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**ZOOM
IN
TRADE**

SHINHAN Customs Service Inc.

 **Where Is Grace Chang?**

03 ... Arirang*

 **Analysis on Recent Customs Judicial Precedent**

06 ... Should the Cover Glass be Classified 'As Other Safety Tempered Glass with Thickness of 8 millimeters Or Less' (HSK No. 7007.19-1000) or 'Parts of Display Module' (HSK No. 8529.90-9990)

 **HS case solved by logic**

09 ... CPU Cooler Item Classification

 **FTA and import/export practical business guide**

13 ... Guide to Certification of Korea-Vietnam Certified Exporters and Issuance of Certificate of Origin

 **Contents and Opinion of Customs Trade Revision**

15 ... Amendments to the Customs Act, Enforcement Decree, and Enforcement Regulations in Tariff Exchange Rate



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“Arirang Arirang Arariyo, Over the Arirang pass you are going.

The one who leaves me won't pass 10 li before his feet ache.”

(Li is a unit of distance. It is about 0.4 km)

'Arirang' is a traditional Korean folk song that has been handed down and recreated orally. Although Jeongseon, Miryang, and Jindo Arirang are called the three major Arirangs, there are over 3,600 Arirangs in about 60 styles with different rhythms, beats, and lyrics, not only in Korea but also in many parts of the world where our Korean people live.

There are various interpretations of the origin and meaning of Arirang. Among them, [Arida is a pain like heartache](#), and [Sseuirang is related to bitterness](#).

In the history of Joseon, people's lives were hard. They suffered from the tyranny of the corrupt government officials and were chased by the invasion of foreign enemies. [Carrying households on the back and the head, and carrying children, they drifted to the end of the mountain valley and the seashore.](#) Arirang came from the condensed bitter and painful experience of such refugee life. 'The one who leaves me won't pass ten ri before his feet ache.'

Analysis on Recent Customs Judicial Precedent covers 'Should the Cover Glass be Classified 'As Other Safety Tempered Glass with Thickness of 8 millimeters Or Less' (HSK No. 7007.19-1000) or 'Parts of Display Module' (HSK No. 8529.90-9990)', and HS case solved by logic reports 'CPU Cooler Item Classification' and FTA and import/export practical business guide is 'Guide to Certification of Korea-



Vietnam Certified Exporters and Issuance of Certificate of Origin'. In addition Contents and Opinion of Customs Trade Revision is 'Amendments to the Customs Act, Enforcement Decree, and Enforcement Regulations in Tariff Exchange Rate'

The global economy is said to be in crisis. Since the Cold War, which was formed mainly by the United States and the Soviet Union, ended 30 years ago and as the Berlin Wall fell, the world appeared to unite as one. It was hoped that hostile relations between nations would be resolved with the collapse of the symbolic wall. Everybody desired and wished for a peaceful settlement of conflicts between all regimes, territories, resources, religions, and ideologies in the world. But the end of the [Cold War was not the real end](#). The greed that had gone under the surface for the time being simmered. The new Cold War era started again. Conflict escalated and eventually war broke out.

It starts with just a few people that create competition and deepen division. [They instigate people around them for their greed and form gangs](#). When a few who have such a leadership position make the wrong decision, it can lead to a great tragedy. Haven't all the wars been like that? Wars between nations, ethnic groups, tribes result in the damages in possessions and the materials, but the worst part is [the innocent lives are getting hurt](#). [Their desire to expand their territory and land was the beginning of wars](#).

"As the enemies landed on the coast, refugees flocked inland. Conversely, inland refugees descended toward the southern waters. Refugees from both sides met on the road and inquired about where they left each other. Hiding places were nowhere to be seen, but they were going somewhere with all their might. It appeared that it was only a comforting thing that they were going somewhere..""** (Song of the Sword, Hoon Kim, Munhakdongne, 2012)

We are entering a crisis situation again. A lot of people will have to walk hard and painful steps. [Even if people blinded by greed have created this situation, it is all of us who have to walk through it](#). We don't know how many painful steps we have to walk. However, [the best way to make it is to walk without falling and to get up again even if you fall](#). Furthermore, [we can reach out to the people standing next to us so that they can go together until we reach the end](#). This is something we can do.

