

## Leaflet ET1

The Trader's guide to importing agricultural goods under Tariff Rate Quotas (TRQs) administered by licence

**Disclaimer: The contents of this document are not final and may be subject to change. The contents can not be finalised until legislation has been adopted in Parliament and enters into legal force.**

# Chapter 3 – Tariff Rate Quota licences

## Import Tariff Rate Quotas (TRQs) available to UK operators

A list of import TRQs available to UK operators can be found in Annex II. This includes the following requirements for each quota:

- Order number
- Amount of security
- Reference quantity
- Proof of origin
- Proof of trade
- Certificate of authenticity
- IMA1 certificate
- Declaration of independence
- Export certificate
- Sub periods

Quota volumes and duty rates can be found in part C of the quota table on Gov.UK at the following link:

**[Insert updated link]**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/837202/Customs\\_Tariff\\_Quotas\\_Reference\\_Document\\_-\\_31\\_Oct.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837202/Customs_Tariff_Quotas_Reference_Document_-_31_Oct.pdf)

A TRQ licence will allow you to import a certain quantity of goods at a reduced rate of Customs duty. The reduced duty rate will apply to the quantity specified on the licence.

## Applying for a licence

To apply for a TRQ licence in the UK, you must be an eligible operator, who is:

- Registered under the Value Added Tax Act 1994;
- Has a GB EORI number; and
- Established in the United Kingdom, which means-
  - Resident in the UK, in the case of an individual
  - In any other case, where the person has -
    - A registered office in the UK; or
    - A permanent place in the UK from which they carry out business activities

We will issue a Notice to Traders (NTT) on Gov.UK in advance of a quota period or sub period, detailing the quantity available to apply for.

You can submit your quota application during the first seven days of the month before the beginning of the quota, or sub-quota period and, importantly, we must receive your application by no later than 17:00 hrs on the last working day of this seven-day period.

If there is a quota quantity remaining, we will publish this on Gov.UK and you can submit an application during the first seven days of the subsequent months. Your application must be received no later than 17:00 hrs on the last working day of each seven-day period.

For quotas starting in January, your application must be received during the seven days starting 17 November and ending at 17:00 hrs on the last working day of this period.

Working days do not include Saturdays, Sundays, Bank Holidays, Good Friday or Christmas Day.

You can only submit one application per quota order number per month. However, you may submit more than one application if the application is for different commodity codes, countries of origin, or quota duty rates within an order number, and they will be treated as one application provided the applications are made at the same time.

Licence applications for which a Certificate of Authenticity or an Inward Monitoring Arrangement certificate is required can be submitted at any time.

## **Issue of import licences**

Your import licence will be issued electronically by the end of the month in which the application was received except for licences valid from 1 January which will be issued by 16 December of the preceding year. We will notify you by email when your licence becomes available. Customs will also be notified and your licence will be attributed when the goods have been imported. Customs will forward the attribution details to us and this will act as proof of import.

When you get confirmation that your licence has been issued, you should check that the details on it are correct.

If we have made a mistake, let us know straightaway.

## **Cancelling your licence application**

You can withdraw your import licence application at any time before 17:00 on the last working day of the TRQ application period.

## **Suspension of Licence Applications**

A notification will be published on Gov.UK suspending applications for licences for any quota if the available quantity for the relevant period has been fully allocated.

If any quantity subsequently becomes available before the end of the relevant quota period, a further notification will be published cancelling the suspension of applications for that quota.

## **Licence Security**

When you apply for a licence you will need to provide a security which can be one of the following:

- a guarantee from a bank or insurance company
- bank transfer.

This security is to guarantee that you will comply with the obligations on the licence. You can find the amount of security required for each quota in Annex II.

The security must be received within the same time limit as licence applications.

All securities must be in £ sterling.

## **Return and Forfeit of Security**

We will release your security when

- your goods have been imported; and
- we have received details from Customs that the licence has been fully used.

Your licence is considered fully used when you import at least 95% of the licence quantity within the validity period of the licence.

If you are unable to use all or part of your licence, the security will be forfeited in proportion to the quantity unused.

If you import less than 5% of the quantity on your licence, the entire security will be forfeit.

If you cannot comply with the details on your licence due to abnormal and unforeseeable circumstances beyond your control, you can ask us to consider the following:

- Return of licence security; or
- Extend the validity of the licence to enable the import to take place. However, the licence validity cannot be extended beyond the end of the quota period.

