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DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**

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21 May 2025

**CUSTOMS MEMORANDUM CIRCULAR**  
**NO. 102 - 2025**

**TO :** ASSISTANT COMMISSIONER  
ALL DEPUTY COMMISSIONERS  
ALL DIRECTORS AND DIVISION CHIEFS  
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 (TCCDR) No. 24-004 issued on 09 May 2025 pursuant to Paragraph 2 of Section 1100 of Republic Act No. 10863, otherwise known as Customs Modernization and Tariff Act, on the shipment of "Fiber Drum, Spooler, Sahara® II" from Canada consigned to Xylem Water Systems International Incorporated, under Import Entry/ Customs Reference No. C-19180, Ninoy Aquino International Airport, the dispositive portion of which states that:

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

Product	AHTN 2022 Code	2024 MFN Rate
Fiber Drum, Spooler, Sahara® II	9031.90.90	Zero

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

For strict compliance.

**BIENVENIDO Y. RUBIO**  
Commissioner





REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION

RE: REQUEST FOR TARIFF CLASSIFICATION  
DISPUTE RULING ON "FIBER DRUM, SPOOLER,  
SAHARA® II", CONSIGNED TO XYLEM WATER  
SYSTEMS INTERNATIONAL INCORPORATED

**TCC (DR) NO. 24-004**

(Import Entry/Customs Reference No. C-19180,  
BOC-NAIA)

**Issued on:** 09 May 2025

## 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 Fiber Drum, Spooler, Sahara® II imported by Xylem Water Systems International Incorporated (Importer/Consignee) from Canada. The request of the Importer/Consignee for a TCDR was accepted by this Commission on 14 May 2024.

The shipment of said subject article, declared under ASEAN Harmonised Tariff Nomenclature (AHTN) 2022 subheading 8517.62.59, with a Most Favoured Nation (MFN) rate of duty of zero, was processed under Import Entry/Customs Reference No. C-19180 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 9001.10.90, with an MFN rate of duty of 3% *ad valorem*.

Hence, this request for a TCDR.

Pursuant to Section 7.3 of Commission Order (CO) No. 2018-01, this Commission requested the concerned BOC District Collector on 12 August 2024 for comments on the request for a TCDR on Fiber Drum, Spooler, Sahara® II. Section 7.4 of the said CO states that within 10 working days from the receipt of the notice and the records of the case, the BOC may file a comment or submit any additional explanation or documents to justify its findings. However, to this date, the Commission has not received any response from the BOC, hence, it proceeded to evaluate the classification of subject article based on the submissions received from the Importer/Consignee.

In the evaluation of disputes on tariff classification, Section 8 of CO 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 were sufficient to make a correct determination on the tariff classification of subject article. A hearing, therefore, is no longer necessary.

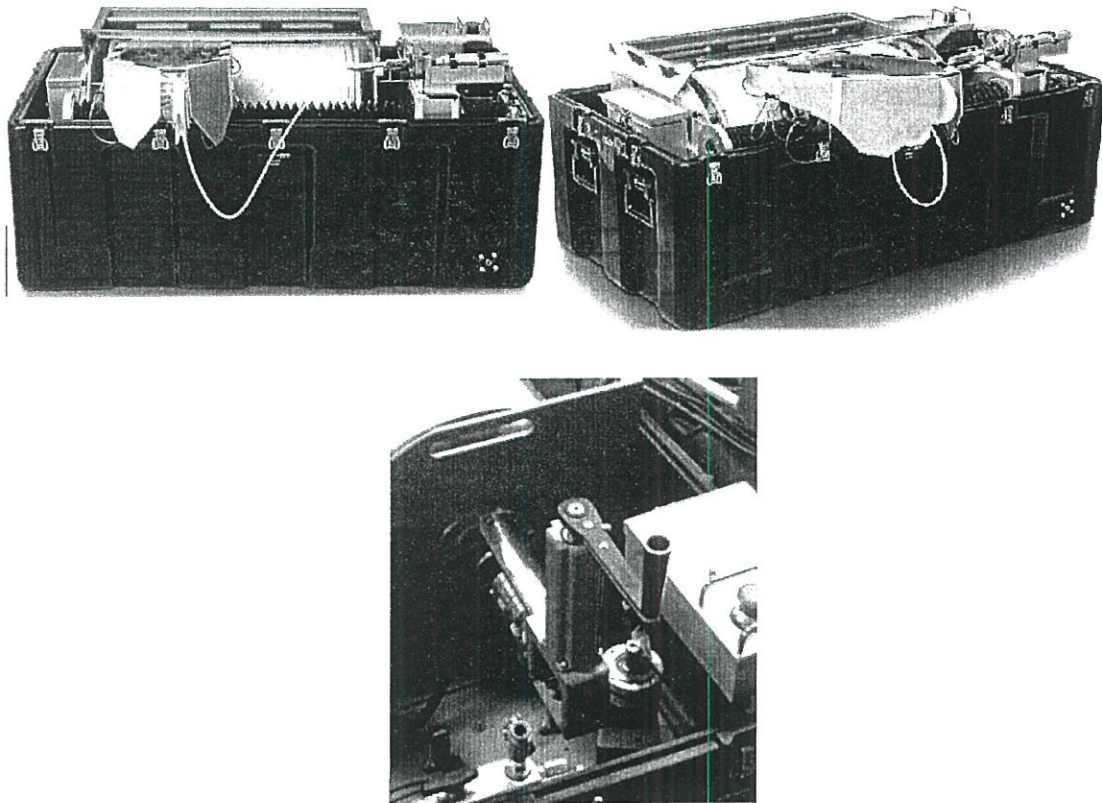
After due examination of the submitted brochure, technical data sheet, fiber spooler drum usage and primary function and Sahara® II system overview and identification, it is established that subject article is a part of the Sahara® II detection/inspection system, a tethered platform that uses visual and acoustic probe sensors to determine inline water leaks and gas/air pockets in pipelines (e.g., Maynilad Water Services Inc.'s pipeline) and for the visual inspection of pipelines. The system can be grouped into six major assemblies, namely, the control station, winch, insertion tubes (long and short), spooler, probes, and kit (including all support equipment).