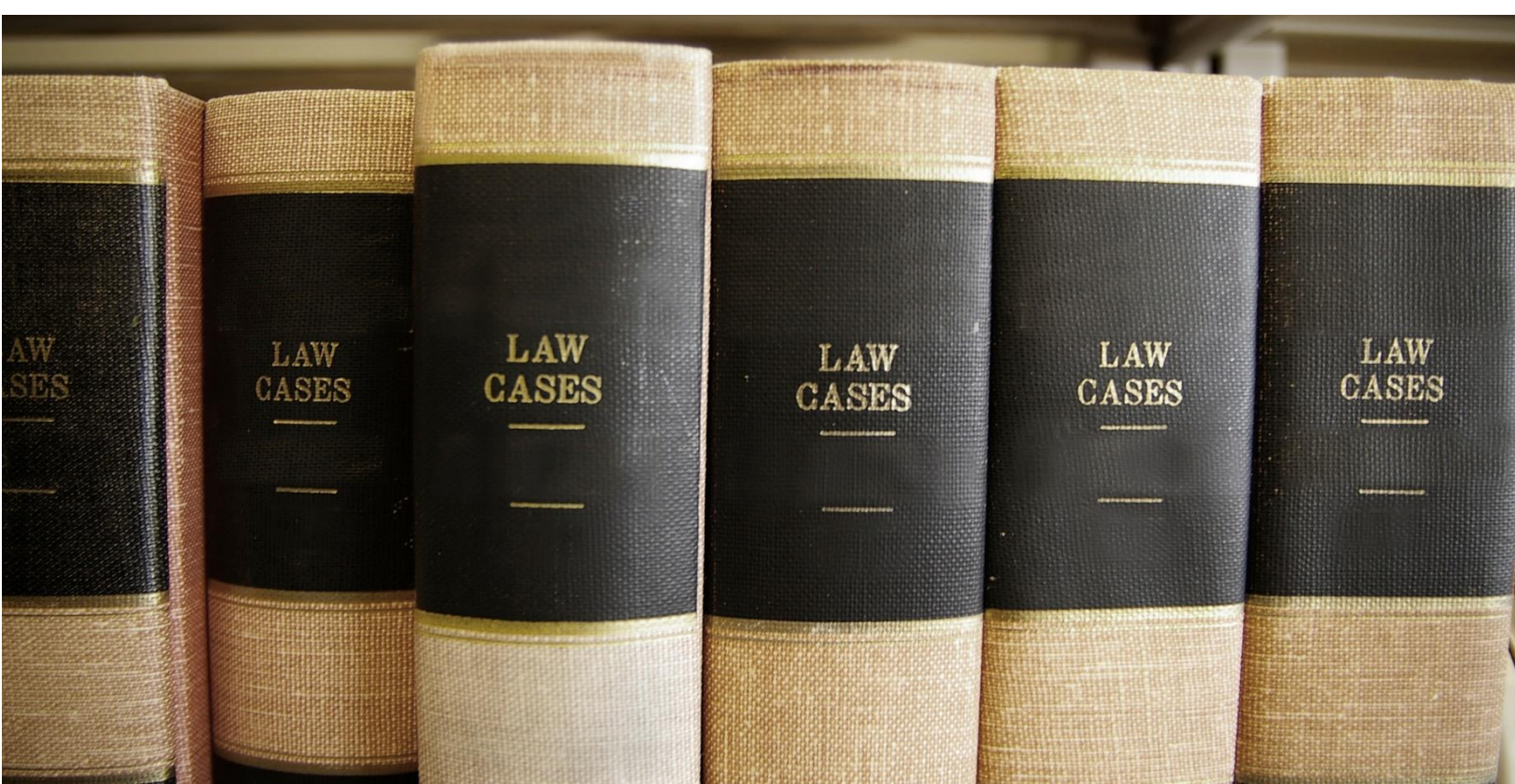


Whoever compels you to go one mile, go with him for two miles..." (Matthew 5:41)
Even if a crisis comes again, if we go together, the day of peace will come one day.
Someday...

