

SEP 2023. Issue 178

ZOOM IN TRADE

SHINHAN Customs Service Inc.



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Grace Chang

CEO/Customs consultant

[‘Be just like Chuseok, no more, no less, 365 days a year.’](#) Chuseok is the biggest holiday that all Korean people enjoy together. This is a harvest season of fruition when all kinds of grains ripen. This year, October 3, the day before the Gaechunjeol, the National Foundation Day, was designated as a substitute public holiday, making it possible to spend a long six-day holiday.

Holidays are days spent with family. These are the days to make and share delicious food and share warm hearts. For my childhood, these were the [days of joy receiving love from family and relatives who have been gathered together after a long time.](#) It was a day when the proverb *‘It takes a village to raise a child.’* came into practice.

This is the first holiday since my father passed away. It is truly an unfamiliar holiday. There is no father to accompany and serve. There is no need to act as a helper while the helper is on vacation. There is no longer a place to go to prepare holiday food and set the ancestral rite table. I didn’t know what to do for the upcoming long holiday. ‘What should I do?’ ‘How should I spend the holiday?’ The family that used to gather around my late father is all lost and puzzled with the thought of ‘What should I do?’.

Ideal and Reality for this month is ‘SHINHAN Customs Corporation Recruits Kim Hee Jung, Former Leader of the Customs Investigation Team at Seoul Customs.’, Analysis on Recent Customs Judicial Precedent covers ‘Whether the Item at Issue (Reaction Vessels) Should be Classified Under HSK Heading 9027.90-9099 as Parts of Chemical Analysis Device, or Under HSK Heading 3926.90-9000 as

Other Plastic Products., and HS case solved by logic reports ***'Item Classification for Smart Plug'*** and Global Customs Insight is ***'WCO Item Classification Trend'***, and FTA and import/export practical business guide is ***'Document storage guidelines for country of origin verification'***, Contents and Opinion of Customs Trade amendment Covers ***'Partial amendment to the Act on Special Provisions of the Customs Act for the Implementation of Free Trade Agreements'***

A family is a group centered around a couple and consisting of sons, daughters, and grandchildren born from them. It may include relatives within the same family relationship register, and may also metaphorically refer to people who belong to the same organization or share the same mindset.*

Modern humans called Homo sapiens were [Living in groups and considered mutual communication important](#). They responded as a group to external attacks and joined forces to hunt for food. Groups were formed, moving around strong men. During the agricultural era, which required a lot of labor, groups grew larger. They settled in one area and formed tribes. A man and a woman met, fell in love, had children, and started a family.

Can we live apart from our family? People may live away from their families temporarily or under special circumstances, but in most cases, it is difficult to live alone. Humans are inherently social and kinship beings. [Family provides emotional and psychological stability to its members](#). Even if we fight and argue, my family who cannot change the relationship is always by my side. They are by my side during difficult times and stay by my bedside when I am sick. They provide comfort when things are difficult. [Family should be a community that we can return to and rely on at any time](#). It is [a city of refuge for my parents who created me, my brothers and sisters who share my blood](#).

Nevertheless, establishing good relationships within a family is not easy. This is because we are not in a relationship where I can choose to get close to someone because I like them, and stay away from them just because I don't like them. Even if we are family, or rather, because we are



family, our differences become more visible. There are a lot of things I don't like. However, the relationship becomes more difficult as I try to change my family to please me, to make them better in my opinion. Rather, changing my mind and my perspective is a peaceful and quick way. 'Love is not about creating a better person in my opinion, but about being a beautiful companion until the end with the person you once held on to.'**

In the age of industrialization, urbanization, and information, young people left for big cities to find jobs. Extended families are disintegrating, and nuclear families consisting of only parents and children are increasingly shrinking. The composition and form of families are also becoming more diverse. The number of single-person households is rapidly increasing, and various types of two-generation households formed by parents and children have also increased. Non-related, non-married communities are also increasing.

Regardless of the form of family, what we must do as a family is to prioritize our family over ourselves. We should not be pursuing only our own goods. It means letting go of my pride and arrogance. It is about understanding and accepting the other person as he or she is. The peace that comes from being together as a family must be maintained. We should lift up our heads from the information device and look at the faces of your family so the joy of having a conversation can be restored. Only when a right relationship is established within the family, a right relationship can be extended to neighbors and society.

