



### Rules of Origin by Tariff Shift

Using the tariff shift method requires a change in the HS classification code of the non-originating components to the HS code of the final product.



## Rules of Origin: Tariff Shift

One of the ways a product might qualify under Rules of Origin is by tariff shift. This transformation requires a change in the [HS classification code](#) of the non-originating components to the HS code of the final product (e.g., processing wood into furniture). This type of tariff classification change shows that non-originating components have been sufficiently transformed in either the United States or FTA partner country(ies) to allow them to qualify for a preferential tariff under the FTA.

- The relevant rule for your product may indicate that the change in HS code must be from another chapter, from another heading or from another subheading. A chapter is indicated by the first two digits of the HS Code, the heading by first four digits, and the subheading by the first six digits. For example, the HS code for an electric shaver is 8510.10, Chapter 85; 8510 is the heading; and 8510.10 is the subheading.
- You need the HS code and the Rule of origin of your finished product in order to look up the ROO. To apply the tariff shift rule to your product you need to make a list of the components used to produce the good and determine which are non-originating. For those non-originating components, you will need to determine their HS classification codes. You will not need to apply tariff shift test to US/FTA originating components
- The FTA partner country(ies) are only those of the FTA you are qualifying the product for. In other words, an Australia originating component helps you qualify a product for the U.S.-Australia FTA but does not count as originating for any other FTAs.

### **Example of Tariff Shift Rule:**

#### **Rule of Origin for Cookies, HS 1905.31.**

This example comes from the U.S. – Australia FTA. “A change to heading 1902 through 1905 from any other chapter.”

Explanation: For all products classified in HS headings 1902 through 1905, all non-U.S. or non-Australian ingredients must be classified in an HS Chapter other than HS Chapter 19. If flour was the non-originating component, it is classified in Chapter 11. These baked goods would qualify for tariff preference because the non-originating goods are classified outside of HS Chapter 19. However, if these cookies were produced with non-originating mixes, then they would not qualify because mixes are classified in HS Chapter 19, the same chapter as cookies.