

WORLD TRADE ORGANIZATION

G/VAL/N/1/KOR/2
27 April 2001

(01-2126)

Committee on Customs Valuation

Original: English

NOTIFICATION UNDER ARTICLE 22.2 OF THE AGREEMENT ON IMPLEMENTATION OF ARTICLE VII OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994

KOREA

The following communication, dated 20 April 2001, has been received from the Permanent Mission of Korea.

Pursuant to Article 22.2 of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, I hereby wish to notify the revised Customs Act and all its sub-regulations concerning customs valuation, which entered into force on 1 January 2001. Since this notification includes all domestic regulations, it replaces previous ones made under the GATT 1947 or the WTO.

THE CUSTOMS ACT

Article 15 (Customs Value)

The customs value shall be the value or quantity of imported goods.

Article 18 (Exchange Rate for Valuation)

In case where the price expressed in a foreign currency is converted into domestic currency price to determine the customs value, the Commissioner of the Customs Service shall decide the rate by averaging the foreign exchange sales rates in the week prior to the week in which the date provided in Article 17 (as for the goods introduced to a bonded construction site, the date of import declaration) falls.

Article 27 (Value Declaration)

1. When the liable duty payer files an import declaration, he shall make a declaration on the value of the goods concerned to the customs collector as prescribed by the Presidential Decree (hereinafter referred to as "value declaration"). However, if it is deemed necessary for efficient clearance, the value declaration may be filed before the import declaration of the goods is made, in accordance with the Presidential Decree.

2. The value declaration shall be accompanied by data related to the determination of the customs value (hereinafter referred to as "assessment data") in accordance with the Presidential Decree.

3. With respect to such goods prescribed by the Ordinance of the Ministry of Finance and Economy as deemed not difficult in determining the customs value, the value declaration may be omitted.

Article 28 (Provisional Value Declaration)

1. In making a value declaration, if it is the case in which the value to be declared is not definitive and which is prescribed so by the Presidential Decree, the provisional value may be declared as value. In this case, the method of declaration and other necessary matters shall be prescribed by the Presidential Decree.

2. When the liable duty payer has made value declaration with the provisional value under Paragraph 1, he shall declare the definitive value of the goods concerned within the period prescribed by the Presidential Decree to the customs collector.

3. The customs collector shall, upon receiving the declaration under the provision of Paragraph 2, collect or refund the difference between the duty amount paid on the basis of the provisional value and that calculated on the basis of the definitive value, in accordance with the Presidential Decree.

Article 29 (Report on the Price Survey)

The Minister of Finance and Economy or the Commissioner of the Customs Service, when deemed necessary for determining the customs value, may request importers and exporters, economic associations and other persons concerned to submit such data as is necessary for determining the customs value. In this case, persons so requested shall comply therewith unless there are justifiable reasons for noncompliance.

Article 30 (Principles for Determining the Customs Value)

1. The customs value of imported goods shall be the transaction value, that is the price actually paid or payable by the buyer for the goods sold for export to Korea, adjusted by adding the amounts falling under the following items: however, in adding the following amounts, it shall be based on the objective and quantifiable data, and where that is not available, the customs value shall be determined not by the provisions of this article, but by those of Articles 31 to 35.

- (1) commissions and brokerage incurred by the buyer, except buying commissions;
- (2) the cost of containers which are treated as being one with the goods concerned and the cost of labor and materials for packing incurred by the buyer;
- (3) where the goods and services prescribed by the Presidential Decree are supplied directly or indirectly by the buyer free of charge or at reduced prices in connection with the production and sale for export of the goods concerned, the value of those goods and services or the reduced amount;
- (4) royalties and license fees paid for the use of right of patent, utility model, design, trademark and other similar rights and calculated under the provisions of the Presidential Decree;
- (5) the value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller; and
- (6) the costs of transport and insurance and associated costs incurred with respect to transport of the imported goods to the port of importation calculated under the provisions of the Presidential Decree. However, the whole or part of them may be excluded in case of goods prescribed by the Ordinance of the Ministry of Finance and Economy.

2. "The price actually paid or payable by the buyer" as mentioned in Paragraph 1 is the total amount paid or to be paid by the buyer for the imported goods, and it includes the amount that the

buyer sets off the price of the imported goods against any debt of the seller, the amount that the buyer repays the seller's debt, and other indirect payments: However, it means the amount obtained by deducting the followings, provided that they are distinguished obviously from the total amount paid or payable by the buyer.

- (1) charges for construction, erection, assembly, repairs, maintenance or technical assistance, undertaken on the imported goods being valued after importation;
- (2) the cost of transport and insurance and associated costs incurred with respect to transport of the imported goods concerned after the arrival at the port of importation;
- (3) taxes, such as duties, and other public charges imposed on the imported goods in Korea; and
- (4) deferred payment interest on the imported goods concerned in the case of a deferred payment import.

3. The customs value of the goods concerned shall not be the transaction value referred to in Paragraph 1, but be subject to the provisions of Articles 31 to 35, in the following cases:

- (1) where there are any restrictions as to the disposal or use of the goods, except in such case as prescribed by the Presidential Decree;
- (2) where the sale or price of the goods concerned is subject to some condition or consideration for which a value cannot be determined;
- (3) where any part of the proceeds of any after-importation resale, disposal or use of the goods concerned accrues directly or indirectly to the seller, except in case where an appropriate adjustment can be made in accordance with the provisions of Paragraph 1; and
- (4) where there exists special relationship between the buyer and seller as described by the Presidential Decree (hereinafter referred to as "special relationship"), and the relationship influenced the price of the goods concerned.

4. Where the liable duty payer has made value declaration with the transaction value in accordance with the provision of Paragraph 1, and where it is difficult to accept it as customs value for reasons, such as its significant difference with the transaction values of identical or similar goods as prescribed by the Presidential Decree, the customs collector may ask the liable duty payer to provide data proving the truthfulness of the declared value in accordance with the Presidential Decree.

5. Where the liable duty payer does not provide the data required under Paragraph 4, or where it is difficult to accept the declared value as customs value just on the basis of data provided by the liable duty payer, the customs collector shall determine the customs value not by the methods under Paragraphs 1 and 2, but by those prescribed in the provisions of Articles 31 to 35. In this case, the customs collector shall notify the liable duty payer of the reasons why the declared value can not be accepted as customs value, and the decision on customs value.

Article 31 (Determination of Customs Value on the basis of Transaction Value of Identical Goods)

1. If the customs value cannot be determined by the method provided in Article 30, the customs value shall be determined on the basis of the transaction value of identical goods which has been accepted as the customs value and meets the requirements prescribed in the following Sub-paragraphs:

- (1) the identical goods concerned are produced in the same country as those being valued, and are imported by shipment at the shipping date of those being valued or during a period before or after the shipping date in which there is no change in the market conditions or commercial practices affecting the price; and

- (2) the identical goods shall be same as the goods being valued in their commercial level, transaction quantity, distance and mode of transport, etc. and adjustments shall be made according to the differences between them, if any.

2. If two or more transaction values of identical goods are found in applying the provisions of Paragraph 1, the customs value shall be determined on the basis of the value of goods most similar to the goods being valued in producers, timing of transaction, commercial level, transaction quantity, etc. (hereinafter referred to as "transaction contents, etc.") and where there are two or more goods of which transaction contents, etc. are equal and the values of those goods are different each other, the customs value shall be determined on the basis of the lowest value.

Article 32 (Determination of Customs Value on the basis of Transaction Value of Similar Goods)

1. If the customs value cannot be determined under the provisions of Articles 30 and 31, the customs value shall be determined on the basis of the transaction value of similar goods which has been accepted as the customs value and meets the requirements prescribed in Sub-paragraphs of Article 31, Paragraph 1.

2. If two or more transaction values of similar goods are found in applying the provisions of Paragraph 1, the customs value shall be determined on the basis of the value of goods most similar in transaction contents, etc. and where there are two or more goods of which transaction contents, etc. are equal and values of those goods are different each other, the customs value shall be determined on the basis of the lowest value.

Article 33 (Determination of Customs Value on the Basis of Domestic Sale Price)

1. If the customs value cannot be determined under the provisions of Article 30 to 32, the customs value shall be the amount of Sub-paragraph (1) subtracted by the amount of Sub-paragraphs (2) to (4). However, if the liable duty payer so requests, the provisions of Article 34 shall be applied.

- (1) the amount calculated on the basis of domestic unit price at which the goods concerned or identical or similar goods are sold in the condition as imported in the greatest aggregate quantity, at or about the time of the import declaration of the goods concerned, to persons who do not have any special relationship.
- (2) the commissions usually paid or agreed to be paid in connection with domestic sales, or the additions usually made for profit and general expenses in connection with domestic sales of imported goods of the same class or kind.
- (3) the usual costs of transport and insurance and other associated costs incurred domestically after the arrival of the goods concerned at the port of importation; and
- (4) the taxes and other public charges paid or payable in connection with the importation and domestic sale of the goods concerned.

2. If neither the imported goods nor identical nor similar goods have been sold domestically in the condition as imported, then, if the liable duty payer so requests, the customs value shall be the amount calculated on the basis of the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who do not have any special relationship, subject to deductions of the amounts prescribed below:

- (1) amounts prescribed in Sub-paragraphs (2) to (4) of Paragraph 1; and
- (2) the value added by domestic processing.

Article 34 (Determination of Customs Value on the Basis of Computed Value)

If the customs value cannot be determined under the provisions of Article 30 to 33, the customs value shall be determined on the basis of the value which consist of sum of the amounts of following items:

- (1) the cost or value of materials for assembling or other processing employed in producing the imported goods;
- (2) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to Korea;
- (3) the cost of transport and insurance and associated costs incurred with respect to the transport of the imported goods to the port of importation, which are determined under the provisions of Sub-paragraph (6) of Paragraph 1, Article 30.

Article 35 (Determination of Customs Value on the Basis of Reasonable Standards)

If the customs value cannot be determined under the provisions of Article 30 to 34, the customs value shall be determined, under the conditions as prescribed by the Presidential Decree, using reasonable standards consistent with the principles prescribed in Articles 30 to 34.

Article 36 (Notification of Determining Method of Customs Value, etc.)

The customs collector shall, upon receiving the written request of a liable duty payer, notify him in writing of the method used for determining the customs value, the customs value and the basis of the calculation.

Article 37 (Advance Ruling on Customs Value)

1. If a person who is liable to make a duty declaration under the provision of Paragraph 1, Article 38 has any doubt about the following items which are the basis of the determination of the customs value, he may request the Commissioner of the Customs Service or the customs collector to examine it in advance, providing the documents as prescribed by the Presidential Decree prior to the value declaration:

- (1) amount as prescribed in Sub-paragraphs of Article 30, Paragraph 1, or amount to be added or deducted under Paragraph 2 of the said Article in calculating the price actually paid or payable by the buyer for the imported goods;
- (2) whether or not it meets the requirements as prescribed in Sub- paragraphs of Article 30, Paragraph 3; and
- (3) other important matters which are the basis of determining the customs value, and are prescribed by the Presidential Decree.

2. The Commissioner of the Customs Service or the customs collector shall, upon receiving a request as referred to in Paragraph 1, examine it and issue an advance ruling on customs value (hereinafter referred to as "advance ruling") to the requesting person within one month.

3. In case where a liable duty payer has made a duty payment declaration on the basis of the advance ruling, if it is deemed that the liable duty payer is identical with the requesting person as referred to in Paragraph 1, and the goods the import of which is declared, and the value declaration thereof is corresponding to the contents of the advance ruling, the customs collector shall determine the customs value in conformity with the contents of the advance ruling, unless there is any special reason as prescribed by the Presidential Decree.

ENFORCEMENT DECREE OF THE CUSTOMS ACT
(Presidential Decree)

Article 15 (Value Declaration)

1. Any person who desires to make a value declaration as prescribed in the text of Article 27, Paragraph 1 of the Act, shall submit to the customs collector a document stating the following matters: however, in cases where same kind of goods is imported repeatedly, where there does not exist any amount to be added to the price actually paid or payable by the buyer for goods sold for export to Korea, in addition to the cost of transport and insurance to the port of importation, or where the Commissioner of the Customs Service determines there is no difficulty in determining the customs value, the whole or part of such documents may not be submitted.

- (1) matters pertaining to transaction for the importation; and
- (2) matters pertaining to details calculating the customs value.

2. Any person who desires to make the value declaration prior to the date of import declaration of goods under the provision of Article 27, Paragraph 1 of the Act, shall submit to the customs collector a written declaration stating the reason therefor and such matters as prescribed in Sub-paragraphs of Paragraph 1.

3. The assessment data to be presented upon making the value declaration under Article 27, Paragraph 2 of the Act shall be as follows; however, in case where the customs collector deems that there is no difficulty in determining the customs value in the light of contents of transaction of the goods concerned, method determining the customs value, etc., part of the data may not be required:

- (1) Invoice;
- (2) written contract of transaction;
- (3) documentary evidence indicating the amounts of various expenses and the grounds of calculation thereof; and
- (4) other materials necessary for establishing the particulars of the value declaration.

