



REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION

## **SEMINAR ON CLASSIFICATION, GIRs and IMPORT DUTY DETERMINATION**

(20 NOVEMBER 2013)

ENG'R ARTEMIO D. BERNARDINO  
DIRECTOR, TARIFF COMMISSION

1

### **TOPICS OUTLINE**

- I. HS/AHTN Background**
  - a. The HS
  - b. The AHTN
  - c. The TCCP-AHTN
- II. CLASSIFICATION TECHNIQUES**
  - a. How to Classify
  - b. Role of Punctuation Marks in the HS
  - c. HS/AHTN Structure and Numbering System
  - d. Dash System
  - e. "Other" Description
- III. GENERAL INTERPRETATIVE RULES**
  - a. GIRs 1 to 6
- IV. IMPORT DUTY DETERMINATION**

2

### **I. (a) THE HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM (HS)**

3

#### **What is the Harmonized Commodity Description and Coding System?**

The Harmonized Commodity Description and Coding System or simply Harmonized System (HS) is an internationally standardized system of names (description) and numbers (codes) for classifying traded goods.

The HS is a product nomenclature where each product is assigned its corresponding "6-digit" code. The first four digits are referred to as the heading. While the code up to the sixth digit is known as a subheading.

4

#### **What is the Harmonized Commodity Description and Coding System?**

It was developed and presently maintained by the World Customs Organization (WCO) (formerly known as the Customs Co-operation Council (CCC)) headquartered in Brussels, Belgium.

The HS nomenclature is annexed to the International Convention on the Harmonized Commodity Description and Coding System.

5

#### **What is the International Convention on the Harmonized System?**

It was developed to facilitate international trade by establishing a uniform system for the collection, comparison and analysis of international trade statistics.

It was established in 1983 and entered into force in 1988.

Under this Convention, contracting parties are obligated to base their tariff schedules on the HS nomenclature, although parties set their own rates of duty.

6

**What is the  
International Convention on the Harmonized System?**

Countries that have adopted the Harmonized System are **not permitted to alter in any way the descriptions associated to a heading or a subheading nor can the numerical codes at the four or six digit levels be altered.** This is what keeps the Harmonized System harmonized.

The Philippines began implementing the harmonized tariff coding system back in 1989 - the 104<sup>th</sup> country to do so.

7

Individual countries may extend a Harmonized System code to eight or ten digits for customs purposes.

More than 200 countries, customs and economic unions, representing more than 98% of world trade use the HS.

Primary uses of the Harmonized System:

- 📖 Determination of customs tariffs (import duty)
- 📖 Collection of international trade statistics
- 📖 Rules of origin
- 📖 Ascertain eligibility of a product under a Free Trade Agreement
- 📖 Compliance with customs requirements

8

**What is the Composition of the Harmonized System?**

**General Interpretative Rules (GIRs)**

- Rules providing the principles of classification of goods under the HS
- There are 6 rules

**Sections**

- The HS is primarily divided into 21 Sections

**Chapters**

- Sections are divided into Chapters
- There are 99 Chapters under the HS
- However, Chapter 77 is reserved for future use, while Chapters 98 & 99 are reserved for special uses by contracting parties to the HS Convention

**Headings**

- Chapters are divided into headings
- Headings are assigned with four-digit codes

**Subheadings**

- Headings are further divided into subheadings
- HS subheadings are assigned with six-digit codes

9

**I. (b)  
THE ASEAN HARMONIZED  
TARIFF NOMENCLATURE  
( A H T N )**

10

**What is the ASEAN Harmonized Tariff Nomenclature (AHTN)?**

The Association of Southeast Asian Nations (ASEAN) comprising of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam, agreed to adopt a common tariff nomenclature to facilitate the flow of trade within the region.

The AHTN is the harmonization of each ASEAN member country's customs nomenclature.

11

**What is the ASEAN Harmonized Tariff Nomenclature (AHTN)?**

The AHTN is based on the Harmonized System up to the 6-digit subheadings. It is supplemented with the national requirements of each of the 10 ASEAN member countries in the form of 8-digit subheadings.

Any amendments on the Harmonized System would also be reflected on the AHTN.

12

# I. (c) THE TARIFF AND CUSTOMS CODE OF THE PHILS. ( T C C P ) Volume I

13

## What is the TCCP Volume I?

In 1957, Congress enacted R.A. 1937, otherwise known as the *Tariff and Customs Code of the Philippines*.

The TCCP Volume I is a nomenclature consisting of customs laws and mostly of description of commodities and their corresponding import duty rates.

It is used in the tariff classification of imported commodities.

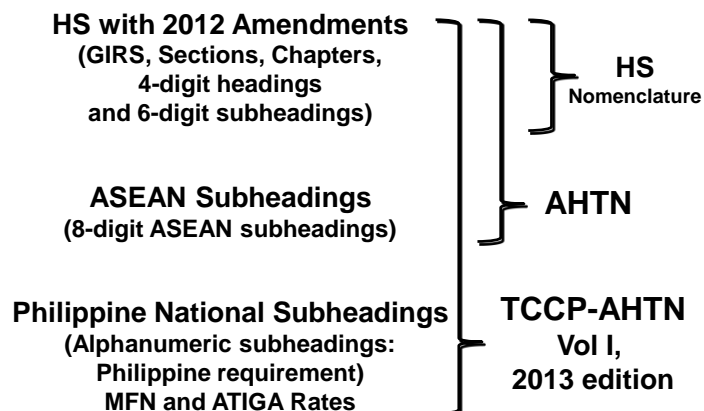
It is the AHTN (up to the 8-digit subheadings) further supplemented with our national requirements in the form of alphanumeric subheadings.

It is now known as the TCCP-AHTN Volume I and the latest import duty rates are under Executive Order No. 61 s. 2011 reflecting MFN rates from 2011 up to 2015.

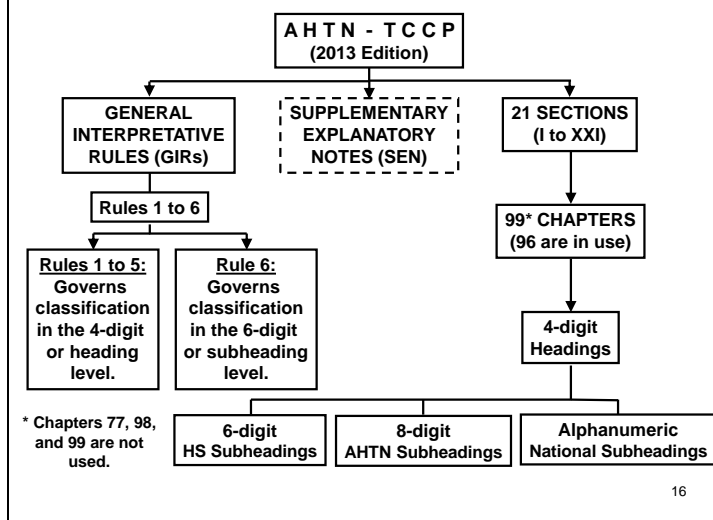
The TCCP-AHTN Volume I is currently maintained and updated by the Tariff Commission.

