EORI (UK) LIMITED

A 360PAY COMPANY

Claiming Preference

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What is Preference

Preference lets eligible goods qualify for reduced or zero customs duty, provided they meet the rules of origin set out in a trade agreement. For example, goods manufactured in France that satisfy the agreement's origin requirements can enter the UK under EU preference at 0% duty. There's no volume limit involved; as long as the goods qualify, the preferential tariff applies.

Since Brexit, under the Trade and Cooperation Agreement (TCA), an importer can make a claim using one of the following proofs of origin:

- Statement on origin
- Long-term statement on origin
- Importer’s knowledge

Where the exporter is not the producer of the goods, they have an obligation to obtain a supplier declaration.

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Statement on Origin

A statement on origin is prescribed text added by the exporter to an invoice or other accompanying documents, declaring that the goods meet the relevant preferential origin rules. The exporter is responsible for ensuring the statement is accurate and correctly completed, and where required, providing a valid REX number for EU consignments over €6,000. They must also hold evidence to support the origin claim, including the origin of any materials used in the product. Where a supplier declaration is needed, it must be held at the time the statement is issued.

Record-keeping requirements apply to both sides. Both importer and exporter must keep copies of the statement on origin for 4 years, and the exporter should also keep supporting documents such as supplier declarations and invoices. HMRC may check claims through a verification process, so it's worth holding onto this evidence in case it's requested.

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Long-Term Statement on Origin

A long-term statement on origin allows exporters to cover multiple shipments of a specific product with identical originating goods with a single originating declaration, rather than issuing a separate statement on origin for every consignment. This is especially useful where goods are supplied regularly to the same importer, reducing the administrative burden while still allowing preference to be claimed.

The statement must clearly state the period to which it applies. If the originating status of goods changes during that period, the exporter must stop using the long-term statement and issue a new one where appropriate.

Long-term statements on origin should be provided as a company-headed document and ideally stamped to show authenticity. Exporters will often send an email to confirm; however, an email alone is not adequate evidence.

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Completing a Statement on Origin

The statement must include:

- The exporter's reference number (a REX number is required for consignments exceeding €6,000).
- A declaration that the goods are of UK or EU preferential origin.
- The exporter's name.
- The place and date (unless already shown elsewhere on the document).
- The validity period, up to 12 months (for multiple shipments of a specific product with identical originating goods).

Statement on Origin

> *The exporter of the products covered by this document (Exporter Reference Number ...) declares that, except where otherwise clearly indicated, these products are of ... preferential origin.*
>
> *Place and date*
>
> *Name of the exporter*

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Importer’s Knowledge

Importer's knowledge is frequently associated with related-party transactions, where the importer has direct visibility of the manufacturing process and origin data. In these circumstances, customs authorities may take a closer interest in the valuation of the goods, as any undervaluation could affect both the customs value declared and the assessment of preferential origin. As with all preference claims, the supporting evidence must exist at the time the claim is made and cannot be obtained retrospectively to support an otherwise unsupported claim.

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Benefits of Preference

Preference offers benefits to all parties involved, including:

Governments

Trade agreements allow the exchange of concessions between nations, making trade cheaper and more predictable.

Importers

Preference lowers the costs of imported goods since a zero or reduced duty applies rather than the standard rate.

Exporters

Preference allows goods to be sold at a competitive rate in the destination market.

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Do my goods qualify?

Preferential origin covers goods that are either wholly obtained or sufficiently processed. The rules governing preference vary by trade deal, so it's important to check each one individually, as what qualifies under one agreement may not under another. This can be misapplied where goods are non-originating but shipped from within the trading area. For example, Korean cosmetics shipped from France to the UK wouldn’t qualify for EU preference, as the goods originate from Korea, not the EU. Where there's doubt over the validity of preference, it's recommended to pay duty at the time of import and reclaim later.

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Misdeclaration

If a preferential duty rate is claimed incorrectly, the importer will normally need to repay the duty owed. Where HMRC believes the error was deliberate rather than a genuine mistake, a penalty may also be charged in addition to the repayment. A pattern of incorrect claims will likely raise suspicion and lead to closer scrutiny or more frequent audits in the future.

For suppliers, the financial impact is often less direct. Still, the reputational damage can be significant, and repeated issues can put the wider trading relationship and the trade agreement itself at risk.

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We're here to support you!

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