Australian Government
Department of Immigration and Border Protection

File No: PCD2017/5996

Singapore-Australia Free Trade Agreement Rules Of Origin

Procedural Instructions

Published date:	1 December 2017
Availability:	Internal and external
Purpose:	To advise the procedural instructions to determine whether goods are Singaporean originating goods and their eligibility for preferential rates of customs duty under the Singapore-Australia Free Trade Agreement (SAFTA) as in force on 1 December 2017, in accord with Australian legislation and the SAFTA rules of origin.
Owner:	Commander, Customs Compliance Branch
Category:	Border
Sub-category:	International
Contact:	Superintendent, Origin and Verification

Contents

Overview

This procedural instructions (PIs) document details the requirements to seek preferential treatment of goods under the Singapore-Australia Free Trade Agreement that is amended by the Agreement to Amend the Singapore-Australia Free Trade Agreement.

The codes that importers will need to input into the Integrated Cargo System (ICS) to claim preferential tariff treatment of goods from Singapore are:

Code	Description	Legislative reference
SFTA	[Preferential Tariff code]	NA
WO	Goods wholly obtained or produced entirely in Singapore or in Singapore and Australia.	*Customs Act 1901* (the Customs Act), Division 1BA, Subdivision B.
WP	Goods produced in Singapore or in Singapore and Australia, from originating materials.	Customs Act, Division 1BA, Subdivision C
PSR	Goods produced in Singapore or in Singapore and Australia from non-originating materials.	Customs Act, Division 1BA, Subdivision D; and new Annex 2 (Product-Specific Rules of Origin) of the Singapore-Australia Free Trade Agreement that is inserted by the Agreement to Amend the Singapore-Australia Free Trade Agreement.

The code to obtain a refund for overpaid duties under the SAFTA is:

23A1A	Circumstances under item 1A or 1B of the table at *Customs (International Obligations) Regulation 2015* (the International Obligations Regulation), Part 5 Division 1, section 23 apply.

For origin questions of a general nature, or questions specific to the Amending Agreement: **origin@border.gov.au**.

For the purpose of these procedural instructions, the Department of Immigration and Border Protection', including the part of the Department known as the Australian Border Force.

1. Introduction

The Singapore-Australia Free Trade Agreement (SAFTA) is one of Australia's oldest free trade agreements (FTAs) and is central to our economic relationship with Singapore.

SAFTA entered into force on 28 July 2003, subsequent amendments entered into force on 24 February 2006, 13 February 2007, 11 October 2007 and 2 September 2011.

On 13 October 2016, in Canberra, the Hon Steven Ciobo MP, Minister for Trade, Tourism, and Investment and his Singaporean counterpart Mr Lim Hng Kiang Minister for Trade and Investment signed the Agreement to Amend SAFTA (the Amending Agreement). The Amending Agreement reflects the outcomes of the third review of SAFTA, and formalises the trade outcomes announced on 6 May 2016 by Prime Minister Turnbull and his Singaporean counterpart Prime Minister Lee under the auspices of the Australia-Singapore Comprehensive Strategic Partnership.

This Procedural Instruction (PI) provides guidance on the new rules of origin (RoO) and matters for consideration for the purpose of claiming preferential tariff for 'eligible goods' in accordance to the new RoO.

Further information is also available at http://www.border.gov.au/Busi/Free/Sing and on the Department of Foreign Affairs and Trade's website www.fta.gov.au.

1.1 Rules of origin — new vs. original

Australia already enjoys duty-free access to the Singapore market. The amendments to SAFTA will further reduce red tape for exporters and promote greater regulatory coherence.

The Amending Agreement inserts new RoO into the SAFTA, including product-specific rules, for Singaporean originating goods, and provide for such goods imported to be eligible to a preferential rate of customs duty. To this effect, a new Division 1BA is inserted in to Part VIII of the Customs Act to provide for the relevant framework to determine if goods imported are Singaporean originating goods, and the Customs Tariff Act 1905 is amended to enable relevant goods to be eligible to a preferential rate of customs duty. In addition, the International Obligations Regulation is also amended, and a Customs (Singaporean Rules of Origin) Regulations 2017 is prescribed for related matters.

The new RoO for Singaporean originating goods are separate to the RoO for the produce or manufacture of Singapore (the original RoO), which is contained in the framework in Division 1B of Part VIII of the Customs Act.

In accordance with amending item 3 of the Amending Agreement the new RoO and original RoO would operate as alternatives for the transitional period of three years.

At end of the transitional period on 1 December 2020, the framework for original RoO and related provisions is repealed and only the framework for the new RoO for Singaporean originating goods will continue to determine whether goods imported from Singapore are eligible for a preferential rate of customs duty.

This Procedural Instruction document provides guidance on matters relating to the new RoO that have been distilled from various related information, including the SAFTA and the legislative changes. However, it should be noted that, as per the

Amending Agreement, and as outlined in DIBPN 2017/33, the original RoO that applied to goods that are considered to be the 'produce or manufacture of Singapore' are retained for a transitional period of three years from the date the Amending Agreement enters into force (i.e. until 1 December 2020). This has necessitated two procedural instruction documents, the use of which is explained below.

- Those intending to claim preferential duty for 'Singaporean originating goods' in accordance with the new RoO and PSRs should follow the guidance in this PI.
- Those intending to claim preferential duty for goods that are 'the produce or manufacture of Singapore' in accordance with the original RoO should refer to the *Instruction and Guidelines Singapore-Australia Free Trade Agreement Rules of Origin July 2009 — revised 1 December 2017.* This document has recently been updated to refer to legislation that was current as at 1 December 2017 and will expire on 1 December 2020.
- Those claiming preferential rates of duty for goods that are 'the produce or manufacture of Singapore' in accordance with the original RoO, should note that the record keeping obligations will continue to have effect until it is repealed on 1 December 2020. For convenience, Section 10 of this PI sets out both the original and new RoO record keeping obligations that apply to goods that have claimed preferential rates of duty.

1.2 Abbreviations

ACN	Australian Customs Notice
Amending Agreement	The Singapore-Australia Free Trade Agreement done at Singapore on 13 October 2016, as amended from time to time. After entry into force on 1 December 2017, the 'Amending Agreement' will be incorporated into the SAFTA.
CTC	change in tariff classification
CTH	change in tariff heading
Customs Act	*Customs Act 1901*
Customs Regulation	*Customs Regulation 2015*
Department	Unless separately identified, the 'Department' refers to the Department of Immigration and Border Protection and the Australian Border Force.
DIBPN	Department of Immigration and Border Protection Notice
FTA	Free Trade Agreement
HS	Harmonized Commodity Description and Coding System
International Obligations Regulation	*Customs (International Obligations) Regulation 2015*
PI	Procedural instructions

PSR	Product Specific Rule
RoO	Rule of origin
RVC	regional value content
RVC40	regional value content of at least 40 per cent
SAFTA	Singapore-Australia Free Trade Agreement done at Singapore on 17 February 2003, as amended from time to time.
SAFTA Regulations	*Customs (Singaporean Rules of Origin) Regulations 2017*
Tariff Act	*Customs Tariff Act 1995*
Tariff Regulations	*Customs Tariff Regulations 2004*
Tariff Working Pages **Online Tariff**	Combined Australian Customs Tariff Nomenclature and Statistical Classification
Taxation Administration Act	*Taxation Administration Act 1953*
VNM	Value of non-originating materials
WO	Wholly obtained or produced

2. Legislation

2.1 General outline of legislation implementing the SAFTA as in force on 1 December 2017

2.1.1. Relevant reference material and the domestic law requirements of the Amending Agreement are contained within the following:

- Customs Act – provides for, amongst other matters, the framework (Division 1BA of Part VIII) to determine whether goods are Singaporean originating goods for the purpose of the new RoO and the framework (Division 1B of Part VIII) to determine whether goods are the produce or manufacture of Singapore for the purpose of the original RoO.' The framework for the original RoO will be repealed on 1 December 2020, after which only the framework for the new RoO will continue to apply to determine if goods imported from Singapore are eligible for preferential rates of customs duty. In particular:
  - Singaporean originating goods in Subdivisions 153XC-153XK;
    - Section 153XG directly references 'Annex 2: Product-Specific Rules of Origin' of SAFTA, which is available on the Department of Foreign Affairs and Trade website (fta.gov.au).
  - Verification powers in Subdivisions 126AAA, 126AB-26AD.
- Customs Tariff Act – provides for, amongst other things, the classification of goods and the determination of customs duties and any preferential customs duties that apply to 'Singaporean originating goods' under the Amending Agreement (Schedule 4A) as well as the 'produce or manufacture of Singapore' (Schedule 3).

