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BORDER FORCE

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Australia-United Kingdom Free Trade Agreement (A-UKFTA) Rules of Origin

Guide to claiming preferential rates of customs duty
under A-UKFTA for goods imported into Australia

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1 Overview

1.1 Purpose

- 1.1.1 This Guide explains how to determine whether goods that are imported into Australia from the United Kingdom are eligible for preferential rates of customs duty under *the Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland*, more commonly referred to as the Australia-United Kingdom Free Trade Agreement (the Agreement or A-UKFTA) as in force from 31 May 2023, in accordance with the *Customs Act 1901* and A-UKFTA Regulations.

1.2 Coverage of the Guide

- 1.2.1 This Guide deals with origin issues as they relate to A-UKFTA.
- 1.2.2 A-UKFTA was signed virtually on 17 December 2021 by the Hon Dan Tehan MP, Minister for Trade, Tourism and Investment and the Rt Hon Anne-Marie Trevelyan MP, Secretary of State for International Trade.
- 1.2.3 The implementing legislation received the Royal Assent on 23 November 2022 and entered into force on 31 May 2023.
- 1.2.4 Importers may claim preferential rates of customs duty for eligible goods in accordance with the Agreement on the basis that importers can satisfy the requirements contained in Division 1P of Part VIII of the *Customs Act 1901*. The eligible goods are referred to under Division 1P as 'UK originating goods'.
- 1.2.5 Further information is also available at [the Australian Border Force A-UKFTA webpage](#) and on [the Department of Foreign Affairs and Trade's A-UKFTA website](#).
- 1.2.6 The Department of Foreign Affairs and Trade has published the [Guide to using the A-UKFTA to export and import goods](#).
- 1.2.7 Questions relating to the treatment of UK originating goods that have not been entered for home consumption seeking to claim preferential rates of customs duty in Australia should be directed to: origin@abf.gov.au.
- 1.2.8 Questions concerning refunds under A-UKFTA that are not covered by Section 9.6 of this Guide should be directed to: nationalrefunds@abf.gov.au

1.3 Import declaration codes

- 1.3.1 Before making a claim for preferential rates of customs duty, importers must take reasonable care to ensure that their goods meet the relevant rules of origin (ROO) and do not breach the consignment rules of the Agreement. The codes that must be input into the Integrated Cargo System (ICS) or noted on the appropriate hard-copy form (e.g. B650 N10, Import Declaration) to claim preferential rates of customs duty for UK originating goods are:

ICS field*	Code	Description	Legislative reference
Preference Scheme Type	UKTA	Australia-United Kingdom Free Trade Agreement	Customs Act, Division 1P
	WO	Goods wholly obtained or produced in a Party	Customs Act, Division 1P, Subdivision B
Preference Rule Type	PE	Goods produced from originating materials	Customs Act, Division 1P, Subdivision C
	PSR	Goods produced from non-originating materials	Customs Act, Division 1P, Subdivision D UK Regulations
Preference Origin Country	GB	United Kingdom	

- 1.3.2 The code to obtain a refund for overpaid duties under A-UKFTA is:

Refund Reason Code	Item	Description	Conditions
23A19	19	UK originating goods	Duty has been paid on the goods.
	20	Goods that would have been UK originating goods if, at the time the goods were imported, the importer held: (a) a declaration of origin (within the meaning of subsection 153ZRB(1) of the Act), or a copy of one, for the goods; or (b) Other documentation to support that the goods are originating	Duty has been paid on the goods and, at the time of making the application for the refund, the importer holds: (a) A declaration of origin (within the meaning of subsection 153ZRB(1) of the Act), or a copy of one, for the goods; or (b) Other documentation to support that the goods are originating.

- 1.3.3 Refund circumstances are set out in Items 19 and 20 of the table in section 23 of the [Customs \(International Obligations\) Regulation 2015](#).
- 1.3.4 More information about refunds is including in Section 9.6.

1.4 Abbreviations

1.4.1 The following abbreviations and terminology are used throughout this Guide:

Abbreviation	Description
Agreement or A-UKFTA	<i>The Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland</i> done on 17 December 2021, as amended and in force for Australia from time to time.
ABF	Australian Border Force
ACN	Australian Customs Notice
Build-down Method	Based on the Value of Non-Originating Materials
Build-up Method	Based on the Value of Originating Materials
CC	change of chapter
CTC	change in tariff classification
CTH	change of tariff heading
CTSH	change in tariff subheading
Customs Act	<i>Customs Act 1901</i>
Customs (International Obligations) Regulation	<i>Customs (International Obligations) Regulation 2015</i>
DOO	declaration of origin
FTA	free trade agreement
FF	Means that the good must undergo a change from fabric that is constructed but not further prepared or finished provided that it is dyed or printed and undergoes at least one preparatory or finishing processes in the territory of one or both of the Parties to render it directly usable
HS	Harmonized Commodity Description and Coding System
ICS	Integrated Cargo System
PE	Goods produced entirely from originating materials only
PSR	product specific rule(s) of origin
ROO	rule(s) of origin
RVC	regional value content
Tariff Act	<i>Customs Tariff Act 1995</i>

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Abbreviation	Description
Tariff Regulations	<i>Customs Tariff Regulations 2004</i>
UK Regulations	<i>Customs (United Kingdom Rules of Origin) Regulations 2022</i>
VNM	value of non-originating materials
VOM	value of originating materials
WO	wholly obtained or produced
Working Tariff	Combined Australian Customs Tariff Nomenclature and Statistical Classification

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2 Legislation

2.1 General outline of legislation

2.1.1 The following documents contain the requirements for claiming preferential rates of customs duty under A-UKFTA for goods imported into Australia:

- Combined Australian Customs Tariff Nomenclature and Statistical Classification, commonly known as the ‘Working Tariff’
- Customs Tariff Act 1995 (Tariff Act)
 - Schedule 15 – UK originating goods
- Customs Act 1901 (Customs Act)
 - Division 1P of Part VIII – UK originating goods
 - Division 4M of Part VI – Verification powers – Exportation of goods to the United Kingdom
- Customs (United Kingdom Rules of Origin) Regulations 2022 (UK Regulations)
- Customs (International Obligations) Regulation 2015 (the Customs (International Obligations) Regulation)
 - Section 23 – Circumstances for refunds, rebates and remissions of duty

2.2 A-UKFTA treaty text

2.2.1 The most pertinent chapters of A-UKFTA for the purposes of importing or exporting UK originating goods to or from Australia are the following:

- Chapter 1 – Initial Provisions and General Definitions
- Chapter 2 – Trade in Goods
- Chapter 4 – Rules of Origin
 - Annex 4A. Data Requirements
 - Annex 4B. Product Specific Rules
- Annex 2A — Tariff Commitments
 - Part 2A-1 Notes to Schedule of Australia
 - Part 2A-2 Schedule of Tariff Commitments of Australia

2.2.2 These texts are available under “Australia-UK FTA official text” from [the Department of Foreign Affairs and Trade A-UKFTA webpage](#) or at [\[2023\] ATS 1 in the Australian Treaty Series on AustLII](#).

3 Definitions

3.1 The Customs Act

- 3.1.1 This Part sets out the important definitions in section 153ZRB of the Customs Act that are relevant in determining whether goods are United Kingdom originating goods.
- 3.1.2 **Agreement** means the Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland, done on 17 December 2021, as amended from time to time.¹
- 3.1.3 **aquaculture** has the meaning given by Article 4.1 of Chapter 4 of the Agreement.
- 3.1.4 **Australian originating goods** means goods that are Australian originating goods under a law of the United Kingdom that implements the Agreement.
- 3.1.5 **Convention** means the International Convention on the Harmonized Commodity Description and Coding System done at Brussels on 14 June 1983, as in force from time to time.²
- 3.1.6 **customs value of goods** has the meaning given by section 159.
- 3.1.7 **declaration of origin** means a declaration that is in force and that complies with the requirements of Article 4.18 of Chapter 4 of the Agreement.
- 3.1.8 **enterprise** has the meaning given by Article 1.4 of Chapter 1 of the Agreement.
- 3.1.9 **Harmonized Commodity Description and Coding System** means the Harmonized Commodity Description and Coding System that is established by or under the Convention.
- 3.1.10 **Harmonized System** means:
- (a) the Harmonized Commodity Description and Coding System as in force on 1 January 2017; or
 - (b) if the table in Annex 4B to Chapter 4 of the Agreement is amended or replaced to refer to Chapters, headings and subheadings of a later version of the Harmonized Commodity Description and Coding System—the later version of the Harmonized Commodity Description and Coding System.
- 3.1.11 **indirect materials** means:
- (a) goods or energy used in the production, testing or inspection of goods, but not physically incorporated in the goods; or
 - (b) goods or energy used in the maintenance or operation of equipment or buildings associated with the production of goods;
- including:
- (c) fuel (within its ordinary meaning), catalysts and solvents; and
 - (d) gloves, glasses, footwear, clothing, safety equipment and supplies; and

¹ Note 1: The Agreement could in 2022 be viewed in the Australian Treaties Library on the AustLII website (<http://www.austlii.edu.au>).

² Note 2: The Convention is in Australian Treaty Series 1988 No. 30 ([1988] ATS 30) and could in 2022 be viewed in the Australian Treaties Library on the AustLII website (<http://www.austlii.edu.au>).

- (e) tools, dies and moulds; and
 - (f) spare parts and materials; and
 - (g) lubricants, greases, compounding materials and other similar goods.
- 3.1.12 **Interpretation Rules** means the General Rules (as in force from time to time) for the Interpretation of the Harmonized System provided for by the Convention.
- 3.1.13 **non-originating materials** means goods that are not originating materials.
- 3.1.14 **non-party** has the same meaning as it has in Chapter 4 of the Agreement.
- 3.1.15 **originating materials** means:
- (a) UK originating goods that are used in the production of other goods; or
 - (b) Australian originating goods that are used in the production of other goods; or
 - (c) recovered goods derived in the territory of Australia, or in the territory of the United Kingdom, and used in the production of, and incorporated into, remanufactured goods; or
 - (d) indirect materials.
- 3.1.16 **person of the UK** means:
- (a) a national within the meaning, so far as it relates to the United Kingdom, of Article 1.4 of Chapter 1 of the Agreement; or
 - (b) an enterprise of the United Kingdom.
- 3.1.17 **production** has the meaning given by Article 4.1 of Chapter 4 of the Agreement.
- 3.1.18 **production value** of goods has the meaning given by Article 4.1 of Chapter 4 of the Agreement.
- 3.1.19 **recovered materials** means materials comprising one or more individual parts that:
- (a) have resulted from the disassembly of used goods; and
 - (b) have been cleaned, tested or processed as necessary for improvement to sound working condition.
- 3.1.20 **remanufactured goods** means goods that:
- (a) are classified to any of Chapters 84 to 90 (other than heading 87.02, 87.03, 87.04 or 87.05, 87.11 or 87.16 or subheading 8701.20), or to heading 94.02, of the Harmonized System; and
 - (b) are entirely or partially comprised of recovered materials; and
 - (c) have a similar life expectancy, working condition and performance to new goods:
 - (i) that are so classified; and
 - (ii) that are not composed of any recovered materials; and
 - (d) have been given a warranty that in substance is the same as that applicable to such new goods.
- 3.1.21 **territorial sea** has the same meaning as in the Seas and Submerged Lands Act 1973.
- 3.1.22 **territory of Australia** means territory within the meaning, so far as it relates to Australia, of Article 1.4 of Chapter 1 of the Agreement.
- 3.1.23 **territory of the United Kingdom** means territory within the meaning, so far as it relates to the United Kingdom, of Article 1.4 of Chapter 1 of the Agreement.

3.1.24 **UK originating goods** means goods that, under this Division, are UK originating goods.

4 Rules of origin principles under A-UKFTA

4.1 Goods covered by A-UKFTA

- 4.1.1 This Agreement covers all goods imported into Australia from the United Kingdom that are UK originating goods.
- 4.1.2 Paragraph 16(1)(u) of the Tariff Act provides that the preferential rate of customs duty for UK originating goods is Free unless the goods are classified to a heading or subheading in Schedule 3 that is specified in column 2 of an item in the table in Schedule 15.
- 4.1.3 Section 16A of the Tariff Act further provides that despite the preferential rates of customs duty specified in paragraph 16(1)(u) of the Tariff Act, the Minister by notice, may specify a period where the general rate of customs duty applies to safeguard goods where the United Kingdom maintains a global safeguard on Australian originating goods of Chapter 72 or 73 of the Harmonized System.
- 4.1.4 Safeguard goods for the purpose of Section 16A of the Tariff Act means UK originating goods that are classified to a heading or subheading in Schedule 3 that is specified in column 2 of any of items 150 to 238 in the table in Schedule 15.
- 4.1.5 Further details on Safeguard goods is provided in section 8.8 of this Guide.

