



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Mrs Ciara Ferguson MLA, Chairperson
Windsor Framework Democratic
Scrutiny Committee (DSC)

Your ref: DSC 208/25

Dear Mrs Ferguson,

Thank you for your letter of 10 November 2025, addressed to my predecessor James Murray and to Hilary Benn, Secretary of State for Northern Ireland, relating to the proposed Regulation establishing the Union Customs Code (UCC) and the European Union Customs Authority (COM/2023/258). I am sorry for the delay in responding.

The government is closely monitoring the proposed EU reforms and continues to engage with both the European Commission and UK businesses on potential impacts. These discussions are ongoing; however, I can confirm our understanding is in line with the letter sent by Cabinet Office officials in advance of the previous evidence session on 6 November.

HMRC and Cabinet Office have provided information to Northern Ireland departments in relation to the proposal, who have in turn appeared before the Committee in accordance with the scrutiny process. The government's current position on the regulation was set out previously in an Explanatory Memorandum on the proposal, which I would emphasise for the purposes of this reply remains subject to change within the EU institutions. Given that the operationalisation of the key systems and new authorities set out in the proposal would need to be given effect from 2028 at the earliest, HMRC would also need to take forward discussions with the EU on operational delivery when the regulation is published in its final form. This would be normal practice for customs regulatory changes of this nature.

I can confirm that HMRC and Cabinet Office have reviewed the discussion in the session and considered the questions raised by Members. I note that the Committee expressed an interest in the EU's planned withdrawal of the €150 'low value' exemption, where the government had been reviewing these measures domestically, and an EU proposal for a fee to be levied for these parcels moving from the Rest of the World. Following a tripling of low value import volumes between 2021 and 2024, the Chancellor has reviewed the existing customs arrangements to determine whether they are fit for purpose. As a result of this review, at Autumn Budget on 26 November 2025, the Chancellor announced the removal of the relief, making low value imports subject to customs duty, and the introduction of a new system.

The government's approach will address the difference in treatment between low value imports and goods shipped by high street retailers, and ensure these goods are adequately controlled. Alongside this, a consultation has been launched to gather views on the technical details of the consultation. The government has been

considering the approach taken by international partners in developing our way forward, and we are committed to working with the EU on these issues.

I understand that the Committee discussed the broader interaction of the EU proposals with the Windsor Framework facilitations for customs. In this regard, the Committee may wish to note the text contained within the EU proposal states: “The revision of customs legislation set out in this Regulation will not affect the level of the facilitations referred to in Joint Committee Decision No 1/2023.” This position recognises the specific Windsor Framework arrangements, including the UK Carrier (UKC) Scheme which allows consumer parcels to move from Great Britain to Northern Ireland without the need for customs declarations, duty or safety and security declarations, irrespective of value. As part of exchanges on the implementation of this legislation by and with the EU institutions, HMRC will continue to engage with the European Commission to ensure the Windsor Framework arrangements are accounted for.

The provision of guidance to the public and businesses on the EU Customs Authority, as noted in the proposal, would be a consideration for that authority when the proposal is finalised. The government will engage with the EU on these issues, if and where that authority is developing guidance of relevance to the UK, when that proposal is underway. In respect of the Windsor Framework, HMRC continues to provide a full range of guidance to businesses and will shortly set out the outcome from the procurement of the next phase of the Trader Support Service. Our commitment remains that businesses will be supported by this Service and HMRC in moving goods within the UK internal market.

I would also wish to clarify the point raised in the evidence session on 6 November relating to the Import Control System 2 (ICS2). It is not a new proposal under the EU Customs Reform proposals published in May 2023. ICS2 is the new Safety and Security declaration system that replaces the existing Import Control System Northern Ireland (ICSNI), in Northern Ireland. ICS2 is already used for air and maritime movements into Northern Ireland. It was due to become mandatory for road movements in September, but the UK alongside the majority of ICS2 territories successfully secured a derogation from the EU and this has been delayed to 31 December 2025 to give businesses more time to prepare. HMRC has built a new IT service to help stakeholders with notifications required in ICS2 and has undertaken an extensive programme of stakeholder communications and engagement over the course of 2025 in preparation for 31 December. The government continues to support businesses throughout this process as they transition to ICS2.