- The Combined Australian Customs Tariff Nomenclature and Statistical Classification provides information on classification, customs duty rates and statistical and treatment codes required to import goods and claim preferential or concessional rates of customs duty available from the border.gov.au website or from http://bit.ly/2k4f971.
- *Customs (International Obligations) Regulation 2015 (International Obligations Regulation* provide for, amongst other things, record keeping obligations that apply to exporters who export either 'Australian originating goods' or the 'produce or manufacture of Australia' to Singapore (Part 3 Division 1); and for refund circumstances that apply to 'Singaporean originating goods' (Part 5 Division 1).
- *Customs Regulation 2015*, Items 6 and 7 of Clause 1 of Schedule 6, provide for circumstances of refunds for duties paid on goods (including goods that are the produce or manufacture of Singapore) because of manifest error of fact or patent misconception of the law.
- *SAFTA Regulations* provide for a subset of the Product Specific Rules of Origin also known collectively as the 'chemical rules of origin'.
- New Annex 2 of SAFTA, contains the Product Specific Rules of Origin for the purposes of determine if a good is a Singaporean originating good.

3. Definitions

3.1.1 This section sets out the definitions (from SAFTA (as amended), Schedule 1 of the Customs Tariff Act and section 153XD of the Customs Act and the regulations) for determining whether goods are Singaporean originating goods.

- **Agreement** (153XD(1) — Customs Act) means the Agreement to Amend SAFTA done at Singapore on 17 February 2003, as amended from time to time.

- **Aquaculture** (153XD(1) – Customs Act by reference to Article 1 of Chapter 3 — SAFTA) means the farming of aquatic organisms, including fish, molluscs, crustaceans, other aquatic invertebrates and aquatic plants from seed stock such as eggs, fry, fingerlings or larvae, by intervention in the rearing or growth processes to enhance production such as regular stocking, feeding or protection from predators.

- **Australian originating goods** (153XD(1) — Customs Act) means goods that are Australian originating goods under a law of Singapore that implements the agreement.

- **Certification of Origin** (153XD(1) – Customs Act) means a certificate that is in force and that complies with the requirements of Article 18 of Chapter 3 of the Agreement.

- **Convention** (153XD(1) — Customs Act) 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.

- **Customs value** (153XD(1) — Customs Act) of goods has the meaning given by section 159 of the Customs Act.

- **Enterprise** (153XD(1) – Customs Act by reference to Article 1 of Chapter 3 — SAFTA) means any entity constituted or organised under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, associated or similar organisation.

- **Generally Accepted Accounting Principles** (Article 1 of Chapter 3 — SAFTA) means the recognised consensus or substantial authoritative support in the territory of a Party, with respect to the recording of revenues, expenses, costs, assets and liabilities; the disclosure of information; and the preparation of financial statements. These standards may encompass broad guidelines of general application as well as detailed standards, practices and procedures.

- **Harmonized Commodity Description and Coding System** (153XD(1) — Customs Act) means the Harmonized Commodity Description and Coding System that is established by or under the Convention.

- **Harmonized System (HS)** (153XD(1) — Customs Act) means

  a. the Harmonized Commodity Description and Coding System as in force immediately before 1 January 2017; or
  b. if the table in Annex 2 to the SAFTA 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.

  S153XD(4) allows for regulations to refer to the HS in prescribing tariff classifications for the purposes of determining if a good is a Singaporean originating good.

- **Indirect materials** (153XD(1) — Customs Act) 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:

  i. fuel (within its ordinary meaning); and
  ii. catalyst and solvents; and
  iii. gloves, glasses, footwear, clothing, safety equipment and supplies; and
  iv. tools, dies and moulds; and
  v. spare parts and materials; and
  vi. lubricants, greases, compounding materials and other similar goods.

- **Interpretation Rules** (153XD(1) — Customs Act) means the General Rules (as in force from time to time) for the Interpretation of the Harmonized System provided for by the Convention.

- **National, for Singapore,** (153XD(1) — Customs Act) means a person who is a citizen or permanent resident of Singapore within the meaning of its constitution and its domestic laws.
- **Non-Originating Material** (153XD(1) – Customs Act) means goods that are not originating materials (see 5.1.8).
- **Originating materials** (153XD(1) – Customs Act) means:
    a. Singaporean originating goods that are used in the production of other goods; or
    b. Australian originating goods that are used in the production of other goods; or
    c. recovered goods derived in the territory of Australia, or in the territory of Singapore, and used in the production of, and incorporated into, remanufactured goods; or
    d. indirect materials.
- **Person of Singapore** (153XD(1) — Customs Act) means:
    a. a national of Singapore; or
    b. an enterprise of Singapore.
- **Production** (153XD(1) — Customs Act) means growing, cultivating, raising, mining, harvesting, fishing, trapping, hunting, capturing, collecting, breeding, extracting, aquaculture, gathering, manufacturing, processing or assembling a good.
- **Recovered goods** (153XD(1) — Customs Act) means goods in the form of one or more individual parts that:
    a. have resulted from the disassembly of used goods; and
    b. have been cleaned, inspected, tested or processed as necessary for improvement to sound working condition.
- **Remanufactured goods** (153XD(1) — Customs Act) means goods that:
    a. are classified to any of the Chapters 84 to 90, or to heading 94.02, of the Harmonized System; and
    b. are entirely or partially composed of recovered goods; and
    c. have a similar life expectancy to, and perform the same as or similar to, new goods:
        i. that are so classified; and
        ii. that are not composed of any recovered goods.
    d. have a factory warranty similar to that applicable to such new goods.
- **Singaporean originating goods** (153XE(1) — Customs Act) goods are Singaporean originating goods if they are wholly obtained or produced entirely in Singapore or in Singapore and Australia, and either the importer of the goods has, at the time the goods are imported, a certification of origin, or a copy of one, for the goods; or Australia has waived the requirement for a certification of origin for the goods.

- **Territory** means:
  a. **in respect of Australia** (153XD(1) – Customs Act by reference to Article 2 of Chapter 1 - SAFTA), the territory of Australia:
     i. excluding all external territories other than the Territory of Norfolk Island, the Territory of Christmas Island, the Territory of Cocos (Keeling) Islands, the Territory of Ashmore and Cartier Islands, the Territory of Heard Island and McDonald Islands, and the Coral Sea Islands Territory; and
     ii. including Australia's air space, territorial sea, contiguous zone, exclusive economic zone and continental shelf over which Australia exercises sovereign rights or jurisdiction in accordance with international law;
  b. **in respect of Singapore** (153XD(1) – Customs Act by reference to Article 2 of Chapter 1 - SAFTA), its land territory, internal waters and territorial sea, as well as any maritime area situated beyond the territorial sea which has been or might in the future be designated under its national law, in accordance with international law, as an area within which Singapore may exercise sovereign rights or jurisdiction with regards to the sea, the sea-bed, the subsoil and the natural resources.

- **Transactional value** (161(1) — Customs Act) means an amount equal to the sum of their adjusted price in their import sales transaction and of their price related costs to the extent that those costs have not been taken into account in determining the price of the goods.

- **Value of imported goods** (159 (1) — Customs Act) means the value set out in section 159 of the Customs Act.

4. Overview of SAFTA

4.1 Geographical area covered by SAFTA

4.1.1. The Amending Agreement covers the areas of Australia and Singapore as defined at section 3.1.1 above.

4.2 Goods covered by SAFTA

4.1.2. All goods imported into Australia from Singapore that are 'Singaporean originating goods' or the 'produce or manufacture of Singapore' are covered by SAFTA.

4.1.3. Paragraph 16(1)(ja) of the Customs Tariff Act, in effect, provides that the rates of customs duty for Singaporean originating goods are free unless the goods are classified to a heading or subheading in the Tariff Schedule of Australia in Schedule 4A of the Customs Tariff Act.

5. Principles of the SAFTA rules of origin

5.1 Goods covered by SAFTA

5.1.1 Division 1BA of Part VIII of the Customs Act sets out the new RoO for determining whether goods are Singaporean originating goods and therefore eligible for a preferential rate of customs duty under the Customs Tariff Act applying to such goods that are imported into Australia. These new RoO are inserted into the SAFTA by the Amending Agreement. The new RoO include rules used in determining whether a good has undergone sufficient work or processing, or substantial transformation in its production, in the territory of either or both Australia and Singapore.

5.1.2 Goods made in other territories, that only transit through the territory of Australia or Singapore, are precluded from obtaining the benefits of the SAFTA.

5.1.3 To be eligible for preferential rates for the purposes of Singaporean originating goods, the requirements under Division 1BA of Part VIII of the Customs Act must be satisfied. These are :

a. the goods are Singaporean originating (see below);

b. the importer claiming preferential treatment satisfies the documentary requirements; and

c. the goods meet the consignment provisions.

5.1.4 Under the Customs Act, 'Singaporean originating goods' are goods that satisfy the requirements of:

a. Division 1BA of Part VIII of the Customs Act; and

b. the SAFTA Regulation.

