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10 March 2023

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**CUSTOMS MEMORANDUM CIRCULAR**  
**NO. 49-2023**

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

**SUBJECT: TARIFF CLASSIFICATION DISPUTE RULING**

This has reference to the herein attached Tariff Commission Circular Dispute Ruling (TCC DR) No. 22-028 issued on 07 March 2023 pursuant to Commission Order No. 2018-1 (Rules of Procedure on Disputes involving Tariff Classification) on the shipment of "SL-V Injector Repair Kit, Model No.: 272970" consigned to SKF Philippines Inc. (Import Entry/ Customs Reference No. C-111122, NAIA) the dispositive portion of which states that:

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

Product	AHTN 2022 Code	2022 MFN Rate
SL-V Injector Repair Kit, Model No.: 272970	8484.90.00	7% <i>ad valorem</i>

For information and guidance.

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



**BIENVENIDO Y. RUBIO**  
 Commissioner

*[Handwritten signature]*

MAR 21 2023



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REPUBLIC OF THE PHILIPPINES  
**TARIFF COMMISSION**

RE: REQUEST FOR TARIFF CLASSIFICATION  
DISPUTE RULING ON "SL-V INJECTOR REPAIR  
KIT, MODEL NO.: 272970", CONSIGNED TO SKF  
PHILIPPINES INC.

TCC (DR) NO. 22-028

(Import Entry/Customs Reference No. C-111122,  
NAIA)

3/9  
12:00  
Issued on: 07 March 2023

**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 SL-V Injector Repair Kit, Model No.: 272970 imported by SKF Philippines Inc. (Importer/Consignee) from the USA. The request of the Importer/Consignee for TCDR was accepted by this Commission on 07 October 2022.

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-111122 at the Bureau of Customs (BOC), Ninoy Aquino International Airport (NAIA). The BOC contested the declared heading and reclassified subject article under AHTN 2022 subheading 8484.90.00, with an MFN rate of duty of 7% *ad valorem*.

Hence, this request for Tariff Classification Dispute Ruling.

Pursuant to Section 7.3 of Commission Order No. 2018-01, this Commission requested the concerned BOC District Collector on 03 November 2022 for comments on the request for TCDR on SL-V Injector Repair Kit, Model No.: 272970. In a letter dated 17 November 2022, Atty. Halleck A. Valdez, Deputy Collector for Assessment, BOC-NAIA, submitted BOC's comment through a memorandum (with position paper and supporting documents) prepared by Mr. Jones S. Rose, Customs Operations Officer (COO) III, stating the reasons why subject article was reclassified from the declared AHTN 2017 subheading 8479.90.30 (with an MFN rate of duty of 1% *ad valorem*) to AHTN 2022 subheading 8484.90.00 (with an MFN rate of duty of 7% *ad valorem*). The reasons for this reclassification decision, as stated in the position paper, were as follows:

"The declared classification for SL-V REPAIR KIT (Item nos. 11, 12 & 17) is **HS 8479.90.30** with 1% MFN rate of duty while the undersigned Customs Examiner is of the opinion that this should be classified under **HS 8484.90.003** with 3% MFN rate of duty. Recommended reclassification is based on the following reasons, to wit:

1. Item nos. 11, 12 & 17, declared as SL-V REPAIR KIT were incorrectly classified by the broker under AHTN 2017 84799030 with 1% MFN rate of duty - Parts - - Of other electrically operated machines (Chapter 84.79 - Machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter.) wherein, upon examination, the subject article in question was found to be an SL-V INJECTOR REPAIR KIT with Model No. 272970 containing an assortment of gaskets, O-rings and springs of different materials inside a plastic pouch (see attached photo);

It is more appropriate that the subject article should fall under AHTN 2022 8484.90.00 with 7% MFN rate of duty - Other (Chapter 84.84 Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal; sets or assortments of gaskets and similar joints, dissimilar in composition, put up in pouches, envelopes or similar packings; mechanical seals);

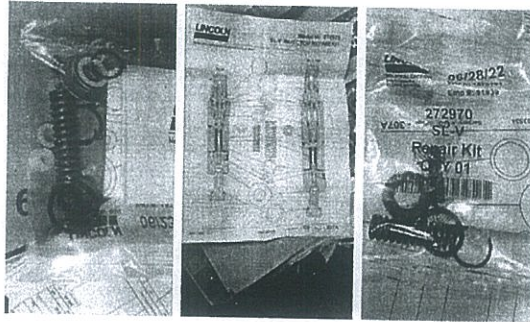
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3. According to Schedule B of the Explanatory Notes for Chapter 84.84 (Sets or assortments of gaskets and similar joints), "such sets or assortments of any material are classified here when put up in pouches, envelopes, boxes, etc., provided that the gaskets or joints are not all of the same material; To be classified here, the sets and assortments must contain at least two gaskets or joints of different material.." where in fact, it is evident in the attached photo that the assortment of gaskets, O-rings & springs are composed of different materials such as rubber, plastic & metal of which the recommended tariff classification is also supported by Rule 1 of the General Rules of Interpretation which states that classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes, and, further, by Rule 3(a) as the most specific description."



