Rt Hon Lord Frost CMG
Minister of State
Cabinet Office 70 Whitehall London
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Mr Simon Hoare MP
Chair, Northern Ireland Affairs Committee
House of Commons
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Dear Simon,

NORTHERN IRELAND PROTOCOL AND VEHICLE RENTING AND LEASING COMPANIES

1. Thank you for your letter of 14 April, regarding the effect of the Northern Ireland Protocol on vehicle renting and leasing companies. I am sorry to have been slow in replying.

2. It is indeed the case that customs declarations are required for goods entering Northern Ireland, whether they are moved as part of a sale transaction, or, as in the case of lec1sed vehicles, moved into Northern Ireland for a period of time without a transfer of ownership. Th customs declaration is used to determine cases where the EU tariff should be paid where goods are at risk of onward movement into the EU. Goods that are not at risk do not pay any tariffs on moving from Great Britain to Northern Ireland.

3. The Decision of the Joint Committee in December 2020 set out when goods entering Northern Ireland from Great Britain may be declared not at risk - namely that where there is an EU tariff in place, a business must be authorised to declare goods not at risk, and the goods must be for sale to, or final use by, end consumers in Northern Ireland.

4. A business can be authorised by HMRC to declare goods not at risk where it meets the eligibility criteria agreed under the Decision and given effect through our UK Trader Scheme. This includes that a business must either be established in Northern Ireland or have a fixed place of business there, and meet other criteria. HMRC has an easement in place (to 31 October 2021) whereby a business that does not presently have a fixed place of business in Northern Ireland can look to that of their customers to meet the- requirement.

5. We are aware that some leasing companies leasing vehicles to individuals in Northern Ireland have raised the challenge that they cannot look to their customer's place of business to meet the requirement to be authorised. We understand this applies to a smaller number of lease vehicles sent to Northern Ireland. HMRC are, however, currently exploring other potential options to mitigate tariffs in that scenario, as these movements are clearly not those intended to be caught within the scope of goods movements that present a risk of onward movement to the EU.

6. Where a leasing company *can* be authorised, they can declare their goods not at risk on entry to Northern Ireland, and no tariffs are chc;1rged. We have spoken to the sector at length on different options, and in almost all cases the leasing companies would be able to evidence that the vehicles are for use in Northern Ireland and meet the requirements to be declared not at risk.

7. We are also speaking to industry representatives about other available options that may mitigate tariff impacts where goods do not meet the requirements to be declared not at risk, including the use of temporary admission procedures that provide relief from tariffs and may help to mitigate the administrative burden associated with customs declarations. As you are aware, businesses also have the option of claiming a waiver of the EU tariff: https://www.gov.uk/guidance/claim-a-waiver-for-duty-on-goods-that-you-bring-to-northern-ireland-from-great-britain.

With best wishes,

Rt Hon Lord Frost CMG