
CUSTOMS ACT

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Act No. 7009, Dec. 30, 2003

Act No. 7222, Oct. 5, 2004

Act No. 7581, Jul. 13, 2005

Act No. 7849, Feb. 21, 2006

Act No. 7887, Mar. 24, 2006

Act No. 8050, Oct. 4, 2006

Act No. 8136, Dec. 30, 2006

Act No. 8356, Apr. 11, 2007

Act No. 8367, Apr. 11, 2007

Act No. 8833, Dec. 31, 2007

Act No. 8852, Feb. 29, 2008

Act No. 8860, Feb. 29, 2008

Act No. 9261, Dec. 26, 2008

Act No. 9410, Feb. 6, 2009

Act No. 9617, Apr. 1, 2009

Act No. 9625, Apr. 22, 2009

Act No. 9709, May 27, 2009

Act No. 9910, Jan. 1, 2010

Act No. 9924, Jan. 1, 2010

Act No. 9968, Jan. 25, 2010

Act No. 10195, Mar. 31, 2010

Act No. 10424, Dec. 30, 2010

Act No. 10897, Jul. 25, 2011

CHAPTER I GENERAL PROVISIONS

SECTION 1 Common Provisions

Article 1 (Purpose)

The purpose of this Act is to properly administer the imposition and collection of customs duties and the customs clearance of exported and imported goods, and to secure revenues from customs duties, with the aim of contributing to the development of the national economy.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 2 (Definitions)

The definitions of terms used in this Act shall be as follows:

1. The term "import" means shipping foreign goods into the Republic of Korea (referring to any foreign goods shipped from the bonded area in Korea in cases of those passing through the bonded area) or consuming and using them (referring to the consumption and use of foreign goods within the means of transportation, but excluding the consumption and use of foreign goods falling under any of subparagraphs of Article 239) in Korea;
2. The term "export" means shipping domestic goods into foreign countries;
3. The term "return" means shipping foreign goods which have arrived in Korea back to a foreign country

without undergoing import clearance;

4. The term "foreign goods" means any of the following goods:

(a) Goods (including fish, marine life, etc. collected or caught by foreign fishing boats, etc. in the high seas (including the high seas and the economic sea zone, other than the territorial waters of any foreign country; hereinafter the same shall apply)) which arrive in Korea from any foreign country before an import declaration thereon under Article 241 (1) (hereinafter referred to as "import declaration") has been accepted;

(b) Goods on which export declaration under Article 241 (1) (hereinafter referred to as "export declaration") has been accepted;

5. The term "domestic goods" means any of the following goods:

(a) Goods which exist in Korea and which are not foreign goods;

(b) Fisheries products, etc. collected or caught by Korean vessels, etc. in the high seas;

(c) Goods on which import declaration filed under Article 244 (1) prior to their arrival at the port of entry (hereinafter referred to as "import declaration prior to arrival") has been accepted;

(d) Goods shipped into Korea upon shipment approval before an import declaration under Article 252 has been accepted;

(e) Goods shipped into Korea on the immediate shipment declaration prior to filing an import declaration under Article 253 (1);

6. The term "foreign trade vessel" means a vessel sailing between Korea and foreign countries for international trade;

7. The term "foreign trade aircraft" means an aircraft flying between Korea and foreign countries for international trade;

8. The term "domestic vessel" means a vessel sailing exclusively within the territorial waters of Korea;

9. The term "domestic aircraft" means an aircraft flying exclusively in the territorial air of Korea;

10. The term "vessel supplies" means beverages, foodstuff, fuel, consumables, wire ropes, spare parts for

repairs and components, office fixtures and other similar goods which are used exclusively for the relevant vessel;

11. The term "aircraft supplies" means supplies which correspond to the vessel supplies and used exclusively for the relevant aircraft;

12. The term "vehicle supplies" means supplies which correspond to the vessel supplies and used exclusively for the relevant vehicle;

13. The term "customs clearance" means exporting, importing or returning goods according to procedures prescribed by this Act;

14. The term "transshipment" means transshipping goods from any entering or incoming means of transportation onto any departing or outgoing means of transportation in the jurisdictional area of the same customhouse;

15. The term "combined transshipment" means transshipping goods from any entering or incoming means of transportation onto any departing or outgoing means of transportation in the jurisdictional area of another customhouse;

16. The term "operator" means any of the following persons:

(a) A person who has obtained a patent for establishing and operating a licensed bonded area under Article 174 (1);

(b) A person who has filed a report on the establishment and operation of a general bonded workplace under Article 198 (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 3 (Priority Given to Collection of Customs Duties)

(1) The collection of customs duties on dutiable goods shall take precedence over the collection of other taxes, public charges and claims thereon.

