



Department for  
International Trade



HM Revenue  
& Customs

**Rules of Origin: Maximising  
Low Tariff Rate with the UK-  
Australia FTA**



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# UK-AUS Free Trade Agreement

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A world class partnership

UK's first FTA from scratch



# What are Rules of Origin?

*'the means by which we determine where goods **originate**, i.e. not where they have been shipped from, but where they are deemed to have been produced or manufactured'*

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In other words, Rules of Origin (RoO) are rules used to determine the 'economic nationality' of a good





# Rules of Origin in the FTA

## A Rules of Origin Chapter consists of:

Product Specific Rules  
(PSRs)

General Provisions

Origin Procedures

- Goods qualify for the preferential tariffs agreed under the FTA if they meet the criteria laid out in the RoO chapter.

What should you look at:

- PSRs - lists all the specific rules for every good (by HS code)
- General Provisions - these are textual articles which define the overarching rules.
- Origin Procedures - sets out the administrative side of RoO - how traders claim and prove origin and how customs authorities verify origin.

<https://www.gov.uk/government/publications/uk-australia-fta-chapter-4-rules-of-origin-and-origin-procedures>



# Product Specific Rules

## Change in Tariff Classification

		CHAPTERS, SUBHEADINGS AND CONCENTRATES THEREOF	
21	2102	Yeasts (active or inactive); other single-cell micro-organisms, dead (but not including vaccines of heading 3002); prepared baking powders	
21	2102.10	- Active yeasts	CC
21	2102.20	- Inactive yeasts; other single-cell micro-organisms, dead	CC
21	2102.30	- Prepared baking powders	CC
21	2103	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard	
21	2103.10	- Soya sauce	CTH
21	2103.20	- Tomato ketchup and other tomato sauces	CTH
21	2103.30	- Mustard flour and meal and prepared mustard	CTH
21	2103.90	- Other	CTSH
21	2104	Soups and broths and preparations therefor; homogenised composite food preparations	
21	2104.10	- Soups and broths and preparations therefor	CTSH
21	2104.20	- Homogenised composite food preparations	CTSH
21	2105.00	Ice cream and other edible ice, whether or not containing cocoa	CTH

Chapter: **21**

Change in Chapter:

**2001 → 2102**

Tariff Heading: **2103**

Change in tariff heading:

**2102 → 2103**

**2002 → 2103**

Tariff Subheading: **2104.10**

Change in tariff subheading:

**2104.10 → 2104.20**

**0207.13 → 2104.10**



# Product Specific Rules

## Regional Value Content (RVC)

- Calculates how much of a goods value comes from originating/non-originating materials
- In the UK-AUS FTA we have looked to simplify calculations whilst still providing options for producers/traders:

### 1. Build-Up Method

$$RVC = \frac{\text{value of originating materials}}{\text{value of the good}} \times 100$$

### 2. Build-Down Method

$$RVC = \frac{\text{value of the good} - \text{value of non - originating materials}}{\text{value of the good}} \times 100$$

85	8502.31	- Other generating sets: wind-powered	RVC40 or CTH
85	8502.39	- Other generating sets: other	RVC40 or CTH
85	8502.40	- Electric rotary converters	RVC40 or CTH
85	8503.00	Parts suitable for use solely or principally with the machines of heading 8501 or 8502	RVC40 or CTH
85	8504	Electrical transformers, static converters (for example, rectifiers) and inductors	
85	8504.10	- Ballasts for discharge lamps or tubes	RVC40 or CTH
85	8504.21	- Liquid dielectric transformers: having a power handling capacity not exceeding 650 kVA	RVC40 or CTH
85	8504.22	- Liquid dielectric transformers: having a power handling capacity exceeding 650 kVA but not exceeding 10,000 kVA	RVC40 or CTH



## CTC Example: Cosmetic/Personal Care Products

33	3301.12	- Essential oils of citrus fruit: of orange	RVC40 or CTSH
33	3301.13	- Essential oils of citrus fruit: of lemon	RVC40 or CTSH
33	3301.19	- Essential oils of citrus fruit: other	RVC40 or CTSH
33	3301.24	- Essential oils other than those of citrus fruit: of peppermint ( <i>Mentha piperita</i> )	RVC40 or CTSH
33	3301.25	- Essential oils other than those of citrus fruit: of other mints	RVC40 or CTSH
33	3301.29	- Essential oils other than those of citrus fruit: other	RVC40 or CTSH

33	3305	Preparations for use on the hair	
33	3305.10	- Shampoos	RVC40 or CTH
33	3305.20	- Preparations for permanent waving or straightening	RVC40 or CTH
33	3305.30	- Hair lacquers	RVC40 or CTH
33	3305.90	- Other	RVC40 or CTH

- PSR for Shampoo is RVC40 or CTH
- This means origin status can be achieved either by:
  1. RVC40 - 40% of the shampoos' value comes from the UK/Australia.
  2. CTH - Shampoo can be made using non-originating materials from any heading other than 3305.
- The shampoo could therefore be considered originating if non-originating peppermint essential oils were used in its production as they would change from heading 3301 to 3305.





