§ 10.1014 Labor costs, and direct overhead. Period costs are costs, other than product costs, that are expensed in the period in which they are incurred, such as selling expenses and general and administrative expenses. Other costs are all costs recorded on the books of the producer that are not product costs or period costs, such as interest. Total cost does not include profits that are earned by the producer, regardless of whether they are retained by the producer or paid out to other persons as dividends, or taxes paid on those profits, including capital gains taxes; used.

(y) Used. “Used” means utilized or consumed in the production of goods; and

(z) Value. “Value” means the value of a good or material for purposes of calculating customs duties or for purposes of applying this subpart.

§ 10.1014 Originating goods. Except as otherwise provided in this subpart and General Note 33(n), HTSUS, a good imported into the customs territory of the United States will be considered an originating good under the UKFTA only if:

(a) The good is wholly obtained or produced entirely in the territory of one or both of the Parties;

(b) The good is produced entirely in the territory of one or both of the Parties and:

(1) Each non-originating material used in the production of the good undergoes an applicable change in tariff classification specified in General Note 33(o), HTSUS, and the good satisfies all other applicable requirements of General Note 33, HTSUS; or

(2) The good otherwise satisfies any applicable regional value content or other requirements specified in General Note 33(o), HTSUS, and satisfies all other applicable requirements of General Note 33, HTSUS; or

(c) The good is produced entirely in the territory of one or both of the Parties exclusively from originating materials.

§ 10.1015 Regional value content.

(a) General. Except for goods to which paragraph (d) of this section applies, where General Note 33, HTSUS, sets forth a rule that specifies a regional value content test for a good, the regional value content of such good must be calculated by the importer, exporter, or producer of the good on the basis of the build-down method described in paragraph (b) of this section or the build-up method described in paragraph (c) of this section.

(b) Build-down method. Under the build-down method, the regional value content must be calculated on the basis of the formula RVC = ((AV - VNM)/AV) × 100, where RVC is the regional value content, expressed as a percentage; AV is the adjusted value of the good; and VNM is the value of non-originating materials, other than indirect materials, that are acquired and used by the producer in the production of the good, but does not include the value of a material that is self-produced.

(c) Build-up method. Under the build-up method, the regional value content must be calculated on the basis of the formula RVC = (VOM/AV) × 100, where RVC is the regional value content, expressed as a percentage; AV is the adjusted value of the good; and VOM is the value of originating materials, other than indirect materials, that are acquired or self-produced and used by the producer in the production of the good.

(d) Special rule for certain automotive goods—(1) General. Where General Note 33, HTSUS, sets forth a rule that specifies a regional value content test for an automotive good provided for in any of subheadings 8407.31 through 8407.34 (engines), subheading 8408.20 (diesel engine for vehicles), heading 8409 (parts of engines), headings 8701 through 8705 (motor vehicles), and headings 8706 (chassis), 8707 (bodies), and 8708 (motor vehicle parts), HTSUS, the regional value content of such good may be calculated by the importer, exporter, or producer of the good on the basis of the net cost method described in paragraph (d)(2) of this section.

(2) Net cost method. Under the net cost method, the regional value content is calculated on the basis of the formula RVC = ((NC - VNM)/NC) × 100, where RVC is the regional value content, expressed as a percentage; NC is the net cost of the good; and VNM is the value of non-originating materials, other