



BUREAU OF CUSTOMS

MAKABAGONG ADUANA, MATATAG NA EKONOMIYA

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handwritten initials

PROFESSIONALISM INTEGRITY ACCOUNTABILITY

10 October 2023

CUSTOMS MEMORANDUM CIRCULAR
NO. 179-2023

TO : ASSISTANT COMMISSIONER
ALL DEPUTY COMMISSIONERS
ALL DIRECTORS AND DIVISION CHIEF
ALL DISTRICT AND SUB-PORT COLLECTORS
ALL OTHERS CONCERNED

SUBJECT : TARIFF CLASSIFICATION DISPUTE RULING

This has reference to the herein attached Tariff Commission Circular Dispute Ruling No. 22-024 issued on 18 September 2023 pursuant to Paragraph 2 of Section 1100 of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act, on the shipment of "Textile Auxilliaries Rossacid N Liquid" consigned to Saffron Philippines, Inc. (Import Entry/Customs Reference No. C-243324-21, MICP), the dispositive portion of which states that:

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

Product	AHTN 2017 Code	2022 MFN Rate	2022 AIFTA Rate
TEXTILE AUXILLIARIES ROSSACID N LIQUID	2915.21.00	3% ad valorem	Zero

**Subject to submission of Certificate of Origin (CO) Form "A1"*

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

For strict compliance.

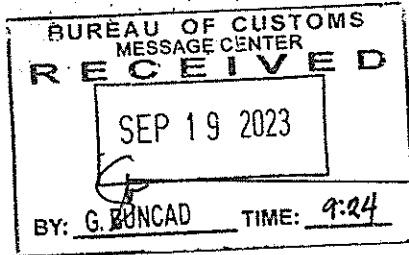
BIENVENIDO Y. RUBIO
Commissioner



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BOC-09-43392

REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION

RE: REQUEST FOR TARIFF CLASSIFICATION
DISPUTE RULING ON "TEXTILE AUXILIARIES
ROSSACID N LIQUID", CONSIGNED TO SAFFRON
PHILIPPINES, INC.

TCC (DR) NO. 22-024

(Import Entry/Customs Reference No. C-243324-21,
MICP)

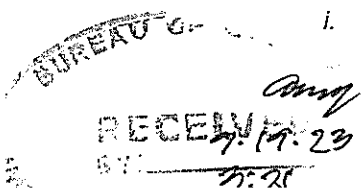
Issued on: 18 September 2023

TARIFF CLASSIFICATION DISPUTE RULING

Before this Commission is a request for a 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 Textile Auxiliaries Rossacid N Liquid, imported by Saffron Philippines, Inc. (Importer/Consignee) from India. The request of the Bureau of Customs (BOC) for a TCDR was received by this Commission on 15 September 2022.

Based on the BOC's letter request for a TCDR, dated 05 September 2022, signed by then Acting Commissioner Yogi Filemon L. Ruiz, the following relevant information were gathered:

- a. The shipment of the subject article, declared under ASEAN Harmonized Tariff Nomenclature (AHTN) 2017 subheading 2915.90.90, with a Most Favoured Nation (MFN) rate of duty of zero, was processed under Customs Reference No. C-243324-21 at BOC, Manila International Container Port (MICP).
- b. *The Importer averred that its declared tariff classification under 2515.90.90 provides the appropriate heading for [subject article] based on the following reasons:*
 - i. *Rossacid N Liquid is made up of Acetic Acid which is systematically named ethanoic acid, is an acidic colorless liquid and organic compound with the chemical formula CH₃COOH. The composition and process of production did not change and Rossacid N Liquid has neither changed nor transformed its composition. It is simply as it is and should be classified as TH 2915.90.90.*
 - ii. *By searching google for Rossacid N Liquid, some of the searches would appear under 2915.90.90. Looking at other countries' classification, whether it originates from India, going to Bangladesh or coming from Bangladesh and going to China and all other countries, the HS Code used is 2915.90.90, which is the same as the code they have been using.*
 - iii. *That this is the 3rd importation/shipment of the consignee for the same chemical under 2915.90.90.*
- c. The classification dispute arose from the recommendation of Mr. Arvin Bundukin, Customs Examiner, for tariff reclassification from the declared subheading to AHTN 2017 subheading 3809.91.90, with a 3% MFN rate of duty, based on the Explanatory Notes, General Rules for the Interpretation (GRI), and Material Safety Data Sheet (MSDS).
- d. The bases for the BOC reclassification were as follows:
 - i. *Based on the Customs Examiner's review and findings from the Explanatory Notes, General Rules of Interpretation (GRI) and MSDS, ROSSACID N LIQUID is a mixture of chemicals consisting of Acetic Acid Glacial and Isopropyl Alcohol used*



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in dyeing as pH buffer in wool, nylon, etc. which maintains pH constant during dyeing to give consistent dyeing and good colour value. It assures consistent results in dyeing with true colour yield.

- ii. Moreover, Explanatory Notes for heading 3603 provides that this heading covers a wide range of products and preparations, of a kind generally used 3809.92 and 3809.93 during processing or finishing of yarns, fabrics, paper, paperboard, leather or similar materials, nor specified or included elsewhere in the Nomenclature. They may be identified as falling in this heading because of their composition and presentation which give them a specific use in the industries cited in the heading and like industries, e.g. the textile floor carpeting industry, the vulcanized fibre manufacturing industry and the fur industry. Such products and preparations (e.g. textile softening agents) destined for domestic rather than industrial use are also covered by the heading.
- iii. Furthermore, the titles of sections, chapters and subchapters of heading 3809 provides the most appropriate classification, which states "Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included."
- iv. Therefore, the Customs Examiner reclassified the subject article under AHTN 2017 subheading 3809.91.90 pursuant to the General Rules for the Interpretation (GRI) of the HS (Section 1610 of the CMTA).