4.2 Geographical area covered by the Agreement

- 4.2.1 The Agreement covers the territories of Australia and the United Kingdom. Article 1.4 of Chapter 1 of the Agreement defines the territory for Australia as:
 - (i) excluding all external territories other than the Territory of Norfolk Island, the Territory of Christmas Island, the Territory of Cocos (Keeling) Islands, the Territory of Ashmore and Cartier Islands, the Territory of Heard Island and McDonald Islands, and the Coral Sea Islands Territory; and
 - (ii) including Australia's territorial sea, contiguous zone, exclusive economic zone and continental shelf over which Australia exercises sovereign rights or jurisdiction in accordance with international law, particularly the United Nations Convention on the Law of the Sea, done at Montego Bay on 10 December 1982;
- 4.2.2 Article 1.4 of Chapter 1 of the Agreement defines the territory for the United Kingdom:
 - (i) the territory of the United Kingdom of Great Britain and Northern Ireland including its territorial sea and airspace;
 - (ii) all the areas beyond the territorial sea of the United Kingdom, including the sea-bed and subsoil of those areas, over which the United Kingdom may exercise sovereign rights or jurisdiction in accordance with international law;
 - (iii) the Bailiwicks of Guernsey and Jersey and the Isle of Man (including their airspace and the territorial sea adjacent to them), territories for whose international relations the United Kingdom is responsible, as regards:
 - (A) Chapter 2 (Trade in Goods);
 - (B) Chapter 4 (Rules of Origin and Origin Procedures);
 - (C) Chapter 5 (Customs Procedures and Trade Facilitation);

- (D) Chapter 6 (Sanitary and Phytosanitary Measures); and
- (E) Chapter 25 (Animal Welfare and Antimicrobial Resistance);
- (iv) any territory for whose international relations the United Kingdom is responsible and to which this Agreement is extended in accordance with Article 32.4 (Territorial Extension – Final Provisions);

4.3 Rules of origin and UK originating goods

- 4.3.1 ROO are essential for determining whether imported goods are eligible for claiming the preferential rates of duty available under A-UKFTA. ROO define the methods for ascertaining whether a good has undergone sufficient work or processing, or substantial transformation in its production, to obtain the benefits under A-UKFTA. ROO preclude goods made in other countries from obtaining a benefit by merely transiting through Australia or the United Kingdom.
- 4.3.2 A-UKFTA originating goods are those that satisfy the requirements of Division 1P of Part VIII of the Customs Act and UK Regulations.
- 4.3.3 In summary, the following requirements must be met:
- The goods must be UK originating goods.
 - The importer must make a claim for preferential treatment.
 - The importer who is claiming preferential treatment must satisfy the documentary requirements to support the claim.
 - The goods must meet the consignment provision.
- 4.3.4 Division 1P of Part VIII of the Customs Act sets out the ROO for the following categories of goods originating under A-UKFTA:
- goods wholly obtained or produced – Customs Act Section 153ZRC
 - goods produced from originating materials – Customs Act Section 153ZRD
 - goods produced from non-originating materials – Customs Act Section 153ZRE.
- 4.3.5 Goods that fall within the third category under paragraph 4.3.4 must satisfy the applicable PSR as listed in Annex 4B of the Agreement.
- 4.3.6 A PSR is a rule that must be met for the good to qualify for a preferential rate of customs duty. These are covered in detail in Section 7 of this Guide. The PSRs that apply in the A-UKFTA PSR are:
- CTC
 - RVC
 - Specific process rules.
- 4.3.7 Non-originating goods are those that:
- originate from outside the Parties to the Agreement
 - are produced in a Party but fail to meet the ROO
 - are of undetermined origin.

4.4 Harmonized Commodity Description and Coding System

- 4.4.1 A-UKFTA PSR and tariff commitments are based on the HS. The HS is a structured nomenclature that organises goods according to the degree of production and assigns them numbers known as tariff classifications. A-UKFTA PSR and tariff commitments were finalised in the version of the HS that commenced for Australia on 1 January 2017 (HS 2017).
- 4.4.2 HS 2017 is arranged into 97 Chapters (including the blank Chapter 77), covering all products. **Chapters** are divided into headings. **Headings** are divided into subheadings. **Subheadings** are divided into tariff classifications by each country. As shown in the example below, Chapters are identified by a two-digit number. A heading is identified by a four-digit number, a subheading is identified by a six-digit number, and the tariff classifications for goods imported into Australia are eight digits in length. The United Kingdom also uses eight digits for their tariff classifications.
- 4.4.3 Subheadings provide more specific descriptions than headings. Headings provide more specific descriptions than Chapters. The HS is internationally standardised at the six-digit subheading level.

Example: Harmonized System of Tariff Classification

Chapter 62	Articles of apparel and clothing accessories, not knitted or crocheted
Heading 6209	Babies' garments and clothing accessories
Subheading 6209.20	Of cotton

- 4.4.4 Under the HS, Chapters, headings, and subheadings are identical in all countries using the same version of the HS. Additional digits of the tariff classification beyond the sixth digit are set by each country, and therefore vary between countries. In Australia, these final two digits of the eight-digit number are referred to as 'domestic splits' or 'domestic subheadings'.
- 4.4.5 Goods covered by Schedule 15 of the Tariff Act are in HS 2022 nomenclature, which is the nomenclature for Australia's working tariff as of 1 January 2022.
- 4.4.6 As the A-UKFTA PSR Schedule was negotiated in the 2017 version of the HS, as a first step, Australian Importers need to determine the HS classification of the imported good (up to the six-digit level) in HS 2017 and use that classification to find the specific PSR for the product in Annex 4B of the Agreement. If the good meets the PSR and all other relevant requirements (such as the consignment provision), it is an originating good under A-UKFTA. It is that HS Code that will appear on the Declaration of Origin, if one is provided.
- 4.4.7 Importers also need to determine the HS classification of the imported good in HS 2022 (up to the eight digit level) nomenclature and use that classification to determine the preferential rate in Schedule 15 to the Tariff Act. It is the 2022 classification that will need to appear on the import declaration.
- 4.4.8 The information on HS 2022 and the application to PSRs found in [ACN 2021/51](#) applies to UK originating goods.

4.5 Other concepts in ROO

4.5.1 Section 8 of this Guide explains a number of important ROO concepts that may be applicable when determining the origin of an imported good:

- Accessories, spare parts, tools or instructional or other information materials (see paragraph 8.1)
- Accumulation (see paragraph 8.2)
- Consignment (non-alteration) provision (see paragraph 8.3)
- Fungible goods or materials (see paragraph 8.4)
- Indirect materials (see paragraph 8.5)
- Packaging materials and containers (see paragraph 8.6)
- Remanufactured Goods (See paragraph 8.7)
- Safeguard Goods (See paragraph 8.8)
- Sets of Goods (See paragraph 8.9)
- Tolerance provision (See paragraph 8.10)

5 Goods wholly obtained or produced

5.1 Outline

- 5.1.1 Section 153ZRC of the Customs Act contains provisions relating to goods that are wholly obtained or produced in the United Kingdom or in the United Kingdom and Australia.

Section 153ZRC of the Customs Act: Goods wholly obtained or produced in the United Kingdom or in the United Kingdom and Australia

Goods are **UK originating goods** if:

- (a) they are wholly obtained or produced in the United Kingdom or in the United Kingdom and Australia; and
- (b) one or more of the following applies:
 - (i) the importer of the goods has, at the time the goods are imported, a declaration of origin, or a copy of one, for the goods;
 - (ii) the importer of the goods has, at the time the goods are imported, other documentation to support that the goods are originating;
 - (iii) Australia has waived the requirement for a declaration of origin for the goods.
- (1) Goods are **wholly obtained or produced in the United Kingdom or in the United Kingdom and Australia** if, and only if, the goods are:
 - (a) plants, plant goods or fungus grown, cultivated, harvested, picked or gathered in the territory of the United Kingdom or in the territory of the United Kingdom and the territory of Australia; or
 - (b) live animals born and raised in the territory of the United Kingdom or in the territory of the United Kingdom and the territory of Australia; or
 - (c) goods obtained from live animals in the territory of the United Kingdom; or
 - (d) animals obtained by hunting, trapping, fishing, gathering, or capturing in the territory of the United Kingdom, but not beyond the outer limits of the territorial sea of the United Kingdom; or
 - (e) goods obtained from aquaculture conducted in the territory of the United Kingdom, but not beyond the outer limits of the territorial sea of the United Kingdom; or
 - (f) minerals, or other naturally occurring substances, extracted or taken from the territory of the United Kingdom; or
 - (g) fish, shellfish or other marine life taken from the sea, seabed or subsoil beneath the seabed:
 - (i) beyond the outer limits of the territorial sea of the United Kingdom; and
 - (ii) within the territory of the United Kingdom;
 - by vessels that are registered in the United Kingdom and are entitled to fly the flag of the United Kingdom; or
 - (h) fish, shellfish or other marine life taken from the sea, seabed or subsoil beneath the seabed:
 - (i) beyond the outer limits of the territory of the United Kingdom and the territory of Australia; and
 - (ii) in accordance with international law, outside the territorial sea of non parties;
 - by vessels that are registered in the United Kingdom and are entitled to fly the flag of the United Kingdom; or
 - (i) goods produced, from goods referred to in paragraph (g) or (h), on board a factory ship that is registered in the United Kingdom and is entitled to fly the flag of the United Kingdom; or
 - (j) goods, other than fish, shellfish or other marine life, taken or extracted by the United Kingdom, or a person of the United Kingdom, from the seabed or subsoil beneath the seabed:
 - (i) outside the territory of the United Kingdom and the territory of Australia; and
 - (ii) beyond areas over which non parties exercise jurisdiction;

Section 153ZRC of the Customs Act: Goods wholly obtained or produced in the United Kingdom or in the United Kingdom and Australia

- but only if the United Kingdom, or the person of the United Kingdom, has the right to exploit that seabed or subsoil in accordance with international law; or
- (k) waste or scrap that:
- (i) has been derived from production in the territory of the United Kingdom; or
 - (ii) has been derived from used goods that are collected in the territory of the United Kingdom and that are fit only for the recovery of raw materials; or
- (l) goods produced in the territory of the United Kingdom, or in the territory of the United Kingdom and the territory of Australia, exclusively from goods referred to in paragraphs (a) to (k) or from their derivatives.

- 5.1.2 In order for a good to be considered a UK originating good, the importer must have a declaration of origin or other supporting documentation at the time preferential treatment is sought.
- 5.1.3 Refer to Section 10 of this Guide for information on record keeping obligations.
- 5.1.4 Waste and scrap can qualify as a UK originating good under Paragraph 153ZRC(2)(k) of the Customs Act, if they are derived from either production in a Party or collected in a Party and are fit only for the recovery of raw materials.

Example 1: waste and scrap

Rubber is imported into the United Kingdom from Brazil and used in the production of automotive rubber tubes and seals. The unused scrap rubber from the production of the tubes and seals is exported to Australia.

As the unused scrap rubber is derived from production processes in the United Kingdom, it fits the definition of waste and scrap and is considered to be “wholly obtained or produced” under subparagraph 153ZRC(2)(k)(i) of the Customs Act. Therefore, the scrap rubber qualifies as a UK originating good and may claim preferential rates of customs duty, if all other requirements of the Agreement are met.

Example 2: waste and scrap

Used tyres of indeterminate origin are collected within the United Kingdom to be turned into rubber crumb for use in athletic and playground surfaces.

As the unused tyres are collected in the United Kingdom and fit only for the recovery of raw materials, it fits the second definition of waste and scrap and is considered to be “wholly obtained or produced” under subparagraph 153ZRC(2)(k)(ii) of the Customs Act. Therefore, the used tyres qualifies as a UK originating good and may claim preferential rates of customs duty, if all other requirements of the Agreement are met.

6 Goods produced from originating materials

6.1 Outline

- 6.1.1 Section 153ZRD of the Customs Act sets out the ROO that apply to goods produced in the United Kingdom, or in the United Kingdom and Australia, from originating materials ³.

Section 153ZRD of the Customs Act: Goods produced in the United Kingdom, or in the United Kingdom and Australia, from originating materials

Goods are **UK originating goods** if:

- (a) they are produced entirely in the territory of the United Kingdom, or entirely in the territory of the United Kingdom and the territory of Australia, from originating materials only; and
- (b) one or more of the following applies:
 - (i) the importer of the goods has, at the time the goods are imported, a declaration of origin, or a copy of one, for the goods;
 - (ii) the importer of the goods has, at the time the goods are imported, other documentation to support that the goods are originating;
 - (iii) Australia has waived the requirement for a declaration of origin for the goods.

- 6.1.2 In order for goods to be considered UK originating goods, the importer must have a declaration of origin or other supporting documentation at the time preferential treatment is sought.
- 6.1.3 Refer to Section 10 of this Guide for information on record keeping obligations.

³ These are referred to as produced entirely in the territory of one or both of the Parties, exclusively from originating materials in Article 4.2 of Chapter 4 of the Agreement.

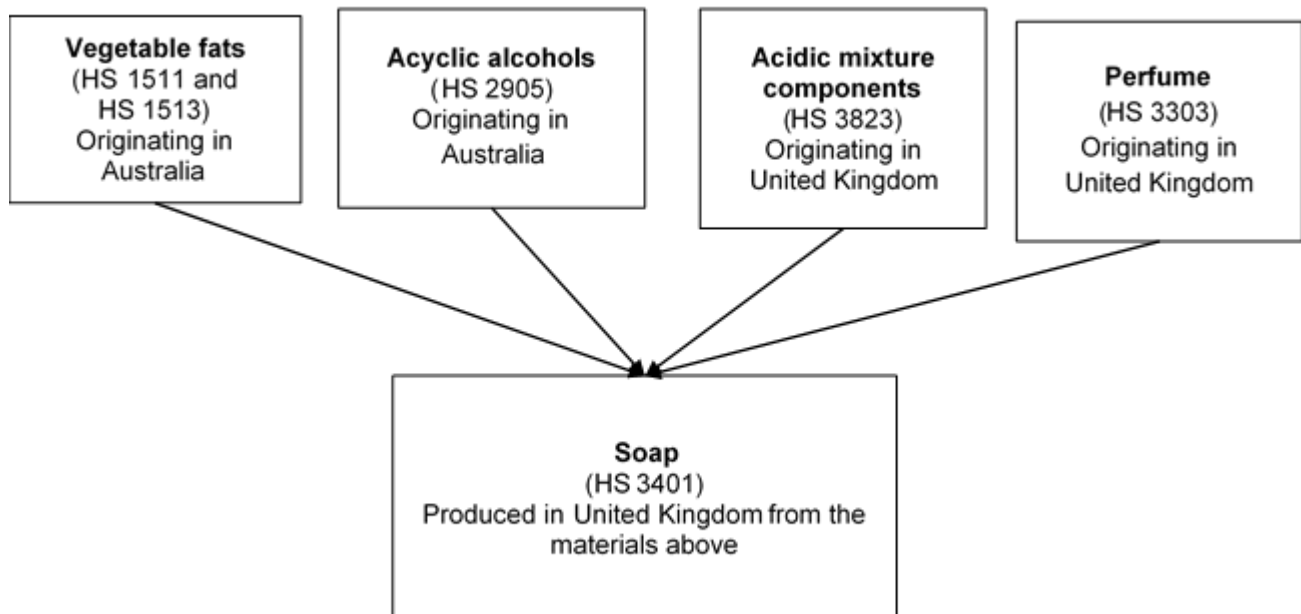
6.2 Goods produced using originating materials

- 6.2.1 Section 153ZRD of the Customs Act sets out the rules for goods produced from originating materials. Originating materials may include indirect materials, Australian originating goods and UK originating goods.
- 6.2.2 Originating materials that are recovered goods are covered in Section 8.7 of this Guide.

