

CUSTOMS ACT

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Act No. 2423, Dec. 30, 1972

Act No. 2469, Feb. 5, 1973

Act No. 2697, Dec. 21, 1974

Act No. 2793, Dec. 22, 1975

Act No. 2928, Dec. 22, 1976

Act No. 3109, Dec. 5, 1978

Act No. 3441, Apr. 13, 1981

Act No. 3478, Dec. 31, 1981

Act No. 3492, Dec. 31, 1981

Act No. 3666, Dec. 29, 1983

Act No. 3746, Aug. 7, 1984

Act No. 3754, Dec. 15, 1984

Act No. 3755, Dec. 15, 1984

Act No. 3981, Dec. 4, 1987

Act No. 4027, Dec. 26, 1988

Act No. 4286, Dec. 31, 1990

Act No. 4351, Mar. 8, 1991

Act No. 4674, Dec. 31, 1993

Act No. 4743, Mar. 24, 1994

Act No. 4813, Dec. 22, 1994

Act No. 4982, Dec. 6, 1995

Act No. 5194, Dec. 30, 1996

Act No. 5374, Aug. 28, 1997

Act No. 5419, Dec. 13, 1997

Act No. 5453, Dec. 13, 1997

Act No. 5583, Dec. 28, 1998

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The current Customs Act available on the Korea Customs Service's homepage reflects revisions taken in December 2000.

CHAPTER I GENERAL PROVISIONS

SECTION 1 GENERAL RULES

▶ Article 1 (Purpose)

The purpose of this Act is to properly administer matters pertaining to the assessment and collection of customs duties and the customs clearance procedures for goods imported and exported, and by means of securing revenues from customs duties to contribute to the development of the national economy.

▶ Article 2 (Definitions)

The definitions used in this Act as follows:

1. "Import" used in this Act means the delivery into Korea of goods(in the case of goods passing through a bonded area, delivery of such goods into Korea from such a bonded area) or consumed or used in Korea(including consumption or usage within method of transportation of Korea, except consumption or usage pursuant to each item of Article 239).
2. "Export" used in this Act means shipment of domestic goods to any foreign

country.

3. "Foreign goods" used in this Act means goods fall under the each item as follows:

- Goods which have arrived in Korea from abroad (including marine products, etc. caught by foreign vessels, etc. on the high seas), for which no declaration on import has yet been accepted pursuant to Article 241 (I) (hereinafter referred to as "import declaration").
- On which a declaration on export has already been accepted pursuant to Article 241 (I) (hereinafter referred to as "export declaration").

4. "Domestic goods" used in this Act means the goods related to the each item as follows :

- Goods which are in Korea and not foreign goods;
- Fishery products, etc. gathered and caught by Korean vessels, etc. on the high seas;
- Goods the declaration on import of which is accepted prior to entry into port pursuant to Article 244 (1) (hereinafter referred to as "import declaration prior to entry");

└ Goods released by the release approval prior to import declaration acceptance pursuant to Article 252; and

└ Goods release after immediate release declaration prior to import declaration pursuant to Article 253 (1).

5. "Foreign trade vessel" used in this Act means any vessel plying between Korea and any foreign country for the purpose of foreign trade.

6. "Foreign trade aircraft" used in this Act means any aircraft flying between Korea and any foreign country for the purpose of foreign trade.

7. "Domestic line vessel" used in this Act means any vessel engaged in sailing

exclusively within the territorial waters of Korea.

8. "Domestic line aircraft" used in this Act means any aircraft engaged in flight exclusively within Korea.

9. "Supplies for vessels" used in this Act means foodstuffs, fuel, expendable items, wire ropes, spare parts and accessories for repair, fixtures and such other similar goods as used solely on board vessels.

10. "Supplies for aircraft" used in this Act means goods to be used solely on board aircraft, which are similar to supplies for vessels.

11. "Supplies for vehicle" used in this Act means goods to be used solely on board vehicle, which are similar to supplies for vessels.

12. "Customs clearance" used in this Act means to export, import and return any goods in compliance with such procedure pursuant to this Act.

13. "Transshipment" used in this Act means to transship goods from the transportation measures entering land or port within the customs controlled territory to the transportation measures leaving land or port.

14. "Proprietier" used in this Act means the person related to the each item as follows:

- The person who obtains license for the foundation·operation of licensed bonded area pursuant to Article 174 (1).

- The person who declares the foundation·operation of integrated bonded place pursuant to Article 198 (1).

- ▶ Article 3 (Priority on Collection of Customs Duty)

(1) With regard to goods subject to customs duties, the customs duties thereon shall be collected prior to any other tax, public charge or claim.

(2) In cases where customs duties is collected according to the procedures for the collection of national tax, if the object of a delinquency disposition is

the property other than goods on which customs duties has been levied, the order of priority in collecting the said customs duties shall be equal to that given to the collection of any other national tax under the Framework Act on National Taxes.

▶ Article 4 (Assessment and Collection of Domestic Tax, etc.)

(1) In a case where the provisions of the Framework Act on National Taxes, the National Tax Collection Act, the Value-Added Tax Act, the Special Consumption Tax Act, the Liquor Tax Act, the Education Tax Act, the Traffic Tax Act and the Agricultural and Fishing Villages Special Tax Act and those Articles of this Act are in conflict with each other, as to the imposition, collection, refund, deficit disposal, etc. of the value-added tax, the special consumption tax, the liquor tax, the education tax, the traffic tax and the agricultural and fishing villages special tax (hereinafter referred to as "domestic taxes, etc.", but it includes the additional dues, additional tax and disposition fee for arrears of the domestic taxes, etc.) which are imposed and collected on imported goods by the collector of customs, the provisions of this Act shall apply in preference to those other domestic taxes.

(2) With regard to the assessment, collection and refund of additional dues, additional tax or disposition fee for arrears pursuant to the provisions of this Act, the provisions concerning the assessment, collection and refund of customs duties under this Act shall apply.

SECTION 2 Principles of Act Application etc.,

▶ Article 5 (Criteria for Interpretation of this Act, Prohibition of Retroactive Taxation)

(1) In respect of the interpretation and application of this Act, the duty payers' right to property shall not be unduly encroached on, in the light of equity in taxation and the purpose of the relevant Articles.

(2) Once a certain interpretation of this Act or customs practice has been generally accepted by the duty payers, conduct or calculation in accordance

therewith shall be considered as legitimate, and retroactive taxation by new interpretation or practice shall be prohibited.

▶ Article 6 (Faithful Sincerity)

Taxpayers should fulfill their obligation sincerely in conformity with faith as well as customs official should do when they perform the duty.

▶ Article 7 (Discretion limit of Customs Official)

Customs official on the performance of the duty according to their discretion, must observe the properly recognised limit in general according to the equity in taxation and the purpose of this Act.

SECTION 3 Period and Time limit

▶ Article 8 (Computation of Period and Time limit)

(1) On computing of any period specified in this Act, when there is an approval to release goods prior to acceptance of a import declaration pursuant to Article 252, the date of such approval shall be deemed that of acceptance of the import declaration.

(2) The Civil Act shall apply mutatis mutandis to the computation of any period specified in this Act, except as otherwise specifically prescribed in this Act.

(3) When the expiration date of any time limit specified in this Act falls on a holiday, or such day as prescribed by the Presidential Decree, the said time limit shall expire on the day after such holiday.

(4) When the operation of the electronic transaction device pursuant to Article 327 is stopped due to the obstacles as prescribed by the Presidential Decree that declaration, application, approval, permission, acceptance, delivery, notice, announcement, etc pursuant to regulation of this Act can not be made within the time limit pursuant to regulation of this Act, the said time limit shall expire on the day after the obstacles' restoration.

▶ Article 9 (The time limit of customs duty payment etc.)

(1) The time limit of customs duty payment except otherwise regulated pursuant to this Act, classified by each subparagraph as follow :

1. In case of tax payment declaration is made pursuant to Article 38 (1), within fifteen days from the day of tax payment declaration acceptance
2. In case of tax payment notice is made pursuant to Article 39 (3), within fifteen days from the day of receiving notice of tax payment.
3. In case of immediate release declaration is made prior to import declaration pursuant to Article 253 (1), within fifteen days from the day of import declaration.

(2) Tax payers can pay the tax amount prior to acceptance of import declaration in spite of the regulation of Paragraph 1.

▶ Article 10 (Extension of Time Limit owing to Natural Calamity or Disaster, etc.)

In cases where it is deemed that submission of a declaration, application, request form or document, or notification, payment and collection prescribed in this Act may not be fulfilled within the time limit designated owing to a calamity, disaster or other causes prescribed by the Presidential Decree, the customs collector may grant either the extension of said time limit or the payment of customs duties by installments, within a period not to exceed one year, as prescribed by the Presidential Decree.

SECTION 4 Delivery of Documents etc.

▶ Article 11 (Delivery of tax payment notice)

(1) Any notice of duty payment shall be delivered by mail or by courier except in the case of an on-the-spot delivery to a person liable for the payment of the duty.

(2) When the domicile, temporary domicile, place of business or office of a person liable for the payment of the duty is unknown that customs duty payment notice can not be delivered, the customs collector may publicly notify matters concerning the notice of duty on the bulletin board of the customshouse concerned or in any other suitable place.

(3) In the case of details of tax payment notice is publicly noticed under paragraph 2, person liable for the payment of the duty shall be regarded as having received the notice of payment at the expiration of fourteen days from the date of public notice.

▶ Article 12 (Filing period of Declaration Documents)

Any person who has made a declaration of value, tax payment, import/export or bonded transportation, shall keep the materials related to the declaration within five years from the declaration is made, for the period as prescribed by the Presidential Decree.

SECTION 5 Customs Deliberation Committee

▶ Article 13 (Customs Deliberation Committee)

(1) The Customs Deliberative Committee shall be established in the Ministry of Finance and Economy for deliberating on important matters concerning customs duties policy under this Act.

(2) Matters necessary for the organization, function or operation, etc. of the Customs Deliberation Committee shall be prescribed by the Presidential Decree.

CHAPTER II VALUE ASSESSMENT AND IMPOSITION / COLLECTION OF CUSTOMS DUTIES etc.

SECTION 1 GENERAL RULES

▶ Article 14 (Dutiable Goods)

Customs duty shall be levied on any imported goods.

▶ Article 15 (Standard of Assessment)

The standard of assessment of customs duties shall be based on the price or quantity of imported goods.

▶ Article 16 (Time at which Dutiability is Determined on Goods)

Customs duties shall be levied on the basis of the quality and quantity of goods at the time of the import declaration (including import declaration prior to entry port. Hereinafter same in this Article). Provided, the goods falling under any of the following subparagraph shall be subject to customs duties on the basis of the quality and quantity thereof at such time as prescribed in any of the subparagraph concerned:

1. With regard to goods on which customs duties are collected pursuant to the provision of Article 143 (4) (including applicable case pursuant to the provision of Article 151 (2)), at the time when the permit for loading is granted;
2. With regard to goods on which customs duties are collected pursuant to the provision of Article 158 (5), at the time when the approval of repair work outside bonded area is granted;
3. With regard to goods on which customs duties are collected pursuant to the provisions of Article 160 (2), at the time when goods are lost or scrapped;
4. With regard to goods on which customs duties are collected pursuant to the provisions of Article 187 (6) (including applicable case pursuant to the provision of Article 195 (2), 202 (3)), at the time when the permit or declaration on bonded work outside bonded factories, bonded construction site, and integrated bonded area is granted;
5. With regard to goods on which customs duties are collected pursuant to the provision of Article 131, at the time when a report on bonded

transportation is made, or the approval for it is granted;

6. With regard to consumable or usable goods prior to acceptance of import declaration (except goods which is not regarded as consumption or usage as import pursuant to the provision of Article 239), at the time when such goods are actually consumed or utilized;

7. With regard to goods which are released after immediate release declaration prior to import declaration pursuant to the provision of Article 253 (1), at the time when such release is declared;

8. With regard to goods imported by mail, at the time when goods arrive at a customs clearance post office(hereinafter referred to as customs clearance post office) pursuant to the provision of Article 256;

9. With regard to goods stolen or lost, at the time when they are either stolen or lost;

10. With regard to goods being sold pursuant to the provision of this Act, at the time when they are sold; and

11. With regard to goods imported without making the import declaration (excluding those as referred to in subparagraph 1 to 10), at the time when the goods are imported.

▶ Article 17 (Applicable Acts or Subordinate Statutes)

Customs duty shall be levied pursuant to the provisions of Acts and subordinate statutes in force at the time of the import declaration: Provided, That goods falling under any of the following subparagraph shall be liable to customs duties pursuant to the provisions of Acts and subordinate statutes on such date as prescribed in any of subparagraph concerned:

1. With regard to goods falling under any of subparagraph of Article 16, on the date when the respective facts have taken place.

2. With regard to foreign goods which are introduced into a bonded construction site pursuant to the provisions of Article 192, on the date when

the import declaration is accepted before usage;

▶ Article 18 (Foreign Exchange Rate Applicable to Assessment)

In the case of determining the customs value in Korean currency of the value expressed in foreign currency, the Commissioner shall determine the exchange rate on the average of the selling rate of foreign exchange applied during the calendar week immediately preceding the week which contains the date prescribed in Article 17 (in the case of goods entered into a bonded construction site, it is said the date of the import declaration).

▶ Article 19 (Liable Duty Payer)

(1) A person who falls under any of the following subparagraph shall be liable payer of customs duties:

1. With regard to goods for which an import declaration has been filed, the owner who has imported said goods (in the case of the owner is unknown, it is the person who falls under any of the following subparagraph. Hereinafter same in this Article) : Provided, That when the domicile or temporary domicile of the owner who has imported the said goods is unknown, or when the import declarant fails to identify the owner, in the case of any deficiency of customs duties paid or payable with respect to goods which have been brought into Korea upon acceptance of import declaration or release upon release approval prior to acceptance of import declaration pursuant to the provisions of Article 252, the import declarant shall be liable to pay the customs duties thereon jointly with the owner of the said goods;

■ In the case of imported goods by the import companies which is consigned with importation, the person who consigned with import of the goods;

■ If the case is not of imported goods by the import companies which is consigned with importation, receiver stated in commercial document prescribed by the Presidential Decree;

■ In the case of the transfer prior to import declaration of import goods, an

assignee thereof;

2. With regard to goods levied customs duty pursuant to the provision of Article 143 (4) (including applicable case pursuant to the provision of Article 151 (2)), the person who has been granted a permit of loading;

3. With regard to goods levied customs duty pursuant to the provision of Article 158 (5), the person who has been granted an approval of bonded work outside the bonded area;

4. With regard to goods levied customs duty pursuant to the provision of Article 160 (2), either proprietor or custodian thereof;

5. With regard to goods levied customs duty pursuant to the provision of Article 187 (6) (including applicable case pursuant to the provision of Article 195 (2), 202 (3)), the person who has been granted either a permit or a declaration on bonded work outside bonded factories, bonded construction site, and integrated bonded area;

6. With regard to goods levied customs duty pursuant to the provision of Article 217, the person who has been granted either a approval or a declaration on bonded transportation;

7. With regard to goods that is not fall under the goods which is not regarded as consumption or usage as import pursuant to the provision of Article 239, the consumer or user of such goods thereof;

8. With regard to goods levied customs duty pursuant to the provision of Article 253, the person who immediately released such goods;

9. With regard to goods imported by mail, the addressee thereof;

10. With regard to stolen goods or lost goods, the person prescribed in each item as follows:

- The stored goods in bonded area, such proprietor or cargo manager pursuant to the provision of Article 172 (2) (hereinafter referred to as "cargo

manager");

- The goods of bonded transportation, the person who has been granted a permit or a approval of declaration;
- Other goods, such custodian or an agent thereof;

11. A person otherwise designated to be a person liable for the payment of the duty pursuant to the provisions of this Act or other Acts; and

12. With regard to goods other than those enumerated in each of subparagraph 1 through 11, the owner or possessor thereof.

(2) In the case of where an owner of goods or declarant referred to the provisions of paragraph (1) 1 and a person referred to the provisions of paragraph (1) 2 through 11 become concurrently responsible for the payment of customs duties, the latter shall be the person liable for the payment of the duty.

(3) Persons who guarantee liability for the payment of customs duties pursuant to the provisions of this Act, or other Acts and subordinate statutes, treaties or agreements shall be responsible for the payment of such duties within the guaranteed limit.

(4) The provisions of Articles 38 through 41 of the Framework Act on National Taxes shall apply mutatis mutandis to the collection of the customs duties.

(5) The second person who is liable to pay the customs duties pursuant to the provisions of Articles 38 through 41 of the Framework Act on National Taxes applicable mutatis mutandis pursuant to the provisions of paragraph (4) of this Article shall incur the obligation for payment when no goods are furnished as the security for customs duties and the persons liable to pay the customs duties or those who guaranteed its payment do not fulfill their obligation.

(6) If the person liable to pay the customs duties (including the person who guarantees liability for its payment, and the second person who is also liable hereinafter in this Article, the same shall apply) fails to pay customs duties,

additional dues, additional tax or disposition fee for arrears and has the property transferred for security prescribed in Article 42 (2) of the Framework Act on National Taxes, the customs duties, additional dues, additional tax or disposition fee for arrears may, in cases where the amount to be gained by the delinquency disposition of his other properties does not cover them, be collected from the said property transferred for security by applying mutatis mutandis the provisions of Article 13 of the National Tax Collection Act , except in case of property which becomes the object of security for such transfer before the day on which the payment of customs duties is notified (in the case of the notification of assessment under Article 39, the day such notification of payment is sent).

SECTION 2 EXTINCTION, etc. OF LIABILITY FOR DUTY PAYMENT

▶ Article 20 (Extinction of Liability for Duty Payment)

Liabilities to pay customs duties, increased or additional duties, or expenses for the collection of duties unpaid shall become extinct in cases where they fall under any of the following subparagraph:

1. In cases of payment, appropriation of payments;
2. In cases of cancellation of levied duty;
3. In cases where the customs duties imposition period expires without the imposition of customs duties within such period pursuant to the provision of Article 21; or
4. In cases of satisfaction of the requirements of negative prescription of the right to collect customs duties pursuant to the provision of Article 22.

▶ Article 21 (Time Limits for Imposition of Customs Duties)

(1) No customs duties may be imposed two years after the date when the duties may be imposed: Provided, in cases where they fall under any of the following subparagraph, no customs duties may be imposed five years after

the date when the duties may be imposed:

1. In cases where, through fraud or other unfair ways, customs duties have been evaded, remitted or refunded; or

2. In cases where the amount of duties payable is insufficient because of the failure or omission of the declaration of price in contravention of Article 27 (1).

(2) In the case of falling under each subparagraph as follows, a ruling of rectification and other necessary actions can be taken by the decision or judgement before the expiration of one year from the date of the irrevocable decision or judgement regardless of the provision of paragraph (1):

1. In the case of determination on demurrer, review, or appeal pursuant to the provision of Chapter 5 Section 2(Article 119 through Article 132);

2. In the case of determination on review pursuant to the Board of Audit and Inspection Act;

3. In the case of judgement on legal proceeding pursuant to the administrative litigation; and

4. In the case of determination on returning confiscated goods pursuant to the provision of Article 313.

(3) The date when customs duties may be imposed by paragraph (1) above shall be determined by the Presidential Decree.

▶ Article 22 (Negative Prescription of Rights of Collection of Customs Duties, etc.)

(1) The rights to collect customs duties shall be subject to five years of negative prescription from the date when such rights are enforceable.

(2) Negative prescription is completed after the expiration of two years from the date when any person subject to payment of duties may exercise his right for drawback of the amount in excess of regular duties or other customs

duties paid by mistake.

(3) The date when the rights to collect customs duties are enforceable and to claim drawback of other customs duties such as payment in excess by mistake under paragraph (1) and (2) above shall be determined by the Presidential Decree.

▶ Article 23 (Interruption and stoppage of Extinctive Prescription)

(1) The extinctive prescription of the right to collect customs duties shall be interrupted by the causes of each subparagraph as follows:

1. Delivery of a notice of payment;
2. Disposition of rectification;
3. Urging of payment (including a peremptory notice of payment);
4. Notification disposal;
5. Accusation;
6. Indictment pursuant to the provisions of Article 16 of the Aggravated Punishment, etc. of Specific Crimes Act claim for delivery or attachment;
7. Delivery of demand; and
8. Confiscation.

(2) The extinctive prescription of the right to claim drawback shall be suspended by the exercise of the right of drawback claim.

(3) The extinctive prescription of the right to collect customs duties shall not run during the period for installment payment of customs duties or the period of deferment of collection thereof.

(4) The pertinent provisions of the Civil Act shall apply mutatis mutandis to the extinctive prescription of the right to collect customs duties or claim the drawback of customs duties, except as otherwise prescribed in this Act.

SECTION 3 Security for Duty Payment

▶ Article 24 (Kind of Security)

(1) Security to be provided pursuant to the provisions of this Act shall be as follows:

1. Money;
2. Debts and bonds issued by the government or the local government;
3. A bank guarantee for payment;
4. Securities listed on the Korea Stock Exchange, as designated by the Presidential Decree;
5. An insurance policy as a guarantee for payment of taxes;
6. A credit guarantee issued by the Credit Guarantee Fund pursuant to the provisions of the Credit Guarantee Fund Act;
7. A credit guarantee issued by the Technology Credit Guarantee Fund pursuant to the provision of the Financial Assistance to New Technology Businesses Act;
8. Immovable property;
9. As Registered or recorded ships, aircraft and construction machines, insured;
10. A guarantee by surety prescribed by the Presidential Decree; and
11. Promissory notes issued or guaranteed by a person who is recognized by the Commissioner of the Korea Customs Service.

(2) A guarantee and security as referred to in paragraph (1) 3 and 5 through 7 shall include such contents that, if the customs collector requests it, the

amount to be paid by a specified person is paid to the customs collector at any time after a specified period.

(3) Particulars necessary for security prescribed in paragraph (1) shall be prescribed by the Presidential Decree.

(4) When it is necessary for a person liable for the payment of the duty to continue to furnish security pursuant to the provisions of this Act, security equivalent to the total value which shall be furnished during a certain period may, in advance, be furnished to the customs collector under the conditions as prescribed by the Commissioner of the Korea Customs Service.

▶ Article 25 (Appropriation of Security for Payment of Customs Duty)

(1) When a person liable for the payment of the duty who has furnished a security fails to pay the customs duties within the payment period, the customs collector may, as prescribed by the Ordinance of the Ministry of Finance and Economy, appropriate such security for the customs duties unpaid. In this case, when the money furnished as security is appropriated for the customs duties, the provisions of Article 41 shall not apply even if such appropriation takes place after the expiration of the payment period.

(2) The customs collector shall refund the balance, if any, which is derived from such appropriation of security for the customs duties under paragraph (1), to the person who has furnished the security and if such refund is impossible, he may place the balance in a public depository.

(3) In a case where a person other than the person liable for the payment of the duty guarantees the payment of customs duties, the customs collector shall appropriate the security for the customs duties, and refund any balance thereof directly to the said guarantor.

▶ Article 26 (Duty Collection in Cases of No Security Furnished)

(1) With regard to the collection of customs duties on goods for which no security has been furnished or for which duty collected has fallen short, the procedures prescribed in the Framework Act on National Taxes and the

National Tax Collection Act shall be applicable, except as otherwise prescribed in this Act.

(2) In the case of a delinquency disposition, the customs collector may collect such disposition fee for arrears as is equivalent to the expense necessary for attachment, custody, transportation or public auction of properties.

SECTION 4 Declaration of Customs Value and Determination

SUBSECTION 1 Declaration of Value etc.

▶ Article 27 (Declaration of Value)

(1) When the person liable for the payment of the duty files an import declaration, he shall declare the value of the goods concerned to the customs collector as prescribed by the Presidential Decree (hereinafter referred to as the "value declaration"): Provided, if it is deemed necessary for efficient customs clearance, the value declaration may be filed before the date of the import declaration of the goods concerned under the conditions as prescribed by the Presidential Decree.

(2) The value declaration shall be accompanied by data related to the determination of the customs value (hereinafter referred to as the "data for assessment") under the conditions as prescribed by the Presidential Decree.

(3) With respect to such goods deemed not difficult to determine the customs value thereof, and prescribed by the Ordinance of the Ministry of Finance and Economy, the value declaration may be omitted.

▶ Article 28 (Declaration of Provisional Value)

(1) In making a value declaration, if the value to be declared is not determined definitely, and in such case as prescribed by the Presidential Decree, the person liable for payment of the customs duties may declare the provisional value. In this case, the method of declaration and other necessary matters

shall be determined by the Presidential Decree.

(2) If the person liable for payment of the customs duties declared the price of goods on the basis of the provisional value under paragraph (1), he shall forthwith report the settled value of the goods to the customs collector, within a period determined by the Presidential Decree.

(3) The customs collector shall, upon receiving the declaration as referred to in paragraph (2), collect or drawback the difference between the customs amount declared and paid on the basis of the provisional value and that calculated on the basis of the determined value, under the conditions as prescribed by the Presidential Decree.

▶ Article 29 (Research and Report on Value)

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

SUBSECTION 2 Determination of Customs Value

▶ Article 30 (Principles for Determination of 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 when sold for export to Korea, adjusted by adding the following amount to the value: Provided, in adding the following amount, it shall be based on the objective and qualifiable materials, and if not, the customs value shall be determined not by the method as referred to in this Article, but by those as prescribed in Articles 31 through 35.

1. Commissions and brokerage incurred by the buyer except purchase commissions;

2. The cost of containers considered to be incorporated with the goods concerned, and labor and material expenses needed for packing the goods, which the buyer bears;

3. In case where the buyer supplies goods and services, as prescribed by the Presidential Decree, directly or indirectly, free of charge or at a reduced price for the purpose of producing and, exporting such goods, the reduced price or the balance resulting from the reduction;

4. The amount to be paid as the consideration for the use of the patent, utility model, design or trademark right, and similar rights, and calculated under the conditions as prescribed by the Presidential Decree;

5. The amount reverted directly or indirectly to the seller from among proceeds accrued from a resale, disposal or use of the goods after importing them; and

6. The freight and any premium paid to an importing harbor, and other expenses related to transportation, which are determined under the conditions as prescribed by the Presidential Decree: Provided, in case of goods as prescribed by the Ordinance of the Ministry of Finance and Economy, the whole or part of them may be excluded.

(2) For the purpose of the text of paragraph (1), the term "the value actually paid or payable by the buyer" means the total payment made or to be made by buyer as the value of the imported goods concerned, and it includes the amount that the buyer sets off the price of the imported goods against any obligation of the seller, the amount when the buyer performs the seller's obligation, and other indirect payments: Provided, if is distinguished obviously from the total payment made or to be made by the buyer, it means the amount obtained by deducting the latter from the former:

1. Expenses needed for construction, installation, assembly, or maintenance of such imported goods, which are executed after import, or any technical support on such imported goods;

2. Expenses related to the freight, premium and other expenses required for

the transportation of the imported goods after arriving at the importing port;

3. Taxes, such as the customs duties, etc., and other public charges, which are imposed on the imported goods in Korea; and

4. In a case of the deferred payment import, the deferred payment interest on the imported goods.

(3) The customs value of the goods shall not be the transaction value as referred to in paragraph (1), but be subject to the provisions of Articles 31 through 35, in the following cases:

1. Where any restriction is imposed on a disposal or use of the goods, except in such case as prescribed by the Presidential Decree;

2. Where the conclusion of the transaction or determination of the value on the goods is influenced by any condition or circumstances not countable in value;

3. Where a part of the proceeds accrued from a resale, disposal or use after import of the goods is reverted directly or indirectly to the seller, except in a case where it is possible to adjust properly under paragraph (1); and

4. Where a special relation as prescribed by the Presidential Decree (hereinafter referred to as the "special relation") between the buyer and the seller has any influence on the value of the goods.

(4) Where, in the declaration of a value, a person liable to pay the customs duties files a declaration of the price on the basis of the transaction value under paragraph (1), if a customs collector deems it difficult to accept the declaration value as the customs value because the declaration price is substantially different from the transaction value of the same kind and quality of or similar goods as prescribed by the Presidential Decree, the customs collector may request that the person liable to pay the duties submit materials proving that the declaration price is true under the conditions prescribed by the Presidential Decree.

(5) If a person liable to pay the duties fails to submit materials requested under paragraph (4) or it is deemed that the submitted materials are insufficient to prove the declaration price as the customs value, the customs collector shall determine the customs value under the provisions of Articles 31 through 35 instead of the provisions of paragraph (1) through (2) above. In this case, the customs collector shall notify the person liable to pay the duties of the reasons why the declaration value can not be accepted as the customs value and the contents of the determination of the customs value.

▶ Article 31 (Determination of Customs Value on Basis of Transaction Value of Similar and Identical Goods)

(1) If the customs value of the imported goods can not be determined pursuant to Article 30, it shall be based on the transaction value of identical goods, which once was taken as the customs value and meets the requirements referred to in the following subparagraph:

1. The identical goods shall have been produced in such country as determines the customs value and shall have been shipped at the shipping date of the goods or in a period in which there is no change in the market conditions or commercial practices so as to have any effect on the price before and after the shipping date; and

2. The identical goods shall be equal to the goods being valued in the transaction process, transaction quantity, distance and modes of transport, etc. and adjustments shall be made taking into account the differences between them.

(2) If two or more transaction values for goods of the same class and kind are found in applying the provisions of paragraph (1), the customs value of them shall be based on the price of goods most similar to such goods in light of the producers, the time, phases, quantity, etc. of the transaction (hereinafter referred to as the "contents, etc. of the transaction"), and if there exist two or more goods with the same contents, etc. of the transaction and two or more prices, the customs value shall be determined on the basis of the lowest price.

▶ Article 32 (Determination of Customs Value on Basis of Transaction Value of Similar Goods)

(1) If the customs value of imported goods cannot be determined pursuant to Article 30 or 31, it shall be based on the transaction value of similar goods, which formerly was taken as the customs value and meets the requirements described in subparagraph of Article 31 (1).

(2) If, in applying paragraph (1) of this Article, two or more transaction value for similar goods are found, the customs value shall be based on the value of goods corresponding to those most similar to such goods in the contents, etc. of the transaction, and if there are two or more goods similar in the contents, etc. of the transaction and two or more value thereof, the customs value shall be determined on the basis of the lowest value.