The Commission noted a typographical error in the AHTN Code cited in the introductory paragraph of the BOC's memorandum (i.e., HS 8484.90.003) and considered the Code stated in the second paragraph of the reasons for BOC's reclassification as the correct one (i.e., AHTN 2022 8484.90.00 with 7% MFN rate of duty).

On 03 November 2022, the Commission received an email from Mr. Jhomil C. Rivera, Customer Service and Logistics Supervisor of SKF Philippines Inc. (Importer/Consignee), providing/stating their reasons for classifying subject article under either subheading 8481.90.90 (*parts of valves*) or under subheading 8479.90.90 (*parts of machines*), summarized as follows:

- Subject SL-V repair kit are parts suitable and fit only for the specific machines/valves for which these were built. The parts cannot be use in other appliances or products.
- By application of Rule 1 of the General Rules for the Interpretation (GRI) of the Harmonized System (HS), and by reading the relevant Section and Chapter Notes, two or more headings merit consideration.
- The product is put up for retail sale. Hence, the need to go down to Rule 3(a) to determine the heading which provides the most specific description.
- There is a need to apply/follow the HS dash system, that is, one dash for 8479.90.90 (*Parts*) and two dashes 8481.90.90 (*Parts of valves*).

The Importer/Consignee further emphasized that subheading 8484.10.00 should not be used in classifying subject article due to the following reasons:

- "Gasket described here is general which can be use in other products
- There is no similar joints of metal sheeting on our product (SLV-repair kit)
- There is no combination of other material either two or more metals"

While evaluating the submissions from the Importer/Consignee and the BOC, the Commission determined that additional information is needed to properly classify the subject article. Hence, on 14 December 2022, the Commission requested the Importer/Consignee to submit the following additional information:

- brochure or photo indicating the name and material composition (e.g., plastic, rubber, steel) of each component included in the repair kit;
- use/function of each component (e.g., sealing, prevent leakage); and
- dimension of each component (if available).

On the same day, the Commission received the requested information via an email from Mr. Rivera. Another email was received on 10 January 2023 providing the indicative price per item in the repair kit.

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 disputes in tariff classification. In the present case, however,

this Commission found that the submissions of the Importer/Consignee and the BOC were 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 brochures, technical drawings and specifications, indicative price per item in the repair kit, photographs, and sample of the product, it is established that subject repair kit consists of two rubber O-rings, five plastic O-rings, one backup washer, two plastic U-cups, two metal springs, and two copper gaskets. This kit is put up in a pouch and is intended to be used as replacement parts for the SL-V injector device, a metering device for centralized lubricant dispensing systems. The coiled metal springs provide force (push) when compressed, while the remaining items in the kit are used for sealing.

Based on the examination of all documents and the sample submitted, the Commission concurs with the Importer/Consignee that subject article consists of parts/components of a machine classifiable under Chapter 84 of the AHTN 2022.

The classification of parts of machines falling under Chapter 84 (and Chapter 85) is governed by Note 2 to Section XVI which 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 :*

*(a) **Parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 84.09, 84.31, 84.48, 84.66, 84.73, 84.87, 85.03, 85.22, 85.29, 85.38 and 85.48) are in all cases to be classified in their respective headings [emphasis added];***

*(b) Other parts, if suitable for use solely or principally with 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. However, parts which are equally suitable for use principally with the goods of headings 85.17 and 85.25 to 85.28 are to be classified in heading 85.17, and parts which are suitable for use solely or principally with the goods of heading 85.24 are to be classified in heading 85.29.*

*(c) All other parts are to be classified in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate or, failing that, in heading 84.87 or 85.48."*

By application of the GRIs of the HS [specifically Rules 1 and 3(a)] in conjunction with the aforementioned Legal Note, the Importer/Consignee arrived at two different classifications for subject article: i) subheading 8479.90.90 as a part of a machine falling under heading 84.79; and ii) subheading 8481.90.90 as part of valves of heading 84.81.

