

PUBLISHED REPLACEMENT EU ACT ASSESSMENT OF IMPACT

Reference: Regulation (EU) 2026/2108

Date: 24th September 2026

Department: Department for the Economy

Published Replacement EU Act

[Regulation \(EU\) 2026/2108 of the European Parliament and of the Council of 16 September 2026 establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation \(EU\) No 952/2013](#)

This Regulation replaces [Regulation \(EU\) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code](#); Protocol Annex 2, Heading 1 on General customs aspects

Summary of the Act

This Regulation replaces the existing Union Customs Code and lays down the rules and procedures governing goods entering or leaving the customs territory of the European Union. In particular, it:

- establishes a European Union Customs Authority and a central EU Customs Data Hub to support EU-wide customs risk management, data-sharing and controls;
- introduces a more data-driven approach to customs supervision and provides simplified procedures for the most trusted “Trust and Check” traders;
- introduces specific rules for e-commerce, including treating certain online platforms and sellers as importers responsible for customs formalities and payments;
- establishes a common framework for customs infringements and non-criminal sanctions, including specific measures relating to repeated non-compliance by e-commerce operators; and
- provides for the phased implementation of the new customs framework, including a handling fee for small parcels entering the EU.

Changes since the Act was first proposed

The final Regulation retains the main features of the Commission’s May 2023 proposal, including the EU Customs Authority, EU Customs Data Hub, “Trust and Check” arrangements and revised e-commerce obligations. The principal changes made during the legislative process include:

- an EU-wide handling fee for small parcels, to apply no later than 1 November 2026, was added to the final text;

- a more detailed enforcement regime for repeated e-commerce infringements was included, with penalties that may include fines, withdrawal of customs simplifications and restrictions on access to online platforms;
- implementation dates were revised: use of the EU Customs Data Hub is to become mandatory for e-commerce from 1 July 2028 and to be extended progressively to other traders and customs operations, becoming mandatory for all traders from 1 March 2034; and
- contrary to the original proposal, the existing Authorised Economic Operator framework has been retained alongside the new Trust and Check trader status, with operators able to hold both authorisations simultaneously;
- a new provision permits Member States to maintain or conclude customs cooperation agreements with third countries, including neighbouring third countries, subject to notification to the Commission and assessment of compatibility with Union law; and
- Lille was selected as the seat of the EU Customs Authority, which is expected to begin operations in 2027.

Department(s) Responsible

Lead UK Department: HM Revenue and Customs (HMRC).

Responsible UK Minister: The Exchequer Secretary to the Treasury (with responsibility for HMRC and customs policy).

Customs policy is an excepted matter and is not transferred to the Northern Ireland Executive. HMRC is therefore the lead authority for the policy and implementation of this Regulation.

Assessment of Impact

Customs policy is an excepted matter for which HM Revenue and Customs (HMRC) is the lead UK Government department.

The Department has reviewed the published Regulation, associated EU explanatory material and information currently available to it. On the basis of the evidence presently available, the Department has not identified evidence that the application of this Regulation would be likely to have a significant impact specific to the everyday life of communities in Northern Ireland in a way that is liable to persist.

The Regulation principally concerns the operation, administration and enforcement of customs arrangements across the EU customs territory, including the establishment of a new EU Customs Authority, an EU Customs Data Hub and revised customs procedures. Assessment of the detailed operational and policy implications falls primarily within the remit of HMRC.

UK Government Explanatory Memorandum

The EM explains that Regulation (EU) 2026/2108 repeals and replaces the existing Union Customs Code. It is a long-term EU customs reform programme intended to modernise customs processes, improve access to data, strengthen risk management and respond to pressures including increased trade volumes, e-commerce and more complex border requirements.

The main measures are the creation of an EU Customs Authority, a central EU Customs Data Hub, a new “Trust and Check” trader status, and reforms to e-commerce, including deemed importer rules for online marketplaces, a handling fee for e-commerce consignments and a more harmonised approach to penalties. The reforms will be phased in over a number of years, with key milestones from November 2026 through to March 2034.