Article 16 (Provisional Value Declaration, etc.)

1. As used in Article 28, Paragraph 1 of the Act, the term "the case in which the value to be declared is not definitive and which is prescribed so by the Presidential Decree" means any of the following cases:

- (1) where the commercial practice is that the value of the goods (limited to those prescribed by the Ordinance of the Ministry of Finance and Economy) is determined upon expiration of a certain period from the time of transaction, and where such value has not been determined as of the date of import declaration;
- (2) where it is ascertained through such documents as referred to in Paragraph 2, that the amount to be adjusted under Sub-paragraphs of Article 30, Paragraph 1 of the Act could be determined at the expiration of a certain period from the date of import declaration; or
- (3) where it is accepted by the customs collector that value declaration with a provisional value is unavoidable in view of the contents of contract or the nature of transaction.

2. Any person who desires to make the value declaration with a provisional value under Paragraph 1, shall submit to the customs collector a written declaration stating the following matters, together with such documents in Sub-paragraphs of Article 15, Paragraph 3:

- (1) matters set out in Sub-paragraphs of Article 15, Paragraph 1;

- (2) details of the transaction;
- (3) reason why it is impossible to determine the customs value;
- (4) provisional value and the method for determining the provisional value; and
- (5) the expected time when the customs value will be determined.

3. Any person who has made the value declaration with a provisional value, shall declare the definitive value (hereinafter in this Article referred to as "definitive value") within the period designated by the customs collector.

4. If it is deemed that there is any inevitable reason not to determine the value, such as change in particulars of a transaction contract between the buyer and the seller, and upon a request of a liable duty payer, the customs collector may extend the declaration period as designated by him under Paragraph 3: however, the period from the day of provisional value declaration to the day of definitive value declaration, may not exceed two years.

5. Any person who desires to declare the definitive value under Article 28, Paragraph 2 of the Act, shall submit to the customs collector a written declaration stating the following matters, together with the data as prescribed in Sub-paragraphs (3) and (4) of Article 15, Paragraph 3:

- (1) provisional value declaration number or importation declaration number, and date of that declaration;
- (2) descriptions of the goods and date of accepting the import declaration; and
- (3) provisional and definitive values, and the difference between those values.

6. In collecting or refunding the difference between the duty amount declared and paid on the basis of the provisional value and that calculated on the basis of the definitive value under Article 28, Paragraph 3 of the Act, the provisions of Article 33, Paragraph 2 through 4 of Article 34, and Article 50 through 55 shall be applicable.

Article 17 (Scope of goods sold for export to Korea)

"Goods sold for export to Korea" referred to in Article 30, Paragraph 1 of the Act shall not include the following goods:

- (1) goods imported free of charge;
- (2) goods imported on consignment for which the sale prices are determined by auction, etc. after importation;
- (3) goods imported for sale in Korea under the responsibility of the exporter;
- (4) goods imported by branch offices which are not independent legal entities;
- (5) goods imported under a hire or leasing contract;
- (6) goods rented free of charge; and
- (7) goods imported for destruction in Korea such as industrial waste, etc. with the cost incurred by the exporter.

Article 18 (Scope of Goods and Service supplied free of charge or at reduced price)

As used in Sub-paragraph (3) of Article 30, Paragraph 1 of the Act, the term "goods and services prescribed by the Presidential Decree" means any of the following Sub-paragraphs supplied directly or indirectly by the buyer:

- (1) materials, components, parts and similar items incorporated into the imported goods;
- (2) tools, moulds, dies, and similar items used in the production of the imported goods as prescribed by the Ordinance of the Ministry of Finance and Economy;

- (3) materials consumed in the production of the imported goods; and
- (4) engineering, plans, development, art work and design work necessary for the production of the imported goods, excluding those undertaken in Korea.

Article 19 (Calculation of Royalty and License fee)

1. The term "similar right" used in Sub-paragraph (4) of Article 30, Paragraph 1 of the Act means any of the following:

- (1) legal rights, such as copyright, etc.; and
- (2) any method of production and sale, and other technical or managerial information, etc. useful for business activities, which is not included in the legal right, but have economic value and are maintained in secret by a considerable effort (hereinafter referred to as "business secret").

2. The payment for use of the rights of patent, utility model, design, trademark and other similar rights, which is to be added to the price actually paid or payable by the buyer for the goods concerned under Article 30, Paragraph 1 of the Act (excluding any charge for the right to reproduce specific ideas or creation in Korea using the imported goods incorporating such ideas or creation, and hereinafter referred to as "royalty and license fee"), shall be the amount related to the goods concerned, and paid directly or indirectly by the buyer as a condition of sale of the goods concerned.

3. In application of the provisions of Paragraph 2, the royalty and license fee shall be considered to be related to the goods concerned, in any of the following cases:

- (1) if the royalty and license fee is paid for the right of patent, where imported goods are any of the following:
 - (a) patented inventions;
 - (b) goods produced by a patent on method;
 - (c) parts, raw materials or components of goods which are to be produced under the patent in Korea and in which the whole or part of the patent is realized; and
 - (d) equipment, machine and apparatus (including parts and others provided with major characteristics thereof) designed suitable for realizing the patent on method
- (2) if the royalty and license fee is paid for the right of design, where imported goods are the goods which express the design, parts or components of goods which are to be produced under the right of design in Korea and in which the whole or part of the design is incorporated;
- (3) if the royalty and license fee is paid for the right of trademark, where the trademark is attached to imported goods, or the trademark is attached after a slight processing, such as diluting, mixing, classifying, simple assembling, repacking, etc.;
- (4) if the royalty and license fee is paid for the copyright, where imported goods contain words, melody, picture, computer software, etc.;
- (5) if the royalty and license fee is paid for the right of utility model and the business secret, where such right of utility model and business secret is related to imported goods in terms of the provisions of Sub-paragraph (1); and
- (6) if the royalty and license fee is paid to other rights, where the right is related to imported goods in terms of the provisions of Sub-paragraphs (1) to (5) concerning the right most similar to the right in question by nature, out of Sub-paragraphs (1) to (5).

4. In application of the provisions of Paragraph 2, the royalty and license fee paid for the computer software shall not be considered as related to the magnetic tapes and disks, CD-roms and similar goods (limited to those included in No. 8524 in the Tariff Schedules) bearing the computer software.

5. In application of the provisions of Paragraph 2, the royalty and license fee shall be considered to be paid as a condition of sale of the goods, in any of the following cases:

- (1) where the buyer pays the royalty and license fee to the seller for buying the imported goods;
- (2) where the buyer pays the royalty and license fee to a person other than the seller for buying the imported goods under an agreement between the buyer and the seller of the imported goods; and
- (3) where the buyer has, for buying the imported goods, the seller use the patent right, etc. after obtaining a permission of a person other than the seller on the use of such patent right, etc., and he pays the royalty and license fee to the person other than the seller.

6. The detailed matters other than those as prescribed in Paragraphs 1 to 4, which are necessary for calculating the royalty and license fee shall be determined by the Commissioner of the Customs Service.

Article 20 (Determination of Cost of transport, etc.)

1. The cost of transport and insurance as prescribed in Sub-paragraph (6) of Article 30, Paragraph 1 of the Act shall be calculated on the basis of statements of the cost of transport and insurance issued by the businessman concerned, or documents in lieu thereof.

2. If it is impossible to calculate the cost of transport and insurance under Paragraph 1, it shall be calculated under the conditions as prescribed by the Commissioner of the Customs Service, taking into account the distance and method, etc. of transportation.

3. In the case that the goods as prescribed by the Commissioner of the Customs Service is transported by aircraft, the cost of transport and insurance shall be calculated considering as such goods having been transported by a general transportation method other than aircraft.

4. If the cost of transport of goods in any of the following is remarkably different from that required ordinarily, the ordinary cost of transport as determined by the Commissioner of the Customs Service taking into account the distance and method, etc. of transportation, may be the cost of transport of such goods.

- (1) goods transported by a vessel or aircraft owned by importer;
- (2) goods transported according to a shipping charter specially stipulating the transport cost and loading quantity (including a case where the actual loading quantity is less than the stipulated one); and
- (3) goods transported under other special condition.

5. The amount as prescribed in the first sentence of Sub-paragraph (6) of Article 30, Paragraph 1 of the Act, shall be the cost incurred by the buyer until the time before unloading the imported goods at the port of importation.

6. "Other indirect payment" referred to in Article 30, Paragraph 2 of the Act includes the following amount:

- (1) the amount paid to a third party by the buyer at the request of the seller for the price of the import or part thereof;
- (2) if the buyer, instead of the seller or a third party, has made a warrant contract as terms of a transaction, and the corresponding amount has been discounted or all or part of cost for such warrant contract has been paid separately, the amount such discounted or paid;
- (3) overseas training or education cost paid by the buyer as a terms of the import transaction; and

(4) Financial and other costs that are generally incurred by the seller but paid by the buyer.

7. In order for the deferred payment interest on the imported goods to be deducted from the total amount paid or to be paid by the buyer under Sub-paragraph (4) of Article 30, Paragraph 2, the deferred payment interest shall meet the following requirements:

- (1) The deferred payment interest is distinguished from the amount actually paid or payable for the imported goods;
- (2) A written financing arrangement confirms the fact; and
- (3) such goods are actually sold at the price declared, and the claimed interest rate does not exceed the level for such transaction prevalent in the country where, and at the time when financing is provided.

Article 21 (Scope of restrictions on disposal or use)

Goods of which disposal or use is restricted as prescribed in Sub-paragraph (1) of Article 30, Paragraph 3 of the Act shall include the following cases:

- (1) limitation on usage of goods only for specific purposes such as display, charity, education, etc.;
- (2) goods limited to be sold or leased only to specific persons; and
- (3) other limitations which substantially affect the value of the goods concerned.

Article 22 (Restriction which does not affect Transaction Value)

1. The term "such case as prescribed by the Presidential Decree" in the proviso of Sub-paragraph (1) of Article 30, Paragraph 3 of the Act means the cases of restriction falling under any of the following Sub-paragraphs:

- (1) restriction imposed or required by the legislation of Korea or by the disposal pursuant to the said legislation;
- (2) restriction on the region where the imported goods can be sold; and
- (3) other restriction, as recognized by the customs collector, that does not substantially affect the value of the imported goods.

2. The case which is subject to some condition or consideration for which a value cannot be determined, under Sub-paragraph (2) of Article 30, Paragraph 3 of the Act, includes the following cases:

- (1) the price of the goods concerned is established on condition that the buyer will also buy other goods in specified quantities from the seller;
- (2) the price of the goods concerned is dependent upon the price at which the buyer sells other goods to the seller; and
- (3) the price of the goods concerned is established on condition that the seller will receive a specified quantity of the finished goods for semi-finished goods provided by the seller to the buyer.

Article 23 (Scope of Special Relationship, etc.)

1. The "special relationship between the buyer and seller as prescribed by the Presidential Decree" in Sub-paragraph (4) of Article 30, Paragraph 3 of the Act refers to any of the following cases:

- (1) where the buyer and the seller are officers or directors of each other's business;
- (2) where the buyer and the seller are legal partners of each other;
- (3) where the buyer and the seller are in employment relationship;
- (4) where any person directly or indirectly owns or controls 5 percent or more of the outstanding voting stocks of both the buyer and the seller;
- (5) where one of the buyer and the seller directly or indirectly controls the other, such as one is legally or actually in a position to exercise direction or control over the other;
- (6) where the buyer and the seller are directly or indirectly controlled by a third person;
- (7) where the buyer and the seller together directly or indirectly control a third person; and
- (8) where the buyer and the seller are members of same family falling under any of Sub-paragraphs 1 to 8 of Article 20 of the Enforcement Decree of the Basic National Taxation Act.

2. In case where the buyer and the seller have the special relationship as referred to in Paragraph 1, if the price of the goods concerned falls in any of the following cases, such special relationship shall not be considered as having affected on the price of the goods concerned:

- (1) the price has been determined by a price determination method used ordinarily between a buyer and a seller having no special relationship;
- (2) the price determined by a method conforming to the normal practice of price determination in the industry field concerned; and
- (3) the price is close to the price as referred to in any of the following ones as prescribed by the Ordinance of the Ministry of Finance and Economy.
 - (a) the transaction value of identical or similar goods exported to a buyer in Korea who has no special relationship; and
 - (b) the customs value of identical or similar goods, which is determined under the provisions of Articles 33 and 34 of the Act.

3. In comparing the price of the goods concerned with that as referred to in Sub-paragraph (3) of Paragraph 2, the commercial level and transaction quantity of the goods concerned, and differences of matters prescribed in Article 30, Paragraph 1 of the Act, etc. shall be taken into account.

4. Any person who desires to have the provisions of Paragraph 2 applied, shall present materials necessary for proving it, when he makes a value declaration under the conditions as prescribed by the Commissioner of the Customs Service.

Article 24 (Scope of Unacceptable Customs Value, etc.)

