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ZOOM IN TRADE

SHINHAN Customs Service Inc.



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People have had the prejudice that salt intake was harmful to the human body. This is because excessive intake of sodium, the main component of salt, increases blood concentration, leading to diseases such as high blood pressure. However, salt is the basic essential component for physiological functions of the human body as much as water. Sodium is the most important component of extracellular fluid, and it regulates blood volume by determining osmotic pressure. Also, as it is an essential component of digestive fluid, when sodium is insufficient, digestive fluid secretion is reduced, causing great harm to the human body.

People have formed communities around places where salt is available or where salt can be traded. During the time the production and processing of salt was difficult, the country was actively involved in the production and sale of salt. A separate tax was levied, and in ancient Roman times, it was distributed as a salary for soldiers. The country managed the distribution to prevent a shortage of salt.

The New Customs Study for this month is 'Thoughts on the Need to Strengthen Software Import/Export Management and Ways to Implement It', Analysis on Recent Customs Judicial Precedent covers 'Disposition to Impose Customs Duties on the Item in Question Reported Lower by Recalculating the Actual Payment Value Confirmed By the Investigation' and Global Customs Insight is 'Shinhan Customs Vietnam and Kord Systems Held a System Utilization FTA and Liquidation Management Strategy Briefing Session for Vietnamese', and FTA and import/export practical business guide is 'Examples of Most Common Import Declaration Errors'. In addition, Contents and Opinion of Customs Trade Revision is 'Revision of the "Individual Consumption Tax Act"'

There are natural salt mines and lakes on Earth. These are places where you can collect precious salt without the effort of pulling and processing seawater. It is a gift from heaven to the people of this region. They didn't earn it with their own efforts. They simply were born where there were such resources. After all, is there anything in this world that can be earned with human effort alone?

Israel's Dead Sea is a Salt Lake. While the amount of salt in seawater is about 3%, the salt concentration of the Dead Sea is close to ten-fold, and various minerals are known to be existing. In ancient times, when salt was scarce, the area near the Dead Sea was rich in resources and goods. Not only was there salt, but there was also plenty of water to grow the vines. Then one day, the prosperous cities of this region suddenly perished. Fires of brimstone poured down at once and covered the entire city. The ruins excavation team is recovering the scene of the last day of these cities little by little.

The Bible says, the destruction of the brimstone fire could have been avoided if there were only 10 righteous people in these cities. These cities were engulfed in sin by pursuing the greed and pleasures of the flesh. An environment with flowing water, trees, plentiful grains and fruits, and an abundance of precious salt was a gift of grace. But this abundance made them arrogant. They claimed that the abundance was the result of their hard work and their ability, not the gift of grace. The existence of God was cumbersome for those who became arrogant.

There was a family who escaped from the city right before the city's destruction by the brimstone fire. It was Lot and his family of five. Even though they were told not to look back and leave as fast as they could, it was difficult to let go of the wealth and the abundance of life they had left behind. "Will everything really perish?" doubts entered their minds. "Wouldn't there be something left?" They forgot the grace of salvation. When Lot's wife looked back in lingering attachment to wealth, punishment was given. She became a pillar of salt right at that place.

The right amount of salt dissolved in the ingredients brings out the best taste. It completes its intended role when it melts away and gives up its own shape. Salt makes food tasty and keeps it from spoiling. Salt that does not dissolve and remains in lumps does not produce good taste. It is picked and thrown away when it forgets to do its role. A pillar of salt is formed with salt grains that do not dissolve because of arrogance and greed. Even though it does not taste like salt, it clings to its name.



I want you to be aware of the true intended purpose of existence and live according to that purpose. It is difficult to realize the intended purpose properly, and it is not easy to live fully to fit the purpose. I thought and believed I knew the purpose and have been living for the purpose to a certain extent... but that belief collapsed again. I misunderstood the affluent environment and outstanding conditions as my abilities. We must break the arrogance that soared to the sky. We should let all the gifts we received melt away and not remain as pillars of salt by giving thanks for the grace we have been given.

