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# ZOOM IN TRADE

SHINHAN Customs Service Inc.



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In 2018, a job portal site conducted a survey targeting young people. According to the survey, the 'buzzword of the year' that took first place was 'So (means small) Hwak (means certain or sure) Haeng (means happiness)'.  
So Hwak Haeng means 'Small but Sure Happiness'. It is a new word made by Japanese author Haruki Murakami. It was created by quoting the title of Raymond Carver's short story 「A Small, Good Thing」. This word reflects the desire of modern people to find small happiness that can be created in their busy daily life.

In the same year, the Seoul National University Consumption Trend Analysis Center selected So Hwak Haeng as the 'Korea Consumption Trend' of the year. At this time, So Hwak Haeng implied 'Consumption gives sure happiness'. The young generation, the so-called MZ generation, seeks happiness in luxury goods consumption or finds happiness in consuming online games.

The New Customs Study for this month is 'Criticism against us for leaving everything to the judge's judgment'; Analysis on Recent Customs Judicial Precedent covers 'The Disposal Agency's Imposal of Transportation tax and Individual Consumption Tax for Residual Diesel Oil', and HS case solved by logic reports 'Item classification decision case of wearable type electronic device' and Global Customs Insight is 'Introduction to OECD Guidelines on Transfer Pricing in the COVID-19 Pandemic Situation – 3. Government Assistance Program', and FTA and import/export practical business guide is 'Guidelines



***on FTA-related changes in 2023'. In addition Contents and Opinion of Customs Trade Revision is 'Partial Revisions on Notice for import Clearance Process'.***

We all want to be happy. Many people search for happiness like looking for a blue bird. However, the destination of that journey is always one's own mind. After all, it is the heart that makes you happy. If happiness comes from my heart, what kind of mindset should I have?

Happiness means 'heartwarming feeling of joy and satisfaction in life with good luck and fortune'. We are happy to meet someone we like. Being together with loved ones makes us feel gratified and satisfied. The beautiful scenery makes us smile with joy. We jump with joy when we pass a difficult exam after studying hard. Even obtaining a valuable thing you desire brings a calm joy.

We are happy when good things happen to us, and we also rejoice when good things happen to others. Everyone in the nation cheers and rejoices watching our soccer team overcome a difficult opponent and advances into the round of 16. Many people are also happy to see a young pianist win a gold medal in a world-class competition. The joy shared with others is far more pervasive and lasting than the joy achieved alone.

Nevertheless, [the joys that bring happiness come and go \[Jangseung 1\]](#). No matter how great the joy is, it is said that it lasts for about 3 months. The joy or contentment you have acquired through achievement will pass through your fingers like sand over time.

Can we have endless moments of joy to keep us happy? Should we continue to maintain number one ranking, travel searching for beautiful scenery, or continue to consume new products? It won't be easy to keep finding joy in doing things or external events. If only you keep taking first place, the joy index you feel will gradually decrease as it repeats itself. On the other hand, if you miss 1st place even once, you will suffer from falling into the abyss. Also, there will be people who lose their joy and become unhappy because of you.

In life, there are moments of joy, as well as moments of sadness, pain, and anxiety. Those moments of sadness come more often than the moments of joy. Should we give up happiness when that happens? Should we just wait miserably for a new joy to come?

IlCheYooShimJo (一切唯心造) is a Buddhist thought [that means 'All things are created only by the mind'](#). According to this, in human affairs, all phenomena in this world, such as joy and sorrow, anxiety and worry, are not real but are all created by the mind. Depending on what kind of mindset you have looking at the phenomena of the world, it can be joy or sadness. With this teaching, monks work tirelessly to seize their mind. The goal is to have a mindset that is unswayed by joy and sorrow and unswayed by worries and anxieties.

The monks try to seize their trembling heart by doing the meditation facing the wall for years and decades. But what if our hearts are filled with joy? What if we receive joy as a gift from heaven even without our efforts? Furthermore, what if that joy continues to flow like spring water? [If we are filled with gratitude and joy, there will be no room for worry, anxiety, or sadness to enter our hearts.](#) If we are happy not just by meeting someone we love or winning a gold medal, but if joy springs from within us, we will be grateful and happy in any situation.

You will be happy while drinking a cup of warm tea, and you will be happy reading a book. You will be happy to see the children running on the road, and you will be happy to see the stars in the night sky. Even while cleaning the road, you will be happy with the thought that you are cleaning a corner of the earth rather than thinking that the work is hard. Whatever you do, it will be a small but sure happiness.