14

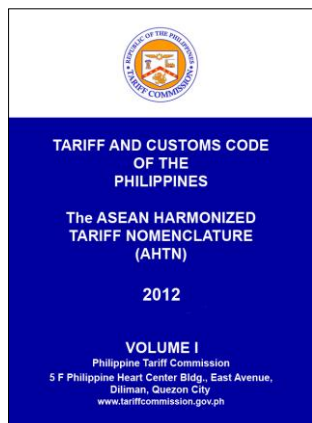
## What is the Composition of the AHTN-TCCP 2013 Edition?



15



16



AVAILABLE AT THE  
**TARIFF COMMISSION**

5<sup>th</sup> Floor Phil. Heart Center Bldg.,  
East Ave., Diliman, Q.C.

Selling Price : P 900.00

Student Discounted Price : P 800.00  
(For BSCA students. Bring School ID and registration of enrollment)

Check Availability:  
Contact 925-2401 loc. 3511

17

SECTION TITLE	SECTION IV PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES
SECTION NOTE	Note. 1. In this Section the term "pellets" means products which have been agglomerated either directly by compression or by the addition of a binder in a proportion not exceeding 3% by weight.
CHAPTER TITLE	CHAPTER 16 Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates
CHAPTER NOTES	Notes. 1. This Chapter does not cover meat, meat offal, fish, crustaceans, molluscs or other aquatic invertebrates, prepared or preserved by the processes specified in Chapter 2 or 3 or heading 05.04. 2. Food preparations fall in this Chapter provided that they contain more than 20% by weight of sausage, meat, meat offal, blood, fish or crustaceans, molluscs or other aquatic invertebrates, or any combination thereof. In cases where the preparation contains two or more of the products mentioned above, it is classified in the heading of Chapter 16 corresponding to the component or components which predominate by weight. These provisions do not apply to the stuffed products of heading 19.02 or to the preparations of heading 21.03 or 21.04.
SUBHDG. NOTES	Subheading Notes. 1. For the purposes of subheading 1602.10, the expression "homogenised preparations" means preparations of meat, meat offal or blood, finely homogenised, put up for retail sale as infant food or for dietic purposes, in containers of a net weight content not exceeding 250g. For the application of this definition no account is to be taken of small quantities of any ingredients which may have been added to the preparation for seasoning, preservation or other purposes. These preparations may contain a small quantity of visible pieces of meat or meat offal. This subheading takes precedence over all other subheadings of heading 16.02. 2. The fish and crustaceans specified in the subheadings of heading 16.04 or 16.05 under their common names only, are of the same species as those mentioned in Chapter 3 under the same name.

18

# HS/AHTN/TCCP, CLASSIFICATION, GIRs, ROO, and IMPORT DUTY DETERMINATION

(20 November 2013)

HEADING NO. (4-Digits)	HEADING DESCRIPTION (Terms of the Heading)	RATES OF DUTY (Tariff/Import Duty For MFN and ATIGA)			ASEAN Member States Enjoying Concession	
		Rate of Duty (%)				
		MFN		ATIGA		
Hdg. No.	AHTN Code 2012	DESCRIPTION	2012 - 2013	2014 - 2015	ATIGA	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
36.04		Fireworks, signalling flares, rain rockets, fog signals and other pyrotechnic articles.				
3604.10.00		- Fireworks	10	10	0	Except BN, KH, LA, MM and VN
SUBHDG. NO. (6-Digits)		SUBHDG. DESC. (Terms of the SubHdg.)				
3604.90		- Other:				
3604.90.20		-- Miniature pyrotechnic munitions and percussion caps for toys	10	10	0	Except LA, MM and VN
3604.90.30		-- Signalling flares or rockets:				
3604.90.30A		--- Signalling flares	1	1	0	Except LA, MM and VN
3604.90.30B		--- Signalling rockets	10	10	0	Except LA, MM and VN
3604.90.90		-- Other	10	10	0	Except LA, MM and VN
		ALPHA-NUMERIC SUBHDGS.				

NOTE: Effective 01 Jan 2010, "CEPT rates" under Column (6) is now referred to as "ATIGA Rates".

**Specifies which ASEAN Member States  
Eligible to Enjoy the Preferential ATIGA Rate of Duty**

Hdg. No.	AHTN Code 2012	DESCRIPTION	Rate of Duty (%)			ASEAN Member States Enjoying Concession
			MFN		ATIGA	
			2012 - 2013	2014 - 2015		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>36.04</b>		<b>Fireworks, signalling flares, rain rockets, fog signals and other pyrotechnic articles.</b>				
	3604.10.00	- Fireworks	10	10	0	<div style="border: 2px solid red; padding: 5px;">                     Except BN, KH, LA, MM and VN                       Except LA, MM and VN                       Except LA, MM and VN                       Except LA, MM and VN                       Except LA, MM and VN                 </div>
	3604.90	- Other:				
	3604.90.20	-- Miniature pyrotechnic munitions and percussion caps for toys	10	10	0	
	3604.90.30	-- Signalling flares or rockets:				
	3604.90.30A	--- Signalling flares	1	1	0	
	3604.90.30B	--- Signaling rockets	10	10	0	Except LA, MM and VN
	3604.90.90	-- Other	10	10	0	Except LA, MM and VN

20

## II. CLASSIFICATION TECHNIQUES

21

### HOW TO CLASSIFY

#### I. Identification of the goods – get the full and accurate description.

Basic Questions to Ask in Determining the Identity of Goods:

1. What is it?
2. What is the substance or material composition?
3. What is its function or use?
4. Under what form is it imported?
5. Is it the only possible classification?

