

[As amended by the Customs and Excise (Amendment) Agreement 1994, the Customs and Excise (Amendment) Agreement of 2007 and the Customs and Excise (Amendment) Arrangement 2018]

Agreement
between the Governments of the
United Kingdom and the Isle of Man
on Customs and Excise and associated matters

Presented to Parliament by the Secretary of State for the Home Department
by Command of Her Majesty
November 1979

LONDON
HER MAJESTY'S STATIONERY OFFICE

**AGREEMENT BETWEEN THE GOVERNMENTS OF THE
UNITED KINGDOM AND THE ISLE OF MAN ON CUSTOMS,
AND EXCISE AND ASSOCIATED MATTERS**

An Agreement on the establishment of an Isle of Man customs and excise service and the transfer to it of functions performed by the Commissioners of Customs and Excise¹.

1. The Governments of the United Kingdom and the Isle of Man agree to transfer the revenue functions and associated control functions of the Commissioners² in the Isle of Man to the Isle of Man customs and excise service and to make arrangements for the assumption by the Isle of Man Government of the agency functions which at the date of this Agreement are carried out by the Commissioners in the Isle of Man and that the effective date of transfer will be 1 April 1980.
2. The Governments agree to introduce legislation in Parliament and in Tynwald respectively to implement this Agreement in time to meet the effective date of transfer.
3. (1)³ Except as provided for in this Agreement or as may be otherwise agreed, the Isle of Man Government agrees to keep the law relating to the management of the Customs and Excise revenues and associated control functions correspondent with that of the United Kingdom and to legislate to maintain that correspondence whenever necessary and, in particular, when changes are made in relevant United Kingdom law.

(2) Compliance with the commitment in sub-paragraph 1 will require the introduction of legislation which requires Isle of Man Courts to have due regard to the relevant decisions of United Kingdom Courts when interpreting correspondent provisions of Isle of Man law relating to the management of the Customs and Excise revenues and associated control functions.⁴
4. The Governments agree that—

¹ The functions of the Commissioners were transferred to the Commissioners for Her Majesty's Revenue and Customs by the Commissioners for Revenue and Customs Act 2005 (an Act of Parliament).

² This is a historical reference to the functions of the Commissioners of Her Majesty's Customs and Excise in 1979.

³ Re-numbered by paragraph 2 of the Customs and Excise (Amendment) Arrangement 2018.

⁴ Inserted by paragraph 2 of the Customs and Excise (Amendment) Arrangement 2018.

- (a) the Isle of Man customs and excise service will pay all the Customs and Excise revenues it collects to the **Isle of Man Treasury**⁵ and will maintain a system of accounting for such revenues which is compatible with the system used by the Commissioners⁶;
 - (b) the Commissioners will pay to the **Isle of Man Treasury** each year the difference between—
 - (i) the Isle of Man’s share of the total revenue from equal duties collected in the Isle of Man and the United Kingdom less the charges payable by **Isle of Man Treasury** as set out in paragraph 19; and
 - (ii) the total revenue from equal duties paid to the **Isle of Man Treasury** by the Isle of Man customs and excise service; and
 - (c) arrangements will be made for monthly advance payments.
5. The Isle of Man Government agrees to invite the United Kingdom Comptroller and Auditor General to audit periodically the Isle of Man’s accounts of the Customs and Excise revenues, to do this in the Isle of Man as far as practicable, and to submit reports⁷ to both Governments.
6. (1)⁸ Subject to [sub-paragraph (2) and⁹] [paragraphs 7, 7A and 7B¹⁰] below, the Isle of Man Government agrees to keep all Customs and Excise revenues at the same rates and subject to the same conditions and reliefs as in the United Kingdom with the following exceptions, namely —
- (a) [...] ¹¹
 - (b) the general betting duty; and
 - [(c) value added tax on –

⁵ References to the Treasurer are replaced by references to the Isle of Man Treasury by paragraph 8 of the 1994 Amending Agreement.

⁶ i.e. the Commissioners for HMRC (see the definition substituted by paragraph 13 of the 2007 Amending Agreement).

⁷ Word omitted by virtue of paragraph 3 of the 2007 Amending Agreement.

⁸ Text renumbered by paragraph 4(2) of the 2007 Amending Agreement.

⁹ Words inserted by paragraph 4(3)(a) of the 2007 Amending Agreement.

¹⁰ Words inserted by paragraph 2(1)(a) of the 1994 Amending Agreement

¹¹ Omitted by paragraph 2(1)(b) of the 1994 Amending Agreement.