I hope that there will be days you give your shoulders to the ones who have heartaches and pain.
Thank you

* Wikipedia, Arirang, <https://en.wikipedia.org/wiki/%EC%95%84%EB%A6%AC%EB%9E%91>

**Kim Hoon, Song of the Sword (Seoul: Munhakdongne, 2012), 48



Analysis on Recent Customs Judicial Precedent

Should the Cover Glass be Classified 'As Other Safety Tempered Glass with Thickness of 8 millimeters Or Less' (HSK No. 7007.19-1000) or 'Parts of Display Module' (HSK No. 8529.90-9990)

[Facts]

A. From April 4, 2019 to December 27, 2019, the claimant imported Cover Glass (hereinafter referred to as "the item in question") from OOO located in Hong Kong, and reported as No. 7007.11-1000 (Tariff rate 8%) on the Comprehensive Statistical Classification Table (hereinafter referred to as "HSK") and No. 7007.19-1000 ["Free Trade Agreement between the Government of the Republic of Korea and the Government of the People's Republic of China" (hereinafter referred to as "Korea-China FTA") "] and the agreed tariff rate of 5.6%]. The disposition agency accepted it



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B. On July 21, 2021 and July 27, 2021, the claimant claimed that the item in question was a 'part of the display module' of HSK No. 8529.90-9990 (0% concession duty rate), and filed a claim for reassessment to the disposition agency to seek a refund of the total of 000 Won for customs duties and 000 Won for VAT, but the disposition agency rejected each claim on September 2, 2021.

C. The item at issue is a processed glass cover to be used in the digital dashboard panel for a vehicle. It is an item that protects the screen from foreign objects getting inside of the panel screen or scratches from outside on the screen of the display panel. It is a TAC film (AG·AR·AF coating treatment) pressed and bonded to the tempered glass with a thickness of 8 mm or less with BM printed on the side and the rounded edge.

[Issues]

The issue is whether the item in question be classified in HSK No. 7007.19-1000 as 'other safety tempered glass with a thickness of 8 mm or less', or should it be classified in HSK No. 8529.90-9990 as 'part of a display module'.

[Decision point]

The products in question appears to be processed with chamfered process on tempered glass and with printing [BM (Black Matrix) printing, part number, manufacturing date printing], special coatings [AF (Anti Finger), AR (Anti-Reflection), AG (Anti-Glare), which are beyond the scope of tempered glass of heading 7007.

In addition, the price of film, which plays the role of AF, AR, and AG, accounts for 67% of the cost of the item in question in the price composition of the item in question.

Also, it is difficult to see it as the processing required for general tempered safety glass.

The Customs Service Classification Service classifies the LCD module of the dashboard panel for vehicles as other monitor parts (HSK No. 8529.90-9990), and separately describes the products in question in the function of each component. The process of BM printing, AF coating process, etc. were done and it is attached to the LCD module and appears to perform the essential functions of other monitors, the item at issue can be considered to have lost the characteristics of tempered glass due to additional processing on the item made of tempered safety glass to be dedicated to a specific vehicle monitor. Therefore, it seems reasonable to classify it in HSK No. 8529.90-9990 according to the provisions of General Rules Nos. 1 and 6. The disposition agency rejected the request for reassessment as it regarded the item in question as tempered safety glass, and it is judged that the disposition was in error. The refusal for reassessment claim for correction of customs duty of 000 won and value-added tax of 000 won made by the the head of the 000 customs office on September 2, 2021 to the claimant is canceled.



HS case solved by logic **CPU Cooler Item Classification**

1. Overview

The CPU (Central Processing Unit), the brain of a computer, consumes a lot of power and generates a lot of heat as it is a device that performs complex calculations. If the temperature of the CPU becomes excessively high, the processing power of the CPU decreases and it may even malfunction. Therefore, a CPU cooler is essential. Typical cooling methods for CPU coolers include air cooling using fan rotation and water cooling using cooling water circulation. Depending on the cooling system, the HS CODE differs.