22

### HOW TO CLASSIFY

#### II. Familiarization of the Tariff Nomenclature.

1. Table of Contents (Titles of Sections and Chapters);
2. Chapters are grouped under 21 Sections:  
Section I (live animals) to Section XXI (works of art and antiques);
3. Section Notes, Chapter Notes, Subheading Notes;
4. Description of Headings and Subheadings, and ~~TARIFF RATES:~~

→ Coding System utilized in the AHTN

→ Dash system

23

### HOW TO CLASSIFY

#### III. Take note that Chapters are generally arranged according to the degree of processing.

##### Example 1:

Chapter 01 - Live animals

Chapter 41 - Raw hides and skins and leather

Chapter 64 - Footwear



24

**Example 2:**

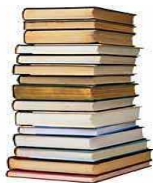
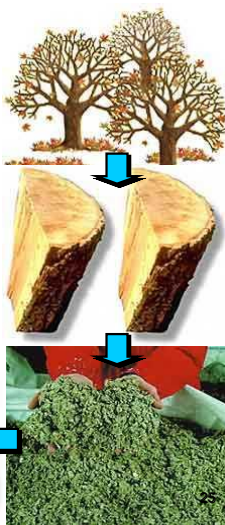
**Chapter 06 - Live trees**

**Chapter 44 - Wood and articles of wood**

**Chapter 47 - Pulp of wood**

**Chapter 48 - Paper and paperboard**

**Chapter 49 - Printed books, newspapers**



**HOW TO CLASSIFY**

**IV. Headings of some Chapters are likewise arranged according to the degree of processing.**

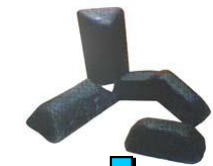
**Example 1:**

**Heading 72.01 Pig Iron**

**Heading 72.07 Billets**

**Heading 72.13 Wire Rods**

**Heading 72.17 G.I. Wire**



**Example 2:**

**Heading 52.01 Cotton...**

**Heading 52.05 Cotton yarn...**

**Heading 52.08 Woven fabric of cotton...**



**HOW TO CLASSIFY**

**V. Read the Section Notes, Chapter Notes and Subheading Notes. The Notes can be:**

**1. Inclusion/coverage – enumerates goods that are included.**

**Example 1:**

**Note 2 to Chapter 60 (Knitted or crocheted fabrics) - “This Chapter also includes fabrics made of metal thread and of a kind used in apparel, as furnishing fabrics or for similar purposes”.**



**Inclusion/coverage – enumerates goods that are included.**

**Example 2:**

**Note 1 to Section I (LIVE ANIMALS; ANIMAL PRODUCTS) states that “Any reference in this Section to a particular genus or species of an animal, except where the context otherwise requires, includes a reference to the young of that genus or species.”**



**2. Exclusion – enumerates goods that are excluded.**

**Example:**

**Chapter 64 covers “footwear”**

**However, Note 1 (c) to Chapter 64 states that “This Chapter does not cover worn footwear of heading 63.09 (Worn clothing and other worn articles).”**





**3. Definition – Provides a description for a particular good covered by the Section, Chapter, or Subheading**

**Example :** Subheading Note 1 to Chapter 88 (Aircraft, spacecraft, and parts thereof) – “For the purposes of subheadings 8802.11 to 8802.40, the expression “unladen weight” means the weight of the machine in normal flying order, excluding the weight of the crew and of fuel and equipment other than permanently fitted items of equipment.”

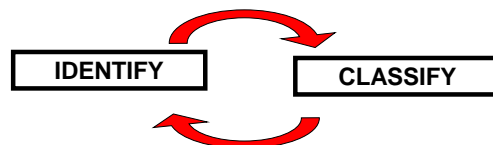


31

**HOW TO CLASSIFY**

**VI. Examine the HEADINGS and SUBHEADINGS, Including Dashes.**

**VII. Go back to the identification if still in doubt.**



**VIII. Classify according to the Rules of Classification - GIRs.**

32

**Steps to follow in choosing the most appropriate tariff classification:**

1. Choose the Section and Chapter.
2. Compare all possible Headings while reading pertinent Legal Notes (i.e., Section/Chapter Notes) to determine possible headings that can be considered.
3. Use the GIRs (Rules 1 - 5) to determine the appropriate heading classification.
4. Compare all possible subheadings under the chosen heading by the dash-level of subdivisions, while reading pertinent Legal Notes (i.e., Subheading Notes).
5. Finally, use GIR Rule 6 to determine the applicable subheading classification.

33

**Role of Punctuations within the Text of HS**

Necessary Tools for the  
Correct Interpretation of the HS

34

**Punctuations**

- |                      |          |
|----------------------|----------|
| <b>1. COMMA</b>      | <b>,</b> |
| <b>2. SEMI-COLON</b> | <b>;</b> |
| <b>3. COLON</b>      | <b>:</b> |
| <b>4. PERIOD</b>     | <b>.</b> |

35

**Roles of Punctuations within the texts of the AHTN**

**1. Comma (,)**

- Used to separate items or list of goods described in the heading and subheading texts.
- Used to separate the list of items from the descriptor phrase or from a series of descriptors to which the items belong.

36

**Roles of Punctuations within the  
texts of the AHTN**

**2. Semi-Colon (;)**

- It is used to indicate a full-stop and that a good or list of goods separated by semi-colons must be treated as distinct and separate from each other when considering tariff classification at the heading or subheading level.

37

**Roles of Punctuations within the  
texts of the AHTN**

**3. Colon (:)**

- It is used to indicate that further subdivisions will occur.
- The colons appear after the end of every subheading text which has further breakdowns.

38

**Roles of Punctuations within the  
texts of the AHTN**

**4. Period (.)**

It is used to indicate a full stop in the heading text which means only those products mentioned are included and nothing more.

39

**Commas (,)**

Commas are used to separate items in a list.

**Example:**

**84.29**      Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers.

40

**Commas (,)**

Commas are also used to separate descriptors in a heading/subheading text.

**Example:**

**72.21**      Bars and rods, hot-rolled, in irregularly wound coils, of stainless steel.

*Descriptor is an element or term that serves to describe, identify, or index something.*

*The description of the heading states that the "bars and rods" classified under the heading should be "hot-rolled", imported in "irregularly wound coils", AND made "of stainless steel."*

41

**Semi Colons (;)**

Indicate a full stop; separate items within the descriptive text into independent units.

**Example:**

**83.06**      Bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal.

42

### **Colons (:)**

Indicate that a list is to follow and that further subdivisions will occur.

**Example:**

01.04        Live sheep and goats.  
 0104.10    - Sheep:  
 0104.10.10 - - Pure-bred breeding animals  
 0104.10.90 - - Other  
 0104.20    - Goats:  
 0104.20.10 - - Pure-bred breeding animals  
 0104.20.90 - - Other:  
 0104.20.90A - - - In-Quota  
 0104.20.90B - - - Out-Quota

43

### **Period (.)**

Indicates the end of the text.