Example: Goods produced in a Party using originating materials from one or more Parties

In this example, soap is made from a number of materials that are all UK originating goods.

Therefore, the soap is a UK originating good in accordance with section 153ZRD.



7 Goods produced from non-originating materials

7.1 Outline

- 7.1.1 Section 153ZRE of the Customs Act contains provisions that apply to goods, produced in the United Kingdom, or in the United Kingdom and Australia, that incorporate non-originating materials.

Section 153ZRE of the Customs Act: Goods produced in the United Kingdom, or in the United Kingdom and Australia, from non-originating materials

- (1) Goods are **UK originating goods** if:
- (a) they are classified to a Chapter, heading or subheading of the Harmonized System that is covered by the table in Annex 4B to Chapter 4 of the Agreement; and
 - (b) they are produced entirely in the territory of the United Kingdom, or entirely in the territory of the United Kingdom and the territory of Australia, from non-originating materials only or from non-originating materials and originating materials; and
 - (c) the goods satisfy the requirements applicable to the goods in that Annex; and
 - (d) one or more of the following applies:
 - (i) the importer of the goods has, at the time the goods are imported, a declaration of origin, or a copy of one, for the goods;
 - (ii) the importer of the goods has, at the time the goods are imported, other documentation to support that the goods are originating;
 - (iii) Australia has waived the requirement for a declaration of origin for the goods.
- (2) Without limiting paragraph (1)(c), a requirement may be specified in the table in Annex 4B to Chapter 4 of the Agreement by using an abbreviation that is given a meaning for the purposes of that Annex.

Change in tariff classification

- (3) If a requirement that applies in relation to the goods is that all non-originating materials used in the production of the goods must have undergone a particular change in tariff classification, the regulations may prescribe when a non-originating material used in the production of the goods is taken to satisfy the change in tariff classification.
- (4) If:
- (a) a requirement that applies in relation to the goods is that all non-originating materials used in the production of the goods must have undergone a particular change in tariff classification; and
 - (b) one or more of the non-originating materials used in the production of the goods do not satisfy the change in tariff classification;
- then the requirement is taken to be satisfied if:
- (c) in the case of goods classified to any of Chapters 1 to 24 or 50 to 63 of the Harmonized System:
 - (i) the total weight of the non-originating materials covered by paragraph (b) does not exceed 10% of the total weight of the goods; or
 - (ii) the total value of the non-originating materials covered by paragraph (b) does not exceed 10% of the customs value of the goods; or
 - (iii) the total value of the non-originating materials covered by paragraph (b) does not exceed 10% of the production value of the goods; or
 - (d) in the case of goods classified to any of Chapters 25 to 49 or 64 to 97 of the Harmonized System:
 - (i) the total value of the non-originating materials covered by paragraph (b) does not exceed 10% of the customs value of the goods; or

Section 153ZRE of the Customs Act: Goods produced in the United Kingdom, or in the United Kingdom and Australia, from non-originating materials

- (ii) the total value of the non-originating materials covered by paragraph (b) does not exceed 10% of the production value of the goods; or
- (e) in the case of goods classified to any of Chapters 25 to 49 or 64 to 97 of the Harmonized System:
 - (iii) the total value of the non-originating materials covered by paragraph (b) does not exceed 10% of the customs value of the goods; or
 - (iv) the total value of the non-originating materials covered by paragraph (b) does not exceed 10% of the production value of the goods.

Regional value content

- (5) If a requirement that applies in relation to the goods is that the goods must have a regional value content of not less than a particular percentage worked out in a particular way:
 - (a) the regional value content of the goods is to be worked out in accordance with the Agreement, unless paragraph (b) applies; or
 - (b) if the regulations prescribe how to work out the regional value content of the goods—the regional value content of the goods is to be worked out in accordance with the regulations.
- (6) If:
 - (a) a requirement that applies in relation to the goods is that the goods must have a regional value content of not less than a particular percentage worked out in a particular way; and
 - (b) the goods are imported into Australia with accessories, spare parts, tools or instructional or other information materials; and
 - (c) the accessories, spare parts, tools or instructional or other information materials are classified and delivered with, and not invoiced separately from, the goods; and
 - (d) the quantities, value and type of the accessories, spare parts, tools or instructional or other information materials are customary for the goods;

the regulations must provide for the following:

 - (e) the value of the accessories, spare parts, tools or instructional or other information materials to be taken into account for the purposes of working out the regional value content of the goods;
 - (f) the accessories, spare parts, tools or instructional or other information materials to be taken into account as originating materials or non-originating materials, as the case may be.

Note: The value of the accessories, spare parts, tools or instructional or other information materials is to be worked out in accordance with the regulations: see subsection 153ZRB(2).

- (7) For the purposes of subsection (6), disregard section 153ZRG in working out whether the accessories, spare parts, tools or instructional or other information materials are originating materials or non-originating materials.

Section 153ZRE of the Customs Act: Goods produced in the United Kingdom, or in the United Kingdom and Australia, from non-originating materials

Goods put up in a set for retail sale

- (8) If:
- (a) goods are put up in a set for retail sale; and
 - (b) the goods are classified in accordance with Rule 3(c) of the Interpretation Rules; the goods are UK originating goods under this section only if:
 - (c) all of the goods in the set, when considered separately, are UK originating goods; or
 - (d) the total customs value of the goods (if any) in the set that are not UK originating goods does not exceed 20% of the customs value of the set of goods; or
 - (e) the total production value of the goods (if any) in the set that are not UK originating goods does not exceed 20% of the production value of the set of goods.

Example: A mirror, brush and comb are put up in a set for retail sale. The mirror, brush and comb have been classified under Rule 3(c) of the Interpretation Rules according to the tariff classification applicable to combs.

The effect of paragraph (c) of this subsection is that the origin of the mirror and brush must now be determined according to the tariff classifications applicable to mirrors and brushes.

Section 153ZRF of the Customs Act: Packaging materials and containers

- (1) If:
- (a) goods are packaged for retail sale in packaging material or a container; and
 - (b) the packaging material or container is classified with the goods in accordance with Rule 5 of the Interpretation Rules;
- then the packaging material or container is to be disregarded for the purposes of this Subdivision.

Regional value content

- (2) However, if a requirement that applies in relation to the goods is that the goods must have a regional value content of not less than a particular percentage worked out in a particular way, the regulations must provide for the following:
- (a) the value of the packaging material or container to be taken into account for the purposes of working out the regional value content of the goods;
 - (b) the packaging material or container to be taken into account as an originating material or non-originating material, as the case may be.

Note: The value of the packaging material or container is to be worked out in accordance with the regulations: see subsection 153ZRB(2).

7.1.2 Section 153ZRE of the Customs Act sets out the rules for determining whether a good is a UK originating good if the good incorporates non-originating materials in its production process in a Party.

7.1.3 In determining whether goods are produced in one or more of the Parties, the definitions in subsections 153ZRB(2), (3) and (4) should also be considered, as stated below:

Value of goods

(2) The **value** of goods for the purposes of this Division is to be worked out in accordance with the regulations. The regulations may prescribe different valuation rules for different kinds of goods.

Tariff classifications

(3) In specifying tariff classifications for the purposes of this Division, the regulations may refer to the Harmonized System.

(4) Subsection 4(3A) does not apply for the purposes of this Division.

- 7.1.4 The UK Regulations prescribe the determination of value and the tariff change and regional value content requirements for the purposes of section 153ZRE and subsections 153ZRB(2) and (3) of the Customs Act.
- 7.1.5 Subsection 4(3A) of the Customs Act defines tariff classification with respect to the Tariff Act. Subsection 153ZRB(4), however, provides that subsection 4(3A) does not apply for the purposes of this Division. This means that the tariff classification for the purposes of Division 1P of the Customs Act, is the PSR set out in Annex 4B of the Agreement.
- 7.1.6 Therefore, when determining the PSR that applies to a good the relevant nomenclature for the classification of the goods is HS 2017 as found in Annex 4B of the Agreement, while for the import declaration goods should be classified in the HS 2022 tariff nomenclature as found in Schedule 3 of the Customs Tariff Act.
- 7.1.7 Goods are UK originating goods if all the requirements of subsection 153ZRE(1) of the Customs Act have been met. The requirements of this subsection are that:
- The goods are classified to a Chapter, heading or subheading of the Harmonized System that is covered by the table in Annex 4B of the Agreement.
 - The goods are produced entirely in a Party from non-originating materials only or from non-originating materials and originating materials.
 - The goods satisfy the requirements applicable to the goods in that Annex.
 - The importer of the goods has a declaration of origin or the supporting documentation in relation to the goods at the time the goods are imported.
- 7.1.8 Annex 4B of the Agreement lists the PSR that must be met (i.e. CTC, RVC or FF – see explanation below) in order for goods incorporating non-originating material to claim preferential rates of customs duty under A-UKFTA. Column 1 and 2 of the Table in Annex 4B of the Agreement list the tariff classifications of goods at the Chapter and subheading level based on HS 2017. Column 3 sets out the description of the good. Column 4 sets out the CTC, RVC and process rule PSR for each subheading.
- 7.1.9 Section 153ZRE(2) of the Customs Act provides that a requirement may be specified in the table in Annex 4B to Chapter 4 of the Agreement by using an abbreviation that is given meaning for the purposes of that Annex. In the A-UKFTA PSR, the following abbreviations apply:
- **CC** means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the two-digit level;
 - **CTH** means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the four-digit level;
 - **CTSH** means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the six-digit level;
 - **FF** means that the good must undergo a change from fabric that is constructed but not further prepared or finished provided that it is dyed or printed and undergoes at least one

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preparatory or finishing processes in the territory of one or both of the Parties to render it directly usable; and

- **RVC(X)** means that the good must have a regional value content as calculated under Article 4.4 (Regional Value Content) of Chapter 4 (Rules of Origin and Origin Procedures) of not less than (X) per cent whether using the build-up method or build-down method.

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7.2 Examples of PSR that appear in Annex 4B of A-UKFTA

PSR – CTC

A CTC rule will require all non-originating materials to have undergone a change in chapter, heading or subheading to make the final good. See ‘tolerance’ provision in Section 8.10 for exceptions to this requirement.

For example, wheat flour of subheading 1101.00 has a PSR of CC which means that all non-originating materials used in the production of the good have undergone a CTC at the two digit level of the Harmonized System

This means non-originating material used to make the wheat flour of 1101.00 must come from any Chapter, other than Chapter 11.

Chapter	HS 2017	Description	Product Specific Rule
11	11	PRODUCTS OF THE MILLING INDUSTRY; MALT; STARCHES; INULIN; WHEAT GLUTEN	
11	1101.00	Wheat or meslin flour	CC

PSR – CTC except from certain tariff classifications

A CTC rule with exceptions will require non-originating materials to have undergone a change in Chapter, heading or subheading, except from certain tariff classifications, to make the final good.

For example, *Sparkling Wine* of subheading 2204.10, the PSR for goods under heading 2204.10 is a CC except from heading 2009 which means that all non-originating materials used in the production of the good have undergone a CTC at the two digit level of the Harmonized System, except from heading 2009.

This means that the non-originating materials used to make *Sparkling Wine* of 2204.10 cannot come from heading 2009 but can come from any other heading. Grape juice (2009.61 or 2009.69) that is a UK originating good or Australian originating good would count as an originating material for the purposes of meeting this PSR.

Chapter	HS 2017	Description	Product Specific Rule
22	22	BEVERAGES, SPIRITS AND VINEGAR	
22	2204.10	- Sparkling wine	CC except from heading 2009

PSR – RVC only

For some goods, the only PSR available is that the good meets a particular RVC threshold. For instance RVC40 means that the good must have a RVC of no less than 40 per cent as calculated in accordance with the UK Regulations. The RVC requirement can have different thresholds.

For example, the PSR for *golf cars* of Subheading 8703.10 is RVC25

This means that the RVC of the good must be greater than or equal to 25 per cent.

Chapter	HS 2017	Description	Product Specific Rule
87	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars	
87	8703.10	- Vehicles specially designed for travelling on snow; golf cars and similar vehicles	RVC25

PSR – RVC or CTC

Some PSR allow for the option of meeting either a RVC or a CTC rule. This is the most common form of rule in A-UKFTA.

The rule may require a CTC from non-originating materials to the final good at the Chapter, heading or subheading level or it may require that the good meets a particular RVC.

For example, for *table salt* of subheading 2501.00, the PSR is RVC40 or CTH

This means that the non-originating material used to make the *table salt* of 2501.00 must come from any heading other than heading 25.01, or the RVC of the good must be greater than or equal to 40 per cent.

Chapter	HS 2017	Description	Product Specific Rule
25	25	SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	
25	2501.00	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; sea water	RVC40 or CTH

PSR – CTC or Process Rule

For a number of products the PSR may require meeting either a CTC or a particular process rule.

For example, for *Green Tea* of subheading 0902.10, the PSR is a change to a good of heading 0902.10 from any other heading or be the result of Blending.

That is, where non-originating green tea is used, where the tea is blended in Australia or the United Kingdom, the goods will be originating.

Chapter	HS 2017	Description	Product Specific Rule
09	0902	Tea, whether or not flavoured	
09	0902.10	- Green tea (not fermented) in immediate packings of a content not exceeding 3 kg	CC or Blending

PSR – RVC, CTC or Process Rule

For a number of products the PSR may not only allow for alternative rules but the permitted rules themselves may change after the passage of time.

For example, for a *portable lithium battery charger* of subheading 8507.60, the PSR rule for this good from the entry into force date to 31 December 2027 is one of the following:

- that the good meets an RVC of 30 per cent; or
- that there is change to a good of subheading 8507.60 from any other subheading; or
- be the result of the process of cell manufacture or cell activation.

This last rule means that where a non-originating battery is used, the act of activating the battery cell in Australia or the United Kingdom would be sufficient to confer originating status to the goods.

Further, from 1 January 2028 to 31 December 2029, the rules available to the importer are: an RVC of 35 per cent, or CTSH or cell manufacture (but the PSR of cell activation is not available).

Further still, the PSRs are reduced to two from 1 January 2030: an RVC40 or CTSH.

