



BA GUIDE:

Brexit - the "deal" and how it affects tariffs on cycle industry goods

Welcome

The BA Guides are a series of concise documents aiming to offer definitive information on matters of interest to the UK cycle industry. BA Guides are available as free downloads on the Bicycle Association website for reference by the wider industry, media and general public, while more detailed and specific material is reserved for Bicycle Association member companies.

This Guide was produced by the Bicycle Association Technical Service. Please note that the Bicycle Association Technical Service cannot give formal legal, financial or insurance advice. Any business or technical decision you may take based on our advice is entirely at your own risk. All information given, especially that related to regulations, laws etc., is a summary of our best understanding of what the law requires, but ultimately the interpretation of the law is a matter for the courts based on the individual facts of any particular case. You are therefore advised to consult the relevant legislation yourself and, if necessary, to seek independent advice on specific legal questions.



Menu

- 1 THE UK-EU DEAL 4
 - 1.1 RULES OF ORIGIN – THE DETAILS 5
 - 1.1.1 E-BIKES 6
 - 1.1.2 BIKES 7
 - 1.1.3 PARTS AND ACCESSORIES 8
 - 1.2 CLAIMING THE ZERO TARIFFS RATE AND FURTHER GUIDANCE 9

UK-EU deal: overview

The full 1246-page text of the UK-EU Trade and Co-operation Agreement (TCA) [can be downloaded here](#). Note that an updated version of that text is available, but it has no substantial changes and the page numbers below refer to the older document linked above.

Basically, the ‘deal’ specifies that goods can move between GB and EU with zero tariffs, but only if the goods “originate” in the UK or EU. Essentially the idea is that only goods which have significant value added in either EU or UK (or a combination of UK and EU) get the zero tariffs. Goods ‘just’ imported from elsewhere do not.

The “deal” includes specific origin requirements for particular tariff code (HS) headings. The key ones for the cycle industry are 8711 which includes e-bikes, 8712 for conventional bikes, and 8714 for parts and accessories of bikes or e-bikes. These are detailed below.

Some companies will deal in goods under different tariff headings – for example tyres or clothing – and for these, staff would need to check the treaty text to see which rules of origin apply to qualify for the zero tariffs.

UK-EU deal: Rules of Origin

1.1 Rules of origin – the details

The rules of origin are set out from page 415 of the main treaty document linked above. Abbreviations, definitions and calculation methods are detailed on pages 416-417. For the tariff headings with specific rules relevant to bikes and e-bikes, see page 467. See also page 30 for the “**insufficient processing**” list – operations such as re-packaging and re-labelling which cannot alone affect origin.

Although the original treaty text may seem complex, it is the definitive source, and any business trading between UK and EU will find it well worth following the references above, rather than relying only on third party interpretations.



UK-EU deal: E-bikes

1.1.1 E-bikes (in tariff heading 8711)

For e-bikes the origin rule has two parts, and either can be met to qualify for the zero tariffs.

If the e-bike is created within either the UK or EU entirely from items of a different four-digit tariff heading (“CTH” in the language of the treaty)

Or if the value of the non-EU or UK-sourced parts used to assemble it makes up no more than 50% of the ex-works price (“MaxNOM 50%” in the language of the treaty)



Implications:

The first rule means that e-bikes assembled within the EU or UK, regardless of how many non-EU or non-UK parts are used, will qualify for zero tariffs when moved to GB, and vice versa, because the parts used to assemble them are from different tariff heading to the complete e-bike (the parts will mainly be from the 8714 tariff heading). For e-bikes not assembled in the EU or UK, it may still be possible for them to meet the second rule if significant components (e.g. the e-bike drive system) are of EU or UK origin.

UK-EU deal: Bikes

1.1.2 Bikes (in tariff heading 8712)

The rule for conventional bikes is just a single provision:

The value of the non-EU or UK-sourced parts used to assemble the bike must make up no more than 45% of the ex-works price



Implications:

For bikes assembled in mainland Europe or the UK from mostly imported parts, it may be difficult to stay below the 45% threshold. If that is the case, when moved between EU and GB, a 14% tariff will be payable. It may be possible for the EU or UK factory to increase the percentage of EU or UK-sourced parts, or to add increased value in the assembly or finishing processes, to meet the 45% limit and hence get zero tariffs again.