**Example:**

42.03       Articles of apparel and clothing accessories, of leather or of composition leather.

*(The period indicates the end of the descriptive text of the heading. Only those article described therein can be classified under the term of that heading.)*

44

## **STRUCTURE AND NUMBERING SYSTEM**

45

### **CHAPTER NUMBERS**

- ❖ The numbers/codes are laid down in an ascending manner. (e.g., hdg. 01.01 then 01.02, then 01.03, and so on)
- ❖ The first Chapter is designated by a 2-digit number, e.g., “01” (Chapter 1 - “Live animals”), the second Chapter (Chapter 2 - “Meat and edible meat offal”) is 02, the third (Chapter 3 - “Fish and crustaceans, molluscs and other aquatic invertebrates”) is 03, the tenth Chapter (Chapter 10 - “Cereals”) is 10 and so on and so forth.

46

### **HEADING NUMBERS**

- ❖ The numbering/coding pattern is followed in the headings and, if there are any, in subheadings.

**Example:** Chapter 10 (Cereals)

10.01    Wheat and meslin.  
 10.02    Rye.  
 10.03    Barley.  
 10.04    Oats.  
 10.05    Maize (corn).  
 10.06    Rice.  
 10.07    Grain sorghum.  
 10.08    Buckwheat, millet and canary seed; other cereals.

- ★ The first heading is assigned with the numbers “10.01”, the second with “10.02”, then “10.03” and the last “10.08”.
- ★ In a heading code, notice that a dot is added after the second digit of the chapter number.

47

### **SUBHEADING NUMBERS**

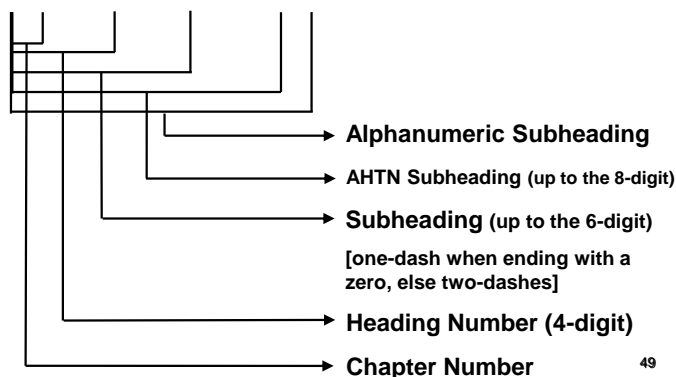
- ❖ Subheadings in the Harmonized System (HS) are up to 6-digits;
- ❖ Subheadings in the AHTN are up to 8-digits;
- ❖ HS subheadings in the AHTN that are not further divided are assigned “.00” after the 6<sup>th</sup> digit (example: “1002.10.00”);
- ❖ Similarly, headings in the AHTN with no subheadings are assigned “.00.00” after the 4<sup>th</sup> digit (example: “0205.00.00”); and
- ❖ To incorporate tariff requirements unique to the Philippines, alphanumeric subheadings are created and incorporated in the TCCP-AHTN (example: “8413.91.90A”, “0301.99.21B”).

48



### COMPONENTS OF THE CODING / NUMBERING SYSTEM

**0 1 0 4 . 2 0 . 9 0 A**



49

### SUBHEADING NUMBERS

Description with no subheadings???

Hdg. No.	AHTN Code 2012	Description
01.02		Live bovine animals.
		- Cattle:
0102.21.00		-- Pure-bred breeding animals
0102.29		-- Other:
0102.29.10		--- Male cattle (including oxen)
0102.29.90		--- Other
		- Buffalo:
0102.31.00		-- Pure-bred breeding animals
0102.39.00		-- Other
0102.90		- Other:
0102.90.10		-- Pure-bred breeding animals
0102.90.90		-- Other

50

### EXERCISES

Fill in the blanks: Provide the correct AHTN Codes.

96.19	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material.
	- Disposable articles:
9619.00.11	-- With an absorbent core of wadding of textile materials
_____	-- Other:
_____	--- Of paper pulp, paper, cellulose wadding or webs of cellulose fibres
_____	--- Other } Philippine requirement
	- Other:
9619.00.91	-- Knitted or corched
_____	-- Other

51

## DASH SYSTEM

52

### DASH SYSTEM

- ❖ In the Harmonized System (HS), when a Heading is divided into two or more 6-digit subheadings, a single dash appears before the description of products to indicate the first level of divisions.
- ❖ And when necessary, subheadings are broken down into two or more 2-dash subheadings to indicate the second level of subdivisions.
- ❖ Dashes are laid down in an increasing manner. A one-dash is followed by two dashes, two dashes by three dashes, three dashes by four dashes, and so on.

53

### DASH SYSTEM

Hdg. No.	AHTN Code 2012	Description
20.02		Tomatoes prepared or preserved otherwise than by vinegar or acetic acid.
Primary (one-dash) subhdgs.	2002.10	- Tomatoes, whole or in pieces:
	2002.10.10	-- Cooked otherwise than by steaming or boiling in water
	2002.10.90	-- Other
2nd level (two-dash) subhdgs. of 2002.90	2002.90	- Other:
	2002.90.10	-- Tomato paste
	2002.90.20	-- Tomato powder
	2002.90.90	-- Other

2nd level (two-dash) subhdgs. of 2002.10

54

### DASH SYSTEM

**PRINCIPLES:**

When classifying goods, compare only subheadings at the same level:

- 1) Only compare one-dash subheadings that are under the same heading. Choose the one-dash subheading that fits the description of the goods being classified;
- 2) If the established one-dash subheading is further divided, compare all two-dash subheadings that are under that one-dash subheading and choose the two-dash subheading that fits the description of the goods being classified; and, if applicable,
- 3) Compare all three-dash subheadings under the established two-dashed and determine the correct three-dash subheading classification, and so on...

### EXERCISE

Provide the dashes for every subheading

28.11	Other inorganic acids and other inorganic oxygen compounds of non- metals.
	Other inorganic acids:
2811.11.00	Hydrogen fluoride (hydrofluoric acid)
2811.19	Other:
2811.19.10	Arsenic acid
2811.19.90	Other
	Other inorganic oxygen compounds of non-metals:
2811.21.00	Carbon dioxide
2811.22	Silicon dioxide:
2811.22.10	Silica powder
2811.22.90	Other
2811.29	Other:
2811.29.10	Diarsenic pentaoxide
2811.29.20	Sulfur dioxide

56

## OTHER

57

### OTHER

- ❖ “Other” is the most recurring description found in almost all HS headings.
- ❖ “Other”, provides for a more general, widely-scoped, and sometimes vague coverage.
- ❖ When headings are further divided into subheadings, two major groups are generally created:
  1. Subheading/s with specific description
  2. Subheading/s with the description “Other”

58

### OTHER

Describing the coverage of “Other” is just like answering a puzzle since it is sometimes difficult and tricky.

