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The end of EU customs duty relief for small value goods in Northern Ireland

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This paper explores the impact of a recent EU decision to end customs duty relief for small value goods.

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Key Points

- On 11 February 2026, the Council of the European Union ended the exemption from customs duty currently applied to small value goods entering the European Union. This was replaced with a temporary flat fee of €3 per item, effective from 1 July 2026.
- EU customs laws continue to apply in Northern Ireland under the Windsor Framework, but these laws only affect certain kinds of goods and goods movements.
- This paper looks at the implications of the EU's decision in Northern Ireland in terms of the relevant legal framework and how that framework applies to goods and goods movements.

Executive Summary

The EU's decision to end customs duty relief for small value goods is part of a broader global trend towards ending customs duty relief for online commerce. The UK itself plans to end its equivalent relief by March 2029. However, in the meantime, EU and UK customs laws operate in Northern Ireland. Generally, Northern Ireland is subject to UK customs laws aside from specific kinds of goods and goods movements which are subject to EU customs laws. This dual system (a consequence of the Windsor Framework) means that some small value goods will continue to be exempt from customs duty under UK law, while other small value goods will be charged customs duty under EU law. This paper sets out the main elements of the legal framework governing this dual system and which goods fall within the scope of the new EU customs duty.

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1 Introduction

This paper explores the recent decision by the Council of the European Union to eliminate customs relief for small value goods brought into the European Union and the possible impact of that decision on consumers in Northern Ireland. This decision is consistent with global trends in ending customs exemptions for small value goods in view of the considerable growth in online commerce. Examples of other such decisions to end customs exemptions include the abolition of the *de minimis* rule in the United States of America¹ and the UK's proposal to abolish its equivalent exemption by March 2029 (explained further below).

This paper does not provide legal or business advice and nothing set out here should be understood as legal or business advice.

2 Legal background: UK and EU customs laws in Northern Ireland

While the UK was a Member State, customs duties were set by the European Union. The relevant legal framework included the Union Customs Code ('UCC'),² the UCC Delegated Act³ and Council Regulation (EC) No 1186/2009 setting up system whereby certain goods qualified for relief from customs duty ('the customs duty relief Regulation').⁴ In broad terms, the UCC is the overarching code for customs tariffs for goods brought into the EU, the UCC Delegated Act sets out customs formalities for goods bring brought into the EU and the customs duty relief Regulation creates exemptions for certain categories of goods, which as a

¹ See Executive Order 'Suspending Duty-Free De Minimis Treatment for all Countries' of 30 July 2025 (available [here](#)) and UK Government, 'Changes to US import rules for low-value shipments from the UK' (available [here](#)).

² Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (recast). Available [here](#).

³ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code. Available [here](#).

⁴ Council Regulation (EC) No 1186/2009 of 16 November 2009 setting up a Community system of reliefs from customs duty. Available [here](#).

result incur no customs duty on being brought into the EU. This combined framework applied throughout the EU, including to and in the UK.

As a result of the UK's withdrawal from the EU, the UK's domestic customs framework changed. The primary legislation in respect of this framework is the Taxation (Cross-border Trade) Act 2018 ('2018 Act'), which sets out the broad framework of customs law, leaving much of the detail to subordinate legislation made by (for example) the Treasury. An example of such subordinate legislation is the Customs (Northern Ireland) (EU Exit) Regulations 2020, which adds detail⁵ to the special provisions concerning Northern Ireland under the 2018 Act.⁶ These special provisions set out the distinct circumstances applicable in Northern Ireland, in terms of how the application of EU customs laws interacts with UK customs laws, for goods movements in both directions across the Irish Sea. In the context of customs duty relief, the 2018 Act was used to make the Customs (Reliefs from a Liability to Import Duty and Miscellaneous Amendments) (EU Exit) Regulations 2020,⁷ which is the functional UK equivalent of the customs duty relief Regulation of the EU. The final UK measure in this context is the UK Reliefs Document ('UKRD'), which sets out the details of which goods (and categories of goods) may qualify for relief from UK customs duties. The upshot of this framework is that Northern Ireland remains within the customs territory of the UK but is also subject to *EU* customs laws for goods which are considered to be at risk of being moved into the EU (more on which, below).