The EM states that the Regulation is relevant to Northern Ireland through the Windsor Framework. Customs is not devolved, but the Department has an interest in the potential implications for Northern Ireland businesses, consumers and the operation of existing Windsor Framework customs arrangements. The current Union Customs Code applies in Northern Ireland under the Windsor Framework and the new Regulation will apply on the same basis.

The draft EM notes that the reforms should not affect the level of Windsor Framework customs facilitations agreed under Joint Committee Decision No 1/2023. The UK Government and European Commission will continue to work jointly on the detailed arrangements, including the e-commerce handling fee. The UK and EU have agreed in principle that the handling fee should apply only to distance sales that are “at risk” of entering the EU, with no proceeds remitted to the EU. On that basis, the handling fee is expected to have minimal impact in Northern Ireland, with more than 99% of distance sales expected to be classified as “not at risk”.

Analysis by the European Commission on its Impact Assessment

The Commission's impact assessment concluded that reform was required to address weaknesses in the current customs framework, including increasing e-commerce volumes, fragmented customs data and IT systems, inconsistent customs controls across Member States and administrative burdens on legitimate traders. The Commission's preferred option combined simplified customs processes, an EU Customs Data Hub and a new EU Customs Authority. It concluded that this would strengthen customs risk management and enforcement, improve the collection of customs duties, increase consistency across the Customs Union and reduce administrative burdens through greater digitalisation and data sharing.

Customs policy is an excepted matter and HM Revenue and Customs (HMRC) is the lead UK Government department. The Department has not identified evidence that

Northern Ireland stakeholders participated directly in the Commission's impact assessment process, nor has it identified Northern Ireland-specific evidence within the published assessment. The Commission's assessment was based on EU-wide consultation and stakeholder engagement. The Department has not identified any provisions in the final Regulation that appear to have arisen specifically from Northern Ireland stakeholder input.

The relevant extract from the Commission impact assessment is included below.

Departmental Engagement

Departmental officials have engaged with HM Revenue and Customs (HMRC), as the lead UK Government department for customs policy, regarding the proposal and its potential implications under the Windsor Framework.

Customs policy is an excepted matter and HMRC is responsible for the underlying policy. The Department's engagement has therefore focused on understanding the proposal's relevance to Northern Ireland and supporting consideration of any implications arising under the Windsor Framework.

Annex – Impact assessment

Impact assessment

The draft impact assessment report was submitted to the Commission's Regulatory Scrutiny Board (RSB) on 30 September 2022. Following the meeting on 26 October 2022, the RSB issued a negative opinion on 28 October 2022, suggesting several areas for further improvement. The revised report was resubmitted on 21 December 2022. The Board issued a positive opinion with reservations on 27 January 2023. The revision addressed all matters identified for improvement by the Board, which included better justifying the urgency and rationale to act now, the links to evaluation and European Court of Auditors work, the coherence with other initiatives, the delineation of the dynamic baseline (including the Customs Action Plan), the intervention logic, the mapping of the objectives, the contribution to Green Deal objectives, the way each option would work in practice, the extent to which options and measures are cumulative and exhaustive, the identification of combinations of options, the feasibility and funding risks, the presentation of costs and benefits, the impact analysis including in relation to the proposed governance structures, consumers, and IT cost assumptions, the reflection of stakeholder views, the monitoring and evaluation arrangements, the identification of individual measures in the options in customs processes and trusted traders, the explanation of e-commerce options including the removal of the EUR 150 exemption threshold, the one-in, one out approach, the delineation between costs and benefits and of illustrative figures, the impact analysis of governance solutions, the consumer impacts in particular regarding the removal of the EUR 150 duty exemption, and ex-post evaluation.