Chapter	HS 2017	Description	Product Specific Rule
85	8507	Electric accumulators, including separators therefor, whether or not rectangular (including square)	
85	8507.60	- Lithium-ion	From the date of entry into force of this Agreement to 31 December 2027: RVC30 or CTSH or cell manufacture or cell activation; from 1 January 2028 to 31 December 2029: RVC35 or CTSH or cell manufacture; and from 1 January 2030: RVC40 or CTSH

7.3 Change in tariff classification

- 7.3.1 Subsection 153ZRE(3) of the Customs Act states that the regulations may prescribe that all non-originating material used in the production of a good must have undergone a particular CTC. This is set out in Part 2, Section 5 of UK Regulations.
- 7.3.2 The CTC concept applies only to non-originating materials. This means that non-originating materials must come from a different subheading, heading or Chapter than the final good, depending on the CTC rule.
- 7.3.3 In other words, the tariff classification of the final good (after the production process) must be different to the tariff classification of each non-originating material used in the production of the good. This approach ensures that non-originating materials incorporated into a good have undergone substantial transformation to support a claim that a good is a UK originating good.
- 7.3.4 It may be possible for goods to be UK originating goods in cases where not all of the non-originating materials have undergone the required CTC, provided the Tolerance provision has been met. A detailed explanation of the Tolerance provision is in paragraph 8.10 of this Guide

Example : CTC rule

Tropical fruit juice (subheading 2009.90) is made in the United Kingdom from oranges (subheading 0805.10) and mangoes (heading 0804) imported from Spain and apples (subheading 0808.10) from Australia.

The PSR for a good of subheading 2009.90 is CC.

The CTC rule requires that all the non-originating materials that go into the making of the tropical fruit juice must be classified outside of Chapter 20.

As the oranges and mangoes are classified to Chapter 8, these non-originating materials meet the CTC requirement. Since Australia produces the apples, these are originating materials, which are not required to undergo the CTC test.

The tropical fruit juice is therefore a UK originating good.

7.4 Regional Value Content (RVC)

- 7.4.1 Subsection 153ZRE(5) of the Customs Act states that the RVC of goods is to be worked out in accordance with the regulations.
- 7.4.2 Part 3 of UK Regulations sets out two methods for calculating RVC. There is no requirement to use one method in favour of another; that is, it is at the discretion of the making the Declaration of Origin or making use of Importer's Knowledge to decide which method to use.
- 7.4.3 In all cases, the RVC must be expressed as a percentage.
- 7.4.4 Materials of an undetermined origin are treated as non-originating materials.
- 7.4.5 Paragraph 4.5(2) of Chapter 4 of the Agreement sets out that for work done on non-originating materials in one or both Parties to the Agreement is to be included as originating content for the purpose of calculating the RVC.
- 7.4.6 In the A-UKFTA there are two different calculations available to importers to determine the RVC. The build-up method is based on the value of originating materials and the build-down method is based on the value of non-originating materials.
- 7.4.7 These two calculations are alternatives – only one needs to be performed to calculate the RVC. It is up to the businesses involved to decide which one to use.
- 7.4.8 The difference between the results under each calculation is the value of originating content incorporated in the build-down calculation. That is labour costs, other costs and profit which are not captured in the build-up method because the latter focuses on originating materials only. In short, this originating content may not be included in the value of originating material but it can be used to reduce the value of non-originating materials under the build-down method.
- 7.4.9 The use of the build-down calculation is therefore particularly useful where labour costs, overhead and other costs and profit form a substantial proportion of the value of the good.
- 7.4.10 The build-up method may be simpler from a record keeping perspective as it is only necessary to demonstrate that the value of some or all of the originating materials is sufficient to meet the required RVC.
- 7.4.11 In the case of the build-down method, materials that are of an undetermined origin are treated as non-originating materials. The importer will therefore need to determine whether a material is non-originating and add the value of any material of undetermined origin, plus calculate the originating content that forms up the remaining expenses in the production of the good when using this method.
- 7.4.12 Section 8 of the UK Regulations sets out that the costs that may be deducted from the value of non-originating materials or including in the value of originating materials for the purpose of determining the RVC.
- 7.4.13 The A-UKFTA has provisions on cumulation that are covered in Section 8.2 of this Guide.

Section 8 of the UK Regulations: Value of goods that are originating materials or non-originating materials

- (1) For the purposes of subsection 153ZRB(2) of the Act, this section explains how to work out the value of originating materials or non-originating materials used in the production of goods.
- (2) The value of the materials is as follows:
 - (a) for materials imported into the territory of the United Kingdom by the producer of the goods:
 - (i) the price paid or payable for the materials at the time of importation; or
 - (ii) if the value of the materials cannot be determined under subparagraph (i)—the value of the materials worked out in accordance with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994;
 - (b) for materials acquired in the territory of the United Kingdom:
 - (i) the price paid or payable for the materials by the producer of the goods;
 - (ii) the value of those materials worked out under paragraph (a) on the assumption that those materials had been imported into the territory of the United Kingdom by the producer of the goods;
 - (iii) the earliest ascertainable price paid or payable for the materials in the territory of the United Kingdom;
 - (c) for materials that are produced by the producer of the goods—the sum of all the costs incurred in the production of the materials, including general expenses, and one of the following chosen by the importer of the goods:
 - (i) an amount that is the equivalent of the amount of profit that the producer would make for the materials in the normal course of trade;
 - (ii) an amount that is the equivalent of the amount of profit that is usually reflected in the sale of goods of the same class or kind as the materials.
- (3) For the purposes of paragraph (2)(a), in working out the value of particular materials, the costs incurred in the international shipment of the materials must be included.
- (4) In working out the value of particular originating materials under subsection (2), the following may be included, to the extent that they have not been taken into account under that subsection:
 - (a) the costs of freight, insurance, packing and all other costs incurred to transport the materials to the location of the producer of the goods;
 - (b) duties, taxes and customs brokerage fees on the materials that:
 - (i) have been paid in either or both of the territory of the United Kingdom and the territory of Australia; and
 - (ii) have not been waived or refunded; and
 - (iii) are not refundable or otherwise recoverable;
 including any credit against duties or taxes that have been paid or that are payable;
 - (c) the costs of waste and spoilage resulting from the use of the materials in the production of the goods, reduced by the value of reusable scrap or by products.
- (5) In working out the value of particular non-originating materials under subsection (2), the following may be deducted:
 - (a) the costs of freight, insurance, packing and all other costs incurred to transport the materials to the location of the producer of the goods;
 - (b) duties, taxes and customs brokerage fees on the materials that:
 - (i) have been paid in either or both of the territory of the United Kingdom and the territory of Australia; and
 - (ii) have not been waived or refunded; and
 - (iii) are not refundable or otherwise recoverable;
 including any credit against duties or taxes that have been paid or that are payable;
 - (c) the costs of waste and spoilage resulting from the use of the materials in the production of the goods, reduced by the value of reusable scrap or by products.

7.4.14 **Build-Up Method (Section 7 of the UK Regulations):**

$$\frac{\text{Value of originating materials}}{\text{Customs value}} \times 100$$

where:

customs value means the customs value of the goods worked out under Division 2 of Part VIII of the Act.

value of originating materials means the value, worked out under Part 4 of the UK Regulation, of the originating materials that are acquired by the producer, or produced by the producer, and are used by the producer in the production of the goods.

Example: Build-Up Method calculation

A producer in the United Kingdom sells a good to an Australian importer for \$300. The value of originating materials used in the good is \$155.

The producer calculates the RVC using the Build-Up Method as follows:

$$\begin{aligned} & \frac{\text{Value of Originating material}}{\text{Customs value}} \times 100 \\ &= \frac{\$155}{\$300} \times 100 \\ &= 51.67 \text{ per cent} \end{aligned}$$

Therefore, the RVC of the good is 51.67 per cent.

7.4.15 **Build-Down Method (Section 6 of the UK Regulations):**

$$\frac{\text{Customs value} - \text{Value of non-originating material}}{\text{Customs value}} \times 100$$

where:

customs value means the customs value of the goods worked out under Division 2 of Part VIII of the Customs Act.

Value of non-originating material means the value, worked out under Part 4 of the UK Regulations, of the non-originating materials used in the production of the goods.

Example: Build-Down Method calculation

A producer in the United Kingdom sells a good to an Australian importer for \$100. The value of non-originating materials used in the good is \$50.

The producer calculates the RVC using the Build-Down Method as follows:

$$\begin{aligned} & \frac{\text{Customs value} - \text{Value of non-originating material}}{\text{Customs value}} \times 100 \\ &= \frac{\$100 - \$50}{\$100} \times 100 \\ &= 50 \text{ per cent} \end{aligned}$$

Therefore, the RVC of the good is 50 per cent.

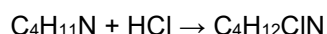
7.5 Specific Processing Rules

- 7.5.1 Annex 4B of the Agreement contains a number of processing rules for certain goods that can be met in order for a good to qualify as a UK originating good. These are generally listed against the specific subheadings, headings of chapters as appropriate. However, some chapters include additional rules.
- 7.5.2 Chapters 27 to 40 have 'chapter notes' outlining alternative rules, including chemical reaction rules, purification rules, change in particle size rule and isomer separation rule, that a good may satisfy to become originating. Simply put, if one of these rules takes place in the territory of one or both of the parties the goods are originating.
- 7.5.3 There are other process rules at the subheading level, crushing, grinding, or FF. FF requires that the good must undergo a change from fabric that is constructed but not further prepared or finished provided that it is dyed or printed and undergoes at least one preparatory or finishing processes in the territory of one or both of the Parties to render it directly usable. Where the goods have undergone that process, they are originating.
- 7.5.4 For Section II, Vegetable Products, an agricultural or horticultural good grown in the territory of a Party is originating even if grown from seed, bulbs, rhizomes, rootstock, cuttings, slips, grafts, shoots, buds or other live parts of plants that are imported from a non-Party.

Example: Specific processing rule

A manufacturer in Australia makes the chemical compound diethylamine hydrochloride (C₄H₁₂CIN classified to HS 2921.11) for use as a corrosion inhibitor from non-originating materials and exports the product to the United Kingdom.

The diethylamine hydrochloride (C₄H₁₂CIN) is manufactured through the reaction of diethylamine that is also classified to HS 2921.11 with hydrochloric acid (HCl) that is classified to HS 2806.10. This process transforms the materials into a new molecule with a new structure by breaking intramolecular bonds and forming new bonds.



This process meets the Chemical Reaction Rule specified in the Section note for Section VI of the Annex 4B of the Agreement.

Section Note 1: Chemical Reaction Rule

Notwithstanding the applicable product specific rules of origin, a good of chapter 28 through chapter 38 that is the product of a chemical reaction satisfies the requirements of this Annex, if the chemical reaction occurs in the territory of one or both of the Parties.

For the purposes of this rule:

"chemical reaction" means a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule. The following are not chemical reactions:

- (a) dissolving in water or other solvents;
- (b) the elimination of solvents including solvent water; or
- (c) the addition or elimination of water of crystallisation.

8 Other originating goods provisions

8.1 Accessories, spare parts, tools or instructional or other information materials

- 8.1.1 Section 153ZRG of the Customs Act sets out the treatment that applies to accessories, spare parts, tools or instructional or other information materials in respect of goods imported into Australia.

Section 153ZRG of the Customs Act - Goods that are accessories, spare parts, tools or instructional or other information materials

Goods are **UK originating goods** if:

- (a) they are accessories, spare parts, tools or instructional or other information materials in relation to other goods; and
- (b) the other goods are imported into Australia with the accessories, spare parts, tools or instructional or other information materials; and
- (c) the other goods are UK originating goods; and
- (d) the accessories, spare parts, tools or instructional or other information materials are classified and delivered with, and not invoiced separately from, the other goods; and
- (e) the quantities, value and type of the accessories, spare parts, tools or instructional or other information materials are customary for the other goods.

- 8.1.2 For goods that must meet an RVC rule, as prescribed in subsections 153ZRE(6) of the Customs Act and section 9 of the UK Regulations, the value of the accessories, spare parts, tools or instructional or other information materials must be taken into account as non-originating or originating materials, as the case may be, in working out the RVC for the good.

Subsections 153ZRE(6) of the Customs Act

- (6) If:
- (a) a requirement that applies in relation to the goods is that the goods must have a regional value content of not less than a particular percentage worked out in a particular way; and
 - (b) the goods are imported into Australia with accessories, spare parts, tools or instructional or other information materials; and
 - (c) the accessories, spare parts, tools or instructional or other information materials are classified and delivered with, and not invoiced separately from, the goods; and
 - (d) the quantities, value and type of the accessories, spare parts, tools or instructional or other information materials are customary for the goods;
the regulations must provide for the following:
 - (e) the value of the accessories, spare parts, tools or instructional or other information materials to be taken into account for the purposes of working out the regional value content of the goods;
 - (f) the accessories, spare parts, tools or instructional or other information materials to be taken into account as originating materials or non-originating materials, as the case may be.

Note: The value of the accessories, spare parts, tools or instructional or other information materials is to be worked out in accordance with the regulations: see subsection 153ZRB(2).

Section 9 of the UK Regulations – Value of accessories, spare parts, tools or instructional or other information materials

If paragraphs 153ZRE(6)(a), (b), (c) and (d) of the Act are satisfied in relation to goods and the goods:

- (a) the value of the accessories, spare parts, tools or instructional or other information materials must be taken into account for the purposes of working out the regional value content of the goods under Part 3 of this instrument; and
- (b) if the accessories, spare parts, tools or instructional or other information materials are originating materials—for the purposes of sections 7 and 8 of this instrument, those accessories, spare parts, tools or instructional or other information materials must be taken into account as originating materials used in the production of the goods; and
- (c) if the accessories, spare parts, tools or instructional or other information materials are non-originating materials—for the purposes of sections 6 and 8 of this instrument, those accessories, spare parts, tools or instructional or other information materials must be taken into account as non-originating materials used in the production of the goods.

8.2 Accumulation

- 8.2.1 Accumulation permits the inclusion of either originating materials or the proportion of 'originating' production in non-originating materials, into the process of determining whether a final good is originating.
- 8.2.2 Under the A-UKFTA, goods that are Australian or UK originating and that are used in the production of a good in the United Kingdom, shall qualify as originating materials for the purposes of determining if the goods are UK originating goods.
- 8.2.3 Article 4.9 of A-UKFTA sets out the principles that apply to goods manufactured in one or both Parties by one or more producers.

