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SHINHAN Customs Service Inc.



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“Lord, give us grace. Thus please grant us the calmness of accepting things that cannot be changed, the courage to change the things we can change, and the wisdom to discern between the two.”*

The title of the book written by the late U.S. President John F. Kennedy while he was a senator is ‘Profiles of Courage’**. This book is about eight American politicians who made courageous decisions and took brave actions. They were the **people who courageously put what they believed was right into practice**. They courageously stood up for what they believed was right, not for their own political future but **for the lives of future descendants**. They **acted for the citizens of the country as a whole, not for the sake of the interests and strategies of their party or for the group that supported them**. In the end, because of their courageous actions, they suffered severe criticism and lost popularity on the political front, and even their families had financial hardship.

Ideal and Reality for this month is ‘Annual seminar and training plan for the year 2024.’, Analysis on Recent Customs Judicial Precedent covers ‘Whether the item at issue should be classified under HSK No. 8424.30-9000 as a jet sprayer similar to a jet sprayer of steam or sand, or as another device and classified under HSK No. 8424.89-9000 (Tax Tribunal 2022 Subsection 0156)’, and HS case solved by logic reports ‘Item Classification of ADAPTIVE PRESSURE CONTROL VALVE’and Global Customs Insight is ‘Submission of Vietnam’s Liquidation System and Settlement Report’, and FTA and import/export practical business guide is ‘Korea-UK FTA extends EU material accumulation criteria and exception

regulations to EU direct transport principle', Contents and Opinion of Customs Trade amendment Covers 'Partial Amendment of the "Notice on Customs Clearance of Travelers' and Flight Attendants' Carry-On Items"

What is courage? Courage is the confidence to make things happen. In other words, [it is the mindset to overcome fear and do what you want to do or what you think is right](#). To do anything, you have to overcome fear. In order to do anything, you must overcome the fear of uncertainty of the outcome.

Also, [the work must be meaningful and valuable](#). There must be a noble value that sustains from backing down because of the pain, risk, or intimidation that will be incurred by taking on the challenge and proceeding. However, are noble values limited to saving a country or creating great works of art? [Accepting who I am now and living actively and positively in various situations](#) is also an important value and courageous thing to do. More than anything, [trying to contribute to the community I belong to](#) is a noble value and courage.

We belong to a community. [Even if there are only two people, 'you and I', a society is formed and a small community is born](#). One psychologist said 'The community includes not only the home, school, workplace, and neighborhood, but also the nation and humanity, as well as the time axis from the past to the future, and even animals, plants, and inanimate objects are included in the community'. The community we belong to [includes literally 'All things'](#).***

We belong to many communities, large and small. I am the protagonist of my life, but I am not the center of the world. I am part of a community, part of the whole. 'Others' who belong to the community are my friends. My friends in the community are not my competitors, so I bless their happiness. [When I let go of my obsession with myself \(self-interest\) and replace it with the interest of the community \(social interest\), I become someone who can help others and is beneficial to the community](#).

Psychologists say '[Someone has to start](#).' Even if others don't cooperate, it's none of your concern. Start it with you. Don't think about whether other people are cooperative or not...'



Courageous people selected by President Kennedy were [politicians who put aside their own greed \(self-interest\)](#). They took the lead for the greater community. Politics that follows party lines or only looks at the interests of the groups that support oneself must change. Those politicians [had the courage to change what they could, and started first](#).

[I hope and wish for a person who has the courage to raise his hand and speak out for the country and for the people to be elected as a member of the National Assembly](#). Even though they don't have the wisdom to discern between coolness and courage.... Is there anyone who has the courage to admit their mistakes, apologize, and not fall into collective egoism? How many courageous candidates are there who will not be obsessed with themselves and greed for the benefit of the community? [Let alone courage.... I wish it wasn't just dogfights \(泥田鬪狗\)](#).

["Lord, give us grace. Thus please grant us the calmness of accepting things that cannot be changed, the courage to change the things we can change, and the wisdom to discern between the two..."](#)

Thank you.

*Carl Paul Reinhold Niebuhr, [Reinhold Niebuhr \(r6 version\) - Namu.wiki](#)

**John F. Kennedy, Profiles of Courage, 2001.01.25, <https://product.kyobobook.co.kr/detail/S000001127975>

***Kishimi



Ideal and Reality

Annual seminar and training plan for the year 2024

SHINHAN Customs Corporation's training for client companies in 2024 is planned to be conducted in three ways: ① monthly training by inviting client companies, ② customized training by visiting client companies, and ③ holding seminars four times a year for each issue.

Your interest and participation is greatly appreciated. If the schedule changes, we will notify you in a timely manner.



