



26 May 2022

**CUSTOMS MEMORANDUM CIRCULAR**  
NO. 71-2022

To: The Assistant Commissioner  
All Deputy Commissioners  
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. 20-008 issued on 19 May 2022.

For 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



CMC No. 71-2022



REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION

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MAY 19 2022  
BY: MERRY ROVE C. PALATIME: 1332

RE: REQUEST FOR TARIFF CLASSIFICATION  
DISPUTE RULING ON "ALL IN ONE INTERACTIVE  
FLAT PANEL SET, MODEL: YC750-JX"  
CONSIGNED TO FELTA MULTI-MEDIA, INC.

(Import Entry/Customs Reference No. C-1049574-  
2020, NAIA)

TCC (DR) NO. 20-008



BOC-09-3066

REPUBLIC OF THE PHILIPPINE  
BUREAU OF CUSTOMS  
OFFICE OF THE DEPUTY COMMISSIONER  
ASSESSMENT & OPERATIONS COORDINATING  
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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 All In One Interactive Flat Panel Set, Model: YC750-JX imported by Felta Multi-Media Inc. (Importer/Consignee) from China. The request of the Importer/Consignee for TCDR, filed by their Authorized Representative, Ms. Michelle D. Bracamonte of Wellcross Freight, was accepted by this Commission on 21 October 2020.

The shipment of said article, declared under ASEAN Harmonized Tariff Nomenclature (AHTN) 2017 subheading 8471.30.90, with Most Favoured Nation (MFN) rate of duty of zero, was processed under Import Entry/Customs Reference No. C-1049574-2020 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 8528.52.00B with MFN rate of duty of 15% *ad valorem*.

Hence, this request for tariff classification dispute ruling.

On 30 October 2020, this Commission wrote to the Importer/Consignee requesting for the submission of the following: a) a clear/readable copy of the processed Single Administrative Document (SAD); b) clarification on what the product can do on its own (*i.e.*, without connecting to a computer or other sources) given that it already has an operating system (OS), processor and touchscreen; and c) how the product works. The information requested was received by this Commission on 02 and 04 November 2020.

While evaluating the new submissions from the Consignee, the Commission noticed that the *Whiteboard V3.0 User's Manual* provided seemed to refer to a product/model different from the one requested for TCDR. Thus, for the Commission to arrive at a complete understanding of the product, the Commission sent a letter to the Consignee on 24 November 2020 seeking for clarification on the name of the product (including the model) requested for TCDR together with the corresponding technical information. The response from the Authorized Representative clarifying the product subject to dispute ruling and the submitted supporting documents was received on 10 January 2021.

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 17 May 2021 for comments on the request for TCDR on All In One Interactive Flat Panel Set, Model: YC750-JX. In a letter dated 04 June 2021, Atty. Halleck A. Valdez, Deputy Collector for Assessment of BOC Port of NAIA, submitted BOC's comment, through a memorandum prepared by the Customs Operations Officers handling the shipment, stating the basis for BOC's classification, as follows:

"The article in question is an All In One Interactive Flat Panel and was initially classified by the consignee to 8471.3090 with 0% rate of duty and was re-classified to 8528.52.00B with 15% rate of duty.



OFFICE OF THE DIRECTOR  
IAS  
[Signature]





Chapter 84 of the AHTN 2017 notes paragraph (5) (A) For the purpose of heading 84.71, the expression "automatic data processing machines" means machine capable of:

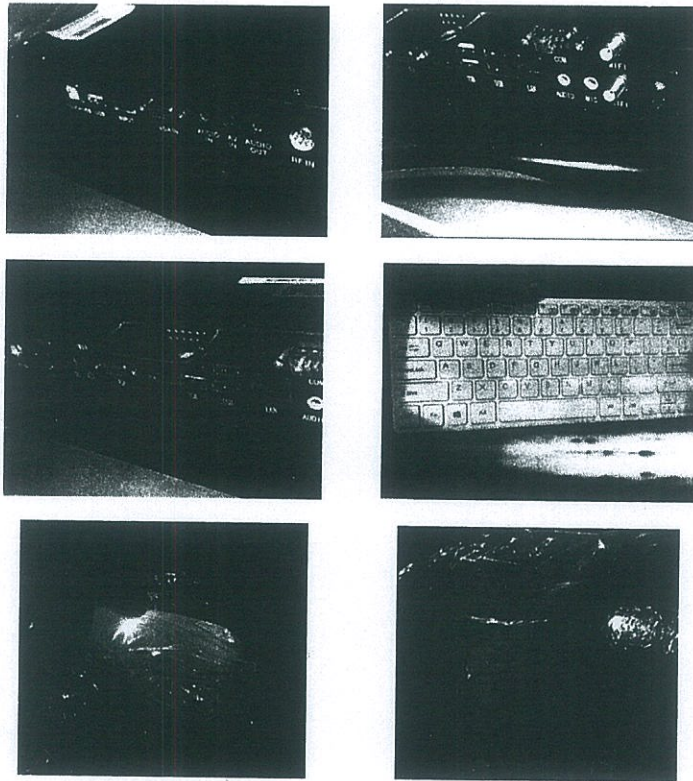
- (i) Storing the processing program or programs and at least the data immediately necessary for the execution of the program.
- (ii) Being freely programmed in accordance with the requirements of the user;
- (iii) Performing arithmetical computations specified by the user; and
- (iv) Executing, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run.

