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PROFESSIONALISM

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05 April 2021

CUSTOMS MEMORANDUM CIRCULAR
NO. 74-2021

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. 20-010 issued on 26 March 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 1 APR 16 2021

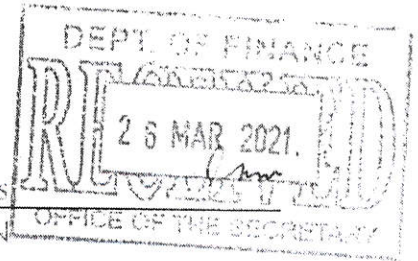


BOC-01-04853

CMC No. 74-2021 P-2



REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION



RE: REQUEST FOR TARIFF CLASSIFICATION
DISPUTE RULING ON "ELECTRONIC CONTROL
UNIT (ECU), PART NOS. 50125599, 50126153
AND 50125569" CONSIGNED TO
INTERNATIONAL WIRING SYSTEMS (PHILS.)
CORPORATION

TCC (DR) NO. 20-010

(Import Entry/Customs Reference No. C-1075690,
NAIA)

Issued on: 26 March 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 Electronic Control Unit (ECU), Part Nos. 50125599, 50126153 and 50125569 imported by International Wiring Systems (Phils.) Corporation (Importer/Consignee) from Thailand. The request of the Importer/Consignee for TCDCR was received by this Commission on 23 December 2020.

The shipment of the said article, declared under ASEAN Harmonized Tariff Nomenclature (AHTN) 2017 subheading 8537.10.30, with Most Favoured Nation (MFN) rate of duty of 5% *ad valorem*, was processed under Import Entry/Customs Reference No. C-1075690 at the Bureau of Customs (BOC), NAIA. The BOC contested the declared heading and reclassified the subject article under AHTN 2017 subheading 8708.99.99 with an MFN rate of duty 10% *ad valorem*.

Hence, this request for tariff classification dispute ruling.

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 13 January 2021 for comments on the request for TCDCR on Electronic Control Unit (ECU). To date, the Commission did not receive any comment from the BOC.

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.

After due examination of the submitted technical specifications, it is established that subject article is an electronic control unit consisting of a control board housed in a plastic casing. The control board is populated with both passive and active components, such as integrated circuits (ICs), regulator, relays, connectors, and drivers. It has a voltage rating of 12 V, maximum current rating of 200 mA, and dimension of 108 mm x 67 mm (L x W). Depending on the model, subject article is designed to control specific electronic functions of motor cars (for example door locking/unlocking, keyless entry, head lightings, room lightings, and alarm).

Heading 85.37 of the AHTN 2017 covers boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus of heading 85.35 or 85.36, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of Chapter 90, and numerical control apparatus, other than switching apparatus of heading 85.17. The pertinent Harmonized System (HS) Explanatory Notes (EN) state that:

"This heading consists of an assembly of apparatus of the kind referred to in the two preceding headings (e.g., switches and fuses) on a board, panel, console, etc., or mounted in a cabinet, desk, etc. They usually also incorporate meters, and sometimes also subsidiary apparatus such as transformers, valves, voltage regulators, rheostats or luminous circuit diagrams.



This heading also covers :

(3) "Programmable controllers" which are digital apparatus using a programmable memory for the storage of instructions for implementing specific functions such as logic, sequencing, timing, counting and arithmetic, to control, through digital or analog input/output modules, various types of machines."

On the other hand, heading 87.08 of the AHTN 2017 covers parts and accessories of the motor vehicles of headings 87.01 to 87.05. The pertinent HS EN state that:

"This heading covers parts and accessories of the motor vehicles of headings 87.01 to 87.05, provided the parts and accessories fulfil both the following conditions:

- (i) They must be identifiable as being suitable for use solely or principally with the above-mentioned vehicles; and
- (ii) They must not be excluded by the provisions of the Notes to Section XVII (see the corresponding General Explanatory Note)."

Section XVII of the AHTN 2017 covers vehicles, aircraft, vessels and associated transport equipment. Note 2 to this Section states that:

"The expressions "parts" and "parts and accessories" do not apply to the following articles, whether or not they are identifiable as for the goods of this Section :

- (f) Electrical machinery or equipment (Chapter 85)"

Subject article is an electronic control unit, which is basically an electrical apparatus that controls specific electronic functions of motor cars. Though its application is for motor vehicles, it should not be considered as "parts and accessories" under the purview of heading 87.08 as it is excluded by the above Legal Note.

Based on the information provided by the Importer/Consignee, and the foregoing HS EN and Note 2 to Section XVII, subject article is classified under AHTN 2017 subheading 8537.10.99C 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	2020 MFN Rate	2020 ATIGA Rate*
Electronic Control Unit, Part Nos. 50125599, 50126153 and 50125569	8537.10.99C	5%	Zero

*Subject to submission of Certificate of Origin (CO) Form "D"

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

So Ordered.

FOR THE COMMISSION

 Digitally signed

MARILOU P. MENDOZA
Chairperson

CMC No. 74-2021 p.4

TCC (DR) NO. 20-010

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