1. The case "where it is difficult to accept as customs value, and the Presidential Decree prescribed so" referred to in Article 30, Paragraph 4 of the Act means any of the following cases:

- (1) Where there is a significant difference between the value declared by liable duty payer and the value of identical or similar goods;
- (2) Where there are significant changes in the declared value even though the goods are imported continuously from the same supplier;
- (3) Where there is a significant difference between the declared value and the officially-announced transaction value in case of goods such as crude oil, minerals, grains, etc. of which international transaction value is publicly announced;
- (4) Where the liable duty payer changes the seller and there is a significant difference between the declared value and the previous value; and
- (5) Where there are reasons comparable to Sub-paragraph (1) through (4) under the conditions prescribed by the Ordinance of the Ministry of Finance and Economy.

2. When the customs collector requests data according to Article 30, Paragraph 4 of the Act, the request shall be made in writing, which states the reasons and the period for submission.

Article 25 (Scope of Identical Goods)

The term "identical goods" in Article 31, Paragraph 1 of the Act means goods produced in the countries where the imported goods concerned are produced, which are same in all respects including physical characteristics, quality and reputation with consumers (including the same goods in all respects other than minor differences in appearance).

Article 26 (Scope of Similar Goods)

The term "similar goods" in Article 32, Paragraph 1 of the Act means goods produced in the countries where the imported goods concerned are produced and having characteristics and component materials so alike as to perform the same function and to be interchangeable, although not alike in all respects.

Article 27 (Domestic Sales Price of Imported Goods, etc.)

1. The term "domestic unit price" in Sub-paragraph (1) of Article 33, Paragraph 1 of the Act means the unit price of goods to be sold at the first commercial level after importation; however, in any of the following cases, the selling price shall not be deemed the domestic unit price.

- (1) when the buyer at the first commercial level does not have any special relationship as provided in Article 23, Paragraph 1, with the seller or exporter; or
- (2) when the buyer at the first commercial level supplies the seller or exporter with the goods and services prescribed in Sub-paragraphs of Article 18, free of charge or for discounted prices in relation to the production or transaction of the imported goods.

2. In application of the provisions of Sub-paragraph (1) of Article 33, Paragraph 1 of the Act, the unit price at which goods are sold about the time of import declaration, shall be the selling price during the period in which there is almost no variation of price from the price on the date of import declaration, depending on the kinds and natures of the goods concerned; provided that the price at which such goods are sold after ninety days from the import declaration is excluded.

3. The term "imported goods of the same class or kind" in Sub-paragraph (2) of Article 33, Paragraph 1 of the Act means goods which are produced in a particular industry or industrial sector in which the imported goods are manufactured, and which belong generally to the same category as the imported goods (including the identical or similar goods).

4. The profit and general expenses as prescribed in Sub-paragraph (2) of Article 33, Paragraph 1 of the Act shall be taken as a whole, and calculated on the basis of the financial report submitted by a liable duty payer, which is prepared according to the generally accepted accounting principles; however, the profit and general expenses will be adjusted in accordance with the Ordinance of the Ministry of Finance and Economy in any of the following cases:

- (1) if the profit and general expenses calculated on the basis of the financial report submitted by the liable duty payer, does not fall under the categories of the profit and general expenses which are incurred ordinarily in the business sector to which the goods concerned belong and which are calculated in accordance with what the Commissioner of the Customs Service determines; and
- (2) if the liable duty payer fails to present the profit and general expenses.

Article 28 (Cost or Value Incurred in Assembling or Processing a Goods)

Cost or value for assembling or other processing referred to in Sub-paragraph (1) of Article 34 of the Act includes the cost as prescribed in Sub-paragraph (2) of Article 30, Paragraph 1 of the Act, and when the producer bears the costs of engineering, plans, development, design, art work undertaken in Korea, such costs shall be included.

Article 29 (Determination of Customs Value on the Basis of Reasonable Standards)

1. In determining the customs value according to the provisions of Article 35 of the Act, it shall preferentially be subject to the following methods:

- (1) in application of the provisions of Article 31 or 32 of the Act, the method interpreting and applying flexibly the requirements as prescribed in Sub-paragraph (1) of Article 31, Paragraph 1 of the Act,;
- (2) in application of the provisions of Article 33 of the Act, the method interpreting and applying flexibly the requirements that goods should be sold in the condition as imported,;
- (3) the method by which the customs value is determined on the basis of the customs value of identical or similar goods, which have been recognized as customs value under Article 33 or 34 of the Act; and
- (4) the method in which the provisions of the proviso of Article 27, Paragraph 2 are not applied.

2. In determining the customs value under Article 35 of the Act, it should not be based on any of the following prices:

- (1) domestic sale price of goods produced in Korea;
- (2) value determined in conformity with the criteria that the customs value should be the higher of alternative values;
- (3) domestic sale price in the exporting country;
- (4) values determined with respect to identical or similar goods, on the basis of the production cost by a method other than that under Article 34 of the Act;
- (5) price of the goods for export to a country other than Korea;
- (6) minimum customs standard value established in advance for specified imported goods; and
- (7) arbitrary or fictitious values.

3. The Commissioner of the Customs Service may decide detailed matters necessary for the determination of customs value, such as the basic data, calculation method of amount and others necessary for determining the customs value of the following goods:

- (1) goods degenerated or damaged before an import declaration;
- (2) personal effects of travelers and crews, postal items, consignment and unaccompanied goods;
- (3) leasehold imported goods;
- (4) secondhand goods;
- (5) goods as considered as foreign ones under the proviso of Article 188 of the Act;
- (6) illegal goods; and
- (7) other goods as deemed by the Commissioner of the Customs Service to be apprehended that it might cause any confusion in determination of the customs value.

Article 30 (Application of Addition or Deduction Rate)

1. In applying the provisions of Article 30, Paragraph 1 or Article 33, Paragraph 1 or 2 of the Act to goods imported repeatedly for an extended period of time, if it is deemed necessary for convenience of liable duty payers and rapid clearance, the Commissioner of the Customs Service or

the customs collector may determine and apply an addition or deduction rate as recognized ordinarily with respect to the goods concerned.

2. The addition or deduction rate as referred to in Paragraph 1 shall apply only when a liable duty payer requests it.

Article 31 (Advance Ruling on Customs Value)

1. Any person who desires to request an advance ruling on the customs value under Article 37, Paragraph 1 of the Act, shall submit to the Commissioner of the Customs Service or the customs collector an application stating the trading parties, customhouse of clearance, particulars of application, etc. with the following documents:

- (1) basic contract on the trading relation (investment contract, agency contract, technical service contract, technology introduction contract, etc.);
- (2) business plan related to the imported goods;
- (3) supply contract of the imported goods;
- (4) basic materials for determining the price of imported goods; and
- (5) other reference materials necessary for determining the customs value.

2. If the Commissioner of the Customs Service or the customs collector deems that the application and documents submitted under Paragraph 1 are insufficient for the examination of the customs value, he may demand any revision and correction in a specified period.

3. When the Commissioner of the Customs Service or the customs collector has made an advance ruling on the customs value, he shall deliver a written advance ruling on customs value to the applicant pursuant to the provisions of Article 37, Paragraph 2 of the Act, and notify it to the customs collector of clearance.

4. As used in Sub-paragraph (3) of Article 37, Paragraph 1 of the Act, the term "important matters which are the basis of determining the customs value, and are prescribed by the Presidential Decree" means any of the following Sub-paragraphs:

- (1) whether or not the requirements as prescribed in Article 31, Paragraph 1 of the Act are met; and
- (2) whether or not it is conformed to the reasonable means as prescribed in Article 35 of the Act.

5. As used in Article 37, Paragraph 3 of the Act, the term "special reason as prescribed by the Presidential Decree" means any of the following cases:

- (1) where the contents of advance ruling are changed according to the revision of legislation;
- (2) where the trading relation and particulars which are the basis of the advance ruling, are changed; and
- (3) where any error is made in the advance ruling because the applicant has submitted a false materials or failed to submit materials.

ENFORCEMENT REGULATION OF THE CUSTOMS ACT **(Ordinance of the Minister of Finance and Economy)**

Article 2 (Omission of Value Declaration)

1. Items of goods of which value declaration are allowed to be omitted under the provisions of Article 27, Paragraph 3 of the Act are as follows:

- (1) goods imported by the central or local government
- (2) government-procured goods
- (3) goods imported by the government-invested institutions under the provisions of the Basic Act on Management of Government-Invested Institutions
- (4) goods for which the tariff rate applied under the provisions of Article 50 of the Act is nil
- (5) machinery and its components and materials imported for the use in the defense industry; provided that import of those goods are confirmed or recommended by the head of the relevant central government agency.
- (6) raw materials for export
- (7) goods imported by specified research institutes under the provisions of the Acts on establishment of those research institutes

2. Goods falling under any of the following Sub-paragraphs are excluded from those allowed with omission of value declaration under Paragraph 1.

- (1) goods for which the amounts specified in the provisions of Sub-Paragraphs (1) to (5) of Article 30, Paragraph 1 of the Act shall be added to its customs value
- (2) goods on which customs duties are imposed and collected by the customs collector under the provisions of Article 39 of the Act
- (3) goods falling under Sub-paragraphs of Article 16, Paragraph 1 of the Enforcement Decree of the Customs Act (hereinafter referred to as "Decree").
- (4) Goods falling under Sub-paragraphs (3) to (5) of Article 8, Paragraph 1

Article 3 (Goods Subject to Provisional Value Declaration)

"Those prescribed by the Ordinance of the Minister of Finance and Economy" in Sub-paragraph (1) of Article 16, Paragraph 1 of the Decree means crude oil, grains, minerals, and other similar primary products.

Article 4 (Goods and Services Provided Free of Charge or at Reduced Price)

1. "Goods as prescribed by the Ordinance of the Ministry of Finance and Economy" in Sub-paragraph (2) of Article 18 of the Decree means machines and tools directly used in the production of the imported goods concerned including assembly, processing, reforming, etc.

2. Engineering necessary for the production of the imported goods as prescribed in Article 18, Paragraph 4 of the Decree refers to engineering that is already developed including patent and know-how and newly obtained one.

3. Values of those goods and services in each Sub-paragraph of Article 18 are determined according to the amount classified in the following Sub-paragraphs:

- (1) in case where the goods and services concerned are supplied by the purchaser who has purchased or rented those from a person who has no special relationship as prescribed in Article 23, Paragraph 1 of the Decree: amount of the cost incurred in purchasing or renting those goods and services added by the cost for transporting those to the place of production
- (2) in case where the goods and services concerned are produced and supplied by the purchaser: amount of the production cost added by the cost incurred in transporting those to the place of production of the imported goods
- (3) in case where the goods and services concerned are supplied by the purchaser who has purchased or rented those from a person who has special relationship as prescribed in Article 23, Paragraph 1 of the Decree: amount of the cost calculated as prescribed by the

- Commissioner of the Customs Service added by the cost incurred in transporting those to the place of production of the imported goods
- (4) in case where engineering, plans, development, art work, and design work necessary for the production of the imported goods (hereinafter referred to as “engineering, etc.” in this Sub-paragraph) are related to both imported goods and domestically produced goods: value of the engineering, etc. apportioned to the imported goods that are produced using such engineering, etc.

Article 5 (Value of Goods not Affected by Special Relationship)

1. “The price as prescribed by the Ordinance of the Ministry of Finance and Economy” in the text of Sub-paragraph (3) of Article 23, Paragraph 2 of the Decree means the case where the difference between the import price and the value in each item of Sub-paragraph (3) of Article 23, Paragraph 2 of the Decree (hereinafter referred to as “comparable value”) is no more than 10 % of the comparable value; provided that when the import price is accepted as reasonable by the customs collector considering characteristics of the goods, transaction contents, transaction practices, etc., even where the price exceeds 110% of the comparable value, it is deemed as being close to the comparable value, and when the price is determined to be unreasonable, even where the price is no more than 110% of the comparable value, it is not deemed as being close to the comparable value.
2. Comparable values shall be used only for the purpose of comparison and not be determined as customs value.

Article 6 (Standard for Acceptance of Profits and General Costs Submitted by Liable Duty Payer)

1. When the ratio of profits and general costs calculated based on the accounting report submitted by the liable duty payer under the provisions in Sub-paragraph (1) of Article 27, Paragraph 4 of the Decree exceeds 120 % of such ordinary ratio calculated as prescribed by the Commissioner of the Customs Service (hereinafter referred to as “comparable ratio”), the amount representing 120% of the comparable ratio is accepted as profits and general costs, and when the liable duty payer has not submitted profits and general costs according to Sub-paragraph (2) of Article 27, Paragraph 4 of the Decree, the amount representing the comparable ratio is accepted as the profits and general costs.
2. When the liable duty payer decides that application of the comparable ratio is unreasonable due to characteristics of the business concerned, inappropriate classification, etc., he may make an application for the acceptance of the profits and general costs that he intends to apply to the imported goods, to the Commissioner of the Customs Service via the customs collector who has cleared or will clear the imported goods. In that case, the Commissioner of the Customs Service, after reviewing the documents submitted by the liable duty payer and materials from related industries and organizations, may calculate profits and general costs only to be applied to the goods imported by the liable duty payer concerned for their application.