“Whoever tries to keep their life will lose it, and whoever loses their life will preserve it” – Luke 17:33

I wish you good health and peace.
Thank you.



The New Customs Study

Thoughts on the Need to Strengthen Software Import/Export Management and Ways to Implement It

1. Current software import and export management

It is the public knowledge that software, as an intangible good, is reported to customs only when it is imported as built-in of a storage medium or a machine, and when it is downloaded from the Internet, it is not reported to customs.

If only the price of the storage medium is recorded in the international shipping document, only the product name and the price of the storage medium are recorded in the inventory clearance document prepared by the express company or the post office, and it is processed through inventory clearance, and is out of customs management control.

If you are importing software from overseas, you can remit the amount indicated on the invoice through a foreign exchange bank.

I would like to pose a need to strengthen the current software import/export management practice and think about possible ways.



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2. Software import and export management laws

1) Article 2 of the Foreign Trade Act

In Article 2 (Definition) of the Foreign Trade Act, export and import of goods, services, and electronic intangibles are referred to as trade, and import and export of software is also defined as trade.

2) Foreign Trade Management Regulations Article 30

Application for confirmation of export of electronic media must be submitted to the Korea International Trade Association or the Korea Software Industry Association. The recognition of performance can be confirmed by the import/export confirmation certificate issued by the above associations and through the deposit to the foreign exchange banks as well as the payment amount.

The state does not directly manage the import and export of software, but only issues a confirmation certificate upon the receipt of an application from a company that wants to be recognized for its import and export performance, so it is impossible to know the kind and the quantity of software being exported. Since the state does not directly manage the import and export of software, illegal foreign currency remittances disguised as software imports and exports are occurring, and illegal export of strategic materials and important state-of-the-art documents is being delivered through software. This is an alarming problem.

3. Problems caused by insufficient software import/export management

1) Software imports that serve as false evidence of illegal foreign currency remittance

As virtual assets such as bitcoin are considered as illegal by the foreign exchange authorities, and remittance of virtual assets in foreign currency is not permitted, the transaction amount of virtual assets is disguised as software import payment. Therefore, even when a private company owned and run by a single individual remits hundreds of billions to 1 trillion won in foreign currency through a foreign exchange bank, no one was punished until it recently became a social problem. In fact, according to the Dong-A Ilbo report on September 23rd, the former

branch manager of Woori Bank made a profit using 'Kimchi Premium', and then remitted about 400 billion won of foreign currency abroad by submitting false documents to the bank. He is charged with taking part in the crime working with those arrested.

This exposure was initiated by the Financial Intelligence Unit (FIU) investigating abnormal transaction details and detecting suspicious foreign exchange transactions made through commercial banks. The foreign exchange bank made the remittance without any restraints until the investigation started because of illegal activities detected. In fact, since the window of a foreign exchange bank focuses on remittance of the correct amount, it is difficult to determine whether a transaction is a normal transaction, and the determination of whether a transaction is a normal transaction is a matter that the government should directly make.

In the past 5 years, over 6 trillion won in illegal foreign currency remittance has been caught, which is more than 5 billion US dollars. The problem is these illegal remittances are caught only when the customs office or the prosecutor's office makes a foreign currency investigation, and these investigations are done after the illegal remittances of hundreds and thousands of billions is made. The foreign currency has already been sent.

By that time, the perpetrators of the illegal act have already hidden their profits or transferred them to others, and disappeared abroad, making it impossible to recover them.

Since the state does not directly control the import and export of software, illegal payments are leaked abroad with false documents that the payment is for the software. It is difficult to estimate how much money is illegally remitted through a foreign exchange bank under the false title of software import money, and it is impossible to conduct a foreign exchange investigation on all software importers.

2) Software export as an illegal leak of national important technology

In an article in the Asian Economic Newspaper on the 22nd, a case was reported in which the CEO of a subcontractor who developed equipment for export to China by stealing advanced semiconductor technology from Samsung Electronics' subsidiary SEMES was punished. Also, there was a case where a Samsung employee was caught while browsing large quantities of semiconductor related data uploaded in the Samsung electronics DS security server.