Are you happy today?

Did you spend this year happily?

Where does your joy come from? In any case, are you living a happy life feeling joy from small things?

I hope the gift of joy from heaven flows to you.

Thank you.

\* Small Happiness <https://namu.wiki/w/%EC%86%8C%ED%99%95%ED%96%89>

[Jangseung1]







### *The New Customs Study*

## **Criticism against us for leaving everything to the judge's judgment**

The cold winter of the year 2022 is coming to an end. This year, there have been many worries in a chaotic world such as COVID-19, war, inflation, and interest rate hikes, but there also have been many things to laugh about, and many good things have happened. Next year, we worry about the economic recession, but let's remind ourselves that we endured the fear and shutdown during the first year of COVID-19 in 2020, and that most predictions have never been right. It reminds me of a famous investor's saying that the changes in the world happen again and the prediction does not happen because of those who predict and act in advance.



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Today, I would like to criticize our thinking pattern of relying on judges' judgments.

Chinese restaurants are the best at making jajangmyeon, architects are the best at building houses, and beauty salons are the best at doing hair. You can't leave those things to the judge of the court.

I am interested to know why strange regulations are constantly created in the field where I work or wrong judgments are made. I am curious about why the people who work in the field want to rely on judges to solve problems in special areas such as customs clearance and tariffs, and why they lack confidence in what they are doing.

If an issue arises in a group that studies the field for decades and does the actual work in the field, those issues need to be resolved through relentless argument and discussion among them. It is hard to understand why they want a judge to decide by dragging the issue to the court.

It would be difficult for a judge who did not major in tariffs and has no experience working in customs clearance or bonded areas to properly understand the basics to make a judgment. Sometimes they make good decisions, but sometimes they make wrong decisions.

Imagine how the president's face would look if you asked the president whether to lift the indoor mask rule, or which one to support first between the semiconductor or the battery. Let's see how the North Korean leader's facial expression is different when he launches an intercontinental ballistic missile and visits a food factory.

When the person in the highest authority is asked to make a decision on something he knows well, he would look calm, but when he is asked questions on something he is not familiar or has not experienced, wouldn't he respond in this way, "Why are you asking me this? I'm a human too. You take care of it."?

Let's refer to the criticism of the legal positivism methodology while criticizing the idea that judges can make all decisions. The methodology of legal positivism in the 19th century grasped the legal syllogism based on the subsumption theory as a purely automatic calculation.

Kantorowicz, Hermann (the definition of law 2014), who founded the Freedom Act, sarcastically criticizes this.

"The ideal appearance of a jurist with the consent of the majority is as follows. A highly educated civil servant in high ranking sits in a cell, armed only with thinking machines, the most sophisticated machines. His only furniture is a comfortable chair (where bureaucratic decisions are made regardless of practice). People can present to him any case - real or hypothetical - and he proves the legislator's pre-determined decisions with absolute accuracy with the help of purely logical actions and secret techniques understandable only to him. This is his duty."

Interestingly, the spirit of common law also expresses the appearance of the subsumption machine in a similar way. "We put facts above, and we bring out the judgments produced below. We sometimes have to hit and shake the machine because stubborn facts often get stuck in the machine and the machine becomes inoperative. Only then can something be taken out of the machine. It cannot be considered that the machine operates purely independently because we handle the machine as above. Nevertheless, we do view judgments solely as the output of machines, not as the output of actions that strike and shake machines."

The 480 billion tariff issue of Windsor Whiskey, which started in Korea in 2004, could be decided in 2013 after more than 10 years of fierce internal debates involving two or three colleagues, including myself. However, taxation issues of tens of billions of won, which are relatively smaller in taxation issue size than the above case, may result in wrong judgments because either the lawyer has strategies focusing on minor issues or tries to adjust to the judge too much, and the court does not understand the issue. The same is true of the Supreme Court.

Tariffs are based on international treaties and laws, so they are sometimes caused by differences between English and Korean translation. Consideration is translated as a condition, but according to U.S. contract law, it is understood differently that it is the condition that there is a benefit in return. The judge's misjudgment later influenced the administration's regulations, leading to administration in the wrong direction.