▶ Article 33 (Determination of Customs Value on Basis of Selling Price in Country)

(1) If the customs value of imported goods cannot be determined pursuant to Articles 30 through 32, the assessment value shall be the value which deducts the sum of subparagraph 2 through 4 from the amount of subparagraph 1. Provided, the provisions of Article 34 may apply at the request of the person liable for the payment of the duty:

1. The calculated amount shall be based on the unit price at which the imported identical goods or similar goods are sold in the country, in the condition as imported, in the greatest aggregate quantity to persons who are not related to the exporter, importer or seller thereof from the date of the import declaration of the goods being valued or at the same time as the date of the import declaration;

2. Either the commissions usually paid or agreed to be paid or the additions made for profit and general expenses in connection with sales in the country of imported goods of the same class and kind;

3. The usual costs of transport and insurance and associated costs in the

country after arrival of goods at the port of importation; and

4. The taxes or other public imposts paid or payable in connection with in the country by reason of the importation or sales of the goods concerned.

(2) If neither the imported goods nor identical nor similar goods are sold in the country in the same condition as imported, if the liable duty payer so requests, the customs value shall be the value calculated by deducting the following amounts from the amount calculated based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the exporter thereof:

1. Amounts described in paragraph (1) 2 through 4; and
2. Such value added by such processing in the country

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

If the customs value of imported goods cannot be determined pursuant to Articles 30 through 33, it shall be based on a computed value which shall consist of the sum of the followings:

1. The cost or value of materials and fabrication or other processing employed in producing the imported goods;
2. An amount for profits and general expenses equal to that usually reflected sale 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; and
3. The costs of transport and insurance and other associated costs of transport of the imported goods to the port of importation, which are determined under Article 30 (1) 6.

▶ Article 35 (Determination of Customs Value on Reasonable Basis)

If the customs value of the imported goods cannot be determined pursuant to Articles 30 through 34, the customs value shall be determined on a reasonable basis consistent with the principles prescribed in Articles 30

through 34, under the conditions as prescribed by the Presidential Decree.

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

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

▶ Article 37 (Prior Examination of Customs Value)

(1) If a person who is liable to declare the payment of duty under Article 38 (1), has any doubt about the following matters which are the basis of the determination of the customs value, he may request the Commissioner of the Korea Customs Service or customs collector to examine it in advance with documents as prescribed by the Presidential Decree before the declaration of value:

1. The amount to be added or deducted, in calculating the amount as prescribed in each subparagraph of Article 30 (1), or the price of the goods which the buyer has actually paid or has to pay under paragraph (2) of the said Article;
2. Whether or not it meets the requirements as prescribed in each subparagraph of Article 30 (3); and
3. Other important matters which are the basis of the customs value determination, and prescribed by the Presidential Decree.

(2) The Commissioner of the Korea Customs Service or customs collector shall, upon receiving a request as referred to in paragraph 1, examine it and deliver a written preexamination of customs value (hereinafter referred to as the "written preexamination") to the requesting person within one month.

(3) In a case where a person liable for the payment of customs duties has made a declaration of duty payment as prescribed in Article 38 (1) on the basis of the written preexamination if it is deemed that the person liable for

the payment of the duty is identical with the requesting person as referred to in paragraph I, and the goods the import of which is declared, and the declaration of value thereof corresponds to the contents of the written preexamination, the customs collector shall determine the customs value in conformity with the contents of the written preexamination, unless there is any special reason as prescribed by the Presidential Decree.

SECTION 5 Assessment and Collection

SUBSECTION 1 Determination of Duty Amount

▶ Article 38 (Declaration and Payment)

(1) Any person who desires to import goods (excluding goods notified by the customs collector under Article 39) shall, upon making a declaration of import, make a declaration on payment of the customs duties (hereinafter referred to as the "declaration of duty payment") to the customs collector under the conditions as prescribed by the Presidential Decree.

(2) The customs collector shall, upon receiving a duty declaration, examine matters specified in the import declaration notice and those, etc. confirmed under this Act, but examine the declared duty amount only after accepting the declaration for import: Provided, in case of such goods as prescribed by the Ordinance of the Ministry of Finance and Economy, if it is deemed difficult to secure the customs obligation as to the declared duty amount, or improper to examine the duty amount after accepting the declaration for import, the declared duty amount shall be examined before the declaration for import is accepted.

(3) If the duty amount paid after declaration is deficient, the person liable for the payment of the duty may make a revised declaration under the conditions as prescribed by the Presidential Decree. In this case, the person liable for the payment of the duty shall pay the duty at the same time as such revised declaration.

(4) Any person subject to payment of duties may file requests for reliquidation

of the amount of duties declared for payment pursuant to the Presidential Decree, within two years from the date of the initial declaration of duties, where it appears to him that the amount of duties declared for payment is excessive. In the above case of requests for reliquidation, the chief-officer of the customs station shall give notice with regard to the reliquidation of the amount of duties or the absence of grounds for the reliquidation to the requesting person within two months after the date of the requests.

(5) The chief-officer of the customs station shall vary the amount of duties pursuant to the Presidential Decree, where it appears to him that the amount of duties paid or declared, or requested for reliquidation under paragraph (4), by the person subject to payment of duties is determined excessive or insufficient after the assessment of the amount in accordance with the proviso of paragraph (2).

(6) If the person liable for the payment of the duty finds before payment of the duty amount that any excess or deficiency exists in the declared tax amount, he may correct the duty amount in such a manner as to revise the duty amount the payment of which is declared under the conditions as prescribed by the Presidential Decree. In this case, the term of payment shall be the original one.

▶ Article 39 (Notice of Assessment)

(1) Notwithstanding the provisions of Article 38, the collector of the customs duties shall impose and directly collect the customs duties, in the following cases:

1. Where it falls under subparagraph 1 through 6 or subparagraph 8 through 11 of Article 16, and the customs duties is collected thereby;
2. Where any facilities constructed at a bonded construction site are operated before the import declaration is accepted under Article 248;
3. Where any goods stocked in a bonded area as prescribed by this Act (including the place of storage permit other than bonded area as prescribed in Article 248) are carried out before the import declaration is accepted under

Article 141-2;

4. In the case of notice of assessment by having difficulty in determining customs value and customs tariff;

5. Where immediately release goods as prescribed in the provision of Article 253, have not made import declaration within the period of paragraph (3) of the said Article as collecting customs duties;

6. Where a declaration of the duty payment as prescribed in Article 38 is improper, as determined by the Ordinance of the Ministry of Finance and Economy.

(2) If the collector of the customs duties knows that the already collected amount is insufficient due to any error in application of the provisions, etc. concerning the customs base, duty rates, reduction and exemption of customs, or for any other reason, he shall collect the shortage.

(3) When the customs collector intends to collect customs duties under paragraphs (1) and (2), he shall, as prescribed by the Presidential Decree, give a notice of payment to the person liable for the payment of the duty.

▶ Article 40 (The Boundary of Collecting Duties)

Where payable tax amount by tax payers is less than the amount prescribed by the Presidential Decree, customs collector shall not collect.

▶ Article 41 (Additional Dues)

(1) When customs duties has not been paid in full within the payment period, additional dues equivalent to 5/100 of the delinquent amount shall be collected from the date on which the payment period has expired.

(2) When delinquent customs duties has not been paid, additional dues, equivalent to 12/1000 of the delinquent amount (hereinafter referred to as "heavy additional dues" in this Article) shall be collected for every month after the expiration of the payment period, in addition to the additional dues as prescribed in paragraph (1): in this case, the period of collecting the

calculated heavy additional dues shall not exceed 60 months.

(3) The provisions of paragraph (2) shall not apply to delinquent customs duties (including the domestic tax, if any, to be collected by the customs collector) of five hundred thousand won or less.

(4) The provisions of paragraphs (1) through (3) shall not apply to goods which are directly imported by the Government or the local government designated by the Presidential Decree.

▶ Article 42 (Additional Duties)

(1) If the deficient customs duties is to be collected under Article 38 (3) or (5), the customs collector shall collect as additional duty the amount as determined by the Presidential Decree in the limit of 20/100 of the deficient duty amount, except in a case the tax amount payed after declaration of payment on the bases of provisional value declaration as prescribed by the Presidential Decree.

(2) If a person liable for the payment of the duty makes a revised declaration within six months after acceptance of import declaration pursuant to the provision of Article 38 (3), the customs collector shall collect the additional duty amount as referred to in paragraph (1) with 50/100 thereof reduced.

▶ Article 43 (On-the-Spot collection of Customs Duty)

(1) The customs duties on goods falling under any of the following subparagraph may be collected at the place of customs clearance by a public official who inspected the goods concerned:

1. Personal effects of passengers; and
2. Goods unloaded on a wrecked vessel, and stored at a place other than a bonded area.

(2) When a public official who has inspected goods collects customs duties pursuant to the provisions of paragraph 1, he shall cause another public official to be present except in a case where there are unavoidable

circumstances.

(3) Any public official other than an authorized cashier, who has collected customs duties pursuant to the provisions of paragraph (1), shall immediately turn over the duty collected to an authorized cashier.

(4) When any public official other than an authorized cashier neglect the highest degree of care and diligence as a good and honest custodian has lost the money received under the provisions of paragraph (1), he shall be liable for the compensation thereof.

SUBSECTION 2 Deficit Disposal etc.

Article 44 (Deficit Disposal)

(1) In circumstances falling under any of the following subparagraph with respect to a person liable for the payment of the duty, the customs collector may make a deficit disposal of the customs duties concerned:

1. When the right to collect customs duties has expired by extinction by prescription;
2. When a delinquency disposition for failure to pay customs duties is completed, and the amount appropriated for the delinquent duty falls short of the delinquent duty;
3. When there remains no surplus after the estimated value of the total property which is the object of a delinquency disposition has been appropriated for the expenses for such disposition; and
4. When it is impossible to collect the delinquent duty because the delinquent cannot be found or because his properties are devoid of value.

(2) In cases where after liquidation of the liability for a bad delinquency pursuant to the provisions of paragraph (1), the customs collector discovers that there has been attachable property at the time of the said liquidation, he shall, without delay, withdraw the said liquidation and make the delinquency

disposition thereon.

(3) In case of providing delinquency in payment or deficit disposal document by demanding from a Credit Information Agent or a Credit Information Management Agency pursuant to the provision of Article 2 of the Use and Protection of Credit Information Act where necessary case for the purpose of duty collection or public benefit, the customs collector shall provide said information pursuant to the provision of Article 7-2 of the Framework Act on National Taxes.

▶ Article 45 (Delinquent Customs Duty Settlement Board)

(1) For the purpose of deliberating on matters related to the settlement of delinquent customs duties (including the domestic tax, etc. collected by the customs collector), the Delinquent Customs Duty Settlement Board may be established in the Korea Customs Service or in customshouses.

(2) Particulars necessary for the organization and operation of the Delinquent Customs Duty Settlement Board referred to in paragraph (1) shall be prescribed by the Presidential Decree.

SUBSECTION 3 Drawback, etc. of Erroneous Payment

▶ Article 46 (Drawback of Duty Overpaid or Erroneously Paid)

(1) If a person liable for duty payment requests a refund of any erroneous payments of the customs duties, additional dues, additional tax or disposition fee for arrears, the collector of the customs shall refund it without delay, under the conditions as prescribed by the Presidential Decree, and if there is any erroneous payment which the collector of the customs duties confirms directly, he shall drawback it, even though the person liable for the customs payment does not request it.

(2) In cases of a refund pursuant to the provisions of paragraph (1), when there remain customs duties, other taxes, additional dues, additional tax or a disposition fee for arrears due and payable by the person subject to drawback to the customshouse, the customs collector may appropriate the drawback of

the amount due and payable.

(3) The title held by a person liable for the payment of the duty with regard to erroneously paid duty may be transferred to a third person under the conditions as prescribed by the Presidential Decree.

(4) The refund pursuant to the provisions of paragraph (1) shall be made, as prescribed by the Presidential Decree, by the Bank of Korea from the customs revenues received by the customs collector concerned, notwithstanding the provisions of Article 18 of the Budget and Accounting Act.

▶ Article 47 (Collection of Customs Duty Over-drawback)

(1) When the customs collector has found that the amount refunded pursuant to the provisions of Article 46 is in excess of the correct amount refundable, he shall collect the overpayment from the person subject to drawback.

(2) When the customs collector collects the excess refunded amount of customs duties, additional dues, additional tax or disposition fee for arrears under the provision of paragraph (1), he shall add to the excess drawback amount such amount as calculated according to the interest rate as prescribed by the Presidential Decree for a period from the day following the day on which the excess drawback is made, to the day on which the collection thereof is decided.

▶ Article 48 (Additions to Drawback)

When refunding or appropriating overpaid or erroneously paid customs duties, additional dues, additional tax or a disposition fee for arrears pursuant to Article 24, the customs collector shall add to the refund thereof an amount calculated on the basis of the period from one day following the date when the overpayment or erroneous payment was made (if the payment was made in two or more installments, the date of final payment: Provided, if the amount of the refund to be made exceeds the amount of the final installment payment, the date of those installment payments whose total amount calculated by adding them up in reverse order of payment date reaches the amount of the refund to be made) to the date when the decision for refunding

or appropriating was made, and of the rate prescribed by the presidential Decree, except in case of goods to which the provisions of Article 41 (4) 1 through 3 are not applied under Article 41 (4).

CHAPTER III TARIFF AND CLASSIFICATION

SECTION 1 GENERAL RULES

▶ Article 49 (Kind of Tariff)

Where the import goods levied customs tariff pursuant to the provision of Article 14 fall under each subparagraph as follows:

1. Basic tariff
2. Provisional tariff
3. The tariff as prescribed by the Presidential Decree or the Ordinance of the Ministry of Finance and Economy pursuant to the provision of Article 51 through 77.

▶ Article 50 (The priority Order of Tariff Application)

(1) The Basic tariff and Provisional tariff shall be as prescribed in the annexed Tariff Schedules, but the provisional tariff shall be applicable in preference to the basic ones.

(2) The tariff as prescribed under subparagraph 3 of Article 49 shall apply in preference to the tariff as shown in the annexed Tariff Schedules according to the order of the following subparagraph:

1. The tariff pursuant to the provision of Articles 51, 57, 63, 65 and 68;

2. The tariff pursuant to the provision of Articles 73 and 74;
3. The tariff pursuant to the provision of Articles 69, 71 and 72; and
4. The tariff pursuant to the provision of Article 76.

(3) Notwithstanding the provisions of paragraph (2), tariff as referred to in paragraph (2) 2 shall apply preferentially only when it is lower than the basic and provisional tariff and that as referred to in paragraph (2) 3 and 4, and tariff pursuant to Article 71 from among the ones referred to in (2) 3 above shall apply primarily only if such tariff is lower than the tariff pursuant to paragraph (2) 4: Provided, tariff conceded to for such goods agricultural, forest and livestock products conceded to at the tariff equivalent to the difference between the internal and external prices on negotiation with the international organization on customs duties under Article 73, or conceded to at a higher tariff than the basic one along with the opening of domestic markets, as determined by the Presidential Decree (including the concession of tariff to the market access quota), shall apply in preference to the basic and provisional tariff.

(4) Concerning those goods to which the provisional tariff are applicable from among goods shown in the annexed Tariff Schedules, the application of the provisional tariff may be suspended in whole or in part, or the provisional tariff may be increased or decreased in order to narrow the gap between it and the basic tariff, as prescribed by the Presidential Decree.

(5) In application of the tariff pursuant to the provision of subparagraph 3 of Article 49, if it is the specific duty in the annexed Tariff Schedules, it shall be the amount corresponding to the tariff.

SECTION 2 Adjustment of Tariff

SUBSECTION 1 Anti-Dumping Duties

▶ Article 51 (Imposed subjection of Anti-Dumping Duties)

In case of the concerned person designated by the Presidential Decree or demanding of imposition by the competent Minister related to a domestic industry, where the importation of foreign goods at a price lower than the normal value prescribed by the Presidential Decree (hereinafter referred to as "dumping") fall under each subparagraph as follows or it is confirmed through an investigation that the establishment of a domestic industry is materially regarded (hereinafter referred to as "material injury, etc in this subsection.") if deemed necessary to protect the domestic industry concerned, duties may be imposed (hereinafter referred to as the "anti-dumping duties"), in an amount equal to or less than the difference between the normal value and the dumping price (hereinafter referred to as the "margin of dumping") of such goods, by specifying the goods, supplier or supplying country of such goods prescribed by the Ordinance of the Ministry of Finance and Economy.

1. Where a domestic industry has material injury or concerned;
2. Where the development of a domestic industry is materially delayed;

▶ Article 52 (Investigation of Dumping and Material Injury etc.)

(1) The investigation on the fact of dumping and material injury etc pursuant to the provision of Article 51 is as prescribed by the Presidential Decree.

(2) The Minister of Finance and Economy shall reflect the imposition of anti-dumping duties through the investigation when considering the competitiveness of related industry, price stability, trade cooperation etc is necessary.

▶ Article 53 (Provisional Measure prior to Imposition of Anti-Dumping Duties)

(1) As to the goods against which an investigation begins to determine whether an anti-dumping duties is to be imposed or not, and if it is deemed necessary to prevent injury being caused during the investigation falls under each subparagraph, the Minister of Finance and Economy may, even before the investigation is terminated, take measures to order to impose additionally a provisional anti-dumping duty or to order to offer a security, not greater than the amount equivalent to the margin of dumping estimated provisionally,

with the goods, supplier or supplying country and the fixed period by the Presidential Decree (hereinafter referred to as "provisional measure" in this Article):

1. If it is confirmed that there is evidence sufficient to presume the fact of a dumping and the fact of a material injury, etc. caused thereby; and

2. In a case where the promise pursuant to the provision of Article 54 is not fulfilled, or a demand for presentation of materials on the fulfillment of the undertaking and a demand to allow any person to verify the materials presented is not complied with, any available information.

(2) If, falls under each subparagraph, the payed provisional anti-dumping duties shall be drawback or the offered security shall be released:

1. Where the request for imposition of the anti-dumping duties is withdrawn to thereby terminate the investigation;

2. Where the decision on whether the anti-dumping duties on the goods taken provisional measures are to be imposed; and

3. Where the undertakings pursuant to the provision of Article 54, are accepted.

(3) Notwithstanding the provision of paragraph (2), if the amount of the anti-dumping duties falls under each subparagraph, exceeds the amount of the provisional anti-dumping duties, the margin shall not be collected, and if insufficient, the margin shall be refunded.

1. In case of acceptance after the judgement of the fact that dumping and thereby caused material injury etc by the investigation result for the undertaking that is dumping and the caused industry injury pursuant to the provision of Article 54; and

2. In case of retroactive imposition of anti-dumping duties pursuant to the provision of Article 55.

▶ Article 54 (Anti-Dumping Duties and a Proposal of the related Undertaking)

(1) In the event that a preliminary investigation to determine whether or not to impose an anti-dumping duty is initiated, and an affirmative determination is made as a result of the preliminary investigation on the dumping and any injury to the industry caused thereby, the exporter of the goods concerned or the Minister of Finance and Economy may suggest undertakings to revise its prices that would be sufficient to remove injury caused by such dumping or to cease dumped exports prescribed by the Presidential Decree.

(2) If an undertaking as referred to in paragraph (1) is accepted, the Minister of Finance and Economy shall have the examination terminated or concluded without taking any provisional measures or imposing any anti-dumping duties: Provided, if the Minister of Finance and Economy deems it necessary, or the exporter requests that the examination be continued, the examination may be continued.

▶ Article 55 (The imposition time of Anti-Dumping Duties)

The imposition time of the anti-dumping duties and the provisional measure, shall apply to the goods imported after such measures are taken: Provided, if an international agreement provides otherwise, or the Presidential Decree so provides, for the goods to which such provisional measures are applied, the anti-dumping duties may be imposed on such goods.

▶ Article 56 (Review etc of Anti-Dumping Duties)

(1) The Minister of Finance and Economy may, if necessary, review the imposition of the anti-dumping duty prescribed by the Presidential Decree, and the undertakings pursuant to the provision of Article 54, and take measures necessary for the imposition of anti-dumping duty, modification of the contents of the undertakings, refund, etc. depending on the result of such review.

(2) Except in a case where the time limit of application is otherwise determined by the Ordinance of the Ministry of Finance and Economy, the imposition of the anti-dumping duties or the undertakings accepted pursuant

to the provision of Article 54, shall lose its effect after five years have passed from the date on which the anti-dumping duties or undertakings are implemented, and if the dumping and the injury to the industry are reviewed according to the provisions of paragraph (1), and the contents are modified in conformity with the result thereof, it shall lose its effect after five years have passed from the date on which the modified contents are carried out, except in a case where the time limit of application is otherwise determined by the Ordinance of the Ministry of Finance and Economy.

(3) Matters concerning the imposition and enforcement of anti-dumping duties etc., pursuant to the provision of paragraph (1) and (2), and Article 51 through 55, shall be determined by the Presidential Decree.

SUBSECTION 2 Countervailing Duties

▶ Article 57 (The Subjection of Imposition of Countervailing Duties)

In case of the concerned person designated by the Presidential Decree or demanding of imposition by the competent Minister related to a domestic industry, where the importation of goods on which any subsidies or bounties (hereinafter referred to as "subsidies, etc.") are granted directly or indirectly by any foreign country upon their manufacture, and where it is deemed necessary to confirm through investigation on the case which falls under each subparagraph as follow (hereinafter in this sub-section referred to as the "substantial damage, etc."), and protect the domestic industry concerned, a duty may be imposed, in an amount equal to or less than the amount of the subsidies, etc. (hereinafter referred to as the "countervailing duty"), by designating the goods and exporter or exporting country of such goods, by the Ordinance of the Ministry of Finance and Economy.

1. Where a domestic industry has material injury or concerned;
2. Where the development of a domestic industry is materially delayed;

▶ Article 58 (Investigation on Subsidies Grant and Material Injury etc)

(1) Investigation concerning to the fact on subsidies grant and material injury

is prescribed by the Presidential Decree.

(2) The Minister of Finance and Economy shall reflect the imposition of countervailing duties through the investigation when considering the competitiveness of related industry, price stability, trade cooperation etc is necessary.

▶ Article 59 (Provisional measurement prior to the imposition of countervailing duties)

(1) In a case where goods imported after receiving the subsidies, etc., over which an investigation has begun to determine whether the countervailing duty should be imposed or not, if it falls under each subparagraph as follows, as prescribed by the Presidential Decree if it is deemed necessary for protecting the domestic industry, the Minister of Finance and Economy may, even before the investigation is closed, take any measure issuing the order to impose the provisional countervailing duties less than the amount equivalent to the presumed amount of the subsidies, etc., or issuing an order to offer any security (hereinafter in this sub-section referred to as "provisional measure"), with the exporter or exporting country of the goods and period designated:

1. Where it is confirmed that there is evidence sufficient to presume fact that a substantial damage, etc. to the domestic industry; and
2. In a case where the promise pursuant to the provision of Article 60 is withdrawn or not kept, or the materials concerning the fulfillment of the undertaking are not presented, the best available information.

(2) In case where the investigation is terminated by the request of imposition of countervailing duties withdrawn or whether or not countervailing duties is decided, or undertaking pursuant to the provision of Article 60 is accepted for the goods has been taken provisional measure, payed provisional countervailing duties shall be refunded or offered security shall be released. Provided, if the amount of the countervailing duties falls under each subparagraph, exceeds the amount of the provisional countervailing duties, the margin shall not be collected, and if insufficient, the margin shall be

refunded.

1. In case of acceptance after the judgement of the fact that subsidies grant and thereby caused substantial injury etc by the investigation result for the undertaking that is subsidies grant and the caused industry injury pursuant to the provision of Article 60; and

2. In case of retroactive imposition of countervailing duties pursuant to the provision of Article 61.

▶ Article 60 (The Proposal of Undertaking related to Countervailing Duties)

(1) In the event that a preliminary investigation to determine whether or not to impose an countervailing duty is initiated, and an affirmative determination is made as a result of the preliminary investigation on the subsidies grant and any substantial injury to the industry caused thereby, the exporting country of the goods concerned or the Minister of Finance and Economy may offer undertakings on any proper measures to eliminate or limit the subsidies, etc. for the goods, or to eliminate the damage effect of the subsidies, etc. on the domestic industry, and the exporter of the goods may, with the consent of the government of the exporting country, offer undertakings to revise the price to the extent that it is possible to eliminate the damage effect of the subsidies, etc. on the domestic industry prescribed by the Presidential Decree.

(2) If the undertakings as referred to in paragraph (1) are accepted, the Minister of Finance and Economy shall have the investigation be terminated or concluded without taking any provisional measures or imposing the countervailing duties. He shall withdraw such measure: Provided, if the Minister of Finance and Economy deems it necessary, or the government of the exporting country requests the investigation on the damage to be continued, he may continue it.

▶ Article 61 (The imposition time of Anti-Dumping Duties)

The imposition time of the countervailing duties and the provisional measure, shall apply to the goods imported after such measures are taken: Provided, if an international agreement provides otherwise, or the Presidential Decree so

provides, for the goods to which such provisional measures are applied, the countervailing duties may be imposed on such goods.

▶ Article 62 (Review etc of Anti-Dumping Duties)

(1) The Minister of Finance and Economy may, if necessary, review the imposition of the countervailing duty prescribed by the Presidential Decree, and the undertakings pursuant to the provision of Article 60, and take measures necessary for the imposition of countervailing duty, modification of the contents of the undertakings, refund, etc. depending on the result of such review.

(2) Except in a case where the time limit of application is otherwise determined by the Ordinance of the Ministry of Finance and Economy, the imposition of the countervailing duties or the undertakings accepted pursuant to the provision of Article 60, shall lose its effect after five years have passed from the date on which the anti-dumping duties or undertakings are implemented, and if the dumping and the injury to the industry are reviewed according to the provisions of paragraph (1), and the contents are modified in conformity with the result thereof, it shall lose its effect after five years have passed from the date on which the modified contents are carried out, except in a case where the time limit of application is otherwise determined by the Ordinance of the Ministry of Finance and Economy.

(3) Matters concerning the imposition and enforcement of countervailing duties etc., pursuant to the provision of paragraph (1) and (2), and Article 57 through 61, shall be determined by the Presidential Decree.

SUBSECTION 3 Retaliatory Duties

▶ Article 63 (The Subjection of Imposition of Retaliatory Duties)

(1) If any trading partner infringes on the trade interests of the Republic of Korea, by conducting the following acts as referred to each subparagraph, against the goods, etc. exported by the Republic of Korea, the customs may be imposed customs duties(hereinafter referred to as "retaliatory duties") on any goods imported from such country in the limit of the amount equivalent to

the damage:

1. Where it denies or restricts the rights and interests of the Republic of Korea which are provided by an international agreement relating to customs or trade, or a bilateral customs convention, etc.; and

2. Where it takes unreasonable or discriminative measures against the Republic of Korea.

(2) The country, goods, quantity, customs tariff, time limit of application, and other necessary matters to which the retaliatory duties imposed are applicable shall be determined by the Presidential Decree.

▶ Article 64 (The Consultation relate to the imposition of Retaliatory Duties)

In the event that the Minister of Finance and Economy imposes retaliatory duties, if necessary, enters in consultation with the international organizations or country concerned in advance.

SUBSECTION 4 Emergency Duty

▶ Article 65 (The Subjection of Imposition etc of Emergency Duty)

(1) If it is confirmed through an investigation, that increased imports of any specified product cause or threaten to cause serious injury (hereinafter in this Article referred to as "serious injury, etc.") to the domestic industry that produces like or directly competitive products (hereinafter in this Article referred to as the "domestic industry"), and if it is deemed necessary to protect such domestic industry, the customs duties (hereinafter referred to as the "emergency duties") may be imposed on the goods additionally in the limit necessary to prevent or remedy such serious injury, etc., and to facilitate adjustment (hereinafter referred to as the "remedy for damage").

(2) Emergency duties shall be determined after examining the necessity for protection of the domestic industry concerned, the international trade relation, the level of compensation incidental to the imposition of such emergency

duty, the impact on the whole national economy, etc.

(3) In the case where the emergency duties are imposed, the Minister of Finance and Economy may consult with the interested countries about the method of proper trade compensation for the negative impact by the imposition of the emergency duties.

(4) The imposition of emergency duties and provisional emergency duties pursuant to the provision of Article 66 (1), shall apply only to the products imported after the decision on the measures to impose them is executed.

(5) The imposition duration of the emergency duties shall not exceed four years, and the provisional emergency duties pursuant to the provision of Article 66 (1), two hundred days: Provided, if the imposition period is extended according to the result of the review pursuant to the provision of Article 67, the total period of application including the imposition period of the provisional emergency duties, that of the emergency duties, or the application period of the import quantity restriction, etc. pursuant to the provision of Foreign Trade Act Article 28 (1) (hereinafter in this Article and Article 66 referred to as "import quantity restriction etc.") and any extension thereof, shall not exceed eight years.

(6) The products, tariff, period of application, quantity, import management scheme and other necessary matters on which the emergency or provisional emergency duties are to be imposed shall be determined by the Ordinance of the Ministry of Finance and Economy.

(7) If it is deemed necessary for determining whether the emergency duty or provisional emergency duty pursuant to the provision of Article 66 (1) should be imposed or not, the Minister of Finance and Economy may request any necessary cooperation, such as the presentation of related materials, etc., to the head of the administrative agencies concerned, and interested person, etc.

▶ Article 66 (Imposition etc. of the Provisional Emergency Duties)

(1) If it is judged that any irrecoverable damage is or might be caused, unless

the serious damage, etc. caused during the investigation is prevented with respect to the goods for which the investigation to determine whether the emergency duties is to be imposed has begun, or for which any provisional measures are recommended under Article 29 (1) of the Foreign Trade Act, the provisional emergency duties may be imposed additionally in the limit necessary to remedy for damage, before the investigation is concluded.

(2) If it is decided whether the measures on the imposition of the emergency duties or the restriction, etc. on import quantity are taken, the imposition of the provisional emergency duties pursuant to the provision of paragraph (1) shall be suspended.

(3) If it is not judged as a result of the investigation to determine whether the measures, such as imposition of the emergency duties or the import quantity restriction, etc., are taken or not, that the increased imports cause or threaten cause serious damage to the domestic industry, the provisional emergency duties paid pursuant to the provision of paragraph 1 shall be refunded.

▶ Article 67 (Review etc. on Emergency Duties)

If it is deemed necessary, the Minister of Finance and Economy may review the determination on the imposition of the emergency duties, and may modify the contents of imposition depending on the result of the review. In this case, the modified contents shall not be more intensified than those of the initial measures.

SUBSECTION 5 Special Emergency Duty on Agricultural, Forest and Livestock Products

▶ Article 68 (Special Emergency Duties on Agricultural, Forest and Livestock Products)

(1) If the volume of imports of agricultural, forest and livestock products granting the concession at the customs rates equivalent to the difference between the internal and external prices under Article 73, are increased suddenly, or the import price falls down, the customs duties(hereinafter referred to as "special emergency duties") may be imposed in excess of the

concession customs rate, under the conditions as prescribed by the Presidential Decree.

(2) The products, tariff, time limit for application, quantity, etc. on which the special emergency duties are to be imposed shall be determined by the Ordinance of the Ministry of Finance and Economy.

