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25 April 2023 **MASTER COPY**
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CUSTOMS MEMORANDUM CIRCULAR NO. 73-2023

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. 22-029 issued on 18 April 2023 pursuant to Paragraph 2 of Section 1100 of Republic Act No. 10863 otherwise known as Customs Modernization and Tariff Act (CMTA) on the shipment of "HP Desktop Mini Security/Dual VESA Sleeve V3" consigned to HP PPS Philippines Inc. (Import Entry/ Customs Reference No. C-110603, 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	2022 ACFTA Rate
HP Desktop Mini Security/Dual VESA Sleeve V3	8302.49.99	10%	Zero*
*Subject to submission of Certificate of Origin (CO) Form "E"			

For information and guidance.

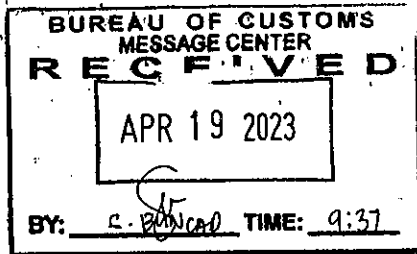
For record purposes, please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt thereof.

BIENVENIDO Y. RUBIO
Commissioner
MAY 03 2023



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BOC-09-40110

REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION

RE: REQUEST FOR TARIFF CLASSIFICATION
DISPUTE RULING ON "HP DESKTOP MINI
SECURITY/DUAL VESA SLEEVE V3", CONSIGNED
TO HP PPS PHILIPPINES INC.

TCC (DR) NO. 22-029

(Import Entry/Customs Reference No. C-110603,
NAIA)

Issued on: 18 April 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 HP Desktop Mini Security/Dual VESA Sleeve V3 imported by HP PPS Philippines Inc. (Importer/Consignee) from China. The request of the Importer/Consignee for TCDR was accepted by this Commission on 11 October 2022.

The shipment of the said article, declared under ASEAN Harmonised Tariff Nomenclature (AHTN) 2022 subheading 8473.30.90, with a Most Favoured Nation (MFN) rate of duty of zero, was processed under Import Entry/Customs Reference No. C-110603 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 8302.50.00, with an MFN rate of duty of 10% *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 25 October 2022 for comments on the request for TCDR on HP Desktop Mini Security/Dual VESA Sleeve V3. In a letter dated 15 November 2022, Atty. Halleck A. Valdez, Deputy Collector for Assessment, BOC-NAIA, submitted BOC's comment through a memorandum (with supporting documents) from Mr. Norsalem Raymond M. Mama-o, Officer-in-Charge, Paircargo Assessment Composite Division; Ms. Leabel U. Basa, Acting Chief, Formal Entry Unit, Paircargo; Ms. Claire Ann M. Mojica, Acting Customs Operations Officer (COO) V; and Ms. Maria Sheilla Monina F. Ubay, COO III, stating the reasons why subject article was reclassified from the declared AHTN 2022 subheading 8473.30.90 (with an MFN rate of duty of zero) to AHTN 2022 subheading 8302.50.00 (with an MFN rate of duty of 10% *ad valorem*). The reasons for this reclassification decision, as stated in the memorandum, were as follows:

"The consignee/broker classified the above-mentioned goods under HS code 84733090 – 0% (Parts and accessories [other than covers, carrying cases and the like] suitable for use solely or principally with machine of headings 84.70 to 84.72) as reflected on the document submitted such as Goods Declaration/Import Entry.

The goods under consideration are pictured and described in the invoice submitted and upon physical examination, it was found to contain HP Desktop Mini Security/Dual Vesa Sleeve V3, an accessory used to mount or hold expansion module, HP DM VESA power supply which simplifies cable management, and HP DM VESA quick deploy adhesive that supports tool-less mounting.

Therefore, classifiable under 83025000 10% (Base metal mountings, fittings, and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat-pegs, brackets, and similar fixtures; castors with mountings of base metal; automatic door closers of base metals).

