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**BORDER FORCE**

**Official**

# Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) Rules of Origin

Guide to claiming preferential tariff treatment under  
IA-CEPA 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 are eligible for preferential rates of customs duty under the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) as in force from 5 July 2020 in accordance with the *Customs Act 1901* and the IA-CEPA rules of origin.

## 1.2 Coverage of the Guide

- 1.2.1 This Guide deals with origin issues as they relate to the Indonesia-Australia Comprehensive Economic Partnership Agreement (the Agreement or IA-CEPA).
- 1.2.2 IA-CEPA was signed on 4 March 2019 and entered into force on 5 July 2020.
- 1.2.3 Importers may claim preferential tariff treatment on eligible goods in accordance with IA-CEPA if they satisfy the requirements contained in Division 1HA of Part VIII of the *Customs Act 1901*. Eligible goods are referred to under new Division 1HA as 'Indonesian originating goods'.
- 1.2.4 Further information is available at [the Australian Border Force's Free Trade Agreement \(FTA\) webpage](#) and on the [Department of Foreign Affairs and Trade's FTA webpage](#).
- 1.2.5 Questions relating to the treatment of goods under IA-CEPA being imported into Australia should be directed to: [origin@abf.gov.au](mailto:origin@abf.gov.au).

## 1.3 Import declaration codes

- 1.3.1 Before making a claim for preferential tariff treatment, importers must take reasonable care to ensure that their goods meet the relevant rules of origin (ROO) and, conversely, do not breach IA-CEPA's rules regarding consignment and minimal operations and processes. The codes that must be input into the Integrated Cargo System (ICS) or noted on the appropriate hard-copy form (e.g. Form B650 - N10 Import Declaration) to claim preferential tariff treatment for Indonesian originating goods are:

ICS field	Code	Definition	Legislative reference
Preference Scheme Type	IEPA	Indonesia-Australia Comprehensive Economic Partnership Agreement	
Preference Rule Type	WO	Goods wholly obtained or produced in Indonesia	Customs Act, Division 1HA, Subdivision B
	PE	Goods produced in Indonesia from originating materials	Customs Act, Division 1HA, Subdivision C
	CTC	Goods produced in Indonesia or in Indonesia and Australia from non-originating materials that meet a change in tariff classification (CTC) PSR	Customs Act, Division 1HA, Subdivision D IA-CEPA Regulations
	QVC	Goods produced in Indonesia or in Indonesia and Australia from non-originating materials that meet a qualifying value content (QVC) PSR	
	SP	Goods produced in Indonesia or in Indonesia and Australia from non-originating materials meeting a specific process rule (such as a chemical reaction rule) PSR	

1.3.2 The code to obtain a refund for overpaid duties under IA-CEPA is:

Refund Reason Code	Description	Circumstances
23A8E	Indonesia originating goods	Duty has been paid on the goods.
	Goods that would have been Indonesian originating goods if, at the time the goods were imported, the importer held a Certificate of Origin or a Declaration of Origin or a copy of a Certificate of Origin or a copy of the Declaration of Origin for the goods.	Both of the following apply: (a) duty has been paid on the goods (b) the importer holds a Certificate of Origin, or a Declaration of Origin (within the meaning of section 153ZLK of the Customs Act) for the goods, or a copy of either of those documents, at the time of making the application for the refund.

1.3.3 Refund circumstances are set out in Items 8E and 8F of the table in section 23(a) of the Customs (International Obligations) Regulation.

## 1.4 Abbreviations

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

<b>ABF</b>	Australian Border Force
<b>ACN</b>	Australian Customs Notice (also includes Department of Home Affairs Notice (DHAN) and Department of Immigration and Border Protection Notices (DIBPN))

<b>CTC</b>	change in tariff classification
<b>Customs Act</b>	<i>Customs Act 1901</i>
<b>Customs (International Obligations) Regulation</b>	<i>Customs (International Obligations) Regulation 2015</i>
<b>Department</b>	unless separately identified, 'the Department' includes, for the purposes of this Guide, the Department of Home Affairs and the Australian Border Force
<b>Documentary Evidence of Origin</b>	a Certificate of Origin or Declaration of Origin for the purposes of Division 1HA of the Customs Act
<b>FTA</b>	free trade agreement
<b>HS</b>	Harmonized Commodity Description and Coding System
<b>ICS</b>	Integrated Cargo System
<b>IA-CEPA</b>	The Indonesia-Australia Comprehensive Economic Partnership Agreement signed at Jakarta on 4 March 2019, as amended from time to time
<b>IA-CEPA Regulations</b>	<i>Customs (Indonesian Rules of Origin) Regulations 2019</i>
<b>PE</b>	goods produced entirely in Indonesia from originating materials only
<b>PSR</b>	product specific rule(s) of origin
<b>ROO</b>	rule(s) of origin
<b>QVC</b>	qualifying value content
<b>SP</b>	specific process rule
<b>Tariff Act</b>	<i>Customs Tariff Act 1995</i>
<b>Tariff Regulations</b>	<i>Customs Tariff Regulations 2004</i>
<b>Working Tariff</b>	Combined Australian Customs Tariff Nomenclature and Statistical Classification
<b>WO</b>	goods wholly obtained or produced in Indonesia

## 2 Legislation

### 2.1 General outline of legislation

2.1.1 The following documents contain the requirements for claiming preferential tariff treatment under IA-CEPA for goods imported into Australia:

- Combined Australian Customs Tariff Nomenclature and Statistical Classification, commonly known as the ‘Working Tariff’
- *Customs Tariff Act 1995* (the Customs Tariff)
  - Schedule 9A – Indonesian originating goods
- *Customs Act 1901* (Customs Act)
  - Division 1HA of Part VIII – Indonesian originating goods
  - Division 4FA of Part VI – Verification powers – Exportation of goods to Indonesia.
- *Customs (Indonesian Rules of Origin) Regulations 2019* (IA-CEPA Regulations)
- *Customs (International Obligations) Regulation 2015* (the Customs (International Obligations) Regulation)
  - Section 23 – Circumstances for refunds, rebates and remissions of duty

### 2.2 IA-CEPA treaty text

2.2.1 The most pertinent chapters of IA-CEPA for the purposes of importing or exporting Indonesian originating goods to or from Australia are the following:

- Chapter 1 - Initial Provisions and General Definitions
- Chapter 2 - Trade in Goods
- Annex 2-A - Schedule of Tariff Commitments
  - Indonesia’s Tariff Schedule
- Appendix 2-A.1: Tariff Rate Quotas
- Chapter 4 - Rules of Origin
  - Annex 4-A - Procedures for Issuing Certificates of Origin
    - Annex 4-A.1 List of Data Requirements
  - Annex 4-B - Procedures for Making Declarations of Origin
  - Annex 4-C - Product-Specific Rules of Origin

2.2.2 These texts are available under “IA-CEPA text and associated documents” from [the Department of Foreign Affairs and Trade IA-CEPA webpage](#) or as [2020] ATS 9 in [the Australian Treaty Series on AustLII](#).



## 3 Definitions

### 3.1 The Customs Act

3.1.1 This part of the Guide sets out the definitions in section 153ZLK of the Customs Act that are relevant in determining whether goods are Indonesian originating goods.

3.1.2 **Agreement** means the Indonesia-Australia Comprehensive Economic Partnership Agreement, done at Jakarta on 4 March 2019, as amended from time to time.

Note: The Agreement could in 2019 be viewed in the Australian Treaties Library on the AustLII website ([www.austlii.edu.au](http://www.austlii.edu.au)).

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 Indonesia that implements the Agreement.

3.1.5 **Certificate of Origin** means a certificate that is in force and that complies with the requirements of Article 4.20 of Chapter 4 of the Agreement.

3.1.6 **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.

Note: The Convention is in Australian Treaty Series 1988 No. 30 ([1988] ATS 30) and could in 2019 be viewed in the Australian Treaties Library on the AustLII website (<http://www.austlii.edu.au>).

3.1.7 **customs value** of goods has the meaning given by section 159 of the Customs Act.

3.1.8 **Declaration of Origin** means a declaration that is in force and that complies with the requirements of Article 4.20 of Chapter 4 of the Agreement.

3.1.9 **enterprise** has the meaning given by Article 1.4 of Chapter 1 of the Agreement.

3.1.10 **Harmonized Commodity Description and Coding System** means the Harmonized Commodity Description and Coding System that is established by or under the Convention.

3.1.11 **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 4-C 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.

- 3.1.12 **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); and
  - (d) tools, dies and moulds; and
  - (e) spare parts and materials; and
  - (f) lubricants, greases, compounding materials and other similar goods; and
  - (g) gloves, glasses, footwear, clothing, safety equipment and supplies; and
  - (h) catalysts and solvents.
- 3.1.13 **Indonesian originating goods** means goods that, under Division 1HA of Part VIII of the Customs Act, are Indonesian originating goods.
- 3.1.14 **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.
- 3.1.15 **non-originating materials** means goods that are not originating materials.
- 3.1.16 **non-party** has the same meaning as it has in Chapter 4 of the Agreement.
- 3.1.17 **originating materials** means:
- (a) Indonesian 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) indirect materials.
- 3.1.18 **person of Indonesia** means:
- (a) a natural person of a Party within the meaning, so far as it relates to Indonesia, of Article 1.4 of Chapter 1 of the Agreement; or
  - (b) an enterprise of Indonesia.
- 3.1.19 **production** has the meaning given by Article 4.1 of Chapter 4 of the Agreement.
- 3.1.20 **sea-fishing** has the same meaning as it has in Chapter 4 of the Agreement.
- 3.1.21 **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.
- 3.1.22 **territory of Indonesia** means territory within the meaning, so far as it relates to Indonesia, of Article 1.4 of Chapter 1 of the Agreement.