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2. Item Classification cases

(1) HS CODE classification cases

HS	No.8414.59-2000	No.8419.89-9020
Tax Rate	Basic tax rate 8% WTO agreement tariff 1.6%	Basic tax rate 8%
Terms in subparagraph	Microprocessor, telecommunication equipment, automatic data processing machine or Unit equipment of automatic data processing machines (No. 8471, No. 8443.31, No. 8443.32, No. 8528.42, No. 8528.52, No. 8528.62) Used exclusively or mainly for cooling	cooler
Requirements	Subject to confirmation by the customs officer (electrical appliances and Household Goods Safety Management Act)	none

(2) Examples of classification of air-cooled coolers

① Existing cases of classification (before the notice of change)

Under Tariff Table No. 8419, "Machinery, equipment, and laboratory equipment [including electric heating type, laboratory use (excluding furnaces and ovens and other equipment of heading 8514) but excludes generally used for domestic use] that treat materials by a method; Instant or storage water heaters that are not electrically heated" are classified. The same heading says, "This heading covers machinery and equipment that are made only to make a change in temperature, or machinery and equipment that are designed to put materials (solid, liquid, gas) in the heating and cooling processes to cause the material to deform as a result of a change in temperature [e.g., heating, cooking, roasting, distillation, refinement, sterilization, steam, evaporation, condensing, and cooling processes." For the "(I) Heating/cooling facilities and machines", it explains, "This group includes equipment generally used for simple processing of materials by heating, boiling, cooking, concentration, evaporation, vaporization, cooling, etc. in many industrial fields."

In the Tariff Table No. 8414, "a gas pump or vacuum pump, a gas compressor and a fan, a ventilation or circulation hood (with or without a filter) combined with a fan " is classified. In the commentary of the same number, the fan that is combined with other elements (large dust cones and filters, cooling or heating elements and heat exchangers, etc.) to "motor or housing giving these elements complex mechanical properties enough to be classified in different headings, such fan is excluded from this heading."

Therefore, since the product in question consists of a heat pipe, a heat sink and a fan integrally, and liquid metal acting as a refrigerant is contained in the heat pipe, as a device, it can be considered that it has mechanical properties. So it is considered as other coolers and is classified in No. 8419.89-9020 according to General Rules No. 1 and No. 6 on the interpretation of the tariff rate table [Item Classification 4-10561(Enforcement Date: 08-05-2019)]

② Case of change of item classification (after notification of change)

The fan circulates the air and pushes the hot air out from the computer. The Main function is in the cooling fan so it is classified as No. 8414.59-2000 (Decision of the 2nd Customs Classification Committee in 2022) [Customs Notice No. 2022-13, 3. 31.2022]

(3) Examples of classification of water-cooled coolers

Under Tariff Table No. 8419, "Machinery, equipment, and laboratory equipment [including electric heating type, laboratory use (excluding furnaces and ovens and other equipment of heading 8514), but excludes generally used for domestic use] that treat materials by a method; Instant or storage water heaters that are not electrically heated" are classified. The same heading says, "This heading covers machinery and equipment that are made only to make a change in temperature, or machinery and equipment that are designed to put materials (solid, liquid, gas) in the heating and cooling processes to cause the material to deform as a result of a change in temperature [e.g., heating, cooking, roasting, distillation, refinement, sterilization, steam, evaporation, condensing, and cooling processes."

Therefore, since the product in question is a product that cools the heat generated by the CPU through cooling water, it is considered as other coolers and is classified in No. 8419.89-9020 according to General Rules No. 1 and No. 6 on the interpretation of the tariff rate table. [Item Classification 4-5066 (Effective Date: 07-27-2020)]

3. Classification review

(1) Air-cooled coolers

Prior to the notification of change of air-cooled coolers, if the fan is connected to a heat pipe, heat sink, etc. and contains liquid metal acting as a refrigerant, it was judged to have complicated mechanical properties and was excluded from No. 8414.classification. But the item classification committee decided that the main function of the article was the cooling fan.

The description of the fan is in the commentary of No. 8414, and the term of the heading also mentions the cooling function, so the air-cooled cooler whose main function is a cooling fan is classified as No. 8414.59-2000.

(2) The description of the water-cooled cooler

No. 8419 has the explanation for the machinery and equipment manufactured to put the material into the cooling process as a result of the temperature change, and since the term of the heading specifies the cooler, water-cooled coolers are classified as 8419.89-9020 as other coolers.