SUBSECTION 6 Adjustment Duties

▶ Article 69 (The Subjection of Imposition of Adjustment Duties)

Customs duties may be imposed in the limit of the rate calculated by adding the rates obtained by deducting the basic duty rates of goods from 100/100, to the basic tariff rates, in any of the following cases: Provided, if the difference between the domestic and foreign prices of the agricultural, forest, livestock, and fishery products or goods manufactured with those products as raw materials, exceeds the customs value of such goods, the customs duties may be imposed in the limit of the rate equivalent to the difference between the domestic and foreign prices:

1. Where the customs rates of goods are unbalanced due to a change, etc. of industrial structure, and it is required to remedy it;
2. Where it is required for the national health, environment preservation, consumers protection, etc.;
3. Where it is required to protect goods developed in Korea for a certain period; and
4. Where an increase of the import of goods the international competitiveness of which is weak, such as agricultural, forest, livestock, and fishery products, etc., might disturb domestic markets or collapse the industrial foundation, and it is required to correct or prevent it.

▶ Article 70 (The Application Tariff etc. of Adjustment Duties)

(1) Customs duties (hereinafter referred to as "Adjustment Duties" pursuant to the provision of Article 69, shall be determined after examining the necessity

for protection of the domestic industry concerned, the international trade relation, the level of compensation incidental to the imposition of such emergency duty, the impact on the whole national economy, etc.

(2) The goods, tariff and applicable time limit etc. shall be determined by the Presidential Decree.

SUBSECTION 7 Tariff Quota System

▶ Article 71 (Tariff Quota System)

(1) In a case falling under any of the following subparagraphs, the customs duties may be imposed in the limit of the rate calculated by deducting 40/100 from the basic tariff rate. In this case, if it is deemed necessary, the quantity may be restricted:

1. Where it is necessary to promote the import of particular goods, in order to smooth the supply and demand of materials or strengthen the competitiveness of the industry;
2. Where it is required for stability of the domestic price of goods the import price of which has risen suddenly or products which are made from such goods as raw materials; and
3. Where the tariff rates are remarkably unbalanced among similar goods and thereby it is required to correct them.

(2) In cases where there is a need to discourage importation of particular goods, such customs duties may be imposed on the excessive portion over a certain quantity of the imported goods concerned, at the rate computed within the limit of the basic rate plus 40: Provided, in case of agricultural, forest, livestock and marine products, the customs duties may be imposed in the limit of the rate calculated by adding a rate corresponding to the domestic and foreign price margin of the same, similar or substitute goods to the basic tariff rate.

(3) The goods, the quantity, tariff and the applicable period, etc. imposed

customs duties pursuant to the provisions of paragraphs (1) and (2), shall be prescribed by the Presidential Decree.

SUBSECTION 8 Seasonal Customs Duties

▶ Article 72 (Seasonal Customs Duties)

(1) If the domestic markets might be disturbed or the industrial foundation might collapse by import of the same goods as, or similar goods to, or substitute ones for goods the price of which is remarkably different depending on the seasons, the customs duties may be imposed by applying the rate higher than the basic duty rate in the limit of the rate equivalent to the difference between the domestic and foreign prices of the goods, or by applying a lower rate than the basic duty rate in the limit of the rate obtained by deducting 40/100 from the basic duty rate depending on the season.

(2) The goods, the quantity, tariff and the applicable period, etc. imposed customs duties pursuant to the provisions of paragraphs (1) and (2), shall be prescribed by the Presidential Decree.

SUBSECTION 9 International Cooperation Tariff

▶ Article 73 (International Cooperation Tariff)

(1) The Government may, when deemed necessary for promoting the country's external trade, perform negotiation with a particular foreign country or international organization with respect to customs duties.

(2) If it is deemed necessary for carrying out a negotiation as referred to in paragraph 1, a tariff concession may be granted: Provided, That in carrying out a negotiation with a specified country, no tariff concession may be granted in excess of the limit of 50/100 of the basic customs rates.

(3) The goods, the quantity, tariff and the applicable period, etc. imposed customs duties pursuant to the provisions of paragraph (2), shall be prescribed by the Presidential Decree.

SUBSECTION 10 Beneficial Duties

▶ Article 74 (Application Standard of Beneficial Duties)

(1) Benefits on customs duties may be granted, specifying the country and goods by the Presidential Decree, on such imported goods into Korea as are produced in any foreign country which have not enjoyed the benefits provided for in a treaty on customs duties within the limit of such benefits(hereinafter referred to as "beneficial duties") as prescribed in already concluded treaties on customs duties with foreign countries.

(2) The country, goods, applicable tariff, application method, and other necessary matters imposed beneficial duties shall be prescribed by the Presidential Decree.

▶ Article 75 (Suspension of Application etc. of Beneficial Duties)

When there are circumstances falling under any of the following subparagraphs, the Minister of Finance and Economy may designate the countries, goods and period and suspend application of the beneficial duties:

1. In case where application of the beneficial duties causes or threatens to cause serious impact on the national economy; and
2. In case there are any other imminent situations in which application of the beneficial duties shall be suspended.

SUBSECTION 11 Generalized Preferential Tariff

▶ Article 76 (Application Standard of Generalized Preferential Tariff)

(1) The rate of duties lower than base tariffs (hereinafter referred in this subsection to as a "generalized preferential tariffs") may be imposed upon goods determined by the Presidential Decree (hereinafter referred in this Article to as "preferential goods") from among goods originating in one of the developing countries prescribed by the Presidential Decree (hereinafter referred in this Article to as a "beneficiary country").

(2) In the case of the imposition of generalized preferential tariffs, differential tariffs or quantitative restrictions may be imposed upon preferential goods in consideration of the impact, etc. which the importation of such goods may have bring upon the domestic industry.

(3) Generalized preferential tariffs more favorable than those of goods in other preferentially benefited countries may be accorded to goods originating in the countries determined by the Presidential Decree from among the least developed countries listed by the resolutions of the United Nations General Assembly.

(4) The tariffs applied to preferential goods, the period during which such tariff is imposed, and other necessary matters shall be determined by the Presidential Decree.

▶ Article 77 (Suspension of Application etc. of Generalized Preferential tariff)

(1) Subject to the Presidential Decree, the Minister of Finance and Economy may suspend applying generalized preferential tariffs to goods and countries in which such goods originate, when he deems it inappropriate to accord generalized preferential tariffs since the increase of particular preferential goods causes or threatens to cause considerable damage to the domestic industry which produces like or directly competitive products.

(2) Subject to the Presidential Decree, the Minister of Finance and Economy may exclude applying generalized preferential tariffs to a particular country, or a particularly designated country and goods, when he deems it inappropriate to accord preferential tariffs, taking into account the level of income of a particular beneficiary country, the rate of imports from the particular beneficiary country compared to the aggregate amount of imports into the Republic of Korea, the level of competitiveness of particular preferential goods from the particular beneficiary country, and other relevant situations.

SUBSECTION 12 Arrangement of Concessions of Customs duties

▶ Article 78 (Withdrawal and Modification of Concessions)

(1) If, as a result of a decline in price in a foreign country, or other unforeseen developments, or the performance of the obligations under any treaty, any product is being imported in such increased quantities and under such conditions as cause or threaten serious damage to domestic producers of a like or directly competitive product, the government may take any of the following measures:

1. In cases when a tariff concession has been granted on the said goods by a treaty, to withdraw or modify the concession so that there may be levied upon such imported goods customs duties chargeable at an applicable rate in this Act or at a modified rate; and

2. In cases when measures prescribed in subparagraph 1 are to be, or have been taken with respect to particular goods, to modify tariff concessions on the previously tariff-conceded goods other than the said goods or to grant new tariff concessions on those goods on which any tariff concession has not been granted, through a consultation pursuant to the pertinent treaty, so that the modified or newly granted tariff concessions may be applied.

(2) Measures referred to in paragraph (1) 2 shall be taken to the extent necessary as compensation for measures referred to in subparagraph 1 of the said paragraph.

(3) The time, contents and other necessary particulars of the measures referred to in paragraph (1) shall be prescribed by the Presidential Decree.

▶ Article 79 (Countervailing Measures)

(1) In cases where a foreign country intends to take, or has taken measures to withdraw, modify or otherwise make tariff concessions on particular goods, when deemed legitimate to take countervailing measures pursuant to the pertinent treaty, the government may take the following measures:

1. To levy upon such particular goods, in addition to the customs duties chargeable at an applicable rate in this Act, a duty of an amount equal to or less than the customs value of the said goods; and

2. In cases when a tariff concession has been granted on particular goods: to suspend the application of the said concession and levy a customs duties within the limit of the rates prescribed by this Act.

(2) Measures referred to in paragraph (1) shall be taken to the extent necessary as a countervailing measure against that of the foreign country.

(3) The object country, time, contents and other necessary particulars concerning the measures referred to in paragraph (1) shall be prescribed by the Presidential Decree.

▶ Article 80 (Validity of Concession and Withdrawal)

(1) With respect to goods on which Korea has granted a customs concession by a treaty, if the said concession shall be withdrawn, the customs rate prescribed in this Act shall be applied from the date on which the withdrawal enters into force pursuant to the said treaty.

(2) With respect to goods on which Korea has newly granted a tariff concession in compensation for the withdrawal referred to in paragraph (1), the customs rate prescribed in this Act shall not be applied from the date on which the said concession enters into force.

SECTION 3 Application etc. of Tariff

▶ Article 81 (Application of Simplified Rate)

(1) Among goods falling under any of the following subparagraphs, goods designated by the Presidential Decree shall be subject to a simplified rate, notwithstanding the provisions of other Acts and subordinate statutes:

1. Accompanied goods imported by any traveller or crew of any vessel or aircraft plying or flying between Korea and any foreign country;

2. Mail: Provided, this provision shall not apply to an import declaration;

3. Goods utilized to repair or substitute parts of vessels and aircraft abroad;

and

4. Consignments or unaccompanied goods.

(2) The customs value of the goods referred to in paragraph (1) 3 shall be the foreign currency price paid for repair or substitution therefor.

(3) The simplified rate shall be prescribed by the Presidential Decree on the basis of the rates of customs duties, provisional import surtax and internal tax applicable to imported goods (in the case of paragraph (1) 3, the vessels or aircraft concerned).

(4) With regard to goods referred to in paragraph (1) 1, the total value of the goods is below the value prescribed by the Presidential Decree, the rate referred to in paragraph (3) may be a single rate on the basis of the rates of customs duties, provisional import surtax and internal tax applicable on goods which are imported with any traveller or crew.

▶ Article 82 (Application of Tariff by Mutual Consent)

(1) With regard to goods on which an import declaration has been collectively filed, if the tariff are different on an item by item basis, the highest tariff may apply when requested by the declarant.

(2) In applying the provisions of paragraph (1), the provisions of Section 2 of Chapter 5(Article 119 through 132) shall not be applicable.

▶ Article 83 (Application of Tariff for Specific Use)

(1) With respect to goods the tariff of which are determined differently by the Presidential Decree or the Ordinance of the Ministry of Finance and Economy depending on the use thereof, pursuant to the Tariff Schedules annexed to this Act or the provisions of Articles 50 (4), 65, 68, 70 through 73, and 76, a person who intends to be subject to a lower tariff shall obtain the approval of the customs collector, as prescribed by the Presidential Decree: Provided, this provision shall not apply when goods cannot be utilized, in light of their nature and condition, for purposes other than the specific use.

(2) Goods, subject to application of a lower tariff pursuant to the provisions of paragraph (1) (hereinafter referred to as the "specific use tariff"), shall not be, within such period as determined by the Administrator of the Korea Customs Service in conformity with the criteria as determined by the Presidential Decree in the limit of three years, from the date at which the import declaration is accepted, either utilized for purposes other than the specific use, or transferred: Provided, this provision shall not apply falls under each subparagraphs as follows:

1. prior approval is granted by the customs collector under the conditions as prescribed by the Presidential Decree

2. In the case of the proviso of paragraph (1).

(3) When goods referred to in paragraph (1) have, within such period as referred to in paragraph (2), either been used for an other purpose, or been transferred to a person who intends to use them for purposes other than those prescribed in paragraph (1), the customs duties equivalent to the amount of the difference between the customs duties computed on the basis of the normal tariff which is applicable in the case of no requirement for the specific use and that computed on the basis of the specific use rate, shall, without delay, be collected from the person who has used them for an other purpose and or from the transferor, and when the said customs duties could not be collected from the transferor, it shall be collected forthwith from the transferee: Provided, this provision shall not apply either when goods are ruined or missing as a result of calamity or any unavoidable cause, or when goods are, upon prior approval of the customs collector, destroyed or scrapped.

SECTION 4 Tariff Classification

▶ Article 84 (Modification of Tariff Classification)

With respect to the nomenclature in the annexed Tariff Schedule or those prescribed by the Presidential Decree pursuant to the provision of Article 73 and 76, in case it is necessary to alter or rearrange the said nomenclature due

to the resolution or recommendation of the Customs Cooperation Council pursuant to the "International Convention on the Harmonized Commodity Description and Coding System Nomenclature", or due to the development of new goods, the Minister of Finance and Economy, may be either newly classified without changing the tariff therein or rearranged as prescribed by the Presidential Decree.

▶ Article 85 (Standards for Application etc. of Tariff Classification)

(1) The Commissioner of the Korea Customs Service may determine standards necessary for the application of the tariff classification under the conditions as prescribed by the Presidential Decree.

(2) The Commissioner of the Korea Customs Service shall establish the Tariff Classification Committee(hereinafter in the Article referred to as "committee") for deliberation on each subparagraphs as follows:

1. Standards for application of tariff classification pursuant to the provision of paragraph (1);
2. Pre-review of tariff classification applicable to specific goods pursuant to the provision of Article 86;
3. Amendment of tariff classification applicable to specific goods pursuant to the provision of Article 87; and
4. Items presented for consideration by the Commissioner of Korea Customs Service for other tariff classification.

(3) The Commissioner of Korea Customs Service shall establish a working level committee within the committee for effective operation of the committee.

(4) The necessary facts for organization, function, operation etc. of working level committee pursuant to the provision of the committee and the paragraph (3), prescribed by the Presidential Decree.

▶ Article 86 (Pre-review of Tariff Classification Applicable to Specific Goods)

(1) Any person who desires to export and import goods, and customs broker, customs brokerage corporation or clearance handling corporation (hereinafter referred to as "customs broker, etc."), under the Licensed Customs brokerage Act, may apply to the Commissioner of the Korea Customs Service for a review in advance, on the tariff classification in the annexed Tariff Schedules applicable to the goods with the documents as prescribed by the Presidential Decree, before making a declaration on export and import pursuant to the provision of Article 241 (1).

(2) The Commissioner of the Korea Customs Service shall, upon receiving a request under paragraph (1), determine the tariff classification to be applied to the goods, and notify it to the applicant: Provided, if it is difficult to determine the tariff classification due to imperfections, etc. of submitted materials, he shall notify it.

(3) With respect to goods the tariff classification of which is determined under paragraph (2), the Commissioner of the Korea Customs Service shall give a notice of the tariff classification, descriptions, uses and specifications of the goods and other necessary matters: Provided, if it is deemed improper to give a notice of the tariff classification applicable to such goods, it is not required that he gives any notice of it.

(4) If the goods the export and import of which is declared pursuant to the provision of Article 241 (1), are identical to the goods noticed under paragraph (2), the customs collector shall make the tariff classification according to the noticed contents.

(5) In relation to the physical or chemical analysis of component materials of the goods concerned for the purpose of the review of tariff classification pursuant to paragraph (2) above, the Commissioner of the Korea Customs Service may, where necessary, require an applicant for a review to his questions as to the classification concerned to pay fees and expenses determined by the Ordinance of the Ministry of Finance and Economy.

▶ Article 87 (Amendment of Tariff Classification applicable to Specific goods)

(1) If amendment of the reviewed tariff classification pursuant to the provision of Article 86 is required, or amendment of the tariff classification conducted by authority of the Commissioner of the Korea Customs Service is required due to any unavoidable cause, the Commissioner of the Korea Customs Service may amend the tariff classification.

(2) In this case of amendment of tariff classification made pursuant to the provision of paragraph (1), the Commissioner of Korea Customs Service shall make the public notification of it and notice to the noticed applicant pursuant to the provision of Article 86 (2).

(3) In case where amendment of classification is made pursuant to the provision of paragraph, if it is favorable for the declarant of import to apply the prior tariff classification with respect to goods which have been shipped to be exported to Korea within 30 days of the date of amendment, the commissioner may apply the tariff classification before the amendment.

CHAPTER IV EXEMPTION, DRAWBACK, AND DIVIDED PAYMENT etc.

SECTION 1 Exemption

Article 88 (Exemption from Customs Duty for Diplomat use etc.)

(1) When goods falling under any of the following subparagraphs are imported, the customs duties thereon shall be exempted:

1. Goods for business use of foreign embassies, legations or any other similar institutions situated in Korea;
2. Goods used by foreign ambassadors, ministers or any other envoy and their dependents in Korea;
3. Goods for business use of foreign consulates or any other similar organizations situated in Korea;
4. Goods used by such staffs and their dependents as designated by the

presidential Decree, from among members of foreign embassies, legations, consulates or other similar institutions situated in Korea.

5. Imported goods for the business use of any foreign contractor, according to the term of the contract with the government, for the purpose of fulfilling such contract; and

6. Goods for the direct use of any advisor or member of a technical staff or other persons who are prescribed by the Ordinance of the Ministry of Finance and Economy, dispatched to Korean government by any international organization or foreign government.

(2) Those goods which are designated by the Ordinance of the Ministry of Finance and Economy from among goods exempted from customs duties pursuant to paragraph (1) shall not be transferred for uses other than those specified in paragraph (1) within such period as determined by the Commissioner of the Korea Customs Service in conformity with the criteria as determined by the Presidential Decree within the limit of three years from the date at which the import declaration is accepted: Provided, this provision shall not apply when prior approval has been obtained from the customs collector under the conditions as prescribed by the Presidential Decree.

(3) When any goods designated by the Ordinance of the Ministry of Finance and Economy pursuant to the provisions of paragraph (2) have been transferred for other uses of uses other than those specified in paragraph (1) in the period as referred to in paragraph (2), the customs duties previously exempted shall forthwith be collected from the transferee.

▶ Article 89 (Duty Abatement or Exemption of Duty Disproportion Goods)

(1) Customs duty may be reduced or exempted with respect to goods which are determined by the Ordinance of the Ministry of Finance and Economy from among those (including parts and raw materials added during processing and repairing abroad which will be imported after export for such repairing or processing) which are used for manufacturing and repairing, fall under each subparagraphs as follows at the factories designated by the customs collector under the conditions as prescribed by the Presidential Decree for the

correction of duty disproportion.

1. Aircraft (including parts);

2. Device for manufacturing a semiconductor (including attached machines)

(2) In the case of reduction of or exemption from customs duties pursuant to paragraph (1), the rate of reduction or exemption shall be determined by the Ordinance of the Ministry of Finance and Economy.

(3) The designation period prescribed in paragraph (1) shall not exceed three years, and may be extended upon the application of the designated person.

(4) The provisions of Articles 180 (2) and 182 shall apply mutatis mutandis to factories designated pursuant to the provisions of paragraph (1).

▶ Article 90 (Duty Abatement or Exemption on Goods for Academic Research)

(1) When goods falling under any of the following subparagraphs are imported, the customs duties thereon may be exempted:

1. Goods used by the government, a local government, and a organization designated by the Ordinance of the Ministry of Finance and Economy, for which academic research, education, experiment or practice by the Ordinance of the Ministry of Finance and Economy;

2. Specimens, reference materials, books, records, recorded tapes, filmed slides, exposed films or other similar goods and materials to be used by schools, public medical institutions, public vocational training institutes, museums or other similar facilities designated by the Ordinance of the Ministry of Finance and Economy;

3. Goods designated by the Ordinance of the Ministry of Finance and Economy from among those to be used for academic research, education, training, experiment or practice, and scientific technology research by such institutions as referred to in subparagraph (2);

4. Goods donated by a foreign country, to be used for academic research, education, training, experiment or practice, scientific technology research by such institutions as referred to in subparagraph (2): Provided, goods designated by the Ordinance of the Ministry of Finance and Economy shall be excluded; and

5. Goods the domestic manufacture of which, are difficult and which are prescribed by the Ordinance of the Ministry of Finance and Economy, from among those which a person designated by the Ordinance of the Ministry of Finance and Economy imports for the purpose of use for research and development of industrial technology.

(2) In the case of the reduction of or exemption from customs duties pursuant to the provisions of paragraph (1), the rates of reduction or exemption shall be determined by the Ordinance of the Ministry of Finance and Economy.

▶ Article 91 (Exemption from Customs Duty on Goods for Religious Organs, Charity, Disabled Persons)

When goods falling under any of the following subparagraphs are imported, they shall be exempted from customs duties:

1. Goods donated by a foreign country to be used for worship or ceremonies by religious organs such as churches and temples, etc.: Provided, goods designated by the Ordinance of the Ministry of Finance and Economy shall be excluded;

2. Relief or charitable goods donated or donations to relief installations or facilities for social welfare designated by the Ordinance of the Ministry of Finance and Economy, which are to be utilized directly for the said usage: Provided, That goods designated by the Ordinance of the Ministry of Finance and Economy shall be excluded;

3. Goods donated for the activities concerning international peace and friendship by the International Red Cross or a foreign Red Cross or other international organizations designated by the Ordinance of the Ministry of

Finance and Economy;

4. Goods determined by the Ordinance of the Ministry of Finance and Economy from among goods manufactured or produced for specific uses by those who are disabled in sight, hearing and speech, or crippled, and suffering from illness from chronic kidney failure; and

5. Medical utensils for the diagnosis and treatment of the disabled in facilities for the welfare of the disabled under Article 48 of the Welfare of Disabled Persons Act and in rehabilitation hospitals or clinics operated by the government, local government, or social welfare corporation for the purpose of the rehabilitation treatment of the disabled.

▶ Article 92 (Exemption on Goods for Use of Government)

Goods falling under any of the following subparagraphs shall, in the case of importing, be exempted from customs duties:

1. Goods donated to government agencies or local governments for public use: Provided, this provision shall not apply to goods designated by the Ordinance of the Ministry of Finance and Economy;

2. Munitions imported by the government (including the case where a person other than the government imports them as a trustee of the government) and goods used for the presidential guard, excluding those as prescribed by the Ordinance of the Ministry of Finance and Economy;

3. Goods for official use forwarded back either from armed forces stationed or missions of Korea abroad;

4. Goods imported for use in emergency communication or controlling the radio waves which the Minister of Information and Communication deems necessary for national security;

5. Publications, records, recorded audio tapes, recorded video tapes, exposed slides, exposed films or other similar goods and materials imported directly by the government;

6. Goods as prescribed by the Ordinance of the Ministry of Finance and Economy, from among machines and tools imported by the State or a local government (including a corporation established, contributed to or invested in by the State or a local government) for the purpose of measuring or analyzing environmental pollution (including noise and vibration);

7. Goods as prescribed by the Ordinance of the Ministry of Finance and Economy, which are imported by the State or a local government (including a corporation established, contributed to or invested in by the State or local government) for the purpose of measuring, preserving or improving the water quality of waterworks; and

8. Goods imported by the Director of the National Intelligence Service or the person delegated by him, who deems it indispensable to carry out the object of national security.

▶ Article 93 (Exemption from Customs Duty on Particular Goods)

When goods falling under any of the following subparagraphs are imported, they may be exempted from customs duties:

1. Goods to be used for multiplication and breeding of animals and plants and for the improvement of seeds, which are designated by the Ordinance of the Ministry of Finance and Economy;

2. Goods to be used for exhibitions or other similar events, imported by the participants thereof, which are designated by the Ordinance of the Ministry of Finance and Economy;

3. Machinery, equipment and their parts required for the arrival and departure of aircraft and for security of aviation and for ground maintenance which cannot be properly manufactured domestically and which are designated by the Ordinance of the Ministry of Finance and Economy;

4. Goods donated from foreign countries for the purpose of support of restoration and relief at the time of any nuclear accident or radioactive emergency, as designated by the Ordinance of the Ministry of Finance and

Economy;

5. Marine products gathered and caught by any Korean vessels in the territorial seas of a foreign country with the permission of the foreign government (including those manufactured and processed in Korean vessels using such marine products as raw materials, hereinafter in this Article, same,);

6. Marine products gathered or caught by any Korean vessels in cooperation with foreign vessels by such method as prescribed by the Ordinance of the Ministry of Finance and Economy and recommended by the Minister of Maritime Affairs and Fisheries;

7. Marine products gathered or caught by a person holding the permission of the Minister of Maritime Affairs and Fisheries, in cooperation with a foreigner, in conformity with such requirements as determined by the Ordinance of the Ministry of Finance and Economy, and recommended by the Minister of Maritime Affairs and Fisheries after consultation with the Minister of Finance and Economy;

8. Goods from among those used for packing the marine products gathered and caught by any Korean vessels, and the marine products as referred to in subparagraph 6 and 7, but which can not be reused, which are prescribed by the Ordinance of the Ministry of Finance and Economy;

9. Raw materials which are required for pilot production for confirming that machinery and tools manufactured by a small and medium enterprise under Article 2 of the Framework Act on Small and Medium Enterprises according to an order from a foreign purchaser conform to the standards and performance requested by the purchaser and which satisfy such requirements as may be determined by the Ordinance of the Ministry of Finance and Economy.

10. Goods belonging to the head of a foreign country, his dependents and entourages visiting Korea;

11. Dismantled pieces and equipment in cases where any Korean vessel or

other transportation measures is dismantled due to a disaster;

12. Goods which are needed in the construction or repair of any bridge, communication facility, underwater tunnel or other similar structure to join Korea and foreign countries;

13. Certificates, as prescribed by the Ordinance of the Ministry of Finance and Economy, to be attached to goods exported from Korea to indicate that the quality, size, and safety specifications of such goods conform to the standards set by any authoritative organization in the importing country;

14. Goods to be used in repairing at the expense of a foreign insurance company or a foreigner for recovering any Korean vessel or aircraft damaged in an accident which occurred abroad;

15. Goods to be used in repairing at the foreign seller's expense, for the defects of any Korean vessel or aircraft discovered abroad during the guarantee period for repair provided for in a bill of transaction; and

16. Goods for sports (including their parts) designated by the Ordinance of the Ministry of Finance and Economy to be used for such kinds of sports as included in the International Olympic Games or Asian Athletic Events.

▶ Article 94 (Exemption on Goods for Small Amount)

Goods falling under any of the following subparagraphs shall, in the case of importing, be exempted from customs duties:

1. Decorations, medals and other similar awards and badges presented to any resident in Korea;

2. Documentary records and other documents;

3. Goods used for commercial samples or advertisement, and prescribed by the Ordinance of the Ministry of Finance and Economy; and

4. Goods of small value which are donated to any resident in Korea, which are

prescribed by the Ordinance of the Ministry of Finance and Economy.

▶ Article 95 (Reduction and Exemption of Customs Duty on Goods, etc. for Preventing Environmental Pollution)

(1) Where the goods imported, fall under any of the following subparagraphs are difficult to manufacture in Korea, shall be reduced or exempted from customs duties:

1. Machines, instruments, facilities and equipment designated by the Ordinance of the Ministry of Finance and Economy, used for preventing a discharge of pollutants(including noise and vibration) or for disposal thereof;

2. Machines and instruments designated by the Ordinance of the Ministry of Finance and Economy, used for a disposal of wastes (including any case of recycling);

3. Machines and instruments designated by the Ordinance of the Ministry of Finance and Economy, used directly for the prevention of any industrial accidents or occupational diseases;

4. Machines, instruments and facilities (including the constituent machines and tools) and key parts designated by the Ordinance of the Ministry of Finance and Economy for a factory automatization applying machines, electronics or data processing techniques; and

5. Goods needed in the defense industry fall under any following subparagraphs:

▪ Facilities machineries and foundation equipments needed in the defense industry;

▪ Parts and raw materials for producing, manufacturing, repairing, maintaining the goods of the defense industry (including police petrol vessels and adhesive goods to it); and

▪ Supplies for test and analysis, and samples for research & development of the goods of the defense industry (including police petrol vessels and

adhesive goods to it).

(2) In a case where the customs duties is reduced or exempted under paragraph (1), the period and rates of such reduction and exemption shall be determined by the Ordinance of the Ministry of Finance and Economy.

▶ Article 96 (Exemption on Passengers Hand Baggages and the Removal Goods)

Goods falling under any of the following subparagraphs shall, in the case of importing, be exempted from customs duties:

1. Hand baggage and unaccompanied baggage of passengers which the customs collector deems appropriate according to such criteria as determined by the Ordinance of the Ministry of Finance and Economy, in view of the purpose of entry, duration of sojourn, occupation, and other circumstances;

2. Imported used household effects accompanied or unaccompanied by a person who enters Korea to establish his residence, which the customs collector deems appropriate according to such criteria as determined by the Ordinance of the Ministry of Finance and Economy, in light of such matters as the purpose of establishing residence, duration of residence, occupation, number of dependents, etc.;

3. Hand baggage of crewmen of any foreign trade vessel or aircraft, which the customs collector deems appropriate in view of the duration of voyage and sojourn, and other circumstances: Provided, this provision shall not apply to goods designated by the Ordinance of the Ministry of Finance and Economy;

▶ Article 97 (Exemption on Goods to be Re-exported)

(1) Goods falling under any of the following subparagraphs from the date of import declaration acceptance shall in the case of importing, be exempted from customs duties:

1. Goods designated by the Ordinance of the Ministry of Finance and Economy: the period designated by a customs collector according to such

criteria designated by the Presidential Decree within one year. Provided, the said period may be extended within the limit of one year when the customs collector deems that there is an unavoidable reason for such extension; and

2. Goods, designated by the Ordinance of the Ministry of Finance and Economy, which has an unavoidable reason for exporting over the period of one year: the period designated by a customs collector.

(2) No goods which were exempted from the customs duties pursuant to the provisions of paragraph (1) shall be used for purposes other than those prescribed in the said paragraph, or transferred, within the period prescribed in the said paragraph: Provided, this provision shall not apply in cases where prior approval is obtained from a customs collector under the conditions as prescribed by the Presidential Decree.

(3) In the case falls under any following subparagraphs, the customs duties thereon shall be collected forthwith from the person who has either failed to export, utilized for other purposes, or transferred the said goods, and when collection from the said transferor is impossible, the customs duties shall be collected forthwith from the transferee: Provided, this provision shall not apply either when goods are ruined or missing as a result of a calamity or any other unavoidable cause, or when goods are, upon prior approval of the customs collector, destroyed or scrapped:

1. In the case of goods which are exempted from customs duties pursuant to the provisions of paragraph (1) have not been exported within the period prescribed in the said paragraph; and

2. In the case they have been utilized, or transferred to another person who intends to utilize them for purposes other than those prescribed in the paragraph (1).