I intend to love first, forgive first, and reconcile first in my family, to my parents in heaven and to my family on this earth...

I hope you have a blessed Chuseok holiday with your family.

Thank you,

Grace Chang



Leave your gift in front of the altar. First go and be reconciled to your brother, and then come and offer your gift. (Matthew 5:24)

*Family: Daum Dictionary

**Jo Jeong-min, Daily Prayer (Seoul: Duranno, 2021)



Ideal and Reality

SHINHAN Customs Corporation Recruits Kim Hee Jung, Former Leader of the Customs Investigation Team at Seoul Customs.

On September 11, SHINHAN Customs Corporation hired Kim Hee Jung, former Leader of the customs investigation team at Seoul Customs, as a director in the legal consulting field. The purpose of this recruitment is to further develop various customs investigations and FTA verification response services related to customs duties and foreign exchange transactions, and to actively support global companies in reducing risks and strengthening their internal control systems.



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Director Kim Hee Jung has performed corporate screening and FTA work at the Korea Customs Service and customs for about 20 years. She has diverse work experience and knowledge in the field of customs clearance legality, including customs valuation, item classification, foreign exchange transactions, and country of origin. She has accumulated a high level of expertise through numerous data analyzes in major industries such as automobiles, semiconductors, secondary batteries, pharmaceuticals, and luxury goods. Also, she has presented management and consulting that can be helpful to corporations after the investigation was conducted.

Director Kim Hee jung plans to oversee SHINHAN Customs Corporation's legal consulting work in the future and systematically provide advisory services for corporate development and risk minimization. She plans to provide timely guidance in analyzing corporate risks according to the characteristics of the industry, establishing an effective response system such as detecting corporate operational inefficiencies and negative factors under the Customs Act, and utilizing systems useful to companies such as the customs value preliminary audit system and the AEO system under the Customs Act.

Education

2000 Graduated from Sookmyung Women's University, Department of Law

1996 Graduated from Anseong Girls' High School

Experience

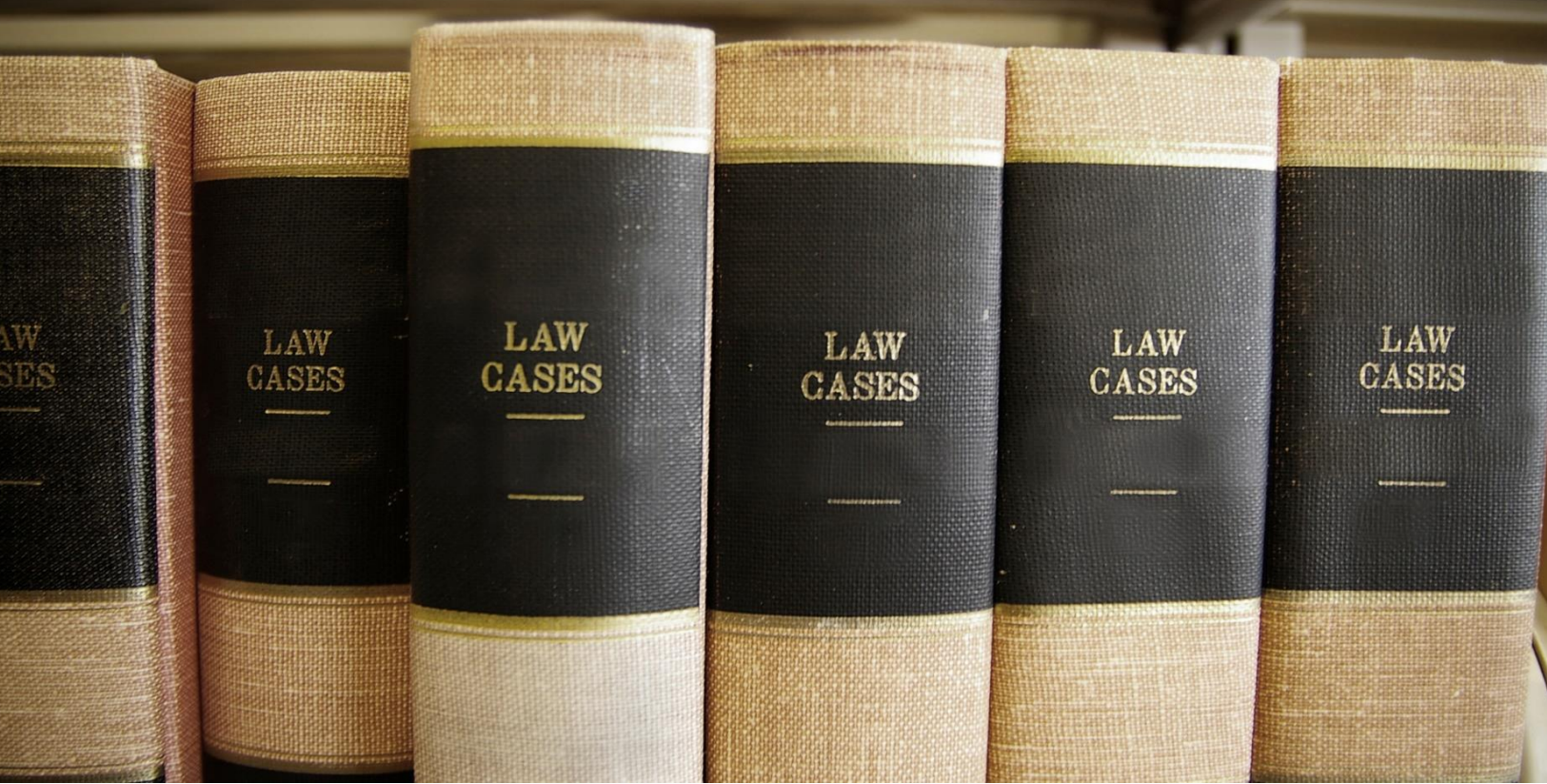
2000 Passed the 17th customs broker exam