Extra care should be taken into consideration in describing the coverage of “Other” especially when there are too many subheadings involve.

59

### OTHER

**Steps in describing Other:**

1. Read the terms of the heading, i.e., the articles mentioned under the 4-digit heading.
2. Take note of the dash level of subheadings.
3. “Other” covers articles not provided by subheadings under the same dash level taking into consideration the description of the preceding subheading with a lower dash count.

60

## HS/AHTN/TCCP, CLASSIFICATION, GIRs, ROO, and IMPORT DUTY DETERMINATION

(20 November 2013)

### OTHER

**Example 1: Determine the complete coverage of subheadings 0101.29.00 and 0101.90.00**

Hdg. No.	AHTN Code 2012	DESCRIPTION
01.01		Live horses, asses, mules and hinnies. - Horses: 0101.21.00 - - Pure-bred breeding animals 0101.29.00 - - Other 0101.30 - Asses: 0101.30.10 - - Pure-bred breeding animals 0101.30.90 - - Other 0101.90.00 - Other

61

### OTHER

**Example # 2: Give the complete description of subheading 8904.00.39**

Hdg. No.	AHTN Code 2012	DESCRIPTION
89.04		Tugs and pusher craft. 8904.00.10 - Of a gross tonnage not exceeding 26 8904.00.31 - Of gross tonnage exceeding 26: - - Of a power not exceeding 4,000 HP 8904.00.39 - - Other

62

### OTHER

**Example # 3: Determine the product coverage of 8712.00.30 and 8712.00.90**

Hdg. No.	AHTN Code 2012	Description
87.12		Bicycles and other cycles (including delivery tricycles), not motorized. 8712.00.10 - Racing bicycles 8712.00.20 - Bicycles designed to be ridden by children 8712.00.30 - Other bicycles 8712.00.90 - Other



63

### OTHER

Hdg. No.	AHTN Code 2012	Description
87.12		Bicycles and other cycles (including delivery tricycles), not motorized. 8712.00.10 - Racing bicycles 8712.00.20 - Bicycles designed to be ridden by children 8712.00.30 - Other bicycles 8712.00.90 - Other

Subheading 8712.00.30 covers:



64

### OTHER

Hdg. No.	AHTN Code 2012	Description
87.12		Bicycles and other cycles (including delivery tricycles), not motorized. 8712.00.10 - Racing bicycles 8712.00.20 - Bicycles designed to be ridden by children 8712.00.30 - Other bicycles 8712.00.90 - Other

Subheading 8712.00.90 covers:



65

## III. THE GENERAL INTERPRETATIVE RULES (GIRs)

66

**THE GENERAL INTERPRETATIVE RULES**

- There are **SIX GENERAL RULES**.
  - The first five (5) Rules relate to classification in the 4-digit headings.
  - Rule 6 relates to classification in the subheading level.
- The Rules set out the principles for classification in the HS nomenclature.
- They are an integral part of the Nomenclature, providing uniform application and interpretation.

**THINGS TO REMEMBER**

- The application of the GIRs (1 – 4) should always be in **SEQUENTIAL ORDER**:  
 Rule 1 is to be taken into consideration first.  
 If classification is not covered by the provisions of Rule 1, then apply Rule 2, and so on.
- Goods must first be classified in the 4-digit HS heading whose terms most specifically describe the goods (unless otherwise required or directed by the GIRs); and...

**THINGS TO REMEMBER**

- Only 4-digit headings are comparable:  
 Do not compare a heading description with a subheading description.

**Example:**

Classification of an electric toothbrush.

? Heading 85.09 as an "Electro-mechanical domestic appliances with self-contained electric motor,..."

OR

? Subheading 9603.21 which provides for "Toothbrushes,...".  
 (Heading 96.03 provides for "Brooms, brushes...")



**THE GENERAL INTERPRETATIVE RULES**

Rule 1	Terms of the Headings, Section/Chapter Notes
Rule 2 (a)	Incomplete or unfinished; Unassembled or disassembled
Rule 2 (b)	Mixtures or combinations
Rule 3	2 or more headings
Rule 3 (a)	Most specific
Rule 3 (b)	Essential character
Rule 3 (c)	Last in numerical order
Rule 4	Most akin
Rule 5 (a)	Special containers
Rule 5 (b)	Packing materials & containers
Rule 6	Subheading rule

**THE GENERAL INTERPRETATIVE RULES**

**RULE 1:**

- Titles of Sections, Chapters and Sub-Chapters are provided for ease of reference only.
- Classification shall be determined according to the **TERMS** of the **HEADINGS** and any relative **SECTION** or **CHAPTER NOTES**.
  - Provided such headings or Notes do not otherwise require, according to the following provisions, i.e., GIRs 2 to 6.

**RULE 1:** Terms of the heading and any relative Section or Chapter Notes

**EXAMPLE:** Live poultry... (heading 01.05)



**THE GENERAL INTERPRETATIVE RULES**

**RULE 2:**

**EXTENDS THE SCOPE OF CLASSIFICATION TO INCLUDE GOODS IMPORTED IN A CONDITION NOT SPECIFICALLY RECOGNISED IN THE TARIFF NOMENCLATURE.**

- **INCOMPLETE, UNFINISHED, UNASSEMBLED OR DISASSEMBLED GOODS.**
- **REFERENCE TO GOODS COMPRISED OF DIFFERENT MATERIALS OR SUBSTANCES.**

**THE GENERAL INTERPRETATIVE RULES**

**RULE 2(a) – Examples:**

- **Preform bottle - Unfinished (heading 39.23 covers plastic bottles)**
- **Wrist watch without strap - Incomplete (heading 91.02 covers wrist watches)**



- **Unassembled office chair (heading 94.01 covers seats)**

**THE GENERAL INTERPRETATIVE RULES**

**RULE 3:**

**For goods classifiable under two or more headings:**

- (a) **Most specific description.**
- (b) **Mixtures, composite goods, and goods put up in sets for retail sale, shall be classified on the material or component that gives the essential character.**
- (c) **Classified under the heading which occurs last in numerical order.**

**THE GENERAL INTERPRETATIVE RULES**

**RULE 3(a) : Example - Chair/ladder**

- **Wooden ladder (heading 44.21- Other articles of wood);**
- **Wooden chair (heading 94.01 - Seats)**



**THE GENERAL INTERPRETATIVE RULES**

**Rule 3(a): Principles**

**Relative Specificity**

- **A description by name is more specific than a description by class.**
- **A description that more clearly identifies a product is more specific than one which is less complete.**

**THE GENERAL INTERPRETATIVE RULES**

**Rule 3(b): Essential character**

- **MIXTURE:** Mixture of barley (60%) of heading 10.03 and oats (40%) of heading 10.04.
- **COMPOSITE GOOD:** Combined wrist watch of heading 91.02 and lighter of heading 96.13 (both contained in the same housing).