From these cases, we can all recognize that downloading important national technical documents in the

form of software and leaking them abroad is a serious crime that undermines national competitiveness.

In addition, a professor at the Korea Advanced Institute of Science and Technology (KAIST) was sentenced to prison in November 2021 for leaking core technologies related to autonomous vehicles to China. It is suspected that he was selected for China's plan to attract high-quality personnel from overseas in 2017 and leaked research data for autonomous driving LIDAR technology until February 2020.

The level of punishment for violations of the Act on Prevention and Protection of Industrial Technology, the Act on the Prevention of Unfair Competition and Protection of Trade Secrets, and the Act on the Import and Export of Strategic Materials under the Foreign Trade Act can be strengthened as a way to reduce the illegal leakage of important national technologies. However, it is only a follow-up measure.

Rather, it would be better to think about ways to prevent the illegal leakage of important national technical documents in advance through software import/export control. Let's not get into the details of the problems but put more focus on the ways to strengthen the export/import management of software.

4. Software, which is intangible, is exported and imported to customs as well as import and export of goods.

It is possible to review a way of filing export/import declarations with customs regarding the export and import of software. Customs already has a system that can receive import/export declarations from companies or individuals, so it is possible to manage the export and import of software without incurring additional costs.

To think about the details,

1) Export/import declarations are made through customs for import/export goods, so if the HS CODE for software that is transmitted and downloaded over the Internet is determined and import/export declarations are allowed, the contents of import and export declarations can be managed at the same level as tangible goods. In fact, HS can be added to HS8523 so there shouldn't be any major problems.

2) In the case of importing and exporting software over \$10,000 for each case, import and export declarations must be made to the customs regardless of whether the software is downloaded through the Internet or imported or exported directly through a storage medium.

3) If a software import/export transaction of more than \$10,000 is reported, an export/import declaration

certificate is issued, and foreign currency can be remitted and received by submitting the report certificate and invoice data to a foreign exchange bank.

4) In the software export/import report data, the seller, product name, specification, quantity, and amount of the software as well as the software purchaser are listed as the same as general goods, so the government can keep the record of the software import/export transaction.

5) Customs can directly check whether there is an illegal foreign currency outflow or technology leak through customs review along with foreign exchange investigation officials for software import/export data and manage illegal foreign currency remittance or the inflow and outflow of important national technical documents with the National Intelligence Service or the prosecution office.

5. There is a need for discussion on strengthening software import/export management between ministries

The Korea Customs Service has been managing only the import and export of tangible goods, and not managing intangible goods if they are not related to tangible goods. The Industrial Trade support Department only managed the import and export of software with the foreign trade law in the aspect of managing the import/export performance and the export of strategic materials. As the foreign exchange transaction law dealt with only the remittance management aspect of false documents, as with the above problems, no department was able to effectively manage the software.

If it was suggested that software import and export management is easy for the customs that manages all current imports and exports, why should customs do it when there is no customs duty? The leakage of technology and illegal remittance is not the job of customs and needs to be addressed in the general perspective of commerce. So, there is a possibility that there is a discussion considering the gains and losses between ministries, such as the need for a separate process and manpower in the Ministry of Trade, Industry and Energy and the Ministry of Science and Technology.

Regarding the export and import transactions of software that have been actively traded since the 20th century, no department knew that there would be so many software transactions and did not know that there would be many illegal technology leaks and illegal remittances through software import and export. As a result, only punishment-oriented measures were considered, so now it is necessary to include the software export/import report in the exporter reporting method.

For all intangible goods traded in the form of software, such as OTT transactions, computer software, or design drawings, when the transactions over \$10,000 are included in the import/export declaration process with customs office, import and export management know-hows for tangible goods can be applied to intangible goods and the manpower of customs can be utilized.

