

Indirect Tax Alert

News from EY Americas Tax

MERCOSUR decision allows goods to retain origin quality when passing through a free trade zone

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MERCOSUR Decision No. 33/015 entered into force on 21 July 2019 and allows goods that enter a free trade zone for transportation or warehousing to retain their MERCOSUR origin quality.

Background

MERCOSUR is a trade bloc made up of Argentina, Brazil, Paraguay and Uruguay. In general terms, goods are considered to have MERCOSUR origin quality when they are fully or mostly manufactured with materials coming from one or more MERCOSUR countries. Goods with MERCOSUR origin are supposed to be granted preferential tax treatment (i.e., lower customs taxation) when being traded between the MERCOSUR countries.

Before Decision No. 33/015, however, goods from MERCOSUR that entered a free trade zone lost their origin and could not benefit from the preferential tax treatment.

Decision No. 33/015

Decision No. 33/015 allows goods to retain their MERCOSUR origin quality and benefit from the preferential tax treatment, provided the goods enter the free trade zone for transportation or warehousing.

In addition, goods from a country outside of MERCOSUR may receive the same preferential tax treatment, provided the goods are on the MERCOSUR Commerce Commission's

approved list and the country has the same origin rules for goods that enter into all MERCOSUR states as a result of a trade agreement with MERCOSUR.

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