

GENERAL AGREEMENT ON

RESTRICTED

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TARIFFS AND TRADE

Committee on Customs Valuation

INFORMATION ON IMPLEMENTATION AND
ADMINISTRATION OF THE AGREEMENT

Supplement

Legislation of Republic of Korea

Changes in the Detailed Enforcement Regulations
on Customs Assessment Relevant to the Agreement

Pursuant to paragraph 2 of Article 25 of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade, the Government of the Republic of Korea is pleased to submit to the Committee information on the changes in the Detailed Enforcement Regulations on Customs Assessment relevant to the Code.

The attached text of the Detailed Enforcement Regulation on Customs Assessment (Commission's Order) was revised and entered into force on 12 April 1988.

The purpose of the revision is to make Korea's relevant laws more consistent with the GATT Code concerned as well as clarify various technical provisions of the commissioner's order. This notification follows the commitment in the document VAL/1/Add.19/Suppl. 3 circulated on 5 April 1989.

* English only/anglais seulement/inglés solamente

REVISED PROVISIONS OF DETAILED ENFORCEMENT REGULATIONS
ON CUSTOMS ASSESSMENT

(Revised by Commissioner's Order No. 88-521, April 12, 1988)

Article 8. (Designation of Eligibility for Comprehensive Declaration)

4. The duration of designation prescribed in paragraph 2 shall be two years; however, the customs collector of the jurisdictional area may renew it.

Article 9. (Examination of Details of Value Declaration)

1. Details of a value declaration shall be examined by the customs collector who has received it. However, if the customs collector of the clearance area has received a value declaration from one eligible for comprehensive declaration, he shall grant an import permission after examining only the formal requirements, and shall send a copy of the value declaration and a copy of the invoice respectively to the customs collector of the jurisdictional area; and the customs collector of the jurisdictional area shall examine the details thereof and either collect an additional amount or pay a refund if any shortfall or excess in the amount of duty paid is discovered.

Article 10. (Omission of Value Declaration)

- 1.8) Other goods which a customs collector deems to have no difficulty in determining customs value when no value declaration is made by a liable duty payer.

Article 17. (Related buyer and seller)

- 1.8) In cases where the buyer and the seller are husband and wife, or where the buyer and the seller are related, such as parent-in-law, grandparent-in-law, brother-in-law, sister-in-law or his/her spouse, a third cousin or closer on the father's side or a first cousin or closer on the mother's side.

Article 18. (Commission, etc)

- 1.1) Commissions and brokerage, except buying commissions

Article 22. (The cost of transport and insurance)

- 4.5) In cases where various cargoes are transported under one charter, including the cases of making several round-trips, and where various cargoes are transported in a lump-sum freight under one transport contract, the respective freight shall be allotted proportionately on a weight basis of the goods being imported.

However, in cases where it is impossible or unreasonable to be allotted proportionately on a weight basis, the respective freight shall be allotted proportionately on a price basis of the goods being imported.

- 9) In cases where a demurrage or an early departure charge at the port of shipment is paid by or refunded to the buyer, it shall be added to or deducted from the customs value (However, an early departure charge must be confirmed at the time of import clearance).

However, in cases where a demurrage at the port of shipment cannot be definitely distinguished from the total amounts of demurrages actually paid and early departure charges actually refunded because the transport contract provides only the total allowed lay time, half of the total allowed lay time shall be regarded as the allowed lay time at the port of shipment, and the demurrage or the early departure charge at the port of shipment, actually paid to or refunded from the shipping businessman shall be added to or deducted from the customs value.

Article 22-1. (Exceptions to the determination of the customs value of the goods transported by aircraft)

The cost of transport of the goods imported by aircraft, falling under one of the following items shall be calculated using "a freight list postal package by ship" applied in Korea, instead of applying the provision of Article 22. In cases where the weight of the goods exceeds the maximum weight listed on "the freight list for a postal package by ship", the cost of the transport of the goods shall be the sum of the charge applied to the weight exceeding the maximum weight and the charge applied to the maximum weight, and in cases where the charge for a postal package of goods sent by ship is more than the air fare actually paid, the latter shall be applicable.