Customs already has the authority and ability to investigate corporate goods and overseas transactions, such as foreign exchange transactions, intellectual property rights protection, country of origin management, and export control of strategic goods, as well as traditional customs duties, so it is expected to effectively manage the primary import and export of software.

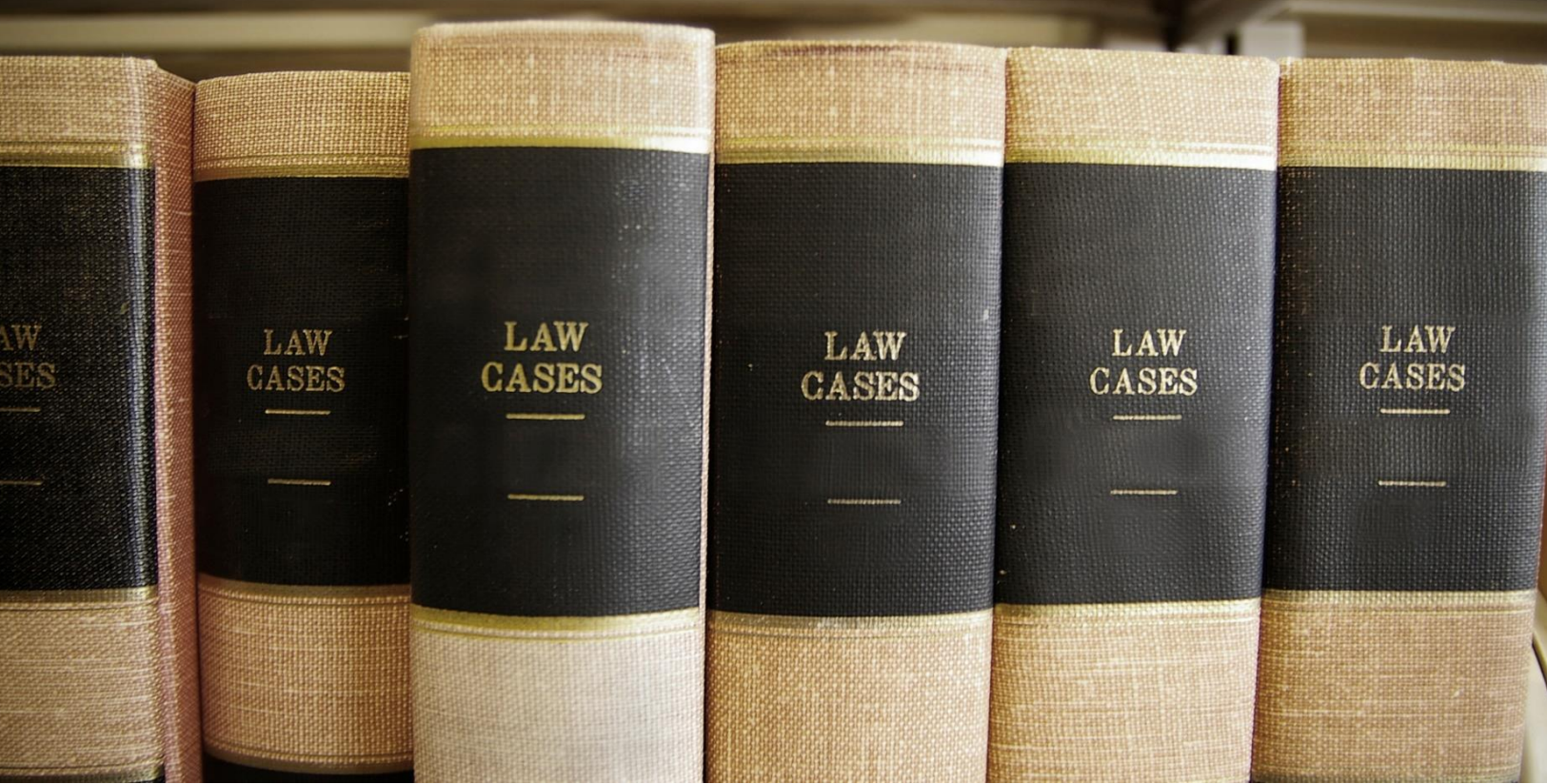
I hope that it will serve as an opportunity to raise awareness about the reinforcement of software import/export management, and I would like the Korea Customs Service and the Ministry of Trade, Industry and Energy to consider the proposal together.

