

Customs & Trade in Israel

A Legal Newsletter

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Invoice Declaration Also in Trade Agreement with USA

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General Background:

The United States-Israel Free Trade Agreement ("the Agreement"), signed on April 22nd, 1985, establishes customs preferences for products that meet the "rules of origin" (the criteria needed to determine the national source of a product, as detailed in the agreement). In order to prove a product meets the required standards, the agreement requires the submission of a certificate of origin for each shipment, the format and content of which were set forth in Annex 3 of the Agreement.

On May 10th, 2017, a joint Israeli-American committee decided to eliminate the certificate of origin requirement. The committee ratified the decision on November 1st, 2017.

Under the amendment, rather than submit a certificate of origin, each party to the Agreement may require the submission of a signed declaration by the producer or exporter of the goods in the manufacturing country, which will be submitted as part of the invoice or other commercial document, without requiring a separate document or the involvement of other parties.

Following are details of the main points of the amendment to Annex 3 to the Agreement:

Neither party shall require exports under the Agreement to be documented by a certificate of origin in order to make a claim of preferential tariff treatment under the Agreement.

Instead of the certificate of origin, a party may require that imports from the other party entered under the Agreement be accompanied by a declaration, completed by the producer or exporter on the invoice, delivery note, or on any other commercial document, the text of which is provided in the attachment to Annex 3 of the Agreement.

A party shall not require consular transactions, including related fees and charges, or third party approval of the documents. In addition, a party shall not deny preferential treatment under the agreement solely because the original invoice declaration has not been submitted.

The exporter shall be prepared to present the invoice declaration when the articles are entered in accordance with the rules and procedures of the importing party (as of the date of signature of this decision, Israel requires the submission of an invoice declaration with respect to articles for which a claim of preference is made under the Agreement before customs release of the articles).

The exporter signing the invoice declaration, or the producer, shall be prepared to submit a verification declaration setting forth all pertinent details, concerning the production or manufacture of the articles, which were used to prepare the invoice declaration.

The information on the verification declaration should contain at least the following pertinent details:

- A. A description of the article, quantity, numbers and marks of packages, invoice numbers and bills of lading;
- B. A description of the operations performed in the production of the article in a party and identification of the direct costs of processing operations;
- C. A description of ant materials used in production of the article, which are wholly the growth, product, or manufacture of either party, and a statement as to the cost or value of such materials.
- D. A description of the operations performed on and a statement as to the origin and cost or value of, any foreign materials used in the article which are claimed to have been sufficiently processed in a party so as to be materials produced in that party; and
- E. A description of the origin and cost or value of any foreign materials used in the article, which have not been substantially transformed in a party.

The importing party should only request a verification declaration when it has reason to question the accuracy of a claim of origin made on the invoice declaration, or when it randomly verifies origin.

With a view to further enhancing the efficiency of its customs processes for making a claim for preference under the Agreement, each party shall seek to provide for electronic submission of the invoice declaration.

For the full amendment, please see:

<https://ustr.gov/sites/default/files/files/agreements/FTA/israel/US%20IS%20JC%20ED.pdf>

The above review is a summary. The information presented is for informative purposes only, and does not constitute legal advice.

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