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1. Monthly training plan for client companies by invitation (free of charge for clients, with charges for non-clients)

- We plan to provide training for approximately 2 hours every month to the staff in charge of our client companies. (With charges for Non-clients)

Date (scheduled)	Training Topics
<ul style="list-style-type: none"> ○ Busan: April 17 (Wednesday) ○ Seoul: April 18 (Thursday) 	This is how you start managing your FTA! (Basic & origin management)
May 22nd (Wednesday)	What EUDR and CBAM exporters need to prepare
June 19 (Wednesday)	Country of origin labeling system and decision (Foreign Trade Act)
July 10th (Wednesday)	Import/export permits and approvals for corporate risk management
Wednesday, August 28	Refund practice and understanding to improve ability for customs refund practice
<ul style="list-style-type: none"> ○ Busan: Wednesday, September 25 ○ Seoul: Thursday, September 26 	Customs administration and customs law revisions that change in the year 2025
Wednesday, October 23	Main precautions for customs investigation
Wednesday, November 20	Tariffs and import/export customs clearance standard business procedures and usage tax rates
December 11 (Wednesday)	Item classification trends and notice revisions

2. Conduct customized training by visiting client companies (with charges for client companies)

- If the company requests on-site training for a company's import/export, marketing, or accounting staff, two customs brokers will give seminars on the topics requested in advance for 2 hours of training and 1 hour of Q&A.

- Actual expenses will be charged considering the preparation of training materials and business trips in advance.

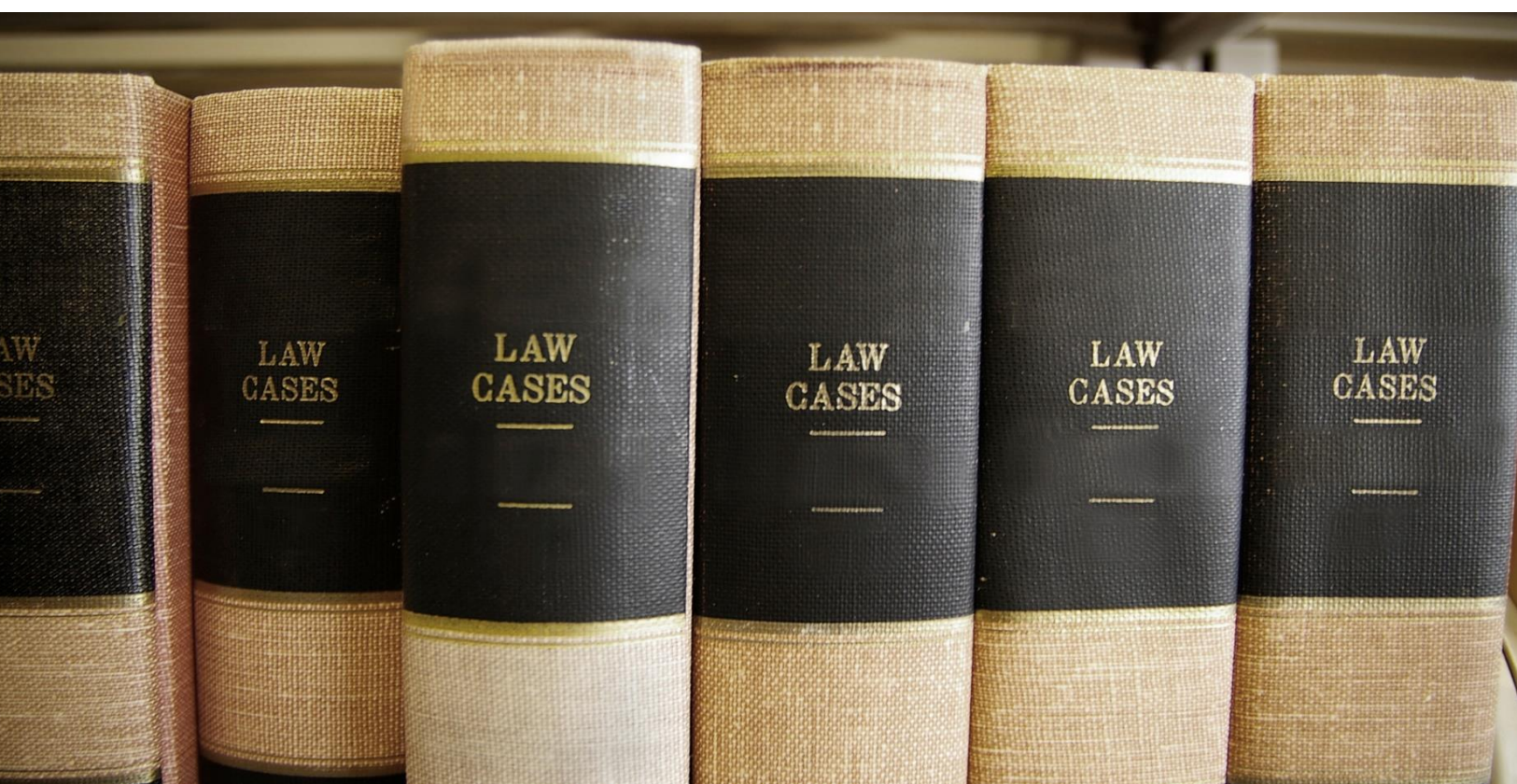
- Examples of training requests are as follows:

division	subject
customs clearance	Import and export customs clearance practices, rules of origin, tax rates, customs value, Strategic materials, item classification, import/export permits and approvals (Food Sanitation Act, Radio Transmission Act, etc.), etc.
FTA	Certified exporter system, origin determination, origin management, system, verification, etc.
AEO	Public certification, follow-up management, comprehensive review, etc.
Refunds	Refund procedure, method of calculating required amount, etc.
screening	Customs valuation, transfer pricing, ACVA, risk management for foreign exchange transaction law, etc.