## 4 Principles of the IA-CEPA Rules of Origin

### 4.1 Goods covered by IA-CEPA

- 4.1.1 This Agreement covers all goods imported into Australia from Indonesia that are Indonesian originating goods.
- 4.1.2 Paragraph 16(1)(oa) of the Tariff Act provides that the rate of customs duty for Indonesian originating goods is Free unless the goods are classified to a tariff classification that is specified in column 2 of an item in the table in Schedule 9A.

### 4.2 Geographical area covered by IA-CEPA

- 4.2.1 The Agreement covers the territories of Australia and Indonesia as defined in paragraphs 3.1.21 and 3.1.22 of this Guide.
- 4.2.2 Article 1.4 of Chapter 1 of the Agreement defines the territory for Australia as:
- the territory of Australia, 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
  - Australia's territorial sea, contiguous zone, exclusive economic zone and continental shelf over which Australia exercises sovereignty, sovereign rights or jurisdiction, as the case may be, in accordance with international law, including the United Nations Convention on the Law of the Sea, done at Montego Bay, December 10, 1982.
- 4.2.3 Article 1.4 of Chapter 1 of the Agreement defines the territory for Indonesia as:
- the land territories, internal waters, archipelagic waters, territorial sea, including seabed and subsoil thereof, and airspace over such territories and waters, as well as continental shelf and exclusive economic zone, over which Indonesia has sovereignty, sovereign rights or jurisdiction as defined in its laws and in accordance with international law, including the United Nations Convention on the Law of the Sea, done at Montego Bay, December 10, 1982.

### 4.3 Rules of origin and Indonesian originating goods

- 4.3.1 ROO are essential for determining whether imported goods are eligible for claiming the preferential rates of duty available under IA-CEPA. 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 IA-CEPA. ROO preclude goods made in other countries from obtaining benefit by merely transiting through Australia or Indonesia.
- 4.3.2 Indonesian originating goods are those that satisfy the requirements of Division 1HA of Part VIII of the Customs Act and the IA-CEPA Regulations.
- 4.3.3 In summary, the following requirements must be met:
- The goods must be Indonesian originating goods.
  - The importer must make a claim for preferential treatment.

- The importer who is claiming preferential treatment must satisfy the documentary requirements.
  - The goods must meet the consignment provision.
- 4.3.4 Division 1HA of Part VIII of the Customs Act sets out the ROO for the following categories of goods originating under IA-CEPA:
- goods that are wholly obtained or produced – Customs Act Section 153ZLL
  - goods that are produced entirely from originating materials – Customs Act Section 153ZLM
  - goods produced from non-originating materials only or from non-originating and originating materials – Customs Act Section 153ZLN and 153ZLO.
- 4.3.5 Goods that fall within the third category under paragraph 4.3.4 of this Guide must satisfy the applicable PSR as listed in Annex 4-C of the Agreement.
- 4.3.6 A PSR is the rule that must be met either solely or in conjunction with another rule for the good to qualify for preferential treatment. The PSRs that apply in IA-CEPA are:
- CTC
  - QVC
  - specific processing rules.
- 4.3.7 Non-originating goods are those that:
- originate from outside Indonesia or Australia
  - are produced in Indonesia but fail to meet the ROO
  - are of undetermined origin.

## 4.4 Harmonized Commodity Description and Coding System

- 4.4.1 The IA-CEPA PSRs and schedules of 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.
- 4.4.2 The IA-CEPA PSR and Schedule 9A to the Tariff Act are in HS 2017 nomenclature.
- 4.4.3 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 number that is six-digits in length. The tariff classifications for goods imported into Australia are eight digits in length. Indonesia also uses eight digits for tariff classification.
- 4.4.4 Subheadings provide more specific descriptions than headings. Headings provide more specific descriptions than Chapters. The HS is internationally standardised to the six-digit subheading level.

### Example: Harmonized System of Tariff Classification

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

- 4.4.5 Under the HS, the Chapters, headings, and six-digit 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'.
- 4.4.6 Importers need to determine the HS classification of the imported good (up to the six-digit level) and use that classification to find the specific PSR for that classification in Annex 4-C 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 IA-CEPA.
- 4.4.7 Importers need to determine the HS classification of the imported good (up to the eight-digit level) and use that classification to determine the preferential rate of customs duty that applies to the good in Schedule 9A to the Tariff Act.

## 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 provision (See paragraph 8.3)
  - *De minimis* provision (See paragraph 8.4)
  - Exhibition goods (See paragraph 8.5)
  - Identical and interchangeable materials (See paragraph 8.6)
  - Indirect materials (See paragraph 8.7)
  - Minimal operations and processes (See paragraph 8.8)
  - Packaging materials and containers (See paragraph 8.9)

## 5 Goods wholly obtained or produced

5.1.1 Section 153ZLL of the Customs Act contains provisions relating to goods that are wholly obtained or produced in Indonesia:

### Section 153ZLL of the Customs Act: Goods wholly obtained or produced in Indonesia

- (1) Goods are **Indonesian originating goods** if:
- (a) they are wholly obtained or produced in Indonesia; and
  - (b) either:
    - (i) the importer of the goods has, at the time the goods are imported, a Certificate of Origin or a Declaration of Origin, or a copy of one, for the goods; or
    - (ii) Australia has waived the requirement for a Certificate of Origin or a Declaration of Origin for the goods.
- (2) Goods are wholly obtained or produced in Indonesia if, and only if, the goods are:
- (a) plants, or goods obtained from plants, that are grown, harvested, picked or gathered in the territory of Indonesia (including fruit, flowers, vegetables, trees, seaweed, fungi and live plants); or
  - (b) live animals born and raised in the territory of Indonesia; or
  - (c) goods obtained from live animals in the territory of Indonesia; or
  - (d) goods obtained from hunting, trapping, fishing, farming, aquaculture, gathering or capturing conducted in the territory of Indonesia; or
  - (e) minerals, or other naturally occurring substances, extracted or taken from the soil, waters, seabed or beneath the seabed in the territory of Indonesia; or
  - (f) goods of sea-fishing, or other marine goods, taken from the high seas, in accordance with international law, by any vessel that is registered or recorded with Indonesia and is entitled to fly the flag of Indonesia; or
  - (g) goods produced, from goods referred to in paragraph (f), on board a factory ship that is registered or recorded with Indonesia and is entitled to fly the flag of Indonesia; or
  - (h) goods taken by Indonesia, or a person of Indonesia, from the seabed, or beneath the seabed, outside:
    - (i) the exclusive economic zone of Indonesia; and
    - (ii) the continental shelf of Indonesia; and
    - (iii) an area over which a non-party exercises jurisdiction;and taken under exploitation rights granted in accordance with international law; or
  - (i) either of the following:
    - (i) waste and scrap that has been derived from production or consumption in the territory of Indonesia and that is fit only for the recovery of raw materials;
    - (ii) used goods that are collected in the territory of Indonesia and that are fit only for the recovery of raw materials; or
  - (j) goods obtained or produced in the territory of Indonesia solely from goods referred to in paragraphs (a) to (i) or from their derivatives.

5.1.2 In order for a good to be considered an Indonesian originating good, the importer must have the correct 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 Indonesian originating goods under Section 153ZLL (2)(i) of the Customs Act if they are derived from either production, consumption or collection in Indonesia and are fit only for the recovery of raw material.

**Example: Waste and scrap**

Rubber is imported into Indonesia from China 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 Indonesia and is only fit for the recovery of raw materials, it fits the definition of waste and scrap and is considered to be “wholly obtained” under 153ZLL(2)(i). Therefore, the scrap rubber qualifies as Indonesian originating goods and may claim preferential treatment, if all other requirements are met.

## 6 Goods produced from originating materials

- 6.1.1 Section 153ZLM of the Customs Act sets out the ROO that apply to goods produced in Indonesia from originating materials.

### **Section 153ZLM of the Customs Act: Goods produced in Indonesia from originating materials**

Goods are Indonesian originating goods if:

- (a) they are produced entirely in the territory of Indonesia from originating materials only; and
- (b) either:
  - (i) the importer of the goods has, at the time the goods are imported, a Certificate of Origin or a Declaration of Origin, or a copy of one, for the goods; or
  - (ii) Australia has waived the requirement for a Certificate of Origin or Declaration of Origin for the goods.

- 6.1.2 In order for a good to be considered an Indonesian originating good, the importer must have the correct 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.