2001 Passed the 7th level public recruitment for customs duties

2010-2012 Enforced Korea Customs Service FTA

2014-Aug. 2023 Worked as a Leader of Corporate Audit Team at Seoul Customs

Sep. 2023 Started as Director of Legal Consulting Team at SHINHAN Customs Corporation



Analysis on Recent Customs Judicial Precedent

Whether the Item at Issue (Reaction Vessels) Should be Classified Under HSK Heading 9027.90–9099 as Parts of Chemical Analysis Device, or Under HSK Heading 3926.90–9000 as Other Plastic Products.

[Summary of decision]

Since the item at issue is made of a special material and shape to be used only for a specific analytical device, it is appropriate to classify it as HSK Heading 9027.90-9099 as a 'part of a chemical analysis device'.



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A. From January 30, 2018 to June 24, 2022, the claimant corporation imported OO (two types of containers for chemical reaction, including OO, hereinafter referred to as "item at issue") from OO (hereinafter referred to as "AAA") located in OO, and reported an import declaration. No. OO with OO cases. The claiming corporation considered the item at issue as 'other plastic products' and reported under Customs and Statistics Consolidated Item Classification Table (hereinafter referred to as "HSK") Heading 3926.90-9000 (WTO agreement tax rate 6.5%), and the disposal office accepted it.

B. On December 20, 2022, the claimant company filed a request for rectification with the disposition office, claiming that the item at issue was 'parts of devices for chemical analysis' under HSK Heading 9027.90-9099 (agreement tariff rate 0%), and asked for a refund of a total of OO won in customs duties and OO won in value-added tax. The disposal Office rejected this request on February 13, 2023.

C. The claimant corporation objected to this and filed a request for judgment on March 3, 2023.

[Judgment]

The item at issue is a plastic container used in a device for analysis. It is a disposable, consumable medical container that is mounted on the analytical device and performs the function of storing the substances to be analyzed in the container while analysis is performed within the device. For an accurate detection function of a measuring device, ring-shaped protrusions are formed on the top of the container, it is manufactured in a shape with internal graduations, and the bottom surface is processed at a specific angle to facilitate removal of impurities.

Considering the facts and related laws and regulations, the Disposal Office found that the item at issue is installed on the device for analysis and is only used for

the purpose of receiving and moving the substance for analysis, and that it is difficult to see that the item at issue constitutes the device for analysis itself or is indispensable to its function or as an extension of its function. Thus, it cannot be considered as a part or accessory of a device for analysis, and the item at issue can be considered as tools. However, the tariff schedule commentary stipulates that tools are excluded from heading 9027. There is an opinion that it should be classified as Heading 3926 because it cannot be classified under heading 9027.