3 The EU's decision

On 11 February 2026, the Council of the European Union adopted Council Regulation (EU) 2026/382 as regards the elimination of the threshold-based

⁵ See e.g. The Customs (Northern Ireland) (EU Exit) Regulations 2020, chapter 3 (available [here](#)). Chapter 5 of these Regulations were subsequently amended by The Customs (Modification and Amendment) (EU Exit) Regulations 2020 (available [here](#)) and The Customs (Northern Ireland) (EU Exit) (Amendment) Regulations 2023 (available [here](#)).

⁶ See e.g. The Taxation (Cross-border Trade) Act 2018, sections 30A-30C. Available [here](#).

⁷ Available [here](#).

customs duty relief ('the 2026 Regulation').⁸ The 2026 Regulation eliminates the customs duty relief for goods in a consignment with an intrinsic value not exceeding €150⁹ and instead charges a flat customs duty of €3 per item of such a consignment.¹⁰ These measures are due to take effect from 1 July 2026, and the flat customs duty is due to apply until 1 July 2028. At that point, if the [EU Customs Data Hub](#) is operational, the flat customs duty will cease, and every item will be subject to its relevant customs duty. Otherwise, the flat customs duty may be extended beyond July 2028.¹¹

The 2026 Regulation applies to small value goods which are typically the subject of 'distance selling'. Distance selling is the sale of goods using a means of communication – such as a phone or email – because the supplier and the consumer are not simultaneously physically present.¹² Digital trade (for example buying or selling goods on an online platform)¹³ is a form of distance selling. In order to qualify for this exemption, small value goods currently must be in a consignment with a total 'intrinsic value' not exceeding €150. 'Intrinsic value' is the value of each good, excluding transport and insurance costs, as well as any other taxes or charges (not being customs duty).¹⁴

The decision to eliminate customs duty relief for small value goods came after the European Commission reported that the €150 relief threshold was being 'abused' in that goods consignments were being undervalued and split to benefit

⁸ Council Regulation (EU) 2026/382 of 11 February 2026 amending Regulation (EC) No 1186/2009 as regards the elimination of the threshold-based customs duty relief. Available [here](#).

⁹ As cited immediately above, article 1.

¹⁰ As cited immediately above, article 2(1).

¹¹ As cited immediately above, article 3(2).

¹² See e.g. the definitions of 'distance contract' and 'means of distance communication' in The Consumer Protection (Distance Selling) Regulations 2000, regulation 3(1), read with schedule 1 of the same Regulation listing indicative means of distance communications. Available [here](#).

¹³ See e.g. Ana Peres, 'Digital trade governance: The UK's approach' (House of Commons Library 18 December 2024), 9. Available [here](#).

¹⁴ See Commission Delegated Regulation (EU) 2020/877 of 3 April 2020 amending and correcting Delegated Regulation (EU) 2015/2446 supplementing Regulation (EU) No 952/2013, and amending Delegated Regulation (EU) 2016/341 supplementing Regulation (EU) No 952/2013, laying down the Union Customs Code, article 1(1). Available [here](#).

from the threshold.^{15,16} In all, the Commission estimated that the elimination of the relief would increase customs revenue by €13 billion over 15 years.