Article 7 (Determination of Customs Value Based on Reasonable Standard)

1. “ The method interpreting and applying flexibly the requirements as prescribed in Sub-paragraph (1) of Article 31, Paragraph 1 of the Act” in Sub-paragraph (1) of Article 29, Paragraph 1 of the Decree refers to the method in each Sub-paragraph in the following:
 - (1) a method extending the locational requirements to be produced in the producing country of the goods concerned to other producing countries for its interpretation and application

- (2) a method of extending the time requirements to be met at the shipping date of the goods concerned or around the date, to 90 days prior to or following the shipping date for its interpretation and application.
2. “The method interpreting and applying flexibly the requirements that goods should be sold in the condition as imported” in Sub-paragraph (2) of Article 29, Paragraph 1 of the Decree means the method determining customs value according to the provisions in Article 33, Paragraph 2 of the Act, even when there is no request from the liable duty payer.
3. “The method in which the provisions of the provision of Article 27, Paragraph 2 are not applied” in Sub-paragraph (4) of Article 29, Paragraph 1 of the Decree means the method of applying the sales price within 180 days after the import declaration

NOTICE ON CUSTOMS VALUATION

(Customs Administration Order. No. 2000 - 46, Dec. 30. 2000)

Chapter 1: General Provisions

Article 1-1 (Purpose)

This *Notice* sets forth the guidelines necessary to implement the provisions of the *Customs Act*, the *Enforcement Decree of the Customs Act* and the *Enforcement Regulation of the Customs Act* (hereinafter referred to as “the Act”, “the Decree” and “the Regulation”), as well as the *Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994* (hereinafter referred to as “the Agreement”), in determining customs value of the imported goods.

Article 1-2 (Definitions)

The definition of the terms used in this *Notice* are as follow:

- (1) “First method” means the method of determining customs value based on transaction value of the goods concerned.
- (2) “Second method” means the method of determining customs value based on transaction value of the identical goods.
- (3) “Third method” means the method of determining customs value based on transaction value of the similar goods.
- (4) “Fourth method” means the method of determining customs value based on domestic sales price.
- (5) “Fifth method” means the method of determining customs value based on the computed value.
- (6) “Sixth method” means the method of determining customs value based on reasonable means.

Article 1-3 (Basic currency for determination of customs value)

The customs value shall be determined based on the currency stated in the invoice. However, if any relevant data confirm that the currency stated in the invoice differs from the actual currency of transaction, the customs value shall be determined based on the currency used in the actual transaction.

Article 1-4 (Foreign exchange rate for customs duty)

1. Pursuant to the provisions of Article 18 of the Act, the Commissioner of the Customs Service shall determine the foreign exchange rate for customs duty by averaging telegraphic transfer(T/T)

selling rates applied to customers by major foreign exchange banks from Monday through Saturday in the previous week. In this case, the foreign exchange rate shall be calculated to the same number of decimal places as the foreign exchange rate applied by foreign exchange banks but rounded off at the decimal place nearest to the last digit. The special selling rate applied to small transactions by foreign exchange banks shall not be used as the basis for determination of foreign exchange rate for customs duty.

2. If the price is indicated in a foreign currency for which no exchange rate for customs duty has been determined, it shall be converted into the domestic currency using the average value of US dollar computed in accordance with provisions of Paragraph 1 compared to the IMF's par value of that foreign currency against the US dollar in the previous week. If IMF's par value of the foreign currency against the US dollar is not available, the foreign currency shall be converted into the domestic currency based on the rate evaluated by the Korea Exchange Bank.

Article 1-5 (Price actually paid or payable)

1. "The price actually paid or payable" provided in the text of Paragraph 1 of Article 30 of the Act shall include the following:

- (1) The amount paid by the buyer to the seller by way of letter of credit, etc.;
- (2) The amount of the debt of the seller offset by the buyer as payment for the imported goods;
- (3) The amount paid by the buyer to a third party on behalf of the seller to settle the seller's debt owed to the third party;
- (4) In cases where the buyer pays a part of payment for imported goods to a third party pursuant to the request of the seller, the paid amount, or where goods or services are provided for the same reason, the price of such goods or the cost of such services;
- (5) Amount responsible by a buyer as a condition of the sale out of the costs for warranty undertaken by a seller or a third party.
- (6) Any other direct or indirect payments made by the buyer as conditions for transaction of the imported goods. However, the costs of activities undertaken by the buyer on his own account, other than those stipulated in Sub-paragraphs of Article 30, Paragraph 1 of the Act, shall be excluded from the customs value even if they might be regarded as the benefit of the seller.

2. If imported goods are subject to provisional price declaration described in Article 28, Paragraph 1 of the Act, "the price actually paid or payable" shall be the amount to be paid at the time when the declared price is finalized in accordance with the contract for importation of goods.

Chapter 2: Requirements for Excluding the Transaction Value

Article 2-1 < deleted >

Article 2-2 (Subsequent proceeds)

1. "Proceeds of any after-importation resale, disposal or use of the goods" referred to in Sub-paragraph (3) of Article 30, Paragraph 3 of the Act means profits or rent charges, processing wages, etc. which result from the resale, use, etc. of the imported goods concerned. However, payments such as dividends, which are not directly related to the imported goods are not included.

2. If the payment for sales promotional activities, such as advertising, which are undertaken by the buyer on his own account, is not a condition of sale of the goods in question, such payment is not included in the subsequent proceeds stipulated in Sub-paragraph (3) of Article 30, Paragraph 3 of the Act.

Article 2-3 (Special relationship)

The value stipulated in each item of Sub-paragraph (3) of Article 23, Paragraph 2 of the Decree shall not be used as customs value, but only for comparison purposes.

Article 2-4 (Cases of Reasonable Doubts)

1. When the customs collector has requested the liable duty payer to provide data proving the truthfulness of the declared value in cases provided in Sub-paragraphs of Article 24, Paragraph 1 of the Decree, if those data are not provided, or it is difficult to accept the declared value just on the basis of data so provided, the customs value shall be determined by the second through sixth methods.

2. The written request for data provided in Article 24, Paragraph 2 of the Decree shall present the reasons in detail and the period for submitting data shall be 15 days. However, if the liable duty payer applies for extension of the period for submitting data for an inevitable reason, the customs collector shall determine a reasonable period, considering the reason for application.

3. The Customs collector shall examine the data provided in line with Paragraph 2, within 60 days. Where it is difficult to accept the declared value based on the data provided or the data is not provided, the Customs collector shall notify the liable duty payer of the reasons for not accepting the declared value and of the particulars of the determined customs value.

Chapter 3: Additional Elements

Article 3-1 (Definitions of commissions, etc.)

“Commissions and brokerage” referred to in Sub-paragraph (1) of Article 30, Paragraph 1 of the Act shall be the following:

- (1) “Commission” refers to fees paid by the buyer or the seller to an agent for services provided for selling or buying on behalf of the seller or the buyer.
- (2) “Brokerage” refers to fees paid by the seller and the buyer to an agent who mediates or recommends a transaction for the seller and the buyer.
- (3) “Buying commission” refers to fees paid by the buyer to his agent for the services performed abroad for the purchase of the goods concerned, as the agent of buyer. Those services may include finding suppliers, transmitting the buyer’s requirements to the seller, collecting samples, inspecting goods and, in some cases, arranging the insurance, transportation, storage, and delivery of the goods.

Article 3-2 (Production assistance costs)

1. The term “production of the goods concerned” referred to in Sub-paragraph (3) of Article 30, Paragraph 1 of the Act means the activities producing the goods or other activities adding value to the goods, such as growing, manufacturing, mining, collecting, processing, assembling, etc.

2. <deleted>

3. <deleted>

4. “Cost calculated as prescribed by the Commissioner of the Customs Service” in Sub-paragraph (3) of Article 4, Paragraph 3 of the Decree refers to the following as appropriate:

- (1) In a case where a person having no special relationship has purchased or rented goods, the cost for those purchase or rent;
- (2) In a case where a person having no special relationship has not purchased or rented goods, a sum of production cost, profit and general expenses.

Article 3-3 (Method of addition)

When the cost of production assistance is added to the price actually paid or payable as provided in Article 18 of the Decree, one of the following methods of addition shall be used:

- (1) If a liable duty payer wishes to pay duty on the cost of production assistance by a single payment, the total amount of the cost of production assistance shall be added to the value declared for the first shipment;
- (2) If a liable duty payer wishes to pay duty on the cost of production assistance only for the amount apportioned to the imported goods concerned, the foreign currency amount of the cost of production assistance apportioned to the imported goods concerned in proportion to the entire amount of import to be made through such production assistance shall be added to the value declared for the imported goods concerned;
- (3) If services including engineering, etc. are related to both imported and domestically produced goods, the amount calculated by multiplying the costs for services including engineering, etc. by the ratio of the imported goods produced using such services including engineering, etc. to the transaction value of entire goods produced using such services including engineering (hereinafter referred to as “adjusted amount”) shall be added to the value declared for the imported goods.
- (4) If services, including engineering, etc. are related to both imported and domestically produced goods and the imported goods are imported separately, being related to various kinds of goods, each adjusted amount apportioned to the transaction value of each imported good shall be added. The method of apportioning shall be to calculate the addition rate first and then to multiply that rate to each transaction value of the imported goods;
- (5) The addition rate in the Sub-paragraph (4) shall be the ratio of adjusted amount to the total price of the imported goods produced using the services including engineering, etc.
- (6) The price of goods to be used in calculating the adjusted amount shall be the price actually paid or payable for imported goods and the price excluding VAT for domestically produced goods.

Article 3-4 (Calculation of royalties and license fees)

Methods of calculation of royalties and license fees determined by the Commissioner of the Customs Service pursuant to Article 19, Paragraph 6 of the Decree are as follows:

- (1) If imported goods are finished goods (including goods which undergo minor assembly, mixing, dilution, sorting, processing, or re-packing after importation), the total amount of royalties and license fees paid in relation to the goods shall be added.
- (2) If the rights in question are related only to the imported goods, then, even in cases where the imported goods are to be used as parts, raw materials or components, etc. (hereinafter referred to as “imported parts, etc.”) of the goods to be produced domestically, the full amount of royalties or license fees paid for the right shall be added. However, if the royalties or license fees include payment for activities of production or other business undertaken in Korea which are not related to imported parts, the royalties or license fees calculated by multiplying the ratio of the price of the imported parts, etc. to the price of the completed goods (manufacturing cost minus duties) by the full amount of the royalties or license fees shall be added.

- (3) If imported goods are equipments, machinery or installations (including parts, etc. which have the essential characteristics) created to carry out patented processes, the full amount of royalties or license fees paid in relation to the imported goods shall be added. However, if the royalties or license fees are paid for an overall production process or manufacturing process for specific finished goods and the imported goods are equipments, etc. needed to carry out part of those processes, the royalties or license fees calculated by multiplying the ratio of the price of imported equipments to the total price of all equipments by the full amount of the royalties or license fees shall be added.
- (4) If the goods for which royalties or license fees are paid are imported repeatedly an extended period of time, the adjusted amount and the rate of addition for apportionment of the royalties or license fees shall be calculated according to the following items:

(a) If the imported goods fall under proviso of Sub-paragraph (2),

$$\begin{aligned} \text{adjusted amount} &= \text{total royalty paid} \\ &\times \frac{\text{price of the imported goods concerned}}{\text{price of the finished goods(excluding taxes)}} \end{aligned}$$

$$\text{rate of additions(\%)} = \frac{\text{adjusted amount}}{\text{price of the imported goods concerned}} \times 100$$

(b) If the imported goods fall under proviso of Sub-paragraph (3),

$$\begin{aligned} \text{adjusted amount} &= \text{total royalty paid} \\ &\times \frac{\text{price of the imported equipments}}{\text{total price of all equipments}} \end{aligned}$$

$$\text{rate of additions(\%)} = \frac{\text{adjusted amount}}{\text{price of the imported equipments}} \times 100$$

Article 3-5 (Cost of transport, etc.)

1. The term “to the port of importation” in Sub-paragraph (6) of Article 30, Paragraph 1 and Sub-paragraph (3) of Article 34 of the Act, and the term “arrival at the port of importation” in Sub-paragraph (2) of Article 30, Paragraph 2 of the Act shall refer to the time and the place at which the imported goods concerned has arrived at the port of importation, and the preparation for the unloading from the vessel is finished.