6. Thoughts on the assignment of the department in charge

If the customs office reviews it, it is believed that the customs office that manages import and export declaration will review it first because it is to introduce an import/export declaration system for intangible goods. However, there is a possibility that it will be excluded from the review with the reason that it is not tangible goods or excluded from the tax office with the viewpoint of punishment. There is a possibility that the examination bureau will exclude from the tax revenue point of view.

Recently, in some countries, such as China and Russia, software has been downloaded from the Internet, but foreign currency remittance may not be possible if there is no customs import/export license. Therefore, there are many cases of reporting the storage means along with the invoice payment including the payment for software and designs to customs through express shipment. Therefore, it is necessary to review the introduction by combining the viewpoints of foreign exchange management, illegal remittance, and illegal technology leakage, and which department would carry out the job can be determined after that.

Since it is at the level of posing a problem and brainstorming, I hope you enjoy reading the proposal from the point of view that the relevant department has the authority and the responsibility to materialize it.



Analysis on Recent Customs Judicial Precedent

Disposition to Impose Customs Duties on the Item in Question Reported Lower by Recalculating the Actual Payment Value Confirmed by the Investigation As Taxable Value

[Facts]

A. The claiming corporation imported OO beer (hereinafter referred to as "item at issue 1") and OO carton of whiskey (hereinafter referred to as "item at issue 2") with import declaration number OO and other OO cases from AAA (hereafter referred to as "exporter at issue 1") and BBB (hereinafter referred to as "exporter at issue 2") located in Japan from September 2, 2016 to 11.16. (Exporter 1 and Exporter 2 in question are collectively referred to as "exporter at issue"). While importing Item 1 and Item 2 in question, referred to as the "Item at issue", the claiming corporation reported the price of Item 1 as OO yen per piece and Item 2 in question as OO yen or OO yen per carton, and the disposal agency accepted it.



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B. The disposal agency made an investigation on the allegation of customs evasion made by the claiming corporation, and it was speculated that the claiming corporation evaded the customs duties by falsely reporting the taxable value of the goods in question at a lower price than the actual amount to be paid and remitting the amount greater than the reported import amount to the exporter in question or to a domestic third-party account. On April 19, 2021, the disposal agency filed a complaint against the CEO of the claiming corporation and the claiming corporation itself with the OO Prosecutor's Office on the charge of violating the 「Customs Act」, and on April 21, 2021, notified the correction of OO won for customs duties, OO won for liquor, OO won for education, OO won for value-added tax, and OO won for penalty tax to the claiming corporation (hereinafter referred to as "disposition of dispute").

[Issues]

- ① The disposal agency's imposing of customs duties on the actual amount to be paid by recalculating taxable value confirmed after the investigation as the taxable value of the item in question was reported at a lower price.
- ② The issue that if imposing customs duties are in violation of the principle of documentary taxation

[Summary decision]

(A) First, with regard to issue ①, the price on the revised estimate and the export declaration documents seized by the disposition agency from the issue exporter 1 appears to be the same. The claiming corporation reported the price on the supply contract, which was approximately 40% lower than the revised estimate price, as the taxable value of the item in question 1, but the exporter in question 1 issued a separate invoice in addition to the declared price and requested the claiming corporation to send the additional amount to the designated account. It is confirmed that the amount has been remitted. The final price OO that has been obtained by substituting the tax, which was obtained by multiplying the price on the revised estimate by the applicable tariff, and the other domestic expenses into the formula for calculating the price of the item in question 1 found on the computer of the claiming corporation by the disposition agency



matches. For these reasons, it would be hard to see the price that has been declared for the item in question 1 by the claiming corporation as the actual payment price. It would be reasonable to consider the price on the revised estimate that has been confirmed in the investigation process as the actual payment price of the item in question 1.