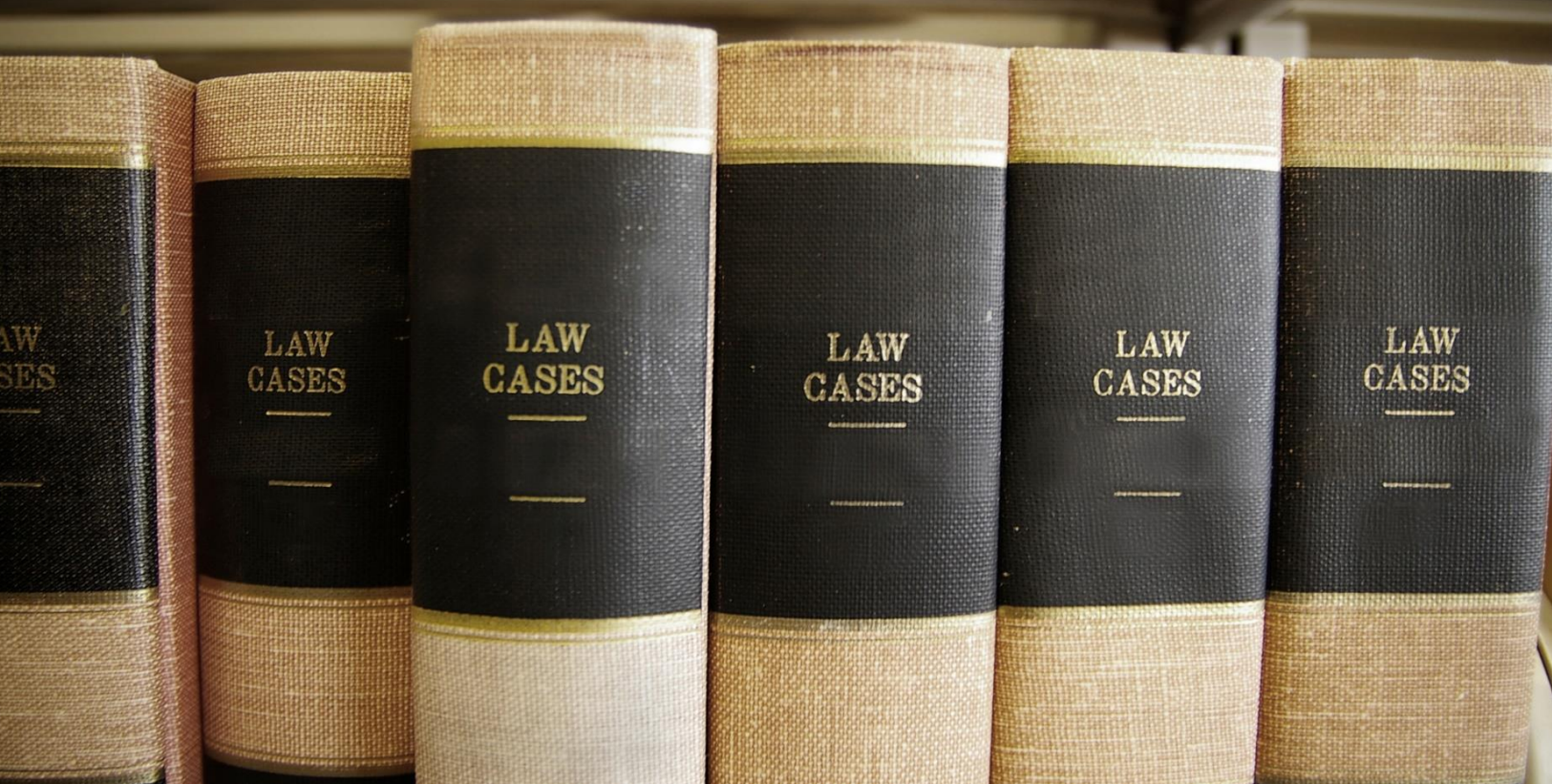
Customs work is completely different from domestic tax law, so it is difficult for judges or interpreters who majored in tax law to make correct judgments with the knowledge and experience they have learned, and there are not many who know the customs work. This is the reason why customs judgments in Korea are determined differently from those in other countries. Still, they have high pride as professionals majored in law and as experts who had passed the difficult bar examination, so their pride does not allow them to admit there were mistakes in the judgment and they do not admit they made mistakes. Also, in real court rooms, unlike dramas, there isn't much time to thoroughly understand each case.

In the latest cases, the ruling on whether to determine the timing of the coal component as a shipping port or an import port and the ruling on Korea-U.S. FTA on imported chemicals were dismissed. It is questionable whether the judge really understood the basis of the cases and made that decision. It is difficult to understand by just reading the contents without going to the actual site and checking it. The picture of the customs field should be drawn in the head, but since the picture is drawn by the judge's subjective and political <preconceived notion>, there is no choice but to believe that the judge thinks he is right even if he makes a wrong decision.

