



# CUSTOMS TRANSIT PROCEDURES (AMENDMENT) REGULATIONS 2019

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Statutory Document No. 2019/0399

*Taxation (Cross-border Trade) Act 2018*

## **CUSTOMS TRANSIT PROCEDURES (AMENDMENT) REGULATIONS 2019**

*Laid before Tynwald:**Coming into Operation in accordance with regulation 2*

The Treasury makes the following Regulations under section 32(8) of, and paragraphs 5, 6, 7, 19(2) and 21(1) of Schedule 2 to, the Taxation (Cross-border Trade) Act 2018, as it has effect in the Island<sup>1</sup>.

### **1 Title**

These Regulations are the Customs Transit Procedures (Amendment) Regulations 2019.

### **2 Commencement**

These Regulations come into operation on exit day<sup>2</sup>.

### **3 Interpretation**

In these Regulations “**exit day**” has the same meaning as in the European Union and Trade Act 2019.

### **4 Amendment of the Customs Transit Procedures Regulations 2019**

(1) The Customs Transit Procedures Regulations 2019<sup>3</sup> are amended as follows.

(2) In regulation 3(1) (interpretation), after sub-paragraph (e), insert –

**(ea) “import duty regulations”** means the Customs (Import Duty) Regulations 2019<sup>4</sup>; **(e)**.

<sup>1</sup> The Taxation (Cross-border Trade) Act 2018 (“the Act”) was applied to the Island by SD 2019/0080.

<sup>2</sup> Tynwald procedure – negative under section 32(6) of the Act.

<sup>3</sup> SD 2019/0150.

<sup>4</sup> SD 2019/0152.

- (3) In regulation 3(2), for “sub-paragraph (1)(f)”, substitute **“sub-paragraph (1)(g)”**.
- (4) In regulation 7 (North Atlantic Treaty procedure), for “British Islands”, substitute **“Island”**.
- (5) In Schedule 1, in the heading to Part 1 (common transit procedures that start outside the British Islands), for “British Islands”, substitute **“Island”**.
- (6) In Schedule 1, in paragraph 1 (common transit procedure: preliminary) —
- (a) in sub-paragraphs (1) and (3), for “British Islands”, wherever occurring, substitute **“Island”**; and
- (b) for sub-paragraph (7), substitute —
- “(7) For the purposes of the common transit procedure, goods brought directly to the Island from the United Kingdom are not imported.**
- (8) Sub-paragraph (1), first indent, does not apply in the case of goods brought into the Island directly from the Channel Islands or the SBA.
- (9) For the purposes of this Schedule, references to —
- (a) **“the Channel Islands”** are to the Bailiwick of Jersey or Guernsey, as the case requires; and
- (b) the **“SBA”** are to the Sovereign Base Areas of Akrotiri and Dhekelia. **”**
- (7) In Schedule 1, in paragraph 2 (presentation of goods moved subject to the common transit procedure to the customs office of transit) —
- (a) in sub-paragraphs (2), (3) and (7), for “British Islands”, wherever occurring, substitute **“Island”**; and
- (b) after sub-paragraph (9), insert —
- “(10) Sub-paragraphs (1) and (6) do not apply where the goods are to be, or are, brought into the Island directly from the United Kingdom, the Channel Islands or the SBA. ”**
- (8) In Schedule 1, in paragraph 13 (discharge of the common transit procedure) —
- (a) in sub-paragraph (1), for “British Islands”, substitute **“Island”**; and
- (b) after sub-paragraph (3), insert —
- “(4) The deemed transit procedure in paragraph 1(1) is deemed to be discharged and paragraph 14 does not apply, when and to the extent that the goods in question are declared and accepted for another Customs procedure pursuant to paragraph 18(2) of Schedule 2 to the Act. ”**