Also, in the case of Item 2 in question, the claiming corporation paid OO yen in addition to the declared import price as the product price, so the amount including the additional remittance amount would be the actual payment price.

Therefore, it is judged that the disposition of this case in which the taxable value was recalculated and taxed by the actual payment price of the item in question confirmed by the disposition agency in the course of the violation investigation was appropriate.

(B) Next, regarding issue ②, the notice of correction issued by the disposition agency to the claiming corporation not only specifies the tax base and calculated amount of tax for each tax item, but also states that 'correction based on the result of investigation of violations' as a reason for correction; The claiming corporation also confirmed the fact that the actual payment price for the item in question was confirmed through the data obtained through seizure and search. In light of this, it would be difficult to accept the above claim.



Global Customs Insight

Shinhan Customs Vietnam and Kord Systems Held a System Utilization FTA and Liquidation Management Strategy Briefing Session for Vietnamese Import and Export Companies

Shinhan Customs Corporation Vietnam and Kord Systems held an FTA and Liquidation management strategy briefing session using the system at Lotte Hotel in Hanoi, Vietnam on September 23, 2022 and in the “Hanam” area located in southern Hanoi on September 27, 2022.

This briefing session was held for Vietnamese companies with the following themes:

- 1) FTA origin management and origin verification, precautions – Kim Nam-guk, Customs Administrator, Seoul Customs
- 2) FTA origin utilization in Vietnam and business management plans and practical notes for Vietnam duty-free material liquidation system – Shinhan Customs Corporation Vietnam, Customs Officer Shin Jong-ho
- 3) Demonstration of management plan and system utilization of FTA country of origin management and Vietnam liquidation system – CEO of Kord Systems, Choi Dae-gyu
- 4) Introduction of actual implementation cases of Vietnam FTA system – Customs officer Shin Jong-ho



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At the “Hanam” regional briefing session, a Vietnamese session for local Vietnamese workers was separately organized and the briefing session was held in Vietnamese.

A total of 160 people, including 130 offline and 30 online, from the Hanoi area attended this briefing session, and a total of 35 people including 10 Koreans and 25 Vietnamese in the Hanam region participated in the briefing session, which was more than originally anticipated.

This briefing session was co-hosted by KORCHAM in Hanoi, helping more companies to participate, and a customs administrator who actually conducts the verification of origin at Seoul Customs was invited by KORCHAM. So, the presentation with more realistic contents that would be helpful to them was given.

On the other hand, the demonstration of the actual use of the system and the management plan utilizing “system-based” FTA origin management and liquidation, which are not yet widely used in Vietnam, were explained, and many participants gave the feedback that it was interesting and helpful in actual work.

We would like to express our gratitude to everyone who helped make this briefing session a success and to all those who attended. Shin Han Customs and Kord Systems will do our best to research and provide better systems and services for all manufacturing, production and exporting companies in Vietnam to stably manage FTA CO, country of origin and accountability in the future.



Briefing Session in Hanoi



FTA and import/export practical business guide
**Examples of Most Common Import
Declaration Errors**

Overview

According to the Customs Act, import declarations are made electronically (P/L) in principle, and for exceptional cases, declaration documents need to be submitted. Among the P/L reports, some declarations are selected for documents submission or inspection according to certain criteria in the customs review process. Other declarations are subject to customs inspection through the screen without submitting separate documents, and cases with no abnormalities are reported and accepted. In August, the Busan Customs New Port Customs Monitoring Division distributed examples of repeated import P/L errors. Let's take a look at the most common errors.



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I. Item Classification (errors in item classification number report)

Item classification is an important import declaration item that is related to the overall import declaration details such as tariff rates, import requirements, and FTA applicability. Therefore, the classification and notification of the correct HS CODE in advance is required.

