



Rules of Origin

September 2020

Origin

- Origin - the economic nationality of goods:
 - Where do the goods originate?
 - Is the country of origin party to a trade agreement?
- FTA - Preferential Origin – products meeting Rules of Origin (RoO) qualify for reduced/nil rate of duty
- Some common provisions but details vary per individual FTA
- Origin must be proven in order to claim preference

Common provisions

- Originating status – “wholly obtained” or sufficiently worked
- Wholly obtained – natural products/goods entirely from them
- Sufficiently worked or processed – Product Specific Rules
- Cumulation – bilateral, diagonal, regional, full
- Territoriality – working/processing only in the territories of the parties, exceptions may apply if value-added < 10%
- Direct transport/non-alteration – travel directly between partner countries or under customs control if transiting through a 3rd country
- Tolerance – allows the use of small amount of non-originating materials (e.g. less than 10%)
- Cannot apply both the general tolerance rule and derogation from principle of territoriality at the same time

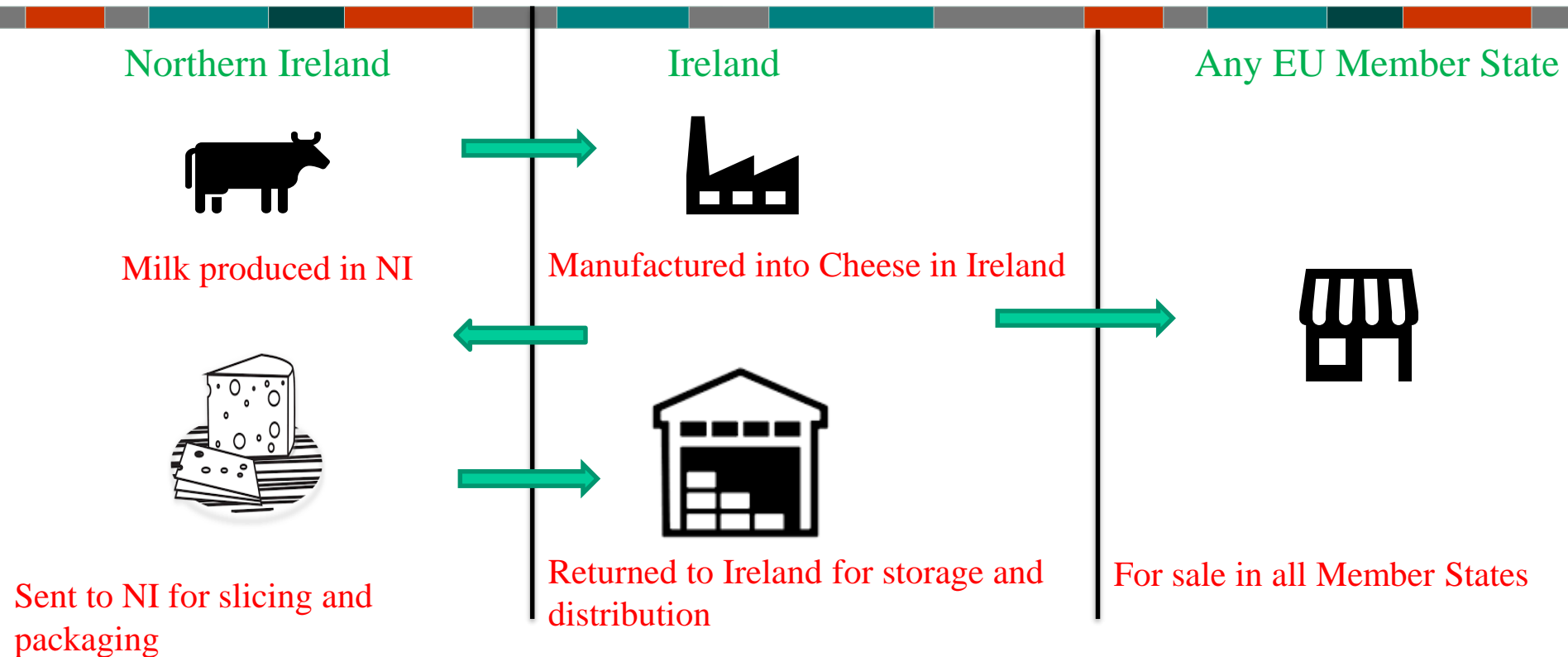


Impact of NI Protocol from an Origin perspective

- Intra-community trade
 - NI goods will have Union status therefore no impact for trade between NI and other MS
 - No impact on goods manufactured using NI inputs
- Trade with the UK
 - To be determined as part of future relationship negotiations
- Trade with other 3rd countries
 - No impact where no FTA in place
 - Potential impact on trade with FTA partner countries depending on terms of the FTA