The decision has, however, led to some concern. This is mainly because, while the EU will be eliminating its customs relief from July 2026, the UK has a different timeframe to eliminate its equivalent customs relief (more on which, below). Concerns have thus been raised in the Northern Ireland Assembly (the Assembly) that the 2026 Regulation could impact distance selling from Great Britain to consumers in Northern Ireland, as well as distance selling from outside the UK and EU to Northern Ireland.¹⁷ Moreover, the issue is of interest to the UK Parliament, with recent correspondence on this issue between the House of Lords' Northern Ireland Scrutiny Committee and the Treasury.¹⁸ Currently, the UK and EU provisions on customs duty relief for small value goods almost align – with the UK's £135 threshold¹⁹ slightly higher than the EU's €150 threshold.²⁰ This alignment will end when the EU eliminates its customs relief.

This paper thus explores both the elimination of the customs duty relief under EU law as well as its replacement with a flat fee of €3 per item in a consignment not exceeding €150, in terms of the potential impact in Northern Ireland. This paper

¹⁵ See the Proposal for a COUNCIL REGULATION amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold (Explanatory Memorandum). Available [here](#).

¹⁶ Bruno Basalisco, Julia Wahl and Henrik Okholm, 'E-commerce imports into Europe: VAT and customs treatment' (*Copenhagen Economics*, 4 May 2016). Available [here](#).

¹⁷ Dr Steve Aiken MLA, 'European Commission Regulations: "Alliance Tax"' (OR 19 January 2026). Available [here](#).

¹⁸ See Lord Carlile of Berriew to Lord Livermore, *Letter of 11 March 2026* (available [here](#)) and Lord Livermore and Lord Livermore to Lord Carlile of Berriew, *Letter of 8 April 2026* (available [here](#)). Note that the Northern Ireland Scrutiny Committee has asked further questions, see Lord Carlile of Berriew to Lord Livermore, *Letter of 22 April 2026* (available [here](#)).

¹⁹ See UKRD, s 5.

²⁰ At the time of writing, the latest Bank of England's [Daily spot exchange rates](#) (up to 24 April 2026) value the Euro at £0.8671, meaning that €150 is worth £130.65.

does not look at the proposed handling fee for items which the EU has yet to finalise.²¹

4 Threshold-based relief

The threshold-based relief is provided in Chapter V of Title II of the customs duty relief Regulation. The 2026 Regulation deletes this provision. The customs duty relief Regulation applies to Northern Ireland under the Windsor Framework – specifically via Article 5(2) of the UCC as provided in Article 5(3) of the Windsor Framework. This means that the elimination of relief from EU customs duty also applies to Northern Ireland. However, the mere elimination of customs relief by the 2026 Regulation does not automatically mean that previously exempt goods will be charged their full customs duty under EU law. This is because the 2026 Regulation takes these previously exempt goods and sets out the new flat customs duty to be levied on them.

5 The temporary €3 customs duty

The 2026 Regulation introduces a new flat customs duty of €3 for each item in a consignment of goods which does not exceed €150, where either:

1. The importation of the goods is exempt from Value Added Tax (VAT) under Article 143(1)(ca) of Directive 2006/112/EC ('VAT Directive') (a special scheme for distance sales of goods imported from third territories or third countries), or
2. The goods are in a postal consignment as defined in Article 1(24) of the UCC Delegated Act (goods other than items of correspondence in a postal parcel or package).

The VAT Directive in its entirety is listed in the Windsor Framework,²² but this is subject to the changes brought about by the Windsor Framework, specifically

²¹ See HL Deb 26 February 2026 vol 853 col 734. Available [here](#).

²² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (2020) OJ L/29, Windsor Framework, Annex 3, paragraph 1, first indent.

Article 5(1) of the Windsor Framework and Decision 1/2023 of the Joint Committee.²³

The first subparagraph of Article 5(1) of the Windsor Framework exempts from EU customs duty goods moving into Northern Ireland from another part of the UK unless those goods are ‘at risk of subsequently being moved into the [European] Union, whether by itself or forming part of another good following processing.’ The second subparagraph of Article 5(1) of the Windsor Framework states that UK customs duties will apply to goods brought into Northern Ireland from outside the UK and the EU unless those goods are ‘at risk of subsequently being moved into the [European] Union, whether by itself or forming part of another good following processing.’