- (i) takings of gaming machines,
- (ii) the provision of meals (excluding alcoholic liquor) in hotels, holiday camps, restaurants and similar establishments, the letting on hire of private self-drive cars, the provision of hairdressing services and the provision of laundry services (including in laundrettes), and
- (iii) accommodation provided by hotels and similar establishments, including the provision of holiday accommodation and the letting of camping sites and caravan parks, and such other non-exportable services as may be agreed between the two Governments¹²,

(2) The United Kingdom Government agrees that nothing in this Agreement will affect the right of the Isle of Man Government—

- (a) to allow a supplementary rebate not exceeding 10p per gallon or 2.2p per litre, on hydrocarbon oil used in the Isle of Man; or
- (b) to allow a supplementary rebate not exceeding 20 per cent of the excise duty chargeable on beer consumed in the Isle of Man;

so long as the Isle of Man Government advises the United Kingdom of any proposed variation in the supplementary rebate.¹³

7. The Governments agree that any proposal by the Isle of Man Government to depart from a rate of duty or tax charged, or relief granted, in the United Kingdom will be subject to a period of 3 months' notice and to agreement by both Governments, excluding only the duties and taxes specified in [sub-paragraph (1)¹⁴(b) and (c) of paragraph 6 above¹⁵].

[7A. The Governments agree that any proposal by the Isle of Man Government to depart from the rate at which value added tax is charged, or from the conditions and reliefs to

¹² Words substituted by paragraph 3 of the Customs and Excise (Amendment) Arrangement 2018.

¹³ Sub-paragraph (2) inserted (in substitution for the full-out words at the end of the original paragraph 6) by paragraph 4(4) of the 2007 Amending Agreement.

¹⁴ Number inserted by paragraph 4(2) of the 2007 Amending Agreement.

¹⁵ Concluding words added by paragraph 2(2) of the 1994 Amending Agreement.

which it is subject, on any of the services specified in paragraph 6(1) (c)(ii)¹⁶ or (iii) above in the United Kingdom shall be subject¹⁷ to agreement by both Governments.

7B. The Governments agree that any proposal by the Isle of Man Government to allow a rebate on beer consumed in the Isle of Man, or to modify (otherwise than in relation to the percentage of the rebate) or terminate the arrangements under which such a rebate is allowed, will be subject to a period of 3 months' notice and to agreement by both Governments.]

8. The Isle of Man Government agrees to impose import and export prohibitions and restrictions corresponding to those in force throughout the United Kingdom; and both Governments agree that any proposal by the Isle of Man Government not to apply any such import or export prohibition or restriction will be subject to the agreement of both Governments, except that nothing in this Agreement will affect the right of the Isle of Man Government to impose any prohibition or restriction on importation or exportation it may consider desirable to impose¹⁸ in the interest of public or animal health or the protection of flora and fauna of the Isle of Man, or on the importation of wild animals.

9. Except in so far as is necessary to permit value added tax on the Island to be administered without the use of the United Kingdom's central computers and except for other variations in practice and procedure which may be agreed from time to time by exchange of letters between the Commissioners and the **Isle of Man Treasury**¹⁹, the Isle of Man Government agrees that the Isle of Man customs and excise service will adopt practices and procedures for the management of the Customs and Excise revenues, associated control functions and agency functions corresponding to those in the United Kingdom and that, in particular, the Isle of Man customs and excise service will maintain a system of control of ships and aircraft, goods, passengers and crew similar to that in the United Kingdom[...]²⁰.

10.[...]²¹ ;

¹⁶ Words substituted by paragraph 6 of the 2007 Amending Agreement.

¹⁷ Words substituted by paragraph 4 of the Customs and Excise (Amendment) Arrangement 2018.

¹⁸ Words substituted by paragraph 5 of the Customs and Excise (Amendment) Arrangement 2018.

¹⁹ Reference substituted by paragraph 8 of the 1994 Amending Agreement.

²⁰ Words omitted by paragraph 6 of the Customs and Excise (Amendment) Arrangement 2018.

²¹ Paragraph 10 is omitted by virtue of paragraph 7 of the 2007 Amending Agreement.