2. The calculation methods of cost of transport prescribed by the Commissioner of the Customs Service pursuant to the provisions of Article 20, Paragraph 2 of the Decree shall be as follows:

- (1) When imported goods, such as vessels and crafts, have arrived by their own navigation, the cost of transport shall be the total cost actually spent for the transportation, such as the cost of fuel from the port of departure to the port of importation, cost of meals for crew, wages and allowances for crew, dispatch costs for seamen, and other expenses;
- (2) If imported goods are transported free of charge or by the importer's own transportation means or by a transporter who is related to the importer, the cost of transport shall be the freight charge usually charged by normal transporters based on the schedule of freight rates;
- (3) If imported goods are transported by chartered vessel, the cost of transport shall be expenses actually paid under the charter contract in question, including the charge for return of a vacant vessel;

- (4) If various goods are transported in multiple round trips under one charter contract (time charter), or if various goods are transported under a single transporting contract subject to a payment in lump sum (voyage charter), the cost of transport shall be the freight charge apportioned to the imported goods based on the weight. However, when the weight of the imported goods is not available or the method of apportionment based on the weight is considered significantly unreasonable, the cost of transport shall be the freight charge apportioned based on the value.
- (5) When the cost of shipping material or vessel renovation is paid by the buyer in order to transport the imported goods, the cost of transport shall include such costs;
- (6) If the freight charge of the imported goods concerned includes unloading charge at the port of importation which is separately indicated, the unloading charge shall not be included in the customs value;
- (7) Demurrage costs paid by the buyer at the port of shipment shall be added to the customs value and a dispatch money occurring at the port of shipment, if refunded, shall not be included in the customs value, provided that the amount of the dispatch money needs to be confirmed at the time of import clearance and that, in case of provisional value declaration, it is deducted from the customs value on the basis of documents proving the amount submitted on or before the definite value declaration. However, when the place of demurrage or dispatch is not distinguishable due to the conditions of the contract of transportation in question which only provide the total allowed lay days without distinguishing the port of shipment or port of importation, half of the total allowed lay days shall be regarded as the allowed lay days at the port of shipment and the other half at the port of importation. Hence, the demurrage cost paid by the buyer to the carrier shall be added to the customs value and the refunded dispatch money shall be deducted from the customs value;
- (8) A demurrage cost at the port of importation shall not be added to the customs value and a dispatch money at the port of importation shall not be deducted from the customs value;
- (9) When freight charges for international transportation and inland transportation are distinguished according to the contract of door-to-door transportation by container, the freight charge incurred after the goods have arrived at the port of importation shall not be included in the customs value;
- (10) If the payment for container rental is made separately from the freight charge, the container rental charges shall be included in the customs value.

Article 3-6 (Insurance premium)

1 The insurance premium shall be included in the customs value only when imported goods are actually covered by the insurance.

2. The insurance premium shall be calculated based on the insurance premium statement or an equivalent document issued by the issuer in question as provided in Article 20, Paragraph 1 of the Decree. However, in the case of a comprehensive insurance contract, the insurance premium shall be calculated according to one of the following methods:

- (1) If an insurance premium statement issued by the insurer is submitted at the time of import declaration, the insurance premium shall be based on the statement.;
- (2) If details of insurance policy (including insurance tariff rate, insurance premium, etc.) are stated in the import license, the insurance premium shall be calculated accordingly and the insurance premium statement need not be submitted at the time of import declaration;
- (3) If the insurance premium cannot be calculated based on an insurance premium statement or an import license, the insurance premium shall be declared provisionally based on an estimated insurance statement issued by the insurer. In this case, the insurance premium shall be definitely declared immediately after the actual insurance premium is fixed.

3. When goods are originally contracted to be carried by general transportation means, other than airplane, but when the goods are actually carried by airplane for some reasons, such as delay in production, having no cause attributable to the importer, to the exporter's cost for the change of transportation means, the insurance premium for the goods concerned shall be the insurance premium calculated based on the insurance tariff rate for general transportation, usually applied by insurers, pursuant to provisions of Article 20, Paragraph 3 of the Decree.

Article 3-7 (Special cases of determination of the freight costs for the goods imported via air transportation)

Pursuant to Article 20, Paragraph 3 of the Decree, freight costs for general transportation means, other than airplane, shall be applied to goods imported via air transportation which fall under one of the following Sub-paragraphs:

- (1) Commercial samples, advertising goods, and the raw materials for those goods entered into Korea free of charge, of which the total customs value excluding costs of transport and insurance is W200,000 or less;
- (2) Raw materials for manufacturing or processing of export goods to be used in acquiring foreign currency which are brought into Korea free of charge and are and which are deemed necessary to carry out the export contract by the customs collector;
- (3) When imported or exported goods which are different with that of terms of contract or which have some trouble during the warranty period, are re-imported free of charge after being repaired in foreign countries or for repair in Korea, such goods of which total customs value excluding freight and insurance premium is W200,000 or less, and some goods imported free of charge to maintain, repair, or replace such goods;
- (4) Film negatives, recorded tapes and any other similar news material brought into Korea by newspaper or, broadcasting companies, or news agencies;
- (5) Goods to be received by a resident in Korea, deemed to be used for private purposes and whose customs value, excluding the freight and insurance premium, is W200,000 or less,;
- (6) Unaccompanied household goods which are brought in by anyone who plans to establish residence in Korea (including persons who will reside in Korea for two years or more or persons who will reside in Korea for one year or more, accompanied by their families, with the exception of persons reentering Korea after a temporary departure) and of which total customs value excluding the freight and insurance premium is W500,000 or less;
- (7) Unaccompanied goods used by anyone reentering Korea after having stayed abroad for more than six months (excluding crew members entering Korea via ship or aircraft) of which the total customs value excluding the freight and insurance premium is W500,000 or less;
- (8) Goods originally contracted to be carried by general transportation means, other than airplane, but actually carried by airplane for some reasons such as delay in production, having no cause attributable to the importer, to the exporter's cost for the charge of transportation means.
- (9) Aircraft stores brought into by an air carrier by his own transportation means, and expendables and office supplies sent free of charge by main or branch office in a foreign country and to be used in the transportation business in question.

2. The cost of transport for goods provided in Sub-paragraphs (1) through (7) of Paragraph 1 shall be calculated based on freight charges of surface parcel mail applied in Korea. When the weight of the goods concerned exceeds the maximum weight listed in the freight charge schedule of surface parcel mails, the cost of transport shall be the sum of fare for the maximum weight and that for the weight exceeding the maximum weight on the schedule. However, if the fare of the surface parcel mail is higher than the actual air freight cost, the latter shall be applied.

3. The cost of transport for goods provided in Subparagraphs 8 and 9 of Paragraph 1 shall be calculated based on a freight charge in the schedule of sea freight tariff usually applied by a vessel

carrier. However, if the charge in the schedule is higher than the actual air freight charge, the latter shall be applied.

Article 3-8 (Freight cost of goods being transported under special terms)

“The ordinary cost of transport as determined by the Commissioner of the Customs Service” referred to in Article 20, Paragraph 4 of the Decree means the freight cost usually recognized as necessary for transportation to the port of importation considering the type, volume and terms of transport (i.e. mode and channel of transportation) of the goods concerned. However, when a freight charge is decided under a voyage charter contract which specifies the freight charge and quantity to be loaded, but if less than contracted shipment is loaded, the freight charge actually paid in accordance with the contract shall be used as the usual freight charge.

Article 3-9 (Determination of addition or deduction rates)

1. Any importer who wants the application of an ordinary addition or deduction rate to the goods imported repeatedly for an extended period of time in accordance Article 30, Paragraph 2 of the Decree, shall submit the Annex 9 Form along with the following documents to the Commissioner of the Customs Service or the customs collector:

- (1) Record of imports of the goods concerned for the recent 1 year;
- (2) Documents stipulated in Sub-paragraphs of Article 31, Paragraph 1 of the Decree;
- (3) Domestic sale prices, profits and general expenses of the goods concerned for the recent 1 year (limited to application for deduction rates)

2. When calculating addition or deduction rates pursuant to Article 30, Paragraph 1 of the Decree, the Commissioner of the Customs Service or the customs collector shall give the importer sufficient opportunity to present his opinion and the addition or deduction rates shall be recalculated yearly, in principle.

3. The Commissioner of the Customs Service or the customs collector shall examine the application referred to in Paragraph 1 and notify the applicant and the customs collector in charge of the expected clearance of the decision on addition (deduction) rate using Annex 10 Form within 21 days. However, this does not apply when the calculation of usual rates of addition or deduction is difficult.

4. The rates of addition or deduction shall be calculated to the second decimal digit, rounded off from the third decimal place.

5. Provisions of Paragraph 4 are applied also to calculation of addition rates referred to in Articles 3-3, 3-4, and 7-2.

6. If a liable duty payer declares the customs value based on the rates of addition (deduction) determined according to Paragraph 3, the declared value shall be regarded as the definitive customs value.

Chapter 4: Determination of the Customs Value when the Transaction Value is Unacceptable

Article 4-1 (Determination of the customs value by the second and third method)

1. The term “shipping date” referred to in Sub-paragraph (1) of Article 31, Paragraph 1 of the Act refers to the date of shipping of the imported goods for transportation from the exporting country to Korea, and the date shall be confirmed by bill of lading, commercial invoices, etc.

2. The adjustment for the price difference, provided in Sub-paragraph (2) of Article 31, Paragraph 1 of the Act shall be made as the following:

- (1) Where the commercial level is different, the adjustment is made in reflection to the price difference per each level generally accepted at the country of exportation;
- (2) Where the transaction quantity is different, the adjustment is made in consideration of the reference information such as quantity discount and etc., if any
- (3) Where the transportation distance is different, the adjustment is made by calculating the price difference in proportion to the distance.
- (4) Where the mode of transport is different, the adjustment is made in reflection to the price difference generally applied to each mode of transport.

3. Provisions of Paragraphs 1 and 2 above are also applied to Article 32, Paragraph 1 of the Act.

Article 4-2 (Determination of the customs value by the fourth method)

1. The goods in question, identical goods, and similar goods shall be applied in sequential order when determining the customs value according to provisions of Article 33 of the Act.

2. The term “other associated costs” referred to in Sub-paragraph (3) of Article 33, Paragraph 1 of the Act means any costs incurred in connection with importation and domestic sale of the goods concerned, identical goods or similar goods.

3. <deleted>

4. <deleted>

5. In case where the goods for which the customs value is determined by the fourth method are imported repeatedly for an extended period of time, if the liable duty payer applies the application of the rate of deduction from the domestic sale prices for a specific period, instead of calculating the deductible costs for each unit of import declaration, the Commissioner of the Customs Service may calculate and apply the deduction rate in accordance with Article 30 of the Decree.

6. The application for and the method of calculating deduction rate referred to in Paragraph 5 shall be made in accordance with Article 3-9.

Article 4-3 (Determination of the customs value by the fifth method)

The costs referred to in Sub-paragraph (1) of Article 34 of the Act shall be calculated based on data relevant to production, such as accounting books, provided by the producer of the goods concerned.

Article 4-4 (Determination of the customs value by the sixth method)

When the customs value is determined in accordance with provisions of Article 29, Paragraph 1 of the Decree, the previously established customs values shall be fully used.

Chapter 5: Determination of the Customs Value of Special Goods

Article 5-1 (Principles for customs valuation of special goods)

1. The customs value of special goods provided in Article 29, Paragraph 3 of the Decree shall be determined by applying the first to the sixth methods in a sequential order.

2. Where the sixth method is applied in accordance with Paragraph 1, the customs value is determined by using the methods stipulated in Articles 5-2 to 5-11.

Article 5-2 (Customs value of deteriorated or damaged goods)

1. Pursuant to Sub-paragraph (1) of Article 29, Paragraph 3 of the Decree, the customs value of imported goods which are deteriorated or damaged before import declaration shall be determined using the following methods in sequential order:

- (1) The first method shall not be applied since the price actually paid or payable is not for deteriorated or damaged goods. However, if only part of the goods has been deteriorated or damaged and the remaining goods are normal, the customs value of the normal part shall be calculated using the first method ;
- (2) When the transaction value for the goods identical to the deteriorated or damaged goods in question is available, the second method shall be used to determine the customs value. In this case, even though those are not produced in the country where the goods being valued have been produced, the customs value may be determined using the second method;
- (3) When the transaction value for the goods similar to the deteriorated or damaged goods in question is available, the third method shall be used to determine the customs value. In this case, even though those are not produced in the country where the goods being valued have been produced, the customs value may be determined using the third method;
- (4) Where the deteriorated or damaged goods are sold in Korea and the domestic sale price thereof meets the requirements for the application of the fourth method, the fourth method shall be used to determine the customs value. In this case, the requirements that the goods be sold in the same state as the imported and that the goods be sold within 90 days after importation can be applied flexibly;
- (5) When the customs value cannot be determined by one of the methods provided in Sub-paragraphs (1) through (4), the customs value shall be determined based on the price of the goods not deteriorated or damaged. In this case, the basis of transaction value of the goods not deteriorated or damaged includes the price re-determined between the buyer and the seller due to the deterioration or damage, if any, the price appraised by a certified evaluation agency not related to the buyer or seller, the price reflecting the repair or replacement costs or the compensation amount from the insurance company, etc.

2. The basis value depreciation for the deteriorated or damaged goods determined by the Commissioner of the Customs Service according to the provisions of Article 118, Paragraph 2 of the Decree shall be subject to Paragraph 1, and the basis of value depreciation for used goods shall be subject to the method provided in the provisions of Article 5-5, Paragraph 1.

Article 5-3 (Customs value of travelers' baggage, etc.)