- **SET:** Hairdressing kit consisting of an electric hair clipper of heading 85.10, a comb of heading 96.15, a pair of scissors of heading 82.13, and a brush of heading 96.03.





### **What is the Essential Character of a Product?**

The essential character of a product, may, for example, be determined by:

- The nature of the material or component
  - Its bulk
  - Its quality
  - Its weight
  - Its value
- Role of the constituent material in relation to the use of the goods
- Other factors

The essential character is determined on a case-to-case basis.

### **THE GENERAL INTERPRETATIVE RULES**

#### **Rule 3(c): Last in numerical order**

- |  |   |
|--|---|
| ➤ Chandeliers<br>(heading 94.05)<br>with electric fan<br>(heading 84.14) | ➤ Electric lamp<br>(heading 94.05)<br>with alarm clock<br>(heading 91.05) |
|--|---|



### **THE GENERAL INTERPRETATIVE RULES**

#### **RULE 4: Most Akin**

Goods which cannot be classified in accordance with the above Rules shall be classified under the heading appropriate to the goods to which they are most akin.



**EXAMPLE:**  
Exhaust Air Jack  
(heading 84.25)

### **Kinship may depend on such factors as:**

- Description
- Character
- Purpose or intended use
- Designation
- Production process
- Nature of the goods

### **THE GENERAL INTERPRETATIVE RULES**

#### **RULE 5:**

- (a) The case or container presented normally with an article is classified under the heading where the article is classified.
- (b) Packing materials and packing containers entered with the goods are classified with the goods.
  - If of a kind normally used for packing.
  - But not when material or containers are clearly suitable for repetitive use.

### **THE GENERAL INTERPRETATIVE RULES**

#### **RULE 5 (a)**

- Violin with case (heading 92.02)



Packing materials and packing containers entered with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods.

**THE GENERAL INTERPRETATIVE RULES**

**RULE 5 (a)**

- **CONTAINERS TO BE CLASSIFIED WITH THE ARTICLES FOR WHICH THEY ARE INTENDED ARE:**
- (1) **SPECIALLY SHAPED OR FITTED TO CONTAIN A SPECIFIC ARTICLE OR SET OF ARTICLES;**
  - (2) **SUITABLE FOR LONG-TERM USE;**
  - (3) **PRESENTED WITH THE ARTICLES FOR WHICH THEY ARE INTENDED, WHETHER OR NOT THE ARTICLES ARE PACKED SEPARATELY FOR CONVENIENCE OF TRANSPORT; AND**
  - (4) **OF A KIND NORMALLY SOLD WITH SUCH ARTICLES.**

**THE GENERAL INTERPRETATIVE RULES**

**RULE 5 (b): Packing materials and packing containers entered with the goods.**

**Example:**

- **MEN'S SHIRTS INDIVIDUALLY SEALED IN A POLYBAG THEN**

**PACKED IN CARDBOARD BOXES.**

**ENTIRETY CLASSIFIED AS SHIRTS**



**THE GENERAL INTERPRETATIVE RULES**

**Packing materials or containers designed for REPETITIVE USE.**

**Example:**

**Gumball dispensing machine (predominantly of zinc alloy) imported with gumballs. It is designed to accept a coin and release a candy.**



- **Gumballs (17.04)** These Packing materials or containers are to be classified **SEPARATELY** with their content.
- **Dispenser (79.07)**

**THE GENERAL INTERPRETATIVE RULES**

**RULE 6: SUBHEADING RULE**

**Classification of goods in the subheadings shall be determined according to the terms of those subheadings and any related Subheading Notes.**

**THE GENERAL INTERPRETATIVE RULES**

**RULE 6: SUBHEADING RULE**

**Directs that classification below heading level be determined in accordance with the application of all interpretative rules in an identical manner to that used at heading level.**

**Remember that ONLY subheadings at the SAME LEVEL are comparable.**

**IV.  
IMPORT DUTY  
DETERMINATION  
MFN, ATIGA, ACFTA, AKFTA,  
AANZFTA, AJCEP, PJEPA,  
AIFTA, Special Laws**

## **FREE TRADE AREAS (FTAs) & ECONOMIC PARTNERSHIPS**

The ASEAN Free Trade Area (AFTA)

The ASEAN-China Free Trade Area (ACFTA)

The ASEAN-Korea Free Trade Area (AKFTA)

RP-Japan Economic Partnership Agreement (PJEPA)

ASEAN-Japan Comprehensive Economic Cooperation (AJCEP)

ASEAN-Australia-New Zealand FTA (AANZFTA)

ASEAN-India Free Trade Area (AIFTA)

91

## **APPLICATION OF TARIFF**

RATE	COUNTRY OF ORIGIN/ EXPORT	CO Form
------	------------------------------	------------

**MFN** ⇒ All countries EXCEPT participants in FTA/EP, i.e., ASEAN-10, China, India, Korea, Japan, Australia, & New Zealand

⇒ With exported products that are NOT QUALIFIED under the FTA/EP

⇒ E.O. No. 61 (s. of 2011) MFN rates up to year 2015

**NONE**



92

## **APPLICATION OF TARIFF**

RATE	COUNTRY OF ORIGIN/ EXPORT	CO Form
------	------------------------------	------------

**ATIGA** ⇒ ASEAN-10 with products qualifying under the FTA

⇒ Applicable rates: under E.O. Nos. 617 (s. 2007), 703 (s. 2008), 850 (s. 2009), 892 for "sugar" (s. 2010), 894 for "rice" (s. 2010)

⇒ Also consult Column "7" of the TCCP-AHTN (ASEAN countries enjoying concession)

⇒ ROO - Value-Added & PSR

**"D"**



93

## **APPLICATION OF TARIFF**

RATE	COUNTRY OF ORIGIN/ EXPORT	CO Form
------	------------------------------	------------

**ACFTA** ⇒ ASEAN-9 and China with products qualifying under the FTA

⇒ Applicable rates: E.O. Nos. 485 (EHP) (s. 2005), 487 (NT) (s. 2006), 613 (NT) (s. 2007), 618 (s. 2007), 814 (s. 2009), 71 (HSL) (s. of 2012), and 72 (ST/NT) (s. of 2012)

⇒ Reciprocal Tariff Rate Treatment

⇒ ROO - Value-Added, PSR

**"E"**



94

## **How can Products under the ST List Enjoy Preferential Tariff Rates? (Reciprocal Tariff Rate Treatment)**

► Exporter's ST rate of duty of such Sensitive Products have been reduced to **10% or below**;

► **Applicable Tariff Rate:**

NT rate of the importing party or ST rate of the exporting Party, whichever is **HIGHER**. However, the applied import duty **SHOULD NOT EXCEED** the MFN rate of the importing party.

