



BUREAU OF CUSTOMS

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09 December 2021

CUSTOMS MEMORANDUM CIRCULAR
NO. 264-2021

To: All Deputy Commissioners
The Assistant Commissioner
All Directors and Division Chiefs
All District/ Port Collectors
All Others Concerned

SUBJECT: TARIFF CLASSIFICATION DISPUTE RULING

Pursuant to Commission Order No. 2018-1 (Rules of Procedure on Disputes involving Tariff Classification), attached is the copy of Tariff Classification Circular Dispute Ruling (TCC/DR) No. 21-002 issued on 03 December 2021.

For your information and guidance.

For record purposes, please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt thereof.


REY LEONARDO B. GUERRERO
Commissioner



BOC-09-26559

CMC No. 204-2021
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REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION



RE: REQUEST FOR TARIFF CLASSIFICATION DISPUTE RULING ON "PIN, TORQUE, JAR DLG MECH 1HA1 LI" CONSIGNED TO SUPPLY OILFIELD SERVICES, INC.

TCC (DR) NO. 21-002



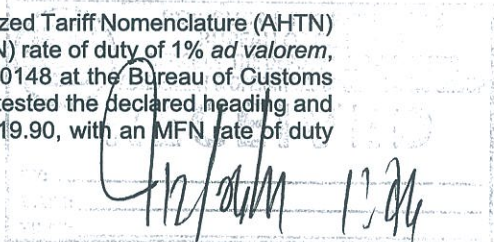
(Import Entry/Customs Reference No. C-40148, NAIA)

Issued on: 03 December 2021

TARIFF CLASSIFICATION DISPUTE RULING

Before this Commission is a request for tariff classification dispute ruling (TCDR), pursuant to Paragraph 2 of Section 1100 of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), on the shipment of Pin, Torque, Jar DLG MECH 1HA1 LI imported by Supply Oilfield Services, Inc. (Importer/Consignee) from Venezuela. The request of the Importer/Consignee for TCDR was accepted by this Commission on 10 June 2021.

The shipment of the said article, declared under ASEAN Harmonized Tariff Nomenclature (AHTN) 2017 subheading 8479.90.30, with a Most Favoured Nation (MFN) rate of duty of 1% *ad valorem*, was processed under Import Entry/Customs Reference No. C-40148 at the Bureau of Customs (BOC), Ninoy Aquino International Airport (NAIA). The BOC contested the declared heading and reclassified subject article under AHTN 2017 subheading 7318.19.90, with an MFN rate of duty of 10% *ad valorem*.



Hence, this request for tariff classification dispute ruling.

On 28 June 2021, this Commission wrote to the Importer/Consignee's IMPEX Coordinator, Ms. Roshelle Jusi, requesting for the submission of the following additional information:

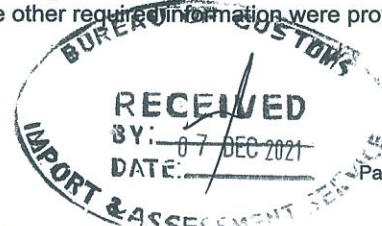
1. Difference between subject article and the dog point grub screw (type of set screw);
2. Dimension of subject article (diameter, length);
3. Size of socket bit to be used for tightening/loosening of subject article during installation;
4. Revised TC Form 2 indicating the BOC assessment;
5. BOC Discrepancy Report or similar document containing the BOC assessment; and
6. Affidavit or certification under oath stating that the good is not subject to a pending AR application.

The response, containing all the required information except for items 4 and 5 above, was received by this Commission on 01 July 2021. It was explained that Importer/Consignee is unable to provide said missing information "due to the declaration of BOC assessment is resulting to Seizure under CAO No. 01-2020 Section 6" and that Importer/Consignee "cannot proceed to file for Tentative Release / Release Under Protest of the shipment clearance".

To assist the Commission in further evaluating the case, submission of the following information was required in its letter to the Importer/Consignee dated 05 August 2021:

1. Confirmation on whether the cause of seizure of subject article is misdeclaration, misclassification or undervaluation;
2. Submission of the 2nd page of the BOC Single Administrative Document (SAD); and
3. Contact number of the person stated in the submitted TC Form 2, for easier communication.

The response to the second letter was received on 09 August 2021 wherein the cause of seizure was confirmed to be due to misclassification, and the other required information were provided.



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With information deemed sufficient to classify subject article and pursuant to Section 7.3 of Commission Order No. 2018-01, this Commission requested the concerned BOC District Collector on 24 August 2021 for comments on the request for TCDR on Pin, Torque, Jar DLG MECH 1HA1 LI. In a letter dated 09 September 2021, Atty. Halleck A. Valdez, Deputy Collector for Assessment of BOC Port of NAIA, submitted BOC's comment through a memorandum prepared by Ms. Lorraine Candelaria O. De Belen, Customs Operation Officer III of the DHL Assessment Unit, stating that the item was re-classified from the declared AHTN 2017 subheading 8479.90.30 (1% tariff rate) to 7318.19.90 with 10% tariff rate. The basis for this decision, as stated in the memorandum, is as follows:

"HS Code 73.18 in the AHTN 2017 composed of Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel. And as per actual physical examination, the items were found to be Threaded Metal Nuts."

