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SHINHAN Customs Service Inc.



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Where Is Grace Chang?
**Dear US Vice President-elect
Kamala Harris**

“
I hope you'll be a strong and
sincere shoulder.
”



Grace Chang

CEO/Customs Consultant

Dear US Vice President-elect Kamala Harris,

Hello, I am very impressed with your election speech given on November 7th, and am deeply moved by reading your speech translated into Korean, so I would like to express my gratitude to you today.

“I stand on their shoulders.”

I have learned that from 100 years ago, many women of all races, Black, Asian, White, Latino or Native American struggled and worked hard to obtain basic rights such as voting rights in the United States. Because there have been people who have paved the way in history, you, who are Black, Asian, and also female, have been elected as vice president. We appreciate your humility, not being arrogant of your success, but attributing your achievements to your ancestors.

I don't know if you're really humble. It will be difficult to live humbly all the time. Please pretend to be humble anyway. One of Trump's defeats in this election was arrogance and conceit. A sports commentator for soccer games, who recently retired at the age of 78, said, “One of the secrets that allowed me to last a long time was humility. It was difficult to live a humble life, but I tried to pretend to be humble.” Arrogance and conceit will be avoided if you pretend to be humble.

“This is a country of possibilities.”

Because of the sacrifices and efforts of countless ancestors, the United States was called the 'land of possibility', and for this reason, many people around the world have headed to the United States. Your mother may not have imagined her daughter becoming Vice President, but she must have come to America at the age of 19 because she saw this possibility.

"I know we haven't broken the tallest and hardest glass ceiling," said Hillary Clinton, who was defeated by Trump in the presidential election four years ago. "But someday, someone will surely make it." She said, "To all the young women who are reading this speech now, never doubt that you are precious, powerful, and deserving of all the opportunities and possibilities of the world."

“No matter who you voted for”

This election has the turnout rate of 68% for presidential election, of which 47.2% was for President Trump. As you know, all of the American people do not support you. Therefore, uniting the hearts of divided citizens must be a priority. Joe Biden, who has much experience, said he was the healer and the integrator. I hope he can solidify this sense of purpose for the people of one nation, not only supporters but also opponents.

Scholars criticize the American two-party politics. It is said that Democratic and Republican lawmakers work for their own parties, not for the United States nor the American people. Most of the promises made by candidates and political leaders from both parties are not put into practice. It is said that this is because they fear that compromises will be criticized by their own camp.* Please become the leader of the entire American people, not just your camp. Isn't the reason why 73 million Americans support Trump because he is partly deviant from the Republican Party even though he is a Republican?

“A leader, our children will look up to”

I hope you and Mr. Joe Biden, as the Vice President and President of the United States, will be individuals that not only the American people, but also the world respect and look up to. May all of our growing children have a country where they can dream with ambition, move forward with confidence, and grow with their own vision. For the next four years, find practical and sustainable solutions for the American people, not just for your supporters so that you will become a respected leader even after 100 years have passed.

“She maybe didn't quite imagine this moment.”

Just as things that your mother had not imagined 60 years ago have now come true, I believe that if you move forward with a vision you can't imagine now, that dream will come true someday.

Even Hillary Clinton wouldn't have imagined that a woman with Asian as well as Black heritage, which is more revolutionary than herself, would become vice president.

Even in the difficult situation of COVID-19, we hope to show our children and our grandchildren that the world can be better. Wishing you keep your original resolution as long as possible.

Thank you.





Cover Story

Revision of Customs Clearance System for COVID-19 quarantine supplies

The use of COVID-19 quarantine supplies is an everyday routine.

COVID-19, which hit the world in 2020, has and continues to cause many changes in the economy and society. Social distancing is emphasized, and wearing masks and carrying hand sanitizers have become a daily routine. This resulted in an explosive demand for COVID-19 quarantine supplies, causing shortages in the first half of this year. Thus, the government controlled supply and demand to provide sufficient supplies for COVID-19 inspection and quarantine.



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Existing customs clearance methods for COVID-19 quarantine supplies

Imports of quarantine-related supplies have varied from item to item since February, when the COVID-19 epidemic began. However, the import of quasi-drug masks and hand sanitizers was only possible after obtaining the import requirements under the Pharmaceutical Affairs Act. Due to unstable supply and demand in Korea, the government stepped up to limit the quantity of masks exported.