11. The Governments recognise the separate agreement, effected by [a memorandum of understanding²²](#) between the Commissioners and the Treasurer²³ on mutual assistance on all aspects of the management of the Customs and Excise revenues, the associated control functions and certain agency functions, with special reference to the prevention of fraud and the detection of offences.
12. The Governments agree to introduce arrangements (including any necessary legislation) –
- (a) for the recovery in each territory of equal duties arising in the other territory;
 - (b) for the enforcement in each territory of [judgments](#) (other than [judgments](#) in criminal cases, which are, or may be, subject to appeal) in the other territory in respect of equal duties;
 - (c) for the serving and execution in one territory of processes in the case of proceedings in the other territory for offences in relation to equal duties or to prohibitions or restrictions on importation and exportation and for securing, if necessary, in the case of such proceedings the attendance of persons to be proceeded against for those offences at the appropriate court in the appropriate territory;
 - (d) for the seizure and forfeiture in each territory of goods relieved wholly or in part from duty in the other territory for breach of any condition or other obligation required to be complied with in connection with such relief;
 - (e) for the hearing of appeals against decisions given in any of the proceedings mentioned in sub-paragraphs (a), (b) and (d) above under the law of the territory in which the decision appealed against was given; and
 - (f) for the summoning of witnesses and the production of documents and exhibits for the purposes of the matters specified in sub-paragraphs (a) to (e) above;

but no proceedings under sub-paragraph (a), (b) or (d) above shall be instituted in either territory except pursuant to the law of that territory and by, or with the consent of, the appropriate authority in that territory.

²² [Words substituted by paragraph 7 of the Customs and Excise \(Amendment\) Arrangement 2018.](#)

²³ Notwithstanding paragraph 8 of the 1994 Amending Agreement the reference to the Treasurer here is retained because of historical accuracy. The reference to the Commissioners here is likewise to the Commissioners of Her Majesty's Customs and Excise.

13. The Governments agree that the United Kingdom and the Isle of Man shall be treated as a single tax area for the purposes of value added tax, but that each Government will continue to provide separately for the care and management of the tax and will make provision in its law that—
- (a) value added tax shall be charged as if any necessary references therein to the United Kingdom or, as the case may be, to the Isle of Man included both places;
 - (b) value added tax shall not be charged in both territories in respect of the same transaction;
 - (c) persons who are taxable persons for the purposes of either territory may be treated as taxable persons for the purposes of the other territory; and
 - (d) certain removals of goods between the United Kingdom and the Isle of Man shall not be treated as an importation into, or exportation from, either territory.
14. The Governments also agree to the following particular arrangements (including any necessary legislation) for value added tax—
- (a) arrangements will be made enabling traders making supplies in or to both territories, including group and divisional registrations, to be registered in either territory; and —
 - (i) the Commissioners will determine, subject to any necessary consultation with the Isle of Man customs and excise service –
 - (A) the territory of registration for traders who are liable to be registered and who make supplies in or to both territories;
 - (B) the territory of registration of any group whose members make supplies in or to both territories, and the person to be the representative member of that group; and
 - (C) the territory of registration of each division (wherever it is located) of any company registered in the divisions; and
 - (ii) those arrangements will provide for the transfer of registrations;
 - (b) arrangements will be made for the customs and excise service of each territory to have the same powers, in relation to the activities in its own territory of a

person registered in the other territory, as it would have if that person were registered in its own territory;

- (c) arrangements will be made by the Isle of Man customs and excise service for the pre-repayment verification in the Isle of Man of repayment claims of such a size and nature as is agreed between the Commissioners and the **Isle of Man Treasury**²⁴ by exchange of letters and those arrangements will continue in force unless varied by further agreement;
- (d) arrangements will be made for the verification of selected transactions in either territory at the request of the Commissioners or, as the case may be, the Isle of Man customs and excise service;
- (e) arrangements will be made in both territories for verification of input tax;
- (f) special provisions may be made to prevent tax avoidance on supplies from one territory to the other if experience shows that this is desirable;
- (g) ²⁵ arrangements will be made for the issue of returns, transfer of records and other matters arising out of the transfer of registered traders **to the customs authority of the receiving jurisdiction**²⁶; **and**
- (h) responsibility for enforcement action on returns and outstanding tax from transferred traders, including tax subsequently discovered to be outstanding, will pass **to the customs authority of the receiving jurisdiction**²⁷ from the effective date of transfer.

(i) ...²⁸

14A. The Governments agree that the value added tax and duties tribunal which shall have jurisdiction in the Isle of Man shall be appointed by the Isle of Man Government and for each sitting of the tribunal the chairman shall be one of the following —

²⁴ Reference substituted by paragraph 8 of the 1994 Amending Agreement

²⁵ Word “transitional” deleted by paragraph 8(2)(a) of the 2007 Amending Agreement.

