

## **Chennai Customs Denies Duty Free Import from LDC Country due to Third Country Invoicing**

Speaking Order for Denial of Duty Free Tariff Preference for Least Developed countries Scheme notified vide Notification 96/2008 dated 13.08.2008 in accordance with the provisions of Rules of Origin published vide Notification No. 29/2015-Customs Tariff (Determination of Origin of Products under the Duty Free Tariff Preference Scheme for Least Developed Countries) Rules, 2015

**[Ref: Chennai Customs F.No. S.Misc. 546/2020-Gr.2 dated 17.11.2020]**

The Chennai based Importer imported Teak Sawn Timber from Togo under duty free import from LDC countries. The goods were imported from Togo while the purchase invoice was issued from UAE.

Under Free Trade Agreement and importing under FTA countries, the provisions of rule of origin must be compatible. In this case the Customs official denied duty free rule of origin benefit due to third country invoice.

The practice of Third country invoice is common in international trade to involve an intermediary between the importer and the exporter. An extract from World Customs Organisation (WCO) guidelines is giving below.

### **Extract from WCO Guidelines on Certification of Origin**

#### **Third country invoice (intermediary trade)**

It is a common practice in today's international trade to involve an intermediary between the importer and the exporter. This practice must be recognized and the related procedures must be in place. In trade involving an intermediary residing in a third country, the invoice issued in the third country (a third country invoice) would be submitted to the Customs of the importing country to support the import declaration.

In the case where third country invoicing is involved, the following guidelines are provided to ensure the appropriate processing of intermediary trade.

**Guideline: (INTERMEDIARY TRADE)**

8. Recognizing the current practices of trade, a proof of origin issued in the country of origin should be accepted in cases where the commercial invoice is issued in a third country, as long as it is discernible that the goods referred to in the proof of origin and the invoice corresponds to each other and that the goods satisfy the applicable rules of origin.

9. When a declaration of origin is issued by an approved exporter for goods which are traded via an intermediary business based in a third country, the declaration of origin should be made out on a commercial document other than an invoice<sup>1</sup> which the approved exporter issues on his/her own responsibility and which clearly identified the goods it accompanies.

Source: Academy of Business Studies