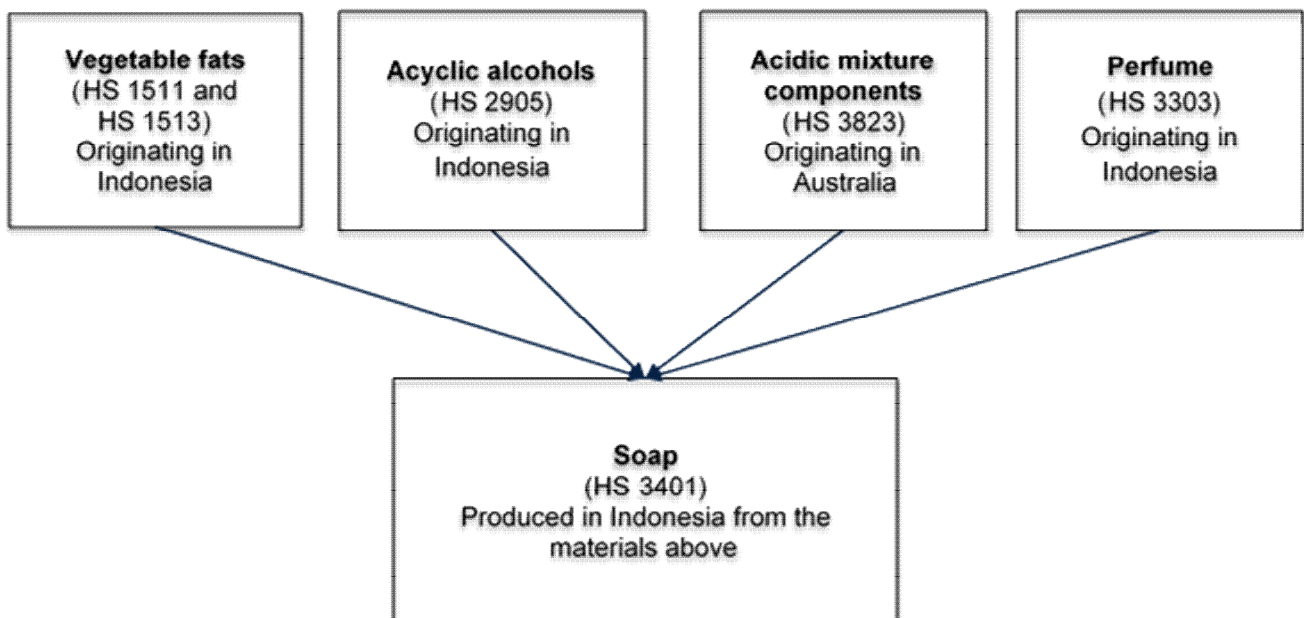
## 6.2 Goods produced using originating materials

- 6.2.1 Section 153ZLM of the Customs Act allows for the production of Indonesian originating goods to occur from originating materials. Originating materials include indirect materials, Indonesian originating materials and Australian originating materials.

### Example: Goods produced in Indonesia using a combination of originating materials

In this example, the soap is made from materials that are Australian or Indonesian originating because they are

- Goods wholly obtained or produced;
- Goods produced from originating materials; or
- Goods produced from non-originating materials meeting a change in tariff classification PSR.



Therefore the soap is an Indonesian originating good in accordance with section 153ZLM.

## 7 Goods produced from non-originating materials

7.1.1 Section 153ZLN of the Customs Act contains provisions that apply to goods produced in Indonesia, or Indonesia and Australia, that incorporate non-originating materials:

### **Section 153ZLN of the Customs Act: Goods produced in Indonesia, or in Indonesia and Australia, from non-originating materials**

- (1) Goods are *Indonesian 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 4-C of the Agreement; and
  - (b) they are produced entirely in the territory of Indonesia, or entirely in the territory of Indonesia 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) either:
    - (i) the importer of the goods has, at the time the goods are imported, a Certificate of Origin or a Declaration of Origin, or a copy of one, for the goods; or
    - (ii) Australia has waived the requirement for a Certificate of Origin or a Declaration of Origin for the goods.
- (2) Without limiting paragraph (1)(c), a requirement may be specified in the table in Annex 4-C 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 the total value of the non-originating materials covered by paragraph (b) does not exceed 10% of the customs value of the goods.

- (5) 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) the goods are classified to any of Chapters 50 to 63 of the Harmonized System; and
  - (c) 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 the total weight of the non-originating materials covered by paragraph (c) does not exceed 10% of the total weight of the goods.

*Qualifying value content*

- (6) If a requirement that applies in relation to the goods is that the goods must have a qualifying value content of not less than a particular percentage worked out in a particular way:
- (a) the qualifying value content of the goods is to be worked out in accordance with the Agreement; or
  - (b) if the regulations prescribe how to work out the qualifying value content of the goods - the qualifying value content of the goods is to be worked out in accordance with the regulations.
- (7) If:
- (a) a requirement that applies in relation to the goods is that the goods must have a qualifying 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 not invoiced separately from the goods; and
  - (d) the accessories, spare parts, tools or instructional or other information materials are included in the price of the goods; and
  - (e) the quantities and value of the accessories, spare parts, tools or instructional or other information materials are customary for the goods;
- the regulations must provide for 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 qualifying value content of the goods (whether the accessories, spare parts, tools or instructional or other information materials are originating materials or non-originating materials).
- 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 153ZLK(2).**
- (8) If the goods are claimed to be Indonesian originating goods on the basis that the goods have a qualifying value content of not less than a particular percentage worked out in a particular way, the following are to be disregarded in determining whether the goods are Indonesian originating goods:
- a) operations or processes to preserve the goods in good condition for the purpose of transport or storage of the goods;
  - b) operations or processes to facilitate the shipment or transportation of the goods;
  - c) packaging or presenting the goods for transportation or sale;
  - d) simple processes of sifting, classifying, washing or other similar simple processes;
  - e) affixing of marks, labels or other distinguishing signs on the goods or on their packaging;
  - f) mere dilution with water or another substance that does not materially alter the characteristics of the goods;
  - g) any combination of things referred to in paragraphs (a) to (f).

- 7.1.2 In determining whether goods are produced in Indonesia, or in Indonesia and Australia, subsections 153ZLK (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 prescribing 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.
- 7.1.3 The IA-CEPA Regulations prescribe matters for the purposes of section 153ZLN and subsections 153ZLK (2) and (3).
- 7.1.4 Subsection 4(3A) of the Customs Act defines tariff classification with respect to the Tariff Act. Subsection 153ZLK (4), however, provides that subsection 4(3A) does not apply of the purposes of this Division. Tariff classification for the purposes of Division 1HA, is therefore that set out in Annex 4-C of the Agreement.
- 7.1.5 Section 153ZLN of the Customs Act sets out the rules for determining whether a good is an Indonesian originating good if the good incorporates non-originating materials in its production process in Indonesia, or in both Indonesia and Australia.
- 7.1.6 Goods are Indonesian originating goods if all the requirements of subsection 153ZLN (1) 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 4-C of the Agreement.
  - Production of the final good occurred entirely in Indonesia or in Indonesia and Australia, 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 the correct supporting documentation in relation to the goods at the time the goods are imported.
- 7.1.7 Annex 4-C of the Agreement lists the PSR that must be met (i.e. CTC, QVC, or specific manufacturing or processing operation) in order to determine whether the goods have undergone substantial transformation. Column 1 and 2 of the Table in the Annex 4-C of the Agreement lists the tariff classifications of goods at the heading or subheading level based on HS 2017. Column 3 provides the product description for the goods. Column 4 sets out the PSR relevant to the tariff classifications in Column 1 and 2.
- 7.1.8 Under 153ZLN(2), a requirement may be specified in the table in Annex 4-C of the Agreement by using an abbreviation that is given a meaning for the purposes of that Annex.

### 7.1.9

In IA-CEPA the following abbreviations and terms apply:

- **CC** means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 2-digit level;
- **chapter** means the first two digits of the tariff classification number under the HS Code;
- **CTH** means that all non-originating materials used in the production of the good have undergone a change in tariff classification at the 4-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 6-digit level;
- **heading** means the first four digits of the tariff classification number under the HS Code;
- **QVC (XX)** means that the good must have a qualifying value content of not less than XX per cent as calculated in accordance with Article 4.5 (Calculation of Qualifying Value Content) of Chapter 4 (Rules of Origin);
- **sub-heading** means the first six digits of the tariff classification number under the HS Code.

## 7.2 Examples of PSR that appear in Annex 4-C of IA-CEPA

### PSR - CTC only

The rule may require a CTC from input materials to the final good at Chapter, heading or subheading level.

For example, for Copra of subheading 1203.00, the PSR is a change to subheading 1203.00 from any other Chapter:

Column 1	Column 2	Column 3	Column 4
Tariff Heading	Tariff Sub-Heading	Product Description	Product-Specific Rules
1203	1203.00	Copra	CC

### PSR – CTC except from certain classifications

The rule may require a change in tariff classification from input materials to the final good at Chapter, heading or subheading level but exclude certain Chapters, headings or subheadings.

For example, for *Yarn of wool or of fine animal hair, put up for retail sale; containing 85% or more by weight of wool or of fine animal hair* of subheading 5109.10, the PSR is a change to the subheading from any heading except from headings 5106 (*Yarn of carded wool, not put up for retail sale*), 5107 (*Yarn of combed wool, not put up for retail sale*) or 5108 (*Yarn of fine animal hair (carded or combed), not put up for retail sale*). This means that the non-originating inputs cannot come from headings 5106 through 5108.

Column 1	Column 2	Column 3	Column 4
Tariff Heading	Tariff Sub-Heading	Product Description	Product-Specific Rules
5109		Yarn of wool or of fine animal hair, put up for retail sale	
	5109.10	- Containing 85 % or more by weight of wool or of fine animal hair	CTH except from 5106 through 5108
	5109.90	- Other	CTH except from 5106 through 5108

### PSR – CTC with an additional requirement

The rule may require a change in tariff classification from input materials to the final good at Chapter, heading or subheading level with an additional requirement.

For example, for *Electric blankets* of subheading 6301.10, the PSR is a change to subheading 6301.10 from any other Chapter, provided an additional processing requirement is met: that where the starting material is fabric, the fabric is raw or unbleached fabric and fully finished in the territory of one or both of the Parties.