- (9) In Schedule 1, in paragraph 17(1) (passage of goods), for “British Islands”, in both places, substitute **“Island”**.
- (10) In Schedule 1, in paragraph 18(4) (formalities in the Island), for “regulations under paragraphs 6 to 9 of Schedule 6 to the Act”, substitute **“Part 10 of the import duty regulations”**.
- (11) In Schedule 1, in paragraph 25 (release of goods for the common transit procedure) —
- (a) in sub-paragraph (3), for “British Islands”, substitute **“Island”**; and
- (b) after sub-paragraph (10), insert —
- “(11) The goods in sub-paragraph (9) remain subject to paragraph 27, except as provided for by paragraph 27(7).”**
- (12) In Schedule 1, in paragraph 27 (presentation of goods moved subject to the common transit procedure to the customs office of transit) —
- (a) in sub-paragraph (2), for “British Islands”, wherever occurring, substitute **“Island”**; and
- (b) after sub-paragraph (6), insert —
- “(7) Sub-paragraphs (1) and (4) do not apply where the goods are to be, or are, brought into the Island directly from the United Kingdom, the Channel Islands or the SBA.”**
- (13) In Schedule 1, in paragraph 29 (end of the common transit procedure) —
- (a) in sub-paragraph (1)(c), for “pursuant to regulations under paragraphs 6 to 9 of Schedule 6 to the Act”, substitute **“in accordance with Part 10 of the import duty regulations”**; and
- (b) in sub-paragraph (2) —
- (i) omit “except sub-paragraph (10)(d)”; and
- (ii) for “or to pay a corresponding amount”, substitute **“an amount of excise duty or (except for the purposes of paragraph 52(6) and (10)(d)) to pay corresponding amounts”**.
- (14) In Schedule 1, in paragraph 35(1)(b) (alternative proof of ending the common transit procedure), for “British Islands”, substitute **“Island, the United Kingdom, the Channel Islands or the SBA”**.
- (15) In Schedule 1, in paragraph 38 (discharge of the common transit procedure), after sub-paragraph (3), insert —
- “(4) The deemed transit procedure in paragraph 25(9) is deemed to be discharged, and paragraph 39 does not apply, when and to the extent that the goods in question are declared and accepted for another Customs procedure pursuant to paragraph 18(2) of Schedule 2 to the Act.”**

- (16) In Schedule 1, in paragraph 44 (verification of a list of manifests), in sub-paragraph (3), for “British Islands”, substitute **“Island”**.
- (17) In Schedule 1, in paragraph 52 (guarantees: supplementary rules for the common transit procedure) —
- (a) in sub-paragraph (8), for “import duty”, substitute **“customs debt”**; and
- (b) in sub-paragraph (12), for “regulations under paragraphs 6 to 9 of Schedule 6 to the Act about guarantees”, substitute **“Part 10 of the import duty regulations”**.
- (18) In Schedule 2, in paragraph 1 (the TIR transit procedure: introduction), for “British Islands”, wherever occurring, substitute **“Island”**.
- (19) In Schedule 2, in the heading to Part 2 (TIR transit procedures that start outside the British Islands), for “British Islands”, substitute **“Island”**.
- (20) In Schedule 2, in paragraph 3 (TIR transit procedure: preliminaries), in sub-paragraphs (1) and (3), for “British Islands”, in both places, substitute **“Island”**.
- (21) In Schedule 2, in paragraph 4(4) (formalities to be completed at the office of entry), for “British Islands”, substitute **“Island”**.
- (22) In Schedule 2, in paragraph 9 (alternative proof of termination of the TIR transit procedure) —
- (a) for sub-paragraph (1)(b), substitute —
- “(b)** a document or a customs record, certified by the Treasury, which establishes that the goods physically left the Island; **”**; and
- (b) in sub-paragraphs (1)(c) and (d) and (2), for “British Islands”, wherever occurring, substitute **“Island”**.
- (23) In Schedule 2, for paragraph 12 (place for controls and formalities for goods leaving and re-entering the Island), substitute —
- “12 Place for controls and formalities for goods leaving and re-entering the Island**
- Where, in the course of movement of goods from one point to another point in the Island, goods leave and re-enter the Island, the customs controls and formalities applicable in accordance with the TIR convention must be carried out by the Treasury at the points where the goods temporarily leave the Island and where they re-enter the Island. **”**.
- (24) In Schedule 2, in paragraph 14 (formalities to be completed at the office of departure), in sub-paragraph (5)(c), omit “or other customs authority in the British Islands”.

