STATUTORY INSTRUMENTS

2020 No. 1433

EXITING THE EUROPEAN UNION CUSTOMS

The Customs (Origin of Chargeable Goods) (EU Exit) Regulations 2020

	at 12.24 p.m. on
Made - - - -	*15th December 2020*
Laid before the House of Commons - - - -	*16th December 2020*

Coming into force in accordance with regulation 1

The Treasury, in exercise of the powers conferred by sections 17(6), 32(7), 37(3)(b) and 52(2) of, and paragraph 1(3)(c) of Schedule 7 to, the Taxation (Cross-border Trade) Act 2018 [M1], make the following Regulations.

The Treasury consider it appropriate in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the European Union that the following Regulations come into force on such day as the Treasury may by regulations under section 52 of that Act appoint.

The Secretary of State has recommended that, in accordance with section 17(8) of that Act, the following Regulations be made.

Marginal Citations

M1 2018 c. 22.

PART 1

Preliminary

Citation and commencement

1. These Regulations may be cited as the Customs (Origin of Chargeable Goods) (EU Exit) Regulations 2020 and come into force on such day as the Treasury may by regulations under section 52 of the Act appoint.

Commencement Information

I1 Reg. 1 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Interpretation

2. In these Regulations—

"the Act" means the Taxation (Cross-border Trade) Act 2018;

"Rules of Origin" means the document entitled "Rules of Origin: Special Rules for Determining Non-Preferential Origin, **[**[F1]version 1.2 dated 12th April 2023**]**" which comprises the following as are so named in that document—

(a) Part One (goods wholly obtained in a single country or territory);

(b) Part Two (operations not constituting an important stage of manufacture);

(c) Part Three (accessories, spare parts or tools); and

(d) Part Four (product specific rules);

"Second General Rule" means the rule of origin of goods provided by section 17(3) of the Act.

Textual Amendments

F1 Words in reg. 2 substituted (10.5.2023) by The Customs Tariff (Preferential Trade Arrangements and Miscellaneous Amendments) Regulations 2023 (S.I. 2023/433), regs. 1(2), **4**

Commencement Information

I2 Reg. 2 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Effect

3. These Regulations have effect for the purposes of Part 1, except sections 9 and 10, of the Act.

Commencement Information

I3 Reg. 3 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

PART 2

Provision in relation to the Second General Rule

Processing that is not economically justified

4. Processing of goods is not economically justified [M2] only in cases where a person causes the goods to be processed to obtain a place of origin of the goods different from that which would otherwise have applied had the processing not occurred with the purpose of—

(a) reducing the amount of import duty which would otherwise have applied to the goods; or

(b) avoiding or mitigating a provision imposed by or under an enactment which would otherwise have applied to the goods, including provision imposing—

(i) a quota or other restriction on import;

(ii) a prohibition on import; or

(iii) a tax, duty or charge.

Commencement Information

I4 Reg. 4 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Marginal Citations

M2 The Second General Rule includes a requirement that processing of goods must be economically justified.

Materials that do not form part of the final composition of goods

5. In determining whether or not goods are obtained in two or more countries or territories [M3], regard must not be had to the country or territory of origin of materials that are used in the course of manufacture of the goods but do not form part of the final composition of the goods.

Commencement Information

I5 Reg. 5 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Marginal Citations

M3 The Second General Rule applies if goods are obtained in two or more countries or territories.

Cases and containers

6.—(1) Paragraph (2) applies to goods ("rule 5 goods") where, by virtue of rule 5 of Part Two (Goods Classification Table Rules of Interpretation) of the Tariff of the United Kingdom, cases or containers of rule 5 goods are classified with the goods.

(2) Where the Second General Rule applies to rule 5 goods, the goods are to be regarded as originating in a country or territory according to the Second General Rule disregarding the cases or containers.

(3) In paragraph (1), "Tariff of the United Kingdom" has the same meaning as it has in the Customs Tariff (Establishment) (EU Exit) Regulations 2020 [M4].

Commencement Information

I6 Reg. 6 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Marginal Citations

M4 S.I. 2020/1430.

Origin determined by reference to value of materials

7.—(1) Paragraph (2) applies to goods where—

(a) were it not for this regulation, the Second General Rule would apply to the goods; and

(b) the goods would not be regarded as originating in a country or territory where the goods are processed because, by virtue of regulation 4, that processing is not economically justified.

(2) The goods are not to be regarded as originating in a country or territory according to the Second General Rule but instead as originating in the country or territory from which originates the greater or greatest proportion by value of the materials within the final composition of the goods.