- 1) Goods carried into Korea free of charge such as sample goods, advertising goods or their raw materials for manufacture, of which the total customs value excluding the cost of transport and insurance is less than W 200,000.
- 2) Goods carried into Korea free of charge such as raw materials for the acquisition of foreign exchange, being used for manufacturing and processing of export goods, which the collector deems necessary for executing the export contract.
- 3) Goods carried into Korea free of charge for maintenance, repair, exchange, etc. of goods when the goods imported or exported are different from the goods on the contract, or when an accident occurs during the warranty period.
- 4) Exposed film, recorded tapes or other similar goods for news gathering, carried into Korea by a newspaper publishing company, broadcasting company or news agency.

- 5) Expendable supplied and office supplies sent free of charge from the main office or branch office abroad by his own transportation, which will be used in the transportation business by a person who engages in the air transportation business.
- 6) Goods deemed to be used for private purposes as donated to a resident in Korea, of which the total customs value excluding the cost of transport and insurance is less than W 100,000.
- 7) Unaccompanied household goods brought by the person who enters Korea for the purpose of establishing residence in Korea (herein referred to a person who enters to reside in Korea for more than two years or who enters Korea with his family to reside in Korea for more than one year, except persons who re-enter Korea after departing from Korea for a short time), of which the total customs value excluding the cost of transport and insurance is less than \ 500,000.
- 8) Unaccompanied goods which have been used by a person who re-enters Korea after residing abroad for more than 6 months (except crewmen who are employed on a ship or an aircraft), of which the total customs value excluding the cost of transport and insurance is less than W 500,000.

Article 23-1 (Application of adjustment rate to determine customs value)

1. When necessary for the efficiency of customs clearance and for the convenience of duty payers, the customs collector may, in the implementation of Article 12, Articles 18 to 23, determine the customs value of the goods imported repeatedly over a long period by applying the rate of adjustment, which is calculated on the basis of the rate of adjusted amounts to total amounts of the goods imported during a definite period in the past.
2. In cases where the customs collector calculated the rate of adjustment in determining the customs value under the provision of paragraph 1, he should give sufficient opportunity to the importer to express his opinion and the rate of adjustment shall be re-calculated on the basis of new data every year.

Article 26. (Determination of customs value under the fourth method)

7. In cases where an importer asks to calculate and apply the rate of deducted costs to domestic sales price for a definite period instead of calculating actual deducted costs under the provision of paragraph 4, items 2 through 5 everytime, in determining customs value of the goods imported repeatedly under the fourth method, the customs collector can calculate and apply the rate of deducted costs.

Article 28. (Determination of customs value under the sixth method)

- 2.2) Imported goods produced in a country other than the country of production of the goods being valued could be regarded as the identical goods or similar goods.

3) The requirement that goods shall have been sold "in the condition as imported" in determining the customs value under the fourth method could be flexibly interpreted.

4) The requirement that the goods shall have been sold "within 90 days" in determining the customs value under the fourth method could be flexibly administered.

3. Customs values determined under the provision of paragraph 1 should, to the greatest extent possible, be based on previously determined customs value.

4. In determining the customs value under the sixth method, no customs value shall be determined on the basis of;

1) the selling price in Korea of goods produced in Korea

2) a system which provides for the acceptance for customs purposes of the higher of two alternative values

3) the price of goods in the domestic market of the country of exportation

4) the cost of production, other than computed values which have been determined for identical or similar goods under the fifth method

5) the price of goods for export to a country other than Korea

6) minimum customs values

7) arbitrary or fictitious values

Article 30. (customs value of rented or leased goods)

3. In cases where the importer has an option to buy the goods imported with a rental or lease contract, the customs value shall be determined on the basis of the sum of the anticipated total rental charge at cash value payable until he can exercise his own option on the rental contract and the price converted at cash value payable when the option is exercised.

The provisions of the preceding paragraph, items 2 and 3, applied mutatis mutandis to this case.

Article 32. (Customs value of goods brought into Korea from bonded factory)

2.2) The value of domestic goods used for manufacture shall be determined at the price quoted in making purchases at the respective bonded factory. However, in cases where the buyer and the seller are in a relationship under any item of Article 17, paragraph 1 and where assists under the provisions of Article 19, paragraph 2 have actually

- occurred the domestic sale prices of the goods either identical or similar to the respective goods (the domestic sale price at a commercial level where the respective bonded factory belongs) shall be the purchasing price.
- 3) The values under Item 1 and Item 2 shall be confirmed at the time of requesting the use under Article 98-2, paragraph 2 of the Customs Act: and shall be determined by the Won currency value prevailing at that time.

Table 1 (Ratios of Profit and General Expenses to Gross Sales by industry)

Item	Manufacturing	Resale
27. Marine products brought into Korea by the deep-sea fishing industry	21	21