4. Qualifications

Blowers and electric cooling fans that fall under Requirement No. 8414.59-2000 are subject to confirmation by the head of the customs office in accordance with the Electrical Appliances and Household Products Safety Management Act, but when they are special structures attached to machinery and equipment, they are exempt from the subject to confirmation by the head of the customs office. In other words, if the CPU cooler is not used independently and is properly manufactured as a part of the machine, customs clearance is possible. In addition, when import declaration for goods falling under No. 8414.59-2000, the rated voltage must be stated, so it is necessary to check this in advance.



FTA and import/export practical business guide
**Guide to Certification of Korea–Vietnam Certified
Exporters and Issuance of Certificate of Origin**

1.Overview

As of August 1, 2022, the HS base year of the Korea-Vietnam FTA for each item of origin (PSR) was changed from HS2012 to HS2017. Accordingly, applications for certification of certified exporters and issuance of certificates of origin for the Korea-Vietnam FTA must be based on HS2017.



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2. Origin Certificated Exporter Certification Requirements by Item

In order to alleviate the burden of new certification for companies whose certified tax number is changed due to the conversion of HS base year for PSR, the Korea Customs Service will voluntarily check whether the company meets the certification requirements of exporters with certification of origin by item. If the company reports a change in certification details by October 31, 2022, the company can maintain the certification.

- (1) If the certified tax number (HS2012) and the tax number on HS2017 standards are different, please file a change notification (HS-PSR). (Sheet 2)
- (2) The certified tax number (HS2012) and the tax number on HS2017 standards are the same, there is no need to report separately.

※ The notification of changes in certification details due to HS base year conversion can be downloaded at 'Customs FTA Portal (www.customs.go.kr/ftaportalkor/main.do) → FTA Data Room → FTA Form Collection → Korea-Vietnam FTA, Changes in Certifications of Certified Exporters by Item.

3. Application for issuance of Certificate of Origin

Since August 1, '22, the Korea-Vietnam Certificate of Origin must be issued based on HS2017, so companies applying for the Certificate of Origin must check the meeting the country-of-origin requirements in accordance with HS2017 tax number before applying for issuance.

Companies exporting to Vietnam are requested to report changes in certification details within the due date to avoid any disadvantages when applying for issuance of the Certificate of Origin in the future

Any companies who have any difficulties in certification of certified exporter or issuance of certificate of origin need to get the help from the main tax office of export-import enterprise support center.



Contents and Opinion of Customs Trade Revision

Amendments to the Customs Act, Enforcement Decree, and Enforcement Regulations in Tariff Exchange Rate

1. Reason for revision

- A price increase of imports of raw materials and products due to the Russia-Ukraine war, the rebound of Covid-19.
- After the revision, the foreign exchange rate is set about 1% lower than the tariff exchange rate compared to the current foreign exchange selling rate to support economic activities of domestic companies and promote trade.



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2. Revisions

- Changing the foreign exchange selling rate to the base exchange rate or the arbitrage rate (Article 18 of the Customs Act)

The purpose is to alleviate the economic burden of domestic companies by changing the base exchange rate or the arbitrage rate set below the foreign exchange selling rate.

- Change of foreign exchange purchase rate to base exchange rate or arbitrage rate (Article 246 (6) of the Enforcement Decree of the Customs Act)

In order to support the economic activities of exporting companies, the foreign exchange purchase rate is also changed to the base exchange rate or arbitrage rate. Accordingly, the export and import exchange rates calculated on the same basis are calculated as the same value.

- Changed the foreign exchange business handling agency to a foreign exchange brokerage company, and changed the telegraphic exchange selling rate to the base exchange rate or the arbitrage rate (Article 1-2, Paragraph 1 of the Enforcement Regulations of the Customs Act).

The entity has changed from a foreign exchange agency that announces foreign exchange sales and purchase rates to a foreign exchange brokerage company pursuant to Article 9 (2) of the Foreign Exchange Transactions Act. Thus, the tariff exchange rate follows the base exchange rate announced every day from Monday to Friday of the week preceding the week in which the date under Article 17 of the Act falls or the average tax exchange rate instead of the tariff exchange rate based on the telegraphic exchange selling rate.

3. Effective Date

September 18th, 2022



4. Revision Opinion

This law was amended to alleviate the economic difficulties of domestic companies caused by external factors such as a sharp rise in the dollar exchange rate. It is believed that this will yield positive outcomes in trade.

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