Tariff Rate table, Chapter 39, Note 2, Item E stipulates to exclude goods of Chapter 90, and Chapter 90, Note 2, Item B stipulates that other parts or accessories shall be classified together with the relevant device. Also the item at issue is made of a special material and shape to be used only for analysis devices, and appears to be used exclusively for AAA's immunoassay equipment OO. With the above reasons, the item at issue can be viewed as a part of the analysis device, and even if the item at issue cannot be viewed as a part, the analysis device can be viewed as an accessory that allows smooth functioning. In light of the fact that it seems reasonable to classify it under heading 9027, the disposition in this case, in which the disposition office rejected the request for rectification by considering the item at issue as heading 3926 seems to be in error.

[Reference]

Tax Tribunal 2023 section 0047 (Decision date: 09-05-2023)



HS case solved by logic **Item Classification for Smart Plug**

1. outline

IoT(Internet of Things) has become a concept commonly encountered in real life. IoT is a technology that connects various objects to the Internet through wireless communication. IoT devices have greater convenience than existing products because their original functions can be expanded through remote control or timer settings. We would like to increase the understanding of how to approach the classification of IoT devices that combine the product's own functions and wireless communication functions through the example of smart plug classification.



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2. Item classification example

1) HS CODE at issue

HS CODE	Heading 8536.50-9090	Heading 8537.10-5090
tariff	WTO agreed tax rate 0%	Basic tax rate 8%
heading term	Other switches (others)	For electrical control (others)
Customs head confirmation	Electrical Appliances and Household Products Safety Management Act	Not applicable

2) Description of the item at issue

- (1) Items consisting of CPU-WiFi (one chip), plugs, switches, sockets, relays, etc. that are linked to mobile phones and used in the Internet of Things (IoT)
- (2) Performs functions such as power connection, WiFi communication function, measuring power amount, turning power on/off remotely, blocking standby power, blocking power overload, etc.

3) Customs Decision

(1) Decided tariff heading: Heading 8537.10-2090 (year 2018)

(2) Reason for decision

Under Tariff Schedule heading 8537, "boards, panels, consoles, desks, cabinets and other foundations for electrical control or distribution (limited to those equipped with two or more devices of Heading 8535 or 8536 and includes devices of those combined with numerical control devices of Chapter 90, and exclude switching devices of heading 8517)" are classified. The Explanatory Note to the same heading explains "These are the devices mentioned in the previous two headings [e.g. switches and fuses] that are assembled on a board, panel, console, or mounted in a cabinet or a desk.

In addition, the explanatory note for Tariff Schedule Headings 8535 and 8536 explains that "assembled devices that are described above (excluding simple switch assemblies)" are excluded from this heading and are classified as goods under heading 8537.

This product is used in the Internet of Things (IoT) and performs functions such as connecting to a power source, turning the power on/off, and blocking power

overload. It is equipped with two or more devices of Heading 8536. Since the term of Heading 8537 stipulates that it “includes devices of Chapter 90 combined with numerical control devices,” so this article with a measuring function for monitoring the amount of power is also included in heading 8537.

The item at issue is equipped with two or more devices of Heading 8536, such as power connection, on/off, and protection (automatic cut-off), and is considered as other control panels in accordance with General Rules No. 1 and No. 6 on the interpretation of the tariff table. Therefore, it is classified under HSK 8537.10-2090.

[Item Classification Section 3-2611 (Enforcement Date: May 28, 2018)]

3. Comments on the decision

Due to the above decision, the tariff classification heading of the item at issue, previously classified as Heading 8536.50-9090, was changed to Heading 8537.10-2090.

In Heading 8537, boards, panels, consoles, desks, cabinets, and other bases are classified. Examples of classifications for other bases include PCB boards, tank types, and box types. The presented product is in plug form. Nevertheless, the reason the item at issue was classified as Heading 8537 appears to be because it is equipped with two or more devices of Heading 8536 and includes a measurement function to monitor the amount of power.