\* Further, nothing in the Agreement prevents the importing Party from granting to the exporting Party the Normal Track or Early Harvest Programme rate even if such rate is lower than the exporting Party's tariff rate.

95

## **APPLICATION OF TARIFF RATE**

Country A (Exporting Party)	Country B (Importing Country)	Applicable ACFTA Rate
EHP	EHP	EHP Rate of Country B
	NT	NT Rate of Country B
	ST	ST/MFN Rate of Country B
NT	EHP	EHP Rate of Country B
	NT	NT Rate of Country B
	ST	ST/MFN Rate of Country B
ST > 10%	EHP	MFN Rate of Country B
	NT	MFN Rate of Country B
	ST	ST/MFN Rate of Country B
ST ≤ 10%	EHP	EHP rate of Country B or ST Rate of Country A whichever is HIGHER (MFN rate of Country B is applied if it is lower than ST rate of Country A)
	NT	NT Rate of Country B or ST Rate of Country A whichever is HIGHER (MFN rate of Country B is applied if it is lower than ST rate of Country A)
	ST	ST/MFN Rate of Country B

**RECIPROCAL TARIFF RATE ARRANGEMENT**

96

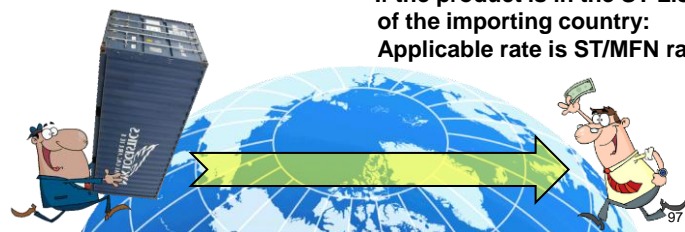
### APPLICATION OF TARIFF RATE

#### EXPORTER

The product is in the EHP or NT List of the exporting country

#### IMPORTER

- If the product is in the EHP of the importing country: Applicable rate is EHP rate
- If the product is in the NT List of the importing country: Applicable rate is NT rate
- If the product is in the ST List of the importing country: Applicable rate is ST/MFN rate



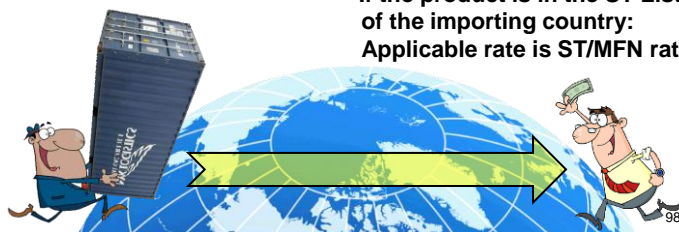
### APPLICATION OF TARIFF RATE

#### EXPORTER

The product is: in the ST List of the exporting Country and have a rate of **MORE than 10%**

#### IMPORTER

- If the product is in the EHP of the importing country: Applicable rate is still MFN rate
- If the product is in the NT List of the importing country: Applicable rate is still MFN rate
- If the product is in the ST List of the importing country: Applicable rate is ST/MFN rate



### RECIPROCAL TARIFF TREATMENT

#### EXPORTER

The product is: in the ST List of the exporting Country and have a rate of **10% or BELOW**

#### IMPORTER

- If the product is in the EHP of the importing country: Applicable rate is EHP rate of importer or ST rate of Exporter, whichever is HIGHER. OR the MFN rate if it is lower than ST rate of Exporter.

#### EXAMPLE:

ST rate of 9%

EHP rate : 0%  
ST rate (exporter) : 9%  
MFN rate (importer) : 10%  
EHP rate : 0%  
ST rate (exporter) : 9%  
MFN rate (importer) : 7%

### RECIPROCAL TARIFF TREATMENT

#### EXPORTER

The product is: in the ST List of the exporting Country and have a rate of **10% or BELOW**

#### IMPORTER

- If the product is in the NT of the importing country: Applicable rate is the NT rate of importer or ST rate of Exporter, whichever is HIGHER. OR the MFN rate if it is lower than ST rate of Exporter.

#### EXAMPLE:

ST rate of 8%

NT rate : 3%  
ST rate (exporter) : 8%  
MFN rate (importer) : 10%  
NT rate : 3%  
ST rate (exporter) : 8%  
MFN rate (importer) : 5%

### RECIPROCAL TARIFF TREATMENT

#### EXPORTER

The product is: in the ST List of the exporting Country and have a rate of **10% or BELOW**

#### IMPORTER

- If the product is in the ST of the importing country: Applicable rate is the ST/MFN rate of the importer.



### APPLICATION OF TARIFF

RATE	COUNTRY OF ORIGIN/EXPORT	CO Form
------	--------------------------	---------

AKFTA ⇒ ASEAN-9 and Korea "AK"



- with products qualifying under the FTA
- ⇒ Applicable rates: E.O. Nos. 638 (s. 2007), 639 (NT) (s. 2007), 812 (NT) (s. 2009), 895 (s. 2010), 73 (HSL) (s. of 2012), and 74 (ST/NT) (s. of 2012)
- ⇒ Reciprocal Tariff Rate Treatment
- ⇒ ROO - Value-Added, PSR

**How can Products under the ST List  
Enjoy Preferential Tariff Rates?  
(Reciprocal Tariff Rate Treatment)**

- **Exporter's ST rate of duty of such Sensitive Products have been reduced to 10% or below (with Notification);**

► **Applicable Tariff Rate:**

**NT rate of the importing party or ST rate of the exporting Party, whichever is HIGHER. However, the applied import duty SHOULD NOT EXCEED the MFN rate of the importing party.**

\* Further, upon the discretion of the importing Party, the Normal Track rate can be applied even if such rate is lower than the exporting Party's tariff rate.