Decision 1/2023 (Articles 6-12) sets out the circumstances when a good brought into Northern Ireland is considered to be at risk of subsequently being moved into the EU, including through commercial processing (and what is meant by commercial processing). If a good which is brought into Northern Ireland from another part of the UK is not subject to commercial processing,²⁴ there are three gateways through which it is considered *not* to be at risk of being moved into the EU. **First**, where the EU customs duty chargeable on that good is equal to or less than the UK customs duty chargeable on that good.²⁵ **Second**, and as part of the changes brought about by the Windsor Framework, Decision 1/2023 provides for authorisation of importers and carriers (sometimes known as ‘trusted traders’)²⁶ so that any goods brought by such authorised importers and carriers are considered not to be at risk of being subsequently moved into the EU.²⁷ Examples

²³ Decision No 1/2023 of the Joint Committee established by the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, 24 March 2023. Available [here](#).

²⁴ As cited immediately before, Article 6. A good is not considered to be commercial where the person who applies to release that good for free circulation has a total annual turnover of less than £2 million in the most recent complete financial year or where the good is processed in respect of various final uses (such as food, animal feed, healthcare and construction) in Northern Ireland.

²⁵ As cited immediately before, Article 7(1)(a)(i).

²⁶ See <https://www.nicustomstradeacademy.co.uk/the-uk-trader-scheme-is-being-replaced/>.

²⁷ Decision 1/2023, Article 7(1)(a)(ii).

include traders and businesses registered under the Retail Movement Scheme (RMS) for moving retail goods for final consumption in Northern Ireland. The RMS²⁸ was established specifically for the Windsor Framework,²⁹ and in tandem with the EU exempting the application of certain listed EU laws to certain goods movements from Great Britain to Northern Ireland.³⁰ Other relevant authorisations are the UK Carrier Scheme for consumer parcels (business-to-consumer, consumer-to-business and consumer-to-consumer)³¹ and the UK Internal Market Scheme (for qualifying Northern Ireland goods).³² **Third**, the good is sent in a parcel, being either a non-commercial good sent by a private individual to another private individual³³ or a good sent by an economic operator to a private individual exclusively for that individual's private use.³⁴ The customs exemption relevant to this gateway is reflected in domestic law through amendments to the Postal Services Act 2000,³⁵ and the UK Carrier Scheme set out above.

Figure 1 below illustrates these three gateways.

²⁸ See Department for Environment, Food and Rural Affairs, *Policy Paper: Northern Ireland Retail Movement Scheme: how the scheme will work* (September 2023) (available [here](#)) and Animal and Plant Health Agency, *Move goods under the NI Retail Movement Scheme: General Certificate* (September 2023) (available [here](#)).

²⁹ The Windsor Framework (Retail Movement Scheme) Regulations 2023. Available [here](#).

³⁰ Regulation (EU) 2023/1231 of the European Parliament and of the Council of 14 June 2023 on specific rules relating to the entry into Northern Ireland from other parts of the United Kingdom of certain consignments of retail goods, plants for planting, seed potatoes, machinery and certain vehicles operated for agricultural or forestry purposes, as well as non-commercial movements of certain pet animals into Northern Ireland. Available [here](#). See in particular Recitals 11 and 12, Chapter 1, Article 1(2), Chapter 2 Articles 4-9 and Annex I thereof.

³¹ See His Majesty's Revenue and Customs, *Guidance: Check if you can apply for the UK Carrier Scheme*. Available [here](#).

³² The Windsor Framework (UK Internal Market and Unfettered Access) Regulations 2024. Available [here](#).

³³ As cited immediately before, Article 7(1)(a)(iii)(aa).

³⁴ As cited immediately before, Article 7(1)(a)(iii)(bb).

