
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations revoke and replace the Customs (Origin of Chargeable Goods: Trade Preference Scheme) (EU Exit) Regulations 2020 (S.I. 2020/1346). Regulation 4 sets out the conditions under which chargeable goods are to be regarded as originating from a country or territory under section 17, and for the purposes of Part 1, of the Taxation (Cross-border Trade) Act 2018 (c. 22) (“the Act”).

Regulation 4 sets the conditions that determine whether a good is originating from a “qualifying DCTS country”, namely an eligible developing country to which one or more of the Developing Countries Trading Scheme frameworks specified in Part 3 of the Trade Preference Scheme (Developing Countries Trading Scheme) Regulations (S.I. 2023/561) (“the DCTS Regulations”) apply. The conditions are that the goods are wholly obtained in that qualifying DCTS country or, where the goods are obtained in two or more countries or territories, that it is the last country or territory in which processing of the goods constitutes an important stage of manufacture (for which regulation 8 makes further provision); and that the requirements in regulations 5, 24(1) and (4) and, in the case of returned goods, 23 are met (see further below). The conditions which must be met for the processing to constitute an important stage of manufacture are set out in the tables in Part 2 and Part 3 of Schedule 1. The conditions in Part 2 are applicable to least developed countries and the conditions in Part 3 are applicable to all other qualifying DCTS countries.

Regulation 5 provides for the evidence required for goods to be regarded as originating from a qualifying DCTS country. Regulation 6 provides for the notices which HMRC Commissioners may give relating to the provision and verification of evidence of the origin of goods and the arrangements and obligations applicable to an exporter.

Regulation 7 specifies cases in which goods are to be regarded as wholly obtained in a country or territory. Regulation 8 sets out the circumstances in which the processing of goods constitutes an important stage of manufacture by reference to the conditions that must be met as set out in Schedule 1, and the circumstances in which it does not. Regulation 9 defines value, in relation to a material. Regulation 10 provides for the method by which the average ex-works price charged for goods sold, and the average value of non-originating materials used, may be calculated where the conditions specified in the tables in Part 2 and Part 3 of Schedule 1 refer to a maximum content of such materials. Regulation 11 provides for a derogation relating to the use of certain materials up to defined weight, price and percentage maxima, in determining under the tables in Part 2 and Part 3 of Schedule 1 whether the processing constitutes an important stage of manufacture.

Regulation 12 provides for the circumstances in which identical goods in a consignment must be taken into account individually and packaging must be included in determining the origin of the goods. Regulation 13 provides for the circumstances in which accessories, spare parts and tools dispatched with the goods to which they relate are to be regarded as having the same origin as those goods. Regulation 14 provides for the circumstances in which goods in a set are to be regarded as originating from a qualifying DCTS country. Regulation 15 sets out elements used to process, or in the processing of, goods which are to be disregarded in determining their origin. Regulation 16 provides for the grounds on which the Secretary of State may grant a temporary derogation to a country in respect of specified goods and makes further provision relating to the derogation.

Regulations 17 to 21 make provision relating to different types of cumulation which is the system whereby goods originating from a specified country, or from the British Islands, a British overseas territory (except Gibraltar and the Sovereign Base Areas of Akrotiri and Dhekelia), the European Union, Norway or Switzerland in the case of cumulation under regulation 17, are to be regarded

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as originating from a qualifying DCTS country when incorporated into goods manufactured in that qualifying DCTS country. Regulations 18 and 19 provide for the two types of cumulation, intra-regional and inter-regional, between qualifying DCTS countries in, respectively, the same regional group and different regional groups. Regulation 18 also provides for cumulation with goods originating from an FTA partner country in the same regional group. Schedule 3 sets out regional groups for this purpose. Regulation 21 provides for cumulation between least developed countries and, respectively, eligible DCTS countries and the Economic Partnership Agreement countries set out in Schedule 4.

Regulation 22 provides for the grounds on which the Secretary of State may vary product specific rules in respect of specified goods. Regulation 23 sets out further requirements relating to goods returned to the exporting country or territory and regulation 24 sets out non-manipulation requirements that must be met to satisfy the conditions under regulation 4 for chargeable goods to be regarded as originating from a qualifying DCTS country. Regulation 25 makes provision for the authorisation of the management of exporters' stocks of fungible materials (as defined in that regulation) using the accounting segregation method.

A full Impact Assessment has not been prepared for this instrument as the policy is considered a tax-related measure.