The impact assessment, as improved following the opinion of the Regulatory Scrutiny Board, distilled and summarised the five main problem areas underlying the need for reform:

1. Customs struggle in their mission to protect the Union financial interests, and the ever-increasing non-financial requirements under sectoral policies (product safety, security, protection of human, animal, plant health, of the environment etc.). Since only a small share of imports and exports can be physically controlled, customs depend on risk management – however, risk management today is not sufficiently effective, uniform or comprehensive at EU level. In addition, customs must work with other authorities across a wide range of challenges, but the quality and effectiveness of this co-operation is often sub-optimal and varies across the EU.
2. Current customs processes require traders to provide similar information on goods several times in the supply chain to different authorities via multiple and not always interoperable IT systems. This creates administrative burden for legitimate operators.
3. The current customs model is not fit for e-commerce. The huge rise of e-commerce has changed the nature of trade, from goods traditionally brought into the Union in big quantities via cargo, to millions of small consignments shipped directly to individual consumers. Customs authorities are not prepared to cope with the increase of volumes of goods and declarations. In

addition, there is evidence of the systematic abuse of the €150 threshold below which customs duties are not charged; moreover, this exemption favours third-country e-commerce operators over traditional trade and EU retailers, distorting competition.

4.Data quality, access and analysis is limited. Although customs processes are digitalised, and customs risk analysis and controls rely on data, the data needed for carrying out customs supervision, risk analysis and controls are fragmented and duplicated across multiple systems in a decentralised customs IT infrastructure. This is costly for customs authorities, not flexible and hampers an efficient use of data. The lack of a comprehensive legal framework in the UCC on exchange and use of data also hampers its sharing between customs, the Commission, other authorities or partner countries.

5.The operational implementation in Member States diverges significantly in control practices and methods, implementation of simplifications, and penalties for infringements of the customs legislation. There is no appropriate Union-level risk analysis to properly supervise trade flows and detect non-compliant trade, and non-compliant operators can target EU points of entry with lower levels of controls.

Because of these problems: (i) not all customs duties are collected – loss of revenues undermines the financial interests of the EU and the Member States; (ii) dangerous, non-compliant or counterfeit products still enter or exit the EU single market, and (iii) illegal goods are smuggled into the EU, adapting to increased control activities of customs in one country by finding other entry points. These consequences undermine the competitiveness of compliant industry, translate to a loss of profit, jobs and revenues of legitimate businesses including in particular small and medium sized enterprises (SME) and put at risk EU citizens' safety and security.

The impact assessment identified the key drivers behind the problems as (i) the inadequacy and excessive complexity of the customs processes; (ii) the fragmented and complex customs digitalisation, and (iii) the fragmented customs union governance structure.

To address these problems and the underlying drivers, the impact assessment identified three major policy choices, which will largely determine the extent to which the customs union gets the desired capacity to collect, protect and simplify as one. These are:

- to what extent should customs processes be reformed?
- to what extent should the customs data management approach be reformed?
- to what extent should the governance of the Customs Union be reformed?

The impact assessment considered four options, each providing a coherent package of measures addressing these three policy choices:

1. Option 1 – a package of simpler processes. This examined the key, interdependent, process components, notably the process steps themselves, the roles of the different actors and their compliance responsibilities, the use of data, the treatment of more reliable operators, the treatment of e-commerce flows, and the way in which penalties are applied across the EU

to deter non-compliance. This package would reduce and simplify import process steps, clarify the responsibilities of the actors (notably importers and exporters), remove the customs duty exemption for goods valued at up to EUR 150, and provide for electronic platforms to be deemed importers and account for customs duties for business-to-consumer e-commerce traffic, with a simpler duty calculation approach. It would introduce a new Trust and Check approach to partnership with trade, where additional privileges (such as fewer and more targeted customs controls, and the possibility to “self-release” goods) would be available for transparent, reliable traders. It would introduce a common approach to administrative penalties. It would improve the Commission’s access to data to support risk management. These changes would be carried out under the current digitalisation model and the existing customs governance structure, which, it was assessed, would limit their impact.

2.Option 2 would complement Option 1 with an EU Customs Authority to coordinate cooperation between the Member States in risk management, support uniform implementation of rules, and manage customs programmes. This package would rely on the current digitalisation model.

3.Option 3 would create an EU Customs Data Hub, managed by the Commission, to implement the simpler customs processes identified in Option 1, in a centralised IT model. The data hub would facilitate collecting information from different actors, processing it for EU customs risk management and exchanging it with other competent authorities. As regards governance, the role of the Commission would be reinforced, in particular in the organisation of risk management, subject however to the limitations of the Commission’s capacities and its lack of an organisational mandate to deliver the full potential of the new data environment.

