

vat's important Preferential Customs Tariffs and Supplier Declarations

Anita Machin anita.machin@primetax.ch
Florian Hanslik florian.hanslik@primetax.ch

Switzerland has concluded free trade agreements with various states, simplifying access to international markets. Swiss companies can export goods with customs tariff privileges (so-called preferential tariffs) into the countries of destination exempt from duty or at reduced tariff rates. The preferential treatment does, however, only apply to goods satisfying the applicable provisions with regard to origin and procedure of the free trade agreement, i.e. for which you can particularly prove corresponding origin of the goods as the free trade partners only favour each other and no other states.

If Swiss companies want to benefit from preferential tariffs for their goods in the country of destination, they must be able to prove that the origin of the goods is actually in Switzerland. Goods with origin in Switzerland are on the one hand those that have been completely obtained or produced in Switzerland (so-called original products) and on the other hand also goods with sufficient processing. The required minimum level of processing is defined in the so-called list rules of the free trade agreements. For the evaluation according to the list rule, it is necessary to know the tariff number of the end product the origin of which is to be determined as the relevant rules differ depending on the tariff number. The Swiss Customs Tariff (Tares) and the tariff numbers are available at www.tares.ch. There are mainly three different types of list rules:

- **Ad valorem percentages:** The value of all third-country materials used for a product must not exceed the "Ex works price" of this product by a certain percentage.
- **Change in tariff classification:** The first four digits of the tariff number of a product must not be identical with those of any third-country material used for this product.
- **Processing operations:** A product must have undergone exactly defined processing.

What do I have to consider?

For the verification whether the processing moves the origin of the good to Switzerland, the list rules are very important; they are, however, alone not sufficient for a final evaluation. The following additional important provisions must also be observed:

- Cumulation rules of the corresponding free trade agreements
- Regulations within the pan-Euro-Mediterranean origin system
- Possible provisions regarding the drawback prohibition

Supplier declarations

Preliminary materials for Swiss products are often procured in Switzerland. For the preliminary materials procured in Switzerland, so-called supplier declarations serve as proof of origin so that proof of origin can be issued for the products upon export.

For their supplied materials, suppliers are allowed to issue a special "general supplier declaration" (long-term supplier declaration) for a longer time period in the form of a general declaration in letter form. One prerequisite is that during that time, the conditions with regard to the originating status of their supplied goods remain the same. According to the notification of the Swiss Federal Customs Administration (SFCA) dated 1 February 2019, "general supplier declarations" no longer need to be signed and may be valid for up to 2 years.



The customs administration may verify the authenticity and correctness of supplier declarations at any time. Exporters must then present all documents and provide the required information. In case of non-compliance, fines up to CHF 40,000 may be imposed.

Supplier declarations according to EU law

In art. 61 et sq., the implementation provision (EU) 2015/2447 of the Committee dated 24 November 2015 also provides for the option of (long-term) supplier declarations to simplify the issuance of proof of origin. This proof is, however, only internal proof within the EU. From time to time, EU companies wrongly demand from Swiss suppliers such (long-term) supplier declarations for supplies from Switzerland. Due to the Switzerland-EU free trade agreements, however, only the movement certificates EUR.1 or EUR-MED or the exporter's invoice declaration of origin are accepted for the cross-border movement of goods. This proof can only refer to one concrete supply at a time.

What does this mean for my company?

In our daily work, we are regularly confronted with our clients using incorrect customs tariffs and/or tariff numbers for the cross-border shipping of their own products. That costs money and time - especially within a customs audit. Corresponding planning, analyses and the creation of internal processes is thus highly recommended to prevent unplanned delays and/or price increases in international supplies of goods. In this connection, we would also like to refer to our [newsletters of August](#) and [September](#).

Apart from that, we - as your customs and VAT team - are willingly prepared to answer questions you might have at any time.

Best regards

