



22 March 2023

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CUSTOMS MEMORANDUM CIRCULAR
NO. 62-2023

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. 22-009 issued on 15 March 2023 pursuant to Commission Order No. 2018-1 (Rules of Procedure on Disputes involving Tariff Classification) on the shipment of "BS&B® Pretorqued Safety Head/Disk Holder, Model: SRB-7RS™" consigned to Energy Development Corporation (Import Entry/ Customs Reference No. C-28964, NAIA) the dispositive portion of which states that:

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

Product	AHTN 2017 Code	2022 MFN Rate
BS&B® Pretorqued Safety Head/Disk Holder, Model: SRB-7RS™	7307.19.00	10%

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]

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MC 62-2023P-2

REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION

RE: REQUEST FOR TARIFF CLASSIFICATION DISPUTE RULING ON "BS&B® PRETORQUED SAFETY HEAD/DISK HOLDER, MODEL: SRB-7RS™", CONSIGNED TO ENERGY DEVELOPMENT CORPORATION

TCC (DR) NO. 22-009
OFFICE OF THE SECRETARY

(Import Entry/Customs Reference No. C-28964, NAIA)

3/17
Issued on: 15 March 2023 10:40

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 BS&B® Pretorqued Safety Head/Disk Holder, Model: SRB-7RS™ imported by Energy Development Corporation (Importer/Consignee) from the United States of America (USA). The request of the Importer/Consignee for a TCDR was accepted by this Commission on 05 April 2022.

The shipment of the said article, declared under ASEAN Harmonized Tariff Nomenclature (AHTN) 2017 subheading 7307.91.90, with a Most Favoured Nation (MFN) rate of duty of 3% *ad valorem*, was processed under Import Entry/Customs Reference No. C-28964 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 7326.90.99, with an MFN rate of duty of 15% *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 12 April 2022 for comments on the request for TCDR on BS&B® Pretorqued Safety Head/Disk Holder, Model: SRB-7RS™. In a letter dated 22 April 2022, Atty. Halleck A. Valdez, Deputy Collector for Assessment, BOC-NAIA submitted BOC's comment through a memorandum (with supporting documents) prepared by Mr. Wilchrist R. Rama, Customs Operations Officer (COO) III and Mr. Edward Cruz, COO V, stating the reasons why subject article was reclassified from the declared AHTN 2017 subheading 7307.91.90 (with an MFN rate of duty of 3% *ad valorem*) to AHTN 2017 subheading 7326.90.99 (with an MFN rate of duty of 15% *ad valorem*). The reasons for this reclassification decision, as stated in the memorandum, were as follows:

"The goods under consideration is pictured and described in the product brochure, and upon physical examination as Safety Head/Disk Holder BS&B Model SRB 7RS, made of Stainless Steel designed to hold the Rupture Disks, hereto attached marked as Annex "A" and "B", respectively. Therefore, classifiable under the heading 7326.90.99, with a rate of duty of 15%.

The General Explanatory Notes states that under heading 7307, "covers fittings of iron or steel, mainly used for connecting the bores of two tubes together, or for connecting a tube to some other apparatus, or for closing the tube aperture. This heading does not however cover articles used for installing pipes and tubes but which do not form an integral part of the bore (e.g. hangers, stays and similar supports which merely fix or support the tubes and pipes on walls, clamping or tightening bands or collars (hose clips) used for clamping flexible tubing or hose to rigid piping, taps, connecting pieces, etc.) (heading 7325 or 7326." Chapter 73 expressed the meaning of Tubes and Pipes, it is a concentric hollow products, of uniform cross-section with only one enclosed void along their whole length, having their inner and outer surfaces of the same form.

In the United States Customs under Ruling Number NY J81742 dated April 4, 2003, and NY H84116, hereto attached as Annex "C" and Annex D, respectively, ruled that the tariff classification of safety heads made of stainless steel, which was designed to hold the rupture disk

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was classified in 7326.90.8587 Harmonized Tariff Schedule of the United States, hereto attached marked as **Annex "E"**."

The BOC submissions included the letter from the Importer/Consignee requesting for tentative assessment and release of the shipment, pictures of the actual article, product brochure, excerpt from the Harmonized Tariff Schedule of the United States (2003) for heading 73.26, copy of a tariff classification ruling from the USA Customs on a similar article, air waybill, commercial invoice, and other documents relevant to the shipment.

Upon further evaluation of the submissions from both the Importer/Consignee and the BOC, the Commission determined that additional information is still needed to properly classify the subject article. Hence, on 13 December 2022, a letter was sent to the Importer/Consignee requesting the submission of the following information:

- a) identification of the parts/components, as applicable (including specific material used) of subject article as imported;
- b) manufacturing process description or flowchart; and
- c) diagram with labels showing how subject article is used/connected in the piping system.

