

# Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 notified

The Finance Act, 2020 had inserted Chapter VAA pertaining to administration of rules of origin under trade agreement. The chapter contained provisions related to procedure for claim of preferential rate of duty.

In this regard, the Central Board of Indirect Taxes and Customs (CBIC) has now notified the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020. These new rules shall be effective from **21 September 2020** and shall apply to import of goods where the importer makes claim of preferential rate of duty in terms of a trade agreement.

Some of the important aspects of the rules are as under:

## Procedure to claim preferential tariff claim

For the purpose of claiming preferential rate of duty under a trade agreement, the importer or his agent shall follow the procedure as under:

- **Declaration:** The importer shall make a declaration in the bill of entry that the goods qualify as originating goods for preferential rate of duty under that agreement.
- **Mention tariff notification:** The importer shall indicate, in the bill of entry, the respective tariff notification against each item on which preferential rate of duty is claimed.
- **Certificate of origin:** Produce certificate of origin covering each item on which preferential rate of duty is claimed.
- **Details to be mentioned in bill of entry:** The importer shall enter following details of certificate of origin in the bill of entry:

• certificate of origin reference number
• date of issuance of certificate of origin
• originating criteria
• indicate if - <ul style="list-style-type: none"> <li>- accumulation/cumulation is applied</li> <li>- the certificate of origin is issued by a third country (back-to-back)</li> <li>- goods have been transported directly from country of origin</li> </ul>

## Documents to be retained by the importer

The importer claiming preferential rate of duty shall possess information as indicated in **Form I**, to demonstrate the manner in which country of origin criteria (including the regional value content) and product specific criteria specified in the Rules of Origin are satisfied. The importer shall submit the same to the proper officer on request.

Further, the importer shall keep all supporting documents related to Form I for **at least five years from date of filing of bill of entry** and submit the same to the proper officer on request.

## Situations when verification request can be made

The proper officer may, during the course of customs clearance or thereafter, request for verification of certificate of origin from the verification authority. The verification request shall be made in following cases:

- If there is a doubt regarding genuineness or authenticity of the certificate of origin for reasons such as mismatch of signatures or seal when compared with specimens of seals and signatures received from the exporting country in terms of the trade agreement;
- If there is reason to believe that the country of origin criterion stated in the certificate of origin has not been met or the claim of preferential rate of duty made by importer is invalid; or
- If verification is being undertaken on random basis, as a measure of due diligence to verify whether the goods meet the origin criteria as claimed.

In addition to the above, the CBIC has also issued guidelines to provide procedure for sending verification request to the verification authorities in exporting countries and for implementation of the above rules.



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