Subject spooler/fiber drum is an assembly or unit consisting of different parts/components, including a spool drum (houses the fiber optic cable in a neatly wound manner, protecting it from damage during transport and deployment), fiber optic cable (about 1.5 to 1.6 km in length and equipped with connectors and terminators that allow for integration with the pipeline inspection probe and other equipment), fiber optic break out box, electrical break out box, motor, valve-control block, level winder (for automatically winding the fiber optic cable in and out of the drum), tension meter, sealing gland clamp, spray bar, and input and output ports/connections.



During use, the fiber optic cable is connected to the control station on one end and to the probe on the other end. Working in conjunction with the other parts of the system, the cable with the probe is inserted into the pipeline where its progress is monitored through the video displayed in the laptop of the control station and the readings/data collected (e.g., leak and air pocket detection and visual data) are transmitted to the control station for processing and diagnosis.

Shown below are photographs of subject article submitted by the Importer/Consignee to this Commission:



Based on the subject article's use/function, the Importer/Consignee classified the product under Chapter 85 of the AHTN 2022 which covers *electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles*, specifically under heading 85.17. The said heading covers, among others, *other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28*. The pertinent Harmonized System (HS) Explanatory Notes (EN) to this heading state that:

*"This heading covers apparatus for the transmission or reception of speech or other sounds, images or other data between two points by variation of an electric current or optical wave flowing in a wired network or by electro-magnetic waves in a wireless network. The signal may be analogue or digital. The networks, which may be interconnected, include telephony, telegraphy, radio-telephony, radio-telegraphy, local and wide area networks.*

XXX

**(II) OTHER APPARATUS FOR TRANSMISSION OR RECEPTION OF VOICE, IMAGES OR OTHER DATA, INCLUDING APPARATUS FOR COMMUNICATION IN A WIRED OR WIRELESS NETWORK (SUCH AS A LOCAL OR WIDE AREA NETWORK)**

XXX

**G) Other communication apparatus.**

*This group includes apparatus which allows for the connection to a wired or wireless communication network or the transmission or reception of speech or other sounds, images or other data within such a network.*

XXX

The heading also **excludes** :



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(m) *Carrier-current and other transmitters and receivers which form a single unit with analogue or digital telemetering instruments or apparatus, or which, together with the latter, constitute a functional unit within the meaning of Note 3 to Chapter 90 (Chapter 90).* [emphasis added]

XXX"

On the other hand, since "the subject shipment is a composed of Optical fibres", the BOC considered the classification of the product under Chapter 90 of the AHTN 2022, which covers *optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof*, particularly under heading 90.01. The said heading covers *optical fibres and optical fibre bundles; optical fibre cables other than those of heading 85.44; sheets and plates of polarising material; lenses (including contact lenses), prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked*. The pertinent HS EN to this heading state that:

"This heading covers :

(A) **Optical fibres and optical fibre bundles, as well as optical fibre cables other than those of heading 85.44.**

**Optical fibres** consist of concentric layers of glass or plastics of different refractive indices. Those drawn from glass have a very thin coating of plastics, invisible to the naked eye, which renders the fibres less prone to fracture. Optical fibres are usually presented on reels and may be several kilometers in length. They are used to make optical fibre bundles and optical fibre cables.

**Optical fibre bundles** may be rigid, in which case the fibres are agglomerated by a binder along their full length, or they may be flexible, in which case they are bound only at their ends. If coherently bundled, they are used for transmission of images, but if randomly bundled, they are suitable only for transmission of light for illumination.