³⁵ See the Postal Services Act 2000, s 105 (available [here](#)), as amended by The Postal Packets (Miscellaneous Amendments) Regulations 2023 (available [here](#)). See also The Postal Packets (Revenue and Customs) Regulation 2011, regulations 10-16, available [here](#).

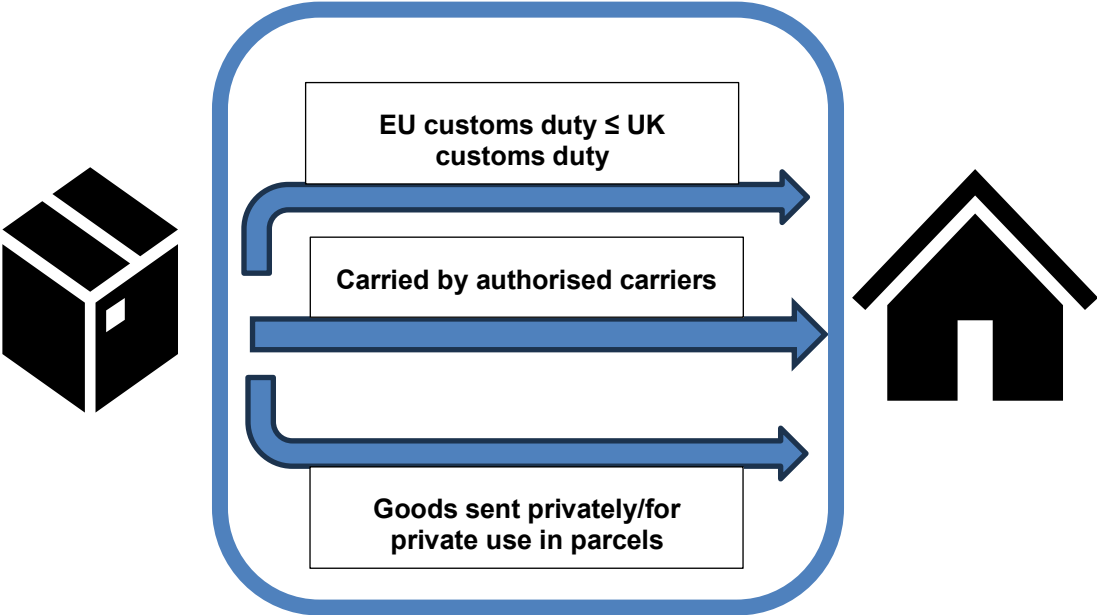


Figure 1: Current customs duty exemption for goods moved to NI from the rest of the UK

From July 2026, the first of these will no longer apply, because with the coming into effect of the flat customs duty, the same item would be charged €3 *more* under EU law than under UK law (under which it would continue to be exempt until March 2029). Consequently, from July 2026, authorised carriers and parcels of goods mainly for personal use will become the only ways to avoid being charged the €3 customs fee per item. Both gateways are also linked to reduced customs formalities under the UCC Delegated Act as a result of the Windsor Framework.³⁶ The changes are illustrated in Figure 2 below.

³⁶ See Commission Delegated Regulation (EU) 2023/1128 of 24 March 2023 amending Delegated Regulation (EU) 2015/2446 to provide for simplified customs formalities for trusted traders and for sending parcels into Northern Ireland from another part of the United Kingdom. Available [here](#).