Typically, quasi-drug masks can be imported only after obtaining the standard customs clearance report under the Pharmaceutical Affairs Act. However, due to the shortage of mask supplies in Korea, for quasi-drug masks received overseas for free, new guidelines for related regulations were made.

The item classification of masks is collectively classified as Nos. 637.90-9000, but these are classified by standard product name, and reported.

Revision of regulations on COVID-19 quarantine supplies

Various regulations on the export of quasi-drug masks, which were limited by the COVID-19 pandemic, have been abolished, expanding sales channels and revitalizing exports. In particular, the abolition of the pre-approval and post-report system by domestic sellers allows the market to function fully now.

Unlike exports, the Ministry of Food and Drug Safety (KFDA) allows importation of quasi-drug masks for non-commercial purposes in a national emergency for the rapid import of quarantine products due to a pandemic of infectious diseases. An administrative notice was made for inclusion in the exemption of import requirements verification.

The item classification of masks is collectively classified as Nos. 6307.90, but this made it difficult to impose the tax allocated or have the item control for the COVID-19 quarantine.

Therefore, the Ministry of Information and Communication announced that the HSK will be revised in 2021 and a new item number will be established with specific division for hygiene masks.

Category (facial mask)	Item number
Surgical masks	No.6307.90-4010
Health masks	No.6307.90-4020
Anti-droplet face masks	No.6307.90-4030
Other Facial masks	No.6307.90-4090

Lastly, the expiration of the “Notice on the Prohibition of Cornering Masks and Hand Sanitizer” enacted in accordance with the Act on Price Stability for Masks and Hand Sanitizers was extended until the end of the year. Although the supply and demand for masks has improved, it appears to be a measure taking into account that confirmed cases are steadily occurring.

Implication

Due to COVID-19, the import and export customs clearance system for related items is changing according to the purpose and situation. The regulations and laws cannot perfectly keep up with the current situation and trends, but are being revised and improved as necessary.

As a person at the forefront of import and export, if opinions for persistent system improvement are expressed to the government or state agencies, import and export customs clearance will go well without problems even if a pandemic comes again.



Voice From the Field

Guide for Import Requirements on Household chemical products subject to safety confirmation

Requirements for household chemical products subject to safety confirmation

Household chemical products subject to safety confirmation pursuant to the 「Act on the Safety Management of Household Chemical Products and Biocide」 can be imported only for products that have been confirmed with current import requirements. (From the person who filed the import declaration on January 1, 2020) Even after three months of implementation, there are many companies that are still struggling with the new requirements. For those who are unfamiliar with the newly established import requirements, we will briefly introduce the products subject to this requirement and the exemption requirements.



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What is a household chemical product subject to safety confirmation?

Among the chemical products used in everyday living spaces such as homes, offices, and multi-use facilities, products that may cause exposure of chemical substances to people or the environment are considered household chemical products subject to safety confirmation. They are designated and notified as dangerous material by the Minister of Environment. Provisions for high risk products and management that were under the 「Act on Registration and Evaluation of Chemical Substances」 in the past have been collectively transferred and included in household chemical products subject to safety confirmation, and household chemical products subject to safety confirmation are divided into items subject to reporting and approval depending on the item. The list of target products is as follows.

Category	Item	Note
Cleaning Products	Cleaner Remover	Confirm & report
Laundry Detergents	Laundry Detergent Bleach Fabric Softener	Confirm & report
Coating Products	Gloss coating Special coating Antioxidant Ironing aid	Confirm & report
Adhesive	Adhesive Glue	Confirm & report
Air Freshener/ Deodorant	Air Freshener Deodorant	Confirm & report
Dye/Paint	Dye Paint	Confirm & report
Car Products	Car Washer Fluid Antifreeze	Confirm & report

Printing Products	Ink, Toner for Printing	Confirm & report
Beauty Products	Beauty Adhesive Tattoo dyes	Confirm & report
Sterilizing Products	Disinfectant	Confirm & report
	Antimicrobial disinfectant for humidifier Steriliser Disinfectant for infectious disease Other disinfectants for quarantine	Approval
Extermination Products	Repellent	Confirm & report
	Exterminator, Insecticide Repellent for health Insecticides Rodenticides for infectious diseases	Approval
Preservatives	Wood Preservatives Preservation treatment in filter form	Confirm & report
Other	Candles Dehumidifier Artificial Tear Spray	Confirm & report

