

# Korea Customs and Trade Update

December 2023

## UPDATES

- **Amendments: 『Regulations on the Imposition of Special Emergency Tariff under Article 68 of the Customs Act』**
  - Minimizing damages to domestic farms, the special emergency tariff will continue to be imposed on 16 rice grains products and 24 types of ginseng, including fresh ginseng, that are currently subject to special emergency tariff.
  - Threshold quantity will be adjusted, considering the average import volume of the past three years.
- **Amendments Proposal: 『Regulations on the Application of Adjusted Duty under Article 69 of the Customs Act』**
  - Purpose of the Amendment: target and duty rates of adjusted duty to be applied in 2024 is newly defined, as the current regulations will expire on December 31, 2023.
  - Current adjusted tariff rates will be applied to 13 items including steamed rice and frozen pollack.
- **Amendment Proposal: 『Regulations on the Application of Quota Tariff under Article 71 of the Customs Act』**
  - In order to bolster the industrial competitiveness and stabilize the domestic prices, the target and duty rates of quota tariff to be applied in 2024 is newly defined, as the current regulations will expire on December 31, 2023
  - Target Product:
    - Among the 114 items for which quota tariff application has expired or will expire on December 31, 2023, quota tariff application will be extended for 64 items, including corn for feed.
    - 12 new products, including lithium carbonate, are newly added to the target of quota tariff application, resulting in total of 76 products subject to quota tariff.
- **Amendment Proposal: 『Enforcement Rules of the Value-Added Tax Act』**
  - The period of VAT exemption on unprocessed foodstuffs will be extended by two years from December 31, 2023 to December 31, 2025
  - Imported unprocessed foods subjected to deadline extension:

HS CODE	Target
0409	Natural honey
0410	Other products of animal origin, not elsewhere specified or included
1212	Fruit stones and other vegetable products of a kind used primarily for human consumption (including wild vegetables)
2501	Salt
1209	Blanched vegetable, Kimchi, pickled radish, pickles, salted seafood, crab sauce, tofu, soybean paste, soy sauce, soybean paste, Gochujang; Vegetable seeds; and Rice made by adding and coating food additives such as phosphoric acid extracts and amino acids, or culturing mushrooms, and rice content of more than 90%

- **Administrative Notice: 『Regulations on Operation of Monthly Payment System』**
  - The scope of exceptions related to delinquency among monthly payment approval requirement is expanded as below:
    - 1) When the delinquent tax amount is paid within 15 days after the payment due; or
    - 2) When the delinquent tax amount is less than 3 million won, even if 15 days have passed
  - The amount approved for extension of the payment deadline is added to the balance of the monthly payment limit for companies experiencing difficulties due to temporary business crises.
  
- **Amendment Proposal: 『Regulations on Management of Cargo subject to Management』**
  - Regulations concerning inspection basis, method, target notification method, etc. have been established to promote the operation of container weight measuring machine, which can measure the weight while the container is on board.
  - According to the cross-screening system between customs offices, the head of customs office who receives the loaded cargo list and the head of customs office who screens the cargo can be different. Hence, the definition of ‘cargo subject to management’ has been revised.
  - Reflecting the current situation where the locations to receive cargo management codes within in free trade zone are designated as inspection locations for cargo subject to management, the definition of ‘customs-designated bonded warehouse’, etc. has been revised.

## AMENDMENTS

- **Regulations on the Management of Good Entering and Exiting Free Trade Zone** (partial amendment)
- **Enforcement Rules of the Customs Act** (partial amendment)
- **Regulations on Designation and Operation of General Bonded Area** (partial amendment)
- **Instruction on the imposition and collection of fines under the Customs Act, etc.** (partial amendment)
- **Enforcement Decree of Liquor Tax Act** (partial amendment)

## OPINION



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### **Strengthened Safety Management of Imported Foods during Their Distribution Stage**

Korean government manages imported food safety throughout the following three stages: the stage before import declaration - import declaration stage - distribution stage after import declaration. Following paragraphs briefly shows the strengthened imported food safety management policy in the distribution stage managed by the Ministry of Food and Drug Safety (MFDS) to create a safe distribution environment of imported foods.

**Strengthened management of the businesses:** going forward, businesses that import potentially hazardous foods, refrigerated and frozen products in bulk, foods consumed by the public, and products with a short shelf life will be included as key management targets and inspections will be strengthened in the distribution stage.

**Securing stability of imported in distribution stage:** prompt recall and inspection are carried out at the distribution site to block the market distribution of products that cannot be used as raw materials of food and potentially hazardous food products.

**Securing safety of overseas purchased (e-commerce) foods:** inspections on overseas direct purchased foods with exaggerated functions are expanded to prevent local consumers from purchasing potentially harmful foods in advance. MFDS has been cooperating with relevant government institutions to block the sales of such foods as well as to block their entry into Korea at the customs clearance stage.

The domestic safety management system for imported foods continues to be strengthened. When handling imported food, it is necessary to be fully aware of the safety management system at all stages related to import and distribution.

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