5.1.5 Division 1BA of Part VIII of the Customs Act contains the following categories of Singaporean originating goods:

a. goods that are Singaporean originating goods if they are wholly obtained or produced entirely in Singapore or in Singapore and Australia (Subdivision B);

b. goods that are Singaporean originating goods if they are produced in Singapore or in Singapore and Australia, from originating materials only (Subdivision C);

c. goods that are Singaporean originating goods if they are produced in Singapore, or in Singapore and Australia, from non-originating materials only or from non-originating materials and originating materials (Subdivision D).

5.1.6 Goods that fall within the third category must satisfy the applicable product-specific rule (PSR) of origin as defined in the table in 'Annex 2: Product-Specific Rules of Origin' of SAFTA. The PSRs set out the following criteria that apply either solely or in conjunction to a good:

a. change of tariff classification (CTC);
b. regional value content (RVC); or
c. specific manufacturing or processing operation rules.

5.1.7 The processes undertaken to meet the PSR must have been performed entirely in the territory of Singapore, or the territory of Singapore and Australia by one or more producers.

5.1.8 Non-originating goods or materials are:

a. those that originate from a territory other than Australia or Singapore; or

b. produced in Australia or Singapore but fail to meet the RoO due to a high level of offshore input during production.

5.2 Harmonized Commodity Description and Coding System

5.2.1 The SAFTA PSRs are based on tariff classifications under the internationally accepted HS. The HS organises goods according to degree of production and assigns them numbers known as tariff classifications. It is updated every five years.

5.2.2 As the Amending Agreement was negotiated and signed prior to the introduction of the 2017 HS, the PSRs applicable to the Amending Agreement remain in 2012 HS (the HS in force immediately before 1 January 2017). The HS reference in the amendments to the Tariff Act are to the 2017 HS, while the references in the SAFTA Regulations are to the 2012 HS.

5.2.3 On Entry into Force of the Amending Agreement the definition of Harmonized System in subsection 153XD(1) of the Customs Act will mean the HS as inforce immediately before 1 January 2017 (HS 2012). If the PSRs, provided in the table in Annex 2 to SAFTA, are amended or replaced to refer to a later version of the HS, the definition will refer to this later version.

5.2.4 Allowance is made in case an official transposition of the PSRs from the Amending Agreement from HS2012 to whatever the prevailing HS system is at the time – is agreed between Singapore and Australia in the future viz the definition of HS in subsection 153XD(1), subclause (b), which states *"if the table in Annex 2 to SAFTA 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"*. In such a case, the changes would not take effect until the treaty amendment was formally agreed by both governments according to their domestic processes.

5.2.5 The HS (2012 version) is arranged into **97 chapters**, covering all products. Chapters are further divided into **headings**. Headings can also be subdivided into **subheadings**. Subheadings are divided into **tariff classifications**.

5.2.6 As shown in the example, chapters are identified by a two-digit number. A heading is identified by a four-digit number, a subheading by a six-digit number, and tariff classifications have an eight digit number.

5.2.7 Subheadings provide more specific descriptions than headings, and tariff classifications give a more specific description that subheadings.

Example: HS

Chapter 62…. Articles of apparel and clothing accessories, not knitted or crocheted.

Heading 6209… Babies garments and clothing accessories.

Subheading 6209.20… Of cotton:

Tariff classification 6209.20.20 – Clothing accessories

5.2.8 Under the HS, the chapters, headings, and subheading numbers for any good are identical in all countries that are using the same version of the HS. However, the last two digits of the tariff classification are not harmonised — each trading country individually assigns them.

5.2.9 The PSRs are organised using the HS classification numbers. Importers need to determine the HS classification of the imported good and use that classification to find the specific RoO in the table under 'Annex 2: Product-Specific Rules of Origin' of SAFTA. If the good meets the PSR using the methodology set out in the SAFTA Regulations and other relevant requirements (such as the consignment provision), it is an originating good.

5.3 Other concepts in RoO

5.3.1 This PI also explains the following RoO concepts, prescribed mainly in the *Customs (Singaporean Rules of Origin) Regulations 2017*, which must be taken into consideration when importing a good, as applicable, in determining the origin of a good:

- Accumulation;
- De minimis;
- Packaging materials and containers;
- Accessories, spare parts and tools; and
- Consignment.

6. Wholly obtained or produced goods

6.1 Statutory provisions

Goods wholly obtained or produced entirely in Singapore or in Singapore and Australia

6.1.1 The Customs Act, Division 1BA of Part VIII, Subdivision B contains new section 153XE, which sets out the rules in relation to goods that are wholly obtained or produced entirely in Singapore or in Singapore and Australia. Section 153XE gives effect to Articles 2(a), 3, 21 and 22.1 of new Chapter 3 of SAFTA.

6.1.2 Subsection 153XE(1) provides that goods are ***Singaporean originating goods*** if they are wholly obtained or produced entirely in Singapore or in Singapore and Australia, and either the importer of the goods has, at the time the goods are imported, a certification of origin, or a copy of one, for the goods; or Australia has waived the requirement for a certification of origin for the goods.

6.1.3 Subsection 153XE(2) provides that goods are ***wholly obtained or produced entirely in Singapore or in Singapore and Australia*** if, and only if, the goods are:

(a) plants, or goods obtained from plants, that are grown, cultivated, harvested, picked or gathered in the territory of Singapore or in the territory of Singapore and the territory of Australia; or

(b) live animals born and raised in the territory of Singapore or in the territory of Singapore and the territory of Australia; or

(c) goods obtained in the territory of Singapore from live animals referred to in paragraph (b) above; or

(d) animals obtained by hunting, trapping, fishing, gathering or capturing in the territory of Singapore; or

(e) goods obtained from aquaculture conducted in the territory of Singapore; or

(f) minerals, or other naturally occurring substances, extracted or taken from the territory of Singapore; or

(g) fish, shellfish or other marine life taken from the high seas by vessels that are entitled to fly the flag of Singapore; or

(h) goods produced from goods referred to in paragraph (g) above on board factory ships that are registered, listed or recorded with Singapore and are entitled to fly the flag of Singapore; or

(i) goods, other than fish, shellfish or other marine life, taken by Singapore, or a person of Singapore, from the seabed, or subsoil beneath the seabed, outside the territory of Singapore, and beyond areas over which non-Parties exercise jurisdiction, but only if Singapore, or the person of Singapore, has the right to exploit that seabed or subsoil in accordance with international law; or

(j) waste or scrap that has been derived either from production in the territory of Singapore or from used goods that are collected in the territory of Singapore and that are fit only for the recovery of raw materials; or

(k) goods produced entirely in the territory of Singapore, or entirely in the territory of Singapore and the territory of Australia, exclusively from goods referred to in paragraphs (a) to (j), above, or from their derivatives.

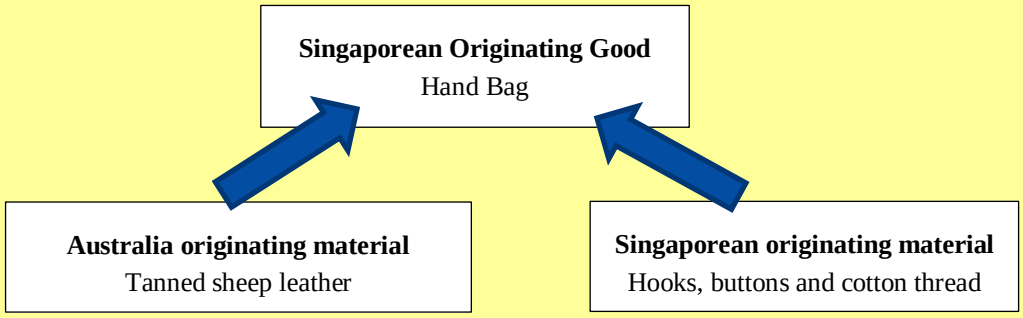
6.2 Goods that are produced in Singapore, or Singapore and Australia, from originating materials

6.2.1 The purpose of new section 153XF is to give effect to Articles 2(b), 21 and 22.1 of new Chapter 3 of SAFTA, which sets out the rules for goods produced entirely from originating material. Section 153XF of the Customs Act stipulates that goods that are produced entirely in Singapore, or entirely in Singapore and Australia, from originating materials are Singaporean originating goods.

6.2.2 For something to be considered an originating material of Singapore, it must meet the requirements of 1BA of Part VIII of the Customs Act on its own merits.

6.3 Policy and practice

Example: Goods produced in Singapore from Australian and Singaporean originating materials



A Singapore producer imports tanned sheep leather wholly produced in Australia. The leather is an Australian originating material.

The leather is made into handbags using a number of Singaporean originating materials (hooks, buttons and cotton thread).

The finished handbag is a Singaporean originating good as it is produced from Australian and Singaporean originating materials and the good is entirely produced in Singapore.

