
STATUTORY INSTRUMENTS

2020 No. 1436

The Customs (Origin of Chargeable Goods: Trade Preference Scheme) (EU Exit) Regulations 2020

Accounting segregation of exporters' stocks of fungible materials

21.—(1) If fungible originating materials and fungible non-originating materials are used in the processing of goods, HMRC may, at the written request of an exporter established in the customs territory of the United Kingdom, authorise the management of the materials in the United Kingdom using the accounting segregation method for the purpose of subsequent export to a beneficiary country within the framework of bilateral cumulation, without keeping the materials on separate stocks.

(2) HMRC may make the granting of the authorisation referred to in paragraph (1) subject to any conditions they deem appropriate but may grant it only if, by use of the method referred to in paragraph (1), it can be ensured that, at any time, the quantity of goods obtained which could be regarded as originating from the United Kingdom is the same as the number that would have been obtained by using a method of physical segregation of the stocks.

(3) If authorised, the method must be applied and its application recorded on the basis of the general accounting principles applicable in the United Kingdom.

(4) The exporter must apply for proofs of origin for the quantity of goods which may be regarded as originating from the British Islands and must, if required, provide a statement as to how the quantities have been managed.

(5) In paragraph (1)—

“bilateral cumulation” has the meaning given in regulation 15(4);

“fungible” means, in relation to materials, materials which, once incorporated into the finished goods—

- (a) are of the same kind and commercial quality;
- (b) have the same technical and physical characteristics; and
- (c) cannot be distinguished from each other.