Only when bonded goods, exporting countries' sites, importing countries' conditions, shipping processes, commercial practices, international contract knowledge, and international trade practices are combined, the accurate tariff decisions can be made. A bigger problem exists in the administration of leaving all the decisions to the judge's judgements thinking that the judge will understand every situation and every case with the thin knowledge of international trading law, which was an elective course for the bar examination, and make a proper decision.

No matter how much a person studied or how knowledgeable someone is, no one can make more accurate and rational decisions than someone who works in the field.

We may have studied law less than a judge, but let's trust ourselves who have worked in the field for decades and make decisions with confidence. What we don't know can be discussed together. Let's not push the responsibility off into the judge.



### *Analysis on Recent Customs Judicial Precedent*

## **The Disposal Agency's Imposal of Transportation tax and Individual Consumption Tax for Residual Diesel Oil**

#### **[Facts]**

A. AAA (hereinafter referred to as "oil refining company at issue") supplied marine fuel oil OOO, which is a mixture of heavy oil (Bunker C) and diesel oil (DSL), to ocean-going ship OOO (hereinafter referred to as "vessel at issue") operated by the claiming corporation. The claiming corporation received a confirmation of import (loading) of exported goods subject to refund (hereinafter referred to as "loading confirmation") in accordance with the 「Act on Special Cases concerning Refund of Customs Duties, etc. on Raw Materials for Export」 (hereinafter referred to as "Act on Special Cases on Customs Duty Refund") from the disposition agency, and submitted it to the head of the Customs Office. After submitting it to the head of the tax office, the individual consumption tax for heavy oil was exempted or refunded according to the 「Individual Consumption Tax」, and for diesel oil, the transportation tax was exempted or refunded according to the 「Transportation, Energy and Environment Tax Act」.



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B. The claiming company converted the disputed vessel, which has been operated as an ocean-going vessel from Dec 30, 2016 to Dec 9, 2019 to a domestic vessel, and imported fuel oil for ships remaining after use while operating as an ocean-going vessel (hereinafter referred to as "goods at issue"). While declaring import with number OOO, the claiming company declared the item number as 'heavy oil' in No. 2710.19-4030 of the Harmonized System of Korea (hereinafter referred to as "HSK") and paid the tariff, individual consumption tax, education tax as well as value added tax.

C. Afterwards, the claiming corporation operated the disputed vessel as a domestic vessel and then converted its qualification to an ocean-going vessel, received a loading confirmation from the disposition office for the remaining items used while operating as a domestic vessel, and received refunds of customs duties, individual consumption tax, and education tax(hereinafter referred to as "export refund in original condition").

D. The disposition agency conducted a customs investigation on the claiming corporation from Sep. 27, 2021 to Dec. 25, 2021. As a result, the claiming corporation converted the qualification of the disputed vessel from an ocean-going vessel to a domestic vessel, even though the goods at issue included diesel oil that was originally exempted from transportation tax. The claiming corporation declared the item at issue as heavy oil and paid only individual consumption tax, but did not pay the transportation tax, which was for the diesel oil that was included in the item at issue. On 2021.Nov. 30, 2021, the disposition agency notified the correction (referred to as "disposition of dispute") to the claiming corporation of OOO won for transportation tax, OOO won for education tax, and OOO won for value-added tax remaining after offsetting the initially paid tax amount and the original export refund amount from the total amount of traffic tax, etc. corresponding to heavy oil and diesel oil included in the goods at issue.

## [Issues]

- ① Request for a disposition of imposing transportation tax, etc. corresponding to diesel oil, as diesel oil was included in the goods at issue when qualification was converted from an ocean-going vessel to an inner harbor vessel
- ② whether the disposition at issue violates the principle of good faith and prohibition of retroactive Taxation

## [Decision Summary]

(A) First, regarding issue ①,

The disposition agency has an opinion that oil refinery companies classify the goods at issue into heavy oil and diesel oil, not heavy oil when loading them on the vessel with the condition that oil refiners use them for overseas sailing ships and receive individual consumption tax and transportation tax exemption. In the case that it is brought into the country with the conversion of the qualification, the overseas sailing is terminated, and it is used outside of its given purpose. Therefore, according to the Minister of Strategy and Finance's authoritative interpretation on November 1, 2002, for the diesel oil included in the issue item at the time of the import declaration, it is lawful and appropriate to separately collect tax-exempt transportation tax.