If you think this applies, you should write to us and:

- give us full details of what has happened
- send any supporting documentation which can help to show what happened.

## **Licence validity**

Your licence will be valid from:

- the first day of the quota period or sub-period for which the application relates to if the application was submitted prior to the start of the quota period or sub-period; or
- the first day of the month following the month the application was received, if the application was submitted during the quota period or sub-period; or
- 1 January of the following year if the application was submitted within the seven days beginning on 17 November; or
- day of issue for quantities transferred from a licence.

Licences will be valid until the end of the quota period for which it relates to.

However, if the quota is divided into sub-periods, licences will be valid until:

- the last day of the month following the end of the sub-period for which the licence relates to; or
- the end of the sub-period if the licence was issued for the final sub-period of the quota.

Import licences which require a Certificate of Authenticity will be valid for three months from the date of issue of the licence but not beyond the last day of the quota year concerned.

Import licences which required an Inward Monitoring Arrangement certificate will be valid from the date of issue and for the same period as that stated on the certificate but not beyond the end of a quota period.

## **Proof of Trade**

Where proof of trade is required in Annex II, you will need to send us evidence with your licence application to show that you have imported [into the UK/under a GB EORI number??] at least 25 tonnes:

- of goods of the same description as those specified on the licence application for those quotas which require a reference quantity and/or declaration of independence (see details in Annex II), or
- in any other case, of goods of a description falling within the same Chapter of the Goods Classification Table as those specified on the licence application.

Proof of trade must cover:

- the 12 month period ending two months before the **first application** can be submitted for the quota period, and
- the 12 month period immediately prior to that.

Example:

Quota start date – 1 June 2021

Date of application – 1 May 2021

First 12 month period – 1 March 2020 to 28 February 2021

Second 12 month period – 1 March 2019 to 28 February 2020

However, for the quota order number 05.4003 (frozen beef) proof of trade is only required to cover the 12 month period ending two months before the first application can be submitted for the quota period.

Proof of trade may include:

- Customs documentation [endorsed C88], or
- a used import licence [endorsed by Customs, or the electronic equivalent].

## Reference quantity

Licence applications for some quotas listed in Annex II will be subject to a reference quantity. The quantity you apply for must not exceed your reference quantity or, if it concerns a sub-period, must not exceed the proportion of the reference quantity corresponding with the sub-period.

Example:

Reference quantity – 1000kg

Sub period split – 30% /30% /20% /20%

Reference quantity split – 300kg /300kg /200kg/ 200kg

The reference quantity is the average annual quantity of goods imported during the two consecutive 12 month periods ending two months before the **first application** can be submitted for the quota period.

Goods must be imported into the UK, however transitional measures are provided for in Regulation 45 (5) of SI XX/2020.

The reference quantity can only be made up of goods imported where the description, as specified in the Goods Classification table, is the same as the goods subject to the quota concerned.

For quota order number 05.4003 (frozen beef) the reference quantity is the quantity of goods imported during the 12 month period ending two months before the **first application** can be submitted for the quota period. It can also include commodity codes 0201 0000, 0202 0000, 0206 1095 and 0206 2991.

The requirement for a reference quantity may be suspended if, by the end of the ninth month of the quota period, the total quantity applied for under any of the tariff quotas listed in Annex II is less than the quantity still available. The requirement for a reference quantity may be suspended at any point during the quota period where there are unforeseeable and exceptional circumstances which threaten to cause underutilisation of that tariff quota.

The period of suspension may not exceed the end of the quota period. We will issue a Notice to Traders if the requirement for reference quantity is suspended.

## **Merged Companies**

If you wish to merge your companies, you can combine the reference quantities of the companies forming the merger. You will need to provide satisfactory evidence that the merger has taken place.

### **Evidence of a merger**

As different arrangements can apply to mergers it is not possible to provide prescriptive guidance so you may wish to take specialist legal advice. You should make a commercial decision regarding when the merger should take place, based on the circumstances of your company.

Evidence may be in the form of:

- A solicitor's letter confirming the merger and effective date, including details of:
  - Signed special resolution
  - Deed of sale including transfer of assets and liabilities.

After the effective date of the merger, the merged companies must not submit applications for quota licences. Following the merger, it is expected that the merged companies will be formally dissolved and evidence to that effect must be provided to RPA.