The requested information was submitted by the Importer/Consignee through email on 20 December 2022. Further clarification/additional information was sought from the Applicant on the devices accompanying the disk holder and on the manufacturing process. Their responses were received by this Commission on 23 January 2023.

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 product brochures, manufacturing process description, packing list, commercial invoice, photographs of actual installations of the product, and other technical information about the product, it is established that subject article consists of a pair (outlet and inlet) of burst disk holder made from casted stainless steel. It has a nominal diameter of 8 inches (200 mm) and serves as inlet/outlet clamping flange (special flange) for rupture disks. It is supplied with 1/4" National Pipe Taper (NPT) taps in both the outlet and inlet flanges and is imported together with a tell-tale indicator assembly and a dual-pointer pressure gauge which are to be installed in the outlet flange of the disk holder. ✓

Subject article will be installed/connected (bolted) to the flanges of a pipeline such as in industrial and geothermal plants. The rupture disk, also known as a pressure safety disk, is a pressure relief safety device that protects an equipment or system from over pressurization and from damage.

Both the Importer/Consignee and the BOC considered classification of the product under Chapter 73 of the AHTN 2017 which covers articles of iron and steel.

The Importer/Consignee declared subject article under heading 73.07 which covers tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel. The pertinent Harmonized System (HS) Explanatory Notes (EN) to this heading state that:

"This heading covers fittings of iron or steel, mainly used for connecting the bores of two tubes together, or for connecting a tube to some other apparatus, or for closing the tube aperture. This heading does not however cover articles used for installing pipes and tubes but which do not form an integral part of the bore (e.g., hangers, stays and similar supports which merely fix or support the tubes and pipes on walls, clamping or tightening bands or collars (hose clips) used for clamping flexible tubing or hose to rigid piping, taps, connecting pieces, etc.) (heading 73.25 or 73.26).

The connection is obtained :

- by screwing, when using cast iron or steel threaded fittings;
- or by welding, when using butt-welding or socket-welding steel fittings. In the case of butt-welding, the ends of the fittings and of the tubes are square cut or chamfered;
- or by contact, when using removable steel fittings.

This heading therefore includes flat flanges and flanges with forged collars, elbows and bends and return bends, reducers, tees, crosses, caps and plugs, lap joint stub-ends, fittings for tubular railings and structural elements, off sets, multi-branch pieces, couplings or sleeves, clean out traps, nipples, unions, clamps and collars."

On the other hand, the BOC considered classification of the product under heading 73.26, the residual heading for articles of iron or steel. The pertinent HS EN to this heading state that:

"This heading covers all iron or steel articles obtained by forging or punching, by cutting or stamping or by other processes such as folding, assembling, welding, turning, milling or perforating other than articles included in the preceding headings of this Chapter or covered by Note 1 to Section XV or included in Chapter 82 or 83 or more specifically covered elsewhere in the Nomenclature. [emphasis added]"

Being a device made of casted stainless steel which is designed to connect the bores of two pipes together and some other apparatus (e.g., the tell-tale indicator assembly and dual-pointer pressure gauge) to the pipeline, the Commission determined that subject article meets the requirements of a tube or pipe fitting under heading 73.07 of the AHTN 2017. Thus, classification should be considered under this heading before considering the residual heading 73.26.

Based on the information received from the Importer/Consignee and the BOC, and the clarifications provided by the foregoing HS EN, subject article is properly classified under AHTN 2017 subheading 7307.19.00 by virtue of Rules 1 and 6 of the General Rules for the Interpretation (GRI) of the HS (Section 1610 of the CMTA). In view of the Philippines' adoption and implementation of the 2022 version of the AHTN on 01 July 2022, subject article is classifiable under the same subheading in AHTN 2022.

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

Product	AHTN 2017 Code	2022 MFN Rate
BS&B® Pretorqued Safety Head/Disk Holder, Model: SRB-7RS™	7307.19.00	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

Copy furnished:

The Secretary

Department of Finance (DOF)
DOF Building, BSP Complex
Roxas Boulevard, Metro Manila
Email: secfin@dof.gov.ph

The Commissioner

Bureau of Customs (BOC)
Office of the Commissioner
G/F OCOM Building, 16th Street
South Harbor, Port Area, Manila
Email: boc.ocom@customs.gov.ph
comm.boc@gmail.com

Ms. Carmelita M. Talusan

District Collector
Bureau of Customs (BOC)
BOC Building, Mendoza Avenue
Ninoy Aquino International Airport (NAIA)
Pasay City
Email: Carmelita.Talusan@customs.gov.ph
Mimel_talusan@yahoo.com

Mr. Joel E. Bautista

Head of Logistics
Energy Development Corporation
40th Flr. One Corporate Center
Julia Vargas Cor. Meralco Avenue
Ortigas Center, Pasig City
Email: bautista.je@energy.com.ph
scm_logistics@energy.com.ph

Mr. Niño L. Gayem

Energy Development Corporation
Email: gayem.nl@energy.com.ph