3. Hold seminars for each issue 4 times a year (free of charge for clients, with charges for experts)

We hold seminars that are appropriate for the time on customs issues that can respond to changes in the external economic environment every quarter.

Last February, we held a seminar that compares overseas direct purchasing in Korea, the US and Japan. In April, we plan to hold a seminar on the difficulties faced by companies on how to properly operate the quota tariff system that has recently been implemented due to price instability.



Analysis on Recent Customs Judicial Precedent

Whether the item at issue should be classified under HSK No. 8424.30-9000 as a jet sprayer similar to a jet sprayer of steam or sand, or as another device and classified under HSK No. 8424.89-9000 (Tax Tribunal 2022 Subsection 0156)

1. Facts

1) The claimant company imported a high pressure washer (hereinafter referred to as the item at issue) from China and classified it as Heading No. 8424.30-9000, considering it as a 'steam or sand sprayer and other similar jet sprayers'. The claimant company imported 23 cases from 2017 to 202 by applying the agreed tariff rate of 0% in accordance with the Korea-China FTA.

The item at issue is a product designed to convert low-pressure water into high pressure (up to 170 bar) and spray it using a power motor and piston-type plunger pump, and is used at construction sites, building exterior walls, car washes, small factories, and home gardens. This is an item used to perform various cleaning tasks by spraying high-pressure water.



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2) Around September 2021, the Disposal Office told the claimant corporation to make the **correction report on the tax shortage due to error in item classification report** since the item at issue is classified as 'other devices' under HSK Heading No. 8424.89-9000 (agreed tariff rate 3.2~5.6%).

- Claimant's claiming HS code: 8424.30-9000 Steam or sand sprayers and similar jet sprayers
- Disposal Agency Claiming HS code: 8424.89-9000 Other miscellaneous Devices

3) On October 28, 2021, the claimant company made the inquiry to the Director of the Customs Valuation and Classification Center for the item classification of the item at issue and received a reply from the Director of the Customs Assessment and Classification Center **stating that the HS code of the item at issue corresponds to HSK No. 8424.89-9000**. The claimant corporation **filed a revised return under HSK No. 8424.89-9000 and paid related taxes**.

4) The claimant corporation submitted the request to the disposition office **saying that the item at issue falls under HSK No. 8424.30-9000 (agreed tariff rate 0%) 'Steam or sand sprayers and other similar jet sprayers' and made the rectification request for refund of customs duties and value-added tax**, But **The disposition office rejects this** request.;

5) The claimant corporation **filed a request for judgment against the rejection**.

2. Issues

Whether the item at issue should be classified under HSK No. 8424.30-9000 as 'steam or sand sprayer and similar jet sprayer', or as 'other device' and be classified under HSK No. 8424.89-9000.

(Tax Tribunal 2022 0156 Decision [Issue] 2)

3. Judgment

A. According to General Rule 6 on the Interpretation of the Tariff Schedule, the claimant corporation stated that "For legal purposes, the classification of items in a subheading is determined in accordance with the terms of the relevant subheading and the notes in the relevant subheading, provided that only subheadings at the same level can be compared." Based on this, in heading 8424.30 "steam or sand sprayer and **similar jet sprayer**" is classified. **It is argued that not only gas or solid sprayers, but also articles that spray liquid, such as this product, should be classified under heading 8424.30, not 8424.89, in accordance with General Rule No. 6, considering that they have a similar jet spray function.** Regarding this claim, the Tax Tribunal responded that in the HS Explanation for Heading 8424, Group (A) explains items under Heading 8424.10, Group (B) explains Heading 8424.20, Group (C) explains Heading 8424.30, and Groups (D) and (E) explain Headings 8424.4 or 8424.8; **It is pointed out that jet sprayer is mentioned not only in group (C) but also in groups (B) and (D).** Thus, **it is difficult to conclude that the item at issue is classified in subheading 8424.30 simply because it is a jet sprayer.**

<Reference> Heading 8424 Commentary Group

(A) Fire extinguishers (regardless if it is filled with extinguishing agent)

(B) Spray guns and similar devices.

(C) Steam or sand sprayers and similar jet sprayers.