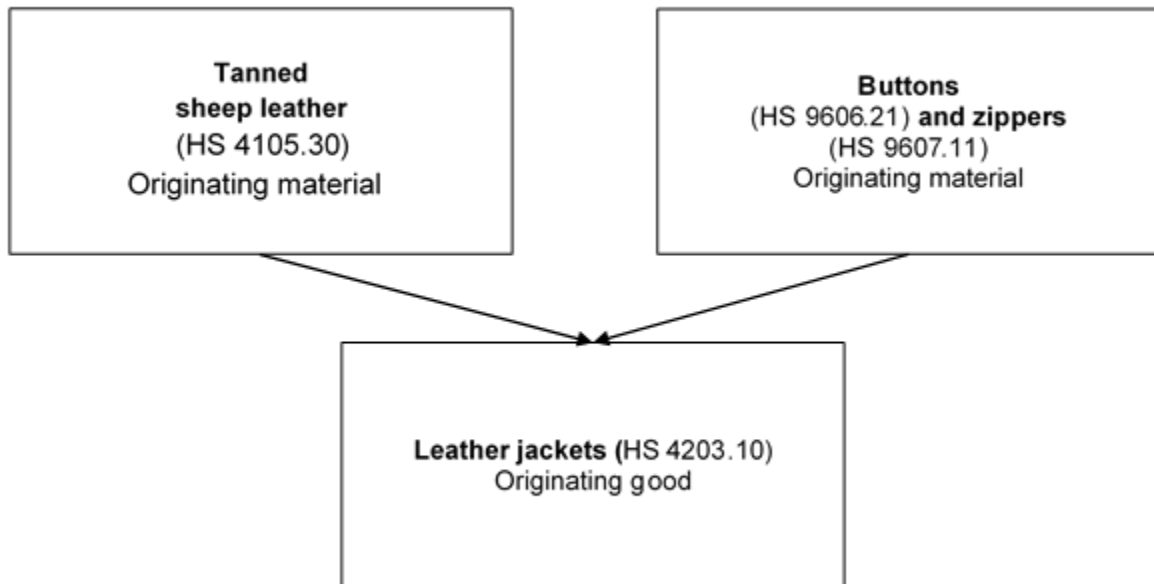
Article 4.9 of Chapter 4 of the Agreement: Cumulation

- (1) A good shall be regarded as originating if the good is produced in the territory of one or both of the Parties by one or more producers, provided that the good satisfies the requirements of Article 4.2 (Origin Criteria) and all other applicable requirements in this Chapter.
- (2) An originating good or material of one Party shall be considered originating in the territory of the other Party when used in the production of a good in the territory of the other Party.
- (3) Production undertaken on a non-originating material in the territory of one or both Parties by one or more producers may contribute toward the originating content of a good for the purpose of determining its origin, regardless of whether that production was sufficient to confer originating status to the material itself.

- 8.2.4 Article 4.9 outlines two types of accumulation. The first, in Article 4.9.2, states that if a good that is Australian or UK originating is used as a material in the production of a final good, that material shall be considered fully originating once incorporated into the final good. This would include materials that qualified as originating under a PSR rule and that therefore contained non-originating materials in their manufacture.
- 8.2.5 For example, if 'Good A' satisfies the PSR for its classification and is then exported from Party A to Party B to be used in the manufacture of Final Good B, the non-originating materials that went into the manufacture of Good A shall no longer be considered as non-originating. In this situation, Good A is considered fully originating in determining the origin of Good B.
- 8.2.6 The second form of accumulation, covered by 4.9.3, allows for the accumulation of the share of production carried out in one of the parties on a material, for example Good A above, but which was not sufficient to make that good originating under the A-UKFTA. If that Good A is used as a material in the manufacture of a final good, then the production carried out in either Party can be used to assist towards the fulfilling of the PSR for the final Good B.
- 8.2.7 At the time the goods are imported, the importer must have supporting document in relation to the origin of the goods. Refer to Section 9 of this Guide for further information.

Example: Goods produced in the United Kingdom using a combination of UK originating materials

A producer in the United Kingdom imports Australian-originating tanned sheep leather and uses buttons and zippers that are UK originating to make a leather jacket.



The finished jackets are UK originating goods because they are produced entirely from originating materials. This is a form of accumulation as described in 4.9.2.

CTC rule

- 8.2.8 Subsections 5(a) and (b) of UK Regulations provide that a final good satisfies its CTC rule if all of the non-originating materials used in its production have undergone the necessary CTC rule. The only exception to this rule is available in the 'tolerance' article that permits some of the non-originating materials to remain so and for the good to be originating.
- 8.2.9 Subsections 5(a) and (b) of UK Regulations provide that a final good satisfies the CTC rule if each of the non-originating materials used in its production, which do not satisfy the CTC rule, are produced from non-originating materials that satisfy the CTC rule for the final good.
- 8.2.10 The necessary change in tariff classification can occur in the territory of one or both of the Parties. Article 4.9.3 of the Agreement allows for production undertaken on a non-originating material in the territory of one or both Parties, by one or more producers who may contribute toward the originating content of a good when determining origin, regardless of whether that production was sufficient to confer originating status to the material itself.
- 8.2.11 Materials that are UK originating goods do not need to meet the CTC requirement as this applies exclusively to non-originating materials.

Section 9 of the UK Regulations: Change in tariff classification requirement for non-originating materials

For the purposes of subsection 153ZRE(3) of the Act, a non-originating material used in the production of goods that does not satisfy a particular change in tariff classification is taken to satisfy the change in tariff classification if:

- (a) it was produced entirely in the territory of the United Kingdom, or entirely in the territory of the United Kingdom and the territory of Australia, from other non-originating materials; and
- (b) each of those other non-originating materials satisfies the change in tariff classification, including by one or more applications of this section.

Example – CTC rule – each non-originating material meeting the CTC rule

This example considers a good manufactured entirely in the United Kingdom. The diagram relates to the repeated application of Section 5 of the UK Regulations to determine whether a good (the final good) imported into Australia satisfies the relevant CTC rule. The final good is made in the exporter's factory from a range of originating and non-originating materials, including Non-originating Material 1 and Non-originating Material 2. Non-originating Material 1 satisfies the CTC rule for the final good but Non-originating Material 2 does not.

Originating materials used in the production of this good are not included in the diagram as originating materials do not need to meet the CTC requirement or any other PSR which only applies to non-originating materials.

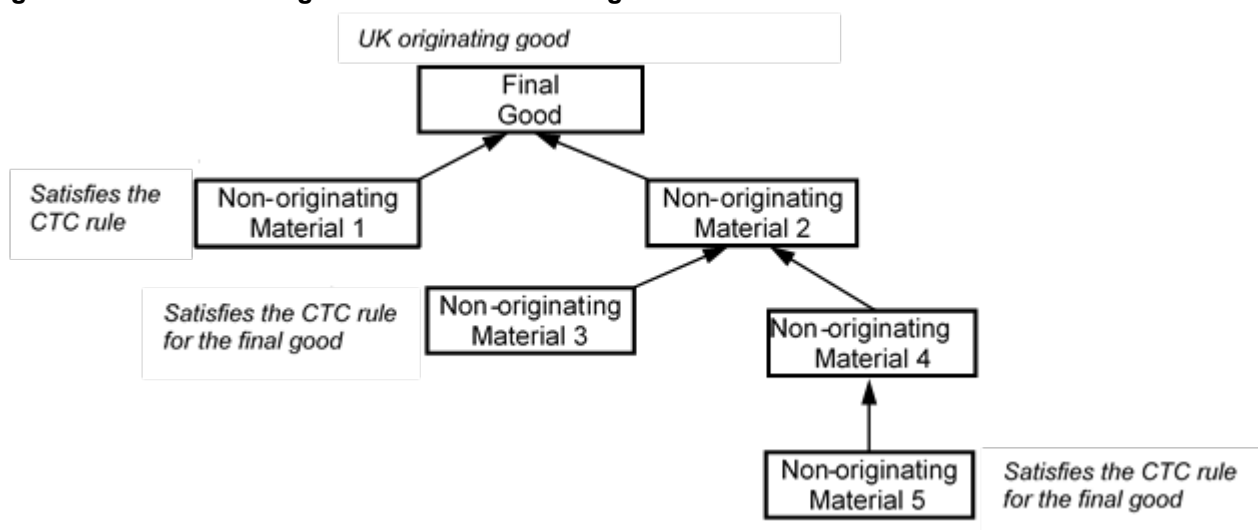
All non-originating materials must meet the CTC rule (see tolerance exception below) for the final good to be a UK originating good. Therefore, in this example, without the ability to accumulate, the final good would be non-originating because it was made using a non-originating material (Non-originating Material 2) that failed to meet the CTC rule.

Subsection 5(b) of the UK Regulations provides that the materials that went into making Non-originating Material 2 can also be used to determine whether the final good meets the CTC rule. In this case, the exporter purchased Non-originating Material 2 from an Australian supplier who provided the necessary information that the goods were made from several materials, including two non-originating materials: Non-originating Material 3 and Non-originating Material 4.

Subsection 5(b) of the UK Regulations allows for the repeated application of Section 5. If Non-originating Material 3 and Non-originating Material 4 met the CTC rule, i.e. they meet the CTC rule for the final good, then the good would be originating. However, if Non-originating Material 3 satisfies the CTC in relation to the final good but Non-originating Material 4 does not meet, then as done with Non-originating Material 2, it is possible to repeat the process of examining the materials that went into making Non-originating Material 4. In this example, the only material used in the production of Non-originating Material 4 is Non-originating Material 5 which happens to satisfy the CTC rule for the final good.

As a result of the repeated application of Section 5, all the non-originating materials, including non-originating materials 2 and 4 are now originating, i.e. they meet the CTC rule for the Final Good and therefore the final good is UK originating good for the purposes of the A-UKFTA.

Origin determination using Section 5 of the UK Regulations



Note: The exporter would need to obtain documentary evidence regarding the production process, the materials used, and other relevant information regarding the production of Non-originating Material 2 and Non-originating Material 4 from the suppliers of those products.

RVC rule – how it works in an accumulation context

- 8.2.12 Under the A-UKFTA, production undertaken or value added in one party to a non-originating material is treated as if it occurs in the party producing the final good.
- 8.2.13 Article 4.9.3 of the Agreement allows for this production to contribute towards the originating content of a good for the purpose of determining its origin, regardless of whether that production was sufficient to confer originating status to the material itself.
- 8.2.14 Section 8 of UK Regulations sets out that certain costs may be included for originating materials and excluded from the value of non-originating materials that further assist in meeting the RVC requirements of A-UKFTA.

Section 8 of the UK Regulations: Value of goods that are originating materials or non-originating materials

- (1) For the purposes of subsection 153ZRB(2) of the Act, this section explains how to work out the value of originating materials or non-originating materials used in the production of goods.
- (2) The value of the materials is as follows:
 - (a) for materials imported into the territory of the United Kingdom by the producer of the goods:
 - (i) the price paid or payable for the materials at the time of importation; or
 - (ii) if the value of the materials cannot be determined under subparagraph (i)—the value of the materials worked out in accordance with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994;
 - (b) for materials acquired in the territory of the United Kingdom:
 - (i) the price paid or payable for the materials by the producer of the goods;
 - (ii) the value of those materials worked out under paragraph (a) on the assumption that those materials had been imported into the territory of the United Kingdom by the producer of the goods;
 - (iii) the earliest ascertainable price paid or payable for the materials in the territory of the United Kingdom;
 - (c) for materials that are produced by the producer of the goods—the sum of all the costs incurred in the production of the materials, including general expenses, and one of the following chosen by the importer of the goods:
 - (i) an amount that is the equivalent of the amount of profit that the producer would make for the materials in the normal course of trade;
 - (ii) an amount that is the equivalent of the amount of profit that is usually reflected in the sale of goods of the same class or kind as the materials.
- (3) For the purposes of paragraph (2)(a), in working out the value of particular materials, the costs incurred in the international shipment of the materials must be included.
- (4) In working out the value of particular originating materials under subsection (2), the following may be included, to the extent that they have not been taken into account under that subsection:
 - (a) the costs of freight, insurance, packing and all other costs incurred to transport the materials to the location of the producer of the goods;
 - (b) duties, taxes and customs brokerage fees on the materials that:
 - (i) have been paid in either or both of the territory of the United Kingdom and the territory of Australia; and
 - (ii) have not been waived or refunded; and
 - (iii) are not refundable or otherwise recoverable;
 including any credit against duties or taxes that have been paid or that are payable;
 the costs of waste and spoilage resulting from the use of the materials in the production of the goods, reduced by the value of reusable scrap or by products.

Section 8 of the UK Regulations: Value of goods that are originating materials or non-originating materials

- (5) In working out the value of particular non-originating materials under subsection (2), the following may be deducted:
- (a) the costs of freight, insurance, packing and all other costs incurred to transport the materials to the location of the producer of the goods;
 - (b) duties, taxes and customs brokerage fees on the materials that:
 - (i) have been paid in either or both of the territory of the United Kingdom and the territory of Australia; and
 - (ii) have not been waived or refunded; and
 - (iii) are not refundable or otherwise recoverable;
 including any credit against duties or taxes that have been paid or that are payable;
 - (c) the costs of waste and spoilage resulting from the use of the materials in the production of the goods, reduced by the value of reusable scrap or by products.

Example – RVC rule – Calculating RVC using Full Accumulation

An Australia specialist performance vehicle assembler purchases non-originating parts for cars of 8703.24 and assembles a specialist performance vehicle. As the finished vehicle contains non-originating materials, the exporter must assess whether it satisfies the PSR for A-UKFTA to be considered an Australian originating goods.

The PSR for HS 8703.24 is RVC25

Australia manufacturer's per unit cost

	Total	VOM	VNM
Non-originating materials	\$65,000		\$65,000
Originating materials	\$10,000	\$10,000	
Labour	\$5,000		
Other costs	\$4,000		
Profit	\$2,000		
VALUE	\$86,000	\$10,000	\$65,000

The RVC can be calculated in two ways as per the PSR.

Build-down Method:

$$\frac{CV (\$86,000) - VNM (\$65,000)}{CV (\$86,000)} \times 100 = 24.4 \text{ per cent}$$

Build-up method:

$$\frac{VOM (\$10,000)}{CV (\$86,000)} \times 100 = 11.6 \text{ per cent}$$

Using the **build-down method**, the value added in Australia is 24.4% and therefore does not meet the build-down method PSR for the good. Using the **build-up method**, the value added in Australia is 11.6% and also does not meet the build-up method PSR for the good.