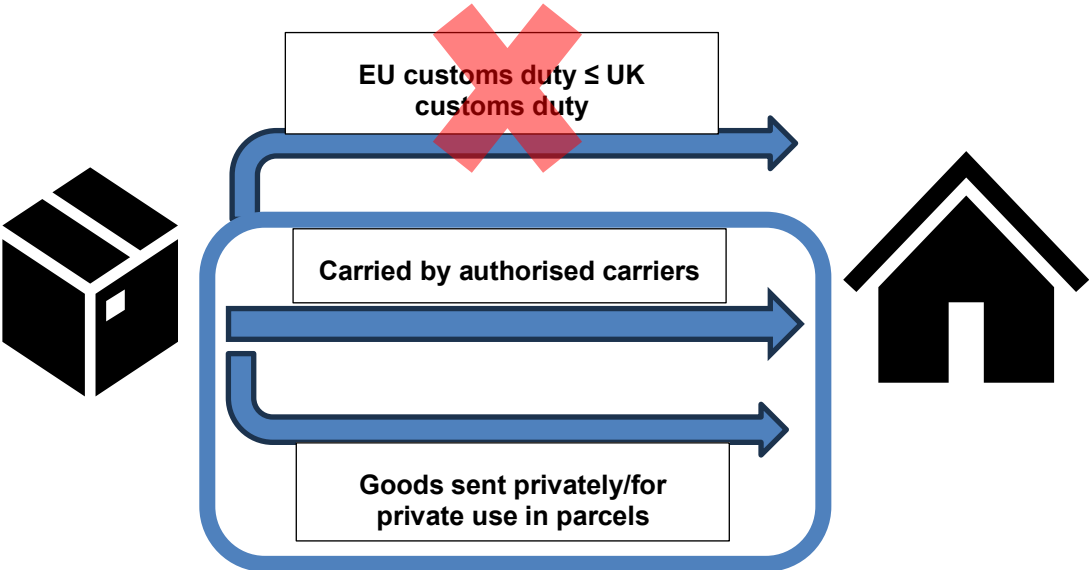


Figure 2: Customs duty exemption from 1 July 2026 for goods moved to NI from the rest of the UK

For goods brought into Northern Ireland from outside the UK and the EU, there are currently two applicable gateways (if the goods in question are not considered to be subject to commercial processing). These two gateways are the same as the first two gateways exempting goods brought into Northern Ireland from another part of the UK. Consequently, goods sent from outside the UK and the EU into Northern Ireland by parcel, even for exclusively personal use, only qualify for EU customs duty relief under the existing €150 threshold.

Figure 3 below illustrates these gateways.

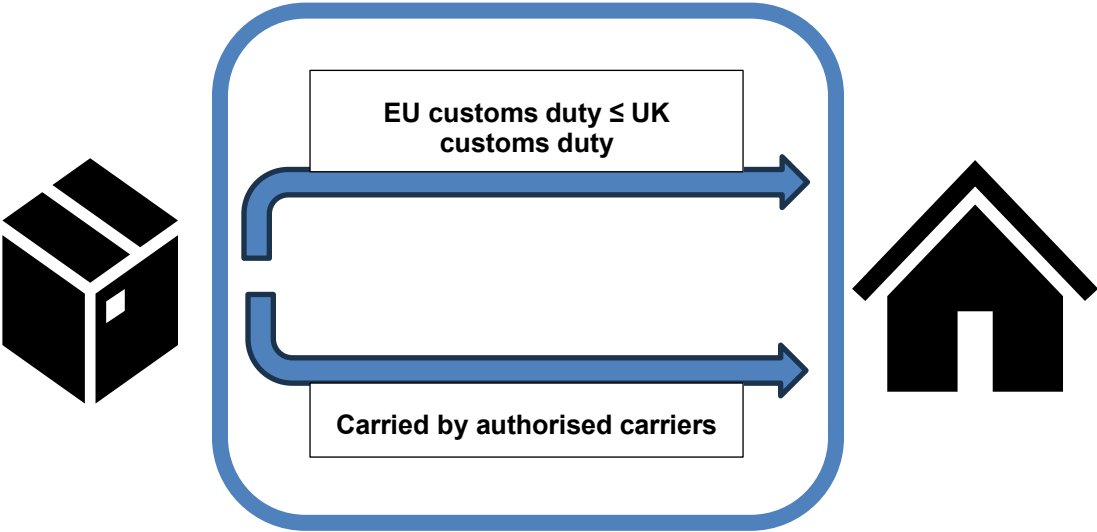


Figure 3: Current customs duty exemption for goods moved to NI from outside the UK and EU

From July 2026, with the elimination of the relief and the entry into force of the temporary customs fee, only goods brought into Northern Ireland from outside the UK and the EU by trusted traders will qualify for relief from EU customs duty. Figure 4 below illustrates the remaining gateway from July 2026.