1. Pursuant to Sub-paragraph (2) of Article 29, Paragraph 3 of the Decree, a customs collector shall determine the customs value of personal effects of travellers and crews, postal items, consignments, and unaccompanied goods (hereinafter referred to as "travellers' baggage, etc.") based on the following prices:

- (1) The price suggested by the declarant, only when the customs collector deems the price as reasonable;
- (2) The price table surveyed by the Commissioner of the Customs Service;
- (3) The normal prices in foreign countries surveyed in an objective manner (e.g. Bluebook, etc.);
- (4) The customs value converted by applying conversion rate to the domestic wholesale price of the goods concerned, or identical or similar goods;

(5) The price appraised by a certified evaluation agency in Korea

2. "The conversion rate" referred to in Sub-paragraph (4) of Paragraph 1 means the rate for computing the customs value by deducting profit and sales expenses, import taxes and other import related expenses from the domestic wholesale price and is calculated according to one of the following methods:

A. Goods of which import prices are the basis for customs duties and of which domestic wholesale price includes a value added tax (ad valorem duty)

(i) When standard price for special excise tax has not been established

$$(a) \quad \text{Customs Value} = \frac{\text{WP}}{1.485 + 1.1C + 1.1S(1+C)(1+E+F)}$$

$$(b) \quad \text{Conversion Rate} = \frac{1}{1.485 + 1.1C + 1.1S(1+C)(1+E+F)}$$

(ii) When standard price for special excise tax has been established

$$(a) \quad \text{Customs Value} = \frac{\text{WP} + 1.1S \cdot \text{SP}(1+E+F)}{1.485 + 1.1C + 1.1S(1+C)(1+E+F)}$$

$$(b) \quad \text{Conversion Rate} = \frac{\text{WP} + 1.1S \cdot \text{SP}(1+E+F)}{\text{WP}[1.485 + 1.1C + 1.1S(1+C)(1+E+F)]}$$

B. Goods of which import prices are the basis for customs duties and of which domestic wholesale price does not include a value added tax (ad valorem duty)

(i) When standard price for special excise tax has not been established

$$(a) \quad \text{Customs Value} = \frac{\text{WP}}{1.35 + C + S(1+C)(1+E+F)}$$

$$(b) \quad \text{Conversion Rate} = \frac{1}{1.35 + C + S(1+C)(1+E+F)}$$

(ii) When standard price for special excise tax has been established

$$(a) \quad \text{Customs Value} = \frac{\text{WP} + S \cdot \text{SP}(1+E+F)}{1.35 + C + S(1+C)(1+E+F)}$$

$$(b) \quad \text{Conversion Rate} = \frac{\text{WP} + S \cdot \text{SP}(1+E+F)}{\text{WP}[1.35 + C + S(1+C)(1+E+F)]}$$

C. Goods of which import volume is the basis for customs duties and whose domestic wholesale price includes a value added tax (specific duty)

(i) When standard price for special excise tax has not been established

$$(a) \quad \text{Customs Value} = \frac{\text{WP} \square 1.1C'Q[1+S(1+E+F)]}{1.485 + 1.1S(1+E+F)}$$

$$(b) \quad \text{Conversion Rate} = \frac{WP \square 1.1C'Q[1+S(1+E+F)]}{WP[1.485 + 1.1S(1+E+F)]}$$

(ii) When standard price for special consumption tax has been established

$$\text{Customs Value} = \frac{WP \square 1.1C'Q[1+S(1+E+F)] + 1.1S \cdot SP(1+E+F)}{1.485 + 1.1S(1+E+F)}$$

$$\text{Conversion Rate} = \frac{WP \square 1.1C'Q[1+S(1+E+F)] + 1.1S \cdot SP(1+E+F)}{WP[1.485 + 1.1S(1+E+F)]}$$

D. Goods of which import volume is the basis for customs duties and of which domestic wholesale price does not include a value added tax (specific duty)

(i) When standard price for special excise tax has not been established

$$(a) \quad \text{Customs Value} = \frac{WP \square C'Q [1+S(1+E+F)]}{1.35 + S(1+E+F)}$$

$$(b) \quad \text{Conversion Rate} = \frac{WP \square C'Q [1+S(1+E+F)]}{WP[1.35 + S(1+E+F)]}$$

(ii) When standard price for special excise tax has been established

$$(a) \quad \text{Customs Value} = \frac{WP \square C'Q[1+S(1+E+F)] + S \cdot SP(1+E+F)}{1.35 + S(1+E+F)}$$

$$(b) \quad \text{Conversion Rate} = \frac{WP \square C'Q[1+S(1+E+F)] + S \cdot SP(1+E+F)}{WP[1.35 + S(1+E+F)]}$$

Where,

WP = domestic wholesale price

C' = specific duty (specific duty actually applied at the formation of domestic whole price)

E = education tax rate

Q = unit quantity

C = customs duty rate (customs duty rate actually applied at the formation of domestic wholesale price)

S = special excise tax rate, liquor tax rate, transportation tax rate

F = agriculture and fisheries special tax rate

SP = standard price for special excise tax

3. The examples of conversion rate (for goods subject to ad valorem duty and special excise tax but have no standard price, and are not subject to agriculture and fisheries tax and transportation tax) calculated in accordance with provisions of Paragraph 2 are illustrated in Table 1-1 and 1-2.

Article 5-4 (Customs value of rented or leased goods)

1. When the customs value of rented or leased goods is determined using the sixth method in accordance with provisions of Sub-paragraph (3) of Article 29, Paragraph 3 of the Decree, the following prices shall be applied in sequential order in determining the customs value:

- (1) A price of the rented or leased goods which is the basis for computing the rental or lease amount;
- (2) A catalogue price which is published when the rented or leased goods in question, identical goods, or similar goods are exported to Korea (in case of used goods, the price determined in accordance with provisions of Article 5-5);
- (3) A price calculated based on the total estimated rental amount for the full economic life of the goods in question

2. In accordance with provisions of Sub-paragraph (3) of Paragraph 1, the customs value shall be determined using one of the following methods. However, this provision shall not apply if the customs collector decides that the application of uniform economic life is unreasonable.

- (1) A price converted to the current value from the total estimated rental amount payable over the full economic life of the imported goods concerned shall be the basis for customs value. If expenses incurred in maintaining and using the goods in question in normal state after importation are included in rental charges, such expenses shall be deducted from the total estimated rental charge;
- (2) If the importer pays separately on regular or irregular basis royalty for patent rights, etc. and other costs, other than for rental or leasing fees, as a condition of sale of the goods concerned, such payments shall be treated same as rental payment;
- (3) Interest rate to be applied in converting to the current value shall be that of the leasing contract in question. However, if no interest rates are set forth in the contract or the stipulated interest rate is over 11%, 11% shall be applied as the annual interest rate;
- (4) When the importer has an option to buy the goods imported under the leasing contract, the customs value shall be determined based on the sum of the estimated total rental amount payable until he can exercise the option to buy and the current value of the amount payable when the option is exercised.

Article 5-5 (Customs value of used goods)

1. Where the sixth method is applied to the used goods in accordance with the provisions of Sub-paragraph (4) of Article 29, Paragraph 3 of the Decree, the customs value shall be determined using one of the following prices;

- (1) A price calculated on the basis of a value appraised by a certified domestic evaluation agency;
- (2) A price calculated by applying the conversion rate to a domestic wholesale price;
- (3) A price calculated on the basis of value depreciation for used goods

2. “The basis of value depreciation” in Sub-paragraph (3) of Paragraph 1 shall be based on the basis by item as provided in the following Sub-paragraphs:

- (1) As for the basic equipment and machinery, standard asset life by industrial sector, standard asset life and residual value table under fixed rate method of Asset Life Table, provided in the Enforcement Regulation of Corporation Tax Act shall be used.
- (2) As for passenger cars and trucks, standard of Table 2 shall be used, as for motorcycles, standard of Table 3 shall be used, and as for construction equipments, standard of Table 4 shall be used, respectively.

3. The declining rate for calculating the customs value of goods depreciated due to usage shall be applied on monthly basis. In this case, 15 days or less shall not be considered as a month, but 16 days or more shall be considered as one month.

Article 5-6 (Customs value of goods brought into Korea from a bonded factory)

1. The customs value of goods entering Korea from a bonded factory under provisions of Article 188 (Imposition of Customs Duty on Finished Products) of the Act shall be determined in accordance with provisions of Articles 30 through 35 (the first method through the sixth method) of the Act.

2. The customs value of goods produced using both foreign and domestic goods with the approval of the customs collector, according to provision of Article 188 (Imposition of Customs Duty on Finished Goods) of the Act, shall be calculated by multiplying the price determined in accordance with paragraph 1 with the ratio of the price of foreign goods over the sum of the prices of foreign and domestic goods. The prices of foreign and domestic goods shall be based on the methods prescribed in the following Sub-paragraphs:

- (1) The price of foreign goods used in the production of the goods concerned shall be determined by the methods prescribed in Articles 30 through 35 of the Act;
- (2) The price of domestic goods used in the production of the goods concerned shall be the purchase price at the bonded factory in question. However, when the buyer and the seller have the special relationship falling under any Sub-paragraphs of Article 23, Paragraph 1 of the Decree or have provided production assistances prescribed in Sub-paragraphs of Article 18 of the Decree, the domestic sale price of identical or similar goods (domestic sale prices of the same level as the goods in question entered the bonded factory) shall be the purchase price;
- (3) The prices referred to in Sub-paragraphs (1) and (2) above shall be verified when the use of the goods is declared pursuant to Article 186, Paragraph 1 of the Act and such prices shall be determined in Won at that time.

3. The customs value of the goods subject to imposition of customs duty under Article 189 (Imposition of customs duty on raw materials) of the Act shall be determined under the methods prescribed in Articles 30 through 35 (the first method through the sixth method) of the Act.

Article 5-7 (Customs value of goods brought into Korea from a free trade zone)

Under provisions of Sub-paragraph (7) of Article 29, Paragraph 3 of the Decree, the customs value of goods brought into Korea from a free trade zone shall be determined according to the methods in Articles 30 through 35 (the first method through the sixth method) of the Act, whereby the Free Trade Zone is regarded as the exporting country.

Article 5-8 (Customs value of goods re-imported after repair or processing abroad)

The customs value of goods re-imported after repair or processing abroad (except for goods which were temporarily exported for inspection or display purposes) pursuant to proviso of Sub-paragraph (2) of Article 101, Paragraph 1 of the Act shall be the sum of the price of the goods exported for repair or processing and the costs enumerated below:

- (1) Freight charge and insurance premium incurred in transporting the goods in question to the country where repair or processing is carried out;
- (2) Unloading charge incurred in the country where repair or processing is carried out and any other expenses required in delivering the goods to the repairer or processor;
- (3) The expenses used for repair or processing;
- (4) Transporting, loading and any other expenses incurred after repair or processing in the country of repair or processing until the goods in question are loaded;
- (5) Freight charge, insurance premium, and any other expenses incurred from the shipping port of the country where the repair or processing is carried out to the port of importation.

Article 5-9 (Customs value of repaired ships, etc.)

Costs paid for the repair or replacement of parts of a ship shall be confirmed by any of the following documents:

- (1) Payment statement issued by a foreign exchange bank;
- (2) Permission for repair and use of foreign currency issued by the relevant Minister;
- (3) Certificate listing the details of the repair or processing issued by an overseas mission;
- (4) Any other documents which the customs collector deems reasonable.

Article 5-10 (Customs value of goods imported from bonded exhibition)

1. Pursuant to Sub-paragraph (7) of Article 29, Paragraph 3 of the Decree, the customs value of goods imported from a bonded exhibition shall be determined according to the methods prescribed in Articles 30 through 35 (the first method through the sixth method) of the Act.

2. The customs value of the goods imported after repair works in a bonded area pursuant to Article 158 of the Act shall include the value added to the goods due to the repair works (repair costs such as for material, wages, and equipment user fees, etc.)

Article 5-11 (Customs value of illegal goods)

The customs value of the illegal goods, referred to in Sub-paragraph (6) of Article 29, Paragraph 3 of the Decree, shall be determined under one of the following items:

- (1) When normal imported goods are found to be illegal goods, the customs value shall be determined in accordance with the provisions of Articles 30 through 35 of the Act. In this case, the value declaration which a liable duty payer should have made pursuant to Article 15, Paragraph 1 of the Decree shall be determined, based on the result of customs violation investigation;
- (2) When goods falling under Sub-paragraphs (1) through (5) and (7) of Article 29, Paragraphs 3 of the Decree are found to be illegal, the customs value shall be determined in accordance with provisions of Article 5-2 through 5-10.

Article 5-12 (Estimated value and customs value of goods subject to auction)

Pursuant to Paragraph 7 of Article 222 of the Decree, the estimated value and customs value of goods of which duration of storage has expired shall be determined according to one of the following methods:

- (1) When the imported goods are settled in a normal way and the transaction value of the goods are available, the customs value shall be determined in accordance with provisions of Articles 30 through 35 (the first method through the sixth method) of the Act and the estimated value for auction shall include the taxes, such as the customs duty and value added tax.
- (2) When the goods subject to auction are travellers' baggage, etc., the customs value shall be determined in accordance with provisions of Article 5-3 and the estimated value shall include the taxes, such as the customs duty and value added tax.
- (3) When the goods subject to auction are deteriorated or damaged or have depreciated in value through usage, the customs value shall be determined using the basis of value depreciation for used goods provided in Article 5-5, Paragraph 2 (where the price calculated by these provisions is regarded as unreasonable, a price calculated by multiplying the conversion rate with the reasonable domestic wholesale price), and the estimated value shall include the taxes, such as the customs duty and value added tax.