(D) Syringes, sprays and powder spreaders

(E) Irrigation system

B. The commentary for Heading No. 8424 (C) Group (Heading 8424.30 _ Steam or sand sprayers and similar jet sprayers) explains "These are used for controlling or cleaning the scale of metal products and for etching or putting the surface of glass or stone without gloss by the action of high-pressure jets of sand, metal abrasives, etc." On the other hand, the item at issue is a machine used to clean construction sites, building exterior walls, etc. by spraying high-pressure water. **It is judged to be significantly different from the products classified in Group (C) of this commentary in terms of main function and use.**

C. Group (D) of this commentary (syringes, sprays and powder spreaders) includes "hydraulic guns designed to dig out minerals from mountain ranges by powerful jets of water, and water jet bark strippers used in the paper industry.". **Since the item at issue is a machine for cleaning dust and dirt with water using the power of a high-pressure pump, it is similar to the hydraulic gun or water jet peeler using strong water spray as shown in Group (D).** **So the item at issue is judged to be 'other devices' and should be classified as HSK No. 8424.89-9000.**

Therefore, **there is nothing wrong with the disposition office rejecting the claimant corporation's request for correction** claiming that the classification of the item at issue was incorrectly applied and that customs duties, etc. were over-declared and paid.

4. Discussion

In this case, the most core issue related to item classification is whether the item at issue will go to "Jet sprayers similar to this" under Heading No. 8424.30 or "Other devices" under Heading No. 8424.89. To summarize, the claimant corporation claimed that the machine that jet sprays liquid at high pressure corresponds to other jet sprayers similar to steam or sand sprayers. It was argued that it should be classified under heading 8424.30 instead of other devices of subheading 8424.89 when considering the terms of subheading in accordance with General Rule No. 6. However, the tax tribunal considered the product to be different from the group (C) product in terms of its main function and use according to the commentary, and judged it to be similar to the hydraulic gun or water jet peeler of the (D) group, and classified it as Other 8424.89-9000.

Meanwhile, the claimant corporation filed an import declaration under this HS code, relying on the Commissioner of the Korea Customs Service's advance reply on item classification (8424.30-9000) announced in 1996 for the 'Jet Projecting Machine', which is similar to the item at issue. The claimant corporation argued that the announcement to change the item classification to 8424.89-9000 was not made until 2023, and dispositions made on goods imported before the announcement violated the prohibition of retroactive taxation and the principle of good faith. However, the Tax Tribunal said that the item classification prior review system **only binds the head of the customs office in terms of item classification in customs clearance procedures, and does not appear to be an administrative disposition that directly causes the applicant to acquire rights or bear obligations under public law.** It continues that **it is not a general binding legal order regarding the property rights or obligations of citizens.** Therefore, it was considered that there would be no room for the non-retroactivity principle of tax laws to be applied.

Although it seems simple at first glance, it is a precedent that clearly shows the issues related to ambiguous and difficult item classification. When classifying items, **in addition to the technical characteristics and functional use of the product, it is necessary to closely review the main regulations, terminology of the subheading, the HS commentary, the structure of the subheading, and existing item classification**

cases. Please note that even if there is a case where a pre-screening of item classification has been made for similar items, customs clearance is only binding on the contents of the pre-screening of item classification for the same product. If there is any doubt regarding item classification, **it is safest to use the item classification pre-screening system in advance before importing.** In addition, in the case of similar goods or other classification criteria when classifying HS items, as in this case, there are times when the terms and scope of inclusion may be interpreted and judged differently from general terms. To avoid the risk of item classification errors due to arbitrary classification, it is recommended to reduce risks by actively utilizing customs broker consultation or an item classification pre-screening system.



HS case solved by logic

Item Classification of **ADAPTIVE PRESSURE CONTROL VALVE**

1. Overview

Among the eight major processes in semiconductor manufacturing, drawing a circuit on a wafer is called a photo process, and erasing parts other than the essential circuit parts after the photo process is called an etching process. In the etching process, a chamber according to the size of the wafer is formed inside the etching machine, and a vacuum state is created to reduce negative effects such as impurity contamination. For this condition, the etching machine includes a vacuum pump and a controller to control it.

The item to be covered in this article is Item Classification Change Notice No. 2024-4, the Adaptive Pressure Control valve installed between the vacuum chamber and the vacuum pump.



