section, the following expenses may be deducted from the value of the non-originating material:
(i) The costs of freight, insurance, packing, and all other costs incurred in transporting the material to the location of the producer;
(ii) Duties, taxes, and customs brokerage fees on the material paid in one or both of the Parties, other than duties and taxes that are waived, refunded, refundable or otherwise recoverable, including credit against duty or tax paid or payable;
(iii) The cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or by-products;
(iv) The cost of processing incurred in the territory of Singapore or the United States in the production of the non-originating material; and
(v) The cost of originating materials used in the production of the non-originating material in the territory of Singapore or the United States.

Accounting method. Any cost or value referenced in General Note 25, HTSUS and this subpart, must be recorded and maintained in accordance with the Generally Accepted Accounting Principles applicable in the territory of the country in which the good is produced (whether Singapore or the United States).

§ 10.538 Fungible goods and materials.

(a) A person claiming preferential treatment under the SFTA for a good may claim that a fungible good or material is originating either based on the physical segregation of each fungible good or material or by using an inventory management method. For purposes of this subpart, the term “inventory management method” means:
(1) Averaging;
(2) “Last-in, first-out;”
(3) “First-in, first-out;” or
(4) Any other method that is recognized in the Generally Accepted Accounting Principles applicable in the territory of the country in which the production is performed or otherwise accepted by that country.

(b) A person selecting an inventory management method under paragraph (a) of this section for particular fungible goods or materials must continue to use that method for those fungible goods or materials throughout the fiscal year of that person.

§ 10.539 Retail packaging materials and containers.

Packaging materials and containers in which a good is packaged for retail sale, if classified with the good for which preferential treatment under the SFTA is claimed, will be disregarded in determining whether all non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in General Note 25(o), HTSUS. If the good is subject to a regional value content requirement, the value of such packaging materials and containers will be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

Example 1. Singaporean Producer A of good C imports 100 non-originating blister packages to be used as retail packaging for good C. As provided in §10.536(a)(1) of this subpart, the value of the blister packages is their adjusted value, which in this case is $10. Good C has a regional value content requirement.
Example. Singaporean Producer C produces good C using non-originating material A. Producer C imports non-originating rubber gloves for use by workers in the production of good C. Good C is subject to a tariff shift requirement. As provided in §10.531(b)(1) of this subpart and General Note 25(o), each of the non-originating materials in good C must undergo the specified change in tariff classification in order for good C to be considered originating. Although non-originating material A must undergo the applicable tariff shift in order for good C to be considered originating, the rubber gloves do not because they are indirect materials and are considered originating without regard to where they are produced.

§ 10.542 Third country transportation.

(a) General. A good will not be considered an originating good by reason of having undergone production that would enable the good to qualify as an originating good if subsequent to that production the good undergoes further production or any other operation outside the territories of the Parties, other than unloading, reloading, or any other process necessary to preserve the good in good condition or to transport the good to the territory of a Party.

(b) Documentary evidence. An importer making a claim that a good is originating may be required to demonstrate, to CBP’s satisfaction, that no further production or subsequent operation, other than permitted under paragraph (a) of this section, occurred outside the territories of the Parties.