Column 1	Column 2	Column 3	Column 4
Tariff Heading	Tariff Sub-Heading	Product Description	Product-Specific Rules
6301		Blankets and travelling rugs	
	6301.10	Electric blankets	CC provided that where the starting material is fabric, the fabric is raw or unbleached fabric and fully finished in the territory of one or both of the Parties

## PSR – CTC or QVC

Some PSRs allow for the option of meeting either a CTC or a QVC rule.

The rule may require a change in tariff classification from input materials to the final good at Chapter, heading or subheading level or it may require that the good meets a QVC requirement.

For example, for *Hand- or foot-operated air pumps* of subheading 8414.20, the PSR is a change to subheading 8414.20 from any other subheading or a QVC of the good must be greater than 40 per cent.

Column 1	Column 2	Column 3	Column 4
Tariff Heading	Tariff Sub-Heading	Product Description	Product-Specific Rules
8414		<b>Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters</b>	
	8414.10	Vacuum pumps	CTSH or QVC(40)
	8414.20	Hand- or foot-operated air pumps	CTSH or QVC(40)

## PSR – CTC or QVC or a specific process rule

The rule may require a change in tariff classification from input materials to the final good at Chapter, heading or subheading level or that the good meets a QVC requirement or that the good meets a specific manufacturing or processing operation.

For example, for *Vegetable waxes* of sub-heading 1521.10 the PSR is:

- a change to the 1521.10 from any other Chapter; or
- QVC of 40 per cent; or
- no change in tariff classification is required provided that the good is produced by refining specific manufacturing or processing operation.

This means that a good refined from vegetable waxes of this subheading in Indonesia would be originating.

Column 1	Column 2	Column 3	Column 4
Tariff Heading	Tariff Sub-Heading	Product Description	Product-Specific Rules
1521		Vegetable waxes (other than triglycerides), beeswax, other insect waxes and spermaceti, whether or not refined or coloured	
	1521.10	Vegetable waxes	CC or QVC(40) or no change in tariff classification is required provided that the good is produced by refining

## 7.3 Change in tariff classification

- 7.3.1 Subsection 153ZLN(3) of the Customs Act states that the regulations may prescribe that each non-originating material used in the production of goods is required to satisfy a prescribed CTC. This requirement is set out in Part 2, Section 5 of the IA-CEPA Regulations.
- 7.3.2 The CTC concept applies only to non-originating materials. This means that non-originating materials must not have the same classification as the final good into which they are incorporated at the level identified in the PSR. 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 an Indonesian originating good.
- 7.3.3 Subsection 153ZLN(3) directly addresses the CTC test.
- 7.3.4 It may be possible for a good to be an Indonesian originating good in cases where not all of the non-originating materials have undergone the required CTC, provided the *de minimis* provision has been met. A detailed explanation of the *de minimis* provision can be found in paragraph 8.4 of this Guide.

### Example : CTC rule

Tropical fruit juice (subheading 2009.90) is made in Indonesia from oranges (subheading 0805.10) and limes (subheading 0805.50) imported from China, combined with bananas (heading 0803) and mangosteens (heading 0804) grown in Indonesia.

The PSR for a good of subheading 2009.90 is CC or QVC(40).

In the case that the trader chooses to use the CTC rule for determining whether the tropical fruit juice is an Indonesian originating good, the CTC requires that all the non-originating materials that go into the making of the tropical fruit juice must come from inputs that are classified outside of Chapter 20.

As the oranges and limes are classified to Chapter 8, these non-originating materials meet the CTC requirement. Since the bananas and mangosteen are produced in Indonesia, these are originating materials, which are not required to undergo the CTC test.

The tropical fruit juice is therefore an Indonesian originating good.

## 7.4 Qualifying Value Content (QVC)

- 7.4.1 Subsection 153ZLN(6) of the Customs Act states that the QVC of goods for the purposes of Division 1HA is to be worked out in accordance with the regulations. Goods claiming to be Indonesian originating goods using a QVC PSR cannot include the value of minimal operations and processes set out in 153ZLN(8) as explained in paragraph 8.8 of this Guide.
- 7.4.2 Part 3 of the IA-CEPA Regulations sets out the rules for the calculation of QVC, as follows:



#### Direct/build-up method

- For the purposes of subsection 153ZLN(6) of the Customs Act, the QVC of goods under the direct/build-up method is worked out using the formula:

$$\frac{\text{IA-CEPA material cost} + \text{Labour costs} + \text{Overhead costs} - \text{Profit} - \text{Other costs}}{\text{Customs value}} \times 100$$

#### Indirect/build-down method

- For the purposes of subsection 153ZLN(6) of the Customs Act, the QVC of goods under the indirect/build-down method is worked out using the formula:

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

#### 7.4.3 Where:

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

**IA-CEPA material cost** means the value, worked out under Part 4 of the IA-CEPA Regulations, 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.

**labour costs** means wages, remuneration and other employee benefits associated with the production of the goods.

**other costs** means the costs incurred in placing the goods in a ship or other means of transport for export including transport costs, storage and warehousing costs, port handling fees, brokerage fees and service charges.

**overhead costs** has the meaning given by Article 4.5 of Chapter 4 of the Agreement.

**profit** has the meaning given by Article 4.5 of Chapter 4 of the Agreement.

**value of non-originating materials** means the value, worked out under Part 4 of the IA-CEPA Regulations, of the non-originating materials that are acquired by the producer and are used by the producer in the production of the goods, other than non-originating materials produced by the producer.

#### 7.4.4 In both cases, the QVC must be expressed as a percentage.

#### Example: QVC calculation – Indirect/build-down method

An Indonesian producer sells a good to an Australian importer for \$200. The value of non-originating materials used in the good is \$60. Using the build-down method, the producer calculates the QVC as follows:

$$\begin{aligned}\text{QVC} &= \frac{\text{Customs value} - \text{Value of non-originating material}}{\text{Customs value}} \times 100 \\ &= \frac{\$200 - \$60}{\$200} \times 100 \\ &= 70 \text{ per cent}\end{aligned}$$

Therefore, using the indirect/build-down method, the QVC of the good is 70%.

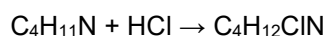
## 7.5 Specific processing rules

- 7.5.1 Annex 4-C of the Agreement may specify specific processing rules required to be satisfied in order for the good to qualify as an Indonesian originating good.

#### Example: Specific processing rule

A manufacturer in Australia makes the chemical compound diethylamine hydrochloride (C<sub>4</sub>H<sub>11</sub>N classified as HS 2921.11) for use as a corrosion inhibitor and exports the product to Indonesia from non-originating inputs.

The diethylamine hydrochloride (C<sub>4</sub>H<sub>12</sub>ClN) is manufactured through the reaction of diethylamine that is also classified in HS 2921.11 with hydrochloric acid (HCl) that is classified in HS 2806.10. This process transforms the input substances 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 General Notes 10 and 11 of the Product Specific Rules Headnote in Annex 4-C of the Agreement.

#### *Chapter Specific Origin Rules (General Notes 10 and 11, for Chapters 27-40)*

10. Notwithstanding the applicable product specific rules of origin, any good of Chapters 27 to 40 of the HS Code that is the product of a chemical reaction shall be considered to be an originating good if the chemical reaction occurred in the territory of a Party.

11. For the purposes of Chapters 27 to 40 of the HS Code the term “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, but does not include:

- (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.

## 7.6 Additional or alternative rules

7.6.1 For some goods, Annex 4-C of the Agreement may specify:

- a specific processing rule additional to a CTC
- a specific processing rule additional to a QVC
- the option of meeting a QVC, a CTC or a specific processing rule.

## 8 Other originating goods provisions

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

- 8.1.1 Subsection 153ZLN(7) and section 9 of the IA-CEPA Regulations sets out the treatment that applies to accessories, spare parts, tools or instructional or other information materials in respect of goods imported into Australia.
- 8.1.2 Where a good is required to satisfy the QVC requirement, then the value of spare parts, accessories, tools or instructional or other information materials must be taken into account as originating or non-originating materials, as the case may be, in working out the QVC for the good.

#### **Subsection 153ZLN(7) of the Customs Act**

- (7) If:
- (a) a requirement that applies in relation to the goods is that the goods must have a qualifying 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 not invoiced separately from the goods; and
  - (d) the accessories, spare parts, tools or instructional or other information materials are included in the price of the goods; and
  - (e) the quantities and value of the accessories, spare parts, tools or instructional or other information materials are customary for the goods;
- the regulations must provide for 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 qualifying value content of the goods (whether the accessories, spare parts, tools or instructional or other information materials are originating materials or non-originating materials).

**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 153ZLK(2).**

### **Section 9 of the IA-CEPA Regulations – Value of accessories, spare parts, tools or instructional or other information materials**

If paragraphs 153ZLN(7)(a), (b), (c), (d) and (e) of the Act are satisfied in relation to 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 qualifying 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 6 and 8 of this instrument, those accessories, spare parts, tools or instructional or other information materials are taken to be 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 7 and 8 of this instrument, those accessories, spare parts, tools or instructional or other information materials are taken to be non-originating materials used in the production of the goods.