How to issue a certificate of import requirements

After logging in to the chemical product management system, the certificate of import requirements can be applied and issued through the e-civil petition-import/export business-import requirement confirmation number application. The certificate of exemption from requirements can be applied and issued throughout the application for exemption from import requirements within the site, similar to the confirmation of requirements. (CHEMP site-<https://chemp.me.go.kr/>)

Eligible for requirements exemption

There are four reasons for applying for confirmation of exemption from import requirements for household chemical products subject to safety confirmation.

- ① A small amount of prototypes imported for the purpose of verification, reporting, and approval in

accordance with the relevant provisions of the 「Chemical Product Safety Act」

- ② Used by companies, schools, or research institutes for research, experimentation, and development
- ③ Products intended to be displayed at an exhibition or fair and not for sale
- ④ Household chemical products subject to safety assurance for the purpose of exporting the entire amount

For these four reasons, import customs clearance is possible after receiving an application for exemption through the chemical product management system.

Application not needed

Even if the product is on the list of household chemical products subject to safety confirmation,

- ① Products used in work spaces that are not normally used by unspecified individuals other than workers, such as the production space of a factory or an work space of an automobile repair shop,
- ② Products that are not included in the safety standards for household chemical products subject to safety confirmation are not subject to the requirements. Therefore, it is not necessary to apply for confirmation of requirements or request for exemption for these products.

Notice

There were some companies that had difficulty in customs clearance at the beginning of the implementation due to this regulation, which included many products that did not have import requirements in the past. In particular, it is important to understand exactly what is not subject to requirements and those that are exempt from requirements, and follow proper customs procedures accordingly. In addition, after importation, companies that intend to import new products should be familiar with the appropriate regulations for the items handled, as they must be labeled appropriately in accordance with the labeling standards for sales and distribution.



Inside Vietnam

Revision of Form D related regulations

Revision of Circular 19/2020/TT-BCT regarding issuance of Form D

C/O Form D for the application of ATIGA, an agreement on trade in goods between ASEAN countries, can be issued by one of ① paper Form D issuance ② electronic Form D issuance ③ self-issuance. The self-issuance can be obtained by a person who obtained Qualified Exporters status.

On September 27, 2020, Circular 19/2020/TT-BCT, revising the form and self-issuance policy of Form D under ATIGA, went into effect. In this regulation, 22/2016/TT-BCT stipulating “enforcement of the ATIGA rule of country of origin” and 28/2015/TT-BCT stipulating “ATIGA's self-issuing pilot project of C/O” have been amended and some contents have been newly added.

In the case of self-certification of Form D, benefits such as a significant reduction in the C/O issuance period, reduction of related costs, and simplification of the issuance procedure are expected.



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Major revisions

1. Form D form change and reduction of issuing agency

- 1) Changed the filling method in Form D, column 9 (Gross weight or other quantity and value (FOB) where RVC is applied)
(Existing) When applying the RVC criterion, enter the FOB price
(Change) List the FOB price only when the RVC criterion is applied to the goods imported and exported from Cambodia, Indonesia, and Laos (FOB price is listed only when both the country and RVC requirements are satisfied.)
- 2) Reduction of Form D issuing agencies
(Existing) 20 import and export management departments, 39 Industrial Zones Authority (Revised) 19 import and export management departments (closed Haiphong import and export management department), closed 39 Industrial Zones Authority departments
※ Although this regulation came into force on September 27, 2020, Form D issued with the form prior to the revision is also accepted until December 21, 2020.

2. New and amended rules for self-certification of Form D under the AWSC system

Vietnam has implemented related regulations (28/2015/TT-BCT (Aug 20, 2015)) for pilot operation of Form D self certification through concessions with Thailand, Philippines, Indonesia and Laos. (Pilot system)

However, as the revised ATIGA primary protocol to incorporate the ASEAN-wide Self Certification (AWSC) scheme goes into effect on September 20, 2020, AWSC is applied for self-certification of Form D. (AWSC system)

Accordingly, 19/2020/TT-BCT (2020.8.14), which amends the existing legislation, stipulates the requirements for self issuing of Form D and self-certifying methods under the AWSC system.