- (4) When goods are auctioned on the condition that those will be exported, the estimate value shall be calculated by deducting taxes, freight charge and insurance premium from the estimated value determined in accordance with provisions of Sub-paragraph (1) through (3) above;
- (5) If the customs director deems the calculation of a customs value and an estimated auction value to be inappropriate or unreasonable, such values may be re-determined based on other reasonable means.

Article 5-13 (Customs value of imported bulk cargo which exceed or lack in quantity at the time of clearance)

When imported bulk cargo are found to be exceeding or lacking in quantity at the time of clearance, the customs value shall be determined according to the following Sub-paragraphs:

- (1) When the contract shows that the imported bulk cargo are transacted in unit price, the customs value shall be the price actually paid or payable according to the price review clauses thereof;
- (2) When the imported bulk cargo are transacted in a single amount for the total quantity, the customs value shall be the total payment actually paid or payable.

Article 5-14 (Customs value of disposed goods)

1. When the goods in question are sold under provisions of Guideline for Sale of US Army Surplus Property, the sale price thereof shall be the customs value. However, when various goods are sold in the same transaction and their respective prices are not distinguished, the customs value for each item of goods shall be established by apportioning the sale price based on the domestic wholesale price of the goods identical to the goods in question.

2. When the goods, sold on the condition that those would be exported, are declared for importation, not being exported, the customs value shall be the sum of the sale price, importer's normal profit, the freight charge, and the insurance premium. However, when various goods are sold in the same transaction and their respective prices are not distinguished, provisions of paragraph 1 are also applied *mutatis mutandis* in determining the customs value of those goods which includes sale price, importer's normal profit, the freight charge, and the insurance premium.

Chapter 6: Value Declaration

Article 6-1 (Value declaration)

1. Value declaration in line with Article 15, Paragraph 1 of the Decree shall be made using the Value Declaration Form (Annex 1 form)

2. Notwithstanding the provisions of Paragraph 1, in any of the following cases, the value declaration may be omitted:

- (1) As for the goods for which import declaration is omitted under the Notice on Import Clearance Guidelines, which are subject to simplified declaration, or which are sent as special consignment for clearance by item list, or simplified declaration, the submission of value declaration shall be omitted.
- (2) The value declaration of the goods subject to exemption of import approval, other than the ones described in the Sub-paragraph (3) may be replaced by submissions of the Declaration of Reasons for Exemption of Import Approval and Value(Annex 4 Form). Even though these

goods are not subject to voluntary declaration and payment, the boxes for price declaration in the form shall be filled in, if the price data are available.

Article 6-2 (Provisional value declaration)

1. Provisional value declaration shall be made by submitting the Value Declaration Form provided in Article 6-1, Paragraph 1 (Annex 1 Form).
2. Upon receiving the provisional value declaration, the customs collector shall record the contents of the declaration on the ledger of provisional value declaration (Annex 6 Form) and when processing the import declaration, the customs collector shall decide the definitive value declaration period not exceeding 2 years based on the expected price declaration data declared by the liable duty payer, and record it on the customs use boxes on the import declaration and the import declaration certificate.

Article 6-3 (Method of provisional value declaration)

1. Anyone who is to import goods falling under provisions of Sub-paragraphs of Article 16, Paragraph 1 of the Decree may declare the provisional value in accordance with one of the following methods:
 - (1) If goods fall under Sub-paragraph (1) of Article 16, Paragraph 1 of the Decree, the price which the importer has agreed upon to pay provisionally in accordance with the provisional contract may be declared as the provisional value.
 - (2) If the addition amount such as royalties and subsequent proceeds of the goods falling under Sub-paragraph (2) of Article 16, Paragraph 1 of the Decree is fixed as the result of sales, etc. after importation, the amount calculated using the following methods in sequential order may be declared as provisional addition amount.
 - (a) Expected payment amount calculated based on sales or production forecast in import-related plan or business plan. However, in cases where the imported goods are imported for an extended period of time, and where the fixed addition rate for the goods imported under the same contract in the previous year or previous period is available, the provisional addition amount may be calculated using the rate as provisional addition rate.
 - (b) In cases where payment has been made for identical or similar goods in previous year, the estimated payment amount calculated by using the following formula.
Estimated payment amount = {average income (sales amount) in the previous year × royalty payment rate} × contract period
 - (3) If the freight or insurance premium of the goods falling under Sub-paragraph (2) of Article 16, Paragraph 1 of the Decree is fixed by the quantity of the imported goods actually transported during a specific unit of period (such as comprehensive contract for transportation or insurance), the expected payment amount indicated in the tentative statement issued by the carrier or insurer concerned or other similar documents may be declared as provisional addition amount.
2. In applying Subparagraph (2), (a) of Paragraph 1, the detailed calculation method of provisional addition amount shall follow those of Article 3-3 or 3-4.
3. Paragraphs 1 and 2 shall be applied in determining provisional value of goods referred to in Article 1-5, Paragraphs 2.

Article 6-4 (Definitive value declaration)

1. When the liable duty payer learns that the value for the goods concerned has been fixed after declaring a provisional value as provided in Article 6-2, he/she shall declare the definitive value by submitting the Definitive Value Declaration Form (Annex 7 Form) and assessment data provided in Sub-paragraphs (3) and (4) of Article 15, Paragraph 3 of the Decree (hereinafter referred to as "definitive value declaration") within the period designated by the customs collector.
2. Upon receiving the definitive value declaration provided in Paragraph 1, the customs collector shall collect or refund the difference in duties between the provisional value and the definitive value according to the provision of Article 16, Paragraph 6 of the Decree, and record this on the ledger of provisional value declaration.
3. Whoever desires to extend the definitive value declaration period as provided in Article 16, Paragraph 4 of the Decree shall submit two copies of the Application for Extension of Definitive Value Declaration Period Form (Annex 8 Form) to the customs collector 3 days before the expiration date.
4. Upon receiving the application for extension of definitive value declaration period, the customs collector shall extend the period within the extent not exceeding 2 years from the date of import declaration of the imported goods concerned and return one copy of the Application for Extension of Definitive Value Declaration Period Form (Annex 8 Form) to the applicant.
5. The customs collector shall report to the Commissioner of the Customs Service if anybody who has made a provisional value declaration fails to declare the definitive value within the definitive value declaration period.

Article 6-5 (Prior legal review on reassessment on customs value)

1. If any customs collector is going to reassess the decision on customs value in any of following cases, he/she shall submit the written opinion on the reassessment and other related documents to the Commissioner of the Customs Service.
 - (1) Where the content of transaction, the basis for determination of customs value, is complex, as in case of foreign invested company.
 - (2) Where it is a new type of transaction, or the assessment practice is not yet established.
2. The Commissioner of the Customs Service shall notify the decision on legality of the written reassessment opinion submitted under Paragraph 1 to the customs collector within one month.

Chapter 7: Application for Advance Ruling on Customs Value

Article 7-1 (Application for advance ruling)

1. Application for advance ruling on customs value under the provisions of Article 31, Paragraph 1 of the Decree shall be made by using the Application for Advance Ruling on Customs Value Form provided in Annex 11.
2. Upon receiving the application for advance ruling on customs value under Article 31, Paragraph 1 of the Decree, the Commissioner of the Customs Service or the customs collector shall examine the contents of the application and supplementary documents and record the contents of the application on the ledger of application for advance ruling on customs value provided in Annex 12.

Article 7-2 (Filing and examination of advance ruling on customs value)

1. According to Article 37, Paragraph 2 of the Act, when the Commissioner of the Customs Service or the customs collector finishes an advance ruling on customs value, he/she shall issue Advance Ruling on Customs Value using Annex 13 Form and shall also notify the concerned customs collector. In this case, if the Commissioner of the Customs Service or the customs collector deems a validation period of the advance ruling on customs value to be necessary due to special characteristics of the examination, he/she may specify such a validation period.

2. When the Commissioner of the Customs Service or the customs collector demands a revision or correction under provisions of Article 31, Paragraph 2 of the Decree, he/she shall make the request within seven days from receiving the application, providing 10 days for the revision or correction.

3. The Commissioner of the Customs Service or the customs collector may return the application for advance ruling in any of the following cases:

- (1) The goods are declared for importation before issuing the advance ruling;
- (2) The document is not revised or corrected within the period for revision or correction prescribed in Paragraph 2

Addenda (Date of enforcement)

This Notice shall become effective on January 1, 2001.

Table 1-1 Example of Conversion Rate

(C) (S)	(E)	0	1	2	3	4	5	6	7	8	9	10	13	15	18	20	25	30	50
0	0	673	668	664	659	654	649	645	640	636	631	627	614	606	594	587	568	551	491
5	10	647	642	637	633	628	624	619	615	610	606	602	589	582	570	563	545	528	470
7	30	631	626	621	611	612	608	603	599	595	591	586	574	567	555	548	530	514	458
10	30	614	610	605	600	596	592	581	583	579	575	571	559	551	540	533	516	500	445
10.5	30	612	601	602	598	593	589	585	580	576	572	568	556	549	538	530	513	491	442
14	30	593	589	584	580	576	571	567	563	559	555	551	539	532	521	514	497	482	428
15	30	588	584	579	575	571	567	562	558	554	550	546	535	521	516	510	493	418	424
20	30	565	560	556	552	548	543	539	535	531	521	524	513	505	495	488	412	457	406
21	30	560	556	551	547	543	539	535	531	521	523	519	508	501	491	484	468	453	402
25	30	543	538	534	530	526	522	518	514	510	501	503	492	485	415	469	453	439	389
30	30	522	518	514	510	506	502	499	495	491	481	484	473	467	457	450	435	421	373
* 30	10	541	537	533	529	525	521	517	513	509	505	501	491	484	474	467	452	437	388
* 35	10	524	520	516	512	508	504	500	496	493	489	485	475	468	458	452	437	423	374
* 40	10	508	504	500	496	492	488	484	481	471	474	410	460	453	444	437	423	409	362
* 45	10	493	489	485	481	477	474	470	466	463	459	456	446	439	430	424	410	396	351
* 50	10	478	475	471	467	463	460	456	453	449	446	442	433	426	411	411	397	384	340
* 70	10	429	425	422	418	415	412	408	405	402	399	396	381	381	373	367	355	343	303
* 80	30	380	377	314	311	368	365	362	359	356	353	350	342	337	330	325	313	303	267
* 100	30	343	340	337	334	332	329	326	323	321	318	316	308	304	291	292	282	272	239
* 130	30	299	296	294	291	289	286	284	282	279	277	275	268	264	258	254	245	236	207

Table 1-2 Example of Conversion Rate

0	0	741	735	730	725	719	714	709	704	699	694	690	676	667	654	645	625	606	541
* 5	10	712	706	701	696	691	686	681	676	671	667	662	648	640	627	619	599	581	517
7	30	694	689	684	679	674	669	664	659	654	650	645	632	623	611	603	584	566	503
10	30	676	671	666	661	656	651	646	641	637	632	628	615	606	594	586	567	550	489
10.5	30	673	668	663	658	653	648	643	639	634	629	625	612	604	591	583	565	547	487
14	30	65	648	643	638	633	628	624	619	615	610	606	593	585	573	565	547	530	471
15	30	647	642	637	633	628	623	619	614	610	605	601	588	580	568	561	542	525	467
20	30	621	616	612	607	602	598	593	589	585	580	576	564	556	544	537	519	503	446
21	30	616	611	607	602	597	593	588	584	580	576	571	559	551	540	533	515	499	443
25	30	597	592	588	583	579	574	570	566	561	557	553	541	534	523	515	498	483	428
30	30	575	570	566	561	557	553	548	544	540	536	532	521	513	502	496	479	464	411
* 30	10	595	591	586	581	577	573	568	564	560	556	552	540	532	521	514	497	481	426
* 35	10	576	572	567	563	559	554	550	546	542	538	534	522	515	504	497	480	465	412
* 40	10	559	554	550	545	541	537	533	529	525	521	517	506	499	488	481	465	450	398
* 45	10	542	538	533	529	525	521	517	513	509	505	501	490	483	473	466	451	436	386
* 50	10	526	522	518	514	510	506	502	498	494	490	487	476	469	459	452	437	423	374
* 70	10	472	468	464	460	456	453	449	446	442	439	435	426	419	410	404	390	377	333
* 80	30	418	415	411	408	405	401	398	395	392	389	386	377	371	363	357	345	333	293
* 100	30	377	374	371	368	365	362	359	356	353	350	347	339	334	326	322	310	299	263
* 130	30	329	326	323	320	318	315	312	310	307	305	302	295	290	284	279	269	260	228

Note

1. [Table 1-1] This is an example of conversion rate for goods subject to ad valorem duty and special excise tax that has no standard price, and domestic price of which includes value added tax

