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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

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23 May 2025

CUSTOMS MEMORANDUM CIRCULAR
NO. 103-2025

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. 24-018 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 "KITH9002 UJ/UC Common Component Kit," from the United Kingdom consigned to Infinivan Incorporated, (Import Entry/ Customs Reference No. C-69860, 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
KITH9002 UJ/UC Common Component Kit	8538.90.19	1% <i>ad valorem</i>

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

28 MAY 2025



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REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION

**RE: REQUEST FOR TARIFF CLASSIFICATION
DISPUTE RULING ON "KITH9002 UJ/UC COMMON
COMPONENT KIT", CONSIGNED TO INFINIVAN
INCORPORATED**

TCC (DR) NO. 24-018

*(Import Entry/Customs Reference No. C-69860,
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 KITH9002 UJ/UC Common Component Kit imported by Infinivan Incorporated (Importer/Consignee) from the United Kingdom. The request of the Importer/Consignee for a TCDR was accepted by this Commission on 10 September 2024.

The shipment of said subject article, declared under ASEAN Harmonised Tariff Nomenclature (AHTN) 2017 subheading 8536.90.94, with a Most Favoured Nation (MFN) rate of duty of zero, was processed under Import Entry/Customs Reference No. C-69860 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 a TCDR.

On 11 September 2024, the Commission received a *Letter* (dated 06 September 2024) from Ms. Melanie Q. Germentil, the Importer/Consignee's Chief Procurement & Logistics Officer. In the said *Letter*, Ms. Germentil invited the Commission to conduct a physical verification/inspection of the subject article at the company's warehouse, at the PNOC Energy Supply Base in Mabini, Batangas, where it is currently stored. The *Letter* also stated that the physical verification *is for complete technical specification and actual evaluation of sample for proper evaluation* that will help the Commission in determining the appropriate tariff classification of the product.

Thus, on 01 October 2024, the Commission conducted the physical verification/inspection of subject article. During the verification, the Importer/Consignee and the Commission discussed the parts, components, material composition, and use of subject article. A mock assembly of the item was also carried out by the representatives of the Importer/Consignee to help the Commission in visualizing the actual installation process and the final product. The Importer/Consignee also mentioned that subject article will be used to repair submarine cables throughout the country.

Pursuant to Section 7.3 of Commission Order (CO) No. 2018-01, this Commission requested the concerned BOC District Collector on 14 October 2024 for comments on the request for a TCDR on KITH9002 UJ/UC Common Component Kit. 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 and the information obtained/gathered from the physical verification/inspection conducted.

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 and the information gathered during the conduct of physical verification/inspection 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 technical information and the information obtained from the physical verification/inspection conducted, it is established that subject article is a repair kit and a segment/component of a submarine cable jointing system. It is the innermost layer of a submarine cable jointing system, capable of operating at a voltage of less than 1,000 V. The kit primarily consists of two steel fibre management trays (for organizing the spliced fibres), a steel pressure sleeve (to protect and secure the joints of the fiber cable against external elements and potential damage), and two end caps. The kit also includes polyethylene granules which are used to create a mold for encapsulating and securing the repair components. It can be used as a jointing kit for both single- and double-armoured submarine cables.

Shown below is a photograph of the product taken by the Commission during the aforementioned physical verification/inspection:



Based on the kit's function, the Importer/Consignee classified subject article under Chapter 85 of the AHTN 2017 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*, and specifically under heading 85.36 which covers, among others, *connectors for optical fibres, optical fibre bundles or cables*.

Note 7 of Chapter 85 of the AHTN 2017 states that:

"7.- For the purpose of heading 85.36, "connectors for optical fibres, optical fibre bundles or cables" means connectors that simply mechanically align optical fibres end to end in a digital line system. They perform no other function, such as the amplification, regeneration or modification of a signal."

This definition/description is also reiterated in the Harmonized System (HS) Explanatory Notes (EN) to heading 85.36, which state that:

"XXX"

(IV) CONNECTORS FOR OPTICAL FIBRES, OPTICAL FIBRE BUNDLES OR CABLES

For the purpose of heading 85.36, "connectors for optical fibres, optical fibre bundles or cables" means connectors that simply mechanically align optical fibres end to end in a digital line system. They perform no other function, such as the amplification, regeneration or modification of a signal. Connectors for optical fibres, without cables, remain classified in this heading but those connectors for optical fibres with cables are excluded (heading 85.44 or 90.01).

"XXX"

On the other hand, the BOC considered classification of the product, based on its constituent materials, under Chapter 73 of the AHTN 2017, which covers *articles of iron or steel*, and particularly under the residual heading of the Chapter, heading 73.26, which covers *other 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]."