Meanwhile, among the US CBP cases, there is a case where a smart plug without a measurement function was classified under Heading 8536. It appears that smart plugs that are not equipped with two or more devices of Heading 8536 can be classified as Heading 8536.

Proper product classification requires a thorough understanding of the product. The above case suggests that item classification may vary depending on whether there are two or more parts corresponding to Heading 8536 inside the product. As electronic devices become increasingly complex and diverse, it is necessary to understand even their internal components.



Global Customs Insight

WCO Item Classification Trend

We would like to mainly introduce cases that are good reference for business practices among the item classification results decided at the 71st Product Classification Committee of the World Customs Organization held recently in March.



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1. Item classification example (smartphone display cover glass)

(1) HS CODE at issue

HS	Heading 7007.19	Heading 8517.79
Tariff	Basic Tax Rate 8%	Basic Tax Rate 8% WTO Agreement Tariff Rate 0%
Heading Terminology	Other Safety Glass	Smartphone Parts
Requirements	None	None

(2) Product description

The item at issue is transparent tempered safety glass in a rounded rectangular shape (L: 145.96mm X W: 69.39 mm) with holes for camera, speaker and home button. This is an item where its functions such as infrared selectivity, visibility or fingerprint protection, etc. are improved with the processing of tempered glass and coating of the glass, and to be integrated into the display of a specific smartphone.

(3) Determination of item classification

Classified in heading 7007.19 in accordance with General Rule 1 and 6.

- Tariff Schedule Heading 7007 classifies "safety glass (limited to tempered glass or laminated glass)";
- In the commentary of the same heading, "Tempered glass refers to the following. (1) Glass (heat-strengthened glass) made by reheating glass of a certain product to soften it to the point where it does not lose its shape, and then rapidly cooling it through an appropriate process."...omitted..."This glass is produced in the required shape and size before heat treatment because it cannot be processed after manufacturing due to the internal stress imposed on it in the above process"
- Additionally, it is explained that "this heading does not distinguish between shapeless glass and glass with a specific shape (curved or bent)."



(4) Notes

In addition to this decision, display cover glass for smart refrigerators has also been classified under Heading 7007.19.

It became an example case where it could not be used as an exclusive part although it was processed into a specific form during item classification. This issue was proposed by the Korea Customs Service, so it is necessary to carefully look into the terms and explanations of the items and make a judgment when classifying items.

2. Topics that require submission to the WCO Classification Committee

The topic of leggings was also covered at the regular academic seminar of the Tariff Item Classification Forum on September 8, but since the standards for item classification of leggings have not been established, more discussion and research on this matter appear to be necessary.

For reference, leggings were once considered underwear, but since they function as activewear, many people view them as long pants. (Heading 6104.62)



FTA and import/export practical business guide
**Document storage guidelines for
country of origin verification**

► **Background**

In the pre-customs clearance and post-verification system, record keeping of related data is essential, and if it is not kept or submitted, the application of agreed tariffs is excluded and penalties are imposed.

Therefore, we intend to improve the trustworthiness of the country of origin and maximize the use of FTA by presenting record keeping guidelines to Korean import and export companies.



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► Overview

An importer who has applied for the application of a tariff agreement with an exporter or producer using a certificate of origin or supporting documents must keep the documents stipulated in each agreement, including the documents stipulated in Article 10 of the Enforcement Decree of the FTA Special Act, for a certain period of time. If requested, the documents need to be submitted within the requested deadline.

The data used to prove the country of origin are not limited to the data presented in these guidelines, and the type and method of supporting data may vary depending on the verification target. In the case that the country of origin cannot be proven using other data or methods other than the presented evidential data, it may be considered that the origin of the product cannot be confirmed.

If the evidential documents are not stored, not submitted, or submitted differently from the facts, or does not provide sufficient evidence necessary to confirm the country of origin, administrative penalties such as exclusion from the application of the agreed tariff and fines and penalties stipulated in the FTA Special Act may be imposed.

► Required supporting materials for each party

Exporter (if different from producer)

- A copy of the certificate of origin (report) and application for issuance documents for the product in question
- Export declaration certificate for the product in question
- Evidence for item classification of the product in question (preliminary review, inquiry response, product description such as use, function, ingredients, etc.)
- Import declaration certificate for materials or parts used in the product in question (when imported directly in the name of the exporter)
- Proof of transaction for the product in question (transaction contract, purchase order, tax invoice, letter of credit, purchase confirmation, payment receipt, invoice, etc.)

