

Note

The RVC percentage is only relevant if the production results in the necessary HS classification change and the specific rule of origin that applies requires an RVC.

Changing the method of RVC calculation

If exporters or producers select the transaction value method, and they are advised by Customs that the transaction value of the good (or the value of any material used to produce the good) is unacceptable or needs to be adjusted, they can choose to use the net cost method.

However, if they select the net cost method initially and the results are unfavourable, they cannot switch to the transaction value method.

Special Options

These are additional rules of origin that exporters or producers can use if their goods fail to qualify under the specific rules of origin.

De minimis exception to HS classification change requirement

NAFTA provides relief when a good does not qualify as an originating good only because some non-originating material of little value fails to meet an HS classification change requirement. If the value of the non-originating material in question is no more than 7% of the value of the good, the good is considered an originating good.

Example

A good uses two materials, A and B, and both are non-originating materials. As a result of its transformation into the finished good, A makes the required HS classification change, but B does not. Because B does not make the required change, the finished good will not qualify unless the value of B is no more than 7% of the good's value.

Please note that the test **only** considers whether the non-originating material that **does not** meet the HS classification change is not more than 7% of the total value. As a general rule, a good can incorporate **any** amount of non-originating material and still be an originating good, as long as these materials meet the required HS classification change for the finished product.

In many cases, the *de minimis* exception to HS change cannot be used. Contact Customs officials to determine whether or not the *de minimis* exception can be used.

De minimis exception to RVC requirement

A producer of a good that is subject to an RVC requirement can disregard that requirement if the value of all non-originating materials in that good is less than 7% of the transaction value of the good.

Accumulation

A good may be produced partly in one NAFTA country, and completed in another. To determine whether a good meets an HS classification change or an RVC test, treat the production done in both countries as if it occurred in one.