(4) Among those goods exempted from the customs duties under paragraph (1), when those goods designated by the Ordinance of the Ministry of Finance and Economy have not been exported within the period prescribed in the said paragraph, the customs collector shall collect an additional tax thereon, within the limit of five million won, which shall be prescribed by the Presidential

Decree, taking into account the kind and customs value of such goods.

▶ Article 98 (Abatement or Exemption on Goods to be Re-exported)

(1) A customs duties reduction may be granted under the conditions, as prescribed by the Presidential Decree, on goods designated by the Ordinance of the Ministry of Finance and Economy which are to be re-exported within two years (with respect to goods which are approved by the customs collector before import, of those which are inevitably used for a long time and designated by the Ordinance of the Ministry of Finance and Economy, the period designated by the customs collector in conformity with such criteria as determined by the Presidential Decree within the limit of four years) from the date at which the import declaration is accepted, from among the goods for long time use which are imported for domestic and temporary use in relation to the execution of a lease contract or undertaking contract: Provided, the customs duties exemption shall be applied on a reciprocal basis to the goods imported under a treaty or agreement, etc. with a foreign country.

(2) The provisions of paragraph (2) through (4) of Article 97 shall apply mutatis mutandis to the case of goods on which a reduction of or exemption from customs duties is granted pursuant to the provisions of paragraph (1).

▶ Article 99 (Exemption on Goods Re-imported)

In the case where goods falling under any of the following subparagraphs are imported, such goods may be exempted from customs duties as prescribed by the Presidential Decree:

1. Goods exported from the Republic of Korea (including bonded processing exportation) and then re-imported within two years from the date at which the export declaration is accepted: Provided, the customs duties shall not be exempted for the case falls under any following subparagraphs;

■ In the case of customs duties reduced for the goods or raw materials;

■ In the case of drawback by this Act or the Act on Special Cases concerning

the Refundment of Customs Duties; and

- In the case of customs duties have not been levied by selling on the condition of re-export of bonded processing or goods exceeded the period of storage.

2. Re-imported containers of export goods; and

3. Goods exported for the purpose of any overseas test and research, and then re-imported.

- ▶ Article 100 (Abatement due to Deterioration or Damage)

(1) After the import declaration, if goods have deteriorated or been damaged prior to acceptance of the import declaration, the customs duties thereon may be reduced as prescribed by the Presidential Decree.

(2) In cases where an alternative exaction of customs duties is to be imposed with respect to goods on which the reduction of or exemption from customs duties has been made pursuant to the provisions of this Act, or any other law or treaty, when such goods have deteriorated, been damaged, or decreased in value due to the utilization thereof, the customs duties thereon shall be reduced in accordance with the Presidential Decree: Provided, in the case of Article 104 (6), the reduction of the customs duties thereon may be made only when such goods have deteriorated or been damaged due to a calamity or any other unavoidable reason.

- ▶ Article 101 (Abatement for Overseas Leased Processing Goods etc.)

(1) In the case where goods falling under any of the following subparagraphs are imported, such goods shall be abated from customs duties as prescribed by the Presidential Decree:

1. Raw materials or parts which are to be imported after they are exported and then manufactured and processed as such goods as determined by the Ordinance of the Ministry of Finance and Economy; and

2. Goods in conformity with such criteria as determined by the Ordinance of

the Ministry of Finance and Economy, which is exported for the purpose of processing or repairing.

(2) In the case of paragraph (1), where customs duties reduced for the goods or raw materials, received drawback by this Act or the Act on Special Cases concerning the Refundment of Customs Duties, and customs duties have not been levied by selling on the condition of re-export of bonded processing or goods exceeded the period of storage, shall not be abated from the customs duties.

▶ Article 102 (Post Control of Goods Reduced of or Exempted from Customs Duty)

(1) Goods which have been relieved, in whole or in part, from customs duties pursuant to Articles 89 through 91, 93 and 95, may not be used or transferred (including leasing such goods; hereinafter the same shall apply) for other purposes for which relief has been accorded, within a period prescribed by the Commissioner of the Korea Customs Service in accordance with criteria determined by the Presidential Decree not exceeding three years from the date of receipt of the report on importation of such goods, unless the goods get approval from the Commissioner of the Korea Customs Service otherwise in accordance with the goods determined by the Ordinance of the Ministry of Finance and Economy and the Presidential Decree.

(2) In the case the reduced or exempted customs duties shall immediately be collected from the person who has used such goods for a different purpose other than the purpose referred to any following subparagraphs, or the transferor thereof (including the lessor; hereinafter the same shall apply), and if it is impossible to collect the customs duties from the transferor, it shall be collected from the transferee (including the lessee; hereinafter the same shall apply), except in a case where the goods are extinguished due to any disaster, accident, or by other inevitable reason, or destroyed with the approval of the collector of the customs:

1. If the goods the customs duties on which is reduced or exempted pursuant to the provision of paragraph (1), are used for a different purpose other than

the purpose within the period prescribed in paragraph (1);

2. If the goods the customs duties on which is reduced or exempted pursuant to the provision of paragraph (1), transfer to the person who uses for a different purpose other than the purpose within the period prescribed in paragraph (1);

▶ Article 103 (Use other than Purpose of Customs Duty Reduced or Exempted Goods)

(1) In cases where goods, on which the customs duties has been reduced or exempted pursuant to the provisions of any laws or regulations, treaty or agreement, are used, or transferred to a person who intends to utilize them, for purposes other than those prescribed, (when the said goods are, if they are imported by such person who intends to use them for new purposes or a transferee who intends to do the same, entitled to the reduction of or exemption from customs duties pursuant to the provisions of any laws or regulations, treaty or agreement) the customs duties thereon may be, as prescribed by the Presidential Decree, reduced or exempted pursuant to the provisions of Article 83 (3), 88 (3), 97 (3), 98 (2), 102 (2), 104 (6) or 109 (2): Provided, this provision shall not apply when the customs duties so exempted or reduced is collected pursuant to the provisions of any laws or regulations, treaty or agreement other than this Act.

(2) Notwithstanding the provisions of Articles 98 (2) and 102 (1), any goods the customs duties on which is reduced or exempted under Articles 90, 93, 95 or 98, may be transferred to any systematized enterprise as prescribed in subparagraph 3 of Article 2 of the Act on the Protection of Business Sphere of Small and Medium Enterprises and Promotion of Cooperation among Systematized Enterprises, and in this case, the customs duties to be collected under Articles 98 (2) and 102 (2) may be reduced or exempted, except in a case where the reduced or exempted customs duties is collected pursuant to the Acts and subordinate statutes, treaties, agreements, etc. other than this Act.

(3) In cases where the reduction or exemption is made pursuant to the provisions of paragraph (1) and (2), the ex post facto control period shall be

computed from the date at which the import declaration is accepted.

▶ Article 104 (Abatement, Exemption and Refund on Raw Materials for Manufacturing Export Goods)

(1) Goods fall under any following subparagraph, shall be exported, sold or used for the said construction within the period specified in paragraph (3) from the date at which the import declaration is accepted, on the condition designated by the Presidential Decree, shall be exempted from the customs duties: Provided, for goods designated by the Presidential Decree, the customs duties may be drawback or abated:

1. Raw materials used for manufacturing or processing export goods;
2. Raw material used for goods to be sold in Korea, in terms of any foreign currencies, and manufacturing or processing as prescribed by the Ordinance of the Ministry of Finance and Economy; and
3. Goods used for the construction paid in terms of foreign currencies.

(2) When goods on which customs duties has been paid at the time of importation were used for the purposes prescribed in paragraph (1) (including the cases where they were exported after bonded work), a holdback of customs duties shall be made, as prescribed by the Presidential Decree, within the limit of the amount of the duty previously paid.

(3) Goods on which customs duties has been reduced or exempted pursuant to the provisions of paragraph (1) shall be exported or sold within one year from the date at which the import declaration is accepted, and the construction for which the said goods are used shall be completed within the same period: Provided, when export, sale, or completion of the construction has not materialized within the prescribed period of one year for reasons attributable to neither the exporter, seller nor constructor, the period may further be extended pursuant to the Presidential Decree, and when manufacturing, processing or construction requires a longer duration, the time limit period may be otherwise prescribed by the Presidential Decree.

(4) The provisions of Articles 46 through 48 shall apply mutatis mutandis to cases of the refund as drawback of customs duties prescribed in paragraphs (1) and (2) hereof.

(5) No goods on which the reduction of or exemption from customs duties has been made pursuant to the provisions of paragraph (1), or manufactured or processed goods for which the said goods have been used as materials shall be, within the period pursuant to the provision of paragraph (3) from the date at which the import declaration is accepted, used for purposes other than those designated pursuant to the provision of paragraph (1) or transferred: Provided, this provision shall not apply when prior approval has been granted by the customs collector, as prescribed by the Presidential Decree.

(6) When either goods on which the reduction of or exemption from customs duties has been made, or goods manufactured or processed by the said goods used as materials, pursuant to the provisions of paragraph (1), have not been used or have been transferred to any person who intends to utilize them for purposes other than the purpose of those prescribed within the period as prescribed in paragraph (3) from the date at which the import declaration is accepted, the customs duties previously reduced or exempted thereon shall forthwith be collected: Provided, this provision shall not apply if such goods were ruined or missing due to a disaster or other unavoidable circumstances, or if, upon prior approval of the customs collector, goods were destroyed or scrapped.

▶ Article 105 (Reduction or Exemption etc. for Equipment Leasing Businessman)

(1) Where the equipment leasing businessman under the Specialized Credit Financial Business Act imports any goods on which the customs duty is reduced or exempted or paid in installments, he may declare users of the leased equipment as persons liable to pay taxes, notwithstanding the provisions of Article 19. In this case, the users of the leased equipment shall be regarded as the user of leasing equipment .

(2) Where it is impossible to collect customs duties from the users of the

leased equipment, in collecting customs duties for the goods on which the customs duties have been reduced or exempted or approved of payment in installments pursuant to the provisions of paragraph (1), the duties shall be collected from the equipment leasing businessman.

SECTION 2 Drawback and Installation Payment etc.

▶ Article 106 (Customs Drawback on Goods Re-exported due to Breach of Import Contract)

(1) If imported goods, upon having the import declaration accepted, are different from those described in the terms of the contract but are of the same quality or shape as that described at the time of the import declaration, and are exported through a bonded area (including the permitted site by the permit of a customs collector pursuant to the provision of Article 156: hereinafter in this Article the same shall apply) within one year from the date at which the import declaration is accepted, the customs duties previously collected shall be drawback.

(2) If the customs collector deems he is unimpeded in calculating the duty amount to be drawback, and approves the imported goods as referred to in paragraph (1), even when a part of such goods is exported, the customs duties on them may be drawback under paragraph (1).

(3) The drawback of customs duties shall be made on such goods which were, upon prior approval from the customs collector, scrapped in the bonded area within one year from the date of the acceptance of the import declaration, upon the conclusion that such scrapping in lieu of the re-exportation pursuant to the provisions of paragraphs (1) and (2) was found unavoidable.

(4) After acceptance of the import declaration, if imported goods stored in a designated bonded area since the said declaration are missing or have depreciated in value due to calamitous deterioration or damage, the customs duties thereon may be drawback in part or in whole pursuant to the

Presidential Decree.

(5) On the application of paragraphs (1) through (4) when customs duties is not collected on the said goods because the indulgence period is in effect or the installment payment period has not come to a close, the customs collector may cancel the imposition of the said customs duties.

(6) The provisions of Articles 46 through 48 shall apply mutatis mutandis with respect to the drawback of customs duties under paragraphs (1) through (4).

▶ Article 107 (Installment Payment of Customs Duty)

(1) In the case where declaration, application, claim, presentation of other document, notice, payment, or collection is not recognized within the fixed period prescribed by the provision of this Act due to the reason of natural disaster, calamity or others designated by the Presidential Decree, customs collector allows the installment of duty payment within one year designated by the Presidential Decree.

(2) The customs collector may approve the installment payment of customs duties for a period not longer than five years, as prescribed by the Ordinance of the Ministry of Finance and Economy, on imported goods falling under any of the following subparagraphs:

1. Machine equipment, basic installation material, construction operation material and structures thereof and equipment for work, as designated by the Notice of the Minister of Finance and Economy, with the exception of those required for the industry prescribed by the Ordinance of the Ministry of Finance and Economy;

2. Goods, subject to designation by the Ordinance of the Ministry of Finance and Economy, imported by the government or local governments;

3. Goods, subject to designation by the Ordinance of the Ministry of Finance and Economy, imported by any school or vocational training institute or by any nonprofit-making juristic person for public activities;

4. Goods, subject to designation by the Notice of the Minister of Finance and Economy, imported by medical institutions, etc. and institutions and facilities for social welfare as designated by the Ordinance of the Ministry of Finance and Economy;

5. Goods as notified by the Minister of Finance and Economy, from among those for development and research of technology and for experiment and practice, which are imported by institutes attached to enterprises, industrial technology research associations, institutes which are nonprofit corporations, and other similar institutes, as prescribed by the Ordinance of the Ministry of Finance and Economy;

6. Goods imported by small and medium manufacturing enterprises as prescribed by the Ordinance of the Ministry of Finance and Economy for their direct use: Provided, That such goods shall conform to the standards as prescribed by the Ordinance of the Ministry of Finance and Economy; and

7. Goods, subject to designation by the Notice of the Minister of Finance and Economy, for education and for experiment or practice, which cannot be properly manufactured domestically and which are imported for direct use for vocational training at the institution therefor attached to a firm as designated by the Ordinance of the Ministry of Finance and Economy.

(3) When a person who has been granted approval for the installment payment of customs duties pursuant to the provisions of paragraph (2) desires either to alter the use of, or to transfer the goods in question, the prior approval of the customs collector shall be necessary.

(4) When the juristic person who has been granted approval for installment payment of customs duties has been merged, divided, merged through division, dissolved, or subjected to adjudication of bankruptcy, or when a person who has been granted approval for installment payment of customs duties has either died or been subjected to adjudication of bankruptcy, a person who has subsequently become liable for payment of duty pursuant to the provisions of paragraphs (6) through (8) of this Article, shall file, without delay, a detailed report of such event to the customs collector.

(5) When goods approved for installment payment of customs duties have thereafter been transferred to a person who intends to use them for the previously authorized purpose, the transferee shall be liable for payment of customs duties, and when such goods have been transferred to a person who intends to use them for an unauthorized purpose, the transferor shall be liable for payment of customs duties: Provided, when customs duties cannot be collected from the transferor, it shall be collected from the transferee.

(6) When a juristic person which was granted approval for installment payment of customs duties has been merged, divided, or merged through division, a juristic person which continues to exist after such merger, division, or merger through division or is incorporated in consequence thereof shall be jointly and severally liable for payment of the customs duties.

(7) When a person to whom installment payment of customs duties has been granted has been declared bankrupt, the trustee thereof shall be liable for payment of customs duties.

(8) When a juristic person to whom installment payment of customs duties has been granted has thereafter dissolved, the liquidator thereof shall be liable for payment of customs duties.

(9) The full outstanding amount of customs duties shall be forth with collected in cases falling under any of the following subparagraphs:

1. When goods on which installment payment of customs duties has been granted have been, within the period prescribed in paragraph I, either used for other purposes or transferred to a person who intends to use them for unauthorized purposes;

2. When customs duties has not been paid within the period designated: Provided, That this provision shall not apply when the Administrator deems it inevitable;

3. When the person has been declared bankrupt; and

4. When the juristic person has been dissolved.

▶ Article 108 (Security Presentation and Post Management)

(1) When the customs collector deems it necessary, he may, at the time of importation, require a security equivalent to the amount of customs duties reduced or exempted, or grant an installment payment to be deposited with respect to the goods on which such reduction or exemption, or installment payment has been granted pursuant to this Act or any other law, treaty, or agreement under the conditions as prescribed by the Commissioner of the Korea Customs Service in conformity with the scope as determined by the Presidential Decree.

(2) A person who has been granted an approval for reduction or exemption, or installment payment of customs duties pursuant to this Act, or any other law, treaty, or agreement shall submit, as prescribed by the Presidential Decree, to the customs collector such documents as are necessary for ascertaining the fulfillment of the conditions thereto.

(3) The Commissioner of the Korea Customs Service may, when necessary for ascertaining the fulfillment of the conditions prescribed in paragraph (2), entrust the matters regarding the post management of the said goods to the competent Minister as prescribed by the Presidential Decree.

(4) When goods on which the customs duties reduction or exemption has been granted were exported with the approval of the customs collector, such goods shall, in application of this Act, not be regarded as having been used for purposes other than their original ones, and the post management therefor shall be closed: Provided, when those goods on which customs duties reduction or exemption had been granted were exported for processing or repair abroad, and then re-imported, or after export for the purpose of any test or research abroad, re-imported, with a customs duties reduction or exemption pursuant to subparagraph 3 of Article 99 or subparagraph 2 of Article 101 (1), post management shall be continued.

▶ Article 109 (Collection of Customs Duty on Goods Abated or Exempted by Other Acts or Subordinate Statutes, etc.)

(1) When goods, on which customs duties has been reduced or exempted

under different Acts and subordinate statutes, treaties or agreements other than this Act, are intended to be, within five years from the date on which the import declaration is accepted, either used for other purposes unauthorized by such Acts and subordinate statutes, treaties or agreements, or transferred to a person who intends to use them for unauthorized other purposes, a sanction shall be obtained from the customs collector except in cases where contrary provisions are provided for in such Acts and subordinate statutes, treaties or agreements to the effect that customs duties shall still be exempted even if the goods were either used, or transferred to a person who intends to use them, for such other purposes.

(2) The customs duties previously reduced or exempted shall be collected forthwith on goods subjected to a sanction by the customs collector under the provisions of paragraph 1 from the person who has used them for other purposes or from the transferor, and when duty could not be collected from the transferor, customs duties reduced or exempted shall be collected forthwith from the transferee thereof: Provided, this provision shall not apply when the goods in question have either been, as a result of calamity or any other unavoidable causes, ruined or lost, or, upon prior approval of the customs collector, scrapped.

CHAPTER V The Taxpayer's Right and Appeal Procedures

SECTION 1 The Taxpayer's Right

Article 110 (The Enactment of Taxpayer's Right Charter and Supply)

(1) The Commissioner of Korea Customs Service enacts and notices taxpayer's right including the other matters related to the protection of taxpayer's right pursuant to the provision of Article 111 through 117.

(2) Customs official provides the documents contain contents of taxpayer's right charter pursuant to the provision of paragraph (1) when it falls under any

following subparagraphs:

1. In the case where investigation on a infringement case of regulations for evasion of customs duty, illegal reduction and exemption, or illegal drawback (including illegal drawback pursuant to the provision of Article 23 (1) of Act on Special Cases concerning the Refundment of Customs Duties, etc. Levied on Raw Materials for Export) pursuant to the provision of Article 270;

2. In the case where investigation on visiting a taxpayer for investigation and imposition disposal, etc for a decision or a rectification of customs duties; and

3. In other cases prescribed by the Presidential Decree.

(3) Customs official shall not provide taxpayer's right charter when the purpose of investigation can not be accomplished due to arrest, seizure, search of taxpayer, or where a taxpayer as a flagrant offence concerned about fleeing.

▶ Article 111 (Prohibition of a Duplicated Investigation)

Customs official shall not re-investigate for the same person who were already investigated for the matters except the case falls under any following subparagraphs:

1. In the case where distinct document recognized the suspicion of customs duty evasion;

2. In the case investigation is necessary for transaction parter; and

3. In other cases prescribed by the Presidential Decree.

▶ Article 112 (Receiving Assistance Right In The Case of Customs Investigation)

Taxpayer may hire lawyer, customs broker, and other person who has expertise in customs designated by the Presidential Decree, to present or make a statement of his opinion at investigation, in the case of receiving

investigation from customs official under any subparagraphs of Article 110 (2).

▶ Article 113 (Presumption of Sincerity etc. of Taxpayer)

(1) In the case where taxpayer shall not discharge an obligation of declaration etc. determined by this Act, or has suspicion of specific duty evasion etc. except for the case designated by the Presidential Decree, customs official shall presume the taxpayer is sincere and the submitted document etc. by him is genuine.

(2) The provision of paragraph (1) shall not restrict the acts that customs official questions for the contents of submitted declaration documents etc. or exams on the declared goods by taxpayer prescribed by the Presidential Decree.

▶ Article 114 (Previous Notice and Filing Postponement of Customs Investigation)

(1) In the case where investigate on the account book, document, electronic handing device, and other items etc. for the investigation falls under Article 110 (2) 1, customs official notify the taxpayer (including the person of attorney. hereinafter in this Article, the same apply) who receives investigation, subject and reason of investigation, and others prescribed by the Presidential Decree in seven days before starting the investigation. Provided, it shall not otherwise be the case falls under any following subparagraph:

1. When investigating the infringement case of regulation; and

2. In the case where the purpose of investigation shall not be achieved caused by destroying evidence etc. when previous notice is made.

(2) In the case where the taxpayer who received the notification pursuant to the provision of paragraph (1), has difficulty in receiving the investigation caused by the reason of natural disaster, calamity or others designated by the Presidential Decree, may apply the postponement of investigation to the customs collector prescribed by the Presidential Decree.

▶ Article 115 (Notification On The Result of Customs Investigation)

Customs official shall notify the taxpayer the result of investigation in written form when the investigation is terminated under any subparagraphs of Article 110 (2). Provided, it shall not otherwise be the case of the cessation of business etc designated by the Presidential Decree.

▶ Article 116 (Maintenance of Secrecy)

(1) Customs official shall not furnish or disclose obtained materials (hereinafter referred as to "duty information") during official work to another person and use other than the use of purpose as the purpose of imposition, collection and clearance of materials or customs duty presented by the taxpayer for implementing the obligation of duty payment designated by this Act. Provided, the duty information of taxpayer shall be provided within the bound set by the purpose of usage falls under any following subparagraphs:

1. In the case where government agencies demand on duty information for the purpose of administrative litigation and prosecution of customs offender with regard to customs duty;
2. In the case of demanding on duty information pursuant to a issuance of the warrant by submission order of a court or a judge;
3. In the case of demanding on duty information by the necessity of imposition, collection, clearance, inquiry, or inspection customs duty for reciprocal of customs official; and
4. In the case of demanding on duty information pursuant to the provision of other law and regulations.

(2) The person request on furnish of duty information pursuant to the provision of paragraph (1) 1 and 4, demands it to the customs collector in writing.

(3) Customs official shall deny the demand of duty information for infringing the provision of paragraph (1) and (2).

(4) The person who obtained the duty information pursuant to the provision of paragraph (1), must not furnish and disclose or use other than the use of purpose to another person.

(5) The person who is not a government official among the persons who obtained duty information pursuant to the provision of this Article, regarded as a government official for applying the penal clauses pursuant to criminal law and other laws.

▶ Article 117 (Furnish of Information)

Customs official shall promptly furnish the necessary information requested for excising the right of taxpayer to taxpayer. For this case, customs official furnish together with other information related to the information requested by taxpayer that he must know, designated by the Commissioner of Korea Customs Service.

▶ Article 118 (Inspection on Propriety Prior to Imposition)

(1) In the case where imposing a duty amount of payment or a deficit amount of payable duty amount pursuant to the provision of Article 38 (5) and 39 (2), a customs collector notify in advance, the contents to taxpayer in written form. Provided, it shall not otherwise be the case falls under any following subparagraph:

1. In the case of the expel period of duty imposition is terminated pursuant to the provision of Article 21 within three months from the date of notification;

2. In the case of the declaration of fixed value by taxpayer pursuant to the provision of Article 28 (2);

3. In the case of imposition of deficit duty amount by the result of reviewing duty amount prior to the acceptance of import declaration pursuant to the provision of Article 38 (2);

4. In the case of imposition of reduced duty pursuant to the provision of the Article 97 (3) and 102 (2);

5. In the case of imposition of evaded duty amount accused by the crime of duty evasion pursuant to the provision of Article 270; and

6. In the case of the imposition of other customs duty is difficult and pre-notification is unfit prescribed as the Presidential Decree.

(2) When taxpayer receives notice pursuant to the provision of paragraph (1), he may request a review (hereinafter in this Article referred to as "Inspection on Propriety prior to Imposition") on the regality of contents of notice to the customs collector designated by the Ordinance of the Ministry of Finance and Economy within 20 days from date of receiving the notice. Provided, In the case where the authoritative interpretation of the Commissioner of Korea Customs Service for the laws and ordinance need to be changed or newly interpretate designated by the Presidential Decree, he may request to the Commissioner of Korea Customs Service.

(3) The customs collector or the Commissioner of Korea Customs Service who receives the request of inspection on propriety prior to imposition pursuant to the provision of paragraph (2), makes a decision through the review of the Commission of Inspection on Propriety prior to Imposition designated by the Presidential Decree within 30 days from the date of receiving the request and notify the result to the applicant.

(4) As for the decision on request of Inspection on Propriety prior to Imposition pursuant to the provision of paragraph (3), any following subparagraphs shall apply:

1. In the case of request has no reason of recognition, decision of no adoption;

2. In the case of request has a reason of recognition, decision of adoption. Provided, some of the request has reason of recognition, shall be decided the adoption of some; and

3. In the case of expiration of the period of request or no correction has made within the period of correction.

(5) The Provision of Article 122 (2), 123, 126, and 130 apply to Inspection on Propriety prior to Imposition.

(6) The measurement of Inspection on Propriety prior to Imposition and other necessary matters are designated by the Presidential Decree.

SECTION 2 Review and Adjudication

▶ Article 119 (Appeal of Dissatisfaction)

(1) A person whose right or interest has been infringed upon either by an illegal or unreasonable disposition or by lack of a necessary disposition made under this Act or other Acts and treaties on customs duties may request a review asking revocation or modification of such disposition, or an other necessary disposition pursuant to the provisions of this Section: Provided, a protest may be filed pursuant to the provisions of this Section prior to a review with regard to the said disposition, except in cases where the Administrator has or should have investigated, determined or made the said disposition.

(2) The dispositions enumerated in the following subparagraphs shall not be included in those referred to in paragraph (1):

1. Dispositions with regard to protests, reviews or adjudication requests made pursuant to the provisions of this Section: Provided, the filing of a review against the disposition made on the protests or an adjudication request against the disposition made on the review shall be excluded;

2. Notification of disposals pursuant to the provisions of this Act: and

3. Dispositions for which an examination has been requested pursuant to the provisions of the Board of Audit and Inspection Act, or dispositions made in response to the request for examination.

(3) The request for examination referred to in paragraph (2) 3 shall be filed within ninety days from the date when he learned of the disposition made thereon (or from the date of receipt in the case of having received a notice of

disposition).

(4) Administrator litigation against the disposition resulting from the examination mentioned in paragraph (2) 3 shall be filed against the pertinent disposition-making office within ninety days from the date of having received the notice of the decision made in response to the request for examination, notwithstanding the provisions of Articles 18 (2), (3) and 20 of the Administrative Litigation Act.

(5) The periods referred to in paragraphs (3) and (4) shall be unchangeable.

(6) A person who has objections to the disposition made by a customs collector in respect of the assessment, collection, reduction, exemption, or refund of the domestic tax, etc. imposed on the imported goods may file a protest, review or adjudication request pursuant to the provisions of this Section.

(7) An interested person as determined by the Presidential Decree, such as a person liable for secondary tax payment, etc., whose right or interest has been infringed upon either by a disposition made under this Act or other Acts and treaties on customs duties may request a review on the disposition asking revocation or modification of such disposition, or any other necessary disposition pursuant to the provisions of this Section. In this case, the proviso of paragraph (1) and the provisions of paragraphs (2) and (6) shall be applicable *mutatis mutandis*.

(8) As for the same disposition, review or adjudication request can not be repeatedly instituted.

▶ Article 120 (Relation with Administrative Litigation Act, etc.)

(1) The provisions of the Administrative Appeals Act shall not apply to the dispositions referred to in Article 119. Provided, the provisions of Article 11, 16, 20, and 26 of the Customs Act apply the Act for the adjudication request, for this case, "a committee" is regarded as "a national tax judge committee" or "a national judge joint committee".

(2) Notwithstanding the provisions of the text of Article 18 (1) and the provisions of Article 18 (2) and (3) of the Administrative Litigation Act, administrative litigation against any illegal disposition as prescribed in Article 119 may not be instituted without going through the adjudication request as prescribed by this Act, and the decision thereon.

(3) Notwithstanding the provisions of Article 20 of the Administrative Litigation Act, administrative litigation as referred to in paragraph (2) shall be instituted within ninety days after the decision on the adjudication request is notified: Provided, if the notification on the decision is not received within the period of decision as prescribed in the text of Article 128 (2) and the provision of Article 131, the administrative litigation may be instituted from the day on which such decision period expires, even before the decision is notified, notwithstanding the provisions of paragraph (2).

(4) In a case where a request for examination as prescribed in Article 119 (2) 3 is made, it shall be considered that the adjudication request under this Act is made, and the provisions of paragraph (2) shall be applicable mutatis mutandis.

(5) The period prescribed in paragraph (3) shall be unchangeable.

▶ Article 121 (Period for Filing Request)

(1) A request for review shall be filed within ninety days from the date on which it was learned that the disposition thereon has been made (regard as the date of receipt of notice when having received a notice of the disposition).

(2) If a person desires to request an examination after going through an objection, he shall do it within ninety days after he is notified of the decision on the objection: Provided, if he is not notified of the decision within the period of decision as prescribed in the proviso of Article 132 (2), he may request the examination as of the day on which the period of decision expires, even before he is notified of the decision.

(3) If the request for examination submitted by mail within the time limit as

referred to in paragraph (1) and main sentence of paragraph (2) (based on the date as prescribed in Article 5-2 of the Framework Act on National Taxes), has arrived at the expiration of the period of request, the request shall be considered to have been made legally on the expiration day of such period.

(4) If the person requesting the examination is unable to make the request for examination within the time limit as referred to in paragraph (1), due to such reasons as prescribed in Article 10 (limited to the reason for a postponement of period as to any report, application, request, submission of documents, notification, etc.), he may make the request for examination within fourteen days after such reason disappears. In this case, the person requesting the examination shall submit with it a document specifying the reason why he was unable to request the examination within such period, the dates at which such reason takes place and disappears, and other necessary matters.

▶ Article 122 (Procedures for Request)

(1) A request for review, together with reasons for objection, shall, as prescribed by the Presidential Decree, be sent to the Commissioner of the Korea Customs Service, through the pertinent customs collector who has made or should have made the disposition.

(2) In computing the period for requesting the review prescribed in Article 121, the request shall be deemed to have been made at the time when the written request was filed, pursuant to the provisions of paragraph (1), with the customs collector. The same shall apply to a case where the written request was filed with the Commissioner of Korea Customs Service or a customs collector other than the one mentioned in paragraph (1).

