URBN UK-TURKEY FTA PREFERENTIAL CLAIM SUPPORT

January 26, 2021

SUMMARY

The United Kingdom and Turkey have agreed to a Free Trade Agreement (FTA) that allows for preferential (duty free) treatment for goods that meet the eligibility requirements and are imported directly from Turkey into the UK.

URBN UK, as the importer of record into the UK, is liable for the accuracy of any preferential claims that are made and will be responsible for paying duty if any claims are denied. This includes any claims that are denied by Her Majesty's Revenue and Customs (HMRC) within three years of entry due to an HMRC audit.

In order to make or defend a preferential claim, URBN UK must be prepared to provide HMRC with supporting documentation that proves the eligibility of the product in question. This document identifies the steps that vendors must take to support all preferential claims made by URBN UK that depend on vendor analysis and documentation of eligibility.

No vendor should supply a statement on origin identifying goods as eligible unless all steps have been followed.

If you have any questions about the information in this document, please reach out to the URBN UK Trade Compliance department as follows:

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DETAILED STEPS

Step 1: Understand Rules of Origin for specific product

The UK-Turkish FTA has specific rules of eligibility depending on the type of product being imported. The rules of origin are based on the classification (tariff number) of the product, so vendors must know the final tariff number of their finished product.

Once the tariff number is known, the Rules of Origin in the FTA can be referenced to determine what rules have to be followed to qualify a specific product for a preferential claim.

URBN UK Trade Compliance has provided a summary of the rules of origin that apply to most products that will be imported, but please reach out to URBN UK Trade Compliance with any questions.

Step 2: Determine Eligibility

Once the tariff number of the finished good is known and what rules of origin apply for eligibility, vendors must determine if their goods meet the rule of origin. This will vary by product type, as

identified in the URBN UK Rule of Origin summary, and will need to be confirmed by each vendor for each product.

Step 3: Identify preference eligibility by making Statement on Origin on Commercial Invoice

Once a specific product has been identified as eligible, a Statement on Origin must be indicated on the commercial documents so that URBN UK's broker knows to make a preferential claim at the time of entry.

The below statement must be indicated on the URBN Tradestone Commercial Invoice.

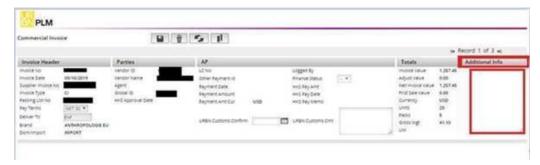
The exporter of the products covered by this document (Customs authorisation No ... (1)) declares that, except where otherwise clearly indicated, these products are of Turkish preferential origin.

(Place and date)

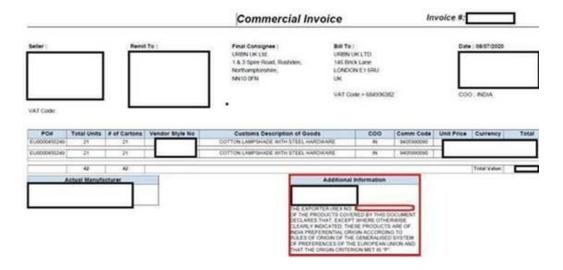
(Signature of the exporter; in addition, the name of the person signing the declaration has to be indicated in clear script)

(1))For exporters located in Turkey, when the origin declaration is made out by an approved exporter, the authorization number of the approved exporter must be entered in this space. When the origin declaration is not made out by an approved exporter, the words in brackets shall be omitted or the space left blank.

The statement can be added to the free text additional info box (in red). Once the statement is entered, click the save disk icon and re-print your invoice.



The statement will show on the commercial invoice in the additional information box (in red).



Step 4: Identify supporting documents for specific claim

This is the most important step of allowing URBN UK to make a preferential claim. If goods are eligible for a preferential claim, URBN UK as the importer of record must be prepared to prove eligibility with supporting documents. Even if goods meet the preference eligibility rules of origin, if that cannot be proved to HMRC the claim can be denied.

Supporting documents will vary depending on the specific product and rule of origin. It is up to the vendor to identify the rule of origin that applies to their product and which documents apply.

URBN UK Trade Compliance has provided a sample set of documents to demonstrate the type of supporting documentation that may be required for an apparel order. In the sample set of example documents, you will find the below:

- Purchase orders from the vendor to the factory
- Invoices from the factory to the vendor
- Purchase order & Invoice from the vendor for fabric (or any other materials)
- Payment receipts confirming purchase orders & invoices
- Purchase order & Invoice for tickets/labels
- Statement from ticket labeling vendor confirming purchase/price paid
- Broker invoice (any other transportation documents)

Not all eligibility rules require a cost sheet, but we have included a sample cost sheet in case one is necessary.

Where possible, the supporting documents should identify the associated URBN PO. All documents must be in English or contain English translations.

URBN UK Trade Compliance will work with specific vendors to ensure they understand the documents that are necessary to prove an eligibility claim.

Step 5: Maintain supporting documents for three years

As required in the UK-Turkey FTA, HMRC can audit any preferential claim for up to three years after entry. This means that vendors must maintain all documents identified in Step 4 for three years.

Vendors must have a record-keeping process that allows for supporting documents to be archived and supplied upon request.

Step 6: Partner with URBN UK trade compliance with regard to any Customs audits and annual internal reviews

In the event of an HMRC audit, URBN UK Trade Compliance will contact vendors for supporting documents. There will usually be 30 days to produce the documents. If eligibility cannot be proven, HMRC has the legal right to go back three years and ask URBN UK to pay duty on all preferential claims where there is no supporting documents.

At least annually, URBN UK Trade Compliance will audit any vendor that identifies goods as eligible for preferential treatment under the UK-Turkey FTA. Accurate record keeping for up to three years will be part of the audit.