## **Transfer of licences following a company merger**

You will need to make a written request to the RPA for any extant licences in the name of the merged companies to be transferred into the name of the ongoing company.

## **Declaration of Independence (DoI)**

Some quotas listed in Annex II will require you to submit a declaration of independence, to inform us either:

- that the applicant is not linked with any other person applying for the same tariff quota; or
- if the applicant is linked with another person applying for the same tariff quota, a declaration that identifies that linked person and evidence that the applicant regularly engages in substantial economic activities with other third parties.

A DoI template can be found at Annex III. You will need to submit this with your first licence application of the quota period.

An applicant is linked with another person if the applicant;

- (a) Has close business links with that person,
- (b) Has family ties with that person, or
- (c) Has an important business relationship with that person.

A person (A) has close business links with another person (B) if;

- (i) B is a parent undertaking of A;
- (ii) B is a subsidiary undertaking of A;
- (iii) B is a parent undertaking of a subsidiary undertaking of A;
- (iv) B is a subsidiary undertaking of a parent undertaking of A;
- (v) B owns or controls 25% or more of the voting rights or capital of A; or
- (vi) A own or controls 25% or more of the voting rights or capital of B,

For the purposes of the above, “subsidiary undertaking” and “parent undertaking” have the meanings given in section 1162 of the Companies Act 2006( a), read with Schedule 7 to that Act;

Having ‘family ties’ with another applicant means that;



- (i) The applicants are spouses or civil partners, or are living together as spouses or as if they were civil partners, or
- (ii) The applicant is the brother, sister, parent, child or grandchild of another applicant.

'Important business relationship' includes a relationship where;

- (i) The applicants are employer and employee,
- (ii) The applicants are partners in a partnership, or officers or directors in the same undertaking.

'Substantial economic activities' means activities carried out by the applicant relating to the production, distribution or consumption of goods and services, which are not carried out for the sole purpose of applying for quotas.

## **Certificate of Authenticity (CoA)**

Some quotas listed in Annex II require a CoA to be submitted with your licence application. You will need to send us the original and a copy of the certificate.

The certificate must be valid on the date the licence application is submitted.

Once a Certificate of Authenticity has been submitted with a licence application, it cannot be used in conjunction with any other import licence application.

We will keep the original certificate. The licence number and the quantity of goods to be imported will be noted on the copy certificate, and this will be returned to you.

## **Inward Monitoring Arrangement certificate (IMA1)**

Some quotas listed in Annex II require an IMA1 to be submitted with your licence application. You will need to send us the original and a copy of the certificate.

The certificate must be valid on the date the licence application is submitted.

Once an IMA1 certificate has been submitted with a licence application, it cannot be used in conjunction with any other import licence application.

We will keep the original certificate. The licence number and the quantity of goods to be imported will be noted on the copy certificate, and this will be returned to you.

## **Allocation of Quota**

If the quantity applied for by UK operators is greater than the quantity available for the quota period or sub-period, we will publish an allocation coefficient on Gov.UK.

## **Transfer of Licence quantity**

If you wish to transfer your licence or a partial quantity from your licence to another UK operator, they must meet proof of trade and declaration of independence requirements, where applicable, as detailed in this guidance.

Once the transferred licence has been used, the quantity imported will count towards the transferee's proof of trade and reference quantity.

## **Authority**

The legislation which provides for Tariff Rate Quotas in the UK is detailed in Statutory Instrument 2020 No. [XX The Customs \(Tariff Quotas\) \(EU Exit\) Regulations 2020](#).

Licensing table **(insert from draft legislation)**

**Declaration of Independence****Tariff quota concerned**

TRQ order number	
CN code(s)	
Origin of product (if mandatory)	

**Independence of operator**

The applicant for the tariff quota order number listed above declares:

The applicant is not linked, as set out in regulation 14 of SIxx/xxxx, with any other person applying to the Secretary of State in respect of the same quota.	Tick box as appropriate.
The applicant is linked, as set out in regulation 14 of SIxx/xxxx, with another person applying to the Secretary of State in respect of the same quota.	Tick box as appropriate.
Details of the linked person, as set out in regulation 14 of SIxx/xxxx. Evidence must be provided that the applicant regularly engages in substantial economic activities with other third parties.	

**Operator's details**

Name	
EORI number	
Date	
Signature	
Role in the company of the signatory	