The goods at issue are in a state in which heavy oil and diesel oil are mixed at the time of import declaration after overseas voyage as well as at the time of loading on the ship at issue. The refinery at issue already mixed them before supplying to the claiming corporation. Since the characteristics of the goods at issue in a mixed state are in heavy oil, it is not only classified as heavy oil under the 「Customs Act」, but also appears to be heavy oil, which is subject to individual consumption tax even under the 「Individual Consumption Tax Act」. Unlike the heavy oil or diesel oil before the mixed state, which the refiners requested for the tax exemption under the condition that they would be used in overseas going vessels, heavy oil and diesel oil were mixed at the time the claiming corporation received the goods at issue. Whether the diesel oil portion was excessively tax-exempt by the amount corresponding to the difference between the transportation tax and the individual consumption tax is a separate issue. The fact that it is difficult to see the item at issue as a transportation tax subject when it is taken out of the manufacturing site. When importing heavy oil or diesel oil exempted from individual consumption tax or transportation tax that are left over from overseas sailing, the fact it is regarded as a taxable item under Article 14 of the 「Customs Act」 when making an import declaration, in addition to the imposition of



individual consumption tax or transportation tax, collecting individual consumption tax or transportation tax exempted from taxation on the remaining oil as it is deemed to be used for purposes other than its intended purpose pursuant to Article 18, Paragraph 3 of the 「Individual Consumption Tax Act」 and Article 15, Paragraph 2 of the 「Transportation, Energy and Environment Tax Act」 seems to be equivalent to double taxation. To prevent this, on Feb. 17, 2021, the proviso clauses appear to have been newly established in Article 33 Paragraph 1 Subparagraph 4 of the Enforcement Decree of the Individual Consumption Tax Act and Article 23 Paragraph 1 Subparagraph 3 of the Enforcement Decree of the Traffic, Energy and Environment Tax Act, respectively. The disposal agency's disposition of taxing on the difference in the transportation tax and the individual consumption tax by separating the diesel oil included in the item at issue appears to be wrong.

(B) Issue ② is omitted because the issue ① is cited and there is no practical benefit to the hearing. Therefore, the goods at issue are all mixed with heavy oil and diesel oil from the time of signing the contract between the claiming corporation and the refinery, at the time of loading on the ship, and at the time of import declaration. This mixed fuel oil is made by the refinery and supplied to the claiming company. Since the characteristic of the goods at issue in a mixed state is in the heavy oil, it is not only classified as heavy oil under the Customs Act, but even under the Individual Consumption Tax Act, it appears to be heavy oil, which is subject to individual consumption tax. The disposition of taxing the difference in the transportation tax and the individual consumption tax by separating diesel oil portion from the item at issue is in error, so the imposition is canceled.





*HS case solved by logic*

## **Item classification decision case of wearable type electronic device**

### **1. Overview**

With the development of IT technology, various products are being developed, and IT companies are releasing various wearable electronic devices beyond smartphones and tablets.

Wearable is defined as 'something that can be worn' in the dictionary and refers to anything that can be worn on a person's body, such as clothes, shoes, or watches. Wearable device means 'wearable electronic device'. Clothes equipped with computers, wristwatches that can function as computers or mobile phones, and electronic devices that can be implanted into the skin are being developed.

As technology develops, various devices are developed, and there is an issue of how to classify these wearable devices. We would like to refer to the classification basis of the recently announced cases of wearable device classification decisions when determining the item classification of wearable devices to be developed in the future.

\*Reference: Investopedia (10.25.21)



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## 2. Case of determining item classification of Wearable Device

### 1) Product Overview

- A wearable device with a digital camera, speaker, and microphone embedded in sunglasses worn on the face, enabling content expansion through specific applications
- Two speakers, three microphones, and a 5-megapixel ultra-small camera are located on the left and right of the glasses frame, and have a storage space so that 500 still images (photos) can be taken and 30-second videos can be made (video) through buttons or voice.
- In conjunction with a smartphone, you can make calls like hands-free earphones and enjoy music through the speaker
- It is charged with a USB Type-C cable, and when the main body is placed in the glasses case, it is charged through the connector between the temples and lenses
- The product is presented as a set including the main body (sunglasses + camera), case (combined with charger), and charging cable.