- (25) In Schedule 2, in paragraph 16 (returning goods subject to the TIR transit procedure), in sub-paragraphs (1) and (2), for “British Islands”, in both places, substitute **the Island**.
- (26) In Schedule 2, in paragraph 21 (alternative proof of termination of the TIR transit procedure) –
- (a) for sub-paragraph (1)(b), substitute –
- (b)** a document or a customs record, certified by the Treasury, which establishes that the goods physically left the Island; **and**
- (b) in sub-paragraphs (1)(c) and (d) and (2), for “British Islands”, wherever occurring, substitute **the Island**.
- (27) In Schedule 2, in paragraph 26(3) (authorisation of guaranteeing associations), for “British Islands”, substitute **the Island**.
- (28) For Schedule 3 (Island transit procedure), substitute the Schedule to these Regulations.
- (29) In Schedule 4, for paragraph 1 (place for controls and formalities for NATO goods leaving and re-entering the Island), substitute –
- 1 Place for controls and formalities for NATO goods leaving and re-entering the Island**
- Where, in the course of movement of goods from one point to another point in the Island, goods leave and re-enter the Island, the customs controls and formalities applicable in accordance with the Agreement in regulation 7 must be carried out by the Treasury at the points where the goods temporarily leave the Island and where they re-enter the Island.

MADE 23 OCTOBER 2019

A L CANNAN  
*Minister for the Treasury*





**SCHEDULE**

[Regulation 4(28)]

**SCHEDULE 3 TO THE CUSTOMS TRANSIT PROCEDURES REGULATIONS 2019  
SUBSTITUTED****SCHEDULE 3**

[Regulation 6]

**ISLAND TRANSIT PROCEDURE****PART 1****GENERAL PROVISION FOR THE ISLAND TRANSIT PROCEDURE****1 General**

This Schedule provides for chargeable goods to move between places in the Island subject to a transit procedure for the purposes of section 3(4)(b) of, and Part 3 of Schedule 2 to, the Act (the “**Island transit procedure**”), and without payment of import duty while subject to the procedure.

**2**

The Island transit procedure is also available for chargeable goods to move from the Island subject to a transit procedure that ends in the United Kingdom.

**3**

For these purposes —

- (a) “**authorised consignor**” is subject to provision corresponding to paragraphs 18(1) to (4) of Schedule 1 (excluding references to subparagraphs (5), (7) and (8)), but in relation to the Island transit procedure;
- (b) “**authorised consignee**” is subject to provision corresponding to paragraphs 18(1) to (3) of Schedule 1 (excluding references to subparagraphs (4), (5) and (7)), and 18(8), but in relation to the Island transit procedure;
- (c) seals of a special type are subject to provision corresponding to paragraphs 18(1) to (3) of Schedule 1 (excluding the references to subparagraphs (4), (5) and (8)), and 18(7), but in relation to the Island transit procedure;

- (d) the use by a person of electronic transport documents as customs declarations are subject to provision corresponding to paragraphs 18(1) to (3) of Schedule 1 (excluding references to sub-paragraphs (4), (7) and (8)), and 18(5) and 18(6)(b) and (c), but in relation to the Island transit procedure;
- (e) the “**holder**” of the Island transit procedure is the person who declares the goods in question for that procedure, or on whose behalf the declaration is made.

**4**

In this Schedule —

- (a) a “**customs office of departure**” is the office in the Island where the Customs declaration for the Island transit procedure is accepted by the Treasury; and
- (b) a “**customs office of destination**” is the office in the Island where the goods subject to the Island transit procedure are presented to the Treasury preliminary to ending that procedure.