(3) When the customs collector has received a written request for review prescribed in paragraph (1), he shall forward it, together with his written opinion thereon, to the Commissioner of the Korea Customs Service within seven days from the date of receipt thereof.

▶ Article 123 (Supplement or Correction of Request for Review)

(1) When the Commissioner of the Korea Customs Service deems that the

contents of a request for review or the procedures for filing it do not comply with the provisions of this Section, but still can be supplemented or corrected, he may request that such adjudication be supplemented or corrected, by designating a period within twenty days: Provided, when the matters to be supplemented or corrected are deemed to be insignificant, he may supplement or correct them ex officio.

(2) The period for a supplement or correction referred to in paragraph (1) shall not be included in computing the period for filing a request for review referred to in Article 121.

▶ Article 124 (Tariff Review Commission)

(1) In order to deliberate a request for review made to the Commissioner of the Korea Customs Service under Article 40, the Tariff Review Commission shall be established in the Korea Customs Service.

(2) Matters necessary for the composition and operation of the Tariff Review Commission shall be determined by the Presidential Decree.

▶ Article 125 (Effect of Request, etc. for Review on Execution)

Any objection, request for review or adjudication shall not affect the execution of the original disposition, except in cases where there are any special provisions in Acts and subordinate statutes: Provided, when the pertinent reviewing office deems it necessary, it may cause the suspension or suspend the execution thereof.

▶ Article 126 (Attorney)

(1) A person who makes an objection, request for review or adjudication may designate a lawyer or licensed customs brokerage as his attorney.

(2) The competence of the attorney shall be established in writing.

(3) The attorney may conduct, on behalf of the person who has requested the review, each and every act relating to a request for review: Provided, the request for review may be withdrawn by him only when he is expressly

authorized to do so.

(4) When a petitioner has dismissed his attorney, he shall notify, in writing, the reviewing office to that effect.

▶ Article 127 (Procedure on Decision)

(1) The Commissioner of the Korea Customs Service shall, upon receiving a request for review under Article 122, make a decision through a deliberation of the Tariff Review Commission: Provided, there the object of the request for review is significant matters as prescribed by the Presidential Decree, the deliberation of the Tariff Review Commission may be omitted.

(2) The meeting of the Tariff Review Commission shall not open to the public. Provided, it shall open to the public when the Chairman of the Commission recognizes the necessity.

▶ Article 128 (Decisions on Appeals)

(1) Decisions on requests for review filed shall be made pursuant to each of the following subparagraphs:

1. When a request for review has been filed after the deadline for filing prescribed in Article 121, or when the required supplement or correction has not been made within the period prescribed in Article 123, the said request shall be rejected;

2. When it is deemed that the request for review filed has no grounds, the said request shall be dismissed; and

3. When it is deemed that the request for review filed has grounds, the disposition which is the object of the request for review shall be cancelled or corrected, or other necessary disposition shall be made.

(2) Decisions referred to in paragraph (1) shall be made within sixty days from the filing date of the request for review: Provided, an exception shall be made when there are unavoidable reasons.

(3) When a decision has been made pursuant to the provision of paragraph (1), a written decision wherein the reasons therefor are stated shall be delivered to the person who has requested the review within the period prescribed in paragraph (2).

(4) The period for supplement and correction pursuant to the provision of Article 123 shall be excluded in computation of the period for decision pursuant to the provision of paragraph (2).

▶ Article 129 (Notification of Method of Adjudication)

(1) The agency which is authorized to make a decision on an objection, request for review or administrative adjudication, shall include in a written decision matters as follows:

1. In the case of an objection, it means to institute a review or adjudication request within ninety days after he receives the written decision; and
2. In the case of a review or adjudication request, it means to institute the administrative litigation within ninety days after he receives the written decision.

(2) If the agency which is authorized to decide any objection, request for examination, or adjudication, fails to make the decision even at the expiration of the period of decision on such request or adjudication, it shall notify in writing the person who made an application or a request for examination:

1. In the case of an objection, it means to institute a review or adjudication request even after the day on which the period of decision expires prior to receiving the notice of decision; and
2. In the case of a review or adjudication, it means to institute administrative litigation even after the day on which the period of decision expires prior to receiving the notice of decision.

▶ Article 130 (Inspection of Documents, and Statement of Opinion)

A person who makes an objection, requests a review or an adjudication may

inspect documents pertaining to the request, and may present his opinion before the reviewing office pursuant to the provisions of the Presidential Decree

▶ Article 131 (Adjudication Request)

The provisions of Section 3, Chapter 7 of the Framework Act on National Taxes shall apply mutatis mutandis to the adjudication request prescribed in Article 119 (1). In the applications thereof, "the chief of the revenue office" thereunder means "the customs collector" and "the Commissioner of the National Tax Service" means "the Commissioner of the Korea Customs Service".

▶ Article 132 (Protests)

(1) A protest, together with the reasons for objection, shall be filed with the customs collector who made or should have made the disposition concerned, as prescribed by the Presidential Decree.

(2) The provisions of Article 121, 122 (2), 123 and 128 shall apply mutatis mutandis to protests: Provided, "sixty days" referred to in Article 128 (2) is deemed "thirty days".

CHAPTER VI TRANSPORTATION MEASURES

SECTION 1 Open Port

▶ Article 133 (Designation of Open Port)

Open ports shall be designated by the Presidential Decree.

▶ Article 134 (Entry into and Departure from Open Port, etc.)

(1) Foreign trade vessel or aircraft shall navigate to only open ports: Provided, That this provision shall not apply when a permit to entry into and departure from unopen ports has been granted as prescribed by the presidential

Decree.

(2) The captain of a vessel or aircraft shall, when he desires to obtain a permit as prescribed in the provision of paragraph (1), pay a permission fee as prescribed by the Ordinance of the Ministry of Finance and Economy.

SECTION 2 Vessels and Aircraft

SUBSECTION 1 Procedure of Entry and Departure

▶ Article 135 (Procedure for Entry into Port)

(1) When a foreign trade vessel or aircraft has entered an open port(including unopen port which a permit is obtained as prescribed in the provision of paragraph (1) of article 134), the captain thereof shall, without delay, file with the customs collector an entry report together with the list of supplies, passenger list, list of the crew, and a list of their personal effects and a manifest as prescribed by the Commissioner of the Korea Customs Service, and in the case of a foreign trade vessel, he shall present the vessel's certificate of nationality, clearance permit from the immediately preceding port of departure, or instruments substituting therefor: Provided, if it is deemed unnecessary for its supervision and control, the customs collector may exempt him from the submission of the lists of supplies and crew's personal effects.

(2) If it is required for going through rapid entry and customs clearance procedure, and conducting efficient supervision and control, the collector of customs may have the shipping or aviation company to which the ship or aircraft entering into the port (including the person acting for the company; hereinafter the same shall apply), submit the list of passengers, manifest, etc. as referred to in paragraph (1) prior to the entry, under the conditions as prescribed by the Commissioner of the Korea Customs Service.

▶ Article 136 (Procedure for Departure from Port)

(1) When a foreign trade vessel or aircraft desires to depart from an open port, the captain thereof shall, prior to departure, obtain a departure permit.

(2) The captain of a vessel or aircraft shall, when he desires to obtain the permit prescribed by paragraph (1), submit a list of goods boarded at the open port; Provided, in case where the customs collector deems it necessary for a simplified procedure for departure from port, to separately establish a period within seven days from the date on which the departure permit has been given, the list of goods shall be submitted within that period.

▶ Article 137 (Simplified Procedure for Entry into and Departure from Port)

(1) When any foreign trade vessel or aircraft enters an open port and departs therefrom within 24 hours without loading or unloading any goods(excluding the personal effects of the crew and supplies for the vessels or aircraft), the customs collector may decide to omit the submission of its manifest, list of supplies for the vessels or aircraft, passenger list, list of the crew and list of their personal effects pursuant to the provisions of Article 135, or its manifest pursuant to the provisions of Article 136.

(2) If a foreign trade vessel or aircraft enters an open port, and after completing the procedure as prescribed in Article 135, enters another open port in the Republic of Korea, the customs collector may have such vessel or aircraft enter or depart by a simplified procedure, such as the omission of the submission of the documents, etc. applying the provisions of paragraph (1).

SUBSECTION 2 Exemption, etc. from Obligation due to Calamity or any Other Unavoidable Circumstances

▶ Article 138 (Exemption from Obligation due to Calamity or any Other Unavoidable Circumstances)

(1) The provisions of Articles 134 through 137, and Article 140 through 143 shall not apply to the case of calamity or other unavoidable circumstances.

(2) In the case of paragraph (1), the captain of the vessel or aircraft shall without delay, report the reasons to a customs official or to a police

official(only when no customs official is present).

(3) The police official, upon receipt of the report prescribed in paragraph (2), shall, without delay, notify a customs official of the summary of the said report.

(4) The captain of vessel or aircraft shall, when the said calamity or other unavoidable circumstance has terminated, make a full report, without delay, to the customs collector.

▶ Article 139 (Report of Emergency Entry into Foreign Country)

When any domestic line vessel or aircraft which has stopped at a foreign port as a result of a calamity or any other inevitable cause, returns to Korea thereafter, the captain concerned shall, without delay, report the fact to the customs collector, and submit a list, if any, of the goods loaded at the said foreign port.

SUBSECTION 3 Unloading of Goods

▶ Article 140 (Unloading of Goods)

(1) No goods shall be loaded on, or unloaded from, any foreign trade vessel or aircraft, or transshipped to another vessel or aircraft, unless the procedures for entry prescribed in Article 135 have been completed: Provided, this provision shall not apply when permission is obtained from the customs collector.

(2) When goods are to be loaded or unloaded from any foreign trade vessel or aircraft, a declaration thereon shall be made to the customs collector and confirmation thereon shall be obtained on the spot from a customs official: Provided, this provision shall not apply when the customs official deems that there is no need for confirmation.

(3) If it is required for supervision and control, the collector of the customs may restrict the passage of goods loaded or unloaded under paragraph (2).

(4) Domestic goods may not be loaded on a foreign trade vessel or aircraft

and foreign goods may not be loaded on a domestic vessel or aircraft:
Provided, this provision shall not apply when a permit has been obtained from the customs collector.

▶ Article 141 (Temporary Landing of Foreign Goods)

when any behavior of the following subparagraphs is conducted, it shall be filed to the customs collector and confirmation thereon shall be obtained on the spot from a customs official : Provided, this provision shall not apply when the customs official deems that there is no need for confirmation.

1. When foreign goods are to be landed temporarily from a transportation measure
2. When any persons other than passengers, crew, or operator who desire to board on the transportation measure
3. When transshipment of goods or movement of any person between a transportation measure loaded with foreign goods and other transportation measure

▶ Article 142 (loading and unloading outside Ports)

(1) The captain of a foreign trade vessel shall, when he desires to load, unload or transship goods outside the open port, obtain a permit of the customs collector.

(2) The captain shall, when applying for the permit prescribed in paragraph (1), pay the permit fee as prescribed by the Ordinance of the Ministry of Finance and Economy.

▶ Article 143 (Loading and unloading, etc. of Supplies for Vessels or Aircraft)

(1) The captain of a foreign trade vessel, when goods pursuant to each of the following subparagraphs is loaded to or unloaded, transhipped from foreign vessels or aircraft, shall obtain permission of the customs collector.

1. Supplies for vessels or aircraft

2. Goods to be sold in a foreign trade vessel or an aircraft

(2) When the goods of each subparagraph under paragraph (1) are foreign goods which arrived in Korea from a foreign country, such foreign goods which are intact and original may be loaded on a foreign trade vessel or on aircraft only if the loading is undertaken from a bonded area.

(3) The kinds and quantity of the goods of each subparagraph under paragraph (1), shall be those which are deemed by the customs collector as appropriate in consideration of the kind, gross tonnage and net tonnage of such vessel or aircraft, and of the duration of its voyage and the number of its passengers and crew.

(4) When foreign-made supplies for vessels or aircraft and goods to be sold in a foreign trade vessel or aircraft prescribed in paragraph (2) have not been loaded on the transportation measures according to the permit granted pursuant to the provisions of paragraph (1), the customs duties thereon shall immediately be collected from the person to whom the permit has been granted: Provided, That an exception shall be made under any of the following subparagraphs.

1. When such supplies were returned to the bonded area within the period designated by the customs collector

2. When such supplies were ruined or missing as a result of calamity or other unavoidable cause

3. When such supplies were destroyed or scrapped upon prior approval of the customs collector.

(5) Matters necessary for the kinds, quantity, etc. of the goods to be permitted pursuant to paragraph (1) shall be determined and notified by the Commissioner of the Korea Customs Service.

SUBSECTION 4 Change of Status from Foreign Trade Vessel or Aircraft to

Domestic Line Vessel or Aircraft

▶ Article 144 (change of status from foreign trade vessel or aircraft to domestic line vessel or aircraft)

If a change of status from foreign trade vessel or aircraft to domestic line vessel or aircraft, or vice versa, is desired, the captain of the vessel or aircraft thereof shall obtain the approval of the customs collector.

▶ Article 145 (Application of Provisions to Acting Captain)

The provisions applicable to the captain of a vessel or aircraft concerned shall also apply to persons who perform the duty of the captain on his behalf.

▶ Article 146 (Other Vessels and Aircraft)

The provisions applicable to foreign trade vessels or aircraft shall apply mutatis mutandis to vessels or aircraft other than foreign trade vessels or aircraft, when such vessels or aircraft navigate foreign countries: Provided, an exception shall be made with respect to vessels or aircraft designated by the Presidential Decree.

▶ Article 147 (Vessels Navigating on River which is National Boundary)

The provisions applicable to foreign trade vessels shall not apply to domestic vessels navigating exclusively on a river which is a national boundary.

SECTION 3 Vehicles

▶ Article 148 (Customs Route)

(1) Vehicles operating across the national boundary line shall pass through customs routes and stop at a customs clearance station or customs clearance area.

(2) Customs routes under paragraph (1) mean railways leading to customs clearance stations from the adjacent border, and such land routes or

waterways leading to a customs clearance area from the adjacent border, as designated by the customs collector.

(3) Customs clearance stations shall be designated by the Commissioner of the Korea Customs Service from among such railway stations are located near the national boundary and connected to the adjacent foreign country.

(4) Customs clearance areas shall be designated by the customs collector from among such places as are adjacent to customs routes.

▶ Article 149 (arrival procedure of vehicles operating across the national boundary line)

(1) When a vehicle operating across the national boundary line has entered customs clearance station or customs clearance area, the stationmaster thereof or the driver of the vehicle shall, without delay, file with the customs collector an entry report together with the list of supplies, passenger list, list of the drivers, and a list of their personal effects and a manifest as prescribed by the Commissioner of the Korea Customs Service, and he shall present the vehicle's clearance permit from the immediately preceding place of departure, or instruments substituting therefor: Provided, if it is deemed unnecessary for its supervision and control, the customs collector may exempt him from the submission of the lists of supplies and staff's personal effects.

(2) When it is necessary to implement fast entry, procedure of customs clearance, and efficient surveillance and controls, the company(including person who performs the duty of the captain on his behalf) owning the vehicle to be arrived as prescribed by the Commissioner of the Korea Customs Service may submit passenger list, manifest prescribed in paragraph (1) prior to arrival.

▶ Article 150 (departure procedure of vehicles operating across the national boundary line)

(1) When vehicles operating across the national boundary line are to depart from customs clearance station or customs clearance area, the stationmaster or the driver of the vehicle shall report the departure of the said vehicles, and

obtain a departure permit of the customs collector prior to departure.

(2) When the stationmaster or the driver of the vehicle desire to obtain the permit prescribed in paragraph (1), he shall submit the list of the goods to have been loaded at the customs clearance station or customs clearance area.

▶ Article 151 (Loading and Unloading of Goods)

(1) A person who intends to load and/or unload foreign goods at a customs clearance station or customs clearance area shall declare to the customs collector and obtain confirmation on the spot from a customs official: Provided, this provision shall not apply when the customs official deems that there is no need for confirmation.

(2) The provision of article 143 may apply mutatis mutandis to supplies for vehicles and goods to be sold in vehicles operating across the national boundary line are loaded on the vehicle, or transshipped.

▶ Article 152 (Vehicles other than Railway Vehicles)

(1) Vehicles other than railway vehicles regularly operating across the national border line shall obtain a certificate of qualification issued by the customs collector and present it at each border crossing in order to obtain a visa from the customs official.

(2) A person who desires to obtain a visa as prescribed in paragraph (1) shall pay the fee prescribed by the Ordinance of the Ministry of Finance and Economy.

▶ Article 153 (Other Transportation Carriers)

When the provision of article 152 is applied to, such transportation measures other than vessels, vehicles or aircraft shall be regarded as vehicles other than railway vehicles. CHAPTER VII BONDED AREAS

SECTION 1 General Provisions

▶ Article 154 (Kinds of Bonded Area)

Bonded areas shall be divided into designated bonded areas, licensed bonded areas, and integrated bonded areas: designated bonded areas being divided into designated storage and customs inspection places; and licensed bonded areas being divided into bonded warehouses, bonded factories, bonded exhibition places, bonded construction sites and bonded sales shops.

▶ Article 155 (Storing of Goods)

(1) All foreign goods and domestic goods for which the declaration on domestic transportation prescribed in Article 221 is to be applied, shall not be stored in a place other than a bonded area: Provided, That this provision shall not apply to goods falling under any of the following subparagraphs:

1. Goods for which the export declaration is accepted pursuant to article 241 (1);
2. Goods which are difficult or inadequate to be stored in the bonded area, due to their enormous volume or weight, and other reason;
3. Goods to be temporarily stored due to a calamity or other unavoidable circumstances;
4. Goods subject to quarantine;
5. Goods seized; and
6. Postal materials.

(2) The provisions of Articles 157 to 161, Article 163, Article 172, Article 177, Articles 208 to 212 and Article 321 shall apply mutatis mutandis to goods falling under subparagraphs 1 through 4 of paragraph (1).

▶ Article 156 (Permit for Storage outside Bonded Areas)

(1) A person who desires to store, in a place other than bonded areas, goods falling under Article 155 (1) 2 shall obtain the permit of the customs collector.

(2) When the customs collector is to grant a permit prescribed in paragraph (1) with respect to foreign goods, he may order the provision of any security equivalent to the tariff on the goods and to install necessary facilities.

(3) A person who desires to obtain a permit prescribed in paragraph (1) shall pay a fee by such amounts, methods, etc. as prescribed by the Ordinance of the Ministry of Finance and Economy.

▶ Article 157 (Carry-in or Release of Goods)

(1) A person who desires to carry-in goods into, or release goods from a bonded area shall report to the customs collector, under the conditions as prescribed by the Presidential Decree.

(2) When an carrying-in or release as prescribed in paragraph (1) is to take place, the customs collector may have any customs official assist at it, and the customs official may conduct any inspection on such goods.

(3) The customs collector may impose restrictions on the kinds of goods to be carried-in into bonded areas.

▶ Article 158 (Maintenance and Supplementary Works)

(1) Regarding goods stored in bonded areas, such work as is necessary for maintaining the existing status thereof, or such repacking, resorting, separating, combining, etc. that does not alter the quality of the said goods may be carried out. In this case, where a customs collector deems it difficult to perform repair work in bonded areas, the work may be executed outside the bonded areas in a designated period and place.

(2) A person who desires to undertake such work as is referred to in paragraph (1) shall obtain the approval of the customs collector.

(3) Domestic goods added or supplemented to foreign goods as a result of work as referred to in paragraph (1) shall be regarded as foreign goods.

(4) Foreign goods shall not be used as materials of maintenance or supplementary work for goods to be imported.

(5) In executing repair work under the latter part of paragraph (1), the provisions of Article 187 (2) through (4) and (6) shall apply mutatis mutandis to the offer of securities for and performing examination of the relevant goods.

▶ Article 159 (Dismantling and Cutting, etc.)

(1) With respect to goods stored in bonded areas, dismantling, cutting or work which alters their original shape may be undertaken.

(2) A person who desires to undertake activities prescribed in paragraph (1) shall obtain the permit of the customs collector.

(3) The Administrator of the Korea Customs Service shall designate the kinds of goods on which work prescribed in paragraph (1) may be undertaken.

(4) With respect to goods for which there is the need to obtain an import license, the customs collector may, when deemed necessary, order the owner or his trustee to undertake the work prescribed in paragraph (1).

▶ Article 160 (Destroying or Scrapping Stored Goods)

(1) A person who desires to destroy or scrap goods stored in a bonded area because of decomposition, damage or any other circumstance shall obtain approval of the customs collector.

(2) When foreign goods stored in a bonded area have either been destroyed or scrapped, the customs duties thereon shall be immediately collected from the proprietor or the custodian thereof: Provided, this provision shall not apply when such goods have been ruined or are missing as a result of a calamity or other unavoidable circumstance, or when such goods have been destroyed or

scrapped upon prior approval of the customs collector.

(3) After the destruction or scrapping of foreign goods approved pursuant to paragraph (1), customs duties shall be levied according to the quality and quantity of the remaining goods.

(4) In spite of the provision of paragraph (1), the customs collector may order the owner, the person who has carried-in such goods, the person entrusted, or the secondary person liable for the payment of the duty as prescribed in Articles 38 through 41 of the Framework Act on National Taxes (hereinafter referred to as the "owner, etc.") of goods stored in a bonded area which falls under any of following subparagraphs to return or scrap and destroy the said goods, or may scrap or destroy them after giving notice to the owner, etc. of goods: Provided, when there has been insufficient time for notification due to the urgency of the situation, notice shall be made immediately after such scrapping or destruction:

1. Goods likely to endanger human lives or property;
2. Rotten or deteriorated goods;
3. Goods whose effective utility period has expired;
4. Goods which have lost commodity value; and
5. Goods corresponding to subparagraphs 1 through 4, which are prescribed by the Commissioner of the Korea Customs Service.

(5) If the notification referred to in paragraph (4) can not be delivered because the domicile or temporary domicile of the owner, etc. of such goods is unknown, or if, for any other reasons, private notification can not be made, public notice may substitute for such requirements.

(6) In a case where the customs collector scraps and destroys goods, or the owner etc. scraps or returns them, as prescribed in paragraph (1), the expenses shall be borne by the owner, etc.

▶ Article 161 (Release of Sample)

(1) A person who desires to release the whole or part of the foreign goods stored in a bonded area as samples shall obtain the permit of the customs collector.

(2) Any customs official may, when necessary for inspection, pick up, as samples, part of the goods brought into a bonded area.

(3) When the goods picked up pursuant to the provisions of paragraph (2) have been used and consumed, it shall be regarded that an import declaration has been made and accepted after paying the customs duties.

▶ Article 162 (Control over Persons Handling Goods)

A person under any of following subparagraphs shall observe the instructions issued by the customs collector and the directions of customs officers concerning the supervision over goods and bonded areas.

1. A person who handles goods as prescribed in Article 155 (1)
2. A person who is permitted access to bonded areas

▶ Article 163 (Dispatching Customs Official)

The customs collector may dispatch customs officials to bonded areas in order to have them handle some of the customs affairs.

▶ Article 164 (Autonomous Management of Bonded Area)

(1) With respect to goods stored in a bonded area designated by the customs collector who deems that it causes no impediment to the management of goods and customs guards in a designated or licensed bonded area (hereinafter referred to as the "autonomously managed bonded area") under the conditions as prescribed by the Commissioner of the Korea Customs Service, such formalities as determined by the Commissioner of the Korea Customs Service, from among those as prescribed by this Act, and the

intervention of the custom officials pursuant to Article 157 may be omitted.

(2) When the manager or proprietor of a designated or licensed bonded area wishes to be designated as an autonomously managed bonded, he shall apply to the customs collector for designation thereof.

(3) Any person who desires to apply for a designation of the autonomously managed bonded area as prescribed in paragraph (2), shall employ a person who takes care of the goods stored in the bonded area (hereinafter referred to as the "bonded goods caretaker").

(4) In a case where the customs collector receives an application for designation as prescribed in paragraph (2), if he deems it suitable for an autonomously managed bonded area as referred to in paragraph (1) after confirming the location, conditions of facilities, etc. of the bonded area, he may designate such bonded are as an autonomously managed bonded area.

(5) Any person who has the autonomously managed bonded area designated as prescribed in paragraph (4), shall record the circumstances of carrying-in and out of goods in book, and report it periodically to the customs collector.

(6) If a person who has obtained the designation, as an autonomously managed bonded area, violates the obligation as prescribed by this Act, or any cause deemed an impediment to the guard of the customshouse occurs, the customs collector may cancel the designation as referred to in paragraph (4).

▶ Article 165 (Qualification, etc. of bonded goods caretaker)

(1) The bonded goods caretaker shall be a person who .does not fall under any of the subparagraph of 1 through 7 of article 175 of the Act, except falls under any of the as follow:

1. A public official in general government service who has been engaged in the Korea Customs Service for five or more years; and

2. A person who has been engaged in affairs concerning the management of

bonded goods for three or more years, and who received any education and training as prescribed by the Commissioner of Korea Customs Service and has passed the screening test thereof.

(2) If a person who is qualified as a bonded goods caretaker, desires to work as a bonded goods caretaker, he shall register with the customs collector having the jurisdiction over the bonded area where he works.

(3) If a person who made a registration as referred to in paragraph (2), falls under any of the following subparagraphs, the customs collector shall revoke the registration.

1. Where he falls under any of the subparagraphs 1 through 7 of article 175; and

2. Where he died.

(4) The duty, and procedure of registration of the bonded goods caretaker and other necessary matters shall be determined by the Presidential Decree.

SECTION 2 Designate Bonded Area

SUBSECTION 1 General Rule.

▶ Article 166 (Designation of Designated Bonded Area)

A designated bonded area may be designated by the customs collector from among land, buildings and other facilities owned or managed by any of the following subparagraphs:

1. The State;

2. A local government; and

3. Corporation managing airport or port facilities.

(2) If the customs collector desires to designate the area which is not under

his control as a designated bonded area, he shall designate it with the consent of the owner or manager. In the case, the customs collector may pay rent, etc. of land, buildings and other facilities

▶ Article 167 (Revocation of Designated Bonded Area)

If it is deemed unnecessary to maintain as a bonded area the whole or part of a designated bonded area which is not an area under the control of the customs collector due to the reduction of the quantity of exported or imported goods, or for any other reason, the customs collector shall revoke the designation of the area.

▶ Article 168 (Disposal of Designated Bonded Area)

(1) If the owner or manager of land, buildings or other facilities designated as a designated bonded area, desires to perform the following acts, he shall consult in advance with the customs collector: Provided, this provision shall not apply in a case where such act gives no impediment to any use as a designated bonded area, or the owner of such facilities is the State or local government:

1. Transfer, exchange, lease, and other disposal, or change in use, of the land, etc.;

2. Work on the land or new construction of buildings and other facilities on the land; and

3. Reconstruction, removal, withdrawal or other work on the buildings and other facilities.

(2) The customs collector shall not refuse the consultation as referred to in paragraph (1) without any justifiable reason.

SUBSECTION 2 Designated Storage Places

▶ Article 169 (Designated Storage Places)

"Designated storage place" means such place, as designated by the customs

collector, for the temporary storage of goods which are to be subject to customs clearance procedures.

▶ Article 170 (Duration of Storage)

Duration of storage for goods in designated storage places shall be designated by the Commissioner of Korea Customs Service within the limit of six months.

▶ Article 171 (Release of Goods after Acceptance of Report on Imports)

An owner or person who has deposited imported goods in a warehouse designated by the Ordinance of the Ministry of Finance and Economy, on which reports have been confirmed, shall release such goods from the designated warehouse within fifteen days from the date when the reports on imports have been accepted: Provided, this provision shall not apply when the customs collector may approve the extension of the period of release mentioned above because that such goods do not impede warehousing of foreign products.

▶ Article 172 (Responsibility for Custody of Goods)

(1) The owner or the person who has carried-in such goods shall take responsibility for the custody of goods stored in designated storage places.

(2) The customs collector may, when it is deemed necessary for the maintenance of order in designated storage places and for keeping, in safety, goods stored therein, designate a manager who shall be responsible for the custody of the goods in lieu of the owner pursuant to the provisions of the Presidential Decree: Provided, if the facilities are not under his control, the customs collector shall designate the manager of goods after consulting with the owner or manager of such facilities.

(3) A manager of goods stored in a designated storage place may collect from the owner such expenses (including the fee for the use of the customhouse facilities as prescribed in Article 323) as are necessary for the management of goods: Provided, such expenses shall be approved by the

customs collector.

(4) The manager of goods stored in a designated storage place shall pay to the customs collector the amount of expenses collected pursuant to paragraph (3), which is equivalent to the fee for use of the customshouse facilities.

(5) If the customs collector could not designate the manager of goods due to unavoidable circumstances, he may manage the goods in lieu of owner of the goods by himself. In the case the customs collector may collect the fee for management of the goods from the owner of the goods.

SUBSECTION 3 Customs Inspection Place

▶ Article 173(Customs Inspection Place)

(1) The "customs inspection place" means such place, as designated by the customs collector, for inspecting goods which are subject to customs clearance procedures.

(2) As prescribed by the Administrator, the customs collector may introduce, in whole or in part, goods into a customs inspection place in order to inspect them.

(3) The owner shall bear expenses for the gathering and transportation of goods to be introduced into a customs inspection place pursuant to paragraph (2).

SECTION 3 LICENCED BONDED AREA

SUBSECTION 1 Genral Rule

▶ Article 174 (License for Establishment and Operation of a bonded licesed area)

(1) A person who intends to establish and operate a licensed bonded area shall obtain a license of the customs collector. This provision shall apply as

such when he desires to renew the licence.

(2) A person who has obtained a license to establish and operate a licensed bonded area and who intends to renew the licence shall pay a fee pursuant to the Ordinance of the Ministry of Finance and Economy.

(3) The requirements for obtaining a license under paragraph (1) shall be prescribed by the Commissioner of Korea Customs Service according to the kind of bonded areas, pursuant to criteria as prescribed by the Presidential Decree.

▶ Article 175 (Disqualification for Proprietor)

No person falling under any of the following subparagraphs shall be qualified to be the proprietor of a licensed bonded area:

1. Minors;
2. Incompetent and quasi-incompetent persons;
3. Persons declared bankrupt but not yet reinstated;
4. Persons who were sentenced to imprisonment or harsher punishment for contravening this Act, for whom two years have not yet elapsed since the completion of the sentence or the pardon thereof
5. Persons who were given a suspended sentence of imprisonment and whose probation period has not expired;
6. Persons whose license to establish and operate a licensed bonded area were revoked pursuant to the provisions of this Act, for whom two years have not yet elapsed since the revocation;
7. Persons upon whom a fine or a notification disposal has been inflicted pursuant to the provisions of Articles 269 through 271, or Article 274 for whom two years have not yet elapsed since its payment: Provided, such individuals or juristic persons as were punished under Articles 279 or 280 shall

be excluded; and

8. A juristic person comprised of directors falling under any of subparagraphs 2 through 7 (limited to those who operate directly, or supervise the operation of the bonded area concerned).