103

**APPLICATION OF TARIFF RATE**

Country A (Exporting Party)	Country B (Importing Country)	Applicable AKFTA Rate
NT	NT	NT Rate of Country B
	ST	ST/MFN Rate of Country B
ST > 10%	NT	MFN Rate of Country B
	ST	ST/MFN Rate of Country B
ST ≤ 10%	NT	NT Rate of Country B or ST Rate of Country A whichever is HIGHER (MFN rate of Country B is applied if it is lower than ST rate of Country A)
	ST	ST/MFN Rate of Country B

**RECIPROCAL TARIFF RATE TREATMENT**

104

**APPLICATION OF TARIFF**

RATE	COUNTRY OF ORIGIN/ EXPORT	CO Form
AANZFTA	⇒ ASEAN-9, Australia, & New Zealand with products qualifying under the FTA	"AANZ"
		
	⇒ Applicable rates: under EO 851 (s. 2009)	
	⇒ ROO - Value-Added, PSR	



105

**APPLICATION OF TARIFF**

RATE	COUNTRY OF ORIGIN/ EXPORT	CO Form
AJCEP	⇒ ASEAN-9 and Japan with products qualifying under the FTA	"AJ"
		
	⇒ Applicable rates: under EO 852 (s. 2009)	
	⇒ ROO - Value-Added, PSR	



106

**APPLICATION OF TARIFF**

RATE	COUNTRY OF ORIGIN/ EXPORT	CO Form
PJEPA	⇒ Japan and the Phils. with products qualifying under the Economic Partnership	"JP"
		
	⇒ Applicable rates: under EOs 767 (s. 2008), 905 (s. 2010)	
	⇒ ROO - Value-Added, PSR	

107

**APPLICATION OF TARIFF**

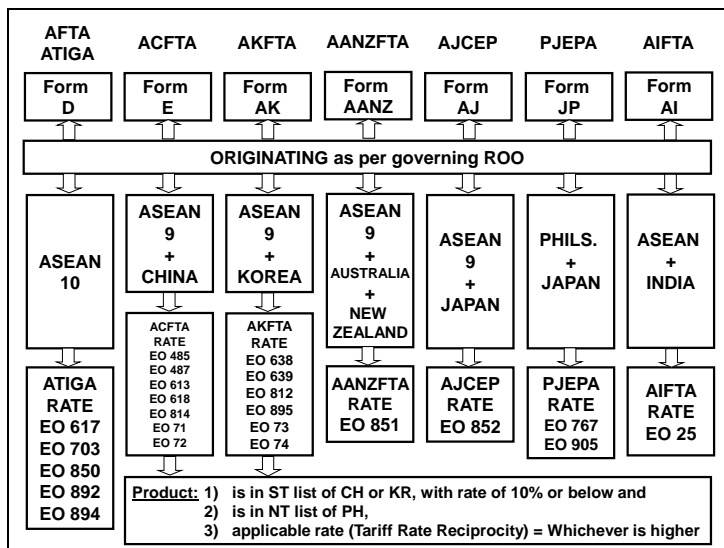
RATE	COUNTRY OF ORIGIN/ EXPORT	CO Form
AIFTA	⇒ ASEAN and India with products qualifying under the Free Trade Area	"AI"
		
	⇒ Applicable rates: under EO 25 (s. 2011)	
	⇒ ROO - Value-Added, PSR	

108



# HS/AHTN/TCCP, CLASSIFICATION, GIRs, ROO, and IMPORT DUTY DETERMINATION

(20 November 2013)



## ASEAN COUNTRY ABBREVIATIONS USED IN THE TCCP-AHTN

- |   |      |
|---|------|
| 1) BRUNEI DARUSSALAM                          | - BN |
| 2) CAMBODIA                                   | - KH |
| 3) INDONESIA                                  | - ID |
| 4) LAO PEOPLE'S DEMOCRATIC<br>REPUBLIC (LAOS) | - LA |
| 5) MALAYSIA                                   | - MY |
| 6) MYANMAR                                    | - MM |
| 7) PHILIPPINES                                | - PH |
| 8) SINGAPORE                                  | - SG |
| 9) THAILAND                                   | - TH |
| 10) VIET NAM                                  | - VN |

110

## REMINDER (SPECIAL LAWS):

**ALWAYS LOOK AT FOOTNOTES IN THE TCCP-AHTN FOR SPECIAL LAWS GOVERNING THE APPLICATION OF PREFERENTIAL DUTY RATES FOR QUALIFIED IMPORTERS, SUCH AS:**

**AFMA (RA 8435 and 9281), JEWELRY ACT, MOTOR VEHICLE DEVELOPMENT PROGRAM, AUTOMOTIVE EXPORT PROGRAM, BIO-FUELS, ETC. WITH CERTIFICATION/ACCREDITATION from DA, DTI, DOE, etc, as required.**

111

## IMPORT DUTY DETERMINATION

### EXAMPLE 1:

Determine the correct duty rate of an ivory ashtray imported from Malaysia, deemed originating under the AFTA ROO, was issued a CO Form D and classified under AHTN code 9601.10.00.



112

## STRUCTURE OF HEADING 96.01 (TCCP-AHTN 2012 edition)

Hdg. No.	AHTN Code 2012	Description	MFN 2013	ATIGA 2013	Member States Enjoying Concession
96.01		Worked ivory, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding).			
	9601.10.00	- Worked ivory and articles of ivory	3	0	Except LA.

**Therefore, the correct import duty rate of the subject article is \_\_\_\_\_**

113

## IMPORT DUTY DETERMINATION

### EXAMPLE 2:

Determine the correct import duty rate of an antique (made in year 1893) wooden dining table imported from Myanmar, deemed originating under the AFTA ROO, was issued a CO Form D and classified under AHTN code 9706.00.00.



114

# HS/AHTN/TCCP, CLASSIFICATION, GIRs, ROO, and IMPORT DUTY DETERMINATION

(20 November 2013)

## STRUCTURE OF HEADING 97.06 (TCCP-AHTN 2012 edition)

Hdg. No.	AHTN Code 2012	Description	MFN 2013	ATIGA 2013	Member States Enjoying Concession
97.06	9706.00.00	Antiques of an age exceeding one hundred years.	10	0	Except KH, LA and MM.

Therefore, the correct import duty rate of the subject article is \_\_\_\_\_

115

## IMPORT DUTY DETERMINATION

### **EXAMPLE 3:**

Determine the correct tariff rate of aluminum cylindrical tanks for liquefied petroleum gas imported from Germany and classified under AHTN code 7613.00.00. Further, importer secured a certification from the DOE that articles will be used for the Natural Gas Vehicle Program for Public Transport.



## STRUCTURE OF HEADING 76.13 (TCCP-AHTN 2012 edition)

Hdg. No.	AHTN Code 2012	Description	MFN 2013	ATIGA 2013	Member States Enjoying Concession
76.13	7613.00.00	Aluminum containers for compressed or liquefied gas.	7 <sup>ii</sup>	0	All.

Therefore, the correct import duty rate of the subject article is \_\_\_\_\_

<sup>ii</sup> Duty free when imported with certification from the Department of Energy that articles will be used for the Natural Gas Vehicle Program for Public Transport.