**5**

- (1) Where chargeable goods arrive in the United Kingdom, and are subject to the Island transit procedure, paragraph 4(b) applies as if the customs office of destination is the one in the United Kingdom where the goods are presented preliminary to ending that procedure.
- (2) Where goods arrive in the Island from the United Kingdom or the Channel Islands, and are then chargeable goods declared for the Island transit procedure under paragraph 6(1) or (2) —
  - (a) a reference in paragraph 7(1) or (2) made to Schedule 1 that is about the Treasury may also be taken as a reference to the corresponding customs authority of the United Kingdom or the Channel Islands; and
  - (b) a reference in paragraph 7(3) made to paragraph 25(5) of Schedule 1 that is about the Treasury may also be taken as a reference to the corresponding customs authority of the United Kingdom or the Channel Islands.
- (3) Where sub-paragraph (1) applies, a reference in paragraphs 11(1) or (2) or 12(1) made to Schedule 1 (except about any time-limit set by the Treasury) that is about the Treasury or the Island may also be taken as a reference to the corresponding customs authority of the United Kingdom or to the United Kingdom, respectively.
- (4) Nothing in this Schedule is to be taken as imposing any duty or obligation on the customs authority of the United Kingdom or the Channel Islands.

- (5) References in this Schedule to “**the Channel Islands**” are to the Bailiwick of Jersey or Guernsey, as the case requires.

## PART 2

### OPERATION OF THE ISLAND TRANSIT PROCEDURE

#### 6 Formalities for the Island transit procedure

- (1) Use of the Island transit procedure for chargeable goods is subject to a Customs declaration made for this purpose and accepted by the Treasury, and to the provision of a guarantee —
- (a) where there is any liability, or potential liability, to pay import duty, but not excise duty, in respect of the goods, in accordance with Part 10 of the import duty regulations; or
- (b) where there is any liability, or potential liability, to pay both import duty and excise duty in respect of the goods, in accordance with Part 10 of the import duty regulations as modified by sub-paragraph (4).

But provision corresponding to that made by paragraph 52(9)(a) of Schedule 1 applies in relation to paragraph 3(d) for the purposes of the Island transit procedure.

- (2) The Customs declaration (but not the guarantee) in sub-paragraph (1) is deemed as made and accepted where goods arrive in the Island from the United Kingdom subject to a procedure corresponding in the United Kingdom to the Island transit procedure; and those goods are then chargeable goods.
- (3) For the purposes of sub-paragraph (2), any function carried out by the United Kingdom customs authority pre-arrival, and corresponding to a pre-departure function of the Treasury in relation to the Island transit procedure, substitutes for that pre-departure function.
- (4) For the purposes of sub-paragraph (1)(b) —
- (a) Part 10 of the import duty regulations is modified as follows —
- (i) other than in regulation 103(2), for “import duty”, wherever it appears, regard as substituted “import duty and excise duty”;
- (ii) in regulation 101(1)(a), for “discharge of the liability” regard as substituted “discharge of the liability to pay import duty”;
- (iii) after regulation 106(1)(b), regard as inserted —
- “(ba) where the goods have been placed under a duty suspension arrangement and —

- (i) all the liability to import duty to which the guarantee relates and, where regulation 101(2) (guarantee in relation to charges) applies, any charges in relation to that liability have been paid in full; or
    - (ii) the potential liability to import duty to which the guarantee relates has been extinguished on the discharge of a special Customs procedure;”; and
  - (iv) in regulation 106(1)(c) –
    - (A) in paragraphs (i) and (ii), for “the duty” regard as substituted “the import duty”;
    - (B) at the end of paragraph (ii), regard “and” as omitted;
    - (C) at the end of paragraph (iii), for “or” regard as substituted “and”; and
    - (D) after paragraph (iii), regard as inserted –
      - “(iv) the part of the specified amount which is equivalent to the amount of the liability, or potential liability, to excise duty is paid in full or the goods to which that part relates have been placed in a duty suspension arrangement; or”;
  - (b) a reference to a “guarantee” in the import duty regulations, wherever it appears, should be construed in accordance with the modifications made by paragraph (a).
- (5) The goods covered by the declaration must be presented to the Treasury at the customs office of departure unless the declarant is an authorised consignor within paragraph 3(a).
- (6) The Island transit procedure is compulsory where chargeable goods bound for a place in the Island, and to be carried by air, are loaded or reloaded at an Island airport.
- (7) Provision corresponding to that made by paragraph 19 of Schedule 1 (except sub-paragraph (1), second indent) applies to the declaration for the Island transit procedure (permissible goods).
- (8) Use of the Island transit procedure for chargeable goods that are to move from the Island to the United Kingdom is subject to a declaration made for this purpose and accepted by the Treasury, and to the provision of a guarantee as provided for in sub-paragraph (1), first and second indents.
- (9) The declaration in sub-paragraph (8) is deemed to be within paragraph 5(1)(a) of Schedule 2 to the Act.