### 2) Item classification decision

- decided tariff classification: 8525.89-1000
- Classification grounds
  - Since the goods in question are presented in a single retail packaging including the main body (smart sunglasses), case (combined with charger), charging cable (USB Type-C), manual, it needs to be classified as 'body (smart sunglasses)', which is a component that gives characteristics of General Rule for Commentary of Tariff Rate Table 3, subheading B.
  - However, the main body is a complex device that constitutes a complete device by combining two or more functions, such as sunglasses (Class 90), digital camera (Class 85), speaker (Class 85), and microphone (Class 85), so the main

function needs to be determined according to the Tariff Rate Table Section 16, Number 3.

\*The classification criteria for complex devices applies the same to the item in class 84, 85, or 90(class 90, number 3).

\* This item is a wearable type of electronic device developed to replace the hassle of carrying the device. It is a device that you wear like glasses, and if there is a scene you want, take a video and save it to the device, and if necessary, share the picture you took on the social network. Therefore, it is judged that the main function is in 'digital camera' of No. 8525 rather than in the sunglasses of No. 9004

- In Tariff Schedule No. 8525, 'television cameras, digital cameras and video camera recorders' are classified, in No. 8525.89 'others', and in HSK No. 8525.89-1000, 'micro-special cameras (writing instruments, buttons, glasses, watches, Items installed on or designed to be installed on everyday use items such as USB memory or other electrical devices) are classified
- In the commentary of the same heading, it is stated that the heading includes the following articles: (1) television cameras which transmit video images for viewing outside the camera or for remote recording; (2) A digital camera and/or a video camera recorder" that store the still images or video recordings Since this item is in the form of a miniature digital camera attached to sunglasses, which are for everyday use, it meets the scope of 'micro-special camera' stipulated in HSK 8525.89-1000.
- Therefore, the goods in question are regarded as 'micro-special cameras (things designed and manufactured to be installed or installed on daily small items such as writing utensils, buttons, glasses, watches, USB memory, or other electrical devices)' and classified in subheading 8525.89-1000 under General Rule for Tariff Schedule Table Commentary subparagraphs 1, 3b and 6



## **Introduction to OECD Guidelines on Transfer Pricing in the COVID-19 Pandemic Situation – 3. Government Assistance Program**

Since February 2020, the coronavirus has hit the world, drastically changing our common sense and lifestyle as well as trade and customs. The OECD (Organization for Economic Co-operation and Development) collected the agreed views of 137 member countries. It explained the arm's length principle and application of the OECD Transfer Pricing Guidelines for specific facts and issues that may arise in the Covid-19 situation and a comprehensive framework related to BEPS (Base Erosion and Profit shifting) in the 'Transfer Pricing Guidelines in the Covid-19 Pandemic Situation (Dec 2020)'. Even in the the COVID-19 pandemic situation, in principle, the 2017 OECD Transfer Pricing Guidelines (OECD TPG) for multinational companies and tax authorities should be applied, and **1) comparability analysis, 2) losses and the allocation of COVID-19 specific costs, 3) government assistance programs, and 4) advanced pricing agreements "APA"** need to be considered. We will guide you sequentially on how to apply these in each situation. In this issue, we will introduce the **government support program**.





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Government assistance is a financial or non-financial program that is provided directly or indirectly to taxpayers by government agencies or public institutions through subsidies, incentives, tax relief, debt relief, or investment approval. During the COVID-19 pandemic, governments have tried to support workers who are facing reduced employment opportunities and income, and businesses that have been hit by a decline in business activity, while controlling public health and the spread of the virus.

The conditions of government assistance programs related to COVID-19 need to be considered when determining the potential impact of these programs on controlled trade and when comparing the impact to the conditions of other existing assistance programs. For example, many COVID-19 assistance programs are designed as temporary assistance to preserve businesses as an ongoing concern, and their impact on transfer pricing analysis may differ from the impact of ongoing assistance programs that may last for several years.

Since government intervention should be considered as a condition in a particular country's market, those receiving government support are considered part of the economy, and those who run the market may be part of the figure. Government support, either directly or by analyzing figures for the domestic market, should provide guidance regarding the application of transfer pricing. When applying for government assistance, the following must be considered:

- whether the receipt of government assistance provides a market advantage to  
The recipient
- the amount of any increase in revenues, decrease in costs, vis-à-vis those of reliable comparable, that are attributable to the government assistance received, and the duration of the assistance
- the degree to which benefits of government assistance, at arm's length, are passed on to independent customers or suppliers





- where benefits attributable to government assistance exist and are not fully passed on to independent customers or suppliers, the manner in which independent enterprises operating under similar circumstances would allocate such benefits between them.