6.3.1 **Accumulation.** If Australian originating goods are imported into Singapore and used as materials in the production of a good that incorporates Singaporean originating materials, the good produced in Singapore is considered Singaporean originating in accordance with the definition of “originating materials” above (see Section 6.2).

6.3.2 At the time the goods are imported, the importer must have the correct supporting documents to prove the origin of the goods. Refer to Section 10 of this PI for further information.

6.4 Indirect materials

6.4.1 All indirect materials used in the production of Singaporean originating goods or materials are treated as originating materials regardless of their origin.

6.4.2 Indirect materials are defined in Section 3.1.1 above.

Example: indirect materials

Singapore workers use tools and safety equipment, produced in Korea, while operating the equipment that produces the handbags. The use of the tools and safety equipment meets the terms of the definition of "Indirect materials" and are thereby considered to be originating materials.

7. Goods produced from non-originating materials

7.1 Statutory provision

7.1.1 Section 153XG of the Customs Act contains provisions that apply to goods produced in Singapore, or in Singapore and Australia, from non-originating materials.

1. Goods are Singaporean originating goods if:
   a. they are classified to a Chapter, heading or subheading of the HS specified in the first column of the table in 'Annex 2: Product-Specific Rules of Origin' of SAFTA; and
   b. they are produced entirely in the territory of Singapore, or entirely in the territory of Singapore and the territory of Australia, from non-originating materials only or from non-originating materials and originating materials; and
   c. either:
      i. each requirement that is specified in the third column of the table in 'Annex 2: Product-Specific Rules of Origin' of SAFTA to apply in relation to the goods is satisfied; or
      ii. without limiting subparagraph above, if the SAFTA Regulations specify one more or alternative requirements that apply in relation to the goods, those alternative requirements are satisfied; and
   d. either:
      i. the importer of the goods has, at the time the goods are imported, a certification of origin, or a copy of one, for the goods; or
      ii. Australia has waived the requirement for a certification of origin for the goods.

7.1.2 Subsection 153XG(8) provides that section 153XI should be disregarded in working out whether the accessories, spare parts, tools or instructional or other information materials are originating materials or non-originating materials.

Change in tariff classification (CTC)

7.1.3 Section 153XG(3) of the Customs Act also allows the SAFTA regulations to prescribe when a non-originating material used in the production of the goods is taken to satisfy the change in tariff classification. Part 2 section 5 of the SAFTA Regulations prescribes when non-originating materials is taken to have satisfied the change in tariff classification requirement.

7.1.4 Where the third column of the table in 'Annex 2: Product-Specific Rules of Origin' of SAFTA requires that all non-originating materials used in the production of the goods must have undergone a particular change in tariff classification, 153XG(4) allows this requirement to be met if the total value of the non-originating materials used in the production of the goods that do not satisfy the change in tariff classification does not exceed 10% of the customs value of the goods.

7.1.5 Where the third column of the table in 'Annex 2: Product-Specific Rules of Origin' of the SAFTA requires that all non-originating materials used in the production of the goods must have undergone a particular change in tariff classification; and the goods are classified to any of Chapters 50 to 63 of the Harmonized System; 153XG(5) allows this requirement to be met if the total value of the non-originating materials used in the production of the goods does not exceed 10% of the total weight of the goods.

Regional value content (RVC)

7.1.6 If the third column of the table in 'Annex 2: Product-Specific Rules of Origin' of the SAFTA requires that the goods must have a regional value content of not less than a particular percentage worked out in a particular way, the regional value content of the goods is to be worked out in accordance with the SAFTA regulation Part 3 Section 6. More detailed information about how to calculate RVC is available in Section 7.5 of this PI.

Value of accessories, spare parts or tools

7.1.7 It should be noted that, where goods must have a regional value content of not less than a particular percentage worked out in a particular way, if:

a. the goods are imported into Australia with accessories, spare parts, tools or instructional or other information materials; and

b. the accessories, spare parts, tools or instructional or other information materials are classified with, delivered with and not invoiced separately from the goods; and

c. the types, quantities and value of the accessories, spare parts, tools or instructional or other information materials are customary for the goods;

then SAFTA Regulation Part 6 Section 11 requires that the value of the accessories1, spare parts, tools or instructional or other information materials to be taken into account as originating materials or non-originating materials, as the case may be, for the purposes of working out the regional value content of the goods.

Value of goods

7.1.8 Subsection 153XD(3) provides that the value of goods for the purposes of Division 1BA is to be calculated in accordance with the regulations and that the regulations may prescribe different valuation rules for different kinds of goods. The value of goods is relevant, for example, in determining whether goods satisfy the *de minimis* requirement in Article 10 of new Chapter 3 of SAFTA. The value of goods is to be distinguished from the customs value of goods, which is to be calculated in accordance with section 159 of the Customs Act.

7.1.9 SAFTA Regulation Part 6 section 10 sets out how the value of originating materials and non-originating materials used in the production of goods is determined. In particular, subsection 10(2) provides that the value of the materials is as follows:

(a) for materials imported into Singapore by the producer of the goods—the value of the materials worked out under a law of Singapore that implements the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994;

(b) for materials acquired in the territory of Singapore:

i. the price paid or payable for the materials by the producer of the goods; or

ii. the value of those materials worked out under paragraph 10(2)(a) on the assumption that those materials had been imported into Singapore by the producer of the goods; or

iii. the earliest ascertainable price paid or payable for the materials in the territory of Singapore;

(c) for materials that are produced by the producer of the goods—the sum of:

i. all the costs incurred in the production of the materials, including general expenses; and

ii. an amount that is the equivalent of the amount of profit that the producer would make for the materials in the normal course of trade or of the amount of profit that is usually reflected in the sale of goods of the same class or kind as the materials.

[1] 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 153XD(3).

7.1.10 For originating materials, subsection 10(3) sets out additional amounts (including freight, insurance, duties, etc.), that may be included when working out their value. These are:

(a) the costs of freight, insurance, packing and all other costs incurred to transport the materials to the producer of the goods (for originating);

(b) duties, taxes and customs brokerage fees on the materials (including any credit against duties or taxes that have been paid or that are payable) that:

i. have been paid in either of both of the territory of Singapore and the territory of Australia; and

ii. have not been waived or refunded; and

iii. are not refundable or otherwise recoverable;

(c) the costs of waste and spoilage resulting from the use of the materials in the production of the goods, reduced by the value of reusable scrap or by-products.

7.1.11 For non-originating materials, subsection 10(4) sets out additional amounts (including freight, insurance, duties, etc.), that are to be disregarded when working out their value. These are:

(a) the costs of freight, insurance, packing and all other costs incurred in transporting the materials, within the territory of Singapore or the territory of Australia, to the producer of the goods;

(b) duties, taxes and customs brokerage fees on the materials that:

i. have been paid in either or both of the territory of Singapore and the territory of Australia; and

ii. have not been waived or refunded; and

iii. are not refundable or otherwise recoverable;

including any credit against duties or taxes that have been paid or that are payable;

(c) the costs of waste and spoilage resulting from the use of the materials in the production of goods, reduced by the value of reusable scrap or by-products.

7.2 Policy and practice

7.2.1 Section 153XG of the Customs Act sets out the rules for determining whether a good is Singaporean originating, even if it incorporates non-originating materials in its production process either in Singapore, or in both Singapore and Australia.

7.2.2 Goods are Singaporean originating goods if all the requirements of subsection 153XG(1) of the Customs Act have been met. The requirements of this subsection are that:

a. they are classified to a heading or subheading of the Harmonized System specified in the first column of ‘Annex 2: Product-Specific Rules of Origin’ of SAFTA; and

b. they are produced entirely in Singapore, or entirely in the territory of Singapore and Australia, from non-originating materials only or from non-originating materials and originating materials; and

c. each requirement that is specified in the third column of Annex 2: Product-Specific Rules of Origin' of the SAFTA and any other requirements prescribed by the SAFTA regulation to apply in relation to the goods is satisfied; and

d. either:

i. the importer of the goods has, at the time the goods are imported, a certification of origin, or a copy of one, for the goods; or

ii. Australia has waived the requirement for a certification of origin for the goods.

7.2.3 'Annex 2: Product-Specific Rules of Origin' of the SAFTA lists the PSRs that specify the origin criteria (e.g. CTC, RVC, or processing requirement) for determining whether the goods have undergone substantial transformation. The first column of the table lists the tariff classification of goods[2] at the chapter, heading or subheading level based on the HS. Column 2 provides for the description for the goods corresponding to the classifications in Column 1. Column 3 sets out the PSR relevant to the tariff classifications in Column 1.

Examples to illustrate different PSR that appear in Schedule 1

CTC only rule

A change of tariff classification (known as a CTC rule) requires that non-originating material used in the production of a good does not have the same HS classification as the final good (that is, the same subheading, heading or chapter, dependent on the rule).

Column 1	Column 2	Column 3
Tariff classification	**Description**	**Product Specific Rule**
0301	Live fish	A change to heading 0301 from any chapter.