Chapter 84 notes (5) (B) Automatic data processing machines may in form of systems consisting of a variable number of separate units.

Chapter 84 Paragraph 5(D) Heading 84.71 does not cover when presented separately, even if they meet all of the conditions set forth in Note 5 (C) (v) Monitors and projectors, not incorporating television apparatus.

Upon physical examination of the "All in One Interactive Flat Panel: Model YC750-JX" it was hard to determine whether the operating system is installed already however based from the brochure submitted for this particular model the specifications for its CPU, RAM and Windows OS are optional."

BOC provided the attached pictures from actual physical examination, for reference.



After receipt of BOC's comment and further evaluation of the case, the Commission again wrote the Importer/Consignee on 05 August 2021 (which was re-emailed to the Importer/Consignee on 27 August 2021) requesting for clarification on the condition of the product upon importation, to specifically identify which components are already connected and/or to be connected, the functions it can do with the connected components/programs, and the ports available. Based on subsequent communications with the Importer/Consignee's Authorized Representative, it was agreed for the Commission to conduct an onsite verification/physical inspection of the product. Thus, on 15 November 2021, the Commission conducted an onsite verification/physical inspection of the product.

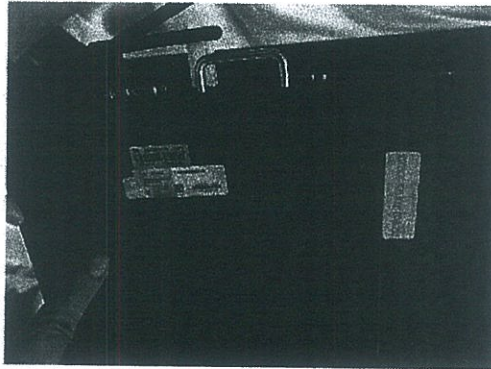
In the evaluation of disputes on tariff classification, Section 8 of Commission Order No. 2018-01 provides that this Commission, if it deems necessary, shall conduct a hearing to clarify the facts necessary to resolve the pending dispute in the tariff classification. In the present case, however, this Commission found that the submissions of the Importer/Consignee and the actual inspection conducted 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 information and photographs of the actual article and based on the product inspection conducted, it is established that subject article is a stand-alone touchscreen flat panel display, pre-installed with Windows 10 operating system (with a Windows OEM sticker on the back panel) (see picture below) and an Android system.

With its dual core system (Windows 10 and Android) and touch-sensitive function (also with onscreen keyboard), the product can achieve whiteboard writing, multimedia playing, and fluent writing and demonstration. It is likewise equipped with speakers and with multiple connection terminals, such as USB, HDMI, VGA, RJ45 Ethernet, and audio and video ports that allow the unit to connect to a computer or to other machines for the display and manipulation of content.

Generally used in meeting rooms, boardrooms, and classrooms, subject article is imported together with its instruction manual and accessories: black wall bracket, wireless keyboard and mouse, writing pen, long pointer, remote control, and black antenna. It has the following specifications:

CPU	Intel core i3 4th Gen
RAM (GB)	4
Resolution (4K)	3840 x 2160
Display size (mm)	1652 x 930
Gross Weight (kg)	78
Electrical Rating	248 W, 100~250 V AC, 50-60 Hz



Heading 84.71 of the AHTN 2017 covers, among others, automatic data processing machines and units thereof. The Harmonized System (HS) Explanatory Notes (EN) to this heading state that:

*“Automatic data processing machines are machines which, by logically interrelated operations performed in accordance with pre-established instructions (program), furnish data which can be used as such or, in some cases, serve in turn as data for other data processing operations.*

*Automatic data processing machines may comprise in the same housing, the central processing unit, an input unit (e.g., a keyboard or a scanner) and an output unit (e.g., a visual display unit), or may consist of a number of interconnected separate units.”*

On the other hand, heading 85.28 of the AHTN 2017 covers, among others, monitors and projectors, not incorporating television reception apparatus. The HS EN to this heading state that:

*“Monitors, projectors and television sets utilize different technologies, such as CRT (cathode-ray tube), LCD (liquid crystal display), DMD (digital micromirror device), OLED (organic light-emitting diodes) and plasma, to display images.*

*Monitors and projectors may be capable of receiving a variety of signals from different sources. However, if they incorporate a television tuner they are considered to be reception apparatus for television”.*



As imported, subject article is beyond the scope of heading 85.28 as it is not merely capable of receiving signals from different sources and displaying images. It has already been installed with an operating system and equipped with input unit (touchscreen and with onscreen keyboard) and an output unit (visual display), all in a single housing. Thus, it meets the requirements of "automatic data processing machines" stipulated under Note 5 (A) to Chapter 84 (i.e., capable of storing the processing program or programs and at least the data immediately necessary for the execution of the program; being freely programmed in accordance with the requirements of the user; performing arithmetical computations specified by the user; and executing, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run).

Based on the information received from the Importer/Consignee and the BOC, the results of the Commission's onsite verification/physical verification, and the clarification provided by the foregoing HS EN, subject article is classified under AHTN 2017 subheading 8471.41.90 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	2020 MFN Rate	2020 ACFTA Rate
All in One Interactive Flat Panel Set, Model: YC750-JX	8471.41.90	Zero	Zero

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

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