4.Option 4 includes simpler customs processes implemented via the EU Customs Data Hub managed by an EU Customs Authority in charge of (in addition to Option 2) operational risk management and data management and supporting the delivery of simplified processes.

Option 4 is the preferred option. Its three elements (reformed customs processes, implemented in a central EU Customs Data Hub, managed by an EU Customs Authority) reinforce each other to deliver better results and create synergies across the EU. This is the most efficient option, as the investment in central structures significantly reduces the cost for Member States and businesses. In particular, it has the following benefits 37 :

- Customs supervision is strengthened. Improved access to and processing of data via the EU Customs Data Hub will make EU risk management more efficient and increase customs’ capacity to detect fraud by identifying profiles of risky operators acting at Union level. It will generate additional revenues for the Union and its Member States. Improved access to data and better coordination among authorities will increase customs capacity to detect and stop goods not complying with Union requirements to the benefit of citizens and consumers.

- Administrative burden for legitimate trade is reduced. The revised processes are simpler, and data is collected once from the right source via a single interface in the EU Customs Data Hub. The assessment estimated savings could be in the region of EUR 1.2 billion to EUR 2.6 billion annually (taking account of the increased customs duty charge to businesses arising from the removal of the EUR 150 threshold on business-to-consumer e-commerce traffic, estimated in the region of EUR 1 billion annually).
- Centralisation of functions (IT, data and risk management) in the EU Customs Authority results in significant savings for Member States' customs IT expenditure. The assessment estimated these could start in the region of EUR 194 million and rise over a 15 year window to around EUR 2.3 billion annually. The EU Customs Authority ensures coordination between national customs administrations and other authorities.
- E-commerce playing field is levelled with traditional trade. The revised processes allow e-commerce actors to provide financial and non-financial information in a simpler manner and make them liable for it; consumers benefit from more transparency of prices and fees.
- The customs union acts as one. The revised processes are delivered in a central EU Customs Data Hub by a central EU Customs Authority to facilitate uniform implementation in all Member States and avoid divergences.

As regards social and environmental impact, this option is expected to bring significant benefits through better enabling customs to enforce legislation that pursues social and environmental goals, in co-operation with the relevant other authorities. In particular:

- The preferred option, by combining the operational co-ordination mandate of the EU Customs Authority with the data tools and processes provided in the EU Customs Data Hub, will best enable structured, EU-wide co-operation between customs and relevant social and environmental policies in order to improve their outcomes from customs action at the border.
- The additional information that operators provide to customs should further improve the capacity of customs to help to enforce specific legislation pursuing social goals, such as the legislation banning forced labour, or environmental goals.
- Removal of the EUR 150 duty exemption will put an end to the practice of splitting orders of a high value into several consignments lower than EUR 150 to profit from the duty exemption, with the consequent positive environmental effect on transport emissions.
- Better enforcement of product requirements on imported goods might lead to a relocation of production into the Union

The use cases in the impact assessment further illustrate how the reform will support the implementation of relevant current policy objectives, including in the areas of ecodesign and sustainable products, consumer emissions, single-use plastics,

persistent chemicals, and reduction of unfair competition from non-compliant imports affecting EU industry and jobs, and market surveillance activities in general. As regards Sustainable Development Goals, the impact assessment identified how the reform would contribute to the implementation of these through measures taken in relation to international trade in goods and supply chains, which would, in particular:

- improve the facilitation of legitimate trade, connected with Goal 8;
- improve the detection and prevention of imports or exports which contravene relevant EU rules on, for example, waste, chemicals, or safe and sustainable product design, connected with Goal 12;
- strengthen the protection of territorial ecosystems (from e.g. imports which are products of deforestation) and protection of biodiversity (through helping detect traffic contravening CITES), connected with Goal 15.