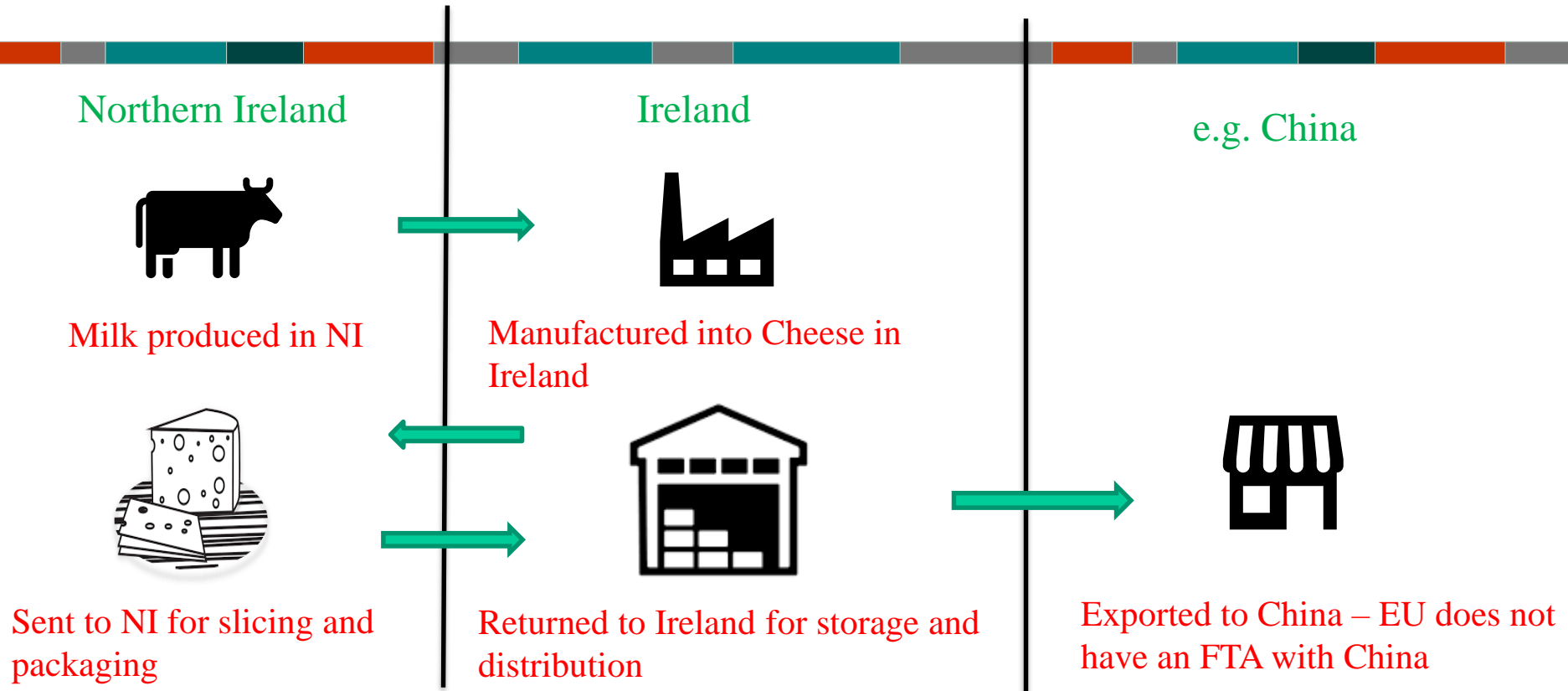
- Understanding based on Protocol
 - NI origin goods are not EU origin goods
 - However, they have Union status and are treated as all other goods in free circulation
 - Consequently there are no customs formalities (declarations or duties) required for NI-IE movements
 - There is no need for processing authorisations for manufacturing in NI as the goods are in free circulation
- Understanding based on existing FTAs
 - FTA is between EU and a 3rd country and only applies to trade between the EU and that partner country
 - NI origin components will be treated as 3rd country components under the FTA
 - Processing of EU goods in NI will be treated as 3rd country processing under the FTA