1) Form D self-certification procedure

Confirm the certification requirements -> Apply for certification -> Obtain Approval -> Report the origin on invoices and packing lists (self issuance) -> Upload related documents and self-certification documents to ECOSYS within 7 working days from the date of issuance -> Keep the self certification of origin documents for 3 years from the issue date.

* For self-certification of Form D, obtaining Qualified exporter qualification from the relevant authorities is a must.

2) Certification acquisition

A. Certification requirements: All of the following must be satisfied.

- i. Exporter who is also the manufacturer
- ii. Those who have not violated the rules of origin within 2 years from the date of submission of the C/O self-certification application
- iii. Have employees who have been trained on the country of origin at MOIT or at an educational institution designated by MOIT
- iv. Within two years from the time of submission of the written application, a history of issuing preferential C/O for the items with the same 4 units of HS code must be evident.
- v. In the case of an exporter who is not a manufacturer, the exporter must obtain a written agreement from the manufacturer as to the country of origin of the exported goods, and cooperate for the verification of self-certification documents or for the verification of the manufacturing facility.



B. Authentication Code: If authentication is approved, a 12-digit self-identification code (ID Code) is issued.

- i. First 7 characters: "VN-AWSC"
- ii. The next five characters: Serial number

C. Validity period of certification: Valid for 2 years from the date of issue unless canceled

3) Self verification method

When exporting, qualified exporters can declare the country of origin of a product that includes all of the following on their invoice, billing statement, packing list, and delivery order that they issued:

A. Detailed information on Qualified exporter (including ID code)

B. Product information including:

- i. product name
- ii. 6 digit HS code or ASEAN classification code
- iii. Product Specific Rule
- iv. Country of origin
- v. FOB price for RVC
- vi. Product quantity
- vii. Trademark (if any)
- viii. In the case of self-certification back-to-back C/O, the reference number, the issue date of the self verification certificate of origin, the country of origin, and the ID code of the first exporting country (if any) are added

C. Certificate of authorized signer of the Qualified exporter's declaration of origin, including:

- i. Commitment that self certified products of origin will meet the requirements of the product origin in Chapter 3 of ATIGA
- ii. Signer's name and signature

- ※ This information is constructed and rearranged by SHINHAN Customs Vietnam Co., Ltd. based on a released letter from Vietnam and has no legal effect.
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Customs Trade Related Law Changes **Amended(Proposal) of the 「Notice on Customs Clearance for Export」**

Administrative rule name

- 「Notice on the handling of export customs clearance」 (Customs Service Notification No. 2019-66, 2019.12.31)

Reason for revision

- A. A new system was established that for goods under FOB of 2 million won, the export list would be converted to a declaration form in order to support e-commerce export.**
 - The delivery details of goods are automatically converted to an export declaration form, and the loading list to confirm the loading would be substituted with the loading performance details report.
 - When reporting using the system, export performance is recognized and return procedures are simplified. For e-commerce export goods manufacturers, tariff refund is reinvigorated, and VAT refund benefits are provided without separate documents through electronic connection with the National Tax Service.



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B. It is possible to report the fixed price of e-commerce items and consignment sales export items as items subject to provisional price reporting, minimizing the disadvantages of e-commerce exporting companies that may arise from the correction of the report having a separate due date and expiration date.

Major revision contents

1) Reorganization of customs procedures and addition of system definition according to a new system

- For exceptional cases where export declarations can be omitted by submitting a customs clearance list for consignments, changed the term from simplified customs clearance declaration to list customs declaration. For lists that needs to be submitted, changed the term from simple customs clearance inventory data to customs clearance inventory data.
- Deleted the definition of e-commerce company and export company. Changed the name of the platform of the e-commerce export report to the simplified e-commerce reporting system. Added the definition of newly introduced conversion system for export list.
- For the export reports simplified during the formal customs clearance procedure, use of the simplified electronic commerce report system and the newly introduced export list conversion system is defined as a simplified export report.