The BOC deemed that the classification dispute involves "difficult or highly technical classification issue". Hence, the endorsement to the Tariff Commission for a Tariff Classification Dispute Ruling.

To facilitate the evaluation of the disputed product, the Commission wrote the BOC on 04 October 2022 and requested the submission of the documents relevant to the importation as well as the contact information (i.e., contact person, position, email address, telephone and/or mobile number, and address) of the Importer/Consignee.

In response, the BOC provided the contact information of the Importer/Consignee's Customs Broker, Mr. Renato C. Lozada of Pro Freight International Corporation (PFIC), which the Commission received via electronic mail (email) on 17 October 2022 and via courier on 21 November 2022.

Pursuant to Section 6 of Commission Order No. 2018-01, this Commission sent a letter to Mr. Lozada on 14 November 2022 requesting the submission of the following information in relation to BOC's request for a TCDR on Textile Auxiliaries Rossacid N Liquid:

- a. duly certified complete product composition;
- b. function of each component;
- c. detailed manufacturing process;
- d. technical specifications (e.g., color, form, etc.);
- e. specific product use or application; and
- f. packaging information.

With no response received, the Commission called Mr. Lozada on 23 January 2023, using the contact number provided by the BOC, but the number provided was either incorrect or inactive. Hence, the Commission searched for other possible sources of contact information of the Importer/Consignee Saffron Philippines, Inc. (e.g., Google, social media) and was able to retrieve from their staff the email address and contact number of their Customs Broker.

On 17 February 2023, the Commission forwarded the same letter (initially sent on 14 November 2022) to Mr. Lozada using the email address provided by the staff of the Importer/Consignee. The requested additional information was submitted by PFIC on 01 March 2023. Several email clarifications were subsequently sent by this Commission to PFIC, specifically, on the following: (i) inconsistencies in the composition declaration on the MSDS and product disclosure; (ii) packaging information; (iii) detailed manufacturing process; and (iv) function of isopropyl alcohol. On 18 April 2023, PFIC provided the required information.

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Further, heading 29.15 of the AHTN 2017 covers, among others, *saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids*. The pertinent Harmonized System (HS) Explanatory Notes (EN) to this heading state that:

"This heading covers saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids, esters and salts, as well as the halogenated, sulphonated, nitrated or nitrosated derivatives (including compound derivatives) of any of these products."

XXX

(II) **Acetic acid (CH₃COOH) and its salts and esters.**

(a) *Acetic acid is obtained by the dry distillation of wood, or synthetically. A very acid liquid with a characteristic and penetrating odour of vinegar caustic. When cold it solidifies into colourless crystals (glacial acetic acid). A solvent for phosphorus and sulphur and for many organic substances.*

Commercial acetic acid is slightly yellowish in colour, and has very often a slight empyreumatic odour. Used in the textile industry, in tanning, as a coagulant for latex, or for the manufacture of acetates, synthetic plasticisers, pharmaceutical products, etc."

On the other hand, the BOC assessed the product to be appropriately classified under AHTN 2017 subheading 3809.91.90 based on the justifications provided in their letter.

Chapter 38, where BOC classified subject article, covers *miscellaneous chemical products*. Note 1 to this Chapter states that:

1. *This Chapter does not cover :*

(a) *Separate chemically defined elements or compounds with the exception of the following [emphasis added] :*

- (1) *Artificial graphite (heading 38.01);*
- (2) *Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up as described in heading 38.08;*
- (3) *Products put up as charges for fire-extinguishers or put up in fire-extinguishing grenades (heading 38.13);*
- (4) *Certified reference materials specified in Note 2 below;*
- (5) *Products specified in Note 3 (a) or 3 (c) below;*

XXX"

Moreover, the heading considered by BOC in classifying subject article, heading 38.09 of the AHTN 2017, covers *finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included*. The HS EN to this heading state that:

"In addition to the products excluded above, this heading excludes :

XXX

(b) *Separate chemically defined elements or compounds (usually Chapter 28 or 29).*

XXX"

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Although subject article is utilized in textile processing as an acid buffer system, being a pure glacial acetic acid, it is more specifically covered under heading 29.15 of the AHTN 2017 since addition of preservatives is allowed in accordance to Note 1 of Chapter 29. Likewise, Note 1 of Chapter 38 and the HS EN to heading 38.09 excludes separate chemically defined elements or compounds.

Thus, subject article, being a pure glacial acetic acid (acetic acid in an anhydrous state) falls under AHTN 2017 subheading 2915.21.00 which specifically covers *acetic acid*.

Based on the information received from the Importer/Consignee and the BOC, and the clarifications provided by the foregoing Chapter Notes and HS EN, subject article is properly classified under AHTN 2017 subheading 2915.21.00 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	2022 AIFTA Rate*
Textile Auxiliaries Rossacid N Liquid	2915.21.00	3% <i>ad valorem</i>	Zero

* Subject to submission of Certificate of Origin (CO) Form "A1"

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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