²⁶ Words substituted for “to the Isle of Man customs and excise service” by paragraph 8(2)(b) of the 2007 Amending Agreement.

²⁷ Words substituted for “to the Isle of Man customs and excise service” by paragraph 8(3) of the 2007 Amending Agreement.

²⁸ Paragraph 14(i) omitted by paragraph 9 of the Customs and Excise (Amendment) Arrangement 2018.

(a) the Senior President of Tribunals appointed under section 2 of the Tribunals, Courts and Enforcement Act 2007 (an Act of Parliament) (hereinafter referred to as the “TCEA”);

(b) the President of the chamber, established under section 7 of the TCEA, that deals with value added tax appeals in the United Kingdom (“the Chamber President”); or

(c) a judge of either the First-tier Tribunal or the Upper Tribunal established under section 3 of the TCEA authorised by the Chamber President.²⁹

15. [...] ³⁰

16. The Governments agree to introduce arrangements (including any necessary legislation) for the free exchange of information between the Commissioners and the Isle of Man customs and excise service for ensuring the proper control and administration of the equal duties and the enforcement of prohibitions and restrictions on importation and exportation, but that the information so obtained shall, except as may be required by any international obligations³¹ which are binding on the Isle of Man, be used for that and no other purpose.

17. The United Kingdom Government agrees that the Commissioners will supply the Isle of Man customs and excise service with United Kingdom Customs and Excise³² [guidance]³³ and with official notices and forms and the Isle of Man Government agrees that the Isle of Man customs and excise service will apply the [guidance] and adopt the format of notices and forms supplied and that any variation made by the Isle of Man customs and excise service will be the minimum necessary required by local circumstances.

18. The United Kingdom Government agrees that the Commissioners will provide advice to the Isle of Man customs and excise service and make available training facilities and the Isle of Man Government agrees that the Isle of Man customs and excise service will seek guidance and advice from the Commissioners and make such use of training

²⁹ Paragraph 14A inserted by paragraph 10 of the Customs and Excise (Amendment) Arrangement 2018.

³⁰ Omitted by virtue of paragraph 4 of the 1994 Amending Agreement.

³¹ Words substituted by paragraph 11 of the Customs and Excise (Amendment) Arrangement 2018.

³² Now to be read as a reference to the Commissioners for Revenue and Customs’ guidance by virtue of the operation of paragraph 2 of the 2007 Amending Agreement.

³³ Word substituted (in both places) for “instruction” by paragraph 5 of the 1994 Amending Agreement.

facilities as is necessary to secure a common approach to the management of the Customs and Excise revenues, associated control functions and agency functions.

19. The United Kingdom Government agrees that no charge will be payable by the **Isle of Man Treasury**³⁴ to the Commissioners for the provision of day to day **advice and training**³⁵ facilities³⁶ nor for the supply of specimens of United Kingdom Customs and Excise **[guidance]**³⁷, official notices and forms and legislation and **both Governments agree**³⁸ that a fair and equitable charge will be payable by the **Isle of Man Treasury** to the Commissioners for the expenses of collection in the United Kingdom of the Isle of Man's share of the total revenue from equal duties collected in the United Kingdom and both Governments agree that this charge will be determined by an agreement made by an exchange of letters between the Commissioners and the **Isle of Man Treasury**³⁹.
20. [...] ⁴⁰
21. The Isle of Man Government agrees that the Isle of Man customs and excise service will provide within twenty-eight calendar days, unless the Commissioners and the Isle of Man Treasury agree to an alternative time limit, of a request from the Commissioners⁴¹ such information as may be required by the Commissioners for the management of the Customs and Excise revenues, import and export prohibitions and restrictions, other associated control functions and agency functions, and the provision of trade statistics and that in particular, the Isle of Man customs and excise service will supply the following information—
- (a) particulars of the Isle of Man's external trade;
 - (b) statistics and other information required [...]⁴² as a result of any international agreement to which the United Kingdom is party; **and**⁴³

³⁴ Words substituted by paragraph 8 of the 1994 Amending Agreement.

³⁵ Words substituted for "advice, training" by paragraph 9(2) of the 2007 Amending Agreement.

³⁶ Reference to the inspection service omitted by paragraph 9(3) of the 2007 Amending Agreement.

³⁷ Word substituted by paragraph 5 of the 1994 Amending Agreement.