- (10) In this paragraph, “**duty suspension arrangement**” has the meaning given in regulation 3(1) of the Excise Goods (Holding, Movement and Duty Point) Regulations 2010<sup>5</sup>.

## 7

- (1) Provision corresponding to that made by paragraphs 20(1), 20(3) and 20(4) of Schedule 1 applies for the purposes of the Island transit procedure (disregarding anything said about the “electronic transit system”).
- (2) Provision corresponding to that made by paragraphs 21(1), 22, 23(1) to (5), 24 and 40 of Schedule 1 applies for the purposes of the Island transit procedure.
- (3) Provision corresponding to that made by paragraph 25(1) and (4) to (7) of Schedule 1 applies for the purposes of the Island transit procedure.

## 8

Provision corresponding to that made by paragraph 26 of Schedule 1 applies for the purposes of the Island transit procedure.

## 9 **Operation of the Island transit procedure**

Provision corresponding to that made by paragraph 28(1) and (3) to (6) of Schedule 1, applies for the purposes of the Island transit procedure, except that in this Schedule, the “**carrier**” is the person responsible for the carriage of the goods within the Island.

## 10

For an Island transit procedure covered by paragraph 2 and where the goods are in the United Kingdom, paragraph 9 applies as if the customs authority for the United Kingdom is the Treasury (except in relation to any route prescribed for the procedure by the Treasury) and as if the United Kingdom is part of the Island.

## 11 **End of the Island transit procedure**

- (1) Provision corresponding to that made by paragraph 29(1)(a) and (b), (3), (4), (6) and (7) of Schedule 1 applies for the purposes of the Island transit procedure, with the following modifications —
- (a) in paragraph 29(1)(a) disregard what is said about other customs authorities;

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<sup>5</sup> SD 198/10, as amended.

- (b) in paragraph 29(3) disregard what is said about customs authorities other than the Treasury, or about the operator of a fixed transport installation;
  - (c) in paragraph 29(4) disregard what is said about the obligation of the holder being met and the cases in sub-paragraphs (5) and (6); and
  - (d) in paragraph 29(7) disregard what is said about a customs office of destination outside the Island.
- (2) Provision corresponding to that made by paragraphs 30(1) to (5) and 32 of Schedule 1 applies for the purposes of the Island transit procedure, with the following modifications –
  - (a) in paragraph 30(1) and (2) disregard what is said about a customs authority other than the Treasury; and
  - (b) in paragraph 30(3) disregard what is said about the Treasury having to notify the arrival and to amend its records.
- (3) Provision corresponding to that made by paragraph 31(1), (4) and (5) of Schedule 1 applies for the purposes of the Island transit procedure, but disregard what is said in paragraph 31(4) about –
  - (a) the holder being deemed to fulfil the applicable obligations; and
  - (b) a person similarly authorised by a customs authority in another common transit state.
- (4) Provision corresponding to that made by paragraph 34(2) of Schedule 1 applies for the purposes of the Island transit procedure.
- (5) Provision corresponding to that made by paragraph 35(1)(b) to (d) and (2) of Schedule 1 applies for the purposes of the Island transit procedure, with the following modifications –
  - (a) in paragraph 35(1)(b) regard the customs authority as any other than the Treasury; and
  - (b) in paragraph 35(1)(c) and (d) regard a “**third country**” as any country except the Island.
- (6) For an Island transit procedure that ends in the United Kingdom –
  - (a) sub-paragraph (5)(a) applies in relation to paragraph 35(1)(b) of Schedule 1 as if –
    - (i) the customs authority in question is any other than the Treasury or the customs authority for the United Kingdom; and
    - (ii) the document or customs record establishes that the goods have physically left the Island and the United Kingdom; and
  - (b) sub-paragraph (5)(b) applies as if the Island includes the United Kingdom.