CTC except from certain classifications

Column 1	Column 2	Column 3
Tariff classification	**Description**	**Product Specific Rule**
3402.20	Preparations put up for retail sale	A change to subheading 3402.20 from any other subheading, except from subheading 3402.90.

[2] S153XD(5) of the Customs Act indicates that references to the tariff classification of goods is not a reference to Schedule 3 of the Customs Tariff Act in relation to Singaporean originating goods.

CTC provided certain requirements have been met

Column 1	Column 2	Column 3
Tariff classification	**Description**	**Product Specific Rule**
0307.60	Snails, other than sea snails	A change to subheading 0307.60 from any other chapter, or no change in tariff classification is required provided that the good is smoked in territory of a Party

7.3 Change in tariff classification requirement for non-originating materials

7.3.1 Where it is a requirement of column 3 of Annex 2 to SAFTA in relation to the good that all non-originating materials used in the production of the good must have undergone a particular CTC, subsection 153XG(3) enables regulations to be prescribe when a non-originating material used in the production of the good is taken to satisfy the CTC requirement.

7.3.2 The CTC rule only applies to non-originating materials. Non-originating materials that are sourced from outside or within Singapore must not have the same classification under the HS as the final good into which they are incorporated. This means that the tariff classification of the final good (after the production process) must be different to the tariff classification of each non-originating material (before the production process). This ensures that non-originating materials incorporated into a good have undergone sufficient transformation within Singapore or Australia to support the claim that the good is Singaporean originating.

7.3.3 Subsections 153XG(3), (4) and (5) of the Customs Act, and Part 2 section 5 of the SAFTA regulation directly address the CTC rule.

Example: CTC rule

Wrist watches of heading 9101 are made in Singapore from Singapore watch moving parts of heading 9108 and imported leather watch straps of heading 9113.

The PSR for a good of heading 9101 is: A change to heading 9101 from any other heading

Where the importer seeks to meet the CTC rule all non-originating materials used in the manufacture of the wrist watch must come from classifications other than heading 9101. As the non-originating material, the leather straps, comes from heading 9113, a different heading then the final good, the wrist watch meets the CTC rule. Therefore the wrist watches are Singaporean originating goods.

7.4 Accumulation

7.4.1 For the purposes of subsection 153XG(3), section 5 of the SAFTA Regulation provides for a non-originating material used in the production of goods that does not satisfy a particular CTC to be taken to satisfy the CTC if:

a. it was produced entirely in the territory of Singapore, or entirely in the territory of Singapore 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.

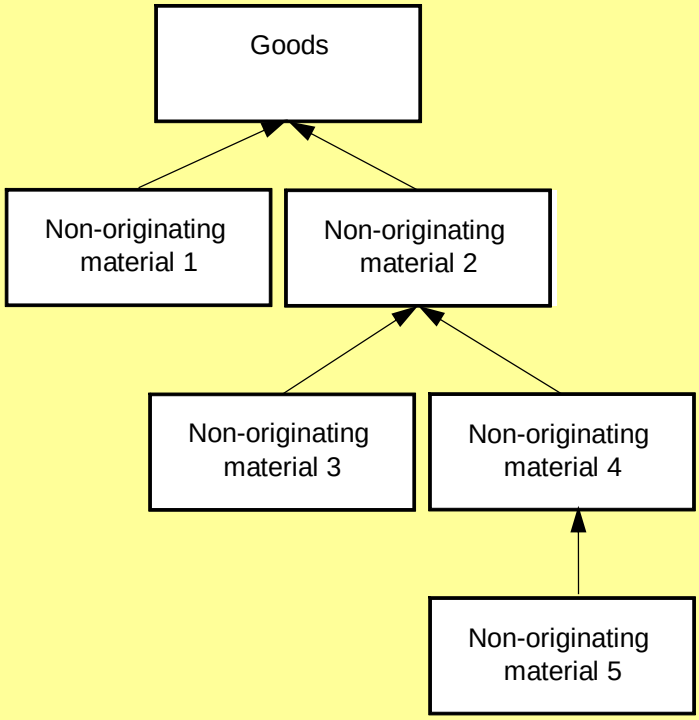
7.4.2 Paragraph 5(b) gives effect to the accumulation provisions contained in Article 9 of new Chapter 3 of SAFTA, and applies where the non-originating materials that are used to directly produce the final good do not satisfy the change in tariff classification.

7.4.3 In practice, in producing a final good, a producer may use goods that are produced in Singapore by another producer. The components of these goods may be produced by yet another producer in Singapore or may have been imported into Singapore by another importer. It is possible that the CTC rule will not be satisfied at each step in the production process from the imported component to the final good, which may mean that the final good is non-originating.

7.4.4 In such circumstances, it will be necessary to examine each step in the production process of each non-originating material that occurs in Singapore, or in Australia, in order to determine whether each step satisfies the change in tariff classification rule for the final good. If this does occur, the material will be an originating material and the final good will be an originating good (subject to satisfying all other requirements of new Division 1BA of Part VIII of the Customs Act). This is how paragraph 5(b) of the SAFTA Regulations operate.

Example: Accumulation

The following diagram relates to the production of particular goods made from non-originating materials that occurred entirely in Singapore. The diagram and the accompanying text illustrate the application of paragraph 5(b).



The goods are produced from non-originating materials 1 and 2;

First application of paragraph (b)

Non-originating materials 1 and 2 must satisfy the change in tariff classification. Under paragraph 5(2)(a), the transformation of non-originating material 1 into the final goods satisfies the relevant change in tariff classification. Under paragraph 5(2)(b), the transformation of non-originating material 2 into the goods does not satisfy the relevant change in tariff classification, but it has been produced by non-originating materials 3 and 4.

Second application of paragraph (b)

Non-originating materials 3 and 4 must satisfy the change in tariff classification. Under paragraph 5(2)(a), the transformation of non-originating material 3 into non-originating material 2 satisfies the relevant change in tariff classification. Under paragraph 5(2)(b), the transformation of non-originating material 4 into non-originating material 2 does not satisfy the relevant change in tariff classification, but it has been produced by non-originating material 5.

Third application of paragraph (b)

Non-originating material 5 must satisfy the change in tariff classification. Under paragraph 5(2)(a), the transformation of non-originating material 5 into non-originating material 2 via non-originating material 4 satisfies the relevant change in tariff classification.

Final result

The result of the three applications of paragraph (b) is that the change in tariff classification rule for non-originating material 2 is met because it was ultimately transformed from non-originating material 5.

Therefore the goods are originating.

7.5 *De minimis*

7.5.1 The CTC rule in Annex 2 to SAFTA is also satisfied if the good meets the requirements of subsections 153XG (3) (4) and (5); the *de minimis* provision.

7.5.2 The CTC rule requires that all non-originating materials undergo the prescribed CTC. However, if a good has not met the CTC rule, the good is considered an originating good if:

a. The value of these materials does not exceed 10 per cent of the good's value (regional value content), and the good meets all other applicable requirements; or

b. The good is classified within Chapters 50-63 of the HS, and the total weight of all such materials does not exceed 10 per cent of the good's total weight, or the total value of all such materials does not exceed 10 per cent of the good's value.

Example: *De minimis* provision by value

A good uses two non-originating materials, A and B. As a result of its transformation into the finished good, A meets the required HS classification change (or CTC rule), but B does not.

Because B does not make the required change, the finished good will not qualify unless the value of B is no more than 10% of the customs value of the good.

The good is valued at $100 and the value of material B is $5. The value of B is 5% of the customs value of the good, therefore the good is considered Singaporean originating.

7.6 Regional value content

7.6.1 Section 153XG(6), of the Customs Act provides for the regional value content of goods is to be worked out in accordance with the SAFTA regulations. The SAFTA regulations may prescribe different methods for working out the regional value content of different goods.

7.6.2 The SAFTA Regulation, Part 3 details two methods for calculating RVC — the build-down method and the build-up method.

1. For the purposes of subsection 153XG(6) of the Customs Act, the regional value content of goods under the **build-down method** is worked out using the formula:

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

where:

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

value of non-originating materials (VNM) means the value, worked out under Part 6, of the non-originating materials used in the production of the goods.

Regional value content must be expressed as a percentage.

2. For the purposes of subsection 153XG(6) of the Customs Act, the regional value content of goods under the build-up method is worked out using the formula:

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

where:

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

value of originating materials means the value, worked out under Part 6, of the originating materials used in the production of the goods.

Regional value content must be expressed as a percentage.

Example: RVC calculation – build-down method

A Singapore producer sells a good to an Australian importer at a value of $200. The VNM used in the good is $60. Using the RVC formula, the importer calculates the RVC as follows:

$$\text{RVC} = \frac{\text{Value- VNM}}{\text{Value}} \text{ x } 100$$

$$\text{RVC} = \frac{200 - 60}{200} \text{ x } 100$$

$$= 70\%$$

If the PSR of the good requires an RVC of 40 per cent and the RVC of the good is 70 per cent, then the good meets the PSR and is originating.