Example – RVC rule – Calculating RVC using Full Accumulation

Accordingly, the specialist performance vehicle is not considered Australian originating goods, even though they contain some regional value content by virtue of the labour costs, other costs and profit associated with the finishing operations in Australia.

Nevertheless, the vehicle is exported to the United Kingdom for tuning and upholstery for \$86,000 each.

The United Kingdom business, after performing the tuning and upholstery, sells the vehicle to an Australian car retailer which wants to claim the preferential rates of customs duty under A-UKFTA.

The PSR for HS 8703.24 is RVC25

United Kingdom manufacturer's per unit cost

	Total	VOM	VNM
Non-Originating materials – United Kingdom	\$3,000		\$3,000
Originating materials – United Kingdom	\$1,000	\$1,000	
Overheads	\$2,000		
Labour	\$4,000		
Profit	\$3,000		
Non-originating materials - Australia	\$65,000		\$65,000
Originating materials - Australia	\$10,000	\$10,000	
Labour, other costs and profit - Australia	\$11,000		
VALUE	\$99,000	\$11,000	\$68,000

The RVC can be calculated in two ways as per the PSR.

Build-down method:

$$RVC = \frac{CV (\$99,000) - VNM (\$68,000)}{CV (\$99,000)} \times 100 = 31.3 \text{ per cent}$$

Build-up method:

$$RVC = \frac{VOM (\$11,000)}{CV (\$99,000)} \times 100 = 11.1 \text{ per cent}$$

Using the **build-up method**, the RVC for the vehicle is 11.1% deducting the value-add undertaken in both Australia and UK. Because the value of the non-originating materials and other costs are relatively high in this example, the vehicle does not qualify under the build-up method PSR for the good. The value of originating materials and content for the goods manufactured in Australia is not included in the value of non-originating materials even though the vehicle was not Australian originating goods. See 7.4.6 for more details.

Under the **build-down method**, the United Kingdom manufacturer can add the costs of any originating materials used in another Party in the production of the final good (provided they have documentary evidence of these values).

While only \$10,000 of originating material was used in Australia and labour, other costs and profit were \$11,000, without the ability to accumulate, the RVC using the build-down method would only be 10.1%, which is not sufficient to meet the requirements of the PSR. This would not have occurred without the A-UKFTA accumulation provisions as the value of originating materials used would have been 'lost'.

That is, in the absence of cumulation, the value of originating materials used in Australia and the labour costs, other costs and profit in Australia would have all been treated as non-originating materials.

Example – RVC rule – Calculating RVC using Full Accumulation

The Australian Company can claim the vehicle as a UK originating good by aggregating the value added by both the Australian and United Kingdom manufacturers.

8.3 Consignment (non-alteration) provision

- 8.3.1 Section 153ZRH of the Customs Act sets out the consignment provisions that apply to UK originating goods imported into Australia.
- 8.3.2 In the text of the Agreement this provision is referred to as non-alteration.

Section 153ZRH of the Customs Act: Consignment

- (1) Goods are not UK originating goods under this Division if the goods are transported through the territory of one or more non-parties and either or both of the following apply:
- (a) the goods undergo further production or any other operation in the territory of a non-party (other than unloading, reloading, separation from a bulk shipment or splitting of a consignment, storing, repacking, labelling or marking required by Australia or any other operation necessary to preserve the goods in good condition or to transport the goods to the territory of Australia);
 - (b) the goods are released to free circulation in the territory of a non-party.
- (2) This section applies despite any other provision of this Division.

- 8.3.3 The consignment provision aims to ensure that only goods that are UK originating goods are entitled to the benefits granted under the A-UKFTA.
- 8.3.4 A good will lose its status as UK originating if it undergoes any process of production or other operation, other than those listed in subparagraph 153ZRH(1)(a), in a non-Party while *en route* from the UK to Australia.
- 8.3.5 In the case of labelling or marking, these are only for the purposes required by the government of the importing party and does not refer to labels applied for commercial convenience such as branding.
- 8.3.6 If goods transit or tranship through non-parties without sufficient proof that the goods did not enter into free circulation in the non-party and the importer is therefore unable to demonstrate this, the goods will lose their originating status.
- 8.3.7 As general advice, Australian importers should work with their customs broker or exporter to ensure that they meet the requirements of A-UKFTA if they intend to claim preferential rates of customs duty. This includes obtaining and retaining official documentation from the non-party transit country that demonstrates that the goods did not go into free circulation at all times.
- 8.3.8 For the purpose of A-UKFTA goods that have cleared customs, applicable duties have been paid, and are available for use in a domestic market, are considered to have entered free circulation. That is, if one or more of those conditions are not met, the goods is considered to have not entered free circulation.
- 8.3.9 Goods that are not in free circulation may be kept in a free trade zone or freeport but importers who do so must be in a position to demonstrate the goods did not undergo further production and did not go into free circulation. In this regard, importers may need to inquire directly with the customs agency or the authority administering a free trade zone or freeport of the proposed transit country if they are required to demonstrate that their goods did not go into free circulation. Importers must retain evidence of this in accordance with Australia's and A-UKFTA's record keeping requirements (see Record Keeping Obligations in section 10).
- 8.3.10 To assist importers, this evidence may include, but is not limited to, the following:
- a certificate (known as a certificate of non-manipulation) issued by the customs authorities of the country of transit:

- giving an exact description of the goods;
- stating the dates of unloading and reloading of the goods and, where applicable, the names of the ships, or the other means of transport used; and
- certifying the conditions under which the goods remained in the transit country;
- contractual transport documents such as bills of lading
- factual or concrete evidence based on the marking or numbering of packages;
- any evidence relating to the good itself; and
- any substantiating documents to the satisfaction of the customs authorities of the importing country.

Example 1: Consignment provision

Surgical instruments, cotton gowns and bandages, made in the United Kingdom from UK originating materials, are sent to Bangladesh where they are packaged together in a set and then sterilized for use in operating rooms. They are then sent to Australia with a DDO that they are a UK originating good.

Despite the DDO purporting to demonstrate the goods are United Kingdom originating goods, the medical sets are not eligible for preferential treatment as they underwent an operation not covered by the exceptions in section 153ZRH, in a non-Party to A-UKFTA.

Example 2: Processes during consignment

Boats manufactured in the United Kingdom are sent by ship to Australia. Before departure, they are coated with a protective veneer to inhibit damage to the painted surfaces during the voyage.

Due to severe weather conditions encountered during the voyage, the ship is required to stop in Singapore so that the protective veneer can be reapplied to ensure that the vessels are preserved in good condition for the remainder of the voyage to Australia. During their time in Singapore the boats do not go into free circulation.

This process would not affect the origin status of the vessels as it fits within the exceptions to section 153ZRH.

8.4 Fungible goods or materials

- 8.4.1 Article 4.11 of Chapter 4 of the Agreement covers the treatment of fungible goods of materials.
- 8.4.2 Article 4.1 of Chapter 4 of the Agreement defines fungible goods or materials as goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical, irrespective of minor differences in appearance that are not relevant to a determination of origin.

Article 4.11 of Chapter 4 of the Agreement: Fungible goods or materials

A fungible good or material shall be treated as originating based on the:

- (a) physical segregation of each fungible good or material; or
 - (b) use of any inventory management method recognised in the generally accepted accounting principles of the Party where the production is performed, if originating and non-originating fungible goods or materials are comingled, provided that the inventory management method selected is used throughout the fiscal year of the person that selected the inventory management method.
- (2) The inventory management system must ensure that no more goods or material receive originating status than would have been the case if the fungible goods or materials had been physically segregated.

- 8.4.3 Many materials used in production are interchangeable for commercial purposes, in that they are of the same kind and commercial quality (e.g. ball bearings, nuts, bolts, screws, etc).
- 8.4.4 A producer may choose to separate physically, originating and non-originating materials. If this is not practical the producer may store materials obtained from different countries in one container. When mixing originating and non-originating fungible materials, the producer may determine the origin of the materials based on one of the standard inventory management methods (e.g. last-in first-out, or first-in first-out) allowed under the generally accepted accounting principles of the exporting Party.
- 8.4.5 It is important to note that once a producer has decided on an inventory management method for a particular material, they must continue to use that method throughout the whole of the financial (fiscal) year.

Example 1: fungible goods or materials

Amongst the materials used by a producer in the United Kingdom of machinery parts are ball bearings. Depending on pricing and supply, the producer may source the ball bearings from Australia or from Europe. All of the ball bearings are of identical size and construction.

On 1 January, the producer buys 1 tonne of ball bearings from Australia that are Australian originating goods, and on 3 January buys 1 tonne of ball bearings from Europe.

The ball bearings have been stored in the one container at the producer's factory. The form of storage of the intermingled ball bearings makes those made in Australia indistinguishable from those sourced from Europe.

An Australian company places an order with the producer in the United Kingdom for machinery parts, which require the use of 800 kg of ball bearings.

If the producer elects "first-in first-out" inventory procedures, the 800 kg of ball bearings used to fill the order are considered to be UK originating goods, regardless of their actual origin.

Example 2: fungible goods or materials

Continuing with the above scenario, an Australian company places an order with the same producer in the United Kingdom for machinery parts, which requires the use of 500 kg of the same ball bearings.

As the order was placed in the same financial year, the producer must continue to use the “first-in first-out” inventory procedure.

1200 kg of the original 2000 kg remain, the first 200 kg of ball bearings used for this order are considered to be UK originating goods. The remaining quantity of ball bearings used to fulfil the order (300 kg) are considered to be non-originating materials and the ball bearings must meet the specified PSR for the final good.

- 8.4.6 If fungible goods or materials are UK originating goods and materials under Article 4.11 of Chapter 4 of the Agreement, these materials are not subject to the PSRs, as the PSRs apply only to non-originating materials.
- 8.4.7 The treatment of fungible goods or materials used in a production process that do not satisfy the fungible rules under Article 4.11 of Chapter 4 of the Agreement is different. Those fungible goods or materials are non-originating and must meet the PSR that is applicable to the good being produced (that is the machinery parts) if they are to be imported into one of the Parties and subsequently successfully claim preferential rates of customs duty.

8.5 Indirect materials

- 8.5.1 All indirect materials used in the production of UK originating goods are treated as originating materials, regardless of where they were produced.
- 8.5.2 Indirect materials are defined in paragraph 3.1.11 of this Guide and are considered originating materials in paragraph 3.1.15 of this Guide.

Example: Indirect materials

Workers in the United Kingdom use tools and safety equipment produced in India during the production of soap. Such tools and safety equipment are considered to be originating materials and meet the definition of “indirect materials” in paragraph 3.1.11 of this Guide.

8.6 Packaging materials and containers

- 8.6.1 Section 153ZRF of the Customs Act outlines the treatment to be given to packaging materials and containers in which imported goods are packaged for retail sale for the purposes of determining the origin of goods.

Section 153ZRF of the Customs Act: Packaging materials and containers

- (1) If:
- (a) goods are packaged for retail sale in packaging material or a container; and
 - (b) the packaging material or container is classified with the goods in accordance with Rule 5 of the Interpretation Rules;
- then the packaging material or container is to be disregarded for the purposes of this Subdivision.

Regional value content

- (2) However, if a requirement that applies in relation to the goods is that the goods must have a regional value content of not less than a particular percentage worked out in a particular way, the regulations must provide for the following:
- (a) the value of the packaging material or container to be taken into account for the purposes of working out the regional value content of the goods;
 - (b) the packaging material or container to be taken into account as an originating material or non-originating material, as the case may be.

Note: The value of the packaging material or container is to be worked out in accordance with the regulations: see subsection 153ZRB(2).

Regional value content of packaging materials and containers

- 8.6.2 Subsection 153ZRF(2) of the Customs Act adds that if the goods are required to meet a RVC rule, the Regulations must provide for the value of the packaging material or container to be taken into account as originating materials or non-originating materials when determining the RVC of the goods.

Example: Value of packaging material and container

Dolls (9503) are made in the United Kingdom. The dolls are wrapped in tissue paper and packed in cardboard boxes with the brand logo for retail sale. Both the tissue paper and the cardboard box are produced in Pakistan.

The PSR for 9503.00 is RVC40 or CTH

The tissue paper and cardboard box are disregarded for the purpose of the CTC requirement. Their value, however, must be counted as non-originating in calculating the RVC, if RVC is used.

- 8.6.3 Section 10 of UK Regulations prescribes how to determine the value of the packaging materials or containers.

Section 10 of UK Regulations: Value of packaging material and container

If paragraphs 153ZRF(1)(a) and (b) of the Act are satisfied in relation to goods and the goods must have a regional value content of not less than a particular percentage worked out in a particular way:

- (a) the value of the packaging material or container in which the goods are packaged must be taken into account for the purposes of working out the regional value content of the goods under Part 3 of this instrument; and
- (b) if that packaging material or container is an originating material—for the purposes of sections 7 and 8 of this instrument, that packaging material or container must be taken into account as an originating material used in the production of the goods; and
- (c) if that packaging material or container is a non-originating material—for the purposes of sections 6 and 8 of this instrument, that packaging material or container must be taken into account as a non-originating material used in the production of the goods.

8.7 Remanufactured Goods

- 8.7.1 The definitions of originating materials, recovered materials and remanufactured goods in Section 153ZRB of the Customs Act provide that recovered materials used in the production and incorporated into a remanufactured good are counted as originating materials.
- 8.7.2 A remanufactured good will be treated as an UK originating good if it is classified to any of Chapters 84 to 90 (other than heading 87.02, 87.03, 87.04 or 87.05, 87.11 or 87.16 or subheading 8701.20), or to heading 94.02, of the Harmonized System and meets the requirements that the goods:
- are entirely or partially comprised of recovered materials
 - have a similar life expectancy, working condition and performance to new goods that are so classified that are not composed of any recovered materials
 - have been given a warranty that in substance is the same as that applicable to such new goods

Relevant definitions in Section 153ZRB of the Customs Act: Remanufactured goods

originating materials means:

- (a) UK originating goods that are used in the production of other goods; or
- (b) Australian originating goods that are used in the production of other goods; or
- (c) recovered materials derived in the territory of Australia, or in the territory of the United Kingdom, and used in the production of, and incorporated into, remanufactured goods; or
- (d) indirect materials.

recovered materials means materials comprising one or more individual parts that:

- (a) have resulted from the disassembly of used goods; and
- (b) have been cleaned, tested or processed as necessary for improvement to sound working condition.

remanufactured goods means goods that:

- (a) are classified to any of Chapters 84 to 90 (other than heading 87.02, 87.03, 87.04 or 87.05, 87.11 or 87.16 or subheading 8701.20), or to heading 94.02, of the Harmonized System; and
- (b) are entirely or partially comprised of recovered materials; and
- (c) have a similar life expectancy, working condition and performance to new goods:
 - (i) that are so classified; and
 - (ii) that are not composed of any recovered materials; and
- (d) have been given a warranty that in substance is the same as that applicable to such new goods.