**Optical fibre cables** of this heading (which may be fitted with connectors) consist of a sheath containing one or more optical fibre bundles, the fibres of which are not individually sheathed.

XXX"

The Commission agrees with the Importer/Consignee that heading 85.17 can be considered in classifying subject article due to its function of "receiving and transmitting data from the Sahara Probe". However, it is important to note that the Sahara II system operates in a closed-circuit connection, transmitting data exclusively to a designated control unit. This principle of operation is similar to the "carrier-current and other transmitters and receivers which form a single unit with analogue or digital telemetering instruments or apparatus, or which, together with the latter, constitute a functional unit within the meaning of Note 3 to Chapter 90 (Chapter 90)" which are products excluded under heading 85.17, as indicated in the HS EN to said heading.

Moreover, Note 3 to Chapter 90 states that:

"3.- The provisions of Notes 3 and 4 to Section XVI apply also to this Chapter."

Notes 3 and 4 to Section XVI state that:

"3.- Unless the context otherwise requires, **composite machines consisting of two or more machines fitted together to form a whole and other machines designed for the purpose of performing two or more complementary or alternative functions are to be classified as if consisting only of that component or as being that machine which performs the principal function.** [emphasis added]

4.- **Where a machine (including a combination of machines) consists of individual components (whether separate or interconnected by piping, by transmission devices, by electric cables or by other devices) intended to contribute together to a clearly defined function covered by one of the headings in Chapter 84 or Chapter 85, then the whole falls to be classified in the heading appropriate to that function.**" [emphasis added]

The abovementioned Notes further clarify that components working synergistically to accomplish defined functions warrant classification based on their primary function, which in the case of the



Sahara II system, is the detection of leaks and air pockets in the water pipe network and visual inspection of the pipeline, via visual and acoustic sensing. In light of this and considering that the spooler/fiber drum is an integral part of the Sahara II system, the Commission finds that the product is properly classified under Chapter 90.

While the Commission agrees with the BOC that the subject article is classifiable under Chapter 90, the Commission, however, has determined that subject article is not merely "optical fibres" of heading 90.01, but is more appropriately classified in heading 90.31, which covers, among others, *measuring or checking instruments, appliances and machines, not specified or included elsewhere in this Chapter.*

The pertinent HS EN to heading 90.31 state that:

"XXX

**(I) MEASURING OR CHECKING INSTRUMENTS, APPLIANCES AND MACHINES**

**(A)**

These include :

XXX

**(27) Instruments for detecting faults, fissures, cracks or other defects in materials** (bars, tubes, profiles, machined articles, such as screws, needles, etc.). These operate either by observing the cathode-ray screen diagram resulting from magnetic variations, or by direct reading of variations in magnetic permeability as indicated on a graduated scale or by the use of ultrasonic waves. The latter group includes ultrasonic instruments for checking soldered or welded joints, which operate on the principle that any lack of continuity in the medium through which the ultrasonic waves pass deflects the beam. Defects may be measured by either observing the attenuation of the beam or by echo methods. The observation may be made on a cathode-ray tube screen.

XXX

**PARTS AND ACCESSORIES**

**Subject to the provisions of Notes 1 and 2 to this Chapter** (see the General Explanatory Note), **the heading also covers parts and accessories identifiable as being suitable for use solely or principally with the machines, apparatus and instruments described above, e.g., planimeter arms, stands and checking tables for dial comparators.** [emphasis added]

XXX"

Note 2 to Chapter 90 states that:

"2.- Subject to Note 1 above, parts and accessories for machines, apparatus, instruments or articles of this Chapter are to be classified according to the following rules :

(a) Parts and accessories which are goods included in any of the headings of this Chapter or of Chapter 84, 85 or 91 (other than heading 84.87, 85.48 or 90.33) are in all cases to be classified in their respective headings;

(b) **Other parts and accessories, if suitable for use solely or principally with a particular kind of machine, instrument or apparatus, or with a number of machines, instruments or apparatus of the same heading (including a machine, instrument or apparatus of heading 90.10, 90.13 or 90.31) are to be classified with the machines, instruments or apparatus of that kind;** [emphasis added]

(c) All other parts and accessories are to be classified in heading 90.33."

By reference to Notes 3 and 4 to Section XVI, Notes 2 and 3 to Chapter 90, and the HS EN to headings 85.17, 90.01, and 90.31, the Commission has determined that subject article, being an integral part of the Sahara® II detection/inspection system, a tethered platform that uses visual and acoustic probe sensors to determine inline water leaks and gas/air pockets in pipelines and for the visual inspection of pipelines, is specifically covered under heading 90.31 of the AHTN 2022.

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Based on the information received from the Importer/Consignee and the clarifications provided by the foregoing Section Notes, Chapter Notes, and HS EN, subject article is properly classified under AHTN 2022 subheading 9031.90.90 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 2022 Code	2024 MFN Rate
Fiber Drum, Spooler, Sahara® II	9031.90.90	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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