7.7 Alternative or additional rules

7.7.1 For some goods, the PSRs in 'Annex 2: Product-Specific Rules of Origin' of the SAFTA may specify:

a. a RVC requirement as additional to the CTC rule; or

b. a RVC requirement as an alternative to a CTC rule (e.g. 8301.70).

7.7.2 In cases where a RVC requirement is specified as additional to a CTC rule, a good will need to satisfy both the CTC and the specified RVC requirement to qualify as a Singaporean originating good.

7.7.3 In cases where the PSR provides an option to determine origin, all the requirements of the option chosen (either the CTC or the RVC) must be satisfied for the good to qualify as a Singaporean originating good.

8. Requirements for goods that are oils, chemicals, plastics or rubber

8.1.1 Assuming the requirements of s153XG(1)(a) and (b) are satisfied, subparagraph 153XG(1)(c)(ii) enables regulations to prescribe alternative product specific rules that may also need to be satisfied before goods made from non-originating material can be considered Singaporean originating goods. These rules – commonly referred to as the 'chemical rules of origin' – are that at least one of SAFTA Regulation Part 4, subsections 8(2), (5), (7), (9), (10), (11), (12) or (14) is satisfied in relation to the goods.

8.2 Chemical reaction rule

8.2.1 SAFTA regulation, Part 4, subsection 8(2) specifies that a good classified to any of Chapters 27 to 40 of the HS, which is the product of a chemical reaction, is an originating good if the chemical reaction occurred in Singapore, or Singapore and Australia.

8.2.2 For the purposes of this rule, a "chemical reaction" is 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.

8.2.3 Despite the chemical reaction rule, the following are not considered chemical reactions:

a. dissolving in water or other solvents;

b. the elimination of solvents, including solvent water; or

c. the addition or elimination of water of crystallization.

8.3 Distillation rule

8.3.1 SAFTA regulation, Part 4 Section 8(5) specifies that a good from heading 27.10 of the HS, which is also produced using atmospheric distillation or vacuum distillation, is an originating good if atmospheric distillation or vacuum distillation occurred in Singapore, or Singapore and Australia.

8.3.2 For the purposes of this rule:

a. **atmospheric distillation** means a separation process in which petroleum oils are converted, in a distillation tower, into fractions according to boiling point and the vapour then condensed into different liquefied fractions; and

b. **vacuum distillation** means distillation at a pressure below atmospheric but not so low that it would be classed as molecular distillation.

8.4 Direct blending rule

8.4.1 SAFTA regulation, Part 4 Section 8(7) specifies that a good from heading 27.10 of the HS produced using direct blending, is an originating good if the direct blending process occurred in Singapore, or Singapore and Australia.

8.4.2 For the purposes of this rule, direct blending means a process where various petroleum streams from processing units or petroleum components from holding or storage tanks are combined to produce goods with pre-determined parameters, where the non-originating materials of heading 27.10 of the HS constitute no more than 25% by volume of the goods.

8.5 Purification rule

8.5.1 SAFTA regulation Part 4 Section 8(9) specifies that goods classified to any of the Chapters 28 to 35, or Chapter 38 of the HS, and purification has resulted in the elimination of at least 80% of the content of existing impurities.

8.5.2 It is considered an originating good if the purification process occurred in Singapore, or Singapore and Australia.

8.6 Mixtures and blends rule

8.6.1 SAFTA regulation Part 4 Section 8(10) specifies that a good from Chapters 30 or 31, or heading 33.02, subheading 3502.20 or heading 35.06, 35.07 or 37.07 of the HS, are originating goods if the deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications has resulted in the production of the goods which have physical or chemical characteristics which are:

i. relevant to the purposes or uses of the goods; and

ii. different from the input materials.

8.6.2 It is considered an originating good if this process occurred in Singapore, or Singapore and Australia.

8.7 Change in particle size rule

8.7.1 SAFTA regulation Part 4 Section 8(11) specifies that if final goods are classified to Chapter 30 or 31, or subheading 3204.17 or heading 33.04 of the HS, are originating if the deliberate and controlled modification in particle size of goods occurs, (including micronizing by dissolving a polymer and subsequent precipitation), other than by merely crushing or pressing, resulting in the final goods:

i. with a defined particle size, defined particle size distribution or defined surface area that is relevant to the purposes of the final goods; and

ii. with different physical or chemical characteristics from the input materials.

8.7.2 It is considered an originating good if this process in Singapore, or Singapore and Australia.

8.8 Standard materials or solutions rule

8.8.1 SAFTA regulation Part 4 Section 8(12) specifies that goods classified to any of Chapters 28 to 38 of the HS, other than headings 35.01 to 35.05 and subheading 3824.60, and the goods are standard materials or solutions.

8.8.2 For the purposes of the rule, standard materials or solutions are preparations:

a. that have precise degrees of purity or proportions which are certified by the manufacturer; and

b. that are suitable for analytical, calibrating or referencing uses.

8.8.3 It is considered an originating good if this process occurred in Singapore, or Singapore and Australia.

8.9 Isomer separation rule

8.9.1 SAFTA regulation Part 4 Section 8(14) specifies that a good is classified to any of Chapters 28 to 38 of the HS, and also produced from the isolation or separation of isomer from the mixtures of isomers.

8.9.2 It is considered an originating good if the process occurred Singapore, or Singapore and Australia.

9. Other originating goods and provisions

9.1 Packaging materials and containers

9.1.1 Section 153XH 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 the goods.

9.1.2 Subsection 153XH(1) states:
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 determining the origin of the goods.

9.1.3 However, subsection 153XH(2) states that if the goods are required to have a regional value content of at least a particular percentage under a particular method, the regulations must require the value[3] of the packaging material or container to be taken into account as originating

[3] Note: The value of the packaging material or container is to be worked out in accordance with the SAFTA regulation, Part 6, section 10, which is paraphrased in Section 7 of this PI.

materials or non-originating materials, as the case may be, for the purposes of working out the regional value content of the goods.

Example: Packaging materials and containers

Dolls of heading 9503 are made in Singapore. The dolls are wrapped in tissue paper and packed in cardboard boxes inscribed with the brand logo for retail sale. Both the tissue paper and the cardboard box are of Indonesian origin.

The PSR for 9503 is:

either:

a) a change to heading 9503 from any other heading (CTH); or

b) no change in tariff classification is required provided that there is a regional value content of at least 40 per cent (RVC40).

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

9.2 Accessories, spare parts and tools

9.2.1 The purpose of new section 153XI is to give effect to Articles 12.2 and 12.3 of Chapter 3 of SAFTA, which sets out rules for goods that are accessories, spare parts, tools or instructional or other information materials.

9.2.2 Subsection 153XI states that goods are Singaporean originating if:

a. they are accessories, spare parts, tools or instructional or other information materials in relation to other goods; and

b. the other goods are imported into Australia with the accessories, spare parts, tools or instructional or other information materials; and

c. the other goods are Singaporean originating goods; and

d. the accessories, spare parts, tools or instructional or other information materials are classified with, delivered with and not invoiced separately from the other goods; and

e. the types, quantities and value of the accessories, spare parts, tools or instructional or other information materials are customary for the other goods.

9.2.3 The treatment of imported accessories, spare parts and tools depends on whether the goods associated with the accessories, spare parts or tools are subject to a regional value content[4] assessment or CTC requirement.

9.2.4 Subsection 153XG(8) provides for the purposes of subsection 153XG(7), that section 153XI should be disregarded in working out whether the

[4] Note: The value of the accessories, spare parts, tools or instructional or other information resources is to be worked out in accordance with the with the SAFTA regulation Part 6 section 10 which is paraphrased in Section 7 of this PI.

accessories, spare parts, tools or instructional or other information materials are originating materials or non-originating materials.

9.3 Consignment (Transit and Transhipment)

9.3.1 Section 153XJ of the Customs Act sets out the consignment requirements that apply to Singaporean originating goods imported into Australia, and states:

1. Goods are not Singaporean originating goods under this Division if:
    a. the goods are transported through the territory of one or more non-Parties; and
    b. the goods undergo any operation in the territory of a non-Party (other than unloading, reloading, separation from a bulk shipment, storing, labelling or marking for the purpose of satisfying the requirements of Australia or any other operation that is necessary to preserve the goods in good condition or to transport the goods to the territory of Australia).
2. This section applies despite any other provision of Division 1BA of Part VIII of the Customs Act.

Example 1: Consignment

Surgical instruments, cotton gowns and bandages, made in Singapore from Singaporean originating materials, are sent to Indonesia 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 because they underwent operations in Singapore that are not covered by the exceptions in section 153XJ.

Example 2: Consignment

Boats manufactured in Singapore are sent by ship to Australia. Before departure, they are coated with a protective veneer to inhibit damage to painted surfaces during transit on the vessel.

