

WHY IS ORIGIN IMPORTANT?

The UK has trade agreements with over 70 countries, the goal of these agreements is to decrease trade restrictions and expand business opportunities. Where there is a trade agreement in place, cooperating countries can take advantage of reduced tariffs and reduced import checks. If you are importing goods from any country which has a trade agreement with the UK, you should ensure that there is a valid statement on origin.

Why does this matter?

To claim preference, if the goods are normally dutiable, a valid statement of origin is required. Without this you are unable to claim preference and the duty will still be due. If claiming preference the supply chain also needs to be considered as preferential origin status will only apply to the first import of the goods which means that duty may be payable on goods which would normally be duty-free depending on their delivery route.

Types of statements on origin

There are three types of statement. The first two use prescribed text on a commercial document such as the invoice. The first is the statement on origin from the manufacturer. The next is a supplier's declaration, if you distribute goods, as long as you have the supporting evidence from the manufacturer you can put the declaration on your invoices. The third isn't used as much due to the level of information required, this is importers knowledge. If you are unable to get a statement from the exporter and you are confident that you understand the origin or processes undergone on the goods you are importing, you can claim this. Rules of origin are complex and require knowledge of how to apply the rules and an understanding of the goods in question.

How we can help

We would be happy to discuss the options available for any of your clients who import into the UK or export.

Please contact: **Sarah Boyes** sboyes@dains.com or **Terri Bruce** tbruce@dains.com

Without sufficient evidence for any of the statements, you would be unable to claim preference, if you realise that preference has been claimed incorrectly you can make a voluntary disclosure and mitigate the penalties due.

Getting the correct commodity code is also essential, if the goods being imported are zero-rated for duty then having proof of origin is not required.

Case Study

Our client has been subject to an HMRC visit, it was discovered that there were several imports where preference had been claimed incorrectly. The goods were of Turkish origin which, if they had come directly from Turkey to the UK could have claimed preference. Unfortunately, they were delivered to a warehouse in Germany before being shipped to the UK, because of this, duty was due on import to the UK as the preference had been used for importing into Germany. On looking at the goods being imported it was noted that the commodity code used was incorrect and the commodity code that should have been used was zero-rated for import duty.