

Step-by-Step Guide to Determining a Good's Origin

To determine whether a good qualifies as an originating good under the NAFTA rules of origin, follow these steps.

Step 1

Was the good last processed in one of the NAFTA countries?

If yes, go to step 2.

If no, the good does not qualify.

Step 2

Do any of the materials or components used in the good come from outside Canada, the United States, or Mexico, or otherwise do not qualify as originating materials under the NAFTA rules of origin?

If yes, go to step 3.

(If you do not know the origin of any material, you have to assume it does not originate in a NAFTA country.)

If no, the good qualifies. Go to Step 9.

Step 3

Determine the HS classification number of the good being imported into Canada. Usually, the six-digit, subheading level is sufficient.

Step 4

Using the HS classification number, identify the specific rule or rules of origin in Annex 401 that apply to the good.

If two rules apply, you must meet one of them. One rule may require only an HS classification change, whereas the other requires an HS classification change and an RVC test. Select the rule that is most appropriate for the non-originating materials used in the production of your goods.

Step 5

Determine the HS classification of the non-originating materials or components you use to produce the good in a NAFTA country.

Step 6

Does the change from the HS classification of the non-originating materials to the HS classification of the good imported into Canada meet the HS classification change required in the specific rule or rules of origin you identified in Step 4?

If yes, the HS classification change requirement is met. Go to Step 7.

If no, the good does not qualify, unless it falls under certain exemptions. If the value of the non-originating materials that do not meet the HS classification change requirement is not more than 7% of the value of the good, the *de minimis* exemption may apply, and the good may qualify as an originating good, if it meets all other requirements of the rule of origin.

Step 7

Does the specific rule also contain an RVC test?

If no, and the HS classification change requirement is met, the good qualifies as an originating good. Go to Step 9.

If yes, choose whether to use the transaction value method or the net cost method.

Be careful! Be sure you are eligible to use the transaction value method before you select it. In particular, be sure that the price paid for the good is acceptable under the principles of the Customs Valuation Code. If there is any doubt, contact your Customs regional office (see back cover for addresses and telephone numbers) or use the net cost method. Please note that for certain types of goods you can only use the net cost method.