



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

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March 13, 2019

CUSTOMS MEMORANDUM CIRCULAR

NO. 81-2019

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

SUBJECT: Tariff Dispute Ruling

Pursuant to Commission Order No. 2018-1 (Rules of Procedure on Disputes Involving Tariff Classification), attached is the certified true copy of Tariff Classification Circular Dispute Ruling (TCC/DR) No. 18-005 issued on 27 February 2019.

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.

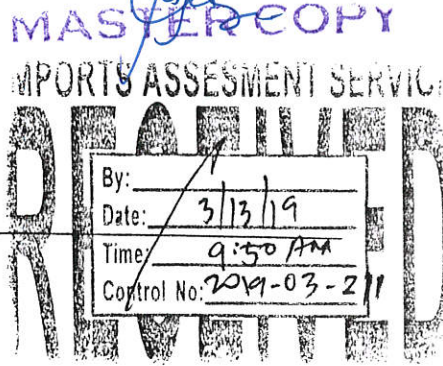
REY LEONARDO B. GUERRERO
Commissioner

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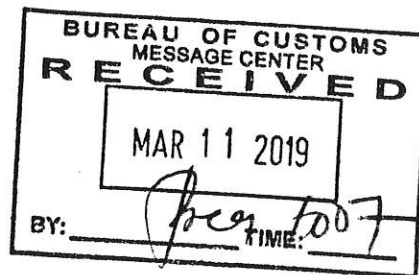


REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION



TCOC Ref. No. 19-032

07 March 2019



COMMISSIONER REY LEONARDO GUERRERO
Bureau of Customs
Port Area, Manila

Dear **Commissioner Guerrero**:

Pursuant to the provisions of Section 1603(f) of the *Customs Modernization and Tariff Act* (Republic Act No. 10863), Section 4.9 of Commission Order No. 2017-1 (*Procedure on Application for an Advance Ruling on Tariff Classification Related to Importation of Goods*), and Section 9 of Commission Order No. 2018-1 (*Rules of Procedure on Disputes Involving Tariff Classification*), this Commission is pleased to furnish your good Office with original copies of four (4) Advance Rulings on Tariff Classification, with TCC (AR) Nos. 18-0736A, 19-006, 19-021, and 19-033, and one (1) Tariff Classification Dispute Ruling with TCC (DR) No. 18-005, issued by this Commission from 27 February to 05 March 2019.

Thank you.

Very truly yours,

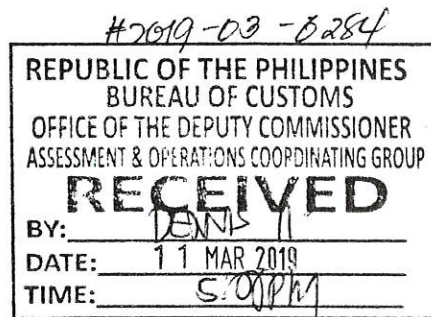
Mari Lou P. Mendoza

MARILOU P. MENDOZA
Chairperson

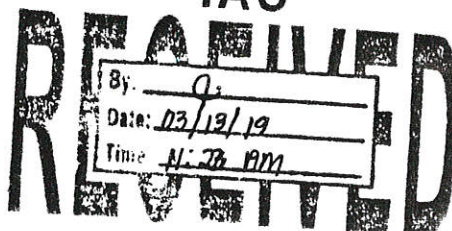


Encl: As stated.

cc: *The Secretary*
Department of Finance
Manila



OFFICE OF THE DIRECTOR
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REPUBLIC OF THE PHILIPPINES

TARIFF COMMISSION

TCC (DR) No. 18-005

27 February 2019

MR. JESUS HERNANDEZ
IMPEX/Production Manager
FD Coil Philippines Inc.
Kilometer 38 San Pablo
Malolos City, Bulacan
Email: fdcoilph@gmail.com

SUBJECT: RULING ON THE TARIFF CLASSIFICATION OF "IRON POWDER CORE" PROCESSED UNDER WAREHOUSE ENTRY NOS. W-12095 AND W-12424

Dear **Mr. Hernandez**:

This refers to the tariff classification of subject article which you referred to this Commission for appropriate ruling *via* letter dated 05 March 2018.

We have taken note of the fact that the above-mentioned article has already been lodged with the Bureau of Customs (BOC), Port of Manila, per Warehouse Entry Nos. W-12095 and W-12424 and since there is a disagreement as to the tariff classification, we consider your submission as a dispute. Accordingly, on 08 June 2018, we required the BOC District Collector to file his comment within five (5) days from receipt of our letter requesting him to comment on the tariff classification of subject importation. We received BOC's comment on 06 July 2018 classifying subject importation under ASEAN Harmonized Tariff Nomenclature (AHTN) 2017 subheading 7326.90.00.

In the course of evaluating subject article, the Commission conducted an ocular inspection at your warehouse on 27 November 2018. We found out that the shipment under dispute has already been subjected to further processing and exported prior to our request for inspection. Hence, for purposes of gathering additional information, we inspected a different shipment containing similar article. In addition, you submitted on 04 February 2019 a certificate of analysis about subject article.

Based on due examination of the documents and sample submitted, subject article is a solid core in the shape of a rod with octagonal cross-section, made from powdered iron. The powdered iron is mixed with binder and undergoes molding, heat treatment, and deburring. Subject article serves as the core of an induction coil and is used to increase the magnetic field created by the coil.

Note 1 (f) to Section XV of the AHTN 2017 states that this Section does not cover articles of Section XVI (machinery, mechanical appliances and electrical goods).

Note 2 to Section XVI of the AHTN 2017 states that subject to Note 1 to this Section, Note 1 to Chapter 84 and Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified according to the following rules, among others, other parts, if suitable for use solely or principally with

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MA. Isabel M. de Guzman
MA. ISABEL M. DE GUZMAN
Records Officer III
Tariff Commission

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a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 84.79 or 85.43) are to be classified with the machines of that kind or in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate.

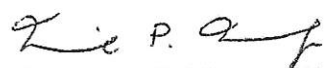
The Harmonized System (HS) General Explanatory Notes (EN) to Chapter 85 state that this Chapter covers, among others, certain machines and appliances which depend for their operation on the properties or effects of electricity, such as its electro-magnetic effects, heating properties, etc. (headings 85.05, 85.11 to 85.18, 85.25 to 85.31 and 85.43).

Heading 85.05 of the AHTN 2017 covers, among others, electro-magnets. The pertinent HS EN state that electro-magnets are of various sizes and shapes according to the use for which they are intended. They consist essentially of a coil of wire wound around a core of soft iron, this core being either in one piece or laminated. The passing of electric current in the coil confers magnetic properties on the core, which can then be used either for attraction or repulsion. Subject to the general provisions regarding the classification of parts, parts of the goods of this heading are also classified here.

Accordingly, subject article, being solely used as a core to increase the magnetic field of induction coils, is classifiable under AHTN 2017 subheading 8505.90.00B with a Most Favoured Nation (MFN) rate of duty of 1% ad valorem and ASEAN-Korea Free Trade Area (AKFTA) rate of duty of zero, subject to submission of Certificate of Origin (CO) Form "AK".

This is for compliance by the BOC pursuant to Section 1100 of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Very truly yours,



MARILOU P. MENDOZA
Chairperson



cc: *Atty. Maria Rhea M. Gregorio*
District Collector
Bureau of Customs
Port of Manila
Telephone No. 525 4376

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Records Officer III
Tariff Commission 3/7/19