

Rules of Origin in EU-UK trade

When the UK was part of the European Union, businesses and customers didn't need to be aware of the "economic nationality" of products being traded inside the single market. Now that we trade under the terms of the EU-UK Trade and Cooperation Agreement (TCA), there is tariff-free trade between the two markets, provided that products imported into the EU or the UK, originate from the UK or the EU respectively. Unfortunately proving a product's origin to eliminate tariffs is often not an easy thing to do.

Looking ahead to January 2022, you will have to ensure that a 'supplier's declaration' accompanies the invoice or other commercial document to certify the economic nationality of the goods. Therefore, many businesses are finding they need to become acquainted with what are called Rules of Origin, sometimes abbreviated as RoOs, and they're not as straightforward as it might seem.

Considerations for online sellers:

Receiving a product made in the EU by post is the least complex when it comes to dealing with RoOs: there is no need to prove EU origin if its value is £1,000 or less. If however, you are selling to customers in the EU, you will be required to prove the origin of any product worth more than £135 (the customs threshold).

Considerations for manufacturers:

One way in which ROOs are determined is through what are called the cumulation rules in the ROOs. When products go back and forward over the border via the UK, you have to consider how much of the content will be considered as EU content and how much is UK content for the purpose of the ROOs.

The calculation of EU and UK content (bi-lateral cumulation) is subject to the extent to which the goods are processed. Importing products from the EU, packaging them and sending them back to EU customers does not generally count as originating in the UK. You will need to have 'processed' them in the UK under precise definitions set out in the ROOs in order to qualify for zero tariffs.

For instance, a product such as a specialty chocolate made from premium slabs sourced from Belgium and packaged in the UK doesn't necessarily qualify as the processing this entails is insufficient to meet the ROOs requirements.

If the origin of a product is problematic to establish, and paying tariffs or not makes a huge difference for your profit margin for that product, it may be worth obtaining a 'binding origin decision' from a customs authority. Alternatively, sometimes proving origin is so time consuming and bothersome, it is better to just pay the duties instead if you can afford it..



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Considerations for traders:

These are the steps you need to follow to determine whether your product is subject to tariffs.

1) Establish the correct commodity code of your product by consulting the UK and EU tariff databases:

The EU [Access2Markets](#)

The UK [Global Online Tariff](#)

2) For each commodity code the amount of duty is stated for trade with the EU or the UK (the 'preferential rate') and the third country rate (the 'Most Favoured Nation' or MFN rate)

- If the preferential rate is zero duties, you have to prove that a product originates in the EU when imported into the UK and vice versa, otherwise you pay the MFN rate.
- If the MFN rate is also zero duties, you don't have to prove the origin of the product because the tariff is zero for *every* country. This means that provided you have correctly classified the product, there is no duty to pay and no Rules of Origin to deal with. However, you will still have to *state the origin* on the customs form.

3) If the preferential rate is zero duties and the MFN rate is higher than zero, decide on whether to pay duties or to prove origin.

4) If you have to prove origin, consult with both the EU and UK guidance on the ways in which you can do this to determine precisely what information is needed and where this information needs to go (e.g. customs declaration, commercial invoices, suppliers declaration etc.)

EU-bound goods with a value over €6,000 require an Exporter's Reference Number (ERN), also called REX number, for your ROOs paperwork. If you are shipping to the UK, your GB EORI number is used as the ERN.

For further information on rules of origin, expert trade and regulatory advice is available through Haringey Council's Brexit Advice Support Service, delivered on behalf of the council by Resilience Help. As a business based in the borough, you are able to access up to four hours of expert trade and regulatory advisory support.

To gain access to the Haringey Brexit Business Advice service, contact Paula@resiliencehelp.com