<Main common errors>

Item Classification	Reason	Note
mattress	When importing, the mattress was reported as wooden furniture (HS 9403, C 0%), but it fell under special tariff heading (HS 9404, A 8%). Correction of tariff heading And tax rate were made.	When mattresses are imported with other furniture, it is necessary to report with special tariff heading HS 9404.
coupling	Couplings are reported as parts(HS 8413). but they fall under the special tariff heading (HS 7307). Tariff heading and the tax rate were corrected.	Pipe connectors such as flanges, elbows, sleeves, and couplings of other products need to be reported under the special tax heading HS 7307.
auto parts	. Although the parts were reported as plastic products and rubber products (HS 3923, 4016), respectively, after reviewing the usage manual, it was confirmed that they were automobile parts. The tariff heading was corrected as HS8708 and the tax rate was corrected	It is necessary to report them as HS 8708 when plastic and rubber products are used as auto parts even if they are in certain forms. *Commentary: Suitable for exclusive or main use for vehicles of Nos. 8701 to8705

<Item classification reference site>

<p>Access the customs law information portal clip (unipass.customs.go.kr/clip)</p>	<ul style="list-style-type: none"> ■ Search for keywords/tariff heading in the top tariff heading/product search column ex) HS 3926, 4203, 6116, etc. will appear when searching for 'gloves' ■ World HS -> Item Classification by keyword/tariff heading in the search word column of the domestic case page <ul style="list-style-type: none"> * More accurate results will appear when searching for detailed specifications such as material ex) HS 3926 (synthetic rubber), 4203, etc. will show when searching for 'LEATHER GLOVE'
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II. Subject to Customs Confirmation (Requirement not met)

Goods subject to Customs Confirmation are goods that require permission, approval, labeling and other requirements as stipulated by the laws related to import and export, and must be checked whether they meet the requirements at the customs clearance stage. In case of import without the provision, you will be subject to administrative sanctions.

<Cases of major errors>

Item name	error Reasons	to note
Cosmetic raw materials	Cosmetic raw materials are subject to reporting but reported as non subject to the requirements of the Cosmetics Act. Import customs clearance after collection of requirements are made. (Scheduled Report)	Cosmetic raw materials are subject to reporting and need to be reported to the head of the President of the Korea Pharmaceutical Export-Import Association. Clearance Announcement Article 33 ② A person who intends to import, distribute and sell cosmetics(including raw materials)must submit a standard customs clearance report to the President of the Korea Pharmaceutical Export-Import Association and go through customs clearance.
chemical	From 2022, Cobalt sulfate(HS 2833.29) was newly established as subject to the requirements of the Chemical Substances Control Act according to the component ratio ,but despite exceeding the standard component ratio, it was reported as non-subject. After submitting the import declaration form for toxic matters, import clearance is made.	From 2022, Cobalt sulfate is in pure state or mixed more than 0.1% in the content, it is subject to the report to the head of the customs. Per Chemical substances Management Act, it is necessary to prepare the import permit for prohibited or handling restrictions materials

confirmation	When importing the refrigerators, it was reported as not subject to the requirements of the 'Daily Goods Safety Management Act' and 'Radio Wave Act' (reason:sample certification), exemption confirmation documents were not provided so the necessary documents are required.	For the imports with the purpose of research and development, exhibits and safety approval, they are subject to the exemption of the 'Household Goods Safety Management Act' and 'Radio Wave Act', but it is necessary to report it. Note that an exemption confirmation letter is required
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<Reference site for subject to the confirmation by the head of customs>

Access the customs law information portal clip (unipass.customs.go.kr/clip)	<ul style="list-style-type: none"> ■ Search for keywords and tariff heading in the top tariff heading/product search column ex) When searching for 'safety hat', the result of the safety hat (HS 6506.10-0000) will appear, and you can check whether it is subject to confirmation to the head of customs in the requirements tab below the detailed information.
Access Customs homepage (unipass.customs.go.kr/clip)	<ul style="list-style-type: none"> ■ Notification/News -> Announcement/Public Notice -> Administrative Rule Administrative Notice ->Customs Act 'Notification of Designation of Items and Confirmation Methods Confirmed by the Customs Head in accordance with Article 226 of the Customs Act' -> Check the Excel spreadsheet of Import Requirement New and Old Checklist