\*Source: GUIDANCE ON THE TRANSFER PRICING IMPLICATIONS OF THE COVID-19 PANDEMIC © OECD 2020

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*FTA and import/export practical business guide*  
**Guidelines on FTA-related changes in 2023**

**1. Matters related to Korea-Indonesia CEPA and RCEP**

- The Comprehensive Economic Partnership Agreement signed by Korea and Indonesia is scheduled to take effect on January 1, 2023.
- Indonesia's RCEP is scheduled to take effect on January 1, 2023.

**2. When issuing certificates of origin related to the Korea-China FTA, quantity unit codes are agreed.**

- As the quantity unit has been agreed to be used as shown in the table below, prohibited marks cannot be used when issuing the certificate of origin.



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No.	Quantity	Definition of Quantity Unit	Quantity Unit (Korean)	Examples of Prohibited markings or similar notation
1	2U	Pair	쌍, 켄레, 족	PA, PAI
2	BAG	Bag	가방	BG, BA
3	BLL	Barrel	배럴	BA, BAL
4	BOX	Box	박스	BX
5	BTL	Bottle	병	BO, BOT, BV
6	CAN	Can	캔	CA
7	CT	Carton	카톤, 케이스	CTN, CS, BR
8	DRM	Drum	드럼(drum)	DR, DM
9	DZ	Dozen	더즌(dozen, 12개)	DZN
10	EA	EA	개	
11	GLI	UK gallon	갤런(3.74581 dm3, US)	
12	GLL	US gallon	갤런(4.54062 dm3, UK)	
13	GR	Gram	그램	GRM
14	GT	Gross Ton/long ton	그로스 톤, 롱톤	
15	KG	Kg	킬로그램	KGS
16	KMT	Kilometer	킬로미터	KM, KT, KL
17	L	Liter	리터	VI, LT, LTR
18	LBR	Pound	파운드	LB, PN
19	M	Meter	미터	MTR
20	M2	Square meters	square meters(제곱미터)	SM
21	M3	Cubic meter	입방미터	CBM
22	PC	Piece	피스(Piece)	PCS, PCE, PSC
23	PKG	Pack, Package	팩키지(Package)	PK, PH
24	RL	Roll	롤(Roll), 코일(Coil)	RO, CL, CX, ROL, LAN
25	SET	Set	세트(Set)	ST
26	SF	Square feet	제곱피트	
27	SH	Sheet of Paper	매	
28	TNE	Metric ton	1,000Kg(Metric Ton)	MT, TN
29	TU	Thousand unit	천개	
30	U	A unit	개,본,매,두,필,대,량,기,척,착,갑	UN, 1B, MR, NO, PL, OU
31	YD	Yard	야드	

※ Notes

1. Enter the quantity unit by referring to the definition of quantity unit in Korean and English.
2. Quantity units exemplified by the similar notation method cannot be used.
3. If there is no quantity unit that the exporter wants to use, convert it to the example quantity code and enter it.

☞ Example: ① 100CM → 1M, ② 100VI(10,000ml) → 10L

### 3. HS2022 change related to RCEP

When issuing the RCEP certificate of origin next year, careful attention needs to be given since the enforcement rule of the Act on Special Cases of the Customs Act for the implementation of free trade agreements is scheduled to be revised to change the item number of goods to the HS2022 standard on the origin determination standard under the Regional Comprehensive Economic Partnership Agreement.

### 4. Important Notices for Determining Criteria for Country of Origin by Item for Apparel from ASEAN (Indonesia)

Recently, since the agreement among Asean countries took effect, determining criteria for country of origin for each item can be different depending on the applicable agreement even if the production country is the same.

In particular, ASEAN-Korea FTA clothing is recognized as a product of origin(CTC+SP) only when processing processes such as cutting and sewing are required when selecting the criteria for a tariff classification change, but the cases that processing process standard (SP) is not indicated on the certificate of origin issued by the Indonesia Customs Office in all agreements are occurring. The criteria for determining the country of origin for each general item of apparel and apparel accessories by agreement applicable to ASEAN countries are shared as follows.