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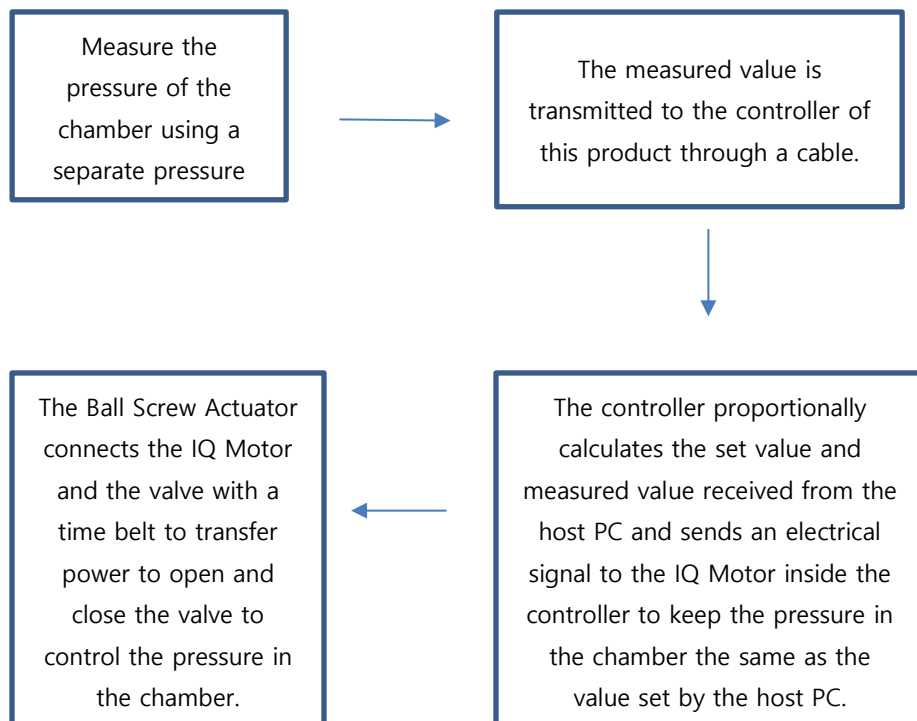
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2. Item classification review

(1) How it works (Item Classification Category 4-3650 cited)

This item is a combination of the main body including the valve body, gate assembly, O-ring, etc., and the controller section consisting of an electric motor and ball screw actuator.



(1) HS CODE for consideration

HS CODE	8481.80-1010	9032.20-0000
designation	Other electrically operated valves	manostat
tariff	Basic tax rate 8% WTO agreed tax rate 13%	Basic tax rate 8% WTO agreed tax rate 0%

(2) Issue HS CODE statutory definition and content

Heading 8481 covers valves and similar devices, and heading 9032 covers appliances for automatic regulation or automatic control as defined in heading 7 of Chapter 90.

According to the explanation of No. 8481, "Valves, manostats, etc. combined with automatic adjustment devices listed in heading 9032 are directly attached to valves, or are designed to be directly attached, and the combined devices have essential characteristics in valves, they are classified under this heading. If these conditions are not met, such items are classified in heading 9032.

The commentary for heading 9032 explains as follows.

"Automatic control devices for liquids or gases are mainly composed of a) devices that measure variables that need to be adjusted, such as tank pressure, b) control devices that compare desired values and measured values and operate the devices listed in c), and c) devices for starting, stopping and operating.,",

"Automatic control devices are devices that execute commands [pumps, compressors, valves, furnace burners, etc.] and are connected to devices that restore variables to specified values... , This device is generally remotely controlled by mechanical, hydraulic, compressed air, or electrical control, and is classified under the respective heading (Valve heading 8481, etc.)."

"Pressure controllers or regulators are also called manostats, and are mainly composed of electric contacts or small valves that operate a control circuit and a regulating device that compares the indicated pressure with the pressure to be adjusted."

(3) Classification of item at issue

The item whose HS code has been changed under Item Classification Category 4-3650 (2017.05.12.) is a valve combined with a controller that regulates the pressure within the chamber. As in the first item classification in 2017, it was made up with the focus on comparing headings 8481 and 9032.

At that time, it was decided that since a separate measuring gauge existed, it was not classified as an automatic control device. However, according to the commentary on "Electrical Quantity Automatic Control Devices," incomplete automatic control devices are also classified under heading 9032, and even if a) measuring device is not included among the three components of the automatic control device for gases described in the explanation of heading 9032, it can be judged as an automatic control device. This changed view of the Korea Customs Valuation and Classification Board appears in Item Classification Section 4-256 (January 12, 2024), where similar goods are classified.

If only the valve body itself, excluding the controller, is presented, it should be classified under special heading 8481 as a simple "command executing device" in the Explanatory Note to heading 9032. However, this is presented together with b) controller, not just c) among the components of the automatic control

