DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION NOTICE

No.2016/40

**HS 2017 Product Specific Rules of Origin for Free Trade Agreements**

On 1 January 2017, some classifications in the *Customs Tariff Act 1995* will change as a result of amendments to the Harmonized Commodity Description and Coding System (HS2017).

Detailed information regarding the changes is available in the Department of Immigration and Border Protection Notice 2016/34, which is available at [www.border.gov.au/Customsnotices/Documents/HS-2016-34.pdf](http://www.border.gov.au/Customsnotices/Documents/HS-2016-34.pdf). DIBPN 2016/34 provides a concordance table of tariff items affected by the proposed changes.

# Free Trade Agreements

Implementation of the HS2017 changes requires amendments to the rules of origin in the following free trade agreements (FTAs):

* AANZFTA – ASEAN-Australia-New Zealand Free Trade Agreement
* ANZCERTA – Australia-New Zealand Closer Economic Relations Trade Agreement
* AUSFTA – Australia-United States Free Trade Agreement
* ChAFTA – China-Australia Free Trade Agreement
* Chile – Australia-Chile Free Trade Agreement
* JAEPA – Japan-Australia Economic Partnership Agreement
* KAFTA – Korea-Australia Free Trade Agreement
* MAFTA – Malaysia-Australia Free Trade Agreement
* SAFTA – Singapore-Australia Free Trade Agreement
* TAFTA – Thailand-Australia Free Trade Agreement

Australia has commenced negotiations with FTA partners to finalise and implement the transposition to HS2017 of the product-specific rules of origin (PSR) for the above FTAs.

When regulatory requirements to implement HS2017 changes have been completed in respect of the PSR schedules for each of Australia’s FTAs, further DIBP Notices will be published to notify of the commencement of the new regulatory provisions for each of the FTAs.

Until such notices are issued, the Department of Immigration and Border Protection (the Department) will continue to accept valid Certificates of Origin (COO) and self-certification of origin (also known as ‘declarations of origin’) with HS2012 classifications for goods imported into Australia.

In cases where the COO or the self-certification has been issued with HS2012 classifications, the importer will need to ensure that the goods are classified using HS2017 on their import declaration.

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When importing a good into Australia using an FTA and claiming preference under a PSR after 1 January 2017:

1. Refer to the [tariff concordance table](http://www.border.gov.au/Customsnotices/Documents/HS-2016-34.pdf) to determine if the tariff classification of the goods to be imported has been changed under HS2017 in comparison with HS2012.
2. If there is no change in classification resulting from the HS2017 changes, the current tariff classification should be used when entering the goods and for the documentary evidence of origin.
3. If the tariff classification of the imported goods has changed under HS2017, importers must use the HS2017 tariff classification on their import declaration on or after 1 January 2017 but the documentary evidence of origin may use the HS2012, or earlier classification, if the exporting Party has not made the required updates to its own HS Tariff table or if the Parties have yet to finalise the PSR transposition.

# Compliance Approach

The Department through its operational arm, the Australian Border Force (ABF), will continue to undertake compliance activities in accordance with policy settings described above, to ensure that the correct tariff classification and claim for preference under a PSR is declared in line with the intent of this notice.

Where a tariff classification or claim for preference under a PSR has not been declared in line with this notice, appropriate treatments will be applied. Treatments can range from education and awareness for those genuinely trying to comply, a demand for payment of outstanding duty and taxes, to the issuing of infringement notices and prosecution for more serious and systemic breaches.

The Department and the ABF are committed to working with industry to increase industry understanding and awareness on the correct declaration of tariff classification and claim of preference, and to encourage higher levels of voluntary compliance.

# Enquiries

For further information concerning a claim for preferential tariff treatment and how HS2017 might impact that claim, please email [origin@border.gov.au](mailto:origin@border.gov.au)

For further information concerning the proposed changes to the *Customs Tariff Act*, please email [trade.policy@border.gov.au](mailto:trade.policy@border.gov.au)

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| Jane McClintock  Acting Assistant Secretary Trade and Customs Branch  14 December 2016 | Renae Hutchinson Acting Commander Customs Compliance  14 December 2016 |