Placed on the Market in the EU



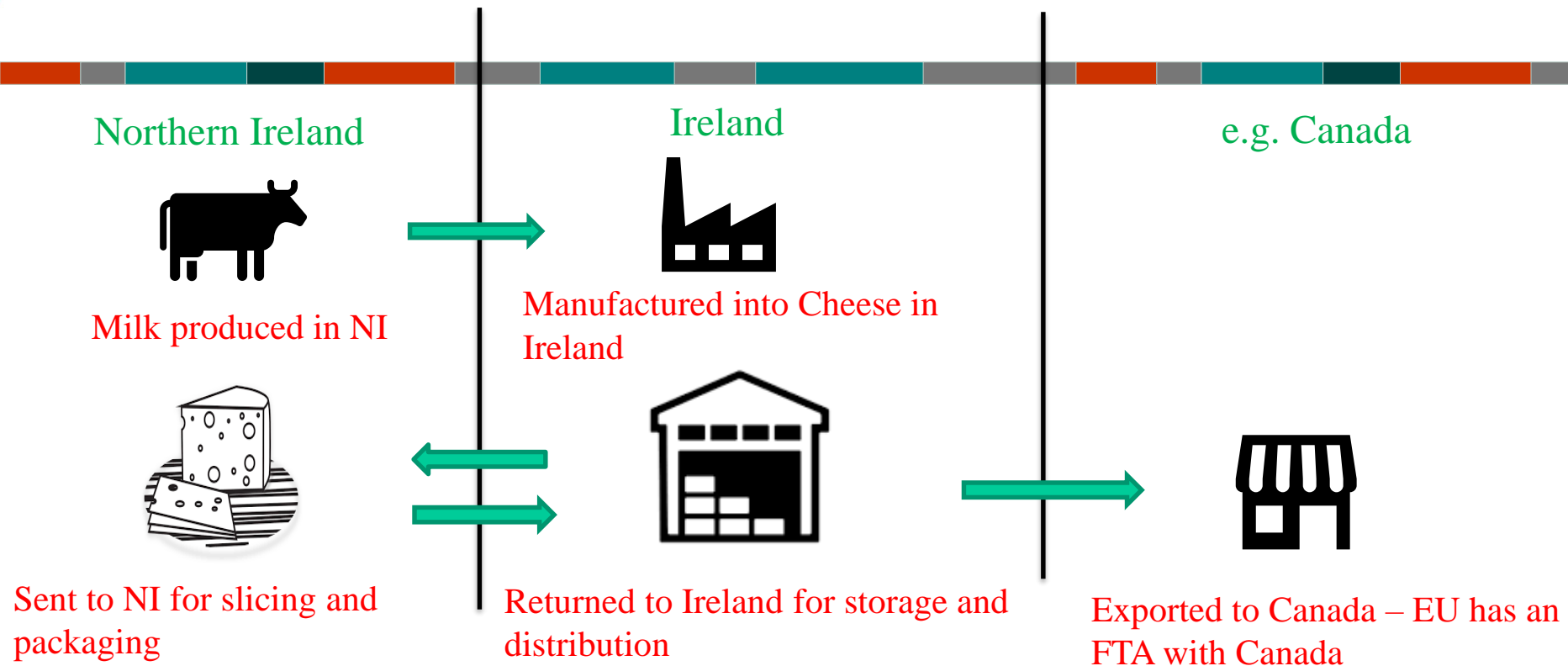
- No Customs Declarations or duties on milk into IE or on cheese from IE to OMS
- No records required to prove origin
- No Processing authorisation required
- Milk and Cheese are in free circulation at all times

Placed on the Market in an Non-FTA Country



- No Customs Declarations or duties on milk and sliced cheese into IE – in free circulation
- No Processing authorisation required
- Cheese imported into China as 3rd country so normal Chinese import duties applicable

Placed on the Market in an FTA Country



- No Customs Declarations or duties on milk and sliced cheese into IE – in free circulation
- No Processing authorisation required
- Records required to prove origin
- Milk element of the cheese and slicing and packaging in NI deemed to be non-EU in context of FTA
- Preference would not apply as NI milk and goods processing in NI not allowed under CETA



Principle of Accounting Segregation

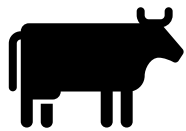
- Must be included in the FTA in order to be availed of
- May require an authorisation from Revenue
- Allows fungible originating and non-originating materials to be stored together without the originating material losing its origin
- Economic operator must demonstrate that keeping a physical segregation of its stocks of originating and non-originating materials would be costly or difficult
- Fungible materials must be identical and interchangeable:
 - Must be of the same kind and commercial quality
 - Must have the same technical and physical characteristics
 - Should not be possible to distinguish them from one another once they have been incorporated into the product.

Principle of Accounting Segregation continued

- Must have sufficient originating materials in stock at time origin is determined
 - At time of manufacture or;
 - At time origin document is issued or;
 - At time of delivery
- Stock management system required sufficient to ensure that no more originating products are produced than would have been the case if the materials were stored separately
- Accounting segregation does not generally apply to products

CETA – allows Accounting Segregation

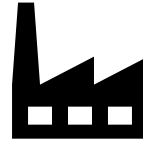
Northern Ireland



Milk produced in NI



Ireland



Combined with IE milk and manufactured into cheese



Sliced and packaged in IE



e.g. Canada



Exported to Canada – EU has an FTA with Canada and Accounting Segregation is allowed

- No Customs Declarations or duties on milk into IE – in free circulation
- No Processing authorisation required
- Stock management system required to prove origin and sufficient IE stocks on hand
- NI milk element of the cheese deemed to be non-EU origin in context of FTA therefore Product Specific Rule would mean the cheese does not qualify for preference
- However, using accounting segregation, because the NI milk is fungible, using mixed milk means the cheese could qualify



Further information



Visit the Revenue Website at:

<https://www.revenue.ie/en/customs-traders-and-agents/importing-and-exporting/origin/preferential-and-nonpreferential-origin/index.aspx>

Contact Revenue at:

origin&valuationsection@revenue.ie