in sufficient detail to enable them to be identified.

A concern was raised by both UK and EU exporters that, due to the complexity of supply chains and manufacturing processes, it can take several months for them to obtain the necessary supplier documentation in the form of supplier declarations on origin. This was considered a barrier to their being able to take timely advantage of the tariff-free trade from 1 January 2021.

The UK and EU have agreed an easement to relax the requirement for exporters to hold supplier declarations at the time of completing a statement on origin provided they were confident of the originating status of the goods and obtained the supplier declarations retrospectively for the twelve month period prior to 1 January 2022.

The EU underpins the requirement for supplier declarations in its domestic customs legislation, through Regulation (EU) no. 952/2013 of the European Parliament and of the Council of 9 October 2013 and Commission Implementing Regulation (EU) no. 2015/2447 of 24 November 2015. Therefore, it was required to publish Commission Implementing Regulation (EU) 2020/2254 to introduce the easement. UK legislation does not have a requirement for supplier declarations in its customs legislation and so has introduced the same easement in its guidance.

SCRUTINY HISTORY

This document has not previously been subject to scrutiny.

MINISTERIAL RESPONSIBILITY

The Chancellor of the Exchequer has responsibility for United Kingdom policy on European Union monetary and economic issues. The Foreign and Commonwealth Secretary is responsible for overall United Kingdom policy towards the European Union.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

Whilst Northern Ireland is impacted by the Union Customs Code, the Executive Office have raised no comments in regards to this particular report.

LEGAL AND PROCEDURAL ISSUES

i. Legal Base

Treaty on the Functioning of the European Union, Regulation (EU) no. 952/2013 of the European Parliament and of the Council of 9 October 2013, Commission Implementing Regulation no. 2015/2447 of 24 November 2015 and the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland.

ii. Voting Procedure

Not applicable.

iii.. Timetable for adoption and implementation (or expected next steps for non-legislative documents)

Not applicable.

iv. Does the proposal affect the substance of EU law that will remain in effect under the Northern Ireland Protocol or is it likely to be the subject of a request by the EU to be added to the Protocol under Article 13(4) thereof?

No.

v. Do JHA opt-in, Schengen opt-out issues arise?

No.

POLICY IMPLICATIONS

The regulation introduces an easement into EU customs legislation that recognises the difficulties faced by both UK and EU exporters in obtaining evidence to support the making out of statements on origin. This easement has been mirrored by the UK in its [policy guidance](#). Operationally this means that customs authorities should not expect

exporters to hold supplier's declarations when making out statements prior to 1 January 2022.

Exporters must ensure they obtain the supplier declarations retrospectively by 1 January 2022 and may be requested to present them in support of statements made out during the easement.

CONSULTATION

Not applicable.

FINANCIAL IMPLICATIONS

Not applicable

MINISTERIAL NAME AND SIGNATURE

A handwritten signature in black ink, reading "Jesse Norman". The signature is written in a cursive style with a large initial 'J' and a long, sweeping underline.

RT HON JESSE NORMAN MP

Financial Secretary to the Treasury