



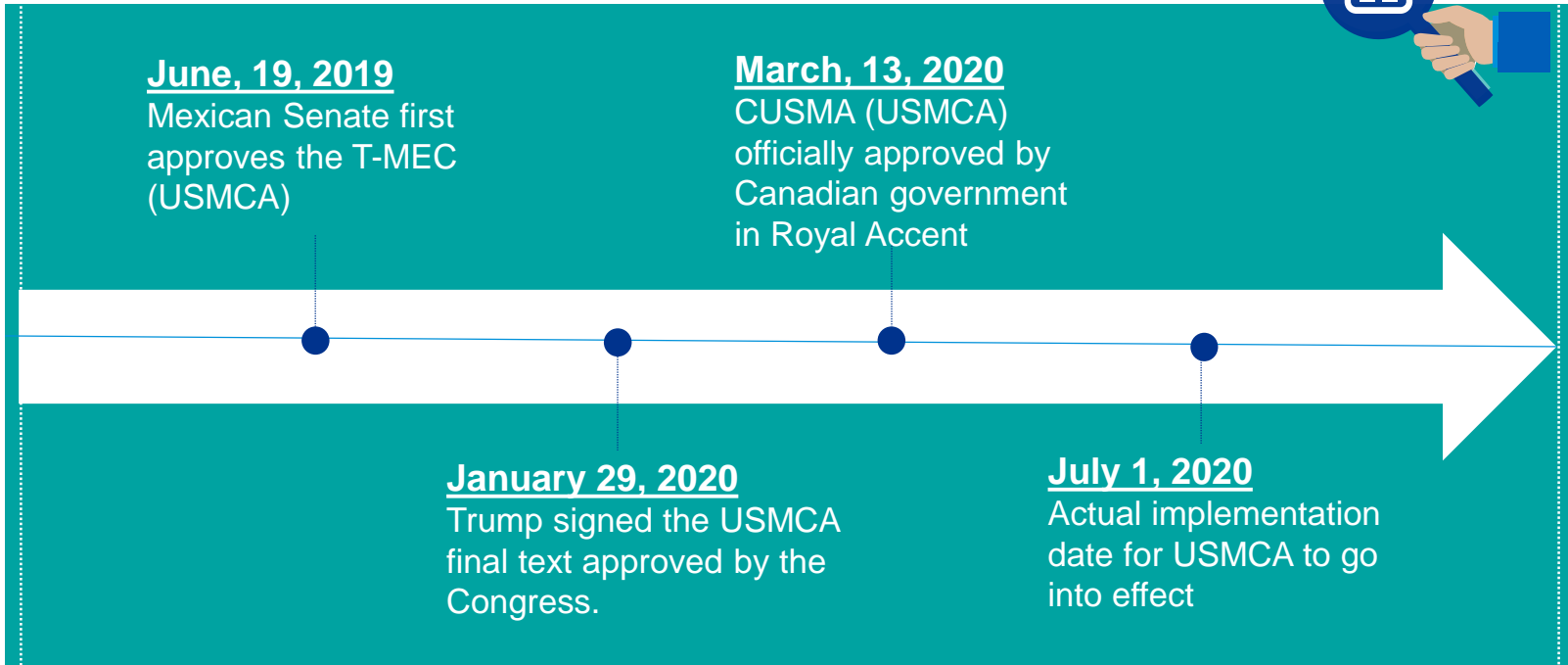
KPMG Trade & Customs

Preparation for USMCA

July, 2020



Timeline for United States Mexico Canada Agreement (USMCA) implementation



Timeframes are based on political events

Rules of Origin

What changed in USMCA	Impact
Rules of Origin for specific goods grouped by HTS codes	<ul style="list-style-type: none">• Could be more challenging – could be easier depending on the rule
For most goods, only the product specific rules of origin are needed to determine whether a good originates under the USMCA	<ul style="list-style-type: none">• Qualifying for USMCA will be limited to the product specific rules of origin without the need to reference 19 CFR 102
Major changes in Automotive, Chemical, Textiles	<ul style="list-style-type: none">• Encourages local sourcing and production in those industries
Qualification Strategies	<p><u>What changed</u></p> <ul style="list-style-type: none">• De-minimis (10%) - If non-originating content does not exceed 10%, a good is considered as originating goods in case of both tariff shift & RVC <p><u>Remain unchanged</u></p> <ul style="list-style-type: none">• General rules for Intermediate & Accumulation

Certification of Origin

What stayed the same or similar

NAFTA → USMCA

Importer required to have a valid certification of origin in its possession at the time USMCA claim is made. Blanket period for up to 12 months.