agreement	PSR for Clothing and clothing accessories(61, 62)	Remaks
Korea-Asean FTA	At least needs to satisfy one 1) 2 digit change in tariff classification criteria +criteria for processing (cutting and sewing) 2) percentage of RVC(regional value content) over 40%	
Korea-Singapore FTA	2 digit change in tariff classification criteria +criteria for processing(cutting and sewing)	
Korea-Vietnam FTA	At least needs to satisfy one 1) 2 digit change in tariff classification criteria 2) percentage of RVC(regional value content) over 40%	procedure deleted Revised on 8.1.22
RCEP	2 digit change in tariff classification criteria	
Korea-Cambodia FTA	At least needs to satisfy one 1) 2 digit change in tariff classification criteria 2) percentage of RVC(regional value content) over 40%	Scheduled to be in criteria effect on 12.1.22
Korea-Indonesia CEPA	2 digit change in tariff classification criteria	to be in effect





## *Contents and Opinion of Customs Trade Revision*

# **Partial Revisions on Notice for Import Clearance Process**

### **1. Major Revisions**

- Expansion of e-submission of attached documents for import customs clearance (Article 15)
- Allows electronic submission of attached documents for exemption cases with low import declaration error rate and low practical benefit of examination.
- \* Target goods subject to exemption for government use according to Article 92 of the Act, goods subject to small amount exemption according to Article 94 of the Act, goods subject to re-export exemption according to Article 97 of the Act, goods subject to reduction or exemption according to the aviation agreement
  
- Expand the maximum amount for which the simplified tax rate can be applied (Article 55).
- value less than 5 million won -> less than 10 million won
- ※ Provide the expedited customs clearance for travelers' carry-on items with the expansion of the limit for which the simplified tax rate can be applied. This is to reflect the increase of national per capita income as well as the rise in prices since the revision in the year 2000.



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**[ PROFILE ]**

- Shinhan Customs
- Customs refund
- Import/Export  
Customs Clearance
- Item classification

- Rationalization of the criteria for combined taxation of e-commerce goods (Article 68)
- Deletion of the criteria for combined taxation of goods on the same date of entry in order to resolve an irrational situation in which a buyer is subject to combined taxation even though he or she has no intention of avoiding tax.
- Clarification of the criteria for self-use approval in accordance with Article 45, Paragraph 2, Subparagraph 1 of the Enforcement Rules of the Customs Criteria for self-use in [11].
- It is necessary to give the clear information that for exemption of confirmation of necessary conditions, the prescription from the 'domestic doctor' needs to be submitted to reflect the guidance on handling principle of special clearance 47200-458(2002.7.12) and replies from the Ministry of Food and Drug Safety.
- When the unit of the volume or weight of the perfume is different (e.g., 60mg, 2oz, etc.) and if the volume converted to 'ml' is less than 60ml, it is approved for self-use.
- Correction of regulations inconsistent with Customs Act Content and Actual Business processing procedures (Articles 7, 26, and 40)
- Changed 'After Entry' to Korea -> 'After Arrival' to Korea so that the time of import declaration subject to exclusion of import declaration before arrival coincides with Article 249 of the Enforcement Decree
- Changed the subject of customs clearance pending according to Article 26 of the Import Notice to match with Article 237 of the Customs Act.
- Import department handed over the computerized print list of received details to the review department on the next day of the receipt of the goods subject to post-tax assessment-> Only cases with attached documents submitted as paper documents are transferred
- Change in payment bill form (Variation No. 5, No. 8)
- Reflect the change in Penalty tax rate for late payment (0.025% -> 0.022%)

according to the revision of the Enforcement Decree of the Customs Act (Feb. '22)

## **2. Effective date**

11. 17. 2022

## **3. Opinion on Amendment**

Article 38, Paragraph 2 Proviso: Goods subject to preliminary tax assessment prescribed by Ordinance of the Ministry of Strategy and Finance require paper documents to be submitted when making an import declaration, but the goods subject to above 4 cases can submit the necessary documents electronically.

Items subject to tax imposition notice, such as traveler's carry on items and unaccompanied items, for which the taxable value of one or a group exceeds 5 million won were excluded from the application of the simplified tax rate. However, in consideration of inflation, the limit was increased to KRW 10 million to ensure rapid customs clearance flow.

Related regulations have been deleted to avoid a situation in which the same goods on the date of entry are collectively taxed even if there is no intention of tax avoidance, thus do not receive customs exemption pursuant to subparagraph 4 of Article 94 of the Act.

In the case of drugs of concern for misuse or abuse, such as Viagra, customs clearance is allowed only in the quantity specified in the prescription from a domestic doctor, and the situation in which the volume and weight display units of perfume are different is reflected.

Regulations that do not match the contents of customs laws and actual business processing procedures have been arranged, and the changed penalty tax rate for late payment has been described on payment receipts and payment bills.

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