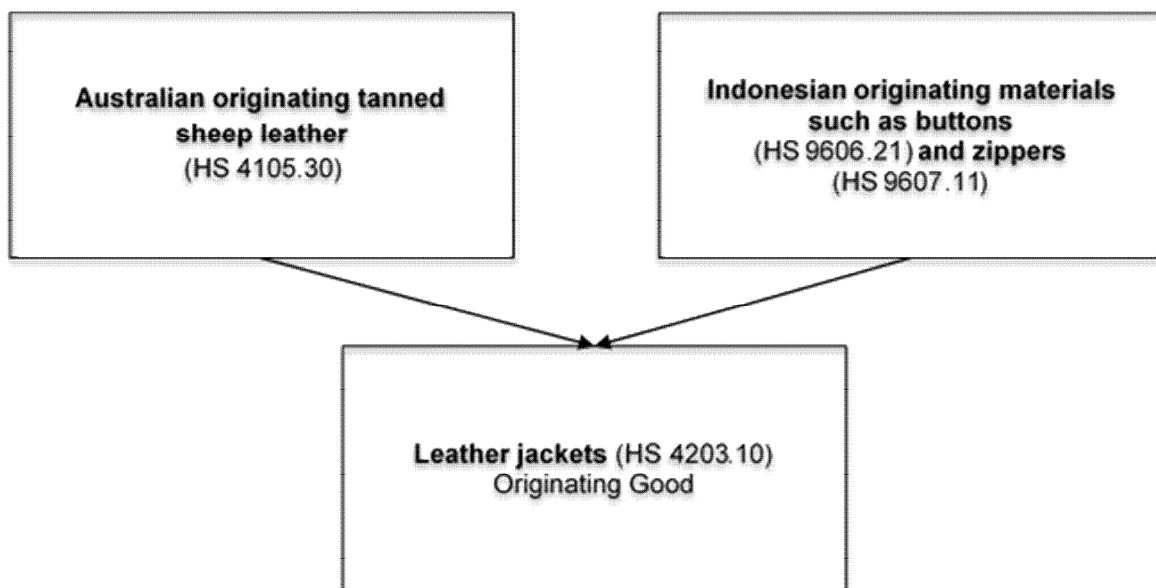
- 8.1.3 In accordance with Article 4.10 of Chapter 4 of the Agreement, accessories, spare parts or tools and instructional or other information materials must be disregarded if the good with which they are presented, classified and delivered at the time of importation is subject to a CTC rule. That is, these materials do not have to undergo a change in tariff classification that the non-originating good must undergo, if the requirements under Article 4.10 have been met (effectively Subsections 153ZLN (7)(b),(c), (d) and (e) of the Customs Act).

## 8.2 Accumulation

- 8.2.1 Under IA-CEPA, Australian originating materials used in the production of a good in Indonesia shall qualify as originating materials for the purposes of determining if the good is an Indonesian originating good.
- 8.2.2 If an Australian good, described in 8.2.1 used as a material in the production of a good in Indonesia, is manufactured using non-originating materials, once the goods have satisfied the relevant PSR when imported into Indonesia, the non-originating material is no longer considered in the calculations to determine whether the final good is originating.

### **Example: Goods produced in Indonesia using a combination of Australian and Indonesian originating materials**

An Indonesian producer imports tanned sheep leather (classified to HS 4105.30) from Australia. This leather is an Australian originating material.



The tanned sheep leather is used in Indonesia to produce leather jackets using a number of Indonesian originating materials.

The finished jackets (classified within subheading 4203.10) are Indonesian originating goods because they are produced from originating materials.

## CTC Rule

- 8.2.3 Section 5 of the IA-CEPA Regulations sets out that each non-originating material must satisfy the relevant CTC rule in order to be originating.
- 8.2.4 Subsections 5(a) and (b) of the IA-CEPA Regulations provide that a final good is taken to satisfy its 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 and are entirely produced in Indonesia, or entirely produced in Indonesia and Australia.
- 8.2.5 Materials that are originating goods (that is, they satisfy the PSR for the material when considered as a final good) do not need to meet the CTC requirements.

### **Section 5 of the IA-CEPA Regulations: CTC requirement for non-originating materials**

For the purposes of subsection 153ZLN(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 Indonesia, or entirely in the territory of Indonesia 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 requirement for non-originating materials

This example considers a good manufactured entirely in Indonesia. The diagram relates to the repeated application of Section 5 of the IA-CEPA Regulations to determine whether a good (the Final Good) being imported into Australia satisfies the relevant CTC rule. The Final Good was made in the exporter's factory from a range of originating and non-originating materials that include two non-originating materials: Non-originating Material 1 and 2. Non-originating Material 1 satisfies the CTC rule for the Final Good but Non-originating Material 2 does not. Any originating material used in the production of this good is not included in the diagram as originating materials do not need to meet the CTC requirement.

All non-originating materials (subject to the *de minimis* rule) must meet the CTC rule for the Final Good to be an Indonesian 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.

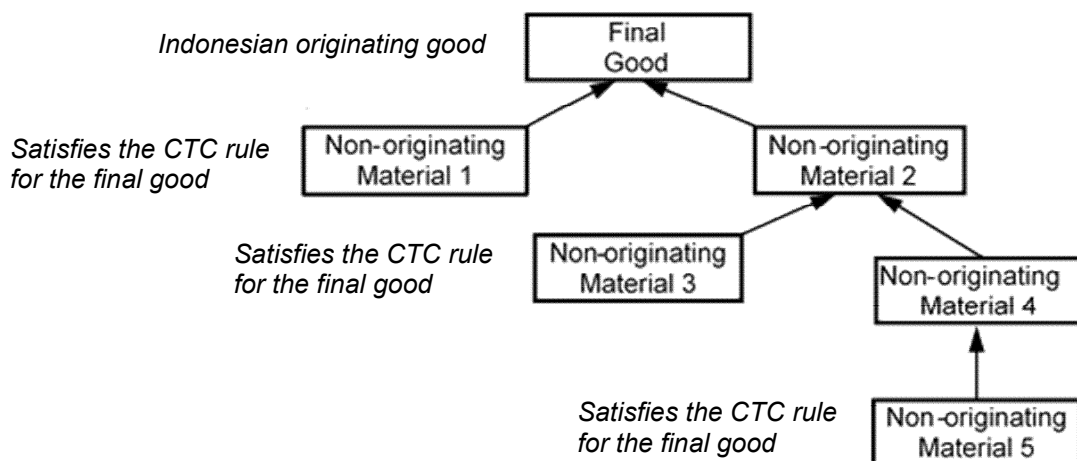
Subsection 5(b) of the IA-CEPA Regulations provides that the materials that went into making Non-originating Material 2 can also be considered against the Final Good to determine if they meet the CTC rule. In this case, the exporter purchased Non-originating Material 2 from an Indonesian supplier who 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 IA-CEPA 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 underwent the necessary CTC in relation to the HS classification of the Final Good, then the good would be originating. Non-originating Material 3 satisfies the CTC in relation to the Final Good, however, Non-originating Material 4 does not meet the CTC.

Again, 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. The only non-originating material used in the production of Non-originating Material 4, was Non-originating Material 5, which satisfies the CTC rule for the Final Good.

As the non-originating materials that went into making the Final Good meet the required CTC rule, the Final Good is an Indonesian originating good for the purposes of IA-CEPA.

### Origin determination using Section 5 of the IA-CEPA 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.



## Qualifying Value Content

- 8.2.6 Paragraph 8(3) of the IA-CEPA Regulations sets out that the costs of production of non-originating materials in either or both Indonesia and Australia may be deducted from the value of non-originating materials for the purposes of determining the QVC.

### Example: Meeting the QVC requirement using accumulation

An Indonesian producer sells a good to an Australian importer for \$200. The value of non-originating material used in Indonesia to produce the good is \$150. Using the build-down method, the producer calculates the QVC as follows:

$$\begin{aligned} & \frac{\text{Customs value} - \text{Value of non-originating material}}{\text{Customs Value}} \times 100 \\ &= \frac{\$200 - \$150}{\$200} \times 100 \\ &= 25 \text{ per cent} \end{aligned}$$

However, the producer remembers that a non-originating material sourced from Australia worth \$90 is used in the production of the good. Of the \$90, \$30 of that value is from production that occurred in Australia. As long as the Indonesian producer has evidence of this, and they were not minimal operations and processes as set out in Section 8.8 of this Guide, the producer can include that value in the QVC calculation, provided that they meet the record keeping requirements. Taking this additional information into consideration, the producer recalculates the QVC as follows:

$$\begin{aligned} & \frac{\text{Customs value} - \text{Value of non-originating material}}{\text{Value}} \times 100 \\ &= \frac{200 - 120}{\$200} \times 100 \\ &= 40 \text{ per cent} \end{aligned}$$

Therefore, the QVC of the good is 40%.

- 8.2.7 At the time the goods are imported, the importer must also have the correct supporting document in relation to the goods. Refer to Section 9 of this Guide for further information.

## 8.3 Consignment provision

- 8.3.1 Section 153ZLP of the Customs Act sets out the consignment provisions that apply to Indonesian originating goods imported into Australia.

### Section 153ZLP of the Customs Act: Consignment

- (1) Goods are not Indonesian originating goods under this Division if the goods are transported through a non-Party, the goods are not exhibited in the non-party and one or more of the following apply:
- (a) the goods undergo any operation in the non-party (other than unloading, reloading, unpacking and repacking, labelling or any other operation that is necessary to preserve the goods in good condition);
  - (b) the goods enter the commerce of the non-party;
  - (c) the transport through that non-party is not justified by geographical, economic or logistical reasons.
- (2) This section applies despite any other provision of this Division.

- 8.3.2 The consignment provision aims to ensure that only goods that are Indonesian originating goods are entitled to the benefits granted under IA-CEPA.

- 8.3.3 A good will lose its status as an Indonesian originating good if it undergoes any process of production or other operation while en route from Indonesia to Australia, other than those listed in subparagraph 153ZLP(1)(a).