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XXX"

Note 1 to Section XV (which covers Chapter 73) states that:

"1. - **This Section does not cover :**

(a) Prepared paints, inks or other products with a basis of metallic flakes or powder (headings 32.07 to 32.10, 32.12, 32.13 or 32.15);

(b) Ferro-cerium or other pyrophoric alloys (heading 36.06);

(c) Headgear or parts thereof of heading 65.06 or 65.07;

(d) Umbrella frames or other articles of heading 66.03;

(e) Goods of Chapter 71 (for example, precious metal alloys, base metal clad with precious metal, imitation jewellery);

(f) **Articles of Section XVI (machinery, mechanical appliances and electrical goods)**[emphasis added];

XXX"

The above Section Note clearly indicates that the machinery, mechanical appliances and electrical goods of Section XVI (which include articles of Chapter 85) are excluded in Chapter 73.

Based on the information provided/gathered on the other components of the submarine cable jointing system, the Commission has determined that the complete (or essentially complete) system, composed of various kits, including subject article, is to be classified under AHTN 2017 subheading 8536.70. Hence, subject article should be evaluated as a part/component of the system and classified as such.

The HS EN for parts of heading 85.36 state that:

"XXX

PARTS

Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), parts of the apparatus of this heading are classified in **heading 85.38**.

XXX"

Note 2 to Section XVI of the AHTN 2017, which governs the classification of parts for the products falling in this Section, states that:

"2.- Subject to Note 1 to this Section, Note 1 to Chapter 84 and Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified according to the following rules :

(a) Parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 84.09, 84.31, 84.48, 84.66, 84.73, 84.87, 85.03, 85.22, 85.29, 85.38 and 85.48) are in all cases to be classified in their respective headings;

(b) Other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 84.79 or 85.43) are to be classified with the machines of that kind or in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate. However, parts which are equally suitable for use principally with the goods of headings 85.17 and 85.25 to 85.28 are to be classified in heading 85.17;

(c) **All other parts are to be classified in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate or, failing that, in heading 84.87 or 85.48.**[emphasis added]"

The HS General EN to the Section regarding the classification of parts state that:

"In general, parts which are suitable for use solely or principally with particular machines or apparatus (including those of heading 84.79 or heading 85.43), or with a group of machines or apparatus falling in the same heading, are classified in the same heading as those machines or apparatus subject, of course, to the exclusions mentioned in Part (I) above. Separate headings are, however, provided for :

- (A) Parts of the engines of heading 84.07 or 84.08 (heading 84.09).
- (B) Parts of the machinery of headings 84.25 to 84.30 (heading 84.31).
- (C) Parts of the textile machines of headings 84.44 to 84.47 (heading 84.48).
- (D) Parts of the machines of headings 84.56 to 84.65 (heading 84.66).
- (E) Parts of the office machines of headings 84.70 to 84.72 (heading 84.73).
- (F) Parts of the machines of heading 85.01 or 85.02 (heading 85.03).
- (G) Parts of apparatus of headings 85.19 or 85.21 (heading 85.22).
- (H) Parts of apparatus of headings 85.25 to 85.28 (heading 85.29).
- (I) Parts of apparatus of heading 85.35, 85.36 or 85.37 (heading 85.38) [emphasis added].

XXX"

Heading 85.38 of the AHTN 2017 covers parts suitable for use solely or principally with the apparatus of heading 85.35, 85.36 or 85.37. The pertinent HS EN state that:

"Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), this heading covers parts of the goods of the three preceding headings [emphasis added].

XXX"

By reference to Note 7 to Chapter 85, Note 1 to Section XV, Note 2 to Section XVI, the HS General EN to Section XVI, and the HS EN to headings 73.26, 85.36, and 85.38, the Commission has determined that the submarine cable jointing system designed for submarine cables, of which subject article is a part of, is classifiable under heading 85.36. Hence, subject KITH9002 UJ/UC Common Component Kit, a part solely designed for said submarine cable jointing system, is specifically covered under heading 85.38 of the AHTN 2017.

Based on the information received/obtained from the Importer/Consignee, and the clarifications provided by the foregoing Section Notes, Chapter Note, HS General EN, and HS EN, subject article is properly classified under AHTN 2017 subheading 8538.90.19 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
KITH9002 UJ/UC Common Component Kit	8538.90.19	1% ad valorem ✓

This is for compliance by the BOC pursuant to Section 1100 of the CMTA.

So Ordered.

FOR THE COMMISSION



MARILOU P. MENDOZA
Chairperson

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