³⁸ Words substituted for "the Isle of Man Government agrees" by paragraph 9(4) of the 2007 Amending Agreement.

³⁹ Words substituted by paragraph 8 of the 1994 Amending Agreement.

⁴⁰ Paragraph 20 omitted by virtue of paragraph 6 of the 1994 Amending Agreement.

⁴¹ Words substituted by paragraph 12(2) of the Customs and Excise (Amendment) Arrangement 2018.

⁴² Words omitted by paragraph 12(3) of the Customs and Excise (Amendment) Arrangement 2018.

⁴³ Word "and" added by paragraph 10(2) of the 2007 Amending Agreement.

- (c) the information needed to calculate the Isle of Man's share of revenue from equal duties, including details of such revenues collected in the Isle of Man.⁴⁴

~~(d)~~⁴⁵

22. This Agreement is subject to review or, on the giving of 2 years⁴⁶ notice by either Government, to termination.

23. In this Agreement —

“agency functions” means any activities carried out by the Commissioners, whether under legislative authority or otherwise, on behalf of another organisation and in respect of which the powers required to control those activities are not derived from the customs and excise Acts;

“associated control functions” means –

- (a) the control of goods the importation into, or exportation from, the Isle of Man or which is for the time being prohibited or restricted by or under any law having effect in the Isle of Man [...]⁴⁷; and

- (b) the control of means of conveyance, persons and goods entering or leaving the Isle of Man,

in respect of which the powers under which such control is carried out are contained in the customs and excise Acts as they have effect in the Isle of Man[, provided that for the purposes of paragraph 3 of this Agreement any reference to the customs and excise Acts shall be construed as a reference to the customs and excise Acts within the meaning of the Customs and Excise Management Act 1986 (an Act of Tynwald)];⁴⁸

⁴⁴ Words omitted by paragraph 10(3) of the 2007 Amending Agreement.

⁴⁵ Sub-paragraph (d) omitted by paragraph 10(4) of the 2007 Amending Agreement.

⁴⁶ Words substituted by paragraph 11 of the 2007 Amending Agreement.

⁴⁷ Words relating to exchange control omitted by paragraph 7(a)(i) of the 1994 Amending Agreement.

⁴⁸ Words inserted by paragraph 7(a)(ii) of the 1994 Amending Agreement.

“the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs and, unless the context otherwise requires, includes officers of Revenue and Customs;”.⁴⁹

[...]⁵⁰

“the customs and excise Acts” has the same meaning as in the Customs and Excise Management Act 1979 (an Act of Parliament);

“the Customs and Excise revenues” means customs duties, excise duties, [and value added tax]⁵¹;

“customs duty” means import duty or export duty, or any charge having equivalent effect, and, for the avoidance of doubt, does not include import value added tax⁵²;

“equal duties” means customs duties and excise duties chargeable at the same rate in both territories and value added tax chargeable at the same rate or, by virtue of paragraph 6(1)(c)(ii) or (iii), a different rate in both territories, but does not include any duty or tax mentioned in paragraph 6(1)(b) or (c)(i);⁵³

“excise duty” means any duty imposed as a duty of excise other than [air passenger duty or⁵⁴] an excise duty which at the date of this Agreement is collected in the Isle of Man by persons other than the Commissioners;

“Isle of Man Courts” means the VAT and Duties Tribunal, the High Court of Justice of the Isle of Man and the Staff of Government Division of the High Court of Justice⁵⁵;

“the Isle of Man customs and excise service” means the Customs and Excise Division of the Isle of Man Treasury or its authorised representative;⁵⁶

⁴⁹ Words substituted by paragraph 12(1) of the 2007 Amending Agreement to reflect the structure of HMRC by virtue of sections 1 and 2 of the Commissioners for Revenue and Customs Act 2005, under which all staff of the Commissioners are officers of Revenue and Customs.

⁵⁰ Definition of “Community obligations” omitted by paragraph 13 of the Customs and Excise (Amendment) Arrangement 2018.

⁵¹ Words substituted for “, value added tax and car tax” by paragraph 7(b) of the 1994 Amending Agreement.

⁵² Words substituted by paragraph 13 of the Customs and Excise (Amendment) Arrangement 2018.

⁵³ Definition substituted by paragraph 7(c) of the 1994 Amending Agreement and amended (by the insertion of references to sub-paragraph (1) of paragraph 6) by paragraph 12(2) of the 2007 Amending Agreement.

⁵⁴ Reference to air passenger duty added by paragraph 7(d) of the 1994 Amending Agreement.

