



HM Revenue  
& Customs

| **Borders and Trade**

# Freeports

Guidance for the Wind Energy sector  
September 2024



# Background

This paper looks at processes for the Wind Energy sector to assess their liabilities to import customs charges when Wind Turbines are brought back to the UK to be decommissioned, replaced or scrapped at the end of their economic life.

There has been significant global investment in the UK's renewable energy sector. The suitability of the UK coastline and business infrastructure has enabled investment, and Freeports and existing customs regimes have helped to support this.

In this paper, we have collated relevant information from the sector and current customs processes. This paper is based on the information available from the sector, and in conjunction with current customs procedures and legislation at the time of writing.

## Context

In returning these wind turbines for decommissioning, disassembly, and scrapping, in most instances there is no change of ownership. Generally, a third party is employed to undertake this work on the behalf of the owner/business.

Three scenarios are set out below for the current process, described by the sector, for decommissioning and scrapping Wind Turbines. In all scenarios, it is important that the operator retains all paperwork from when the components were originally imported for assembly into a Wind Turbine and then re-exported. This will confirm the country of origin, classification and value of the goods when they are re-imported for decommissioning. The paperwork will serve as a foundation in determining the customs value of goods, the classification of the goods, and their liability to customs charges dependant on either the end destination of the goods or them having been put to a prescribed use.

At present the blades would go to landfill, with the rest of the Turbine being either disassembled into second-hand parts, or shredded and smelted down into scrap metal for recycling. There will be a customs value for the blades disposed of via landfill and the second-hand parts or scrap metal which potentially may be re-exported or sold within the UK market.

### **Scenario 1**

The Wind Turbine is being returned after 15-20 years as its beyond economic repair, to be decommissioned and scrapped as set out in the above process.

### **Scenario 2**

The Wind Turbine is being returned in 10 -15 years' time, with the original value having depreciated by 50-75%, to be decommissioned, disassembled and scrapped, as its beyond economic repair.

### **Scenario 3**

The Wind Turbine is being returned within a shorter period, having been assembled using a variety of different components resulting in catastrophic failure.

In each of the scenarios set out above, we would recommend the usage of a customs regime which allows the customs charges to be suspended at point of import, for example Inward Processing or the Freeport Customs Special Procedure. This minimises the financial burden on the business, as part of the decommissioning the options for disposal will need to be determined.

In using these Customs Regimes, if the Country of Origin means that the goods were liable to Anti-Dumping Duty, at time of original import, this may still be liable, if after re-import and dis-assembly some of these components are declared to free-circulation to facilitate their sale in the UK.

When re-importing for decommissioning, disassembly or scrapping, there are a range of commodity codes that may be applicable depending on what the goods are. Tariff classification can be a complex area, so you may wish to seek specialist advice from the Tariff Classification Service or apply for an [advance tariff ruling](#).

Examples are set out below:

- [Commodity code 8908000000: Vessels and other floating structures for breaking up - UK Integrated Online Tariff - GOV.UK \(trade-tariff.service.gov.uk\)](#)
- [Commodity code 7308909811: Steel sections of wind towers for use in the assembly of utility scale tubular wind towers, whether or not tapered, whether or not including an embedded tower foundation section, whether or not joined with nacelles or rotor blades, designed to support the nacelle and rotor blades, for use in wind turbines with an electrical power generation capacity – either in onshore or offshore applications - equal to or in excess of 1.00 megawatt, and with a minimum height of 50 meters measured from the base of the tower to the bottom of the nacelle when the tower is fully assembled - UK Integrated Online Tariff - GOV.UK \(trade-tariff.service.gov.uk\)](#)

When disassembled the following three options will be progressed:

1. The blades will be disposed of via landfill.
2. Some parts may have second-hand value as parts for re-sale and may be either:
  - re-exported allowing the customs charges to be discharged.
  - declared to free circulation to facilitate their sale within the UK market.
3. The remaining parts will be disassembled and smelted into scrap, which will be:
  - re-exported for sale.
  - alternatively declared to free circulation to facilitate their sale as scrap, within the UK market.

With each of these options the country of origin, classification of the goods and the valuation of the goods along with the end destination of the goods, will determine the liability to customs charges.

Guidance to support the ability to value these goods is available here:

- [Working out the customs value of your imported goods \(GOV.UK\)](#)
- [Technical Information on Customs Valuation \(WTO\)](#)

Two examples of these options are below:

### **Blades disposed of through landfill**

If the blades are disposed of through landfill, they may be deemed to be 'unrecoverable waste' for customs valuation, the evidence must support that.

The usual valuation rules will apply, you must try to value the goods via methods 1 to 5 with the help of [Working out the customs value of your imported goods \(GOV.UK\)](#), but ultimately may have to apply method 6 as a fallback. Under method 6 it may be acceptable to HMRC for a value to be based on evidence that a third party disassembling the wind turbine will be paid for their service, a negative or zero value is not acceptable. The value must include an addition for transport and insurance costs up to the UK border. There would need to be a written agreement that the third party will take on liability to pay the landfill tax due on these blades being disposed of via landfill.

### **Parts with second hand value for re-sale or parts disassembled and smelted into scrap**

Providing the goods are re-exported in line with the import customs regime used, the customs charges will be discharged.

Alternatively, if the goods are declared to free circulation with the intention of being sold in the UK, the business will need to provide evidence to support country of origin, customs valuation for the second-hand parts or scrap metal, along with a commodity code. This will allow HMRC to evaluate the potential customs charges due. If the parts were sold in the UK, then [Method 4 could be used for valuation](#).

Under Method 4, if identical or similar parts were sold in the UK around the time the goods were brought into the Freeport, then this could potentially be used. If there was no sale around the time the goods were brought into the Freeport, then the subsequent sale of these parts in the UK providing it was in 90 days. If there was not a sale within 90 days, then the time frame could possibly be extended under Method 6, but this could be agreed via an [Advance Valuation Ruling](#).