The proposal is fully consistent with the do no significant harm principle. It will improve the enforcement of environmental policies and will streamline and make more efficient the conduct of international trade operations and their supervision by economic operators and public authorities respectively. The pooling of resources and tools in the central environment will in particular reduce duplication of systems development and administrative activities, reducing the overall time spent on customs processes and accordingly the consumption of resources.

The proposal is driven by the digital by default and privacy by default principles. It aligns with flagship Commission initiatives such as the AI act, Data Governance Act, GDPR and EUDPR. It provides for user-centric processes ready for automation, enabling all operational exchanges with customs to be carried out electronically through a single multipurpose EU interface. It supports the once-only principle, the reuse of data and the data minimization principles by providing for data, once submitted, to be integrated in other processes, and by embedding the EU Single Window Environment for Customs approach connecting customs and non-customs formalities (Regulation (EU) 2022/2399); also enabling a Data driven policy. It provides for a paradigm shift from multiple peer-process national systems towards a flexible central set of services and systems which will enable processes to be developed and changed in a cheaper, more consistent, agile and flexible manner. It will support innovation and digital technologies by enabling the use of advanced analytical techniques in customs operations, and EU-wide and pooling of resources and open-source development of components which can be used by all Member States in that context. Drafting is “digital-ready”, with provision for empowerments and delegations to address technical aspects such as data elements and rules.

•Regulatory fitness and simplification

The reduction and simplification of customs processes, and the introduction of a single EU portal for interacting with customs (the EU Customs Data Hub), is expected to significantly reduce the administrative burden compared with the Union Customs Code currently in force.

In the impact assessment, it was estimated that total savings for economic operators, in the preferred option could amount to EUR 26 billion over 15 years (taking account of the increased customs duty charge to businesses arising from the removal of the

EUR 150 threshold on business-to-consumer e-commerce traffic, estimated in the region of EUR 1 billion annually).

- Fundamental rights

Customs has a long experience in collecting and processing data that contains business sensitive information, financial and personal data. The revision of the customs code fully respects the fundamental right of protection of personal data. The reform even improves the protection of this right, as demonstrated in the impact assessment for option 4. The Data Hub would integrate personal data protection tools and controls, enabling each data controller to ensure data protection rights. This will have a positive impact also for data subjects that would be able to exercise their rights in a very similar manner across all Member States.

EXPLANATORY MEMORANDUM FOR EUROPEAN UNION LEGISLATION WITHIN
THE SCOPE OF THE UK/EU WITHDRAWAL AGREEMENT AND WINDSOR
FRAMEWORK

Council ref: COM/2026/2108

COM(2026)/2108 final

REGULATION (EU) 2026/2108 OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL OF 16 SEPTEMBER 2026 ESTABLISHING THE UNION CUSTOMS
CODE AND THE EUROPEAN UNION CUSTOMS AUTHORITY, AND REPEALING
REGULATION (EU) NO 952/2013

Submitted by HM Revenue and Customs 28 September 2026

SUBJECT MATTER

1. Regulation (EU) No 2026/2108 repeals and replaces Regulation (EU) No 952/2013 (the Union Customs Code).
2. Regulation (EU) 2026/2108 is a long-term customs modernisation programme aimed at responding to growing pressures on the EU Customs Union. These include rising trade volumes, particularly the rapid growth in low-value ecommerce consignments, and the need for customs authorities to enforce a wider range of safety, security, environmental and other regulatory requirements at the border. These challenges are compounded by fragmented national IT systems, limited access to high-quality data and inconsistent implementation across Member States.
3. The EU reforms are intended to create a simpler, more data-driven and better coordinated customs framework across the EU. The European Commission's aim is to reduce burdens for compliant traders, strengthen EU-wide risk management and revenue collection, and improve controls on unsafe, illegal or non-compliant goods entering the EU Single Market.
4. The reforms are designed to deliver these objectives through several changes. These include:
 - a. establishing an EU Customs Authority to coordinate risk management and crisis response;
 - b. creating a central EU Customs Data Hub to collect and manage customs information through a single digital platform;
 - c. introducing a new Trust and Check status, allowing the most reliable traders to benefit from simplified procedures and fewer routine interventions in return for greater visibility of their supply chains and internal controls;

- d. a response to the growth of e-commerce through deemed importer rules for online marketplaces, a handling fee for e-commerce items and a harmonised approach to penalties for non-compliance.
5. The key milestones are as follows:
 - expected 1 November 2026: Introduction of the handling fee for e-commerce items
 - 1 July 2028: EU Customs Data Hub will become operational for e-commerce goods
 - 1 March 2031: EU Customs Data Hub to open for all other businesses
 - 1 March 2034: EU Customs Data Hub expanded to all traders and becomes the single mandatory EU customs entry point.