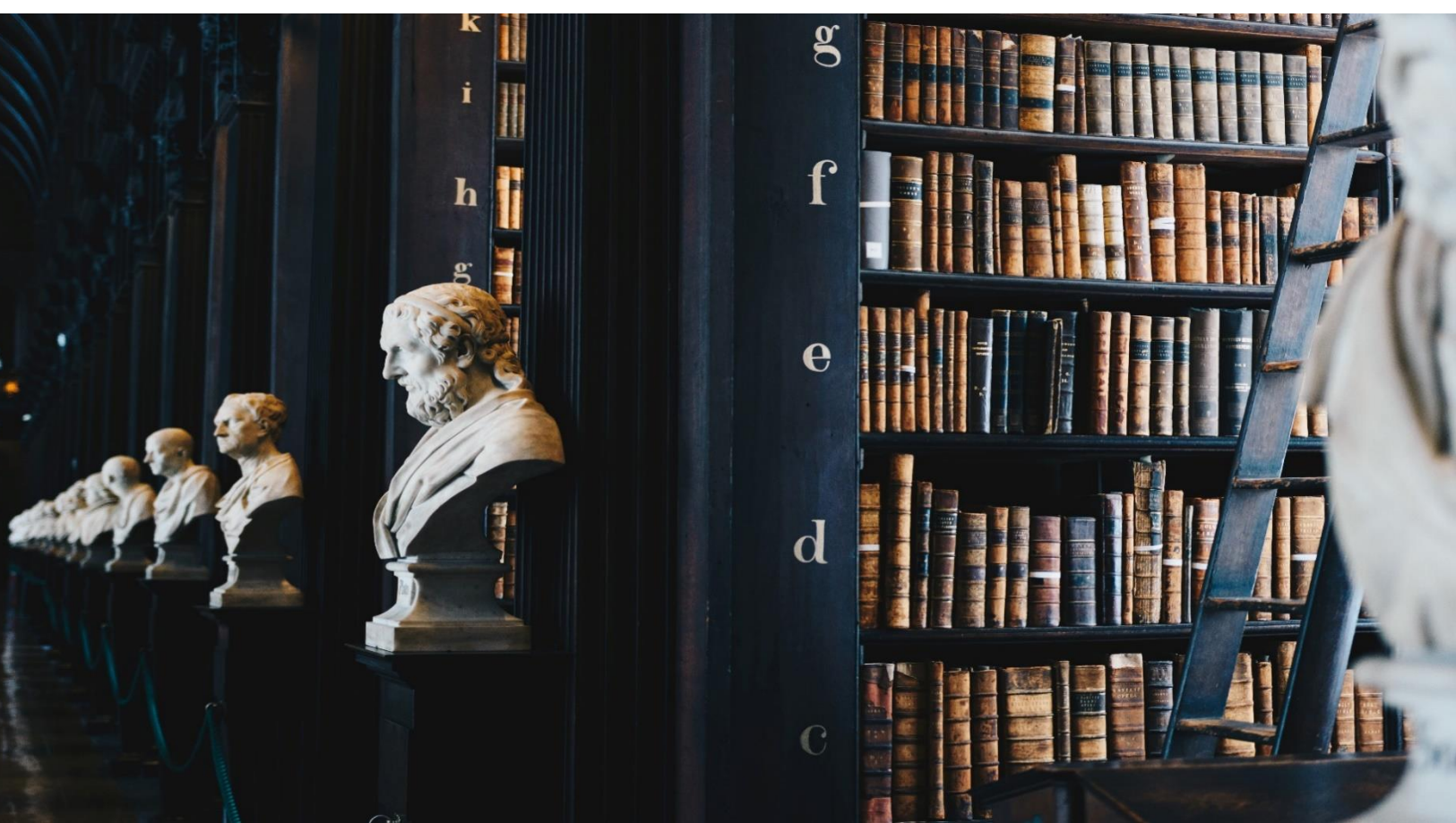
device. Since it is difficult to determine that only the valve has the essential characteristics of the item, it is appropriate to classify it as heading 9032 in accordance with the exception provisions of the commentary on heading 8481.

Therefore, the item can be viewed as an automatic adjustment/control device, manostart, of Chapter 90, Note 7, which is designed to match and maintain the target value by comparing the measured pressure value and the set value of the Host PC. It is difficult to classify the entire item as a valve under heading 8481.

3. Conclusion

The heading 8481.80-1010 has a basic tax rate of 8%, and the heading 9032.20-0000 has a WTO agreed tax rate of 0%. Since there is a difference in tax rates, the HS code must be determined according to the latest Customs Valuation and Classification Service item classification logic.

It is recommended that you apply for a pre-screening of item classification for items of the same type or similar to the item for which a change has been announced.



Global Customs Insight

Submission of Vietnam's Liquidation System and Settlement Report

Companies engaged in production and export activities in Vietnam typically spend a busy time submitting liquidation reports and customs settlement reports at the beginning of each year. In relation to this, before the submission period for Vietnam's liquidation report (the end of March), we would like to provide information regarding Vietnam's liquidation system and submission of settlement reports.



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1. Vietnam's liquidation system?

"Liquidation system" is not an official expression in the law. However, it is a system that is operated in China and Vietnam for the purpose of attracting overseas companies and encouraging exports. It is a system that when customs duties and value-added taxes that are normally levied when importing goods are deferred under the condition that the imported goods are used for the manufacture and production of goods to be exported from the relevant country (Vietnam). It refers to a series of systems operated by importing goods with deferred payment as a condition, using them for manufacturing/production/toll processing, etc., and then reporting them to customs to confirm the details (post-settlement).

The expression "handbook" is an expression in China that refers to "the ledger (receipt and disbursement department) who manages the incoming and outgoing of bonded raw materials," and is used by many people as an abbreviation to refer to the payment deferral and settlement system for bonded raw materials.