The government will continue to support Northern Ireland departments and the Committee in considering EU proposals of relevance, in line with its commitments under the scrutiny process. This includes answering questions in writing and the provision of an Explanatory Memorandum when the proposal is finalised. We will be happy to provide further clarification if the proposal from the EU changes, with the information contained within this letter reflecting the proposal as it stands. We will also continue to welcome representations from Northern Ireland departments on these issues, who we recognise are accountable to the Assembly.

Should the Committee have any further questions as this EU proposal progresses further, the government will be happy to address these via correspondence. I am placing the Northern Ireland Secretary in copy of this letter.

Yours sincerely,

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DAN TOMLINSON MP
EXCHEQUER SECRETARY TO THE TREASURY



Mrs Ciara Ferguson MLA, Chairperson
Windsor Framework Democratic Scrutiny
Committee (DSC)

REF: DSC 208/25

10 November 2025

Rt Hon Hilary Benn MP
Secretary of State for Northern Ireland
Via email to: correspondence@nio.gov.uk

James Murray MP
Exchequer Secretary to the Treasury
Via email to: XST@hmtreasury.gov.uk

CC: Rt Hon Lord Murphy of Torfaen
Via email to: independentreview@cabinetoffice.gov.uk

Hilary, James, a chairde

Correspondence received from HMRC

On 8 August 2025, I wrote to the Secretary of State, on behalf of the Windsor Framework Democratic Scrutiny Committee (DSC), in relation to correspondence received by KME Steelworks Ltd raising concerns about EU customs duty on raw sheet aluminium.

At its meeting on 6 November 2025, the DSC considered the enclosed correspondence from the Cabinet Office's Windsor Framework Taskforce, in response to the Committee's request for HMRC officials to attend a meeting of the DSC to discuss the issues raised by KME. The response states that HMRC are unable to attend a meeting of the DSC to discuss an individual case due to rules around taxpayer confidentiality.

At the same meeting, the Committee heard oral evidence from the Office of the NI Executive in Brussels on a proposed Regulation establishing the Union Customs Code and the European Union Customs Authority ([COM/2023/258](#)). The Committee was told that HMRC is the central source of analysis and expertise on the implications of the proposed EU act, including the transition to new systems under the EU Customs Code, and the proposal's interaction with existing customs facilitations agreed under the Windsor Framework.

Therefore, the Committee agreed that I write to you both, asking that HMRC officials attend a meeting of the DSC to discuss the implications of relevant current and proposed EU customs legislation, including the processes involved for businesses here, and how the issues they face are likely to be resolved.

The Committee also agreed to share a copy of this letter with the Independent Reviewer of the Windsor Framework.

I would be grateful to receive a response by 5 December 2025.

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A handwritten signature in dark ink, appearing to read 'Ciara Ferguson', is written over a light blue rectangular background.

Ciara Ferguson, MLA

Chairperson, Windsor Framework Democratic Scrutiny Committee

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Christopher Dickison
Senior Assistant Clerk, Windsor Framework Democratic Scrutiny Committee
Room 382, Parliament Buildings
Stormont
Belfast, BT4 3XX

23 October 2025

Dear Christopher,

Correspondence from HMRC regarding EU customs duty

Thank you for your letter dated 22 September 2025.

We take note of the discussions held within the Committee regarding correspondence from KME Steelworks Ltd, and its correspondence with HMRC.

Unfortunately, HMRC officials are unable to attend a meeting with the Committee to discuss an individual case due to the rules around taxpayer confidentiality. As highlighted in your correspondence, HMRC has responded to the Committee's questions and should the Committee have further questions, the Government can assess them in correspondence.

Yours sincerely,

PAUL FLYNN
DEPUTY DIRECTOR - WINDSOR FRAMEWORK TASKFORCE