- Proof of price for the product in question (including proof of receipt and payment of the price related to sale or purchase)
- Documents related to transportation of the product in question
- Proof of incidental costs such as transportation, insurance, customs clearance, etc. related to the sale or purchase of the product in question
- receipt/delivery/inventory control ledger for the product in question
- Confirmation documents such as a statement from the supplier or producer, certificate of country of origin, certificate of origin specification related to the product in question
- Certificate of origin signature card and ledger (voluntary certification by exporter)
- Certified exporter certificate (only for certified exporters)
- Accounting data and supporting materials prepared in accordance with generally accepted accounting principles (accounting audit reports, financial statements, sales slips, foreign exchange transaction evidence, manufacturing cost statements, product receipts and payments, purchase assistance book by account, domestic purchase evidence, etc.)

2. Producer

- Documents prepared and provided to the exporter or importer to prove the country of origin (confirmation of origin, confirmation of domestic manufacturing, etc.)
- Import declaration certificate of raw materials, parts, etc. used in the production of the product in question (if imported in the name of the producer)
- Evidence for item classification of the product in question and raw materials (preliminary review, inquiry response, product description for use, function, ingredients, etc.)
- Records of production of the product in its produced form
- Proof of transaction for the product in question and raw materials (transaction contract, purchase document, tax invoice, letter of credit, purchase confirmation, payment receipt, etc.)
- Proof of price of the product and raw materials in question (including proof of receipt and payment of the price related to sale or purchase)
- Transportation documents for the product in question and raw materials
- Proof of production, manufacturing, and processing that can prove the process of the product in question
- Documentation proving that the work or processing of the product in question took place within the country concerned.

- Documents proving that the work or processing performed outside the territory for the product in question have met the requirements. (if necessary)
- Proof of incidental costs such as transportation, insurance, customs clearance, etc. related to the sale or purchase of the product and raw materials in question
- Cost invoice and raw material statement for the product in question (This is mandatory if HS, quantity required, unit price/weight, country of origin, etc. were taken into consideration when determining the country of origin.)
- receipt/delivery/inventory management ledger of product in question and raw materials
- Documents provided by the material producer to the producer of the product in question for proof of origin, and documents confirming the contents stated in the documents
- Documents proving the origin of the materials used in the product
- Certificate of origin signature card and ledger (if a certificate of origin is issued)
- Accounting data and supporting data prepared in accordance with generally accepted accounting principles (accounting audit report, financial statements, sales slips, foreign exchange transaction evidence, manufacturing cost statement, product receipt/disbursement book, purchase assistance book by account, domestic purchase evidence, etc.)

3. When the exporter and producer are the same

- Data that must be provided by the exporter
- Import declaration certificate for raw materials or parts used in the production of the product in question (if the import declaration was made in the name of the exporter)
- Evidence for classification of raw materials used in the production of the product in question (preliminary review, inquiry response, product description, such as use, function, ingredients, etc.)
- Proof of transaction for raw materials used in the product in question (transaction contract, purchase order, tax invoice, letter of credit, purchase confirmation, payment receipt, invoice, etc.)
- Proof of price of raw materials used in the production of the product in question (including proof of receipt and payment of the price related to sales or purchase)
- Proof of production, manufacturing, and processing that can prove the process of the product in question
- Documentation proving that the work or processing of the product in question took place within the country concerned.
- Documents proving that the goods have met the requirements for work or processing performed outside the territory (if necessary)

- Proof of incidental costs such as transportation, insurance, customs clearance, etc. related to the sale or purchase of raw materials used in the production of the product in question.
- Cost invoice and raw material statement for the product in question (required if HS, quantity needed, unit price/weight, country of origin, etc. were taken into consideration when determining the country of origin)
- Receipt/delivery/inventory management ledger of raw materials used in the production of the product in question
- Documents provided by the material producer to the exporter to prove the origin of the material (country of origin confirmation, domestic manufacturing confirmation, etc.) and documents that can prove the contents stated in the documents
- Records of production of the product in its produced form
- Documents proving the origin of the materials used in the product
- Transportation documents for raw materials used in the production of the product in question

