



HM Revenue
& Customs



HM Treasury

Excise duty: amendments in order to implement the Northern Ireland Protocol

Who is likely to be affected

Businesses and individuals moving excise goods (alcohol, tobacco and energy products) into Northern Ireland from the rest of the United Kingdom (Great Britain).

General description of the measure

This measure will make amendments to primary legislation to make movements of excise goods into Northern Ireland from Great Britain after the end of the transition period subject to an excise duty charge in line with Directive 2008/118 EC.

On entry to Northern Ireland the duty can be entered into an excise duty suspension arrangement, meaning no liability to duty will arise at that point. Duty suspension is a facility that allows the payment of the excise duty to be delayed while the goods are held in an excise warehouse and only paid when the goods are released onto the UK market. Where the goods have already borne excise duty in Great Britain the amount of duty borne will be credited against any liability to duty arising in Northern Ireland (this principle will be covered in separate secondary legislation).

In almost all cases this will result in no further excise duty being payable. If the excise duty payable in Northern Ireland is less than that paid in Great Britain, no refund of any difference will be payable.

Policy objective

The measure will implement the Northern Ireland Protocol while ensuring that the excise treatment of goods moving between Great Britain to Northern Ireland remains as close as possible to the current approach.

Background to the measure

The UK left the EU on 31 January 2020 and the transition period after EU exit ends on 31 December 2020.

Under the Northern Ireland Protocol to the Withdrawal Agreement, Northern Ireland maintains some alignment with EU processes, including EU rules for excise goods. One consequence of this is that excise goods become “subject to excise duty” on entering Northern Ireland, including when they are imported from the rest of the UK.

Under various Acts of Parliament, a charge to excise duty generally arises either on production within the UK, or on importation into the UK of excise goods. However, there is currently no provision for a charge to excise duty when goods move from Great Britain to Northern Ireland.

Detailed proposal

Operative date

The measure will have effect from the end of the transition period, i.e. 11pm on 31 December 2020.

Current law

Current excise law relating to the charge to excise duty is contained within the Hydrocarbon Oil Duties Act 1979, Alcoholic Liquor Duties Act 1979 and the Tobacco Products Duty Act 1979. The existing law contains rules in relation to imports into the United Kingdom but not specifically into Northern Ireland.

Proposed revisions

This measure creates a charge to excise duty on the removal of goods, to which certain relevant excise duty provisions apply, to Northern Ireland from Great Britain.

Excise duty is charged on those goods under the provisions set out within the clause as follows:

- (a) section 5 of ALDA 1979 (spirits)
- (b) section 36 of that Act (beer)
- (c) section 37 of that Act (high strength beer)
- (d) section 54 of that Act (wine)
- (e) section 55 of that Act (made-wine)
- (f) section 62 of that Act (cider)
- (g) section 6 of HODA 1979 (hydrocarbon oil)
- (h) section 6AA of that Act (biodiesel)
- (i) section 6AB of that Act (bioblend)
- (j) section 6AD of that Act (bioethanol)
- (k) section 6AE of that Act (bioethanol blend)
- (l) section 6AG of that Act (aqua methanol)
- (m) section 6A of that Act (fuel substitutes)
- (n) section 8 of that Act (road fuel gas)
- (o) section 2 of TPDA 1979 (tobacco products)

The measure ensures that the excise duty charge arises notwithstanding the customs processes that apply.

The measure establishes that HMT may by regulations made by statutory instrument make provision about (including provision modifying) the application of the customs and excise Acts (defined in section 1(1) of the Customs and Excise Management Act 1979) (including this measure) to duty charged as a result of this measure or to goods that are, or may be, subject to that duty. A statutory instrument containing these regulations is made subject to annulment in pursuance of a resolution of the House of Commons.

Summary of impacts

Exchequer impact (£m)

2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026

The Office for Budget Responsibility included the impact of EU exit in their Economic and fiscal outlook November 2020, this includes the impact of this measure.

Economic impact

This measure is not expected to have any significant macroeconomic impacts

Impact on individuals, households and families

This measure is not expected to have any impact on individuals. The measure does not introduce any requirement beyond what has already been agreed in the Protocol. There is not expected to be any impact on family formation, stability or breakdown.

Equalities impacts

It is not anticipated that there will be impacts for those in groups sharing protected characteristics.

Impact on business including civil society organisations

This measure will have an impact on businesses moving excise goods into Northern Ireland from Great Britain. Businesses will have a one-off cost of familiarising themselves with the change. There are not expected to be any continuing costs as this measure is in line with the implementation of the Protocol, which is already part of UK law, and as such the impacts have already been considered

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/841245/EU_Withdrawal_Agreement_Bill_Impact_Assessment.pdf.

This measure is expected overall to have no impact on businesses' experience of dealing with HMRC. There is expected to be no impact on civil society organisations.

Operational impact (£m) (HMRC or other)

This measure does not introduce any requirement beyond what has already been agreed in the Northern Ireland Protocol, so there are no further operational costs for HMRC or other public bodies.

Other impacts

Other impacts have been considered and none has been identified.

Monitoring and evaluation

The measure will be kept under review through communication and continuing stakeholder engagement with trade bodies and other representative businesses.

Further advice

If you have any questions about this change, please contact Richard Bowyer on Telephone: 03000 585519 or email: richard.bowyer@hmrc.gov.uk.

Declaration

The Right Honourable Jesse Norman MP, Financial Secretary to the Treasury, has read this tax information and impact note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.