⁵⁵ Definition of “Isle of Man Courts” inserted by paragraph 13 of the Customs and Excise (Amendment) Arrangement 2018.

“[judgment](#)” means a [judgment](#) of the Supreme Court of Judicature, the High Court of Judiciary, the Supreme Court of Judicature of Northern Ireland and the High Court of Justice of the Isle of Man and includes any order made by any of those Courts under which a sum of money is payable;

“management”—

- (a) in relation to any of the Customs and Excise revenues, includes the administration, control, collection and enforcement of each particular revenue; and
- (b) in relation to associated control functions and agency functions includes the administration, control and enforcement of those controls, or, as the case may be, activities (and, where appropriate, the collections of any sums due);

“person” has the same meaning as in the Interpretation Act [2015](#)⁵⁷ (an Act of Tynwald);

“relief” includes exemption;

“revenue functions” means the collecting and accounting for, and otherwise managing of, the Customs and Excise revenues;

[“United Kingdom Courts” means the Tax Chamber of the First-tier Tribunal, the Tax and Chancery Chamber of the Upper Tribunal, any of the Senior Courts of England and Wales, either of the Supreme Courts of Scotland, the Court of Judicature of Northern Ireland and the Supreme Court of the United Kingdom](#)⁵⁸;

[\[...\]](#)⁵⁹

24. This Agreement supersedes the Agreement between the Governments of the United Kingdom and the Isle of Man regarding Customs and other matters dated 30 October 1957, but nothing in this Agreement affects the existing arrangements for the sharing of equal duties or of any other revenues.

[24A. The Governments acknowledge that the United Kingdom continues to be responsible for the international relations of the Isle of Man in international law. This Agreement,](#)

⁵⁶ [Definition of “the Isle of Man customs and excise service” inserted by paragraph 13 of the Customs and Excise \(Amendment\) Arrangement 2018.](#)

⁵⁷ [Date substituted by paragraph 13 of the Customs and Excise \(Amendment\) Arrangement 2018.](#)

⁵⁸ [Definition of “United Kingdom Court” inserted by paragraph 13 of the Customs and Excise \(Amendment\) Arrangement 2018.](#)

⁵⁹ [Definition](#) of “the Treasurer” omitted by paragraph 8 of the 1994 Amending Agreement.

including the Annex, cannot therefore create obligations which are binding under international law and is not intended to alter or affect the constitutional relationship between the Isle of Man and the United Kingdom.⁶⁰

25. This Agreement shall be called the Customs and Excise Agreement 1979.

This 15th day of October One thousand Nine Hundred and Seventy Nine.

FOR THE GOVERNMENT
OF THE UNITED KINGDOM
W WHITELAW

FOR THE GOVERNMENT
OF THE ISLE OF MAN
P RADCLIFFE

⁶⁰ Paragraph 25 inserted by paragraph 14 of the Customs and Excise (Amendment) Arrangement 2018.

ANNEX CONCERNING THE ESTABLISHMENT AND OPERATION OF THE UNITED
KINGDOM–CROWN DEPENDENCIES CUSTOMS UNION

1. (1) This Annex concerns the establishment and operation of the United Kingdom–Crown Dependencies Customs Union (hereinafter referred to as “the Customs Union”), the members of which are the United Kingdom, Jersey, Guernsey and the Isle of Man.

(2) This Annex, together with the relevant aspects of the 1979 Agreement, records the commitments of the Governments of the United Kingdom and the Isle of Man in relation to the Customs Union. The Jersey Arrangement records the commitments of the Government of the United Kingdom and the Government of Jersey in relation to the Customs Union, and the Guernsey Arrangement records the commitments of the Government of the United Kingdom and the Government of Guernsey in relation to the Customs Union.
2. Where necessary, the Governments will introduce legislation to implement this Annex in advance of its coming into effect.
3. (1) Goods removed to the United Kingdom from the Isle of Man—
 - (a) will be deemed for the purposes of the UK customs and excise Acts not to be imported into the United Kingdom (and will not therefore be subject to import duty), except as provided in section 8(2) of the Isle of Man Act 1979 (an Act of Parliament); and
 - (b) will be deemed for the purposes of the IoM customs and excise Acts not to be exported from the Isle of Man (and will not therefore be subject to export duty), except as provided in section 183(2) of the Customs and Excise Management Act 1986 (an Act of Tynwald).
(2) Goods removed to the Isle of Man from the United Kingdom—
 - (a) will be deemed for the purposes of the IoM customs and excise Acts not to be imported into the Isle of Man (and will not therefore be subject to import duty), except as provided in section 182(2) of the Customs and Excise Management Act 1986 (an Act of Tynwald); and
 - (b) will be deemed for the purposes of the UK customs and excise Acts not to be exported from the United Kingdom (and will not therefore be subject to export duty), except as provided in section 21(2) of the Forgery and Counterfeiting Act 1981 (an Act of Parliament).
4. Movements of goods between the United Kingdom and the Isle of Man will be free of quantitative restrictions and all measures having equivalent effect, except as permitted or required under paragraph 8 of the 1979 Agreement.
5. (1) The Isle of Man Government will apply the Customs Tariff to trade with territories not included in the Customs Union, except as permitted under paragraph 8 of the 1979 Agreement.