## RVC Example: Electronic Integrated Circuits

85	8542	Electronic integrated circuits	
85	8542.31	- Electronic integrated circuits: processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits	RVC40 or CTSH
85	8542.32	- Electronic integrated circuits: memories	RVC40 or CTSH
85	8542.33	- Electronic integrated circuits: amplifiers	RVC40 or CTSH
85	8542.39	- Electronic integrated circuits: other	RVC40 or CTSH

- In the UK-AUS FTA, the PSR for electronic integrated circuits is RVC40 or CTSH.
- For example, a singular circuit amplifier (8542.33) may be produced using components sourced from the UK at a value of 50p, and South-East Asia at a value of 80p, with the total value of the product being £1.30.

Build-Up Method =  $0.50 / 1.30 \times 100$

**OR**

**=**

**38% Originating** (Does not confer originating status) **✗**

Build-Down Method =  $1.30 - 0.8 / 1.30 \times 100$



# General Provisions

General Provisions provide the guiding principles and conditions for acquiring originating status and how origin should be determined in specific instances.

## Regional Value Content (RVC)

UK-AUS FTA:

- 1) The build-up method (the maximum non-originating content allowed to meet origin)
- 2) The build-down method (the minimum domestic content required to meet origin)

## Packaging Materials

CTC rule = Packaging materials origin is not considered

RVC = Packaging materials are taken into account as originating or non-originating

## Non-Alteration

Enables goods to maintain originating status when transported between parties via a non-party

For UK-AUS, this only applies if the goods are not released into free circulation within the non-party



# Origin Procedures

## Proof of Origin:

Traders may take advantage of modern RoO facilitations. The importer has a choice to claim on the basis of:

### Declaration of Origin:

- Takes the form of a self-issued certification of origin completed by the exporter or producer.
- Same type of self-certification that is used in UK-EU TCA and UK-JP EPA.
- The exporter or producer must comply with minimum data elements, but does not have to follow a prescribed structure (no template required)

or

### Importer's Knowledge:

- The importer may claim on the basis of Importer's Knowledge, without needing to complete a Declaration of Origin:
  - Importers claim in the same way as they can do so in UK-EU TCA and UK-JP EPA.
  - The claim is based on the importer possessing evidence and/or documentation demonstrating that the good qualifies as originating.
  - The importer must hold this evidence at the time the claim is made.



# Origin Procedures

## Waiver of the requirement to complete a declaration of Origin:

- A declaration of origin shall be waived on Australian originating goods imported to the UK in the following circumstances:
  - The importer is claiming on the basis of importer's knowledge; or
  - The importation does not exceed £1,000 in customs value
- The waiver limit applies to any good and exempts traders from completing an origin declaration.
- However, traders must ensure that the good complies with the requirements provided for in the Origin Procedures Chapter – and can demonstrate this.
- A different waiver limit may apply for UK originating goods imported into Australia.



# Origin Procedures

## Record Keeping:

- Traders must keep documentation for a minimum of four years, notwithstanding any other domestic requirements.
- The documentation may be required by the customs authority of the importing or exporting authority for verification purposes.
- Importers may be subject to a request for information from the importing authority.
- Exporters and Producers may be subject to a request for information from the importing authority. In some cases, a request for a site visit may be issued by the exporting authority.



## Summary: How to trade using lower tariffs?

Access to  
preferential tariffs



Check that your product  
meets the RoOs



Paperwork to prove you  
meet the rule of origin

### UK businesses exporting to Australia

Use **Check How to Export Goods (CHEG)** <https://www.check-duties-customs-exporting-goods.service.gov.uk/selectdest>

### Australian Businesses exporting to the UK

Use **Trade with the UK (TWUK)** <https://www.gov.uk/get-rules-tariffs-trade-with-uk>



# Summary: How to trade using lower tariffs?

Last updated 20 Jan 2022, 12:24 p.m.

Section VI: Products of the chemical or allied industries

↳ <a href="#">Essential oils and resinoids; perfumery, cosmetic or toilet preparations</a>	33				
↳ <a href="#">Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations</a>	33	04			
↳ <b>Lip make-up preparations</b>	33	04	10	00	00

▶ [Notes](#)

**!** If you are exporting to Northern Ireland, tariffs, charges, rules of origin and regulations may be different from the rest of the UK\*.

[View the charges, rules and regulations for exports to Northern Ireland](#)

\*If you are exporting to the rest of the UK with subsequent transportation to Northern Ireland, additional rules will apply for certain goods at the point when they are moved to Northern Ireland.

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# Summary: UK-AUS FTA RoO Benefits

## Flexible and Facilitative RoO



Modern and trade facilitative - e.g. a liberal Product Specific Rule for finished autos.



Rules that reflect international supply chains and industry practices, providing opportunities for UK and Australian businesses to source inputs from new suppliers whilst still exporting under the FTA.



Sensitive UK sectors such as dairy and fish are protected from unreasonable practices conferring origin, with only products genuinely produced in the UK and Australia benefitting from preferential tariffs.



Removed 'insufficient transformation' requirements.

## Minimised Admin Requirements



Barriers and red tape UK and Australia exporters face when shipping products to each other have been minimised. Both countries have worked to make the rules as easy as possible for traders to understand, with minimising onerous paperwork for traders.



Exporters and Producers will have the opportunity to self-certify, without having to rely on a certificate of origin issued by a competent authority.



Importers will have the opportunity to self-certify using importer's knowledge, instead of relying on a declaration of origin completed by an exporter or producer



Simple Build-up and Build-down calculation methods of determining originating status by regional value content (RVC).