SCRUTINY HISTORY

6. The revision to the Union Customs Code was subject to scrutiny as EU document C(2023)258 + ANNEX: PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE UNION CUSTOMS CODE AND THE EUROPEAN UNION CUSTOMS AUTHORITY, AND REPEALING REGULATION (EU) NO 952/2013
7. HMRC published an Explanatory Memorandum dated 3 August 2023.
8. That proposal has subsequently been considered through the relevant scrutiny processes in both the UK Parliament and the Northern Ireland Assembly. This has involved consideration of HMRC's Explanatory Memorandum, requests for evidence, exchanges of correspondence and Government responses to scrutiny queries. The Northern Ireland Assembly's Windsor Framework Democratic Scrutiny Committee also considered the proposal at its meetings on 29 May, 11 September and 6 November 2025.

MINISTERIAL RESPONSIBILITY

9. The Financial Secretary to the Treasury has responsibility for UK policy on customs.

INTEREST OF THE DEVOLVED GOVERNMENTS

10. This regulation is relevant to Northern Ireland by virtue of the Windsor Framework.
11. Though customs is not a devolved matter, the Government notes the Northern Ireland Department for Economy's interests in the Regulation with regard to economic policy, development and consumer affairs matters. The Government has previously provided briefing and engaged with Northern Ireland departments on questions arising from the proposed EU customs reform.

12. Interested Northern Ireland departments will continue to be engaged in discussions as appropriate.

LEGAL AND PROCEDURAL ISSUES

i. Application under the Windsor Framework:

The Regulation constitutes customs legislation that is applicable in Northern Ireland through Article 5 and 13(3) of the Windsor Framework. The Regulation is within the scope of Schedule 6B of the Northern Ireland Act 1998. ii. EU Legal basis:

The proposal is based on Articles 33, 114 and 207 of the Treaty on the Functioning of the European Union (TFEU). iii. Voting procedure:

Ordinary legislative procedure.

iv. Timetable for adoption and implementation:

Regulation (EU) 2026/2108 will be implemented in stages. Key milestones are set out under subject matter above.

POLICY IMPLICATIONS

13. The Government recognises the challenges that have precipitated the EU's Union Customs Code (UCC) reform and the case for modernising the operation of the EU Customs Union. The reform is a long-term strategic programme, with its legal, operational and digital elements to be developed and introduced progressively over the coming decade.
14. The UK faces many of the same pressures, including growing trade volumes, the rapid expansion of e-commerce and an increasingly complex range of risks at the border. It therefore shares the EU's underlying objectives of using better data and digital systems to make customs processes more efficient and effective. The UK is pursuing these objectives through its own plan for customs modernisation. HMT and HMRC announced a Call for Evidence on customs modernisation at Tax Update 2026, which ran from June to September 2026 and sought views on how customs processes and the use of data and technology could be improved. A summary of responses will be published in due course.
15. Both the UK and EU modernisation initiatives present opportunities to simplify customs processes and support stronger, more targeted border management. Under the UCC reform package, the EU Customs Data Hub is intended to provide businesses with a single digital environment through which information on goods and supply chains can be submitted once and reused across multiple consignments, reducing repetitive data submissions and reliance on separate national systems. In practice, this would remove the need for traders

to submit separate customs and safety and security declarations through different systems, allowing overlapping information to be provided once and reused.