▶ Article 176 (Period of licence)

(1) The license period of a licensed bonded area shall not exceed ten years.

(2) In spite of paragraph (1) the period of license of bonded exhibition places, bonded construction sites shall be as any of the following subparagraphs: Provided, this provision shall not apply when it is deemed necessary for in view of the progress of the said construction work

1. Bonded exhibition places : The period to be determined by the customs collector, taking into account the anticipated period for the completion of the said exhibition.

2. Bonded construction site : The period to be determined by the customs collector, taking into account the anticipated period for the completion of the said construction.

▶ Article 177 (Duration of Storage)

(1) The duration of storage for goods in a licensed bonded area shall be as any of the following subparagraphs :

1. A bonded warehouse : The period to be determined according to any of the following items ;

▶ Foreign goods (excluding goods applicable to ▶) : The period to be determined by the Commissioner of Korea Customs Service by one year or less: Provided, the customs collector may, when he deems it necessary, extend the said period by one year or less;

▶ Domestic goods (excluding goods applicable to ▶) : One year(In case where goods which the import declaration is accepted, 6 months from the day

on which the import declaration is accepted pursuant to Article 183 (2)); and

- Concerning goods recognized by the customs collector from among those stored for the government's emergency use, or those for the defense industry, stored for discharging a contract with the government, and raw materials for export and goods for repair of export goods, which are required to be stored for a long time : The period as is deemed necessary for the storage.

2. Other licensed bonded area : The licensed period of the said licensed bonded area.

(2) The customs collector may, when he deems it necessary for the maintenance of goods, order the proprietor to release goods therefrom even within the period prescribed in paragraph (1).

- ▶ Article 178 (Suspension, etc. of Carrying-in and Revocation of License)

(1) If a proprietor of a licensed bonded area falls under any of the following subparagraphs, the customs collector may suspend any carrying-in of goods in the bonded area or any bonded construction, sale, exhibition, etc. within a period determined under the conditions as prescribed by the Commissioner of the Korea Customs Service:

1. Where it is deemed that he has no means to pay the customs duties on stored goods;

2. Where he or his employee violates this Act or any order issued under this Act; and

3. Where it is deemed difficult to accomplish the object of the establishment of such licensed bonded area due to insufficiency, etc. of such facilities

(2) If the proprietor of a licensed bonded area falls under any of the following subparagraphs, the customs collector may revoke the license:

1. Where he falls under any of the subparagraphs of Article 175; and

2. Where he has been ordered three or more times in a year to suspend any

carrying-in of goods.

3. Where the customs collector deems difficult to accomplish the object of the establishment of the licensed bonded area due to absence of any carrying-in of goods for a year or more.

▶ Article 179 (Extinction and Succession of Effects of License)

(1) Any license concerning establishment and operation of a licensed bonded area shall extinct, when it falls under any of the following subparagraphs:

1. When the operator of a licensed bonded area has not operated its operation;
2. When the operator of a licensed bonded area has died or the juristic person operating a licensed bonded area has dissolved;
3. When the license period has expired; and
4. When the license has been cancelled.

(2) In the cases under paragraph (1) 1 and 2, report thereon shall without delay be submitted to the customs collector by the proprietor or his inheritor, a juristic person subject to liquidation, the juristic person subsisting or coming into existence after a merger, division, or merger through division (hereinafter referred to as the "connected juristic person").

(3) The inheritor or the succeeded juristic person who intends to operate the licensed bonded area, after the person who acquired the licence concerning establishment and operation of a licensed bonded area has died or the juristic person has dissolved, shall file to the customs collector together with requirements under Article 174 (3) within thirty days from the day on which the person has died or has dissolved, in conformity with criteria as prescribed by the Presidential Decree.

(4) If the inheritor or the succeeded juristic person files as prescribed in paragraph (3), for duration from the day on which the person who acquired the licence concerning the establishment and operation of a licensed bonded

area has died or the juristic person has dissolved to the day filed thereof, the licence of the inheritor or the succeeded juristic person shall be regarded as the one of the person or the juristic person.

(5) The provision of Article 175 can not file the clearance under paragraph (3)

▶ Article 180 (Supervision, etc. over Establishment and Operation of a Licensed Bonded Area)

(1) A customs collector shall supervise the proprietors of licensed bonded areas.

(2) A customs collector may either order the proprietor of a licensed bonded area to submit a report with regard to the establishment and operations thereof, or have a customs official inspect the status of operations of a licensed bonded area.

(3) The customs collector may order that the facilities, machinery and instruments necessary for the operation of a licensed bonded area be installed.

(4) If any goods carried-in the bonded area under Article 157 do not conform to the object of the establishment of the bonded area, the customs collector may order the release of such goods to another bonded area.

▶ Article 181 (Security against Goods Stored in Licensed Bonded Areas)

If a proprietor stores goods in bonded warehouses, bonded exhibition places, bonded construction sites and bonded sales shops, the customs collector may require the operator to furnish security equivalent to the tariff against customs duties chargeable on stored goods, under the conditions as prescribed by the Commissioner of the Korea Customs Service, in conformity with the criteria as prescribed by the Presidential Decree.

▶ Article 182 (Measures to be Taken on Extinction of License)

(1) When the effect of the license for the establishment and operation of a bonded exhibition place expires, the operator or his inheritor shall without

delay release foreign goods still stored therein to another bonded area.

(2) When the effect of the license for the establishment and operation of a bonded exhibition place expires, the customs collector may, considering the type, and quality and quantity of foreign goods remaining in storage, designate a period within 6 months during which the area shall be deemed to be a bonded storage area and in case of the proprietor and the inheritor, the said area and goods shall be deemed to be a licensed for establishment and operation of a bonded licensed area

SUBSECTION 2 Bonded Warehouse

▶ Article 183 (Bonded Warehouse)

(1) In a bonded warehouse, foreign goods and goods which are subject to customs clearance procedures may be stored.

(2) Other domestic goods may be stored in the bonded warehouse after report to the customs collector, if such storage does not interfere with the storage of goods prescribed in paragraph (1): Provided, the goods which import declaration be accepted may be stored continuously during which the goods are stored in the same bonded warehouse.

(3) Any proprietor shall, when he desires to store in a bonded warehouse only domestic goods prescribed in paragraph (2) continuously for a period of one year or more (in case of the goods prescribed in the provided clause of paragraph (2) is 6 months), obtain the approval of the customs collector.

(4) The provisions of Articles 161 and 177 shall not apply to a period for which only domestic goods are to be stored in a bonded warehouse approved pursuant to the provisions of paragraph (3).

▶ Article 184 (Domestic Goods for which Duration of Storage has Expired)

(1) Such domestic goods as prescribed in Article 183 (2) for which the duration of storage has expired shall be removed, under the responsibility of the proprietor, within ten days after the expiration of such period.

(2) The provisions of paragraph (1) shall also apply to such domestic goods as are approved pursuant to the provisions of Article 183 (3), for which the approved period has expired.

SUBSECTION 3 Bonded Factory

▶ Article 185 (Bonded Factory)

(1) In a bonded factory, manufacturing, processing, or performing similar work may be done using foreign goods or both foreign and domestic goods as raw or intermediate materials.

(2) In a bonded factory, manufacturing, processing, or performing similar work should not be done using only domestic goods as raw materials or intermediate materials without the permit by the customs collector.

(3) The business categories of a bonded factory from among those as referred to in paragraph (1), which aims at the manufacture and processing of imported goods, may be restricted by the Ordinance of the Ministry of Finance and Economy.

(4) The customs collector may have, on the goods to be used in a bonded factory through import clearance procedures, a proprietor declare it after carrying-in of the goods in a bonded factory.

▶ Article 186 (Permit and Declaration of Introduction)

(1) Regarding goods introduced into a bonded factory, the proprietor shall declare in advance to the customs collector the use thereof, and then a customs official may inspect the said goods.

(2) When foreign goods on which a declaration of use has been made pursuant to paragraph (2) are subject to the permit, approval, indication or other requirements under Article 226, a certificate evidencing fulfillment of these requirements shall be requested.

▶ Article 187 (Permit for Bonded Work outside Bonded Factory)

(1) The customs collector may, when it is deemed necessary for the promotion of the processing trade and the domestic industry, permit bonded work prescribed in Article 185 (1) to be performed outside bonded factories specifying the period·place and goods of the work to be performed pursuant to the Presidential Decree.

(2) The customs collector may, when it is deemed necessary as in cases of permission prescribed in paragraph (1) on the bonded work to be performed outside bonded factories, require security to be tendered equivalent to the amount of the customs duties on the goods concerned.

(3) Where permission has been granted pursuant to the provisions of paragraph (1), a customs official may inspect the relevant goods at the time of release from the bonded factory.

(4) Foreign goods stored at the designated place(hereinafter referred to as "the work place outside bonded factory") upon receipt of a permit granted pursuant to the provisions of paragraph (1) shall be regarded as being situated in the bonded factory until the designated period expires.

(5) The customs collector may, on the goods to be used in permitted bonded work prescribed in paragraph (1), permit the direct carrying-in of the goods into the work place outside bonded factory on the condition prescribed by the Commissioner of Korea Customs Service.

(6) In cases where the period designated pursuant to the provisions of paragraph (1) has expired, and there are foreign goods or manufactured goods therefrom permitted in the designated place, the customs duties thereon shall be collected immediately from the proprietor of the bonded factory, who was granted the permit on the said goods.

▶ Article 188 (Imposition of Customs Duty on Products)

Goods produced by using foreign goods or both foreign and domestic goods as raw materials or as intermediate materials shall be regarded as imported foreign goods: Provided, when foreign and domestic goods have been used in combination upon approval from the customs collector pursuant to the

provisions of the Presidential Decree, such portion of the products as is equivalent to the said foreign goods in quantity and value shall be deemed to be the imported foreign goods.

▶ Article 189 (Imposition of Customs Duty on Raw Materials)

In the case of importation of goods manufactured in bonded factories, if the imposition of customs duties on foreign goods used as raw materials in manufacturing the said goods have been previously applied for by the importer at the time of the introduction thereof, the customs duties shall be levied, notwithstanding the provisions of Article 16, on the basis of the quality and quantity of the said raw materials at the time of the said introduction. In this case, a customs official may inspect the goods on which the imposition of customs duties has been applied for.

SUBSECTION 4 Bonded Exhibition Place

▶ Article 190 (Bonded Exhibition Place)

In a bonded exhibition place, it may be permitted storing, displaying or utilizing foreign goods for the operation of expositions, exhibitions or trade fairs.

SUBSECTION 5 Bonded Construction Site

▶ Article 191 (Bonded Construction Site)

In a Bonded construction site, it may be permitted construction installing or utilizing foreign goods including machinery, installation items or engineering and construction equipment as required in the construction of industrial facilities.

▶ Article 192 (Permit and Report, etc. of Introduction)

The proprietor of a bonded construction site, when he has introduced foreign goods into the said site, shall, prior to the utilization thereof, file an import declaration on the said goods and shall have the said goods inspected by a customs official: Provided, when the customs official deems an inspection

unnecessary, it may be omitted.

▶ Article 193 (Restrictions on Carried-in Goods)

When the customs collector deems it is necessary regarding goods carried-in a bonded construction site, he may either restrict the place where the said goods are stored or order the proprietor to submit a report on the status of the utilization of the said goods.

▶ Article 194 (Restrictions on Operation of Constructed Facilities)

A proprietor shall not operate, before the import declaration as prescribed in Article 248 is accepted, any facilities constructed in a bonded construction site.

▶ Article 195 (Permission of the Operation outside Bonded Construction Sites)

(1) The customs collector may, if deemed necessary, permit bonded work to be undertaken outside bonded construction sites, designating the time·place and goods thereof as prescribed by the Presidential Decree.

(2) The provisions of Article 187 (2) through (6) shall apply mutatis mutandis to the case of paragraph (1).

SUBSECTION 6 Bonded Sales Shops

▶ Article 196 (Bonded Sales Shops)

(1) In a bonded sales shop, it is permitted selling foreign goods on condition that such goods be utilized by those who may benefit from duty exemption pursuant to the provisions of Article 88 (1) 1. through 4., or that such goods be exported to a foreign country.

(2) The customs collector may restrict the kinds, quantity, or storage place, etc. relating to salable goods at bonded sales shops.

(3) Necessary matters for carrying-in, release, transfer, and management of

goods which to be sold in bonded sales shops shall be determined by the Presidential Decree.

SECTION 4 Integrated Bonded Areas

▶ Article 197 (Designation of Integrated Bonded Area)

(1) The Commissioner of the Korea Customs Service may, ex officio or upon a request by the competent head of a central administrative agency or local government, designate an area as a integrated bonded area, taking into account the extent of contribution to the promotion of trade and the amount of the carrying-in and release of foreign goods.

(2) In a integrated bonded area under paragraph (1) may perform two or more functions(herein after referred to as the "integrated bonded function") out of a bonded warehouse, bonded factory, bonded exhibition place, bonded construction site, and bonded sales shop.

(3) Matters necessary concerning requirements and procedures for designation of a integrated bonded area under paragraph (1) shall be prescribed by the Presidential Decree.

▶ Article 198 (Report, etc. on Establishment and Operation of Integrated Bonded Area)

(1) A person who desires to practice the integrated bonded function in a integrated bonded area shall, among functions to be performed in a integrated bonded area, report to a customs collector on the establishment and operation of the integrated bonded area.

(2) No person who falls under any subparagraph of Article 175 shall declare the establishment and operation of the integrated bonded area.

(3) Where a proprietor desires to change the integrated bonded functions which he performs, he shall report it to a customs collector.

(4) Matters necessary concerning procedures for a report under paragraphs

(1) and (3) shall be prescribed by the Presidential Decree.

▶ Article 199 (Procedures for Carrying-in and Release of Goods in Integrated Bonded Area)

(1) A person who desires to carry-in goods into or release goods from a general bonded area shall classify goods according to the integrated bonded functions and report to a customs collector under the conditions prescribed by the Presidential Decree.

(2) Domestic goods which are to be carried-in or released from a integrated bonded area may be exempted from a report under paragraph (1) or carried-in or released in simplified ways, under the conditions prescribed by the Ordinance of the Ministry of Finance and Economy.

▶ Article 200 (Scope of Goods to be Carried-in and Released)

(1) Goods as prescribed by the Ordinance of the Ministry of Finance and Economy which are to be consumed or used in a integrated bonded area shall be so utilized after completing the import customs procedures therefor.

(2) The storage of goods carried-in a integrated bonded area shall not be limited in period.

(3) Where a customs collector deems that goods carried-in or released from a integrated bonded area cause any obstacle to national security, public order, national health, or environmental conservation or do not conform to the purpose of designation of the integrated bonded area, he may limit the carrying-in and release of such goods.

▶ Article 201 (Management of Goods by Proprietor)

(1) A proprietor shall manage goods carried-in a integrated bonded area by classifying them according to integrated bonded functions

(2) The customs collector may sell the goods subject to the provided clause of the Article 208 (1) among goods stored in a integrated bonded area

pursuant to the same Article.

(3) Where, within a integrated bonded area, a proprietor moves, uses, or disposes of goods carried-in such area, he shall keep a record thereof by using a book or computer system. In this case, such goods as may be prescribed by the Ordinance of the Ministry of Finance and Economy shall be subject to prior report to a customs collector.

(4) Matters concerning the method and procedures of recording under paragraph (3) shall be determined by the Commissioner of the Korea Customs Service.

▶ Article 202 (Duty to Maintain Facilities and Equipment)

(1) A proprietor shall maintain facilities and equipment necessary to perform the integrated bonded functions under the conditions prescribed by the Presidential Decree.

(2) Where a proprietor desires to conduct repair work in a integrated bonded area or to conduct bonded work outside a integrated bonded area, he shall report to the Commissioner of the Korea Customs Service under the conditions prescribed by the Presidential Decree.

(3) In case of conducting bonded work prescribed in paragraph (2), with respect to the offer of securities for or inspection of release of the relevant goods, the provisions of Articles 187 shall apply mutatis mutandis.

▶ Article 203 (Management by Customs of Integrated Bonded Area)

(1) A customs collector may, for the efficient operation of a general bonded area such as the securing of a customs credit and the supervision and control of the integrated bonded area, restrict personnel or vehicles from entering the integrated bonded area or may inspect goods that they carry or transport.

(2) In order to confirm the conditions of carrying-in and release and the contents of use or disposal of goods to be carried-in or released from a integrated bonded area, a customs collector may inspect or investigate

entries in a book or computer system under Article 201 (3) and may have the proprietor report on necessary matters such as the results of the business.

(3) When the Commissioner of Korea Customs Service deems it is necessary for the supervision and control of the foreign goods stored in a integrated bonded area, he may urge the establishment of facilities for prohibiting the illegal release, loss, steal of bonded goods to the competent head of a central administrative agency or local government. In this case, the competent head of a central administrative agency or local government shall be compliant to the urge.

▶ Article 204 (Revocation of Designation as Integrated Bonded Area)

(1) Where the Commissioner of the Korea Customs Service deems it unnecessary to maintain a integrated bonded area for such reasons as may be prescribed by the Presidential Decree including the decrease in the amount of goods to be carried-in or released from the integrated bonded area, he may revoke the designation as integrated bonded area.

(2) Where a proprietor of a integrated bonded area falls under any of the following subparagraphs, a customs collector may order the proprietor to suspend performance of the integrated bonded functions:

1. Where the proprietor falls under any subparagraph of Article 175; and
2. Where there occurs a cause as prescribed by the Presidential Decree including the decrease in the amount of goods to be carried-in or released, which are related to the integrated bonded functions performed by the proprietor.

▶ Article 205 (Provisions to be Applied Mutatis Mutandis)

The provisions of Articles 178 (1), 180 (1)·(3)·(4), 180, 182, 185 (2), through (4), 186, 188, 189, and 192 through 194 shall apply mutatis mutandis to a integrated bonded area.

SECTION 5 Lien and Disposition

▶ Article 206 (Lien and Deposit)

(1) The customs collector may detain the goods for which a permit, approval, indication or any other requirements necessary under the provisions of Article 226 have not been granted or satisfied as any of the subparagraphs as bellow:

1. Personal effects accompanying tourists; and
2. Personal effects accompanying the crew of transportation carriers plying between Korea and foreign countries.

(2) Goods subjected to detention pursuant to the provisions of paragraph (1) shall be released therefrom only when the reason for detention has been removed or the said goods are returned abroad.

(3) Where such tourists or crew do not intend to import the goods subject to any of the paragraphs (1), the goods may be temporarily deposited upon declaration to the customs collector.

▶ Article 207 (Custody of Goods Subjected to Detention or Deposit)

(1) Goods subjected to detention or deposit pursuant to the provisions of Article 206 shall be under custody in the place administrated by the customs collector: Provided, this provision shall not apply if the customs collector deems it unnecessary.

(2) The provisions of Article 160 (4) through (6), and Articles 170, 208 through 212 of this Act shall apply mutatis mutandis to goods referred to in Article 206.

(3) If deemed necessary for efficient customs clearance of goods subject to detention or deposit, the customs collector may give notice at the time of such detention or deposit that they may be sold as prescribed by the Commissioner of the Korea Customs Service if they are not exported, imported or returned within the detention or deposit period, regardless that Article 209 is applicable in spite of paragraph (2) of this Article.

SUBSECTION 2 Sale of Goods whose Duration of Storage has Expired

▶ Article 208 (Sale of Goods whose Duration of Storage has Expired)

(1) The customs collector may carry out the sale, upon public notice, foreign goods in the bonded area whose storage term has expired: Provided, the sale may proceed upon public notice even prior to the expiration date any of the subparagraphs as bellow:

1. Live animals or plants;
2. Rotten or likely to rot;
3. Likely to impair the warehouse or other foreign goods;
4. Likely to lose or lessen their practical usefulness with the passing of time; and
5. When the owner of the goods so requests.

(2) Where the goods whose storage term has expired are subject to any of the paragraph (1), post factum public notice may be made when, due to the urgency of the situation, there has been no time for advance public notice.

(3) The pledgee or lien holder of the goods sold shall deliver the said goods to the buyer, notwithstanding the provisions of any other laws or regulations.

(4) The customs collector may, when he carries out sale of the goods prescribed in paragraph (1), order agencies(hereinafter referred to as the "agent for sale") prescribed in the presidential decree conduct it instead of him in case of any of subparagraphs as bellow:

1. Where he intends to sell the goods through electronic document on cybermall, etc. for fast sale;
2. Where special knowledge is needed for sale; and
3. Where deems it is inappropriate to sell the goods directly due to other

special reasons

(5) When the agent for sale sells the foreign goods prescribed in paragraph (4) (including delivering of the balance), the head of the agent is regarded as the customs collector.

(6) The customs collector may, considering real cost, etc. by acting sale for him, give selling commissions to the agent for sale under the conditions prescribed by the Ordinance of the Ministry of Finance and Economy.

(7) If the agent for sale sells the foreign goods for the customs collector prescribed in paragraph (4), on application of penalties under Criminal Act, and other Acts, the staffs of the agent is regarded as customs officials.

(8) Matters necessary concerning the sale of the agent under paragraph (4) shall be prescribed by the Presidential Decree.

▶ Article 209 (Notification)

(1) Where the customs collector intends to carry out the sale of the foreign goods whose duration of storage has expired shall under Article 208 (1), he shall notify the owner, etc. of such goods to the effect that they shall either export, import or return such goods within one month from the date of notification.

(2) If the notification referred to in paragraph (1) can not be delivered because either the owner, etc is not known or can not be located, a public notice may be substituted for such notification.

▶ Article 210 (Method of Sale)

(1) The sale referred to in Article 208 shall be effected through general competitive bidding, designated competitive bidding, negotiation, auction or consignment sale.

(2) When there has been no successful bidder in competitive bidding, further bidding shall be held, at a date at least five days hence wherein the estimated price may be at every subsequent bidding, lowered up to ten percent of the

original estimated price applied at the immediately preceding bidding. In this case, where there is a bid higher than the estimated price so lowered, negotiation may, as prescribed by the Presidential Decree, take place regarding such price.

(3) The sale of the goods in question may be effected through an auction or private contract as any of subparagraphs as bellow:

1. Where there has been no successful bidder after two or more competitive biddings held pursuant to the provisions of paragraph (2); and

2. when goods to be sold cannot be sold, in light of their character, shape, use, etc., by the method of competitive bidding.

(4) Any goods not sold even under paragraph (3), and those as determined by the Presidential Decree, may be sold by a consignment sale method

(5) The customs value of the goods sold pursuant to the provisions of paragraphs (1) to (4) shall be computed on the basis of the original estimated price mentioned in paragraph (2), notwithstanding the provisions of Articles 30 through 35

(6) Matters concerning the method of calculating the estimated price of the goods to be sold and the consignment sale shall be prescribed by the Presidential Decree, and the National Tax Collection Act shall apply mutatis mutandis with respect to the procedures of the auction.

(7) When the customs collector is to carry out the sale pursuant to the provisions of paragraph (1), he shall make public notice of the goods to be sold, the quantity and estimated price thereof, ten or more day prior to the sale.

▶ Article 211 (Disposition of Balance)

(1) The customs collector shall deliver the balance, if any, to the owner after appropriating from the proceeds of the sale effected pursuant to the provisions of Article 210 in the order of expenses relating to such sale,

customs duties, and other taxes.

(2) The pledgee or lien holder of the goods sold pursuant to the provisions of Article 208 shall, within one month from the date of sale, submit documents evidencing his claims to the customs collector.

(3) If there is the any pledgee or lienholder of the goods sold under Article 208, the amount of the claim secured by such a pledge or lien shall be paid to the pledgee or lienholder prior to the delivery of the balance to the owner.

(4) In a case where the payment is, pursuant to the provisions of paragraph (3), to be made to the pledgee or lien holder from the balance of the proceeds of the public sale, if the balance is less than the amount of the claims secured by such pledge or lien and if there are two or more claimants, the customs collector shall distribute the said balance according to the order of priority and in the amount prescribed in the Civil Act or other Acts or subordinate statutes.

(5) The delivery of the balance to be made pursuant to the provisions of paragraph (1) may be temporarily withheld under the conditions as prescribed by the Commissioner of the Korea Customs Service.

(6) When the agent of sale carries out the sale prescribed in Article 208 (4), the agent may conduct the delivery of the balance pursuant to paragraph (1) through (5)

▶ Article 212 (Reversion to National Treasury)

(1) Regarding goods not yet sold of pursuant to the provisions of Article 210, the customs collector shall notify the owner, etc. of such goods that they shall release such goods without delay from the storage place.

(2) When goods have not been released within one month from the notification date referred to in paragraph (1), such goods may revert to the National Treasury on the assumption that the ownership thereof has been renounced.

CHAPTER VIII TRANSPORTATION

SECTION 1 Bonded Transportation

▶ Article 213 (Report on Bonded Transportation)

(1) Foreign goods may be transported as proper foreign goods, only if transported between the places listed in the following subparagraphs: Provided, any goods for which the export declaration is accepted under Article 248, may be transported from the place where the goods are stored, to the following places:

1. Open ports;
2. Bonded areas;
3. Such places as permitted pursuant to the provisions of Article 156;
4. Customshouses or agencies;
5. Customs clearance stations;
6. Customs clearance places; and
7. Post office for customs clearance.

(2) A person who desires to carry on the bonded transportation as referred to in paragraph (1), shall report the bonded transportation to the customs collector under the conditions as prescribed by Commissioner of the Korea Customs Service: Provided, if it is deemed necessary for the supervision, etc. over goods, and prescribed by the Presidential Decree, he shall obtain the approval of the customs collector.

(3) If it is deemed necessary for supervision and control, the customs official may conduct any inspection on the goods concerned under the conditions as

prescribed by the Commissioner of the Korea Customs Service.

(4) Except as provided separately by the Commissioner of the Korea Customs Service, the bonded transportation procedure shall be omitted for any goods the export declaration of which is accepted.

(5) Declaration, approval, and inspection of the bonded transportation prescribed in paragraph (2), (3) shall apply mutadis mutandis to the provision of Article 247, 250.

▶ Article 214 (A Person who Declare the Bonded Transportation)

The declaration and application pursuant to the provisions of Article 213 (2) shall be made in the name of any of subparagraphs as bellow:

1. The owner of the goods;
2. Customs agent, etc.; and
3. Person who is engaged in bonded transportation.

▶ Article 215 (Report on Bonded Transportation)

Any person who has made the report on the bonded transportation, or obtained the approval under Article 213 (2), shall, when the goods have arrived at their destination, report immediately to the customs collector at the place of arrival, under the conditions as prescribed by the Commissioner of the Korea Customs Service.

▶ Article 216 (Bonded Transportation Route)

(1) If it is deemed necessary for the supervision and control of the goods under bonded transportation, the customs collector may restrict the passage of transport under the conditions as prescribed by the Commissioner of the Korea Customs Service.

(2) Bonded transportation shall be completed within the period determined by the Commissioner of the Korea Customs Service: Provided, the customs

collector may extend the said period if he deems it necessary due to a calamity or other unavoidable circumstances.

▶ Article 217 (Collection of Duty after Expiration of Period)

When foreign goods transported under the report, or with the approval, on the bonded transportation under Article 213(2), have not arrived at the destination declared within the designated period, the customs duties thereon shall forthwith be collected: Provided, this provision shall not apply if the said goods have been either missing as a result of calamity or any other unavoidable circumstances or, upon prior approval of the customs collector, destroyed or scrapped.

▶ Article 218 (Security on Bonded Transportation)

The customs collector may request that security be furnished against the customs duties on goods for which the report or approval on the bonded transportation as prescribed in Article 213, is to be made or obtained.

▶ Article 219 (Transportation of Goods in Wrecked Vessels or Aircraft)

(1) Foreign goods unloaded from a vessel or aircraft as a result of a calamity or any other unavoidable circumstances, may be transported from the present place to places enumerated in each subparagraph of Article 213 (1).

(2) A person who intends to transport foreign goods pursuant to the provisions of paragraph (1) shall obtain the approval under Article 213 (2): Provided, in an urgent situation, the report shall be filed with any customs official, with any police official (only when there is no customs official available).

(3) The police official who the transportation be filed as prescribed in proviso of paragraph (2) shall notify the essentials to customs official

(4) The provisions of Articles 215 through 218 of this Act shall apply mutatis mutandis to the case under paragraph (1).

▶ Article 220 (Simplified Bonded Transportation)

The customs collector may, taking into account the character, shape of the goods to be transported and the reliability of the persons who are engaged in bonded transportation, designate such persons or goods which are eligible for a simplified procedure of declaration as prescribed by the Commissioner of the Korea Customs Service, do any of following subparagraphs:

1. A simplified procedure of declaration pursuant to the provisions of Article 213 (2);
2. The Omission of inspection pursuant to the provisions of Article 213 (3); and
3. Exemption of furnishing of Security pursuant to the provisions of Article 218.

SECTION 2 Domestic Transportation

▶ Article 221 (Approval on Domestic Transportation)

(1) When domestic goods are to be transported by any foreign trade vessels or aircraft, a declaration on the domestic transportation shall be filed with the customs collector under the conditions as prescribed by the Presidential Decree.

(2) The provisions of Article 215, 216, 246, 247 and 250 shall apply mutatis mutandis to the domestic transportation.

SECTION 3 Persons, etc. Engaged in Bonded Transportation

▶ Article 222 (Registration of Persons Engaged in Bonded Transportation)

(1) Persons falling under any of the following subparagraphs (hereinafter referred to as "persons engaged in bonded transportation") shall, as prescribed by the Presidential Decree, be registered with the Commissioner of the Korea Customs Service or the customs collector:

1. Persons who are engaged in the bonded transportation;
2. Persons who are engaged in the business of loading and unloading of goods on foreign trade vessels or aircraft;
3. Persons who are engaged in the business of supplying goods or services for foreign trade vessels or aircraft;
4. Persons who are engaged in the business of supplying goods or services for foreigners in bonded area of open ports; and
5. Persons who are engaged in the business of sending commercial documents or other samples, using foreign trade aircraft.

(2) The requirements for registration and the procedures, etc. as prescribed in paragraph (1) shall be determined by the Presidential Decree.

(3) The Commissioner the Korea Customs Service or the customs collector may, when deemed necessary, require persons falling under any of the subparagraphs of paragraph (1) to report their business activity or to submit their accounting books or other documents.

▶ Article 223 (Requirements for Registration of Persons Engaged in Bonded Transportation, etc.)