4. Importer

- When application of the agreed tariff is applied based on the certificate of origin issued by the issuing agency of the exporting country, exporter, or producer

Storage and submission of documents stipulated in Article 13, Paragraph 1, Heading 1 of the Enforcement Decree of the FTA Special Act

- In case application of the agreed tariff is applied based on the certificate of origin issued by the importer
The importer must store and submit all necessary documents to certify that the product is eligible for agreement tariff treatment in accordance with Article 6.17, Paragraph 2 and Article 6.19, Paragraph 4, subparagraph (a) of the Korea-US FTA Agreement, including the documents stipulated in Article 13, Paragraph 1, subparagraph 1 of the Enforcement Decree of the FTA Special Act.

► Required evidential data for each country of origin standard

Full production standard

- Evidence for item classification of the product in question (preliminary review, inquiry response, product description for use, function, ingredients, etc.)
- Specification of raw materials used in the product
- Proof of origin of raw materials used in the product in question
- Production and manufacturing process manuals and related records such as cultivation, collection, fishing, etc. of the product in question

- Proof of transaction for the product in question and raw materials (transaction contract, purchase order, tax invoice, letter of credit, purchase confirmation, payment receipt, invoice, etc.)

2. change in tariff classification

- Evidence for item classification of the product in question (preliminary review, inquiry response, product description for use, function, and ingredients)
- Specification of raw materials used in the product (HS, origin information)
- Proof of origin of raw materials used in the product in question
- Production and manufacturing process manuals and related records such as cultivation, collection, fishing, etc. of the product in question
- Proof of transaction for the goods and raw materials (transaction contract, purchase order, tax invoice, letter of credit, purchase confirmation, payment receipt, invoice, etc.)

3. Regional value standards

- Evidence for item classification of the product in question (preliminary review, inquiry response, product description for use, function, ingredients, etc.)
- Description of raw materials used in the product (HS, required quantity, unit price, origin material)
- Proof of origin of raw materials used in the product in question
- Proof of transaction for the product in question and raw materials (transaction contract, purchase order, tax invoice, letter of credit, purchase confirmation, payment receipt, invoice, etc.)
- Proof of price of the product and raw materials in question (including proof of receipt and payment of the price related to sale or purchase)
- Proof of incidental costs such as transportation, insurance, customs clearance, etc. related to the sale or purchase of the product in question and raw materials)
- Evidential data related to promotion, marketing, after-sales service costs, royalties, transportation and packaging costs, and disallowed interest costs related to the product in question (when applying the net cost method)

► Storage method

- All supporting materials related to one certificate of origin are collected, organized into one volume for each certificate of origin, and stored in date order.
- Relevant evidential data including the certificate of origin are stored on a disk or similar computer media, and a management number is assigned to indicate the relationship between the relevant evidential data and the certificate of origin.

► Sanction regulations for violation of data storage and submission

1. Exclusion from application of agreed tariff

- The importer or the exporter/producer of the other country fails to submit data within the deadline or submits false or untrue information without justifiable reasons.
- If the submitted data does not include the information necessary to confirm the accuracy of the country of origin
- If the exporter/producer, etc. of the other country refuses for customs officials to access to the books or related materials required to confirm the origin certificate without justifiable reasons, or fails to keep the documents stipulated in the agreement.

2. Fine (less than 20 million won)

- A person who fails to keep relevant documents in violation of Article 12 (1) of the Special Act without justifiable reasons
- A person who falsely submitted documents requested by the Commissioner of the Korea Customs Service or the head of a customs office pursuant to Article 12 (2) of the Special Act
- A person who falsely or illegally applied for and received, or prepared/issued, a document proving the origin pursuant to the Agreement or the Special Act
- Applied/issued, etc. contrary to facts (less than 3 million won)

3. penalty (less than 10 million won)

- A person who fails to submit documents within the period prescribed in Article 12 (3) of the Special Act without justifiable reasons.
- A person who refuses/obstructs or evades a written investigation or on-site investigation by the Commissioner of the Korea Customs Service or the head of a customs office pursuant to Article 13 (2) of the Special Act