Heading 84.79 covers machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter. The pertinent HS Explanatory Notes (EN) regarding parts of the machines under this heading 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) [emphasis added]."*

On the other hand, heading 84.81 of the AHTN 2022 covers taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves. The pertinent HS EN for parts of the articles of this heading state that:

*"Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), parts of the appliances of this heading are also classified here [emphasis added]."*

It should be noted that the HS provides guidance on the classification of parts of the machines and devices of the abovementioned headings by referring to general provisions regarding the classification of parts (i.e., Note 2 to Section XVI). In addition, the abovementioned General EN to Section XVI for *Parts* state that:

*"In general, parts which are suitable for use solely or principally with particular machines or apparatus (including those of heading 84.79 or heading 85.43), or with a group of machines or*

apparatus falling in the same heading, are classified in the same heading as those machines or apparatus subject, of course, to the exclusions mentioned in Part (I) above. Separate headings are, however, provided for :

x x x

**The above rules do not apply to parts which in themselves constitute an article covered by a heading of this Section (other than headings 84.87 and 85.48); these are in all cases classified in their own appropriate heading even if specially designed to work as part of a specific machine. This applies in particular to [emphasis added] :**

- (1) Pumps and compressors (headings 84.13 and 84.14).
- (2) Filtering machinery and apparatus of heading 84.21.
- (3) Lifting and handling machinery (heading 84.25, 84.26, 84.28 or 84.86).
- (4) Taps, cocks, valves, etc. (heading 84.81).
- (5) Ball or roller bearings, and polished steel balls of a tolerance not exceeding 1 % or 0.05 mm, whichever is less (heading 84.82).
- (6) Transmission shafts, cranks, bearing housings, plain shaft bearings, gears and gearing (including friction gears and gear-boxes and other speed changers), flywheels, pulleys and pulley blocks, clutches and shaft couplings (heading 84.83).
- (7) **Gaskets and similar joints of heading 84.84 [emphasis added].**

x x x"

On the other hand, the BOC considered classification of the product under heading 84.84 of the AHTN 2022 which covers, among others, sets or assortments of gaskets and similar joints, dissimilar in composition, put up in pouches, envelopes or similar packings. The pertinent HS EN to this heading state that:

**(B) SETS OR ASSORTMENTS OF GASKETS AND SIMILAR JOINTS**

**"Such sets or assortments of any material (agglomerated cork, leather, rubber, textiles, paperboard, asbestos, etc.) are classified here when put up in pouches, envelopes, boxes, etc., provided that the gaskets or joints are not all of the same material.**

**To be classified here, the sets and assortments must contain at least two gaskets or joints of different material. Therefore a pouch, envelope, box, etc., containing, for example, five gaskets all made of paperboard, is not covered by the heading but is classified in heading 48.23; but if the set also included a rubber gasket it would fall in this heading [emphasis added].**

x x x

The heading **does not cover** :

- (a) Gaskets or joints, other than the composite types incorporating metal sheeting or foil, which do not comply with the conditions set out in (B) above; these are generally classified according to their constituent material."

Since subject repair kit also contains springs which are not included or covered in the "similar joints" mentioned in the text of heading 84.84, it follows that the kit has two possible classifications: (i) the set consisting of O-rings, gaskets, backup washer, and U-cups under heading 84.84; and (ii) classification of the metal springs (i.e., under heading 73.20 if made of iron or steel). By application of GRI 3(a), both headings are to be regarded as equally specific as they both refer to only several items in the repair kit.

However, because the kit consists of at least two different articles classifiable in different headings of the AHTN 2022; contains articles put up together to meet a particular need; and is packaged in a manner suitable for retail sale, it is considered as constituting goods put up in sets for retail sale. Hence, there is a need to apply GRI 3(b) to determine which component gives the kit its essential character.

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As mentioned above, except for the two metal springs, the items in the kit are jointing or sealing devices of different materials which, when put up together as a set, is classifiable under heading 84.84 of the AHTN 2022. Thus, the Commission has determined that the combination of the O-rings, (also known as packing or toric joint) of different materials, the backup washer, plastic U-cups, and copper gaskets imparts the essential character of the kit. Consequently, in accordance with GRI 3(b), the repair kit shall be classified as if it consisted only those items. As a result, the entire kit falls under/is classifiable in heading 84.84 as a set or assortment of gaskets and similar joints, dissimilar in composition, put up in pouches, envelopes or similar packings.

Based on the information received from the Importer/Consignee and the BOC, and the clarifications provided by the foregoing Section Note and HS EN, subject article is properly classified under AHTN 2022 subheading 8484.90.00 by virtue of Rules 1, 3(b), and 6 of the GRI of the HS (Section 1610 of the CMTA).

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

Product	AHTN 2022 Code	2022 MFN Rate
SL-V Injector Repair Kit, Model: 272970	8484.90.00	7%

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

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