(1) A person engaged in bonded transportation shall fulfill all of requirements as follows:

1. He dose not fall under any of subparagraphs of Article 175 of the Act;
2. He holds a license, permission, designation, etc. or makes a registration, pursuant to related Acts and subordinate statutes, such as the Harbor Transport Business Act, etc.;
3. He is not negligent n paying any customs duties or national tax; and
4. He is a person for whom 2 years have passed since his registration as a

person engaged in bonded transportation was cancelled.

▶ Article 224 (Revocation of Registration of Persons Engaged in Bonded Transportation, etc.)

(1) In case where a person engaged in bonded transportation falls under any of the following subparagraphs, the customs collector may cancel his registration, suspend his business or take other necessary measures under the conditions a prescribed by the Commissioner of Korea Customs Service:

1. In case where he falls under any of subparagraphs of Article 175 of the Act;
2. In case where his license, permission, registration, etc. is cancelled, or his business is suspended pursuant to relevant Acts and subordinate statutes, such as the Harbor Transportation Business Act, etc.; and
3. In case where a person engaged in bonded transportation (including his officer, staff, or employee, etc.) is punished under Article 269 through 271, or Article 274 of the Act in connection with the duties of the person engaged in bonded transportation.

▶ Article 225 (Bonded Goods Transport Brokerage, etc.)

(1) If a person who carries on an industry of brokerage of the goods transport pursuant to other Acts and subordinate statutes (hereinafter referred to as the "goods transportation brokerage businessman"), desires to deal with bonded goods, he shall report it to the collector of the customs under the conditions as prescribed by the Presidential Decree.

(2) If it is deemed necessary for rapid customs clearance and the simplification of the procedures to control bonded goods, the collector of the customs duty may have the goods transportation brokerage businessman make the report on such affairs, under the conditions as prescribed by the Presidential Decree.

(3) The provisions of paragraphs (1) and (2) shall be applicable to any shipping or aviation company dealing with bonded goods.

CHAPTER IX CUSTOMS CLEARANCE

SECTION 1 General Rule

SUBSECTION 1 Requirements of Customs Clearance

▶ Article 226 (Proof and Confirmation of Permit, Approval, etc.)

(1) Regarding goods whose importation or exportation requires permit, approval, indication or compliance with any other subordinate statutes pursuant to the provisions of other Acts and subordinate statutes, proof that the said requirements have been satisfied shall be presented to the customs collector.

(2) Regarding goods which, in the customs clearance, require the confirmation of the customs collector as regards the requirements referred to in paragraph (1), such goods and the method of confirmation shall be made public, as prescribed by the Presidential Decree, notwithstanding the provisions of other Acts and subordinate statutes.

(3) The provisions of Article 245 (2) shall be applicable to the proof as referred to in paragraph (1).

▶ Article 227 (Demand for Performance of Obligation)

(1) With respect to goods for which it is required to discharge an obligation to use them for a specified purpose after import, pursuant to the provisions of other Acts and subordinate statutes, the collector of the customs duty may demand in writing the discharge of such obligation.

(2) Any person who has been demanded to discharge an obligation under paragraph (1), shall discharge the obligation imposed on the goods unless there is any special reason as prescribed by the Presidential Decree.

▶ Article 228 (Customs Seals)

A customs collector may, if deemed necessary for securing customs duties, issue an order, as prescribed by the Presidential Decree, to the effect that customs seals shall be affixed to imported goods.

SUBSECTION 2 Certification etc. of Origin

▶ Article 229 (Criteria of Certification of Origin)

(1) If Customs duties are imposed and collected pursuant to the Acts, Treaties, International Convention, the country of origin shall be any of following paragraphs

1. The country which has totally produced, processed, and manufactured the goods; and

2. In case where the goods have been produced, processed, or manufactured in more than one country, the country which has made the said goods into those with a adequate original feature substantially and finally.

(2) The range, definite criterion, etc of goods on which the provision of any of paragraphs (1) may be applied and other necessary matters shall be provided for by the Ordinance of the Ministry of Finance and Economy.

(3) In spite of the paragraph (1) and (2), when it is necessary to settle the criterion of certificate of origin, etc separately for implementation of provisions of the Acts, Treaties, International Convention, etc. the criterion of certificate of origin, etc shall be provided for separately by the Ordinance of the Ministry of Finance and Economy.

▶ Article 230 (restriction as to Goods with False Descriptions, etc. of Country of Origin)

When the good to be described under provisions of acts falls to any of subparagraphs as follow, the customs collector shall refuse clearance of goods: Provided, except where the relevant violations are not considered as substantial, the clearance of such goods, subject to correction and

modification of such violations, may be allowed.

1. The country of origin of which should not be rightly described in accordance with Acts subordinate statutes;
2. Where such goods have descriptions of origins contrary to the standards and methods prescribed by Acts and subordinate statutes, such as being untrue because of fraud or other unfair methods involved; and
3. Where such goods have no descriptions of origins.

▶ Article 231 (Detainment of Transshipped Goods)

(1) The customs collector may detain foreign goods with origins of the Republic of Korea described on them by fraud from among such goods as are unloaded temporarily or to be transshipped to another ship pursuant to Articles 141.

(2) The customs collector shall carry out the detention under paragraph (1) by depositing such goods in places under his authority, unless it appears to him to be expedient otherwise.

(3) In the case of detention of foreign goods under paragraph (1) , the customs collector shall give notice with regard to such detention to the owner of the goods, or the agent under his authority.

(4) In relation to notice under paragraph (3), the customs collector may set a time-limit for the performance of directions with regard to modification, etc. of the description of the country of origin. Such notice shall contain statements that the detained goods may be sold unless the directions are observed within the prescribed period of performance.

(5) The customs collector shall release such goods from detention under paragraph (1) immediately, where directions pursuant to the former part of paragraph (4) have been observed.

(6) The customs collector may sell such goods unless directions made by the former part of paragraph (4) have been observed. In this case, the provisions

of Articles 160 (4) to (6) and 210 shall apply mutatis mutandis to methods and procedures for the sale of detained goods.

(7) The provisions of paragraph (1) through (3) shall apply mutatis mutandis to goods infringing the right of a registered trademark in accordance with the Trademark Act, or the copyright under the Copyright Act. In this case, the customs collector shall give notice with regard to detention of goods to the right-holder of the right infringed, and release goods from detention unless the right-holder initiates proceedings for damages before the courts within ten days after receipt of the notice of detention.

▶ Article 232 (Certificate of Origin, etc.)

(1) Any person who imports any goods, which are required to be confirmed as to the origins under this Act, treaties, conventions, etc., shall submit the documents (hereinafter referred to as "the certificate of origin") certifying the origins of such goods: Provided that except where the goods shall be determined by the Presidential Decree.

(2) If a person who imports the goods as referred to in paragraph (1), fails to submit the certificate of origin, the customs collector may not apply the Generalized Preferential Tariff, International Cooperation Tariff, or Beneficial Duties to application of customs duties under this Act, Treaties, Conventions.

(3) The customs collector may have any person importing goods of which certificate of origin is needed present any materials (herein this Article referred to as the "materials for confirming certificate of origin") necessary for confirming the contents of the documents certifying the country of origin which he has received under the paragraph (1). In this case, where the person importing goods of which certificate of origin is needed does not present the materials without proper reason, the customs collector may not confirm the contents of the documents to be presented on import declaration.

(4) When the person who has presented the materials pursuant to the paragraph (3), requests to be handled secretly with a justicable reason given, the customs collector shall not disclose such materials without the express

consent of the person who has presented them.

▶ Article 233 (Confirming Request for Certificate of Origin)

The customs collector may request customs or other authorized agencies of country which issued a certificate of origin to confirm true or false, correctness of certificate of origin, and materials for confirming certificate of origin. In this case, the request of customs collector shall be implemented after import declaration acceptance of the goods.

SUBSECTION 3 Restriction of Customs Clearance

▶ Article 234 (Export and Import Prohibitions)

None of the goods falling under any of the following subparagraphs shall be imported or exported:

1. Such books, publications, drawings, films, phonographic records, video works, sculpture and other items of a similar nature that will either disturb the national constitutional order or harm public security or custom;
2. Goods which will reveal confidential information of the government or which are used for intelligence activities; and
3. Such coins, paper currency, bank notes, debentures and/or any other negotiable instruments counterfeited, forged or copied.

▶ Article 235 (Protection of Intellectual Property Rights)

(1) Any goods which infringe on a trademark right registered under the Trademark Act, may not be exported or imported.

(2) If it is necessary for efficient control over goods infringing on trademark right, the Commissioner of the Korea Customs Service may have the person who has registered the trademark right, report matters concerning the trademark right.

(3) If it is deemed that any goods the export and import of which are

declared, have infringed on the trademark right reported under paragraph (2), the customs collector shall notify the person who has reported the trademark right, of the fact that the export and import declaration is made. In this case, the person who has made the report on the trademark right, may, upon receiving the notification, furnish any collateral to the customs collector, and request a withholding of the customs clearance of the goods the export or import of which are declared.

(4) Any person who desires to have a trademark right protected, may offer a security to the collector of the customs, and request him to withhold the customs clearance of the goods.

(5) The customs collector duty shall, upon receiving the request as referred to in paragraphs (3) and (4), withhold the customs clearance, unless there is any special reason not to: Provided, if the declarer of the export offers any security, and requests a customs clearance, the collector of the customs duty may clear the customs duties on to the goods.

(6) Matters necessary for the report on the trademark right, offer of security, and withholding and permission, etc. of the customs clearance, under paragraphs (2) through (5) shall be determined by the Presidential Decree.

(7) The provisions of paragraphs (4) to (6) shall be applicable to the copy – right as prescribed by the Copyright Act.

▶ Article 236 (Restriction on Goods subject to Customs Clearance and on Customs Clearance Procedures)

The Commissioner of the Korea Customs Service or customs collector may restrict the goods eligible for customs clearance at the customs clearance station and customs clearance place or particular customhouse, when he deems it necessary for the purpose of surveillance.

▶ Article 237 (Withholding of Customs Clearance)

The customs duty collector may withhold the customs clearance of the goods

concerned, in the following cases:

1. Where the matters mentioned in the declaration on export, import or return as prescribed in Article 241 or 244, need to be supplemented;
2. Documents, etc. submitted under Article 245, are imperfect and need to be supplemented;
3. Where the matters concerning any obligation as prescribed by this Act are violated, or they might be detrimental to the national health, etc.; and
4. Where they fall under any of such causes as determined by the Commissioner of the Korea Customs Service who deems it necessary to confirm the matters necessary under this Act.

▶ Article 238 (Ordinance to Carry-in into Bonded Area)

(1) If any of goods prescribed in the following subparagraphs violate the obligatory matters as prescribed by this Act, or might impose any danger or injury to the national health, etc., the Commissioner of the Korea Customs Service or the customs collector may order the carrying-in of such goods into the bonded area under the conditions as prescribed by the Presidential Decree.

1. Goods the export declaration of which is accepted, and which are going to be carried out to a foreign country
2. Goods which have been carried out with the import declaration thereof accepted

(2) Any person who has received the order of carrying-in under paragraph (1), shall carry the goods in the designated bonded area.

SUBSECTION 4 Exception of Customs Clearance

▶ Article 239 (Consumption not to be Deemed as Importation)

The consumption or use of foreign goods, which falls under any of the

following subparagraphs, shall not be deemed as importation:

1. When supplies for a vessel or aircraft are consumed or utilized within the vessel or aircraft concerned according to the purpose of them;
2. When a traveler consumes or uses his personal effects within a customs route or transportation carrier; and
3. When goods are consumed or utilized in such manner as is approved pursuant to the provisions of this Act.

▶ Article 240 (Quasi-Import and Export)

(1) Foreign goods falling under any of the following subparagraphs shall be regarded as being imported lawfully under this Act, and the customs duties shall not be collected separately:

1. Postal materials delivered to an addressee by the postal service office;
2. Goods sold under this Act;
3. Goods confiscated under this Act;
4. Goods which are provided for in Article 269, 272, 273, or 274 (1) 1 and which are collected as a result of a notification of disposal made pursuant to the provisions of this Act;
5. Goods that have reverted to the National Treasury pursuant to Acts or subordinate statutes; and
6. Goods on which customs duties has been collected additionally in lieu of forfeiture pursuant to the provisions of Article 282 (3).

(2) Postal materials forwarded to any foreign country by the postal service office shall be considered to have been exported or returned lawfully under this Act.

SECTION 2 Exportation, Importation and Return

SUBSECTION 1 Declaration

▶ Article 241 (Declaration for Exportation, Importation and Return)

(1) When a person intends to export, import or return goods, he shall make a declaration to the customs collector, with respect to the items, dimension, quantity and value of the goods, and other matters as prescribed by the Presidential Decree.

(2) Goods falling under any of the following subparagraphs may be exempted from the making of a declaration as referred to in paragraph (1), or declared in a simplified manner as prescribed by the Commissioner of the Korea Customs Service under the conditions as prescribed by the Presidential Decree:

1. Accompanied goods, consignments or unaccompanied goods;
2. Postal materials;
3. Goods exempted from customs duties pursuant to the provisions of Article 91 through 94, 96, and 97 (1); and
4. Containers for international transportation (limited to base tariffs with zero percent in the annexed tariff schedules).

(3) A person who has brought in goods for the purpose of going through the import or return procedure into a designated storage area or bonded warehouses, or who has stored such goods in a place other than a bonded area shall make a declaration, as prescribed in paragraph (1), to the customs collector within thirty days from the date on which the said goods were brought in or from the date of the permit.

(4) If a person who imports or returns the goods as prescribed by the Presidential Decree, fails to make an import or returns declaration in the period as referred to in paragraph (3), the customs collector shall collect as additional tax the amount as prescribed by the Presidential Decree in the limit

of the amount equivalent to 2/100 of the customs value of the goods.

(5) The customs collector shall collect additional taxes equivalent to twenty percent (in case subparagraph 1, thirty percent) of the amount of duties (including both customs duties and domestic taxes) to be charged upon the goods of any case prescribed in following subparagraphs.

1. Where duties are imposed for the reason that a traveler does not declare such accompanied goods (excluding the goods fall under Article 96. 1) prescribed in paragraph (2) 1.

2. Where duties are imposed for the reason that a person who enters Korea to establish his residence, does not declare such goods (excluding the goods fall under Article 96. 2) when he import his used household effects.

▶ Article 242 (Declaration of Importation, Exportation and Return, etc.)

The declaration pursuant to the provisions of Article 241, 244 or 253 shall be made in the name of the owner of goods or customs agent, etc.: Provided, in case of the export declaration, it may be made in the name of the person who has manufactured and supplied the export goods to the owner (hereinafter referred to as the "manufactured goods supplier").

▶ Article 243 (Requirements for Declaration)

(1) The declaration of importation as prescribed in Article 241 (1) may be made only after the vessel or aircraft which loaded the goods enters the port or airport.

(2) The declaration of return as prescribed in Article 241 (1) may be made only in a case where the goods are in any storage place as prescribed by this Act.

▶ Article 244 (Import Declaration Prior to Entry Port)

(1) Notwithstanding the provisions of Article 243 (1), if it is required to clear rapidly the customs duties on goods to be imported, an import declaration may be made before the vessel or aircraft loaded with the goods enters the

port (hereinafter referred to as the "import declaration prior to entry in port"). In this case, the goods for which the import declaration prior to entry in port is made, shall be deemed to have arrived in Korea.

(2) If the customs collector decides to conduct the inspection on goods as prescribed in Article 246, with respect to the goods for which the import declaration prior to entry in port is made, he shall so notify the person who has made the import declaration.

(3) The goods determined as subject to undergoing the inspection under paragraph (2), shall be carried in the bonded area (including the storage area if the goods is stored outside of bonded area) under the control of the customhouse with which the import declaration is filed : Provided, inspection of the goods may be conducted on the vessel or aircraft if the customs collector recognized that inspection of the goods is possible in state of stored on vessel or aircraft.

(4) With respect to any goods which are not determined as being subject to the inspection as referred to in paragraph (2), the import declaration thereof may be accepted before entry in port.

(5) With respect to any goods the import declaration prior to entry in port of which is accepted, but are not carried out of the bonded area, etc., the provisions of Article 106 (4) shall be applicable regardless of whether or not such goods are stored in the designated bonded area.

(6) The customs clearance procedure of the goods the import declaration of which is made before entry in port, and other necessary matters, shall be determined by the Commissioner of the Korea Customs Service.

▶ Article 245 (Documents to be Submitted at Time of Declaration)

(1) When a declarer makes a declaration on export, import or return as prescribed in Article 241 or 244, he shall submit such documents as prescribed by the Presidential Decree in addition to the data for assessment.

(2) In a case where the documents are submitted under paragraph (1), if the

documents are submitted to a customs agent, etc., and he makes a declaration on the export, import or return as prescribed in Article 241 or 244, after he confirms such documents, the submission of the documents to the customs collector may be omitted or presented after import declaration is accepted.

(3) In a case where a declarer has the submission of documents omitted or has them submitted after the import declaration is accepted under paragraph (2), if the customs collector deems it necessary and request, him to present or submit such books and other related materials as prescribed by the Commissioner of the Korea Customs Service, he shall so comply.

SUBSECTION 2 Inspection of Goods

▶ Article 246 (Inspection of Goods)

(1) The customs official may inspect the goods which are to be exported, imported or returned.

(2) The Commissioner of the Korea Customs Service may provide criteria such as the subject, scope and method of the inspection, for the efficiency thereof.

(3) The owner may confirm the goods on which he desires to make an import declaration prior to the declaration of import, under the conditions as prescribed by the Commissioner of the Korea Customs Service.

▶ Article 247 (Place of Inspection)

(1) The inspections referred to in Article 186 (1) or 246 shall be made in the area where they are to be stored under Article 155 (1): Provided, an inspection on goods to be exported shall be made in the area where goods are stored.

(2) Notwithstanding the provisions of paragraph (1), if it is deemed necessary for efficient inspection, the collector of the customs duty, conduct the inspection after making the goods be carried in a bonded area, under the conditions as prescribed by the Commissioner of the Korea Customs Service.

(3) If the inspection place as referred to in paragraph (1) is not the designated storage place or customs inspection place, the declarer shall pay the fee under the conditions as prescribed by the Ordinance of the Ministry of Finance and Economy: Provided, where the declarer is not the operator he doesn't have to pay the fee in case of bonded warehouse.

SUBSECTION 3 Settlement of Declaration

▶ Article 248 (Acceptance of Declaration)

(1) If the declaration as prescribed in Article 241 or 244 is made properly in conformity with the provisions of this Act, the customs collector shall accept it without delay, and deliver the certificate of declaration to the declarer.

(2) The customs collector shall have the declarer concerned furnish any security equivalent to the customs duties to be paid when the declaration is accepted pursuant to the provision of Article 241 or 244, with respect to the goods for which the customs duties is to be paid, in conformity with the criteria as determined by the Presidential Decree, except in the following cases:

1. Where the security is not given at the time of the reduction or exemption of the customs duties, extension of the collection period, or approval of payment in installments, pursuant to this Act, other Acts or treaties;

2. Where the goods carried by a tourist are approved for carrying out of the place of inspection, at the same time the notice of customs duties payment, under the conditions as prescribed by the Commissioner of the Korea Customs Service; and

3. Where it is deemed inappropriate for the payment of customs duties even without receiving any security, and determined as subject to the omission of the furnishing of security, by the Presidential Decree.

(3) Declared goods shall not be carried out from the transportation carrier, customs route, or unloading route as prescribed by this Act, before the declaration as referred to in paragraph (1) is accepted.

▶ Article 249 (Supplement of Declared Matters)

In case of any of following subparagraphs, the customs collector may have the matters supplemented before the declaration as prescribed in Article 241 or 244 is accepted : Provided, the customs collector deems that such imperfect matters are insignificant, and they are supplementable after acceptance, the customs collector may have them supplemented after acceptance, under the conditions as prescribed by the Commissioner of the Korea Customs Service.

1. Where the matters mentioned in the declaration on export, import or return as prescribed in Article 241 or 244 are imperfect; and
2. Where the documents submitted under Article 245 are imperfect.

▶ Article 250 (Withdrawal and Refusal of Declaration)

(1) A declaration already filed may be withdrawn upon approval of the customs collector, only if there are justifiable reasons, in the case of importation or return of goods: Provided, no withdrawal may be made after such goods have been removed from the transportation carrier, customs route, unloading route, or the storage place as prescribed by this Act.

(2) If, after having accepted the declaration for export, import or return of goods, withdrawal of the declaration is approved pursuant to the provisions of paragraph (1), such acceptance of declaration shall become invalid.

(3) The customs collector may reject a declaration on export, import or return of goods if such declaration has not met the requirements prescribed in Articles 241 and 244 or has been made in an improper manner.

▶ Article 251 (Loading etc. of Exportation Declaration Acceptance Goods)

(1) Goods which exportation declaration is accepted shall be loaded on transportation carrier within thirty days from the date on which the declaration is accepted, except those for which an extension of the period allowed for loading not exceeding one year is approved under the conditions as

prescribed by the Ordinance of the Ministry of Finance and Economy.

(2) With respect to any goods exceeding the period as prescribed in paragraph (1), the customs collector may revoke the acceptance of the export declaration under the conditions as prescribed by the Presidential Decree.

SUBSECTION 4 Special Cases of Customs Procedures

▶ Article 252 (Removal prior to Acceptance of Declaration)

A person who desires to release goods declared for import from the storage place prior to the acceptance by the customs collector under Article 248, shall obtain the approval of the customs collector after furnishing security equivalent to the customs duties payable thereon: Provided, the furnishing of security may be omitted regarding goods imported by the government or a local government: Provided, if the government or a local government imports them, or in the case falling under Article 248 (2) 3, the furnishing of security may be omitted.

▶ Article 253 (Release of Goods prior to Report of Importation)

(1) A person who desires to immediately release import goods from a transportation carrier, customs route, unloading route, or storage place as prescribed by this Act before their importation report is made shall report immediately release to a customs collector under the conditions prescribed by the Presidential Decree. In this case, the customs collector may have the person provide securities equivalent to the customs duties to be paid.

(2) A person who is entitled to immediately release goods under paragraph (1) or such goods shall be designated by a customs collector under the conditions prescribed by the Presidential Decree.

(3) A person who release goods after the immediately release report thereof under paragraph (1) shall make an importation report under Article 241 within ten days from the day on which the immediately release report was made.

(4) Where a person who has released under paragraph (1) fails to make an

importation report within the period under paragraph (3), a customs collector shall impose and collect the customs duties concerned. In this case, the customs collector may collect as an additional tax the amount equivalent to 20/100 of the customs duties on the relevant goods and revoke the designation under paragraph (2).

▶ Article 254 (Special Customs Clearance on Electric Commercial Goods, etc.)

The Commissioner of Korea Customs Service may determine the required matters for customs clearance including declaration of importation, exportation, inspection of the goods, etc. under the conditions prescribed by the Presidential Decree.

▶ Article 255 (Simplified Customs Clearances by Mutual Benefit)

For the purpose of promoting international trade and interchange and of facilitating international cooperation, simplified customs clearances may, as prescribed by the Presidential Decree, accorded to goods imported from foreign countries which grant the same benefit to Korea.

SECTION 3 Postal Materials

▶ Article 256 (Customs Post Office)

(1) Postal materials(excluding personal letters, hereinafter the same shall be applied) to be exported, imported or returned shall pass through a customs post office.

(2) A customs post office shall be designated by the Commissioner of the Korea Customs Service from among postal service offices.

▶ Article 257 (Inspection of Postal Material)

A customs post office shall, upon receipt of postal materials prescribed in the provisions of Article 256 (1), submit the list of such postal materials to the customs collector for inspection thereof: Provided, this may be omitted for

postal materials designated by the Commissioner of the Korea Customs Service.

▶ Article 258 (Decision on Customs Clearance of Postal Material)

(1) When a customs collector decides that the postal material in question shall not be exported, imported or returned, the pertinent customs post office shall not forward or deliver the said postal material to the addressee.

(2) When postal material has been approved for import or export under Article 14 of the Foreign Trade Act, or falls under the criteria prescribed by the Presidential Decree, the addresser or addressee of the said postal material shall be required to make the declaration under Article 241 of this Act.

▶ Article 259 (Notification by Customs Collector)

(1) A customs collector shall notify a customs post office either of the decision, when a decision was made pursuant to the provisions of Article 258, or of the amount, when the customs duties is to be collected.

(2) A customs post office shall, upon receipt of the notification as prescribed in paragraph (1), notify the addresser or addressee of the postal material of the said decision.

▶ Article 260 (Procedures for Payment of Duty on Postal Material)

(1) A person who has received notification for payment due of customs duties as referred to in Article 259 (2) shall pay the said customs duties in revenue stamps or in money under the conditions as prescribed by the Presidential Decree.

(2) A customs post office shall not, prior to the collection of customs duties, deliver to the addressee the postal material subject to customs duties.

▶ Article 261 (Return of Postal Material)

Liability for payment of customs duties on postal material shall expire when the said postal material has been returned.

CHAPTER X REQUEST PRESENTATION OF DOCUMENT BY CUSTOMS OFFICIALS

SECTION 1 Request Presentation of Document by the Customs Collector

▶ Article 262 (Suspension of Departure, etc. of Transportation Carriers)

The Commissioner or the customs collector may, when he deems it necessary for the enforcement of this Act or the orders issued in virtue thereof, suspend the departure or movement of any transportation carriers.

▶ Article 263 (Ordinance to Submit Documents or Reports)

The Commissioner of the Korea Customs Service or the customs collector may, when he deems it necessary for the enforcement of this Act (including the Act on the Special Cases Concerning the Refund of Customs Duties, etc. Levied on Raw Materials for Export; hereinafter in this Article the same shall be applied) or orders issued in virtue thereof, request the submission of documents or reports regarding goods, transportation carriers or storage places, or order other necessary matters, or have any customs official directly investigate the related materials with respect to exporters, importers, distributors, and other persons concerned.

▶ Article 264 (Request of Data for Assessment)

(1) The Commissioner of the Korea Customs Service may request that relevant agencies such as state agencies and local governments submit data or statistics concerning the imposition and collection of customs duties and customs clearance.

(2) Except as otherwise prescribed by other Acts and subordinate statutes, the head of an agency who has received a request under paragraph (1) shall cooperate with such request, unless there is a justifiable reason.

SECTION 2 Inspection on Goods by Customs Officials

▶ Article 265 (Inspection, etc. on Goods or Transportation Carriers)

A customs official may, when he deems it necessary for the prevention of violations against this Act or orders issued in virtue thereof, inspect goods, transportation carriers, storage places, records and documents or take other necessary measures including a blockade.

▶ Article 266 (Presentation, etc. of Records or Data)

(1) A customs official may, when he deems it necessary for the discharge of his duties as prescribed by this Act, investigate records or other relevant data of importers, exporters, vendors, vendees or other persons concerned, or require them to present such records or data.

(2) Any person who provides a permanent business place and sells goods produced in a foreign country, and satisfies the criteria determined by the Ordinance of the Ministry of Finance and Economy, shall keep the tax invoices as prescribed in Article 16 of the Value Added Tax Act or materials attesting the fact of import with respect to the goods and place them in the business place.

(3) If it is deemed necessary for enforcing this Act or any order issued under this Act, the Commissioner of the Korea Customs Service or the customs collector may have the seller of the permanent business place as referred to in paragraph (2) or other interested persons make a report on the business under the conditions as prescribed by the Presidential Decree.

▶ Article 267 (Carrying and Using of Weapons)

(1) The Commissioner of the Korea Customs Service or the customs collector may, if he deems it necessary for the discharge of their official duties, authorize customs officials to carry weapons.

(2) A customs official may use a weapon in discharging his duties, only when there is a justifiable reason such as for the protection of the life and body of himself or that of other persons, and for the repression of any obstruction or resistance against the discharge of official duties, and therefore judged

unavoidable to do so to cope with the situation.

▶ Article 268 (Request to Chief of Maritime Police Government Office, etc.)

(1) A customs official may request the cooperation of any person of following subparagraphs when it is necessary for discharging official duties on the sea :

1. Commanding officer of the army, the naval forces, or the air forces;
2. The chief of a police station; and
3. The chief of a maritime police government office.

(2) In cases where requests for cooperation have been made in accordance with paragraph (1), the chief of a maritime police government office, etc. may conduct hot pursuit or observation, or make orders to a vessel suspected of smuggling to stop moving, or may inspect or search that vessel in cooperation with customs officers, and may stop forcefully, inspect, or search it where it fails to respond to the orders.

CHAPTER XI PENAL PROVISIONS

▶ Article 269 (Offences of Smuggled Exports or Imports)

(1) Anyone who has exported or imported goods falling under any of the following subparagraphs of Article 234, shall be punished by imprisonment not exceeding ten years or by a fine not exceeding twenty million won.

(2) Anyone falling under any of the following subparagraphs shall be punished by imprisonment not exceeding five years, or by a fine equivalent to the amount of money not exceeding the larger amount between ten times the amount of customs duties and the cost of the goods:

1. Any person who has imported goods without filing reports under Article 241 (1) and (2), or Article 244 (1): Provided, this shall not include a person who has made a report of withdrawal under Article 253 (1); and

2. Any person who has imported goods which are different from those reported for import under Article 241 (1) and (2), or Article 244 (1).

(3) Anyone falling under any of the following subparagraphs shall be punished by imprisonment not exceeding three years, or by a fine not more than the cost of the goods:

1. Any person who has exported or returned goods without filing reports under Article 241 (1) and (2); and

2. Any person who has exported or returned goods which are different from those reported under Article 241 (1) and (2).

▶ Article 270 (Penalty for Evasion of Customs Duty)

(1) Anyone falling under any of the following subparagraphs from among those filing reports on imports in accordance with Article 241 (1) and (2), or Article 244 (1), shall be punished by imprisonment not exceeding three years, or by a fine equivalent to the amount not exceeding the larger amount of money between five times the duties evaded and the cost of the goods. In this case, the cost of the goods under subparagraph 1 shall be construed as only the cost of the goods equivalent to the rate of the evaded taxes to the whole ones out of the whole goods:

1. Any person who files a false or no report on the customs value or the rate of customs duties with the intention of affecting the determination of taxes; and

2. Any person who imports component parts of goods, unfinished or incomplete goods of a principal character, or manufactured goods by separating their component articles for the purpose of avoiding import restrictions under Acts and subordinate statutes.

(2) A person, among those who have made an import declaration under Article 241 (1) and (2), or Article 244 (1), who imports goods without satisfying the requirements for permission, approval, recommendation, certification, or other conditions necessary for the import pursuant to Acts

and subordinate statutes or who imports goods satisfying the requirements by fraudulent or other unjust methods, shall be punished by imprisonment for not more than three years or by a fine not exceeding thirty million won.