Due to severe weather conditions encountered during the voyage, the ship is required to stop in Indonesia so that the protective veneer can be reapplied to ensure that the vessels are preserved in good condition for the remainder of the voyage to Australia. During their time in Indonesia the boats remain under customs control.

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

10. Claiming preferential tariff treatment

10.1.1 Section B of 'Chapter 3: Rules of Origin and Origin Procedures' of SAFTA outlines origin procedures.

10.2 Certification of Origin

10.2.1 Article 3.18 details the requirements of a certification of origin, including those set out in Annex 3-A.

10.2.2 A certification of origin is the basis for a claim for preferential treatment under the SAFTA for Singaporean originating goods. This document is completed by the exporter, producer or importer or an authorised representative of the exporter, producer or importer.

10.2.3 To claim Singaporean originating goods under SAFTA, the provisions in Division 1BA of Part VIII of the Customs Act require that the importer must have a certification of origin or a copy of one, in relation to the goods at the time the goods are imported.

10.2.4 The certification of origin does not follow a prescribed format, but should:

a. be in writing, including electronic format;

b. specify that the good is both originating and meets the requirements of Chapter 3 of SAFTA; and

c. contains a set of minimum data requirements.

10.2.5 Minimum data requirements are specified in Annex 3-A of SAFTA, and state that a certification of origin must contain the following elements:

1. **Importer, exporter and Producer Certification of Origin** indicating whether the certifier is the exporter, producer or importer in accordance with Article 3.18 (Claims for Preferential Treatment).

2. **Certifier details**, including the certifier's name, address (including country), telephone number and email address.

3. **Exporter details**, including the exporter's name, address (including country), email address and phone number (if different from the certifier).

   This information is not required if the producer is completing the certification of origin and does not know the identity of the exporter.

4. **Producer details**, including the producer's name, address (including country), e-mail address and phone number, if different from the certifier or exporter or, if there are multiple producers, state "Various" or provide a list of producers. A person that wishes for this information to remain confidential may state "Available upon request by the importing authorities".

5. **Importer details**, including (if known), the importer's name, address, email and phone number.

6. **Description and HS Tariff Classification of the Good**, including:
   a. Provide a description of the good and the HS tariff classification of the good to the 6-digit level. The description should be sufficient to relate it to the good covered by the certification; and
   b. If the certification of origin covers a single shipment of a good, indicate, if known, the invoice number related to the exportation.
7. **Origin Criterion**, specifying the rule of origin under which the good qualifies as 'Singaporean originating'. Under policy, one of the following criterion should be chosen that aligns with the PSR applicable to the good in Annex 2: Product-Specific Rules of Origin' of the SAFTA:

WO Goods wholly obtained or produced entirely in Singapore or in Singapore and Australia in accordance with the Customs Act, Division 1BA, Subdivision B.

WP Wholly produced in Singapore or in Singapore and Australia, from originating materials, in accordance with the Customs Act, Division 1BA, Subdivision C.

PSR Goods produced in Singapore or in Singapore and Australia from non-originating materials, in accord with Division 1BA Subdivision D; and meets the PSR requirement in 'Annex 2: Product-Specific Rules of Origin' of the SAFTA' as entered into force on 1 December 2017.

8. **Blanket period**, including the period (if the certification covers multiple shipments of identical goods for a specified period of up to 12 months) as set out in Article 18.4 (Claims for Preferential Treatment) Section B, of SAFTA.
9. **Authorised Signature and Date**. The certification must be signed and dated by the certifier and accompanied by the following statement:

   I certify that the goods described in this document qualify as originating and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain and present upon request or to make available during a verification visit, documentation necessary to support this certification.

10.2.6 A certification of origin can apply to:
   a. a single shipment of a good into the territory of Singapore or Australia; or
   b. multiple shipments of identical goods within any period specified in the certification of origin, but not exceeding 12 months.

10.2.7 A certification of origin is valid for one year after the date that it was issued.

10.3 Procedures

10.3.1 Before claiming preference, importers should take reasonable care to ensure that their goods meet the relevant RoO (noting that the 'original' RoO) and ensure that the consignment and non-qualifying operations rules are met.

10.3.2 For claiming Singaporean originating goods for the purposes of the SAFTA, the Preference Scheme '**SFTA'** should be used on Customs Import Declarations (including in ICS) to access the preferential rate of duty. It will be necessary to also quote the relevant Preference Rule Type on Import Declarations (including in ICS) from one of the following:

- WO – "Wholly obtained goods" *;
- WP – "Goods produced entirely from originating materials only" *; or
- PSR – "Product Specific Rule of Origin" *.

* ICS 'preference rule description' text.

10.4 Items with a Customs Value up to AUD$1000

10.4.1 Under Article 3.21 of new Chapter 3 of SAFTA, Australia will not require the presentation of any documentary evidence of origin, including certification of origin when:

a. the customs value of the importation does not exceed AUD$1,000 for Australia or the equivalent amount in the importing Party's currency or any higher amount as the importing Party may establish; or

b. it is for an import of a good for which the importing Party has waived the requirement for a certificate of origin,

provided that the import does not form part of a series of importations carried out of planned for the purpose of evading compliance with the importing Party's laws governing claims for preferential tariff treatment under the SAFTA.

10.5 Refunds of paid duty

10.5.1 Items 1A and 1B of the table under section 23 of the International set out the circumstances under which paid duty can be refunded if it has been paid for goods that are, would have been, Singaporean originating goods. These items give effect to Article 3.28 of Chapter 3 of SAFTA.

10.5.2 In short, where duty has been paid on goods that are, or would have been, Singaporean originating goods, because a valid certification of origin, or copy of one, was not available at the time the goods were imported, the importer may claim a refund of customs duty paid on those goods.

10.5.3 The repeal of the original RoO, on 1 December 2020, will not impact the right of importers to apply for refunds of overpaid duty, provided they meet the relevant refund circumstances that apply to those goods. More information is available in DIBPN 2017/33 on the www.border.gov.au website. It should be noted that the information contained in DIBPN 2017/13 on refunds for 'Singaporean originating goods' is now outdated and replaced by **DIBPN 2017/33**.

10.5.4 International Obligations Regulation 28.2 requires an application for a refund of duty to be made within 4 years after the day on which the duty was paid.

10.5.5 The ICS code to apply for a refund of overpaid duties under the Amending Agreement is **23A1A**.

10.5.6 More information about refunds of duty may be found on the border.gov.au website.

10.6 Compliance

10.6.1 Under the Customs Act (ss240AA, 240AB and 240AC) the Department may seek further evidence of preference entitlement for a specific reason or a simple intuitive selection, irrespective of the existence of a certification of origin. This may include:

a. written requests for information from the importer;

b. written requests for information from the exporter or producer of the exporting Party;

c. requests that the customs administration of Singapore assist in verifying the origin of the good; or

d. verification visits to the premises of the exporter or the producer in the territory of Singapore to observe the facilities and the production processes of the good, and to review the records referring to origin – including accounting records.

10.6.2 For written requests, under policy (and in accord with Article 25 of the amended Agreement), an importer, exporter, or producer will have 30 days to respond to the request. They may make a written request for an extension, not exceeding 30 more days.

10.6.3 Under policy and in accord with Article 25.4, the department will provide written advice to the importer, exporter or producer of its decision as well as the legal basis and findings of fact on which the decision was made within 90 days.

10.7 Denying a claim for preferential tariff treatment

10.7.1 The Department may deny a claim for preferential tariff treatment if:

a. It determines that the good does not meet the requirements of Division 1BA of Part VIII of the Customs Act to qualify for preferential tariff treatment; or

b. The importer, exporter, producer or authorised agent fails to comply with the relevant requirements of the Act such as subparagraph 153XG(1)(d)(i) of the Customs Act; or

c. After seeking further information under ss240AA, 240AB and 240AC of the Customs Act, the Department 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. if the exporter, producer or importer fails to respond to a written request for information.

10.7.2 If the Department finds that preferential rates of duty are not applicable or there is insufficient evidence to justify a claim for preferential rates of duty, the general rate of duty is payable and the importer will be liable for payment of any customs duty 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 and an administrative penalty under the Taxation Administration Act may also apply where there is a shortfall amount of GST. It should be noted that an infringement notice may be served in lieu of prosecution for an offence against subsections 243T(1) or 243U(1) of the Customs Act.

10.7.3 If, after the time of the customs declaration, the importer becomes aware that the goods were ineligible for preferential rates of duty, the importer must, as soon as practicable, amend the import declaration and pay the Department any short-fall amount of customs duty or GST. This action may protect an importer against any 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 Australian Customs Notice (ACN) 2004/05. Furthermore, this action may result in the reduction or remission of an administrative penalty that may apply under the Taxation Administration Act.