III. agreement tariff rate

In order for the preferential tariffs to be applied under the FTA, the standards set by the agreement must be met. If preferential tariffs are applied without meeting the standards, there is a risk of additional collection. Since the criteria for applying preferential tariffs for FTAs are different for each agreement, it is necessary to check the criteria for each agreement to be applied and strictly follow them.

<Cases of major errors>

Error type	Detailed reason	Notes
principle of direct transportation	The import declaration was made applying Korea-Asean FTA agreement tax rate, but the contracting party and the exporting country were different so the suitability of the agreement tax rate was examined. Due to the failure to submit the evidence documents, the exclusion of Agreement Tax Rate was decided.	When the contracting party and the exporting country are different, it is necessary to prepare to report the provision of proof of the direct transport principle.

omission of certified exporter number	The Korea-UK FTA agreement tariff rate was applied and declared but the certified exporter number expired . So the agreement tariff rate was not applied.	<p>When applying for the application of the UK-Korea, Korea-EU FTA tax rate, it is necessary to declare without the omissions or errors in the certified exporter number</p> <p>For goods under 6,000 euros, non certified exporters can self-issue the certificate of origin.</p>
Unmatched items	application for items that are not listed on the certificate of origin. Excluded from the Convention Tax Rate with one	When there are many types and large quantities of goods, it is necessary to check whether they are listed on the certificate
origin of the products do not match between the import declaration form and the invoice	The country of origin is Netherland on the import declaration form, but on the invoice, the country of origin of the product is stated as UK. The agreement tax rate is excluded.	The invoice and the import declaration must have the same country of origin.
The valid period for the certificate of origin has expired.	Asia-Pacific FTA agreement was applied but later found that the issuance date of the certificate of origin elapsed 3 business days from the shipping date. The agreement tariff is excluded.	It is necessary to check the issuance time of each agreement when issuing a certificate of origin.

*Reference: Busan Customs New Port Customs Monitoring Division Distribution Material "Import P/L Report for Frequent Errors and Inquiry Cases" (Aug,2022)

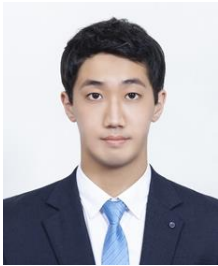


Contents and Opinion of Customs Trade Revision

Revision of the “Individual Consumption Tax Act”

1. Reason for Amendment

Domestic oil prices rose sharply compared to the previous year as international oil prices surged due to increased uncertainties in the international economy, such as the Russian-Ukraine war and currency fluctuations. The current flexible tax rate adjustment limit of 30/100 has the limit for the reduction of the fuel tax. To alleviate the economic burden people experience and to stabilize the cost, the revision is made to expand the adjustment limit of the flexible tax rate for individual consumption tax imposed on oil such as butane among kerosene, heavy oil, and oil gas (taxable goods falling under Article 1 (2) 4) to 50/100 by December 31, 2024.



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2. Major Amendments and Opinions

Expanded the limit on the adjustment of the flexible tax rate for individual consumption tax from 30/100 to 50/100 in order to alleviate the economic burden of the public on fuel costs due to the surge in oil prices at home and abroad caused by the Russian-Ukraine war and the exchange rate rise.

For transportation, energy and environment taxes, for the same reason, the limit on the adjustment of the flexible tax rate was increased from 30/100 to 50/100.

As the price of goods consumed by the public, such as ramen and chicken, rises sharply, people feel the pain of high prices more and more. It is necessary to notice the changes in consumer purchasing patterns due to high prices, and to carefully consider exchange rates during trade transactions.

3. Effective date

August 12, 2022

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