16. The Trust and Check arrangements would also allow the most reliable traders to benefit from simplified procedures, fewer routine checks and, in some cases, the release of goods without active customs intervention. Together, these changes could reduce administrative and compliance costs for traders and allow customs authorities to focus resources on higher-risk goods and movements.
17. Under the Windsor Framework, the EU's UCC (Regulation (EU) No 952/2013) applies in Northern Ireland (NI), while bespoke UK-EU arrangements simplify these customs requirements for qualifying movements within the UK internal market. The new UCC (Regulation (EU) No 2026/2108) will apply on the same basis. Where appropriate, individual elements of the reform will be subject to discussion between the UK and the European Commission as the detailed arrangements are developed.
18. The Windsor Framework is clear that NI remains in the UK customs territory and protects unfettered access to GB and privileged access to the EU market. The EU reform proposal stated: "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". It is this Joint Committee Decision which gives effect to the Windsor Framework customs facilitation. This position recognises NI's unique circumstances and preserves Windsor Framework facilitations, including the UK Carrier Scheme, which allows consumer parcels to move from GB to NI without customs declarations, duty or safety and security declarations, regardless of value.
19. In this context, the reforms may create opportunities for NI to benefit from more streamlined customs processes, greater reuse of data and reduced administrative burdens, while bespoke arrangements continue to reflect NI's position within the UK internal market.
20. Much of the package will be developed over the coming decade, and significant aspects of its legal, operational and technical design remain to be determined through future Delegated and Implementing Acts. It is therefore not yet possible to assess in detail how the reforms will be implemented in NI.
21. To support the operation of the EU Customs Data Hub and promote the uniform application of EU customs legislation, an EU Customs Authority will be established in Lille, France. The Authority's role however is primarily one of governance, coordination and support. The text does not provide for the Authority to assume the operational customs functions currently exercised by national customs authorities, including those relevant to the implementation of customs arrangements applicable in NI.

22. The UK Government and the European Commission will continue to work jointly as the detailed arrangements are developed, to ensure that existing Windsor Framework facilitations and approaches are maintained while enabling NI to benefit from the reforms.
23. This joint approach is already reflected in the treatment of the first measure, the handling fee for e-commerce consignments, that is expected to take effect from 1 November 2026. The UK and EU have agreed in principle, and are working to introduce a Joint Declaration, that the fee will apply only to distance sales that are ‘at risk’ of entering the EU, in line with the treatment of customs duty, and that no proceeds from the fee will be remitted to the EU.
24. As a result, the handling fee is expected to have minimal impact in NI. More than 99% of distance sales are expected to be classified as ‘not at risk’ and therefore no additional fees will apply to these movements.
25. Businesses will continue to be engaged as the detailed arrangements are developed, including on the practical implications of individual measures.
26. Where opportunities are identified for alignment between UK and EU modernisation approaches that would support efficient trade, interoperability and simpler processes, these will be considered as part of the Government’s wider customs strategy.

CONSULTATION

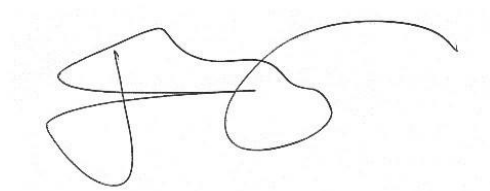
27. The European Commission ran a public consultation from 20 July until 19 September 2022 as part of the impact assessment on the revision of the Union Customs Code (UCC).
28. The target audience was primarily stakeholders involved in customs matters, such as businesses, trade associations, customs authorities, individuals, and other non-customs stakeholders.
29. A full impact assessment was published in May 2023.
30. The UK Government is also considering how best to ensure that the customs regime remains effective in a modern trading environment. Through its Call for Evidence on Customs Modernisation, the Government sought stakeholder views on how customs processes, data and technology could support future customs operations. The evidence gathered will inform the development of longer-term UK customs strategy.

FINANCIAL IMPLICATIONS

31. The European Commission has published an Impact Assessment and an Impact Assessment Summary. Subject to the extent to how specific reforms may apply in respect

of Northern Ireland for reasons discussed above, it is premature to make any assessment of potential financial implications.

MINISTERIAL NAME AND SIGNATURE

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, set against a light blue grid background.

James Murray MP

Financial Secretary to the Treasury

HM Treasury