Contents and Opinion of Customs Trade Amendment
**Partial amendment to the Act on Special Provisions
of the Customs Act for the Implementation
of Free Trade Agreements**

1. Amendment

(1) Strengthening the prevention of fraud when applying for country of origin certified exporter (Article 12 (2), Article 44 (2))

When a certification for a country of origin certified exporter is applied or obtained through deception or other illegal methods, grounds for cancellation of certification and punishment are prepared.

current	revised
<p>Article 13 (Support for certification of origin for small and medium-sized enterprises)</p> <p>The Commissioner of the Korea Customs Service may provide support projects regarding the following matters to exporters, producers, or those who supply export goods or materials used in the production of export goods, who are small and medium-sized businesses under Article 2 of the Framework Act on Small and Medium Enterprises.</p>	<p>Article 13 (Support for certification of origin for small and medium-sized enterprises, etc.)</p> <p>① The Commissioner of the Korea Customs Service may provide support projects specified in paragraph 2 for those who fall under any of the following items.</p> <ol style="list-style-type: none"> 1. Exporters, producers, or suppliers of export goods or materials used in the production of export goods, who are small and medium-sized enterprises under Article 2 of the Framework Act on Small and Medium Enterprises. 2. Exporters, producers, or suppliers of export goods or materials used in the production of export goods, who are farmers, agricultural management entities, and producer organizations under Article 3 of the Framework Act on Agriculture, Rural Areas, and Food Industry. 3. Exporters, producers, or those who supply export goods or materials used in the production of export goods, who are fishermen, fishermen, fisheries management entities, and producer organizations under Article 3 of the Framework Act on Fisheries and Fishing Village Development.

(3) Clarification of reasons for exemption from correction interest for goods to which FTA agreement tariffs have been applied (Newly established Article 36-2)

In the case of collecting correction interest on goods to which an agreed tariff has been applied, it has been collected in accordance with the Customs Act so far. However, in the future, it will be collected in accordance with this Act. When the importer applied for tax correction for the goods with the agreed tariff before receiving notice of the origin investigation from the Commissioner of the Korea Customs Service or the head of the customs office, correction interest shall not be collected if falling under reasons prescribed by Presidential Decree.

current	revised
<New introduction>	<p>Article 36-2 (Corrective Interest) ① If there is a deficiency in the amount of customs duties as a result of revising the amount of customs duties pursuant to the application pursuant to the latter part of Article 38-2 (1) and (2) of the Customs Act for goods to which the agreed tariff has been applied, the head of the customs office may collect the correction interest. Notwithstanding Article 36, the payment deadline under Article 9 of the Customs Act (Article 9 (6) in case correction interest is collected from an importer who applied for post-conventional tariff application pursuant to Article 9 (1) or (2) of this Act. The amount calculated according to the interest rate prescribed by Presidential Decree (hereinafter referred to in this Article The shortfall tax amount must be collected by adding "correction interest").</p> <p>② Notwithstanding paragraph 1, correction interest shall not be collected in any of the following cases.</p> <ol style="list-style-type: none"> 1. Cases that fall under any of the provisions of the proviso to Article 38-2, Paragraph 5 of the Customs Act 2. Cases prescribed by Presidential Decree, such as cases where a taxpayer applies for tax amount correction pursuant to Article 14 (2) and applies for tax amount correction before receiving notice of origin investigation pursuant to Article 17 (1) <p>③ Notwithstanding paragraphs 1 and 2, after the taxpayer under-reported the tax due to an illegal act pursuant to the proviso to Article 36, Paragraph 1, Item 1 or Article 42, Paragraph 2 of the Customs Act, Article 38-2, Paragraph 1 of the Customs Act. Alternatively, if an application is made pursuant to the latter part of paragraph (2), the head of the customs office shall collect the additional tax pursuant to Article 36 (1).</p>

2. Effective date

Effective on January 1, 2024 (However, the new provisions of Article 36-2 shall enter into force three months after the date of announcement.)

3. Comments on Amendment

Regarding origin-certified exporters, fraud prevention has been strengthened by mandating immediate cancellation if certification is obtained through false or fraudulent means. However, the proper use of the FTA system was encouraged by adding not only small and medium-sized businesses but also farmers and fishermen, who have difficulty accessing customs trade information, to the target of support projects according to the law.

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