Example: Remanufactured goods

Used smartphones of classification HS 8517.12 are collected by an organisation in the UK. These smartphones are disassembled, working parts cleaned and tested, and faulty parts replaced by imported new parts before being reassembled and packaged with a warranty equivalent to a new smart phone.

The PSR for 8517.12 is RVC40 or CSH

While it is unlikely the goods would meet the CSH requirements even within the tolerance allowance, as long as new non-originating parts do not make up more than 40 percent of the value of the remanufactured goods, these goods would be UK originating goods.

8.8 Safeguard Goods

- 8.8.1 Section 16A of the Tariff Act provides that where the United Kingdom maintains a global safeguard on goods specified in column 2 of any of items 150 to 238 in the table in Schedule 15 of the Tariff Act. The Minister may make a notice that the rate of duty must be worked out by reference to the general rate for goods that are UK originating goods.
- 8.8.2 The effect of this arrangement means that where the United Kingdom maintains a global safeguard on certain products, preferential rates of customs duty under A-UKFTA will be suspended for those goods covered by a notice made by the Minister.
- 8.8.3 The ABF will also publishes these notices on the [ABF A-UKFTA webpage](#) under Safeguard goods of Chapter 72 and 73 as they are made.

Section 16A of the Tariff Act: Suspension of preferential tariff for UK originating goods—safeguard goods

Duty rates

- (1) Despite paragraph 16(1)(u), the duty in respect of goods that are:
- (a) safeguard goods specified in a notice made by the Minister under this section; and
 - (b) imported into Australia during the period specified in the notice;
- must be worked out by reference to the general rate set out in the third column of the tariff classification under which the goods are classified.

Notice

- (2) The Minister may, by legislative instrument, make a notice specifying one or more safeguard goods, and a period, for the purposes of subsection (1).
- (3) The Minister may do so only if the Minister is satisfied that goods equivalent to those safeguard goods will, under a law of the United Kingdom, be subject to a global safeguard measure referred to in Section C of Chapter 3 of the Agreement if imported into the United Kingdom from Australia during the period.
- (4) The Minister must not specify a period starting before the commencement of the notice.

Definitions

- (5) In this section:

Agreement has the same meaning as in subsection 153ZRB(1) of the *Customs Act 1901*.

safeguard goods means UK originating goods that are classified to a heading or subheading in Schedule 3 that is specified in column 2 of any of items 150 to 238 in the table in Schedule 15.

8.9 Sets of Goods

- 8.9.1 Subsection 153ZRE(8) of the Customs Act provides sets out the rules for goods claiming to be UK originating goods and which are classified as a set in accordance with paragraph 3(c) of the [General rules for the interpretation of Schedule 3 found in Schedule 2 of the Tariff Act 1995](#). For the set to be originating, all the goods in the set must be a UK originating goods or the total customs value or production value of any non-originating goods in the set must not exceed 20 per cent of the customs value or production value, respectively, of the set of goods.
- 8.9.2 The effect of this provision means that although a set may otherwise be originating because it meets the CTC or RVC requirements of the PSR, non-originating materials must be further constrained to those less than 20 per cent of the relevant value. This avoids misuse of the sets classification as this can result in goods arbitrarily changing HS Classifications and meeting a CTC rule as well as having products included in the set to merely meet the RVC requirement.

Subsection 153ZRE(8) of the Customs Act: Goods put up in a set for retail sale

- (8) If:
- (a) goods are put up in a set for retail sale; and
 - (b) the goods are classified in accordance with Rule 3(c) of the Interpretation Rules;
the goods are UK originating goods under this section only if:
 - (c) all of the goods in the set, when considered separately, are UK originating goods; or
 - (d) the total customs value of the goods (if any) in the set that are not UK originating goods does not exceed 20% of the customs value of the set of goods; or
 - (e) the total production value of the goods (if any) in the set that are not UK originating goods does not exceed 20% of the production value of the set of goods.

Example: A mirror, brush and comb are put up in a set for retail sale. The mirror, brush and comb have been classified under Rule 3(c) of the Interpretation Rules according to the tariff classification applicable to combs.

The effect of paragraph (c) of this subsection is that the origin of the mirror and brush must now be determined according to the tariff classifications applicable to mirrors and brushes.

Example: Sets of goods

A mirror, brush and comb are put up in a set for retail sale. The mirror, brush and comb have been classified under Rule 3(c) of the Interpretation Rules according to the tariff classification applicable to combs.

The PSR for combs of 9615 is RVC40 or CTH.

The comb and the brush are manufactured in the United Kingdom and meet the relevant PSRs to be considered a UK originating good. However, in this example the mirror is imported and as such paragraph 153ZRE(8)(c) does not apply to these goods.

If the comb and the brush make up 75 per cent of the customs value of the final set, while the non-originating mirror makes up the remaining 25 per cent, then the goods are not UK originating goods as the 20 per cent threshold is exceeded. This is the case even though the mirror would otherwise have met the CTC requirement or the RVC requirement for the set.

8.10 Tolerance provision

- 8.10.1 All non-originating materials in a good that has a CTC PSR must undergo the required CTC.
- 8.10.2 The 'tolerance' provision, also known as the *de minimis* rule in Australia, provides an exception to the above requirement. Subsection 153ZRE(3) of the Customs Act stipulates that the CTC PSR is also satisfied if the good meets the requirement of subsection 153ZRE(4) of the Customs Act – the tolerance provision. The text of these provisions can be found in Section 7.
- 8.10.3 Where a requirement is that the CTC requirement must be satisfied and one or more non-originating materials do not satisfy that requirement but the relevant 'tolerance' in 153ZRE(4) is met, the CTC requirement is taken to be satisfied.
- 8.10.4 The tolerance provision allows for a low percentage of non-originating materials, which do not meet the relevant CTC rule, to be used in a good and for that good to still meet the CTC rule. There are three separate tolerance provisions in A-UKFTA.
- 8.10.5 The CTC requirement is taken to be satisfied if the total value of the non-originating materials (used in the production of the goods) that do not satisfy the change in tariff classification does not exceed 10 per cent of the customs value of the goods (see 153ZRE(4) on page 22).
- 8.10.6 The CTC requirement is taken to be satisfied if the total value of the non-originating materials (used in the production of the goods) that do not satisfy the change in tariff classification does not exceed 10 per cent of the production value of the goods (see 153ZRE(4) on page 22).
- 8.10.7 For goods of HS Chapters 1 through 24 or 50 through 63, the CTC requirement may also be taken to be satisfied if the total weight of the non-originating materials (used in the production of the goods) does not exceed 10 per cent of the total weight of the goods (see 153ZRE(5) on page 23).

Example 1: CTC – tolerance by value for a non-textile and apparel good

A non-textile or apparel good uses two non-originating materials, A and B. As a result of its transformation into the finished good, material A meets the required CTC rule, but material B does not.

Because material B does not make the required change, the finished good would normally not be considered an originating good. If, however, the customs value of material B is less than 10 per cent of the value of the good, the good will still qualify as a UK originating good thanks to the tolerance exception.

Example 2: CTC – tolerance by weight

A textile good classified to Chapter 55 incorporates three non-originating materials X, Y and Z.

As a result of their transformation into the finished good, materials X and Y meet the CTC rule, but material Z does not.

Because material Z does not meet the required change in classification, the finished good would not normally qualify as originating. If, however, the weight of material Z is less than 10 per cent of the good's total weight, the good will still qualify as a UK originating good.

9 Procedures and evidence required to claim preferential rates of customs duty

9.1 Claiming A-UKFTA rates of customs duty

- 9.1.1 To claim preferential rates of customs duty under A-UKFTA, the provisions in Division 1P of Part VIII of the Customs Act require the importer to have, at the time of import, either
- a DOO or a copy of one, for the goods; or
 - other documentation to support that the goods are originating.
- 9.1.2 Article 4.18 of Chapter 4 of the Agreement provides that the following is required to support the claim for preferential rates of customs duty under A-UKFTA:
- a DOO completed by the exporter, producer, or, in the case of an exporter or producer in Australia, an authorised representative of the exporter or producer; or
 - the importer's knowledge that a good is originating.

Article 4.18 of the Agreement: Claims for Preferential Tariff Treatment

- (1) Each Party shall provide that an importer may make a claim for preferential tariff treatment, based on a declaration of origin completed by the exporter, producer, or, in the case of an exporter or producer in Australia, an authorised representative of the exporter or producer, or the importer's knowledge that a good is originating.
- (2) Each Party shall provide that a declaration of origin:
 - (a) need not follow a prescribed format;
 - (b) be in writing, including electronic format;
 - (c) specifies that the good is both originating and meets the requirements of this Chapter;
 - (d) be attached to, or provided on, an invoice or any other commercial document that describes the goods concerned in sufficient detail to enable them to be identified; and
 - (e) fulfils the data requirements as set out in Annex 4A (Data Requirements).
- (3) Each Party shall provide that a declaration of origin may apply to:
 - (a) a single shipment of a good into the territory of a Party; or
 - (b) multiple shipments of identical goods within any period specified in the declaration of origin, but not exceeding 12 months.
- (4) Each Party shall provide that a declaration of origin is valid for one year after the date that it was completed or for such longer period specified by the laws and regulations of the importing Party.
- (5) If unassembled or disassembled products within the meaning of rule 2(a) of the General Rules for the Interpretation of the Harmonized System falling within Sections XV to XXI of the Harmonized System are imported by more than one shipment, a single declaration of origin for such products may be used on request of the importer and in accordance with the requirements laid down by the customs authority of the importing Party.

9.2 Declaration of Origin

- 9.2.1 A DOO must comply with Article 4.18 of Chapter 4 and Annex 4A, Data Requirements (see section 9.4 below).
- 9.2.2 A DOO:
- (a) need not follow a prescribed format;
 - (b) must be in writing, including on an electronic format;
 - (c) must specify that the good is originating and meets the requirements of this Chapter;
 - (d) be attached to, or provided on, an invoice or any other commercial document that describes the goods concerned in sufficient detail to enable them to be identified; and
 - (e) fulfils the data requirements as set out in Annex 4A (Data Requirements).
- 9.2.3 A DOO may apply to a single shipment of a good or multiple shipments of identical goods within any period specified in the DOO, but not exceeding 12 months.
- 9.2.4 For Australian importers, the ABF will accept DOOs on commercial documents such as the invoice or on a separate document such as company letterhead.
- 9.2.5 Further information on DOO that meet the requirements of A-UKFTA can be found in the [Guide to using the A-UKFTA to export and import goods](#) available on the [Department of Foreign Affairs and Trade FTA web page](#).

9.3 Importer's Knowledge

- 9.3.1 An importer may make a claim for preferential rates of customs duty without a DOO, if they possess importer's knowledge that the goods are originating.
- 9.3.2 Paragraph 4.19.3 of the Agreement sets out that where a claim for preferential tariff treatment is on the basis of the importer's knowledge that the good is originating, the claim is made on the basis of either:
- (a) the importer having documentation that the good is originating; or
 - (b) reasonable reliance on supporting documentation provided by the exporter or producer that the good is originating.
- 9.3.3 Section 2.5 of the ABF [Guide to Origin Advice under Australia's Free Trade Agreements](#) sets out the type of information that could be used to obtain an Origin Advice Ruling. Importers should consider obtaining this type of information if they are seeking to rely on importer knowledge. The ABF is not prescriptive on how this is achieved, and the type of documents should be considered on a case-by-case basis.

Article 4.19 of Chapter 4 of the Agreement: Basis of a Declaration of Origin or Importer's Knowledge

- (1) Each Party shall provide that if a producer declares the origin of a good, the declaration of origin is completed on the basis of the producer having information that the good is originating.
- (2) Each Party shall provide that if the exporter is not the producer of the good, a declaration of origin may be completed by the exporter of the good on the basis of:
 - (a) the exporter having information that the good is originating; or
 - (b) reasonable reliance on the producer's information that the good is originating.
- (3) Each Party shall provide that if an importer of the good makes a claim for preferential tariff treatment on the basis of the importer's knowledge the good is originating, the claim is made on the basis of:
 - (a) the importer having documentation that the good is originating; or
 - (b) reasonable reliance on supporting documentation provided by the exporter or producer that the good is originating.
- (4) Australia shall also provide that a declaration of origin may be completed by an authorised representative of an exporter or producer of the good, on the basis of reasonable reliance on supporting documentation provided by the exporter or producer that the good is originating.
- (5) For greater certainty, nothing in paragraph 1 or paragraph 2 shall be construed to allow a Party to require an exporter or producer to complete a declaration of origin or provide a declaration of origin to another person.

9.4 Annex 4A: Data Requirements

9.4.1 A declaration of origin that is the basis for a claim for preferential tariff treatment under this Agreement shall include the following elements:

1. **Exporter, Producer, or Authorised Representative of the Exporter or Producer**

Indicate whether the signatory is the exporter, or producer in accordance with Article 4.18 (Claims for Preferential Tariff Treatment). In the case of an authorised representative, indicate whether the declaration of origin has been completed on behalf of the exporter, producer, or both.

2. **Signatory**

Provide the signatory's name, company name (if applicable), address (including country), telephone number, and e-mail address.

3. **Exporter**

Provide the exporter's name, address (including country), e-mail address, and telephone number if different from the signatory. For UK exporters, provide the UK exporter reference number where one has been assigned. The address of the exporter must be in the exporting Party. This information is not required if the producer is completing the declaration of origin and does not know the identity of the exporter.

4. **Producer**

Provide the producer's name, address (including country), e-mail address, and telephone number, if different from the certifier or exporter or, if there are multiple producers, state "Various" or provide a list of producers. A person that wishes for this information to remain confidential may state "Available upon request by the importing authorities". The address of a producer must be the place of production of the good in a Party.