What changed

NAFTA

Formal NAFTA Certificate Form Required

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection
NAFTA No. 151-0088
Exp. 04-30-2025

**NORTH AMERICAN FREE TRADE AGREEMENT
CERTIFICATE OF ORIGIN**
19 CFR 151.11, 151.22

1. EXPORTER NAME, ADDRESS AND EMAIL		2. BLANKET PERIOD				
FROM (mm/yyyy)		TO (mm/yyyy)				
3. PRODUCER NAME, ADDRESS AND EMAIL		4. EXPORTER NAME, ADDRESS AND EMAIL				
5. DESCRIPTION OF GOODS(S)		6. HS CERT. CLASSIFICATION NUMBER	7. PREFERENCE CRITERION	8. PRODUCER	9. NET COST	10. COUNTRY OF ORIGIN

CERTIFY THAT:

- THE INFORMATION ON THIS DOCUMENT IS TRUE AND ACCURATE AND ASSUME THE RESPONSIBILITY FOR PROVIDING SUCH REPRESENTATIONS. I UNDERSTAND THAT I AM LIABLE FOR ANY FALSE STATEMENTS OR MATERIAL OMISSIONS MADE ON OR IN CONNECTION WITH THIS DOCUMENT.
- I AGREE TO MAINTAIN AND PRESENT UPON REQUEST, DOCUMENTATION NECESSARY TO SUPPORT THIS CERTIFICATE, AND TO INFORM, IN WRITING, ALL PERSONS TO WHOM THE CERTIFICATE WAS GIVEN OF ANY CHANGES THAT COULD AFFECT THE ACCURACY OR VALIDITY OF THIS CERTIFICATE.
- THE GOODS ORIGINATED IN THE TERRITORY OF ONE OR MORE OF THE PARTIES AND COMPLY WITH THE ORIGIN REQUIREMENTS SPECIFIED FOR THESE GOODS IN THE NORTH AMERICAN FREE TRADE AGREEMENT AND UNLESS SPECIFICALLY EXEMPTED IN ARTICLE 411 OR ANNEX 401, THERE HAS BEEN NO FURTHER PRODUCTION OR ANY OTHER OPERATION OUTSIDE THE TERRITORIES OF THE PARTIES, AND
- THIS CERTIFICATE CONSISTS OF _____ PAGES, INCLUDING ALL ATTACHMENTS.

11. TITLE NAME: _____ 11a. DATE (mm/yyyy) _____ 11b. TELEPHONE NUMBERS: _____ 11c. COMPANY: _____ 11d. TITLE: _____ 11e. EMAIL: _____

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USMCA

Formal Certificate form NOT required.

Declarations can be made on other transaction documentation like invoices. However, data elements are essentially the same as those required on the NAFTA certificate.

Certification and supporting documentation must be kept for 5 years from date of import.

Enforcement Changes

What changed in USMCA	Impact
Customs Authorities from importing country can initiate an Importer Verification	<ul style="list-style-type: none">• Greater exposure to importers who sign without knowledge of qualification
If the importer does not provide sufficient information in a verification, CBP shall request information from the exporter or producer	<ul style="list-style-type: none">• When conducting a verification, CBP will accept information, including documents, directly from the exporter, producer, or importer
Negative impact for failing a verification	<ul style="list-style-type: none">• CBP will deny preference to all importations of identical goods covered by that blanket certification and liquidate the entries with applicable duties
If CBP finds a pattern of conduct – 2 or more verifications with a negative determination	<ul style="list-style-type: none">• CBP may deny preference on identical goods imported until compliance with the rules of origin is established

Planning Considerations

Why take action now?