(3) From among those filing reports on export in accordance with 241 (1) and (2), any one who exports goods without satisfying the requirements for permission, approval, recommendation, certification, or other conditions necessary for export pursuant to Acts and subordinate statutes, or who exports goods satisfying the requirements by fraudulent or unjust methods shall be punished by imprisonment for not more than one year, or by a fine not exceeding twenty million won.

(4) Anyone who has obtained relief from customs duties, or who has evaded customs duties imposed upon goods whose customs duties have been reduced, by fraud or unfair practices, shall be punished by imprisonment not exceeding three years, or by a fine of not more than five times the amount of the customs duties evaded.

(5) Anyone to whom customs duties have been repaid by way of fraud or unfair practices shall be punishable by imprisonment not exceeding three years, or by a fine of not more than five times the amount of the customs duties repaid.

▶ Article 271 (Attempted Crime)

(1) Any person who has knowingly abetted or aided any act prohibited by the provisions of Articles 269, 270 shall be punished in conformity to the principal offender.

(2) Any person who prepares to commit offences under Articles 269, 270, or who commits criminal attempts, shall be punished as committing principal offences.

▶ Article 272 (Forfeiture of Transportation Carriers Used Exclusively for Smuggling)

(1) Any vessel, automobile or other transportation carrier which has been used

exclusively for committing any offense against Article 269 shall be forfeited when such transportation carrier falls under any of the following subparagraphs and when the owner has had knowledge that the carrier had been used in committing such offense:

1. When it has loaded, or attempted to load goods involved in an offense;
2. When, in order to escape from arrest, it either has defied the stop order issued by an authorized public official, or has, on the sea, thrown away, destroyed or damaged the laden goods involved in an offense;
3. When it has, on the sea, taken over or attempted to take over the goods involved in an offense; and
4. When it has transported the goods involved in an offense.

▶ Article 273 (Forfeiture, etc. of Goods Furnished for Commitment of Offenses)

(1) Goods especially processed to be furnished for the committing of the offenses under Article 269, shall be either forfeited or destroyed to render them useless, regardless of whoever owns them.

(2) When goods falling under Article 269 have been contained in other goods, such other goods may also be forfeited if such goods are owned by the offender.

▶ Article 274 (Penalty for Acquisition, etc. of Smuggled Goods)

(1) Any person who acquires, transfers, transports, keeps, offers, or assesses goods falling under any of the following subparagraphs shall be punished by imprisonment not exceeding three years, or by a fine not more than the cost of goods:

1. Goods which fall under Article 269; and
2. Goods which fall under Article 270 (1) 2, (2), (3).

(2) Any person who prepares to commit offences under paragraph (1) above, or who commits criminal attempts, shall be punished as committing principal offences.

▶ Article 275 (Concurrent Imposition of Imprisonment and a fine)

Any person who has committed any offense prescribed in Articles 269 through 271, 274 may be concurrently punished by imprisonment and a fine, depending on the circumstances involved.

▶ Article 276 (Offences, etc. of Fraudulent Reports)

(1) Anyone falling under any of the following subparagraphs shall be punished by a fine less than the larger amount of money between the cost of goods and twenty million won, whichever is the greater:

1. Anyone who moves into a integrated bonded area without the report of the selection and performance of functions under Article 198 (1);

2. Anyone who performs integrated bonded functions in violation of a suspension measure taken by a customs collector under Article 204 (2);

3. Anyone who fails to carry-in, in whole or in part, goods which are to be carried in according to the order of carrying-in a bonded area pursuant to Article 238;

4. Anyone who does not file reports or declares reports fraudulently on matters prescribed by Article 241 (1), when filing reports in accordance with Article 241 or 244; and

5. Anyone who violates Article 248 (3).

(2) Anyone falling under any of the following subparagraphs shall be punished by a fine not exceeding twenty million won: Provided, in the case of a commission of an offence by negligence falling under subparagraphs 2 through 4, he shall be punished by a fine of not more than three million won:

1. Anyone who makes or submits a cargo manifest in fraudulent or other

unfair ways;

2. Anyone who contravenes Article 12, 98 (2), 109 (1), 134 (1), 136 (2), 148 (1), 149, 192(including the cases to which Article 205 applies mutatis mutandis), Article 200 (1), 222 (1), or 225 (1)(including the cases to which Article 225 (3) applies mutatis mutandis);

3. Anyone who violates the provisions of Articles 83 (2), 88 (2), 97 (2), 102 (1), and 104 (5): Provided, except the person falling under Article 277 (1) 3 ; and

4. Anyone who fails to carry out directions of performing the obligation by the customs collector in accordance with Article 227.

(3) Anyone falling under any of the following subparagraphs shall be punished by a fine not exceeding ten million won: Provided, in case of the commission of an offence by negligence falling under subparagraphs 2 through 4 above, he shall be punished by a fine not exceeding two million won:

1. Anyone who makes false statements in response to questions by customs officers, or refuses or avoids the performance of their functions;

2. Anyone who files a false entry report or declaration referred to in Article 135 (1);

3. Anyone who contravenes Article 135 (1), 136 (1), 139, 140 (1) (2) and (4), 141 1. 3., 142 (1), 143 (1), 144, 150, 151, 152 (1), 155 (1), 156 (1), 159 (2), 160 (1), 161 (1), 186 (2)(including the cases to which Article 205 applies mutatis mutandis), 201 (1) (3), 213 (2), 219 (2) or 266(2);

4. Anyone who contravenes a measure or refuses, interferes with, or evades inspection, taken or conducted by the Commissioner of the Korea Customs Service or the customs collector under Article 135 (2), 140 (3), 200 (3), 203 (1), or 262;

5. Anyone who performs bonded processing outside a bonded factory, bonded construction site, or integrated bonded area without approval

pursuant to Article 187 (1) or 195 (1), or without a report pursuant to Article 202 (2);

6. Anyone who fails to submit documents, to file reports, or to conduct other ordinance on necessary matters in accordance with Article 263, or who files false reports;

7. Anyone who refuses or impedes measures taken by the Commissioner of the Korea Customs Service, or the customs collector pursuant to Article 265; or

8. Anyone who refuses directions by customs officers for the presentation of accounting books or documents in accordance with Article 266 (1).

▶ Article 277 (Fine for Negligence)

(1) Anyone falling under any of the following subparagraphs shall be punished by a fine not exceeding two million won:

1. Any occupier contravening the licensed conditions of the licensed bonded areas;

2. Anyone who contravenes Article 83 (1), 107 (3), 157 (1), 158 (2) (4), 172 (3), 194(including the cases to which Article 205 applies mutatis mutandis), 198 (3), 199 (1), 202 (1), 214, 215(including the cases to which Article 219 (4), 221 (2) applies mutatis mutandis), 216 (2) (including the cases to which Article 219 (4), 221 (2) applies mutatis mutandis), 221 (1), 222(3), or 251 (1);

3. From among those contravening Article 83 (2), 88 (2), 97 (2), 102 (1), and 104 (5), anyone who has transferred goods to a person who is entitled to relief from duties, and who is going to use goods for the same purposes for which such goods have been imported, where he imported the goods by himself;

4. Anyone who contravenes a measure taken by the Commissioner of the Korea Customs Service or the customs collector under Article 159 (4), 180 (3)(including the cases to which Article 205 applies mutatis mutandis), 196

(2), 216 (1)(including the cases to which Article 219 (4) and 221 (2) applies mutatis mutandis), 225 (2)(including the cases to which paragraph (3) of the same Articles apply mutatis mutandis), 228, or 266 (3); or

5. Anyone who dealt with goods in transportation carriers in contravention of Article 321 (2) 2.

(2) Anyone falling under any of the following subparagraphs shall be punished by a fine for negligence not exceeding one million won:

1. Anyone who prepares or submits cargo manifests inconsistent with loaded goods : Provided, those who submit the cargo manifests in cases where they are not able to confirm the contents of the loaded goods for the reason that such cargo has been loaded and sealed by those who fall under any of following items

① Person who falls under Article 276 (2) 1.;

② Exporters of the loaded goods; and

③ Other shipping companies, air transportation companies, or cargo transportation brokers.

2. Anyone who delays filing reports pursuant to Article 28 (2);

3. Anyone who contravenes the provisions of Article 107 (4), 108 (2), 138 (2)·(4), 141 2., 162, 171, 179 (2), 182 (1), (including the cases to which Article 205 applies mutatis mutandis), 183 (2)·(3), 184, 185 (2)(including the cases to which Article 205 applies mutatis mutandis), or 245(3);

4. Anyone who fails to carry out orders made by the customs collector pursuant to Article 160 (4)(including the cases to which Article 207 (2) applies mutatis mutandis);

5. Anyone who fails to carry out orders or supplement made by the customs collector pursuant to Article 177 (2), 180 (4) (including the cases to which Article 205 applies mutatis mutandis), or 249; or

6. Anyone who fails to carry out orders or supplement measures made or taken by the customs collector pursuant to Article 180 (1) (including the cases to which Article 205 applies mutatis mutandis), 193(including the cases to which Article 205 applies mutatis mutandis), or 203 (2).

(3) The fine for negligence as prescribed in paragraphs (1) and (2) shall be imposed and collected by the customs collector.

(4) Any person who is dissatisfied with the disposition of the fine for negligence as referred to in paragraph (3), may make an objection against the customs collector within thirty days after he is informed of the disposition.

(5) If the person who is subject to the disposition of the fine for negligence under paragraph (3), has made an objection as referred to in paragraph (4), the customs collector shall notify it without delay to the competent court, which shall, upon receiving the notification, bring the case of the fine for negligence to trial under the Non-Contentious Case Litigation Procedure Act.

(6) If no objection is made, and no fine for negligence is paid, in the period as referred to in paragraph (4), the provisions of Article 26 shall apply mutatis mutandis.

▶ Article 278 (Non-application of Provisions of Criminal Act)

(1) The provisions of Articles 9, 10 (2), 11, 32 (2), 38 (1) 2 and 53 of the Criminal Act shall not apply to the person who commits an offense in violation of the penal provisions of this Act.

(2) In applying Article 16 of the Criminal Act, whether or not there is any justifiable reason for a misunderstanding, the Act shall not be taken into account.

(3) The provisions of paragraphs (1) and (2) shall not apply to cases of imprisonment.

▶ Article 279 (Joint Penal Provisions)

Any person falling under any of the following subparagraphs shall be punished

in addition to the actual offender, if, with respect to his business, his employee commits any offense in violation of the penal provisions of this Act, except in the case falling under Article 277:

1. A proprietor of a licensed bonded area or integrated bonded area;
2. A person engaged in the business of export (including export, etc. pursuant to the provisions of Article 4 of the Act on Special Cases concerning the Refundment of Customs Duties, etc. Levied on Raw Materials for Export), import, or transportation;
3. A customs broker; and
4. A agents engaged in the business of supplying goods and services at an open port.

▶ Article 280 (Punishment of Juristic Person)

Any juristic person shall be punished in addition to the actual offender, if, with respect to its business, any executive officer, staff or employee of such juristic person commits any offense in violation of the penal provisions of this Act, except in a case falling under Article 277.

▶ Article 281 (Exemption from Punishment)

(1) Pursuant to the provisions of Article 279, if the person concerned proves that there has been no way for him to prevent such offense, he shall not be punished.

(2) Pursuant to the provisions of Article 280, when there is proof referred to in paragraph (1) regarding actions of the executive officer, staff or employee who has been engaged in the business of a juristic person, the said juristic person shall not be punished.

▶ Article 282 (Forfeiture, Additional Collection)

(1) In the case of Article 269 (1), the goods concerned shall be confiscated.

(2) In cases falling within Article 269 (2) and (3) or 274 (1) 1, the goods owned or possessed by the criminals shall be confiscated.

(3) When the whole or part of goods subject to forfeiture pursuant to paragraphs (1) and (2) cannot be forfeited, an amount equal to the domestic wholesale price of the goods subject to forfeiture as of the time of the offense shall be collected additionally from the offender.

(4) Such employer as is mentioned in Article 279 and such juristic person as is mentioned in Article 280 shall be deemed offenders for purposes of applying paragraphs (1) through (3). CHAPTER XII INVESTIGATION AND DISPOSITION

SECTION 1 Common Provisions

▶ Article 283 (Customs Offense)

(1) A customs offense means any action violating this Act or orders issued by virtue thereof, and therefore subject to punishment pursuant to this Act.

(2) The investigation and disposition of customs offenses shall be exercised by customs officers.

▶ Article 284 (Requirement for Indictment)

(1) A person accused of a customs offense shall not be subject to an indictment by a public prosecutor unless the accusation is made either by the Commissioner of the Korea Customs Service or a customs collector.

(2) When the authorities other than customs authorities have found any case of customs offenses or arrested any suspect thereto, they shall forth with transfer him to the Korea Customs Service or a customhouse.

▶ Article 285 (Documents concerning Customs Offenses)

Documents concerning customs offenses shall be signed, sealed and dated.

▶ Article 286 (Documents concerning Investigation and Disposition)

(1) Documents concerning the investigation and disposition of customs offenses shall be affixed with a joint seal on every adjacent page.

(2) Any addition or deletion of letters or marginal notes shall be sealed thereon.

(3) Any deletion of letters shall be so signified indicating the number of letters deleted, whereas the original letters shall remain intact.

▶ Article 287 (Signature on Protocol)

(1) In cases where a protocol on customs offenses must be signed and sealed, if the person concerned is unable to sign and seal, a third person shall sign for him, and if the person concerned fails to carry his seal, his thumb-mark shall be affixed thereon.

(2) When a third person has signed for the person concerned, the said signatory shall sign, seal and make a statement regarding the reason.

▶ Article 288 (Delivery of Documents)

Delivery of documents concerning persons accused of customs offenses shall be effectuated by courier or by registered mail.

▶ Article 289 (Receipts for Documents Delivered)

Receipts shall be collected upon delivery of documents concerning customs offenses.

SECTION 2 Investigation

▶ Article 290 (Investigation of Customs Offenses)

When a customs official deems that there is a customs offense, he shall investigate the offender, criminal act and evidence thereon.

▶ Article 291 (Interrogation)

A customs official may, if deemed necessary for the investigation of customs offenses, interrogate suspects, witnesses or persons of reference.

▶ Article 292 (Preparation of Record)

(1) When a customs official has interrogated any suspect, witness or person of reference, he shall prepare a record.

(2) A customs official shall read the record to the person who made statements, or let him read it, and ask for confirmation of its accuracy.

(3) If the person who made statements demands additions, deletions or revisions of his prior statements, the same shall be put on the record.

(4) The date and place shall be stated in the record, together with the signatures and seals of all prescribed in the following subparagraphs:

1. The interrogator;
2. The person who made the statements; and
3. A witness.

▶ Article 293 (Substitute for Record)

(1) In the case of an interrogation concerning a commission of a crime, when urgency is demanded, a statement summarizing the interrogation proceedings may be substituted for the protocol.

(2) The date and place shall be stated in the summary statement referred to the preceding paragraph, together with the signatures and seals of the interrogator and the suspect.

▶ Article 294 (Subpoena)

(1) A customs official may, if deemed necessary for the investigation of

customs offenses, summon suspects, witnesses and persons of reference.

(2) A customs official may, if deemed necessary for the investigation of customs offenses, compel any suspect, witness or person of reference to appear or accompany him to a designated place.

(3) A subpoena shall be issued for summoning any suspect, witness or persons of reference.

▶ Article 295 (Judicial Police Power)

Customs official may perform the duties of the judicial police official with respect to persons accused of customs offenses pursuant to the Act on the Persons Performing the Duties of Judicial Police Officials and Scope of Their Duties.

▶ Article 296 (Search and Seizure Warrant)

(1) Whenever a search or seizure is to take place under this Act, a warrant issued by a district judge with relevant jurisdiction shall be obtained: Provided, a post facto warrant shall be obtained in case of urgency.

(2) Goods either submitted voluntarily or left behind by the owner, possessor or custodian may be seized without a warrant.

▶ Article 297 (Arrest during Commission Crime)

When any customs official has found a customs offender committing a crime, he shall forthwith arrest him.

▶ Article 298 (Surrender during Commission Crime)

(1) Any person may arrest any customs offender committing a crime, if he is still on the spot of an offense.

(2) When an offender committing a crime is arrested as prescribed in (1) , he shall be surrendered to a customs official without delay.

▶ Article 299 (Reversion of Seized Goods to National Treasury)

(1) With regard to the goods which have been seized pursuant to the provisions of Articles 269, 270 (1) through (3), 272 through 274, in case the owner of the goods concerned and the offender have not been determined within 6 months from the date of seizure, the goods concerned shall be regarded as lost goods and the customs collector shall make public notification.

(2) In case the owner and the offender have not been determined after one year has passed from the date of public notification under paragraph (1), the goods concerned shall revert to the national treasury.

▶ Article 300 (Searching)

A customs official may, if deemed necessary for investigating customs offenses, visit or search any vessel, vehicle, aircraft, warehouse or any other place.

▶ Article 301 (Body Search, etc.)

(1) If a customs official deems that a suspect is carrying hidden goods enough to constitute an offense, he may demand that the suspect produce them, and if the suspect refuses, he may conduct a body search.

(2) If a female is to be searched, an other adult female shall be present: Provided, this provision shall not apply in the case of urgency.

▶ Article 302 (Attendance at Proceedings)

(1) When a customs official is to search, he shall cause any person of following subparagraphs to be present : Provided, if none of them is available, he shall request the presence of a public official.

1. The owner or manager of any vessel, vehicle, aircraft, warehouse or any other place;

2. Co-living relative, employee of the owner or manager; or

3. Neighbor of the owner or manager.

(2) Such relative, employee or neighbor as is referred to in paragraph (1) shall be of the age of majority.

▶ Article 303 (Seizure and Custody)

(1) A customs official may seize goods found in the course of the investigation of customs offenses when such goods either are sufficient to prove the offense or shall be subject to forfeiture.

(2) Seized goods may be placed in the custody, for convenience, of the possessor or in the office of Shi, Kun, Eup or Myon.

(3) If the seized goods fall under any of the following subparagraphs, the Commissioner of the Korea Customs Service or the customs collector may notify it to the suspected or interested person, and then sell them and take custody of or deposit the proceeds thereof: Provided, if there is no time to notify it, the notification shall be made after selling them:

1. Where it might be rotted, damaged, or the period of practical use elapses;

2. Where it is deemed extremely inconvenient for safekeeping;

3. Where the value of the commodity might be reduced considerably due to a delay of disposal; and

4. Where the suspected or interested person requests the sale thereof.

(4) The provisions of Articles 160 (5) and 326 shall be applicable to paragraph (3).

▶ Article 304 (Scrapping or Abandoning Seized Goods)

(1) The Commissioner of the Korea Customs Service or customs collector may, after giving notice to the suspect or other person concerned, scrap or

abandon any goods of following subparagraphs : Provided, if there is insufficient time for notification, post facto notification shall immediately be made.

1. The said goods which are likely to harm the lives or property of others;
2. The goods which are to have been decomposed or deteriorated;
3. The goods whose validity have expired; or
4. The goods whose commodity value have lost.

(2) The provisions of Article 160 (5) shall apply mutatis mutandis to paragraph (1).

▶ Article 305 (Preparation of Seizure Record, etc.)

(1) When any visitation, search or seizure has taken place, a record thereon shall be prepared

(2) The provisions of Article 290 (2) and (3) shall apply mutatis mutandis to any record on visitation, search or seizure referred to in paragraph (1).

(3) The provisions of Article 293 shall apply mutatis mutandis to the preparation of a record on seizure or search of an offender committing a crime when the situation is urgent.

▶ Article 306 (Restriction of Execution at Night)

(1) No visitation, search or seizure may take place during the time from sunset to sunrise: Provided, this provision shall not apply to the case of an offender committing a crime.

(2) Any visitation, search or seizure in progress during the daytime may be continued notwithstanding the provisions of paragraph (1).

▶ Article 307 (Off-Limits During Investigation)

A customs official may prohibit all persons from entering or leaving places

where an interrogation, visitation, search or seizure is in progress on a suspect, witness or person of reference.

▶ Article 308 (Identification)

(1) Any customs official who conducts an interrogation, visitation, search or seizure shall either wear an official uniform or carry an identification card and show it to persons subject to investigation upon their request.

(2) Persons subject to such action as referred to in paragraph (1) may refuse cooperation if the customs official is not in official uniform and has not complied with the demand to present his identification card.

▶ Article 309 (Assistance of Police Official)

Any customs official may, if deemed necessary for conducting an interrogation, visitation, search or seizure, request the assistance of police officials.

▶ Article 310 (Report on Investigation Results)

(1) Upon completion of an investigation, a customs official shall report in writing the results thereof to the Commissioner of the Korea Customs Service or the customs collector.

(2) A customs official shall submit all related documents together with the report referred to in paragraph (1).

SECTION 3 Disposition

▶ Article 311 (Notification)

(1) The Commissioner of the Korea Customs Service or a customs collector may, when he has obtained positive evidence of an offense as a result of an investigation thereof, notify the offender, with clear reasons, that an amount equivalent to any of following subparagraphs:

1. An amount equivalent to a fine;
2. An amount equivalent to the goods falling under the confiscation; or
3. An amount equivalent to an additional imposition shall be paid or supplied.

(2) The Commissioner of the Korea Customs Service or a customs collector may allow a person subject to a notification as referred to in paragraph (1) to deposit tentatively the amount equivalent to a fine or an additional imposition if the latter desires to do so.

(3) Prescription of prosecution shall be interrupted by a notification pursuant to the provision of paragraph (1).

▶ Article 312 (Immediate Accusation)

The Commissioner of the Korea Customs Service or a customs collector shall, notwithstanding the provisions of Article 311 (1), immediately accuse the offender, when the penalty for an offense is deemed to be imprisonment.

▶ Article 313 (Return of Seized Goods)

(1) The Commissioner of the Korea Customs Service or a customs collector shall return seized goods or proceeds from the sale of such goods, when such goods are not to be forfeited.

(2) When such return as referred to in paragraph (1) is impossible due to uncertainty regarding the domicile or temporary domicile or residence of any person to whom the goods or proceeds are to be returned or due to other reasons, a summary thereof shall be made public.

(3) If no claim is filed for the said return within six months from the date of such notification as referred to in paragraph (2), the goods or proceeds may revert to the National Treasury.

(4) When there is unpaid customs duties on the goods referred to in paragraph (1), such customs duties shall be collected, from persons to whom

the goods or proceeds are to be returned in advance of the said return.

▶ Article 314 (Preparation of Notification Document)

(1) When any notification is to be carried out, a notification document shall be prepared thereon.

(2) Any notification document shall include the following particulars and be signed and sealed by persons executing such notification:

1. Name, age, sex, occupation and temporary domicile of person subject to such notification;
2. Amount equivalent to a fine, goods to be forfeited or amount equivalent to an additional imposition;
3. Description of offense;
4. Applicable provisions of Acts;
5. Place where notification is to be complied with; and
6. Date of notification.

▶ Article 315 (Delivery of Notification)

Any notification shall be effectuated by delivery of the notification document.

▶ Article 316 (Failure to Comply with Notification and Accusation)

A customs offender shall comply with the request made in the notification within ten days from the date of delivery of the notification document, and When the offender fails to comply therewith within the said period, the Commissioner of the Korea Customs Service or a customs collector shall immediately accuse such offender: Provided, this provision shall not apply when the request is complied with before the accusation is made even after ten days have expired.

▶ Article 317 (Prohibition against Double Jeopardy)

Once the customs offender has complied with the request made in the notification, no further punishment shall be inflicted upon him with respect to the same offense.

▶ Article 318 (Accusation against Insolvent)

The Commissioner of the Korea Customs Service or a customs collector shall, notwithstanding the provisions of Article 311 (1), accuse the offender without delay in case of any of following subparagraphs:

1. When he deems that the offender is unable to comply with the notification due to insolvency; or
2. When he deems that the notification can not be delivered due to uncertainty regarding the domicile or temporary domicile or residence of the offender or due to other reasons.

▶ Article 319 (Applicable Provisions)

The Criminal Procedure Act shall apply mutatis mutandis to the case of customs offenses, except as otherwise specifically prescribed in this Act.

CHAPTER XIII SUPPLEMENTARY PROVISIONS

▶ Article 320 (The Item of the Additional Tax)

The additional tax as prescribed by this Act shall be the item of the tariff.

▶ Article 321 (Customs Office Hours, and the Hours during which Goods are Handled)

(1) Customs office hours, and the hours during which goods are handled in bonded areas and transportation carriers shall be prescribed by the Presidential Decree.

(2) Any one of following paragraphs shall make prior notification to the

customs collector under the conditions prescribed by the Presidential Decree.

1. A person who desires to follow procedures for clearance or entry into or departure from a port during off-duty hours of the customhouse; or

2. A person who desires to handle goods during the off-duty hours of the transportation carriers.

(3) A person who has made prior notification pursuant to paragraph (2) shall pay a fee under the conditions as prescribed by the Ordinance of the Ministry of Finance and Economy.

▶ Article 322 (Preparation and Dissemination of Statistics and Certificate)

(1) The Commissioner of the Korea Customs Service shall compile statistics concerning matters enumerated in the following subparagraphs, and furnish them for reading upon request:

1. Matters pertaining to goods imported and/or exported;

2. Matters pertaining to foreign trade vessels, foreign trade aircraft which have either entered into or departed from port; and

3. Matters pertaining to foreign trade which the Administrator of the Korea Customs Service deems necessary.

(2) The Commissioner of the Korea Customs Service may release publicly and regularly, as prescribed by the Presidential Decree, the contents of statistical information compiled pursuant to the provisions of paragraph (1).

(3) The Commissioner of the Korea Customs Service may deliver the statistics as referred to in paragraph (1) as recorded by the means of transmission by computer. In this case the scope of the statistics to be delivered and the procedure therefor shall be determined by the Commissioner of the Korea Customs Service.

(4) The Commissioner of the Korea Customs Service shall designate a person to execute vicariously the matters concerning delivering the statistics as

referred to in paragraph (3).

(5) A person who desires to receive certificates pertaining to customs affairs or the statistical information referred to in paragraphs (1) and (3) shall pay such fee, as is prescribed by the Ordinance of the Ministry of Finance and Economy, and if the person acting for the Commissioner of the Korea Customs Service under paragraph (4) has determined the fee reducing it in the limit of such amount as prescribed by the Ordinance of the Ministry of Finance and Economy, he shall pay it.

(5) Among certificates referred to in paragraph (5), those pertaining to export, import or return shall be issued within five years from the date of acceptance of the declaration of the said export, import or return.

▶ Article 323(Utilization of Facilities of Customshouses)

A person who desires to utilize the facilities of a customshouse for the storage of goods or for customs clearance shall pay a fee as prescribed by the Ordinance of the Ministry of Finance and Economy.

▶ Article 324(Awards)

(1) The Commissioner of the Korea Customs Service may, as prescribed by the Presidential Decree, give awards, upon the decision of the Customs Awards Examination Board, to any person of following subparagraphs:

1. A person who have rendered meritorious services by providing information regarding any customs offense falling under the provisions of Articles 269 through 274 to a customshouse or other investigation authorities, or by arresting any customs offender;
2. A person who have rendered meritorious services by seizing goods related to customs offenses; or
3. A person who have rendered specially meritorious services for improvement or development of the customs administration.

(2) Necessary matters for the organization, operation of the Customs Awards

Examination Board referred to in paragraph (1) shall be prescribed by the Presidential Decree.

▶ Article 325(Giving Facility)

A person who is engaged, pursuant to the provisions of this Act, in transportation, storage or handling of goods shall give every facility for the execution of their official duties by customs officials.

▶ Article 326(Disposal of Forfeited Goods, etc.)

(1) A customs collector may dispose of such goods as have been forfeited or have reverted to the National Treasury pursuant to the provisions of this Act (hereinafter referred to as "forfeited goods, etc.") by public auction or by other methods.

(2) The provisions of Article 210 shall apply mutatis mutandis to cases of public auction of forfeited goods: Provided, those goods designated by the Commissioner of the Korea Customs Service may not be sold by way of competitive bid, but by free contract or consignment sale.

(3) Where a customs collector desires to dispose of forfeited goods, etc. which satisfy such standards as determined by the Commissioner of the Korea Customs Service, he shall follow the instructions of the Commissioner.

(4) The customs collector may pay such charges for custody and management expenses for forfeited goods incurred before or after forfeiture or reversion to the National Treasury.

(5) The customs collector may pay by himself sale cost, and charges for custody and management expenses referred to in paragraph (4) from the price of the sale.

▶ Article 327(Utilization of Data Processing Equipment)

(1) When the customs collector makes any declaration, application, approval, permission, license, delivery, notification, notice, etc. under this Act (hereinafter referred to as the "declaration, etc."), he may utilize data

processing equipment or have another person utilize such equipment under the conditions as prescribed by the Commissioner of the Korea Customs Service.

(2) In a case where the declaration, etc. is made under paragraph (1), the submission of documents may be omitted or made by a simplified method under the conditions as prescribed by the Commissioner of the Korea Customs Service.

(3) The declaration, etc. carried out under paragraph (1) shall be considered to have been received by, or sent from, the customshouse at the time when it is recorded on the files provided in the data processing equipment, and the notification, etc. shall be considered to have been served at the expiration of the time needed for the ordinary output after it is recorded.

▶ Article 328(Hearings)

(1) The customs collector shall hold a hearing in case he desires to make a disposition falling under any of the following subparagraphs:

1. Cancellation of designation of the autonomously managed bonded area under Article 164 (6);
2. Cancellation of the designated bonded area under Article 167;
3. Cancellation of the license of the proprietor under Article 178 (2);
4. Cancellation of designation of the integrated bonded factory under Article 204 (1); and
5. Suspension of the performance of the integrated bonded functions under Article 204 (2).

▶ Article 329(Delegation, etc. of Authority)

(1) The Commissioner of the Korea Customs Service or the customs collector may delegate a part of his authority as prescribed by this Act to the customs collector or the head of the agency under his jurisdiction under the conditions

as prescribed by the Presidential Decree.

(2) The customs collector may entrust the head of the post office with the authority pursuant to the provisions of Articles 257 through 259, as prescribed by the Presidential Decree.

(3) The customs collector may entrust any person of following subparagraphs with the authority pursuant to the provisions of Articles 157, 158 (2), 159 (2), 165 (2), 209, 213 (2)(only when the report on bonded transportation is accepted)·(3), 215, 222 (1) 1, 246 (1):

1. The nonprofit-making juristic person established in order to preserve the orderly customs clearance procedures and to effectively manage the imported or exported goods;

2. A manager of goods;

3. A proprietor; or

4. A person engaged in bonded transportation pursuant to the provisions of Article 222.

(4) A person (including staff or an employee) who performs the authority entrusted pursuant to paragraph (2) and (3) shall be regarded as a public official in application of Articles 129 through 132 of the Criminal Act.