(2) In the event of change to the Customs Tariff, the Isle of Man Government will take all steps necessary to maintain consistency with the Customs Tariff, and in all cases will ensure that the rate of duty applicable to trade with territories not included in the Customs Union is the rate specified in the Customs Tariff.

(3) To the extent that there is any inconsistency between the preceding sub-paragraphs and paragraph 6 of the 1979 Agreement insofar as it relates to customs duty, the preceding sub-paragraphs will prevail.

6. (1) The Isle of Man Government will not impose any import duty or export duty, or any charge having equivalent effect, on movements of goods between the Isle of Man and Jersey or between the Isle of Man and Guernsey.

(2) The Isle of Man Government will not impose quantitative restrictions or any measures having equivalent effect on movements of goods between the Isle of Man and Jersey or between the Isle of Man and Guernsey, except as permitted or required under paragraph 8 of the 1979 Agreement.
7. (1) The Isle of Man Government will continue to apply import value added tax and excise duties to goods imported into the Isle of Man from Jersey and Guernsey in accordance with its commitment under paragraph 6 of the 1979 Agreement.

(2) With the exception of sub-paragraph 1, nothing in this Annex will be interpreted as making provision for value added tax or excise duty.
8. (1) The Isle of Man Government will comply with all relevant international obligations.

(2) For the purposes of sub-paragraph 1, a “relevant international obligation” is an international obligation which—
 - (a) relates to customs matters within the scope of this Annex or the relevant aspects of the 1979 Agreement; and
 - (b) extends to the Isle of Man.
(3) For the avoidance of doubt, “customs matters within the scope of this Annex or the relevant aspects of the 1979 Agreement” includes—
 - (a) import and export prohibitions and restrictions;
 - (b) customs co-operation and mutual administrative assistance; and
 - (c) import controls to the extent that they relate to safety and security.
9. (1) The United Kingdom will make provision for -
 - (a) the Commissioners to process applications for tariff information rulings and origin information rulings from persons intending to import goods from outside the Customs Union into the Isle of Man; and
 - (b) persons who have been issued such rulings to seek review of, and appeal against, them.
(2) The Isle of Man Treasury will treat as binding -
 - (a) tariff information rulings and origin information rulings issued by the Commissioners in accordance with sub-paragraph (1)(a); and
 - (b) decisions made on review and appeal in accordance with sub-paragraph (1)(b).
10. (1) Except as provided in this Annex or as may otherwise be agreed by the Commissioners and the Isle of Man Treasury, the Isle of Man Government will keep the law relating to import controls to the extent that it relates to safety and security correspondent with that of the United Kingdom and will

legislate to maintain that correspondence whenever necessary and, in particular, when changes are made in relevant United Kingdom law.

(2) Compliance with the commitment in sub-paragraph 1 will require the introduction of legislation which requires Isle of Man Courts to have due regard to the relevant decisions of United Kingdom Courts when interpreting correspondent provisions of Isle of Man law relating to import controls to the extent that it relates to safety and security.

(3) Except as may be agreed from time to time by exchange of letters between the Commissioners and the Isle of Man Treasury, the Isle of Man Government will adopt practices and procedures for the management of operations relating to import controls to the extent that they relate to safety and security corresponding to those in the United Kingdom.

11. (1) The United Kingdom Government will not require the provision of safety and security declarations in respect of movements of goods between the United Kingdom and the Isle of Man.

(2) The Isle of Man Government will not require the provision of safety and security declarations in respect of movements of goods between the Isle of Man and the United Kingdom, between the Isle of Man and Jersey or between the Isle of Man and Guernsey.