Vietnamese customs-related laws stipulate that a "Settlement Report, Báo cáo quyết toán" must be prepared and submitted in the form specified in the appendix of the relevant laws regarding the imported raw materials, carrying in/out of consumables and export products, usage status, inventory status, etc. (Basis of law: 38_2015_TT-BTC / 39_2018_TT-BTC)

2. Types of Vietnam's import tax (duties, value-added tax, etc.) payment deferral system

Vietnam's "Raw Material Import Tax Payment Deferral – Settlement System" mentioned above is specifically divided into three types as follows.

(1)ExportProcessing Enterprise (EPE)	Exporting Processing Enterprises; Processing enterprises According to the definition in relevant laws, it refers to a company established and operated in an export processing zone or specialized in producing export goods in an industrial complex or economic region. If you are looking for a similar concept under Korean customs laws, it corresponds to "bonded factory."
(2) Toll processing company (GC)	Processing Company ; Machining Enterprise A company that makes a toll processing contract with a foreign company, imports raw and subsidiary materials, and exports them after toll processing/manufacturing.
(3) Export manufacturing company (SXXX)	Export manufacturing enterprise ; Production and Export Enterprise A company that imports raw and subsidiary materials, manufactures them, and exports them after production without a toll processing contract.

3. Preparation and submission of Vietnam's liquidation report

The liquidation report is made to the regional customs office (Chi Cục Hải Quan) where the company, organization, or individual (including EPE) that performed toll processing/manufacturing or export of export products initially reported the production facility within 90 days after the end of the fiscal year. Normally, the liquidation report is submitted in electronic form to the Vietnam Electronic Customs Clearance Management System (VNACCS / VCIS) through a computer program (E-CUS, etc.) used for import and export customs clearance. In this case, there is no need to submit separate paper documents. However, in the case of Vietnam, customs requests are different for each region, so confirmation with customs is required in advance.

- Composition of liquidation report

Basically, the three documents below must be submitted for the liquidation report, and in some cases, additional documents (code linkage table, etc.) must be submitted together.

1) Raw Material Receipt and payment ledger, Mẫu số 15/BCQT-NVL/GSQL

number	raw materials, materials code	Raw material, Material name	unit	beginning inventory	current receiving	Amount of raw materials and materials imported and exported in the middle of the period				raw materials, materials final inventory	note
						re-export	Change of purpose of use(domestic exhaustion, disposal)	Release for production	release for other purpose		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)=(5)+(6) -(7)-(8) - (9) - (10)	(12)

2) Product receipt/payment ledger, Mẫu số 15a/BCQT-SP/GSQL

number	export code	Export product name	unit	beginning inventory	current receiving	Quantity of products exported in the middle of the period			ending inventory	note
						Change of purpose of use, Quantity of converted products consumed domestically	export product volume	Other shipments		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = (5) +(6) -(7) -(8) - (9)	(11)

3) Actual BOM, Mẫu số 16/ĐMTT/GSQL

number	import/export product code	import and export products Product Name	unit	raw materials, materials				note
				material code	Product Name	unit	Amount of raw materials and materials actually used (quantity required) when producing one unit of export product	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	SP A	Shirt	female	WE	Fabric 100% cotton	of	1,2	
				K	Zipper	female	1	X
				P	Chalk	pellets		KXDDM

- Precautions when writing and submitting liquidation reports

In relation to writing a liquidation report, it is necessary to pay attention to the following points.

- If the internal code used by the company is different from the export/import CD code (E-CUS CODE), a linkage table to confirm and explain this must be prepared and submitted together.
- The liquidation report must be consistent with accounting ledgers (Acc. Book 152, 155, etc.) & ERP data, and should not be prepared considering only export/import details (E-CUS data).

- If there is anything that needs to be corrected after submitting the liquidation report, corrections and submissions can be made without administrative penalty up to 60 days from the submission date.
- For semi-finished products, they must be converted to raw materials based on the required quantity on the BOM that can be explained and reflected in the quantity of the raw material receipt/payment ledger. Semi-finished products that have been exported or whose purpose of use has been changed must be considered as products and the corresponding quantity must be reflected in the product receipt/payment ledger.

So far, we have looked at the Vietnam export and processing conditional import tax deferral – settlement system and the “settlement report (liquidation report)” related to that system. In the case of Vietnam, unlike China, only registration of the import/export declaration code (ECUS Code) is required during the actual import and export process of duty-free materials, and registration of the BOM for each export shipment or verification of the appropriateness of the required quantity is not required for each import or export. As a result, individual import and export declarations can be made relatively freely, but if not managed properly, there are frequent cases of trouble due to failure to properly respond when preparing a liquidation report once a year or customs inspection every 3 to 5 years. Therefore, we recommend that you utilize the system, keeping in mind that you must always manage the receipt/payment details and BOM information related to duty-free imported materials and products produced using them. Thank you.



FTA and import/export practical business guide

Korea–UK FTA extends EU material accumulation criteria and exception regulations to EU direct transport principle

1. Background

The Korea-England FTA, which was concluded after Brexit (Britain's withdrawal from the EU) and came into effect in January 2021, has a three-year grace period for EU-related origin accumulation and direct transportation exception regulations. At the end of December 2023, which is the end of the three year grace period, Korea and the United Kingdom extended the grace period by two years to 2025, ensuring that the regulations would continue to be applied.