BOC provided pictures from actual physical examination for reference. One such picture is shown below:



In the evaluation of disputes on tariff classification, Section 8 of Commission Order No. 2018-01 provides that this Commission, if it deems necessary, shall conduct a hearing to clarify the facts necessary to resolve the pending dispute in the tariff classification. In the present case, however, this Commission found that the submissions of the Importer/Consignee are sufficient to make a correct determination on the tariff classification of the subject article. A hearing, therefore, is no longer necessary.

For the Commission to have sufficient time to study the product and evaluate the case, it requested for additional time on the issuance of the TCDR through a letter dated 23 September 2021 addressed to the Importer-Consignee.

After due examination of the submitted technical information and specifications, it is established that subject article is a steel set screw (also known as grub screw), which is a type of screw that has a full threaded body with an extended (dog) point on one end and a hex socket (Allen) on the other end. It has an approximate dimension of 1.438 inches long, 0.872 inch outside diameter, and 0.380 inch inside diameter (hex socket). This type of screw is intended to be used as part of the drilling tool to hold in place the torque spring while the latter is being compressed or tensioned during tool operation.

Heading 73.18 of the AHTN 2017 covers screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel. The pertinent Harmonized System (HS) Explanatory Notes (EN) state that:

"Bolts and nuts (including bolt ends), screw studs and other screws for metal, whether or not threaded or tapped, screws for wood and coach-screws are threaded (in the finished state) and are used to assemble or fasten goods so that they can readily be disassembled without damage.

Bolts and screws for metal are cylindrical in shape, with a close and only slightly inclined thread; they are rarely pointed, and may have slotted heads or heads adapted for tightening with a spanner or they may be recessed. A bolt is designed to engage in a nut, whereas screws for metal are more usually screwed into a hole tapped in the material to be fastened and are therefore generally threaded throughout their length whereas bolts usually have a part of the shank unthreaded.

The heading includes all types of fastening bolts and metal screws regardless of shape and use, including U-bolts, bolt ends (i.e., cylindrical rods threaded at one end), screw studs (i.e., short rods threaded at both ends), and screw studding (i.e., rods threaded throughout.)

On the other hand, heading 84.79 of the AHTN 2017 covers machines and mechanical appliances having individual functions, not specified or included elsewhere in Chapter 84. The pertinent HS EN state that:

"Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), the heading also covers parts of the machinery of this heading, including moulds other than those covered elsewhere (in particular, heading 84.80)."

The General HS EN to Section XVI (which covers Chapters 84 and 85) state that:

"The main exclusions from the Section are:

- (a) Spools, cops, bobbins, reels, etc., of any material.*
- (b) Parts of general use as defined in Note 2 to Section XV, such as wire, chains, bolts, screws and springs, of iron or steel (heading 73.12, 73.15, 73.18 or 73.20) and similar articles of other base metals (Chapters 74 to 76 and 78 to 81), locks of heading 83.01, fittings and mountings for doors, windows, etc., of heading 83.02. Similar goods of plastics are also excluded from this Section and fall in Chapter 39."*

Moreover, Note 2 to Section XV states that:

"Throughout the Nomenclature, the expression "parts of general use" means:

- (a) Articles of heading 73.07, 73.12, 73.15, 73.17 or 73.18 and similar articles of other base metals."*

Group (C) Parts of Articles of the General EN to Section XV states that:

"In general, identifiable parts of articles are classified as such parts in their appropriate headings in the Nomenclature.

However, parts of general use (as defined in Note 2 to this Section) presented separately are not considered as parts of articles, but are classified in the headings of this Section appropriate to them. This would apply, for example, in the case of bolts specialised for central heating radiators or springs specialised for motor cars. The bolts would be classified in heading 73.18 (as bolts) and not in heading 73.22 (as parts of central heating radiators). The springs would be classified in heading 73.20 (as springs) and not in heading 87.08 (as parts of motor vehicles)."

As such, the Commission finds subject article to be a type of screw, a known threaded article, specifically covered under heading 73.18. Moreover, as stated in the HS EN, Section XVI excludes "parts of general use", such as bolts and screws. Hence, under the purview of subheading 8479.90.30, subject article is not considered as "parts".

Based on the information from the Importer/Consignee, the BOC, and the foregoing HS EN, subject article is classified under AHTN 2017 subheading 7318.15.90 by virtue of Rules 1 and 6 of the General Rules for the Interpretation (GRI) of the HS (Section 1610 of the CMTA).

WHEREFORE, premises considered, subject article is hereby classified as follows:

Product	AHTN 2017 Code	2021 MFN Rate
Pin, Torque, Jar DLG MECH 1HA1 LI	7318.15.90	10%

This is for compliance by the BOC pursuant to Section 1100 of the CMTA.

So Ordered.

FOR THE COMMISSION

MariLou P. Mendoza
Digitally signed

MARILOU P. MENDOZA
Chairperson

CMC NO. 2404-2021

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