2) Establishment of exclusive report form and loading procedure according to the introduction of export list conversion system

- Established the basis for export notification of the newly introduced export inventory conversion system, prepared the exclusive form, and implemented the reporting procedure for confirming loading in place of the manifest.

3) Separated regulations for E-commerce and consignment sales export goods provisional price report

- In most e-commerce transactions, the export price and quantity are determined after export, but for e-commerce products and consignment export products for goods subject to provisional price reporting, the expected amount is reported at the time of export. It is required to report the final price when the sales amount is confirmed or before 30 days from the date of deposit after sale is completed.

Effective date (scheduled)

Within year 2020



Customs Case

What is a 'Justifiable Reason' for a requirement for exemption of additional tax at the time of post-hoc verification of goods subject to the FTA agreement tax rate (Tax Tribunal 2019, 0093 [Dec. 12, 2019])

In the event of a failure to respond to the post-inspection of the country of origin for goods subject to the FTA agreement tax rate, the application of the agreement tariff is excluded, and the difference between the basic tariff and the agreement tariff is collected and an additional tax is imposed. Even if there is a case in which the application of the tariff agreement is excluded, additional tax can be reduced by issuing a modified import tax invoice if the importer proves fulfillment of his duty of care, such as checking the place of origin and supporting documents in advance. Ways to avoid the imposition of penalties would be explored through the tax court case.



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Background

The claiming corporation has imported portable X-ray fluorescence spectrometers (here in after referred to as "items of issue") from the exporters from Feb. 5, 2016 to March 22, 2018, and has proceeded with import customs clearance under the FTA agreement tariff rate of 0%.

On April 27, 2018, the Disposal Agency requested the claiming corporation to self-check whether or not the application of the tariff rate is appropriate. The disposal agency requested indirect verification to the customs authority of the exporting country, since the determination of the origin of the items at issue could not be confirmed with the data submitted by the claiming corporation.

Upon receiving the results that the items at issue did not meet the origin determination criteria from the customs authority of the exporting country, the Disposal Agency notified the claiming company the results of the investigation and gave the tax notice resulting from the exclusion of preferential tariffs. The claiming company requested the issuance of amended import tax invoice and the exemption of the additional tax.

The Disposal Agency approved the issuance of the amended import tax invoice, but did not approve the exemption of the additional tax, and notified the claiming corporation to correct customs duties, value added tax, and additional tax. The claiming company objected to the Disposal Agency's decision and filed an appeal.

Hearing and judgment

Before the request for self-inspection was made on Feb 25, 2016, the claiming corporation and the issuer confirmed to each other over e-mail that the criteria for determining the origin of the item in question were PSR. This seems to be related to the verification of the actual requirements of the country of origin, and the criteria for determining the place of origin of the items at issue are CTH (4 unit number change). The data such as material specifications are essential to determine whether this criterion is met. However, it seems that there are difficulties for an importer to obtain such data from the exporter since they are generally managed by an exporter (manufacturer) as a trade secret. In fact, it appears that the claiming corporation requested such data from the exporter of the issued items, but did not receive it. Under such circumstances, the claiming corporation seems to have made efforts to confirm whether the requirements of the country of origin were satisfied through numerous emails before requesting self-inspection.

In view of these factors, it seems that the claiming corporation has a legitimate reason for the additional tax exemption even if the application of the agreement tariff on the items at issue is excluded and the tax amount is incurred. In conclusion, it appears imposing the additional tax was inappropriate.

Critique

In September 2018, the Korea Customs Service enacted operating guidelines on the "justifiable grounds" application standard of additional tax exemption under the FTA Customs Act in order to protect the rights and interests of sincere taxpayers by enhancing the legal stability and predictability of the additional tax exemption. The guidelines stipulate that if the importer does not have a reason for limiting the application of agreement tariffs, it is deemed that there are 'justifiable reasons' that cannot be blamed for the importer's negligence, and the additional tax is exempted.

If it is recognized that there is a 'justifiable reason' that cannot be blamed for the importer's negligence, the additional tax can be exempt even if the application of the tariff agreement is excluded. Therefore, for companies that use FTA, it is necessary to have proof of efforts to confirm whether the requirements of the country of origin are met in advance, such as an e-mail history exchange with the exporter and factory inspection reports.

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