



Department for
Business, Energy
& Industrial Strategy

TCA Rules of Origin - Supplier Declarations

Preparing for the end of easements

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What is a supplier declaration?

Supplier declarations are used to provide evidence of the originating status of goods. They are made out by the business supplying goods or materials that will be incorporated into final goods, that are then exported, to evidence their originating status. In the event of verification by a customs authority, you may need to provide evidence from suppliers (via a supplier declaration) about the origin of your inputs.

By completing a supplier declaration, the supplier declares the originating status of the goods they provide to their customer (the importer), who needs this information to make out a statement on origin

They can also be issued to accompany non-originating materials or goods exported from the UK to evidence any production that has been applied to those goods in the UK. Even though the goods are non-originating, the EU importer may count the UK production towards making an originating product for return to the UK under preference in accordance with the provisions on full bilateral cumulation. The same can be applied to materials or goods imported from the EU.

How to claim preference?

To claim preference (zero tariffs) in the TCA, products must meet their Product Specific Rule of Origin (PSR) outlined in the UK/EU Trade and Continuity agreement (pg.423). A PSR ensures that materials or parts needed to produce a product meet Rules of Origin requirements. This is achieved through either one of the four most common rules under the agreement: *Wholly Obtained*, *Change in Tariff Heading*, *Value Added*, or *Special Processing Rule*.

In the event of verification activity, you may need to provide evidence from suppliers (a supplier declaration) to support a claim for preferential tariff treatment on your goods.

When are supplier declarations needed?

There are occasions where manufacture on its own is not enough to meet the Rule of Origin, and suppliers' declarations are needed. For example, if:

- any materials do not change tariff heading
- the value of materials is over the specified limit, for example the origin rule may specify a percentage limit of 40% for non-originating materials, and the total value of materials used is 45% of the ex-works price — you will then need suppliers' declarations to cover the value of materials in excess of the limit, that is, 5% of the ex-works price
- you manufacture using materials at a later stage of production than that specified, for example using bought-in fabric where the origin rule is manufacture from yarn
- the only processing which you carry out on a product is considered 'insufficient production'

When are supplier declarations not needed?

There are certain circumstances where a declaration will not be needed, for example when:

- an origin rule specifies that all non-originating materials must change tariff heading (*if during manufacture, all materials change tariff heading then the rule is met without the need for any supplier declarations*)
- a percentage rule specifies a limit on the value of non-originating materials (for example, 30% or 40%), if the total value of all materials is within this limit, then the rule will be met

An origin rule may specify manufacture from materials at a certain stage of production, for example manufacture from yarn, if you manufacture using materials at or before the specified stage (for example pre yarn) then the rule will be met automatically.

Example: When supplier declarations are needed

Product
Spark-ignition reciprocating or rotary internal combustion piston engines (84.07.31)
Rule
<u>MaxNOM 50 % of EXW (Ex Works Price)</u> : The MaxNom 50% of Ex Works Price is a value-add rule, this means the value of the final product must not exceed a certain percentage.
Explanation
Application of the MaxNOM 50% of the Ex-Works Price means that any non-originating inputs which make up the final value of the product must not exceed 50%. Meaning, if inputs are brought in to incorporate the production of this good, a supplier declaration could then be used by the importer to claim preference as it will outline non-originating inputs to their final product.

The next example below is similar in nature but also provides another option that is common for manufactured goods, called the Change in Tariff Subheading rule (CTH). When the CTH rule is applied and all non-originating inputs change tariff heading during manufacturing, there will be no need for a supplier declaration as the product-specific rule has been met through manufacturing alone.

Product
Polymers of ethylene, in primary forms, of having a specific gravity of less than 0,94 (HS 39.01.10).
Rule
<u>MaxNOM 50% EXW (Ex-Works Price) OR Change in Tariff Subheading (CTSH):</u> Non-originating inputs must make up less than 50% of the final ex-works value of the product OR non-originating inputs must be classified in a different sub heading of the Harmonised System (6-digit HS code).
Explanation
<p>The MaxNOM 50% rule means that your product must not exceed 50% of non-originating inputs. A supplier declaration may be required to evidence the content of the non-originating parts for this product.</p> <p>Alternatively, if all non-originating inputs used in production of the product change subheading , the CTSH rule has been met and a supplier declaration will not be required.</p>

In the above examples, you would use the format for [supplier declaration](#) for products having preferential origin status. This may be part of a domestic transaction from supplier to manufacturer or exporter in the UK. Each consignment of goods can have a separate supplier declaration, or a long-term supplier declaration can be used. The format for both can be found [here](#).

If the processing undertaken meets the PSR regardless of the origin of the input materials or parts, you will not need information from your suppliers.

For instance, if a PSR requires a Change of Tariff Heading (CTH) or Change of Tariff Subheading (CTSH) and your non-originating product/materials come from a different chapter heading / subheading to your final product, you will not require suppliers' declarations. The origin of those materials or parts is not relevant as you have met the processing requirement. See the example below:

Product
Aluminium waste and scrap (HS 7602).
Rule
<u>Change in Tariff heading (CTH):</u> Non-originating inputs used in production of the aluminium waste and scrap must be classified in a different heading of the Harmonised System (HS code).
Explanation
The CTH rule requires a Change in Tariff Heading. If the non-originating inputs are classified in a different 4 digit HS code to the final product, then the product will be considered originating regardless of its inputs and a supplier declaration would not be needed.

More Useful Links

- **How to claim preferential (zero) tariffs when trading with the EU:** <https://www.gov.uk/guidance/claiming-preferential-rates-of-duty-between-the-uk-and-eu-from-1-january-2021>
- **Full guidance on Rules of Origin when trading with the EU:** <https://www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu-from-1-january-2021>
- **Contact the Export Support Service:** <https://www.gov.uk/ask-export-support-team>
- **Online tool to check which Rules of Origin apply to your exports:** <https://www.gov.uk/check-duties-customs-exporting>
- **Online tool to check which Rules of Origin apply to your imports:** <https://www.gov.uk/trade-tariff>
- **For help on importing & exporting, contact HMRC using the guidance here:** <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/customs-international-trade-and-excise-enquiries>
- **Information on staged customs controls when importing into the UK:** <https://www.gov.uk/government/publications/the-border-operating-model>
- **Information on delaying declaration on EU goods:** <https://www.gov.uk/guidance/delaying-declarations-for-eu-goods-brought-into-great-Britain>
- **Guidance on insufficient production:** <https://www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu/5-insufficient-production-for-manufacturing-and-agri-food-processes>