10.7.4 Where a duty or GST short payment results from incorrectly claimed preferential duty rates, an importer may be protected from liability for an offence against subsection 243T(1) or 243U(1) of the Customs Act, or an administrative penalty under the Taxation Administration Act, if, at the time of entry of the goods, the importer holds:

a. A certification of origin that states a particular preference criterion of Division 1BA of Part VIII of the Customs Act has been met; or

b. Evidence of the relevant factory processes and costs of the overseas manufacturer that indicate the goods in question were eligible for preferential rates of duty.

10.7.5 The protection will not apply where:

a. Other information available to the importer indicated that the statement on the certification of origin was incorrect or unreliable;

b. The certification of origin could not be clearly related to the goods in question.

11. Record keeping obligations

11.1.1 The record keeping obligations for those associated with either Australian originating goods (using the new RoO) or goods which are the produce or manufacture of Australia (using the original RoO up to 1 December 2020), for which preferential rates of duty may be claimed under SAFTA must comply with updated record keeping obligations.

11.1.2 Regardless of whether a person intends to use the new RoO or the original RoO, specified records must be kept for a period of at least five years.

11.1.3 The type of records that must be kept and the point at which the five year record keeping time frame begins vary depending on:

a. whether the potential record-keeper is a producer, manufacturer or exporter, or an authorised agent; and

b. whether new or original RoO are being utilised.

11.1.4 The description below summarises legislative requirements for record keeping for persons seeking to use either version of the RoO.

11.2 New RoO — record keeping for other exporters of goods (which they did not produce or manufacture) claimed to be Australian originating goods

11.2.1 If using the Amending Agreement's RoO to export goods to Singapore, under the International Obligations Regulation, Part 3 Division 1, section 8A, exporters of goods which are claimed to be Australian originating goods for the purpose of obtaining a preferential tariff in Singapore, must keep the records set out below for a period of at least 5 years starting on the day the certification of origin (within the meaning of section 153XD of the Act) for the goods is issued:

a. records of the purchase of the goods by the exporter, including evidence that payment has been made for the goods;

b. records of the purchase of the goods by the person to whom the goods are exported, including evidence that payment has been made for the goods;

c. a copy of the certification of origin (within the meaning of section 153XD of the Act) in relation to the goods.

11.2.2 The exporter may keep any records under this regulation at any place (whether or not in Australia).

11.3 New RoO — record keeping for the producer of goods claimed to be Australian originating goods

11.3.1 If utilising the Agreement's RoO to export goods to Singapore, under the International Obligations Regulation *2015* Part 3 Division 1 section 7A, the producer of goods which are claimed to be Australian originating goods for the purpose of obtaining a preferential tariff in Singapore, must keep the records set out in the following table for a period of at least 5 years starting on the day the certification of origin (within the meaning of section 153XD of the Act) for the goods is issued.

11.3.2 The producer may keep any records under this regulation at any place (whether or not in Australia). This regulation applies to producers of goods, regardless of whether they are the exporter.

Records to be kept by producers exporting goods to Singapore	
Item	**Records**
1	Records of the purchase of the goods
2	Evidence that payment has been made for the goods
3	Evidence of the cost of the goods in the form in which they were sold to the buyer
4	Evidence of the value of the goods
5	Records of the purchase of all materials that were purchased for use or consumption in the production of the goods
6	Evidence that payment has been made for the materials mentioned in item 5
7	Evidence of the cost of the materials mentioned in item 5 in the form in which they were sold to the producer
8	Evidence of the value of the materials mentioned in item 5
9	Records of the production of the goods
10	A copy of the certification of origin (within the meaning of section 153XD of the Act) in relation to the goods

11.4 Original RoO — record keeping for other exporters of goods claimed to be the produce or manufacturer of Australia

11.4.1 If utilising the original RoO to export goods to Singapore, under the International Obligations Regulation, Part 3, Division 1, section 8, exporters of goods that are NOT the producer or manufacturer of the goods, which are claimed to be the produce or manufacture of Australia for the purpose of obtaining a preferential tariff in Singapore, must keep the following records:

a. records of the purchase of the goods by the exporter, including evidence that payment has been made for the goods;

b. records of the purchase of the goods by the person to whom the goods are exported, including evidence that payment has been made for the goods;

c. the confirmation obtained under subsection 6(4) from the producer or manufacturer;

d. a copy of the declaration made under subsection 6(2);

e. a copy of the Certificate of Origin in relation to the goods.

11.4.2 The exporter of goods under this section must keep the required records for at least 5 years starting on the day of the declaration mentioned in subsection 6(2) in relation to the goods. The regulation allows the exporter to keep any required records at any place (whether or not in Australia).

11.5 Original RoO — record keeping for the producer or manufacturer of goods claimed to be the produce or manufacture of Australia

11.5.1 If using the original RoO to export goods to Singapore, under International Obligations Regulation, Part 3, Division 1, section 7, the producer or manufacturer (regardless of whether they are the exporter) of goods which are claimed to be the produce or manufacture of Australia, or are claimed to be produce or manufacture of Australia, for the purpose of obtaining a preferential tariff in Singapore must keep the records set out in the following table for a period of at least 5 years starting on the day:

a. of the declaration made under subsection 6(2) in relation to the goods (if the producer or manufacturer is the exporter of the goods); or

b. of the confirmation obtained under subsection 6(4) in relation to the goods (if the producer or manufacturer is not the exporter of the goods).

11.5.2 Any records that must be kept under this regulation can be stored at any place (whether or not in Australia).

Records to be kept by producers or manufacturers exporting goods to Singapore	
Item	**Records**
1	Records of the purchase of the goods
2	Evidence that payment has been made for the goods
3	Evidence of the cost of the goods in the form in which they were sold to the buyer
4	Evidence of the value of the goods
5	Records of the purchase of all materials that were purchased for use or consumption in the production or manufacture of the goods
6	Evidence that payment has been made for the materials mentioned in item 5
7	Evidence of the cost of the materials mentioned in item 5 in the form in which they were sold to the producer or manufacturer
8	Evidence of the value of the materials mentioned in item 5
9	Records of the production or manufacture of the goods
10	A copy of the Certificate of Origin in relation to the goods
11	If the producer or manufacturer has given a confirmation mentioned in subsection 6(4) in relation to the goods to an exporter—a copy of the confirmation
12	If the producer or manufacturer is the exporter of the goods—a copy of the declaration mentioned in subsection 6(2) in relation to the goods

11.6 Form in which records to be kept

11.6.1 A person who is required to keep a record under this Division in relation to goods must ensure that the record:

a. is kept in a form that would enable a determination of whether the goods are the produce or manufacture of Australia, or are Australian originating goods, in accordance with SAFTA; and

b. if the record is not in English — is kept in a place and form that would enable an English translation to be readily made; and

c. if the record is kept electronically — is readily convertible into a hard copy in English.

12. Related policies and references

12.1 Practice Statements

- Free Trade Agreement Rules of Origin

12.2 Other Procedural Instructions

- B_INT02/3 Australia-New Zealand Closer Economic Relations Trade Agreement
- B_INT02/5 Australia-United States Free Trade Agreement
- B_INT02/6 Preferential Rules of Origin (General)
- B_INT02/2 Singapore-Australia Free Trade Agreement
- B_INT02/8 Thailand-Australia Free Trade Agreement
- ASEAN-Australia-New Zealand Free Trade Agreement
- B_INT02/1 Malaysia-Australia Free Trade Agreement
- B_INTO2/4 Korea- Australia Free Trade Agreement
- B_INTO2/10 Japan-Australia Economic Partnership Agreement
- 2015/041097-01 China-Australia Free Trade Agreement

12.3 Associated documents

- The SAFTA Instructions and Guidelines (July 2009 – revised 1 December 2017), have been updated and will remain in effect until 1 December 2020. This document should be used by traders seeking guidance on how to use the original rules of origin to determine the preferential rate of customs duty during the transition period.
- The original SAFTA Instructions and Guidelines (July 2009) is now outdated but remains on the website as a historical document.

12.4 Related references

- *Agreement to Amend the Singapore-Australia Free Trade Agreement*
- *Customs Tariff Act 1995*
- *Customs Tariff Regulations 2004*
- *Customs Tariff Amendment (Singapore-Australia Free Trade Agreement Amendment Implementation) Act 2017*
- *Customs Amendment (Singapore-Australia Free Trade Agreement Amendment Implementation) Act 2017*
- *Customs Act 1901*
- *Customs Regulation 2015*
- *Customs (Singaporean Rules of Origin) Regulation 2017*
- *The Australian Border Force Act 2015*

13. Endorsement

Endorsed on	1 December 2017	[SIGNED]
By	Franco Alvarez A/g Director Trade Policy	

14. Approval

Approved on	1 December 2017	[SIGNED]	
By	David Coyles A/g Assistant Secretary Trade and Customs Branch		
Period of Effect	3 years	Review Date	1 December 2020