- 8.3.4 Further, the goods must not enter the commerce of a non-party and the movement through a non-party must be justified by geographical, economic or logistical reasons.

#### Example 1: Consignment provision

Surgical instruments, cotton gowns and bandages, made in Indonesia from Indonesia originating materials, are sent to Singapore where they are packaged together in a set and then sterilized for use in operating rooms. They are then sent to Australia.

Upon their arrival in Australia, the medical sets are not eligible for preferential treatment under IA-CEPA because they underwent operations in Singapore that are not covered by the exceptions in section 153ZLP of the Customs Act.

#### Example 2: Consignment provision

Indonesian originating cars are sent by ship to Australia. Before departure, they are coated with a protective veneer to inhibit damage to painted surfaces during transport to Australia.

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 vehicles are preserved in good condition for the remainder of the voyage to Australia. This process is done under customs control and the vehicles do not enter the commerce of Singapore.

This process would not affect the origin status of the vehicles as they have undergone an operation that is necessary to preserve the goods in good condition. This is an exception provided for in section 153ZLP of the Customs Act.

## 8.4 *De minimis* provision

- 8.4.1 The CTC requirement under subsection 153ZLN(3) of the Customs Act is also satisfied if the good meets the requirement of subsections 153ZLN(4) or (5) – the *de minimis* provision.
- 8.4.2 The CTC requirement is that all non-originating materials undergo the specified CTC. The *de minimis* 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 requirement.
- 8.4.3 Under subsection 153ZLN(4) of the Customs Act, the *de minimis* provision allows a good to qualify as an Indonesian originating good, provided that the total value of all non-originating materials, which do not satisfy the CTC rule and are used in the production of the good does not exceed 10 per cent of the customs value of the goods.
- 8.4.4 For goods classified in Chapters 50 to 63 of the HS, subsection 153ZLN(5) provides that a good shall be considered to be originating if the total weight of all non-originating materials of that good that do not undergo the applicable CTC does not exceed 10 per cent of the total weight of the good.
- 8.4.5 Goods of Chapter 50 to 63 are, however, not excluded from using the *de minimis* by value as set out in subsection 153ZLN(4).

### **Example: CTC – *de minimis* by value**

A good uses two materials, A and B, and both are non-originating materials. 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 will not be considered an originating good. If the value of material B is less than 10 per cent of the value of the good, the good will still qualify as an Indonesian originating good.

The good is valued at \$100 and the value of material B is \$5. The value of material B is 5 per cent of the good's value, therefore the goods is considered an Indonesian originating good.

### **Example: CTC – *de minimis* by weight**

A good classified within Chapters 50 to 63 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, the finished good will not qualify as originating. However, if the weight of material Z is less than 10 per cent of the good's total weight, the good will still qualify as an Indonesian originating good.

The finished good weighs 50 grams and the weight of material Z is 2 grams, which is 4 per cent of the good's total weight. Therefore, the finished good is considered to be an Indonesian originating good.

Goods in Chapters 50 to 63 are able to use either the *de minimis* by value or by weight.

## 8.5 Exhibition goods

- 8.5.1 Section 153ZLQ of the Customs Act sets out provisions that apply to Indonesian originating goods exhibited in a non-party that are subsequently imported into Australia.

### **Section 153ZLQ of the Customs Act: Exhibition**

- (1) Goods are not Indonesian originating goods under this Division if:
- (a) the goods are imported into Australia after being exhibited in a non-party; and
  - (b) one or more of subparagraphs (a), (b), (c), (d) and (e) of paragraph 1 of Article 4.16 of Chapter 4 of the Agreement are not satisfied.
- (2) This section applies despite any other provision of this Division.

- 8.5.2 Article 4.16 of Chapter 4 of the Agreement sets out a number of requirements for a good to retain its Indonesian originating good status when it has been exhibited in Australia or a non-Party.

### **Article 4.16 of Chapter 4 of the Agreement: Exhibition Goods**

- (1) Notwithstanding Article 4.15, an originating good of a Party imported into the other Party after an exhibition in the other Party or a non-Party, shall continue to qualify as an originating good on the condition that the good meets the requirements as set out in Section B (Originating Goods), and provided that it is shown to the satisfaction of the customs administration of the importing Party that:
- (a) an exporter has dispatched the originating good from the territory of the exporting Party to the other Party or non-Party where the exhibition is held and has exhibited it there;
  - (b) the exporter has sold the originating good or transferred it to a consignee in the importing Party;
  - (c) the originating good has been consigned during the exhibition or immediately thereafter to the importing Party in the state in which it was sent for the exhibition;
  - (d) the exhibition is any trade, agriculture or crafts exhibition, fair or similar show or display which is not organised for private purposes in shops or business premises with the view to the sale of foreign goods; and
  - (e) the originating good has not entered the commerce of the other Party or non-Party, including where the originating good was exhibited under customs control.
- (2) For the purposes of implementing paragraph 1, the documentary evidence of origin shall be provided, if required, to the customs administration of the importing Party. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the conditions under which they have been exhibited may be required.

**Example: Exhibition goods**

An Indonesian producer of recreational sailing vessels manufactures a boat that qualifies as an Indonesian originating good. The boat is exhibited at a boat show in Hong Kong, China, under customs control.

During the exhibition, an Australian person takes interest in the boat and approaches the Indonesian producer to buy the exhibited vessel, unmodified, at the conclusion of the boat show. The Australian person takes the exhibited vessel directly back to Australia.

As the purchase is in accordance with subparagraphs (a), (b), (c), (d) and (e) of paragraph 1 of Article 4.16 of Chapter 4 of the Agreement, the boat would remain an Indonesian originating good. The importer would need to be in possession of valid documentary evidence of origin, including having the name and address of the exhibition indicated thereon and any necessary, additional documentary evidence of the conditions under which the boat has been exhibited that may be required.

## 8.6 Identical and interchangeable materials

- 8.6.1 Identical and interchangeable materials are materials that are fungible as a result of being of the same kind and commercial quality, possessing the same technical and physical characteristics, and which, once they are incorporated into the finished product, cannot be distinguished from one another for origin purposes by virtue of any markings or mere visual examination.
- 8.6.2 The treatment of identical and interchangeable materials is covered by Article 4.11 of Chapter 4 of the Agreement.

### **Article 4.11 of Chapter 4 of the Agreement: Identical and interchangeable materials**

- (1) The determination of whether identical and interchangeable materials are originating shall be made either by physical segregation of each of the materials, or by the use of generally accepted accounting principles of stock control or inventory management practice applicable in the exporting Party.
- (2) The inventory management method used under paragraph 1 for particular identical and interchangeable materials shall continue to be used for that material throughout the fiscal year.

- 8.6.3 Many materials involved in production processes are interchangeable for commercial purposes, in that they are of the same kind and commercial quality (e.g. ball bearings, nuts, bolts, screws etc).
- 8.6.4 A producer may choose to physically separate the materials as they may be obtained from different countries. However, in many cases this may not be practical and the producer may store all identical and interchangeable materials in one container.
- 8.6.5 When a producer mixes originating and non-originating identical and interchangeable materials, which means that the origin of the materials used in production of a good is unknown, the producer may determine the origin of the materials used 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.
- 8.6.6 It is important to note that once a producer has decided on an inventory management method for a particular material, that method must continue to be used throughout the whole of the financial year.

#### **Example 1: Identical and interchangeable materials**

Amongst the materials used by an Indonesian producer of machinery parts are ball bearings. Depending on pricing and supply, the producer may source the ball bearings from Indonesia or from Malaysia. All of the ball bearings are of identical size and construction.

On 1 January, the producer buys 1 tonne of ball bearings of Indonesian origin, and on 3 January buys 1 tonne of ball bearings from Malaysia.

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 of Indonesian origin indistinguishable from those sourced from Malaysia.

An Australian company places an order with the Indonesian producer 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 Australian order are considered to be Indonesian originating goods, regardless of their actual origin.

#### **Example 2: Identical and interchangeable materials**

Continuing with the above scenario, a second Australian company places an order with the same Indonesian producer 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 the second order are considered to be Indonesian 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.

- 8.6.7 If identical and interchangeable materials are determined to be Indonesian originating materials under Article 4.11 of Chapter 4 of the Agreement, these materials are not subject to a PSR. A PSR applies only to non-originating materials.
- 8.6.8 Alternatively, if the identical and interchangeable materials used in a production process are determined to be non-originating materials under Article 4.11 of Chapter 4 of the Agreement, those identical and interchangeable materials must meet the PSR that is applicable to the good being produced if they are to be imported into one of the parties and claim preferential tariff treatment.

## 8.7 Indirect materials

- 8.7.1 All indirect materials used in the production of Indonesian originating goods are treated as originating materials regardless of where they were produced.
- 8.7.2 Indirect materials are defined in paragraph 3.1.12 of this Guide and are considered originating materials in paragraph 3.1.17 of this guide.

### **Example: Indirect materials**

Tools and safety equipment, produced in Thailand, are used by workers in Indonesia 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 3.1.12 of this Guide.