Also, the said accessory is not designed to adapt a machine for a particular operation or to perform particular service relative to the main function of the machine, or to increase its range of operations.

BY: RMP/L/N
DATE & TIME: 04-19-23

OFFICE OF THE DEPUTY COMMISSIONER
ASSESSMENT & OPERATIONS COORDINATING GROUP (AOCOG)
BUREAU OF CUSTOMS

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REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION

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Page 1 of 4



19 APR 2023

Attached herewith are the examination pictures and product brochures of HP Desktop Mini Security/Dual Vesa Sleeve V3 for your easy reference, hereto attached marked as Annex A."



While evaluating the submissions from the Importer/Consignee and the BOC, the Commission determined that additional information is needed to properly classify the subject. Hence, on 08 February 2023, the Commission requested the Importer/Consignee to submit the installation or user's manual specific to the model requested for TCDR. On 13 February 2023, the Commission received the requested information via an electronic mail from Ms. Marilyn B. Delloro, Logistic Operations Manager of HP PPS Philippines Inc.

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 brochure, technical specifications, installation guide, and photographs of the product, it is established that subject article is a metal mounting in the form of a rectangular enclosure. It is designed to securely hold compatible HP Desktop Mini PCs (with cutouts designed exclusively for HP Desktop Mini PCs) and to be primarily attached/mounted directly behind the display monitor. It can also be mounted under the desk or on the wall. Having dual VESA mounting holes, subject article has a dimension (H x W x D) of 18.5 cm x 16.33 cm x 4.5 cm and weight of 0.4112 kg. It is imported together with a 7 mm VESA mount spacer, four pieces of 8 mm ladder screws (Torx/flat head), four pieces of 8 mm machine screws (Torx/flat head), four pieces of 20 mm machine screw (Philips head), and an installation guide.

The Importer/Consignee considered classification of the product under heading 84.73 of the AHTN 2022 which covers parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of headings 84.70 to 84.72. The pertinent Harmonized System (HS) Explanatory Notes (EN) to this heading state that:

"Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), this heading covers parts and accessories suitable for use solely or principally with the machines of headings 84.70 to 84.72. [emphasis added]

The accessories covered by this heading are interchangeable parts or devices designed to adapt a machine for a particular operation, or to perform a particular service relative to the main function of the machine, or to increase its range of operations."

Chapter 84, which covers heading 84.73, is under Section XVI of the AHTN 2022 (*machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles*). Note 1 to this Section states:

"This Section does not cover :

x x x

(k) Articles of Chapter 82 or 83;

x x x

On the other hand, the BOC considered classification of the product under heading 83.02 of the AHTN 2022 which covers, among others, base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat-pegs, brackets and similar fixtures. The pertinent HS EN state that:

"This heading covers general purpose classes of base metal accessory fittings and mountings, such as are used largely on furniture, doors, windows, coachwork, etc. Goods within such general classes remain in this heading even if they are designed for particular uses (e.g., door handles or hinges for automobiles). The heading does not, however, extend to goods forming an essential part of the structure of the article, such as window frames or swivel devices for revolving chairs." [emphasis added]

Following the HS EN to headings 83.02, subject article, being a base metal that is designed for mounting a particular type of HP minicomputer primarily behind a display monitor, or on walls or underneath desktop furniture, is specifically covered under heading 83.02 of the AHTN 2022, particularly under the one-dash subheading 8302.40 series "- Other mountings, fittings and similar articles", rather than subheading "8302.50.00 - Hat-racks, hat-pegs, brackets and similar fixtures", as classified by the BOC.

Based on the information received from the Importer/Consignee and the BOC, and the clarifications provided by the foregoing Section Notes and HS EN, subject article is properly classified under AHTN 2022 subheading 8302.49.99 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 2022 Code	2022 MFN Rate	2022 ACFTA Rate*
HP Desktop Mini Security/ Dual VESA Sleeve V3	8302.49.99	10%	Zero

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

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:

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