(3) For the purposes of paragraph (2)—

(a) the value of a material is to be determined at the time the goods are imported; or

(b) if that value cannot be readily determined, the amount which was paid for the material is to be treated as its value.

Commencement Information

I7 Reg. 7 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

PART 3

Provision contained within the Rules of Origin

Goods wholly obtained in a country or territory: specified cases

8. Goods that fall within a description of goods given in Part One of the Rules of Origin are to be regarded as wholly obtained in a country or territory [M5] according to the rule applicable to the goods set out in that Part.

Commencement Information

I8 Reg. 8 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Marginal Citations

M5 Section 17(2) of the Act provides that goods are to be regarded as originating from a country or territory if they are wholly obtained in the country or territory.

Operations not constituting an important stage of manufacture

9. The operations set out in Part Two of the Rules of Origin which may be applied to goods do not constitute an important stage of manufacture [M6].

Commencement Information

I9 Reg. 9 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Marginal Citations

M6 Section 17(4) of the Act provides that processing of goods is to be regarded as substantial only if it represents an important stage of manufacture or results in the manufacture of a new product.

Accessories, spare parts and tools

10.—(1) Paragraph (2) applies to goods which are accessories, spare parts or tools that fall within a description of goods given in Part Three of the Rules of Origin and to which, were it not for this regulation, the Second General Rule would apply.

(2) The goods are not to be regarded as originating in a country or territory according to the Second General Rule but instead as originating in a country or territory according to the rule applicable to the goods set out in Part Three of the Rules of Origin.

Commencement Information

I10 Reg. 10 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

Application of the product specific rules

11.—(1) Paragraph (2) applies to goods that fall within a description of goods given in Part Four of the Rules of Origin and to which, were it not for this regulation, the Second General Rule would apply.

(2) The goods are not to be regarded as originating in a country or territory according to the Second General Rule but instead as originating in a country or territory according to the product specific rules set out in Part Four of the Rules of Origin.

Commencement Information

I11 Reg. 11 in force at 31.12.2020 by S.I. 2020/1643, reg. 2, **Sch.**

David Rutley
Maggie Throup
Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations are made by the Treasury further to Part 1 of the Taxation (Cross-border Trade) Act 2018 (c. 22) ("the Act"). The Regulations make provision in relation to the place of origin of chargeable goods, including provision for rules to determine the place of origin. This is an EU Exit statutory instrument.

Regulation 2 contains definitions used in the Regulations, including "Rules of Origin". This means the document entitled "Rules of Origin: Special Rules for Determining Non-Preferential Origin, version 1.0 dated 7th December 2020". The Rules of Origin contain four Parts, the contents of which are given effect by provisions of the Regulations. Regulation 2 also defines the rule of origin in section 17(3) of the Act as the "Second General Rule".

By regulation 3, the Regulations are made for the purposes of Part 1, except sections 9 and 10, of the Act. Section 9 provides for the Treasury to make regulations to give effect to preferential arrangements for the rate of import duty made with a government of a country or territory outside the United Kingdom. Section 10 provides for the Secretary of State to make regulations to give effect to trade preference schemes (as defined in that section) made with eligible developing countries (see Schedule 3 to the Act).

Regulation 4 provides for circumstances where processing of goods is not economically justified, such that a place of origin otherwise applicable is in consequence disregarded.

Regulation 5 provides that regard must not be had to the place of origin of materials used in the manufacture of goods but which do not form part of their final composition when determining if goods are obtained in two or more countries or territories such that the Second General Rule applies.

Regulation 6 provides for instances where cases or containers of goods are to be disregarded for the purposes of determining the place of origin of the goods under the Second General Rule.

Regulation 7 provides that where a country or territory of origin under the Second General Rule is disregarded because processing there is not economically justified, the place of origin is determined by reference to the value of materials in the goods.

Regulation 8 provides that goods falling within a description of goods given in Part One of the Rules of Origin have a place of origin according to the rule applicable to the goods set out in that Part.

Regulation 9 provides that operations set out in Part Two of the Rules of Origin which may be applied to goods do not constitute an important stage of manufacture.

Regulation 10 provides that accessories, spare parts or tools falling within a description given in Part Three of the Rules of Origin have a place of origin according to the applicable rule set out in that Part.

Regulation 11 provides for circumstances where the product specific rules in Part Four of the Rules of Origin apply to determine the place of origin of goods.

This instrument is one of a group of instruments covered by an overarching Tax Information and Impact Note (TIIN). The TIIN primarily focusses on the Customs Tariff (Establishment) (EU Exit) Regulations 2020 and will be available in due course at: https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.

Changes to legislation:
There are currently no known outstanding effects for the The Customs (Origin of Chargeable Goods) (EU Exit) Regulations 2020.