

Customs Flash

News you can count on

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We are pleased to present the latest edition of the Deloitte Customs Flash in Switzerland – a Deloitte "hot topic" newsletter focusing on updates related to customs and international trade developments in Switzerland and the European Union.

EFTA-Central America FTA will enter into force on August 29, 2014

The Swiss Customs Administration officially announced the entry into force of the Free Trade Agreement between the EFTA and two Central American countries (Costa Rica and Panama) on August 29, 2014.

What does it mean for you?

Goods originating from Switzerland (and other EFTA countries) may potentially benefit from lower or zero duty rates upon import into Costa Rica and Panama. This also applies in the other direction, i.e. goods originating from these two Central American countries may also be eligible for improved access to the Swiss (and broader EFTA) market.

What to do?

Swiss and Central American (hereafter "CA") exporters may assess whether their exports are eligible for the benefits of this new FTA. Do their goods benefit from duty free/reduced market access in the country of destination? Are they part of a transitional reduction scheme? Are they, unfortunately, excluded from duty reduction?

- Costa Rica - Tariff Concessions (HS 1-24 & HS 3, 25-97)
- Panama - Tariff Concessions (HS 1-24 & HS 3, 5, 15, 23, 25-97)

To answer these questions, the key is to check whether the goods meet the FTA's origin rules and criteria, as only originating goods are eligible for the new FTA's improved market access.

In order to demonstrate that these rules and criteria are met and that the goods qualify as originating either from the EFTA or CA countries, exporters will have to obtain a Certificate of Origin from their competent authorities (i.e. movement certificate EUR.1). The FTA also foresees as an alternative the use of an "Origin Declaration" (e.g. declaration of origin on the invoice) for shipments of a value under the threshold of EUR 6'000.

Where applicable, Swiss exporters should also keep in mind that, in order to be compliant with the direct transport rule under the EFTA-CA FTA and benefit from the preferential duty rate upon import, a non-manipulation certificate should be obtained from the customs authorities of third-countries (e.g. EU) through which the goods are transiting. In this respect, as Costa Rica and Panama will lose their Generalised System of Preference status when the FTA enters into force, replacement certificates drafted by EU customs authorities will not be accepted anymore.

If you have any questions concerning the items in this publication or assistance required in relation to these new rules, please contact your usual indirect tax consultant at Deloitte or one of the contacts listed in this newsletter.

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