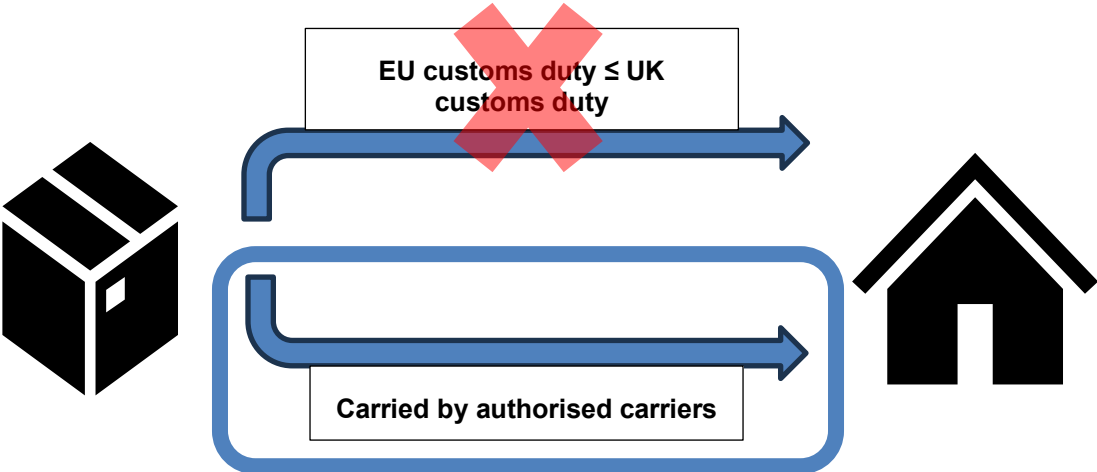


Figure 4: Customs duty exemption from 1 July 2026 for goods moved to NI from outside the UK and EU

6 The practical implications

The upshot of all of this is that Article 5 of the Windsor Framework exempts from customs duty certain goods brought into Northern Ireland from elsewhere in the UK; Decision 1/2023 broadens the scope of goods which qualify for exemption from customs duty (through, among other things, the use of trusted trader authorisations); and Commission Delegated Regulation (EU) 2023/1128 amends the customs formalities to reflect these exemptions.

For goods brought into Northern Ireland from outside the EU and the UK, UK customs duties apply unless that good is at risk of being moved into the EU, as determined under the Windsor Framework. As set out above, the UK also exempts low-value imports from customs duty under a threshold of £135. At the Autumn Budget 2025, Chancellor of the Exchequer Rachel Reeves MP confirmed that the UK will also abolish its equivalent to the EU's threshold-based customs duty relief and start charging customs duty on low-value imports 'from March 2029 at the latest.'³⁷ Until then, as confirmed by the Financial Secretary to the Treasury Lord Livermore,³⁸ Northern Ireland consumers can continue to bring goods into Northern Ireland in accordance with the existing arrangements under the Windsor Framework.

7 Conclusion

The legal provisions governing customs duty for small value goods brought into Northern Ireland are complex. They include the Windsor Framework and the EU law to which it refers, the changes made to both over the years, as well as how these elements interact with UK customs law. Broadly speaking, the 2026 Regulation does not affect either the Windsor Framework or UK customs law. Instead, it affects goods movements which fall outside the scope of the Windsor Framework and its relationship with UK customs law, as set out above.

³⁷ Chancellor of the Exchequer, *Policy Paper: Budget 2025* (available [here](#)).

³⁸ HL Deb 26 February 2026 vol 853 col 733. Available [here](#).