

## The Rules of Defining the Country of Origin

### 1. Goods Produced in One Country

According to Article 60 Section 1 of the Union Customs Code, goods wholly obtained or **produced in a single country** or territory are considered as originating from that country or territory.

### 2. Goods Produced and Processed in Multiple Countries

If the goods are **produced by more than one company in different countries**, section 2 of Article 60 of the Union Customs Code shall be applied as a general rule. This stipulates the following: "If two or more countries are involved in the production of a product, the product is originating from the country in which it has undergone its **last substantial, economically justified processing**, carried out in an undertaking equipped for that purpose, resulting in the manufacture of a new product or representing an important stage of manufacture".

Whether the manufacture or processing of a product is to be regarded as substantial and economically justified is generally determined by the circumstances of the individual case.

There are some operations or processes which, either alone or in combination, make little or no contribution to the properties of the goods ("**minimal operations**"). These operations are not considered as substantial operations. Examples include simple packaging, repackaging, sorting, grading, stocking, washing, labelling, assembling the components of a given product, etc.

If it is not possible to determine the origin by taking into account the above rules, the principle of the **largest value proportion** shall apply: the goods shall originate in the country from which the largest proportion of the materials, determined by value, originates.

### 3. Proving the Origin of Goods

A proof of origin is an international commercial document certifying that the goods in a consignment originate from a specific country or territory. Certificates of origin must be attached to the import declaration (or Single Administrative Document, SAD) when it is made available to the EU customs authorities.

Proof of the originating status of goods can be provided by:

- a) Non-preferential certificate of origin - it certifies that the country of origin of the goods does not qualify for preferential treatment - these certificates are usually issued by chambers of commerce;
- b) Preferential certificate of origin - allows goods to benefit from reduced or zero duty if they are imported from a non-EU country with which the EU has a preferential agreement;

These certificates must be issued by the customs authorities of the exporting country and presented at customs clearance.

- c) Alternatively, for consignments of up to €6 000, exporters can issue an invoice declaration irrespective of the trading partner country. For consignments above EUR 6 000, the invoice declaration will only be accepted if it is issued by a so-called approved exporter.

In order to be entitled to issue an invoice declaration, exporters must be registered in the database with the competent authorities of their country of origin. Once registered, the exporter becomes a "registered exporter".

Information on the details of a registered exporter is available on the EU REX pages. On this site, companies can check the validity of the registration of registered exporters who have submitted an invoice declaration of origin.

It should be noted that for consignments of less than €6 000, the origin declaration can be made without the need for registration.

### 4. Binding Origin Information

The binding origin information which determines the origin of the goods, **shall be binding ("BOI") on the customs authorities in the EU for three years** in respect

of goods for which customs formalities are completed after issuing the BOI. The goods declared shall correspond in every respect to those described in the BOI and the circumstances determining the acquisition of origin shall also correspond in every respect to the circumstances described in the decision (***EU Custom Code Article 20***).