5. **Importer**

Provide, if known, the importer's name, address, e-mail address, and telephone number. The address of the importer must be in a Party.

6. **Description and HS Tariff Classification of the Good**

- a. Provide a description of the good and the Harmonized System tariff classification of the good to the six-digit level. The description should be sufficient to relate it to the good covered by the declaration of origin; and
- b. If the declaration of origin covers a single shipment of a good, indicate, if known, the invoice number related to the exportation.

7. **Origin Criterion**

Specify the rule of origin under which the good qualifies.

8. **Period for multiple shipments**

If the declaration of origin covers multiple shipments of identical goods for a specified period of up to 12 months as set out in paragraph 3 of Article 4.18 (Claims for Preferential Tariff Treatment), state the period during which such shipments will be made.

9. **Authorised Signature and Date**

If the exporter or producer is the signatory, the declaration of origin must be signed and dated by the signatory, and accompanied by the following statement:

I (the exporter/the producer) declare that the goods described in this document qualify as originating and the information contained in this document is true and accurate. I (the exporter/the producer) assume responsibility for proving such representations and agree to maintain and present upon request or to make available during a verification visit, documentation necessary to support this declaration of origin.

If an authorised representative of the exporter or producer is the signatory, the declaration of origin must be signed, dated and accompanied by the following statement:

I (the authorised representative of the exporter/producer) declare that the goods described in this document qualify as originating and the information contained in this document is true and accurate. The exporter or the producer, as the case may be, assumes responsibility for providing such representations and agrees to maintain and present upon request or to make available during a verification visit, documentation necessary to support this declaration of origin.

9.5 Waiver of Documentary Evidence of Origin

- 9.5.1 A DOO is not required where the importer possesses the relevant and sufficient knowledge that the goods are originating set out in Section 9.3.
- 9.5.2 Division 1P of the Customs Act provides for the waiver of DOO under certain conditions.
- 9.5.3 Under a number of Australia's FTAs, the ABF has waived the requirement to obtain or present the relevant documentary evidence of origin in accordance for [Australian Trusted Traders Origin Waiver benefit](#).
- 9.5.4 As the waiver condition under the Australian Trusted Trader Origin Waiver benefit would effectively duplicate the importer's knowledge provisions – see Section 9.3 – provided to all importers under A-UKFTA, businesses can make use of the importer's knowledge provisions of A-UKFTA. No separate waiver will be provided.
- 9.5.5 Even where there is no requirement to obtain or present a DOO, importers will still be required to keep evidence that imported goods are originating and present this if requested by the ABF. Importers must comply with all requirements of the Agreement.
- 9.5.6 Australian importers need not have a DOO for imports when the total customs value of the originating goods does not exceed AUD1000⁴, provided the importation does not form Part of one or more importations that may reasonably be considered to have been undertaken or arranged for the purposes of avoiding the requirements of the Agreement.

⁴ For custom clearance purposes the importer will still be required to complete a self-assessed clearance declaration when the customs value does not exceed AUD1000. In these circumstances however a DOO is not required

9.6 Refunds

- 9.6.1 In order to claim a refund, the importer must have a valid declaration of origin for the goods, a copy of one or other documentation supporting that the goods are originating in order to claim a refund under section 23 of the Customs International Obligations Regulation.
- 9.6.2 Section 23 of the Customs International Obligations Regulation sets out refund reasons for the A-UKFTA under item 19 and 20. The ICS refund reason code for both items is **23A19**.

Item	Class of Goods	Circumstances
19	UK originating goods	Duty has been paid on the goods.
20	Goods that would have been UK originating goods if, at the time the goods were imported, the importer held: (a) a declaration of origin (within the meaning of subsection 153ZRB(1) of the Act), or a copy of one, for the goods; or (b) other documentation to support that the goods are originating	Duty has been paid on the goods and, at the time of making the application for the refund, the importer holds: (a) a declaration of origin (within the meaning of subsection 153ZRB(1) of the Act), or a copy of one, for the goods; or (b) other documentation to support that the goods are originating

Item 19 of Section 23 of the Customs International Obligations Regulation

- 9.6.3 Where an importer pays customs duty on UK originating goods while holding a valid DOO, a copy of one or other documentation supporting that the goods are originating, when the goods were entered for home consumption, the importer may claim a refund of the customs duty paid on those goods.
- 9.6.4 Item 19 applies to goods that are UK originating goods when entered for home consumption, and the importer did not claim preferential rates of customs duty when the goods were entered for home consumption. Item 19 requires the importer to hold a valid DOO, or a copy of one, or other documentation supporting that the goods are originating, when the goods were entered for home consumption and that all legislative requirements are met to allow A-UKFTA preferential rates of customs duty to be claimed.
- 9.6.5 Item 19 can be used for refunds for up to four years from the date the duty for the goods was paid. There is no requirement that the DOO be valid when a refund is sought.
- 9.6.6 Item 19 cannot be used where the importer was not in possession of a DOO, or a copy of one, or other documentation supporting that the goods are originating, when the goods were entered for home consumption.

Item 20 of Section 23 of the Customs International Obligations Regulation

- 9.6.7 Where an importer pays customs duty on UK originating goods and a valid DOO, a copy of one or other documentation supporting that the goods are originating, was not available when the goods were entered for home consumption, the importer may claim a refund of the customs duty paid on those goods.
- 9.6.8 Item 20 applies to goods that would have been UK originating goods, if when the goods were entered for home consumption, the importer held a valid DOO, a copy of one or other documentation supporting that the goods are originating. This item is used when the duty has been paid on the goods and the importer obtains a valid DOO, a copy of one or other

documentation supporting that the goods are originating after the goods were entered for home consumption.

- 9.6.9 While Item 20 can be used for refunds up to four years from the date the duty for the goods was paid, where this is done on the basis of a DOO, this item can only be used while the DOO remains valid.
- 9.6.10 Under Chapter 4 of the Agreement, a DOO shall remain valid for a period of up to one year after the date the DOO was completed and any refund is limited to this timeframe.
- 9.6.11 There is no time limit on when a DOO can be completed.
- 9.6.12 Where an importer has paid duty on goods that were later understood to be UK originating goods, they may be able to apply for a refund of customs duty paid without the need for a DOO, where they have other documentation supporting that the goods are originating. The importer may still be required to provide evidence on the origin of the goods to support a refund, such as commercial documentation, statements of manufacture or a valid DOO if requested by the ABF. These conditions are similar to the [Australia Trusted Trader Origin Waiver Benefit](#) and applies to all importers. There will not be a separate Origin Waiver Benefit provided under A-UKFTA.

9.7 Compliance procedures for claiming preference

- 9.7.1 Under the Customs Act (sections 71DA, 240AA, 240AB and 240AC) the ABF may seek further evidence additional to a DOO through:
- (a) written requests for information from the importer
 - (b) written requests for information from the exporter or producer of the exporting Party
 - (c) written requests for information from the customs authority of the exporting Party
 - (d) verification visits to the premises of the exporter or the producer in a Party to allow ABF officers to review the records referring to origin.
- 9.7.2 The ABF may deny a claim for preferential rates of customs duty if:
- (a) it determines that the good does not meet the requirements of Division 1P of Part VIII of the Customs Act to qualify for preferential rates of customs duty
 - (b) the importer, exporter, producer or authorised agent fails to comply with the relevant requirements of the Customs Act
 - (c) after seeking further information under sections 71DA, 240AA, 240AB and 240AC of the Customs Act, the ABF does not:
 - (i) receive sufficient information to determine that the good qualifies as originating
 - (ii) receive written consent to conduct a verification visit from the exporter or producer, after receipt of written notification for a verification visit
 - (iii) receive a response to the requests outlined in paragraph 9.7.1 of this Guide.
- 9.7.3 If, after making a claim for preferential rates of customs duty, the importer becomes aware that the goods were ineligible for a preferential rate of customs duty, the importer must, as soon as practicable, amend the import declaration and pay any short-fall amount of customs duty. This action may protect an importer against liability for an offence under subsections 243T(1) or 243U(1) of the Customs Act, if the amendment is considered a voluntary disclosure as explained in [ACN 2004/05](#) and [DIBPN 2016-35](#).
- 9.7.4 Where a short payment results from an incorrectly claimed preferential rate of customs duty, an importer may be protected from liability for an offence against subsection 243T(1) or 243U(1) of the Customs Act if, at the time of entry of the goods, they hold a DOO that states that a particular preference criterion of Division 1P of Part VIII of the Customs Act has been met.
- 9.7.5 The protection will not apply where:
- (a) other information available to the importer indicated that the statement on the DOO was incorrect or unreliable; or
 - (b) the DOO could not be clearly related to the goods in question.
- 9.7.6 Similarly, the protection will not apply once the ABF has given the owner of the goods or their agent an audit notice under section 214AD of the Customs Act; or the ABF exercises a power under a Customs-related law to verify the accuracy of the information included in the statement; or where the ABF has issued an infringement notice in relation to the statement; or where the ABF has commenced legal proceedings in relation to the statement.
- 9.7.7 Where an import declaration states that a preferential rate of customs duty is being applied for, this will be taken to indicate that the owner of the goods possesses evidence that the stated facts are correct. The criteria for eligibility for preferential rates of customs duty under A-UKFTA are set out in Division 1P of Part VIII of the Customs Act.

- 9.7.8 The importer must have a valid DOO at the time of entering the goods or importer's knowledge. An importer may be required to produce the DOO or other evidence, either at the time of entering the goods or a later date, to demonstrate any claims made.
- 9.7.9 If the ABF finds that preferential rate of customs duty is inapplicable or that there is insufficient evidence to justify the claim for a preferential rate of customs duty, the general rate of customs duty is payable on the goods and there will be a liability for the payment of any customs duty and GST that has been short-paid. In these circumstances, an offence may have been committed against subsections 243T(1) or 243U(1) of the Customs Act. An administrative penalty under the *Taxation Administration Act 1953* may also apply where there is a shortfall amount of GST. An infringement notice may be served in lieu of prosecution for an offence against subsections 243T(1) or 243U(1) of the Customs Act.

9.8 Validity

- 9.8.1 Under Chapter 4 of the Agreement, a DOO remains valid for one year from the date on which it is completed.
- 9.8.2 A DOO must bear the date on which it was completed.

10 Record keeping obligations

10.1 Importers

- 10.1.1 Australian importers must maintain the documentation relating to the importation of the goods for four years after the date of the goods' importation.
- 10.1.2 Importers must still comply with all record provisions in the Customs Act.

10.2 Exporters and producers

- 10.2.1 Part 5 of UK Regulations sets out that Australian exporters or producers of goods that issue a DDO must keep, for four years starting on the date the DDO for the goods is issued, all records necessary to demonstrate that the goods are Australian originating goods.
- 10.2.2 The exporter or producer must also ensure all of the following:
 - (i) that the record is kept in a form that would enable a determination of whether the goods are originating goods in accordance with the Agreement
 - (ii) if the record is not in English, that the record is kept in a place and form that would enable an English translation to be readily made
 - (iii) if the record is kept by mechanical or electronic means, that the record is readily convertible into a hard copy in English
- 10.2.3 The records may be kept at any place, whether or not in Australia.

Records to be kept by producers and exporters of goods, that issue a declaration of origin claiming to be Australian originating goods under A-UKFTA

Item	Records	Producer	Exporter
1.	Records of the purchase of the goods	✓	✓ <i>iii</i>
2.	Records of the purchase of the goods by the person to whom the goods are exported		✓
3.	Evidence of the classification of the goods under the Harmonized System	✓ <i>v</i>	✓
4.	Evidence that payment has been made for the goods	✓	✓
5.	Evidence of the value of the goods	✓	
6.	Records of the purchase of all materials that were purchased for use or consumption in the production of the goods and evidence of the classification of the materials under the Harmonized System	✓	
7.	Evidence of the value of those materials	✓	
8.	Records of the production of the goods	✓	
9.	If the goods include any accessories, spare parts, tools or instructional or other information materials that were purchased: a. records of the purchase of the accessories, spare parts, tools or instructional or other information materials; and b. evidence of the value of the accessories, spare parts, tools or instructional or other information materials	✓ <i>i</i>	✓ <i>iii</i>
10.	If the goods include any accessories, spare parts, tools or instructional or other information materials that were produced: a. records of the purchase of all materials that were purchased for use or consumption in the production of the accessories, spare parts, tools or instructional or other information materials; and b. evidence of the value of the materials so purchased; and c. records of the production of the accessories, spare parts, tools or instructional or other information materials	✓ <i>ii</i>	✓ <i>iv</i>
11.	If the goods are packaged for retail sale in packaging material or a container that was purchased: a. records of the purchase of the packaging material or container; and b. evidence of the value of the packaging material or container	✓ <i>i</i>	✓ <i>iii</i>
12.	If the goods are packaged for retail sale in packaging material or a container that was produced: a. records of the purchase of all materials that were purchased for use or consumption in the production of the packaging material or container; and b. evidence of the value of the materials so purchased; and c. records of the production of the packaging material or container	✓ <i>ii</i>	✓ <i>iv</i>
13.	A copy of the declaration of origin (within the meaning of section 153ZRB of the Act) in relation to the goods	✓	✓
Notes	<i>i. If purchased by the producer</i> <i>ii. If produced by the producer</i> <i>iii. If purchased by the exporter</i> <i>iv. If produced by the exporter</i> <i>v. If the producer is also the exporter</i>		

11 Origin advice rulings

11.1 Provision of origin advice rulings

- 11.1.1 A-UKFTA allows for Australian importers, exporters and producers of UK originating goods to obtain advance rulings (see Article 5.10 of Chapter 5 of the Agreement) from the ABF regarding future importations of goods into Australia.

11.2 Policy and practice

- 11.2.1 The ABF provides guidance on obtaining an origin advice rulings at:
<https://www.abf.gov.au/importing-exporting-and-manufacturing/fta/origin-advice>

12 Related policies and references

12.1 Associated documents

- [Origin Advice](#)
- [Claiming Preference in the ICS](#)

13 Document details

13.1 Document change control

Version number	Date of issue	Author(s)	Brief description of change
0.99	15 May 2023	Tariff and Trade Policy Section	Draft version prior to EIF
1.00	30 May 2023	Tariff and Trade Policy Section	Final version as at 30 May
1.1	18 December 2024	Tariff and Trade Policy Section	Updated Template