## 8.8 Minimal operations and processes

- 8.8.1 Subsection 153ZLN(8) of the Customs Act sets out the minimal operations and processes that that may not be included when determining whether a good meets a QVC PSR. Goods with one or more minimal operations and processes performed on them, may still be considered Indonesian originating where any operations not listed in Subsection 153ZLN(8) are sufficient to meet the QVC PSR requirements.
- 8.8.2 The following operations, and any combination of the following operations and processes, cannot be included in the calculation of QVC:
- operations or processes to preserve the goods in good condition for the purpose of transport or storage of the goods
  - operations or processes to facilitate the shipment or transportation of the goods
  - packaging or presenting the goods for transportation or sale
  - simple processes of sifting, classifying, washing or other similar simple processes
  - affixing of marks, labels or other distinguishing signs on the goods or on their packaging
  - mere dilution with water or another substance that does not materially alter the characteristics of the goods

### **Subsection 153ZLN(8) of the Customs Act: Minimal Operations and Processes**

- (8) If the goods are claimed to be Indonesian originating goods on the basis that the goods have a qualifying value content of not less than a particular percentage worked out in a particular way, the following are to be disregarded in determining whether the goods are Indonesian originating goods:
- (a) operations or processes to preserve the goods in good condition for the purpose of transport or storage of the goods;
  - (b) operations or processes to facilitate the shipment or transportation of the goods;
  - (c) packaging or presenting the goods for transportation or sale;
  - (d) simple processes of sifting, classifying, washing or other similar simple processes;
  - (e) affixing of marks, labels or other distinguishing signs on the goods or on their packaging;
  - (f) mere dilution with water or another substance that does not materially alter the characteristics of the goods;
  - (g) any combination of things referred to in paragraphs (a) to (f).

#### **Example: Minimal Operations and Processes**

An Indonesian business manufactures framed mirrors from non-originating unframed mirrors and other inputs to create the frames.

The PSR for 7009.92 is CTH or QVC(40).

During the final stages of the production process the mirrors have a protective plastic adhesive applied to protect it while in transit and are packaged for retail sale.

For the purpose of determining whether the final goods meet the QVC(40) requirement, the costs such as wages, indirect materials or overhead costs of applying the protective plastic adhesive or packaging the good for retail sale cannot be included.

However, in accordance with 153ZLO, the value of the packaging material or container can be taken into account for the purposes of working out the qualifying value content of the goods (whether the packaging material or container is an originating material or non-originating material).

## 8.9 Packaging materials and containers

- 8.9.1 Section 153ZLO 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 153ZLO 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.

#### Qualifying value content

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

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

### Qualifying value content of packaging materials and containers

- 8.9.2 Subsection 153ZLO(2) of the Customs Act adds that if the goods are required to have a QVC of not less than a particular percentage worked out in a particular way, 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, as the case may be, for the purposes of working out the QVC of the goods.

### Example: Value of packaging material and container

Dolls (9503) are made in Indonesia. 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 Thailand.

The PSR for 9503 is CTH or QVC(40).

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 QVC, if QVC is used to determine the goods originating status.

- 8.9.3 Section 10 of the IA-CEPA Regulations prescribes how to determine the value of the packaging materials or containers.

#### **Section 10 of the IA-CEPA Regulations: Value of packaging material and container**

If paragraphs 153ZLO(1)(a) and (b) of the Act are satisfied in relation to goods and the goods must have a qualifying 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 qualifying 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 6 and 8 of this instrument, that packaging material or container is taken to be 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 7 and 8 of this instrument, that packaging material or container is taken to be a non-originating material used in the production of the goods.

## 9 Procedures and evidence required to claim preferential tariff treatment

### 9.1 Claiming IA-CEPA preferences

- 9.1.1 To claim preferential treatment under IA-CEPA, the provisions in Division 1HA of Part VIII of the Customs Act require the importer of the goods to have at the time of importing the goods, a Certificate of Origin (COO) or a Declaration of Origin (DOO) or a copy of one, for the goods.
- 9.1.2 Article 4.20 of Chapter 4 of the Agreement provides that either a COO or DOO is required to support the claim for IA-CEPA preferential tariff treatment.

#### **Article 4.20 of Chapter 4 of the Agreement: Documentary Evidence of Origin**

- (1) For the purposes of this Agreement, a documentary evidence of origin is any of:
- (a) a certificate of origin made out in accordance with Annex 4-A;
  - (b) a declaration of origin made in accordance with Annex 4-B by an exporter registered or certified by the exporting Party in accordance with its laws and regulations.
- (2) Subparagraph (b) shall apply only after the exporting Party has notified the importing Party, that it shall implement this subparagraph. Such notification may stipulate that subparagraph (a) shall cease to apply to the exporting Party.

- 9.1.3 A DOO can only be completed by an exporter registered or certified by the exporting Party in accordance with its laws and regulations.
- 9.1.4 The COO must be completed by the manufacturer, producer, or exporter of the good or its authorised representative.
- 9.1.5 For exported goods making use of Tariff Rate Quotas (TRQs), information on agricultural TRQs and how to access them can be found at [www.agriculture.gov.au/export/from-australia/quota](http://www.agriculture.gov.au/export/from-australia/quota).
- 9.1.6 Information on accessing steel TRQs can be found at <https://www.industry.gov.au/strategies-for-the-future/growing-australian-industries-through-trade/applying-for-indonesia-steel-tariff-rate-quota-certificates>.
- 9.1.7 A set of Operating Procedures outlining TRQ processes can be found on the on the Department of Foreign Affairs and Trade website: <https://www.dfat.gov.au/trade/agreements/in-force/iacepa/Pages/using-ia-cepa-do-business-indonesia>
- 9.1.8 For goods that claim to be exhibition goods, Article 4.16 of Chapter 4 of the Agreement requires that the name and address of the exhibition must be indicated on the Documentary Evidence of Origin.

## 9.2 Declaration of Origin

- 9.2.1 A DOO must comply with the Article 4.20 and Annex 4-B of the Agreement, Procedures for Making Declarations of Origin (see section 9.3 below).
- 9.2.2 Only an exporter registered or certified by the exporting Party can complete a DOO.
- 9.2.3 For Australian importers, Indonesian exporters are required to register with the Ministry of Trade through the [Indonesian Government's eSKA portal](#) to complete DOOs under IA-CEPA. The Indonesian Government provides a guide for Indonesian Exporters on how to become a registered exporter and issue declarations of origin titled [Buku Manual ER dan DAB](#).
- 9.2.4 To be eligible to make an IA-CEPA DOO for exports to Indonesia, Australian exporters must be registered in Australia. Registration is through the Australian Business Register (ABR). The ABR provides a unique identifying number (Australian Business Number or ABN) which is required to appear on the DOO as one of the data requirements listed in Annex 4-B of Chapter 4 of the Agreement.
- 9.2.5 Australian exporters that wish to utilise DOOs should ensure the information in the ABR is accurate, up-to-date and matches exactly the information that the exporter will provide on the DOO (e.g. company or business name, ABN number and relevant contact details).
- 9.2.6 While DOOs do not otherwise need to follow a prescribed format, they must fully comply with the data and other requirements of Annex 4-B: Procedures for Making Declarations of Origin set out in Chapter 4 of IA-CEPA.
- 9.2.7 Australian importers and exporters that wish to utilise DOOs should follow the instructions in the DFAT [Guide to using IA-CEPA to export or import](#).
- 9.2.8 There is no need for a DOO to be issued by an Issuing Body. DOOs apply to a single shipment, and remain valid for at least 12 months from the date that they are made.

## 9.3 Annex 4-B: Procedures for Making Declarations of Origin

- (1) A declaration of origin may be made if the products originate under this Agreement.
- (2) Subject to Article 4.26, an exporter making a Declaration of Origin shall, on request of the customs administration of either Party, submit records as evidence of the originating status of the products concerned.
- (3) A Declaration of Origin shall be made on the invoice, the delivery note or any other commercial documents which describe the products concerned in sufficient detail to enable them to be identified, by typing, stamping or legibly printing on that document the following declaration:

"The exporter of the products covered by this document declares that, where clearly indicated, these products are of Australian / Indonesian preferential origin and meet the requirements of Chapter 4 (Rules of Origin) of the IA-CEPA."
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- (4) A Declaration of Origin:
  - (a) need not follow a prescribed format;
  - (b) shall clearly indicate for each originating good the 6 digit HS Code, and the relevant origin criteria that is met, being either:
    - (i) WO, meaning the good is wholly obtained or produced;
    - (ii) PE, meaning the good is produced exclusively from originating materials;

- (iii) CTC, meaning the good meets the relevant change in tariff classification rule for its 6 digit HS Code as set out in Annex 4-C;
- (iv) QVC, meaning the good meets the relevant qualifying value content rule for its 6 digit HS Code as set out in Annex 4-C; or
- (v) SP, meaning the good meets a specific process rule (such as a chemical reaction or processing rule) for its 6 digit HS Code as set out in Annex 4-C;
- (c) shall bear:
  - (i) the signature of the declarant or the company seal or stamp for non-natural persons;
  - (ii) the name and contact details of the exporter;
  - (iii) the unique number identifying the exporter as an exporter entitled to make a declaration under Article 4.20; and
  - (iv) the date the declaration was made;
- (d) may be made after exportation. To the extent permitted by the laws and regulations of the importing Party, it may be presented after the entry of the goods into the territory;
- (e) shall be submitted electronically or in original hardcopy if requested by the importing Party;
- (f) shall apply to a single importation of an originating good of the exporting Party into the importing Party;
- (g) shall be valid for 12 months after the date that it was made or for a longer period specified by the laws and regulations of the importing Party;
- (h) shall be submitted in English; and
- (i) shall have no erasures or superimpositions, and shall have any alteration made by striking out the erroneous material and making any addition required. Such alteration shall be initialed by the declarant.