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2. Related provisions

(1) Cumulative basis (Article 3 of the Protocol)

① Material accumulation

If a product is produced in a country directly involved using materials originating in another contracting country or the EU, and undergoing work or processing beyond a non-recognized process, the country that the product is produced is considered to be the country of origin of the material.

② Process accumulation

If a product that has undergone work or processing in the EU undergoes further work or processing in a country directly involved beyond a non-recognized process, the process carried out in the EU is considered to belong to the country involved. It should be noted that accumulation of process only applies to processes (work/processing) performed in the EU.

③ Accumulation of EU products

※ Cumulative recognition of materials originating in the EU and work or processing performed in the EU is permitted temporarily for 5 years from the effective date of the agreement. In other words, it applies until the end of '25. (Revised footnote 1 of Article 3 (1) and (2) of the Protocol of Origin, Dec. 22 '23)

(2) Direct transportation (Article 13 of the Protocol)

① Principle

Preferential treatment under the Agreement is applicable only to products transported directly between the Parties or via the EU. Even if the product is made in the UK, if the country of shipment (country of departure) is an EU member country rather than the UK, the transport route between the UK and the relevant EU member country must be proven.

② Exceptions

Products in transit can be transshipped or temporarily stored in a warehouse in countries that are not parties to the agreement, but for free distribution, they must not be exported (or import customs clearance should not be done), and if any processes are done other than the processes for unloading, reshipment, or preservation of the product in good condition, direct transportation is not recognized.

In order to prove that the requirements for direct transportation are met, supporting documents stipulated in the protocol must be submitted to the customs office of the importing Party when applying the agreed tariff.

③ Freight via EU

If goods exported from Korea to the UK via the EU, or imported into Korea from the UK via the EU, meet the requirements below, direct transport is recognized.

<Criteria for recognition of direct transportation for cargo transiting the EU>

A. The goods must be under customs control of the transiting EU country, and if import customs is cleared in the transit country, direct transportation will not be recognized.

B. Separation, labeling or marking of consignments may be permitted in transiting EU countries.

C. When requested by the customs office of the importing country, documents proving that the requirements A and B above and the direct transportation requirements set forth in the agreement are met must be submitted.

※ Please note that the above relaxed requirements do not apply when the Korea-EU FTA applies to EU or Korean goods transiting the UK.

※ Recognition of direct transportation of origin products via the EU is permitted temporarily for 5 years from the effective date of the agreement. In other words, it applies until the end of 2025.

(Article 13, Paragraph 1, Footnote 2 of the Protocol of Origin, revised on Dec. 22, 2023)

3. Expected effects

If the grace period had not been extended, high tariffs were scheduled to be applied to British imports such as automobiles and food, as well as Korean exports such as automobiles and secondary battery materials, from January 2024. The extension of the tariff-free period is expected to add certainty to companies' activities.



Contents and Opinion of Customs Trade Amendment
Partial Amendment of the “Notice on Customs Clearance of Travelers’ and Flight Attendants’ Carry-On Items”

[Reason for Amendment]

In order to clarify the items subject to retention, it was reorganized in accordance with the customs laws and regulations, and the increase in the duty-free range of perfume, which is the Amendment of the enforcement rules of the Customs Act was reflected (January 1, 2024).



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[PROFILE]

- SHINHAN Customs
- Import/Export Customs Clearance
- Foreign exchange
- Trade transaction advisory

[Major Amendment]

☐ Reorganization of items that can be detained (Article 17)

○ Since the items subject for retention are specified in the Customs Act and the Enforcement Decree of the same Act, the contents of this regulation are cited in the notice so that they can be immediately accommodated when the customs law is changed.

- (No. 1) Items falling under Article 206 (1) 2 of the Act
- (No. 2) Items falling under Article 219 (1) of the Act

☐ Duty-free range for perfume increased (Article 19)

○ In accordance with the Amendment of Article 48 of the Enforcement Rules of the Customs Act, duty-free range for perfume has been increased from 60 milliliters (mℓ) to 100 milliliters (mℓ).

[Major Amendment]

Article number	Provisions on the basis of legal delegation
Article 17 (Retention, deposit, etc.)	Article 206 of the Customs Act (Retention and Deposit)
Article 19 (Tax exemption range)	Article 96 of the Customs Act (Reduction or exemption of traveler's carry-on items and abnormal item, etc.), Paragraph 1, Item 1 - Enforcement Rule Article 48 (Traveler's carry-on items that are exempted from customs duties, etc.)

[Enforcement date]

2024. 2. 15. 9 (Korea Customs Service Notice No. 2024-7]

[opinion]

The Korea Customs Service plans to continue to operate the traveler's carry-on items inspection system to resolve inconveniences for inbound travelers while strictly cracking down on insincere reporting for tax evasion purposes and the importation of illegal goods such as drugs and firearms.

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