- (7) An Island transit procedure also ends as provided for by paragraph 16(1).

## **12 Discharge of the Island transit procedure**

- (1) Provision corresponding to that made by paragraph 38(1) and (3) of Schedule 1 applies for the purposes of the Island transit procedure, but disregard what is said in paragraph 38(1) about the customs authority outside the Island and the comparison of data available to the Treasury and the customs office of destination, and disregard the second indents of paragraph 38(1) and (3).
- (2) Sub-paragraph (4) applies where the Treasury has not, within the time-limits in sub-paragraph (3), received information allowing discharge of the Island transit procedure.
- (3) The time-limits are –
- (a) 9 days after the final day by which the goods and documents were to be presented to the customs office of destination pursuant to paragraph 11(1);
  - (b) 12 days after the final day by which the goods and documents were expected to be presented elsewhere subject to paragraph 11(3).
- (4) The Treasury may require from the holder of the Island transit procedure any information it deems relevant to that procedure or the goods in question.
- (5) The holder must provide that information to the Treasury no later than 28 days after the one on which the requirement was made.
- (6) An Island transit procedure is also discharged as provided for by paragraph 16(1).

## **13**

- (1) Where an Island transit procedure has not been discharged, the Treasury must –
- (a) notify the guarantor for the guarantee in paragraph 6(1) that the procedure has not been discharged, and do so within 9 months from the time-limit for presentation of the goods at the customs office of destination; and
  - (b) notify the guarantor of a potential requirement to pay an amount for which that guarantor is liable in respect of that Island transit procedure, and do so within 3 years from the date the declaration for the Island transit procedure was accepted.

- (2) The guarantor is released from the guarantee obligations if either of the notifications in sub-paragraph (1) has not been issued before the expiry of the time-limit.

#### **14 Consequences of Island transit procedure discharge and liability to import duty**

- (1) Provision corresponding to paragraph 39 of Schedule 1 applies for the purposes of the Island transit procedure.
- (2) Provision corresponding to paragraph 47 of Schedule 1 applies for the purposes of the Island transit procedure, but disregard the reference to paragraph 4(4).
- (3) Sub-paragraph (1) applies only where the Island transit procedure is discharged in the Island and otherwise than under paragraph 18(2) of Schedule 2 to the Act.

### **PART 3**

#### **GENERAL PROVISION FOR THE PURPOSES OF THIS SCHEDULE**

#### **15**

A requirement for information under paragraph 12(4) has effect as if made under section 23 of the Finance Act 1994, as it has effect in the Island<sup>6</sup>, and to a person to whom that section applies.

#### **16**

- (1) The export of chargeable goods from the Island in accordance with the applicable export provisions in section 35(1) of the Act ends and discharges the Island transit procedure.
- (2) Discharge of the Island transit procedure under paragraph 12(1) or sub-paragraph (1) is only available where the procedure has not already been discharged under paragraph 18(2) of Schedule 2 to the Act. **22**.

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<sup>6</sup> Section 23 of the Finance Act 1994 was applied in the Island by SD 369/94.



*EXPLANATORY NOTE**(This note is not part of the Regulations)*

These Regulations amend the Customs Transit Procedures Regulations 2019<sup>7</sup> in line with amendments made to the corresponding Customs Transit Procedures (EU Exit) Regulations 2018 having effect in the United Kingdom, as required by the Customs and Excise Agreement 1979 between the Isle of Man and United Kingdom Governments.

The Regulations also substitute references to the “British Islands” with references to the “Island” in line with the corresponding regulations in the United Kingdom.

These Regulations also insert Schedule 3 into the Customs Transit Procedures Regulations 2019. Schedule 3 makes provision for an Island transit procedure to allow for the movement of goods under duty suspension arrangements within the Island, and between the Island and the United Kingdom.

The amendments made ensure that the customs procedures will continue to operate effectively once the United Kingdom leaves the European Union.

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<sup>7</sup> SD 2019/0150.