12. (1) By this paragraph in conjunction with paragraph 16 of the Jersey Arrangement and paragraph 16 of the Guernsey Arrangement, the Joint Customs Committee is hereby established. The Joint Customs Committee will consist of representatives of the Isle of Man customs and excise service, the Commissioners, the Competent Authority of Jersey and the Competent Authority of Guernsey.

(2) The Joint Customs Committee will hold at least one meeting each year, at a place and on a date with an agenda fixed by mutual consent.

(3) The Joint Customs Committee will adopt its rules of procedure.

(4) The Joint Customs Committee will function as a forum for—

- (a) the exchange of views on any points of common interest regarding the Arrangements;
- (b) reviewing the operation of the Arrangements; and
- (c) seeking appropriate ways and methods of preventing problems that might arise in areas covered by the Arrangements or of resolving disputes that may arise regarding the interpretation and application of the Arrangements.

(5) The preceding sub-paragraphs of this paragraph do not preclude bilateral discussions or correspondence between the Isle of Man customs and excise service and the Commissioners regarding any of the matters listed in sub-paragraph (4).

13. Following a request from the Isle of Man customs and excise service, the Commissioners will provide within twenty-eight calendar days, unless the Isle of Man customs and excise service and the Commissioners agree to an alternative time limit, such information as may reasonably be required by the Isle of Man Government on the operation of the Arrangements, and in particular to enable the Isle of Man customs and excise service to participate effectively in the Joint Customs Committee.

14. Where the Commissioners give notice to the Isle of Man customs and excise services, the Isle of Man customs and excise service will invite the Commissioners to visit and review its systems and facilities in order to enable the Commissioners to assess the Isle of Man's adherence to the terms of this Arrangement. Any visit under this sub-paragraph will take place on a date no more than fourteen calendar days after the Isle of Man customs and excise services receives notice from the Commissioners, or such other date as the Commissioners and the Isle of Man customs and excise service agree.
15. The definitions in paragraph 23 of the 1979 Agreement apply in respect of this Annex. In addition, for the purposes of this Annex, the following definitions apply—

“the 1979 Agreement” means the Agreement of which this Annex forms a part (as amended from time to time), but excluding this Annex;

“the Arrangements” means, collectively, this Annex together with the relevant aspects of the 1979 Agreement, the Jersey Arrangement and the Guernsey Arrangement;

“Competent Authority” means—

- (i) in Jersey, the Minister for Home Affairs or the Minister's authorised representative; and
- (ii) in Guernsey, the Committee for Home Affairs or its authorised representative;

“Customs Tariff” means the system established and maintained by HM Treasury pursuant to section 8(1) of the Taxation (Cross-border Trade) Act 2018 (UK), as modified by provision made under any of sections 9 to 15 or section 19(4) of that Act, as well as any provision made under section 39(1) of the Act for the charging of export duty, as defined in section 39(1);

“the Government of Guernsey” means the States of Guernsey;

“Guernsey” means the Bailiwick of Guernsey, which comprises the jurisdictions of Guernsey, Alderney and Sark;

“the Guernsey Arrangement” means the Arrangement between the Government of the United Kingdom and the States of Guernsey concerning the Establishment and Operation of the United Kingdom–Crown Dependencies Customs Union;

“the IoM customs and excise Acts” has the same meaning as the term “the customs and excise Acts” in the Customs and Excise Management Act 1986 (Act of Tynwald);

“Jersey” means the Bailiwick of Jersey;

“the Jersey Arrangement” means the Arrangement between the Government of the United Kingdom and the Government of Jersey concerning the Establishment and Operation of the United Kingdom–Crown Dependencies Customs Union;

“the relevant aspects of the 1979 Agreement” means paragraphs 3, 6, 8, 9, 11, 12, 14A, 16 and 21 of the 1979 Agreement, but only insofar as they relate to import duty (which includes, for the avoidance of doubt, the transit of goods and their placing under any customs procedure), export duty, import and export prohibitions and restrictions, and import controls to the extent that they relate to safety and security;

“the UK customs and excise Acts” has the same meaning as the term “the customs and excise Acts” in the Customs and Excise Management Act 1979 (an Act of Parliament).

16. Notwithstanding paragraph 22 of the 1979 Agreement, where the Isle of Man Government has, following consultation, informed the Government of the United Kingdom that it does not wish for an international obligation which is necessary to deliver the common external tariff to apply to the Isle of Man, this Annex, together with the relevant aspects of the 1979 Agreement, will cease to have effect from the time that the international obligation comes into force.