## 9.4 Certificate of Origin

- 9.4.1 The COO must comply with the requirements of Annex 4-A. The Annex contains the list of data requirements in Appendix 4-A.1.
- 9.4.2 A sample of the IA-CEPA COO is available in Attachment A of the Department of Foreign Affairs and Trade's [\*Guide to using IA-CEPA to export and import goods\*](#).
- 9.4.3 The COO must be issued through an Issuing Body.
- 9.4.4 The Indonesian Ministry of Trade is authorised to issue COOs for exports of Indonesian originating goods from Indonesia under IA-CEPA.
- 9.4.5 The Australian Chamber of Commerce and Industry, Australian Industry Group and OzDocs are authorised to issue COOs for exports of Australian originating goods from Australia under IA-CEPA. Contact details for these organisations are:

**Australian Chamber of Commerce and Industry**

Web: <https://www.australianchamber.com.au/>

Phone: +61 2 6270 8000

Email: [info@australianchamber.com.au](mailto:info@australianchamber.com.au)

**Australian Industry Group**

Web: [www.aigroup.com.au/trade/certificateoforigin](http://www.aigroup.com.au/trade/certificateoforigin)

Phone: 1300 776 063  
Email: [trade.docs@aigroup.com.au](mailto:trade.docs@aigroup.com.au)

**OzDocs**

Web: [www.ozdocs.com.au/export-documentation](http://www.ozdocs.com.au/export-documentation)  
Phone: +61 2 9899 2000  
Email: [info@ozdocs.com.au](mailto:info@ozdocs.com.au)



## 9.5 List of data requirements for Certificate of Origin

9.5.1 Appendix 4-A.1 of the Agreement sets out the data requirements for the IA-CEPA COO.

Appendix 4-A.1 of the Agreement: List of data requirements	
1. Exporter details	The name and address and contact details of the exporter
2. Shipment details (a Certificate of Origin can only apply to a single shipment of goods)	(a) consignee name and address (b) sufficient details to identify the consignment, such as importer's purchase order number, invoice number and date and Air Way Bill or Sea Way Bill or Bill of Lading (c) Port of Discharge, if known
3. Full description of goods	(a) detailed description of the goods, including HS Code (6-digit level), and if applicable, product number and brand name (b) the relevant origin conferring criteria (c) Adjusted Value when the QVC origin criteria is used
4. Certification by Issuing Body	Certification by the Issuing Body that the goods specified in the Certificate of Origin meet all the relevant requirements of Chapter 4 (Rules of Origin) based on the evidence provided
5. Certificate of Origin number	A unique number assigned to the Certificate of Origin by the Issuing Body

## 9.6 Waiver of Documentary Evidence of Origin

9.6.1 Division 1HA of the Customs Act provides for the waiver of Documentary Evidence of Origin under certain conditions.

9.6.2 The, ABF has waived the requirement to obtain or present Documentary Evidence of Origin in accordance with [ACN No 2019/23](#) for Australian Trusted Traders importing goods under IA-CEPA .

9.6.3 Even where the requirement to obtain or present a Documentary Evidence of Origin is waived, importers will still be required to keep evidence (for a period of at least five years from the day of importation) that imported goods are originating and present this if requested. Importers must otherwise comply with all requirements of the Agreement.

9.6.4 A Documentary Evidence of Origin is not required for imports when the total customs value of the originating goods does not exceed AUD1000<sup>1</sup>, provided that the importation does not form

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<sup>1</sup> 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 and a Documentary Evidence of Origin is not required

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.

## 9.7 Refunds

- 9.7.1 Where customs duty has been paid on Indonesian originating goods because a valid Documentary Evidence of Origin or a copy of one was not available at the time the goods were imported, the importer may claim a refund of the customs duty paid on those goods.
- 9.7.2 In order to claim a refund the importer must have a valid Documentary Evidence of Origin or a copy of one at the time the refund is claimed under Section 23 of the *Customs (International Obligations) Regulation 2015*.
- 9.7.3 When a Documentary Evidence of Origin is issued after the importation of the goods, a refund may be sought up to 4 years from the date on which customs duty is paid. The Documentary Evidence of Origin must still be valid at the time of claiming the refund of duty.
- 9.7.4 Where an Australian Trusted Trader has paid duty on goods that were later understood to be Indonesian originating goods, they may be able to apply for a refund of customs duty paid. An applicant for a refund may be requested to provide evidence regarding the origin of the goods, such as commercial documentation, statements of manufacture or a valid Documentary Evidence of Origin.

## 9.8 Compliance procedures for claiming preference

- 9.8.1 Under the Customs Act (sections 71DA, 240AA, 240AB and 240AC) the ABF may seek further evidence of a good's entitlement to preferential treatment, irrespective of the existence of a Documentary Evidence of Origin, through:
- (a) written requests for information from the importer;
  - (b) written requests for information from the exporter or producer of the exporting Party;
  - (c) verification visits to the premises of the exporter or the producer in Australia or Indonesia to allow ABF officers to review the records referring to origin - including accounting records.
- 9.8.2 The ABF may deny a claim for preferential tariff treatment if:
- (a) it determines that the good does not meet the requirements of Division 1HA of Part VIII of the Customs Act to qualify for preferential treatment; or
  - (b) the importer, exporter, producer or authorised agent fails to comply with the relevant requirements of the Customs Act; or
  - (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; or
    - (ii) receive written consent to conduct a verification visit from the exporter or producer, after receipt of written notification for a verification visit; or
    - (iii) receive a response to the requests outlined in paragraph 9.8.1 of this Guide.
- 9.8.3 If, after making a claim for preferential tariff treatment, the importer becomes aware that the goods were ineligible for a preferential rate of 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](#).

- 9.8.4 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 Documentary Evidence of Origin that states a particular preference criterion of Division 1HA of Part VIII of the Customs Act has been met.
- 9.8.5 The protection will not apply where:
- (a) other information available to the importer indicated that the statement on the Documentary Evidence of Origin was incorrect or unreliable;
  - (b) the Documentary Evidence of Origin could not be clearly related to the goods in question.
- 9.8.6 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 duty under IA-CEPA are set out in Division 1HA of Part VIII of the Customs Act.
- 9.8.7 The importer must have a valid Documentary Evidence of Origin at the time of entering the goods. An importer may be required to produce the Documentary Evidence of Origin or other evidence either at the time of entering the goods or at a later date to demonstrate any claims made.
- 9.8.8 If the ABF finds that preference is inapplicable or that there is insufficient evidence to justify the claim for a preferential rate of customs duty, the general rate of 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.

## 9.9 Validity

- 9.9.1 Under Chapter 4 of the Agreement, the Documentary Evidence of Origin shall remain valid for a period of:
- For COOs, 12 months after the date on which the COO was issued, under Rule 12 of Chapter 4 of the Agreement. A COO can be issued retroactively up to 12 months from the date of exportation, under Rule 10 of Chapter 4 of the Agreement;
  - For DOOs, 12 months after the date that it was made or for a longer period specified by the laws and regulations of the importing Party.

## 10 Record keeping obligations

### 10.1 Importers

- 10.1.1 Australian importers must maintain the documentation relating to the importation of the goods, including the Documentary Evidence of Origin for the goods or a copy of the Documentary Evidence of Origin, for five years after the date of the goods' importation.

### 10.2 Exporters

- 10.2.1 Section 11 of the IA-CEPA Regulations sets out that Australian exporters of goods that are claimed to be Australian originating goods must keep for five years after exportation, all records necessary to demonstrate that the goods were Australian originating.
- 10.2.2 The exporter must also ensure that all of the following:
- (i) that the record is kept in a form that would enable a determination of whether the goods are Australian originating goods in accordance with the Agreement; and
  - (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; and
  - (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)

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**Records to be kept by exporters of goods to Indonesia**

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Records of the purchase of the goods by the exporter;

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Records of the purchase of the goods by the person to whom the goods are exported;

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Evidence that payment has been made for the goods;

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Evidence of the classification of the goods under the Harmonized System;

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If the goods include any accessories, spare parts, tools or instructional or other information materials that were purchased by the exporter:

- 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;
- 

If the goods include any accessories, spare parts, tools or instructional or other information materials that were produced by the exporter:

- 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;
- 

If the goods are packaged for retail sale in packaging material or a container that was purchased by the exporter:

- a) records of the purchase of the packaging material or container; and
  - b) evidence of the value of the packaging material or container;
- 

If the goods are packaged for retail sale in packaging material or a container that was produced by the exporter:

- 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; and
  - c) records of the production of the packaging material or container;
- 

A copy of the Certificate of Origin, or Declaration of Origin, for the goods.

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## 11 Origin advice rulings

### 11.1 Provision of origin advice rulings

- 11.1.1 IA-CEPA allows for Australian importers, Indonesian exporters and Indonesian producers of goods to obtain advance rulings (see Article 5.7 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 a guide to origin advice rulings at:  
<https://www.abf.gov.au/free-trade-agreements/files/origin-advice-guide.pdf>

## 12 Related policies and references

### 12.1 Associated documents

- [Origin Advice Guide](#)
- [Claiming Preferential Rates of Customs Duty in the Integrated Cargo System](#)

## 13 Document details

### 13.1 Document change control

Version number	Date of issue	Author(s)	Brief description of change
1.0	25 June 2020	Trade and Tariff Policy Section	Initial Version
1.1	6 November 2020	Trade and Tariff Policy Section	Updated Declaration of Origin and Certificate of Origin information (9.4) Minor edits
1.2	18 October 2021	Trade and Tariff Policy Section	Updated Declaration of Origin and Certificate of Origin information (9) Minor edits