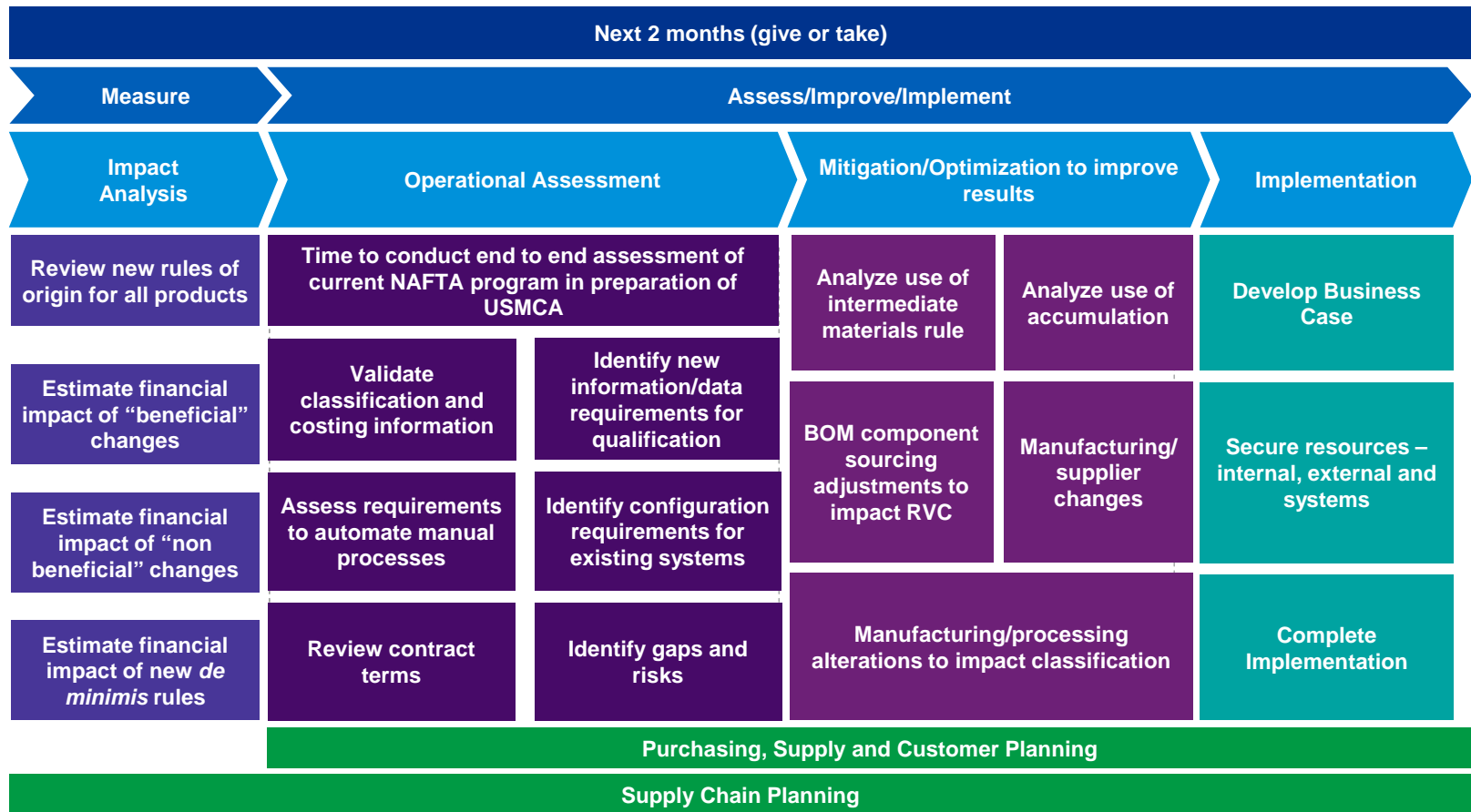
- Changes to rules of origin will require requalification of goods under USMCA rules
- Supply chains and country sourcing strategies, as well as manufacturing processes may need to alter to effect qualification results
- Early reviews of your circumstances may increase duty-savings opportunities
- System modifications may be required to accommodate new USMCA rules
- Policies, procedures, and compliance manuals may need to be established / updated

Why KPMG?

- Offers a team of trade and customs professionals who are experienced in Free Trade Agreements implementation across various industries
- Provides extensive knowledge of the transition from the NAFTA to USMCA using the USMCA readiness assessment framework developed by the KPMG Trade and Customs Services practice
- Delivers deep global trade technology knowledge to assist with GTM systems configuration needs and transition from NAFTA
- Access to a global network of KPMG International member firms, including trade and customs professionals from the United States, Mexico and Canada

KPMG's Approach – USMCA Readiness Assessment

KPMG has developed a four-phase approach that can help support your business in developing a strategy for transition to meet the compliance and technology requirements of the USMCA





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