[Table 1-2] This is an example of conversion rate for goods subject to ad valorem duty and special excise tax that has no standard price, and domestic price of which does not include value added tax

2. Rates with *mark are applied to alcoholic beverages.

3. C : customs duty rate

E : education tax rate

S: special excise tax

[Annex 1 Form]

Value Declaration

1. Import Declaration Number:		2. Date of Shipment:	
3. With regard to the transaction price (Fill in the blank with yes or no) <input type="checkbox"/> Are there any restrictions in disposing or using the imported goods? <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Is the price of the imported goods affected by terms or circumstances of which value cannot be determined? <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Is any part of the profits resulting from disposal or use of the imported goods given to the seller? <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Has the special relationship with the exporter affected the price? <input type="checkbox"/> <input type="checkbox"/>			
4. With regard to contracts regarding imports (Fill in the blank with yes or no) <input type="checkbox"/> exclusive agency contract <input type="checkbox"/> <input type="checkbox"/> long-term supply contract <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> import on the installment plan by a single contract <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> occasional contract <input type="checkbox"/> <input type="checkbox"/> first transaction <input type="checkbox"/> <input type="checkbox"/> special relationship with the exporter []			
5. payment <input type="checkbox"/> remittance prior to import declaration bank transaction number(Ref.No.) <input type="checkbox"/> remittance after import declaration Invoice No.		6. separate payment amount name of bank <u> bank branch </u> certification number date of payment	
7. method used for determining customs value			
8. calculation of customs value() <input type="checkbox"/> amount actually paid (A) subtotal: invoiced amount discounted amount amount offsetting exporter's debt amount reimbursed by the purchaser for seller's debt amount of other indirect payment <input type="checkbox"/> costs added(B) subtotal: commission_____ brokerage fee container cost packing cost production assistance cost royalty cost after-importation profits insurance cost_____freight cost transportation-related cost <input type="checkbox"/> costs deducted(C) subtotal: after-importation transportation cost installation and assembly costs after importation domestically imposed taxes and other charges deferred interest payment <input type="checkbox"/> customs value(A+B-C)		9. in case of provisional value declaration <input type="checkbox"/> provisional value declaration No. <input type="checkbox"/> provisional addition rate <input type="checkbox"/> amount to be provisionally added <input type="checkbox"/> time of value settlement <input type="checkbox"/> period of contract for import transaction concerned <input type="checkbox"/> reasons of provisional value declaration(Y, N) commission <input type="checkbox"/> <input type="checkbox"/> brokerage fee <input type="checkbox"/> <input type="checkbox"/> container cost <input type="checkbox"/> <input type="checkbox"/> packing cost <input type="checkbox"/> <input type="checkbox"/> material cost <input type="checkbox"/> <input type="checkbox"/> production assistance cost <input type="checkbox"/> <input type="checkbox"/> royalty cost <input type="checkbox"/> <input type="checkbox"/> after-importation profits <input type="checkbox"/> <input type="checkbox"/> insurance cost <input type="checkbox"/> <input type="checkbox"/> freight cost <input type="checkbox"/> <input type="checkbox"/> transportation-related cost <input type="checkbox"/> <input type="checkbox"/> others <input type="checkbox"/> <input type="checkbox"/> reasons for others <input type="checkbox"/> <input type="checkbox"/>	

[Annex 4 Form]

Reasons for Exemption of Import Approval and Value Declaration

Reasons for exemption of import approval		
1. importer(consigner) name of company : name of the importer(consigner) : address : business registration number : (I.D. number) clearance I.D. mark :	2. relation with transmitter general transactional relation <input type="checkbox"/> main or branch office/ partnership <input type="checkbox"/> special relationship <input type="checkbox"/> family/ relative <input type="checkbox"/> others()	
3. use of imports samples <input type="checkbox"/> advertisement <input type="checkbox"/> repair <input type="checkbox"/> substitutes <input type="checkbox"/> gifts <input type="checkbox"/> production/manufacturing <input type="checkbox"/> others ()		
4. reasons of import (Describe in detail)		
Value declaration		
5. Has the payment been made?	With consideration Amount of payment () Means of payment Remittance <input type="checkbox"/> Direct cash payment <input type="checkbox"/> others()	Without consideration Method of value determination comparable price <input type="checkbox"/> price list <input type="checkbox"/> others()
6. price of the goods ()	7. amount to be added freight cost() insurance cost() other amount()	8. customs value(6+7) ()
<p>I confirm that the above declaration is true to the fact.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div> declarer position() name() </div> <div style="text-align: right;"> 200 . . . Tel.No.() </div> </div>		

[Annex 6 Form]

Ledger of provisional value declaration

Regis- tration number	Declara- tion date	Import declaration number	Liable tax payer(company name)	Goods importe d	Value declared				Period of definitive value declaration	Extended declaration period	Results of review		Other informat- ion
					Provisional value	Definitive value	Provisional addition rate	Definitive addition rate			collection	refund	
										+			

[Annex 7 Form]

Definitive Value Declaration Form			
<input type="checkbox"/> import declaration number (date of declaration)		<input type="checkbox"/> imported goods	
<input type="checkbox"/> date of declaration acceptance		<input type="checkbox"/> period of definitive value declaration	
<input type="checkbox"/> provisional value		<input type="checkbox"/> provisional addition rate	
<input type="checkbox"/> definitive value		<input type="checkbox"/> definitive addition rate	
<input type="checkbox"/> difference in value (<input type="checkbox"/> - <input type="checkbox"/>)		<input type="checkbox"/> difference in addition rate (<input type="checkbox"/> - <input type="checkbox"/>)	
<input type="checkbox"/> calculation of definitive value/ definitive addition rate :			
<p>I hereby declare a definitive value under the provisions of Article 28, Paragraph 2 of the Customs Act and Article 16, Paragraph 5 of the Enforcement Decree of the Act.</p> <p style="text-align: right;">Date:</p> <p style="text-align: right;">Declarer (seal)</p>			
Documents attached	1. invoice () 2. contracts () 3. Documents of various costs and other materials based on which calculation was made () 4. other proof materials () <input type="checkbox"/> In case where above documents do not exist, their submission is not required.		

[Annex 8 Form]

Application for Extension of Definitive Value Declaration Period				
applica nt	<input type="checkbox"/> company name		<input type="checkbox"/> representative	
	<input type="checkbox"/> address	(Tel.No)		
<input type="checkbox"/> date of import declaration	<input type="checkbox"/> import declaration number	<input type="checkbox"/> imported goods	<input type="checkbox"/> quantity	<input type="checkbox"/> provisionally declared value (provisional addition rate)
<input type="checkbox"/> customs collector in charge	<input type="checkbox"/> original declaration period	<input type="checkbox"/> extension period desired	<input type="checkbox"/> extension period accepted(filled in by the Customs)	
<input type="checkbox"/> reasons for application of extension :				
I hereby apply for the extension of definitive value declaration period under the provisions of Article 16, paragraph 4 of the Enforcement Decree of the Customs Act. <div style="text-align: right; margin-top: 20px;"> date of application: applicant (seal) </div>			This application has been accepted under the provisions of Article 16, Paragraph 4 of the Enforcement Decree of the Customs Act. <div style="text-align: right; margin-top: 20px;"> Date of acceptance: Customs Collector (seal) </div>	

[Table2]

Depreciating value for passenger cars and trucks

(unit:%)

Passage of time	Over 6 months	Over 1 year	Over 2 years	Over 3 years	Over 4 years	Over 5 years	Over 6 years	Over 7 years	Over 8 years	Over 9 years	Over 10 Years
Passenger car Trucks	93.3	88	76.6	64.8	52.9	42.5	33.7	26.1	19.4	14.2	10

[Table 3]

Depreciating value for motorcycles

mileage	Over 500km	Over 5,000km	Over 10,000km
Remaining value	95%	87%	80%

[Table 4]

(i) *Depreciating value for construction equipments*

(unit :%)

Passage of time Durable years	Less than 6 month	Over 6 months	Over 1 year	Over 2 years	Over 3 years	Over 4 years	Over 5 years	Over 6 years	Over 7 years
5 year	95.1	90.1	80.1	64.2	51.4	41.2	33.0		
6 year	95.8	91.6	83.1	69.2	57.4	47.7	39.6	33.0	
7 year	96.4	92.8	85.4	72.9	62.3	53.2	45.4	38.0	33.0

[Annex 9 Form]

Application of addition (or deduction) rate				
Applicant	<input type="checkbox"/> company name		<input type="checkbox"/> representative	
	<input type="checkbox"/> address	(Tel.No.)		
<input type="checkbox"/> imported goods	<input type="checkbox"/> import of the goods concerned for the recent 1 year	<input type="checkbox"/> duration of the import contract	<input type="checkbox"/> expected customs collector in charge	
	Number of cases: value(\):			
<input type="checkbox"/> factors applied	royalty() cost of engineering labor() after-importation profits () others()			
<input type="checkbox"/> application of addition/deduction rate	provisional(definitive)	addition rate:		
	provisional(definitive) deduction rate :			
<input type="checkbox"/> contents of the import transaction :				
<input type="checkbox"/> method for determining value :				
<p>I hereby apply for the addition (or deduction) rate to the Commissioner of Customs Service or the customs collector under the provisions of Article 30 of the Enforcement Decree of the Customs Act.</p> <p style="text-align: center;">Date of application</p> <p style="text-align: center;">Name of applicant (seal)</p>				
Documents attached	1. record of imports of the goods concerned for the last 1 year 2. basic contract on the transaction relation (technology transfer contract, etc.) 3. business plan regarding the imports 4. supply contract for the imports 5. other materials used for value determination 6. records on domestic sales price, profits, and general costs of the imported goods concerned for the recent 1 year			

[Annex 10 Form]

Determination of addition (or deduction) rate			
Applicant	<input type="checkbox"/> company name		<input type="checkbox"/> representative
	<input type="checkbox"/> address	(Tel.No)	
<input type="checkbox"/> goods to be imported	<input type="checkbox"/> expected Customs in charge	<input type="checkbox"/> adjusted amount	<input type="checkbox"/> addition or deduction rate
<input type="checkbox"/> contents of import transaction :			
<input type="checkbox"/> details of addition (or deduction) rate calculation:			
<input type="checkbox"/> effective period			
<input type="checkbox"/> Any changes in the relationship or contents of the transaction that led to the above determination should be immediately declared.			
<p>I hereby determine the addition (or deduction) rate under the provisions of Article 30 of the Enforcement Decree of the Customs Act.</p> <p style="text-align: center;">date of issuance:</p> <p style="text-align: center;">Commissioner of the Customs Service(Customs Collector)</p>			

[Annex 11 Form]

Application for Advance Ruling on Customs Value				
Applicant	<input type="checkbox"/> company name		<input type="checkbox"/> representative	
	<input type="checkbox"/> address	(Tel.No)		
<input type="checkbox"/> goods to be imported				
<input type="checkbox"/> planned period of importation			<input type="checkbox"/> expected Customs in charge	
<input type="checkbox"/> contents of application	Amount to be added under each Sub-paragraph of Article 30, Paragraph 1 of the Customs Act			
	Amount to be added or deducted from the amount actually paid as prescribed in Article 30, Paragraph 2 of the Customs Act			
	Whether the conditions prescribed in Article 30, Paragraph 3 of the Customs Act are met so that the customs value can be the transaction value			
	Whether the requirements of identical goods in kind and quality as prescribed in Article 31, Paragraph 1 of the Customs Act are met.			
	Whether the reasonable standards as prescribed in Article 35 of the Customs Act can be applied.			
<input type="checkbox"/> description of transaction and methods used for determining import price				
<p>I hereby apply to the Commissioner of the Customs Service/ the Customs Collector for an advance ruling on customs value under Article 37, Paragraph 1 of the Customs Act and Article 31, Paragraph 1 of the Enforcement Decree of the Act.</p> <p style="text-align: center;">Date of application:</p> <p style="text-align: center;">Applicant: (seal)</p>				
Documents attached :				

[Annex 12 Form]

Ledger of application for advance ruling on customs value

[illegible]

[Annex 13 Form]

Advance Ruling on Customs Value			
Applicant	<input type="checkbox"/> company name		<input type="checkbox"/> representative
	<input type="checkbox"/> address	(Tel.No)	
<input type="checkbox"/> goods to be imported			
<input type="checkbox"/> planned period of importation			<input type="checkbox"/> expected Customs in charge
<input type="checkbox"/> description of the transaction and the method used for determining price			
<input type="checkbox"/> result of advance ruling on customs value:			
<input type="checkbox"/> effective period			
<input type="checkbox"/> Any changes in relation or contents of the transaction, based on which above determination has been made, should be reported to the Commissioner of the Customs Service or the customs collector who has issued an advance ruling.			
<p>I hereby issue an advance ruling on customs value under Article 37, Paragraph 2 of the Customs Act and Article 31, Paragraph 3 of the Enforcement Decree of the Act.</p> <p style="text-align: center;">Date of issuance:</p> <p style="text-align: center;">Commissioner of the Customs Service/Customs Collector</p>			
Documents attached :			