UK-EU deal: parts and accessories

1.1.3 Parts and accessories (in tariff heading 8714)

As with e-bikes, the rule here has two parts:

If the part or accessory is created within either the UK or EU entirely from items of a different four-digit tariff heading

Or if the value of the non-EU or UK-sourced parts used to assemble the part or accessory makes up no more than 50% of the ex-works price



Implications:

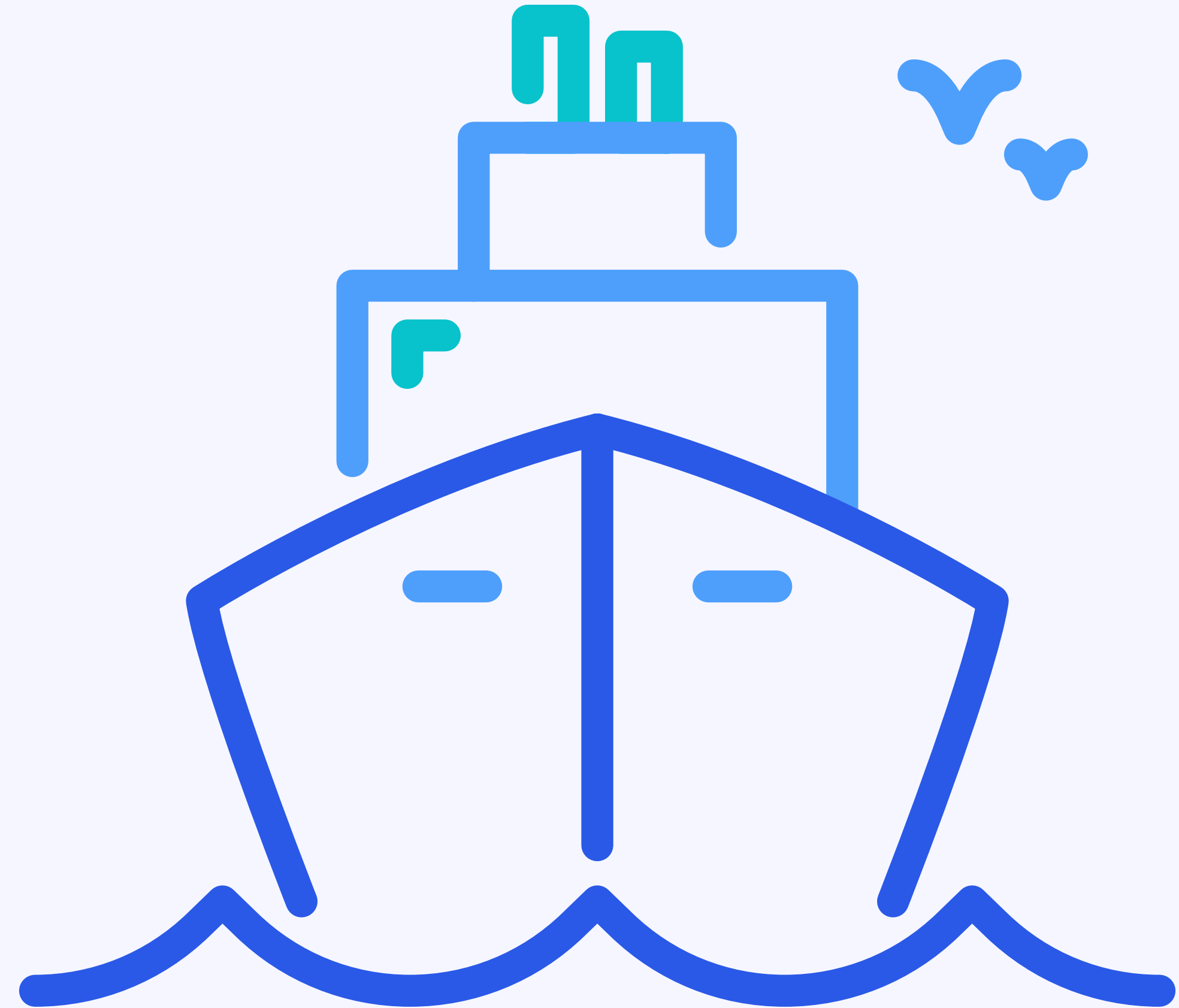
Neither rule will be easy to meet for many imported components and service items. So tariffs (usually at 4% to enter GB, 4.7% to enter EU for items in the 8714 heading) are likely to apply when moving between territories. Of course manufacturers based in UK or EU who make parts from raw materials can satisfy the first rule (because the raw materials will fall under a different tariff heading to the manufactured parts).

UK-EU deal: claiming zero tariffs

1.2 Claiming the zero tariffs rate and further guidance

Guidance on how to claim zero tariffs on shipments between UK and EU [is here](#) – but if you use a freight forwarder or carrier / postal service also do check with them to ensure you provide whatever their system needs.

Further detailed Government guidance on origin [is available here.](#)





THANK YOU!