(2) If customs duties are collected in the same manner as national taxes are collected and the object of a disposition taken for recovery of arrears is property other than dutiable goods, the same priority order as

national taxes under the Framework Act on National Taxes shall be given to such customs duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 4 (Imposition and Collection of Internal Taxes, etc.)

- (1) If the Framework Act on National Taxes, the National Tax Collection Act, the Value-Added Tax Act, the Local Tax Act, the Individual Consumption Tax Act, the Liquor Tax Act, the Education Tax Act, the Traffic, Energy and Environment Tax Act, and the Act on Special Rural Development Tax are in conflict with this Act with respect to the imposition, collection, refund, write-off, etc. of a value-added tax, local consumption tax, individual consumption tax, liquor tax, education tax, traffic, energy and environment tax and special rural development tax (hereinafter referred to as "internal tax, etc.", and including surcharges, additional duties and the cost of a disposition taken for recovery of arrears) which are imposed and collected by the customs collector on imported goods, the provisions of this Act shall prevail.
- (2) This Act governing the imposition, collection, refund, etc. of customs duties shall apply to the imposition, collection, refund, etc. of surcharges, additional duties and the cost of a disposition taken for recovery of arrears under this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Principles of Applying Act, etc.

Article 5 (Standards of Legal Interpretations and Prohibition on Retroactive Imposition of Customs Duties)

- (1) This Act shall be interpreted and applied in such a manner that the property rights of any taxpayer are not unfairly infringed on in light of the equity of duty imposition and the basic purposes of the relevant provisions.
- (2) Once the interpretation of this Act or the practices of tariff administration has been generally accepted by taxpayers, any act performed or any calculation made according to such interpretation or practices shall be deemed justifiable and no customs duties shall be imposed retroactively according to any new interpretation or practices.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 6 (Good Faith and Sincerity)

Each taxpayer shall fulfill his/her obligations in good faith and sincerity and each customs officer shall also perform his/her duties in the same manner.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 7 (Limits on Discretion of Customs Officers)

Each customs officer shall strictly adhere to the limits generally deemed reasonable in light of the equity of duty imposition and the purposes of this Act in carrying out his/her duties at his/her discretion.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 3 Term and Time Limit

Article 8 (Calculation of Term and Time Limit)

- (1) In the calculation of any term provided for in this Act, if approval is granted for shipping imported goods into Korea prior to the acceptance of an import declaration filed in accordance with Article 252, the date of approval shall be deemed the date on which such import declaration is accepted.
- (2) The calculation of any term provided for in this Act shall be governed by the Civil Act, except as specifically provided for in this Act.
- (3) If the time limit provided for in this Act falls on a holiday (including Workers' Day under the Designation of Workers' Day Act and Saturdays) or a day prescribed by Presidential Decree, the next day shall be such time limit.
- (4) If any declaration, application, approval, permission, acceptance, issuance, notice, notification, payment, etc. pursuant to this Act within a time limit set under this Act is impossible due to a malfunction, prescribed by Presidential Decree, of the comprehensive customs information network of Korea or electronic data processing equipment as provided for in Article 327, the following day of the date on which such malfunction is repaired shall be such time limit.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 9 (Time Limit, etc. for Payment of Customs Duties)

(1) Except as otherwise provided for in this Act, the time limit for payment of customs duties shall be classified as the following subparagraphs:

1. Where a tax payment declaration is filed in accordance with Article 38 (1): Within 15 days from the date on which such declaration has been received;
2. Where a tax payment notice is served in accordance with Article 39 (3): Within 15 days from the date on which such notice has been accepted;
3. Where an immediate shipment declaration prior to an import declaration is filed in accordance with Article 253 (1): Within 15 days from the date on which such import declaration has been filed.

(2) A person liable to pay taxes may pay the relevant customs duties even before his/her import declaration is accepted, notwithstanding paragraph (1).

(3) Where a bona fide duty payer who satisfies the requirements determined by the Commissioner of the Korea Customs Service in view of the duty payment records, etc. files an application, as prescribed by Presidential Decree, the head of a customhouse may permit him/her to make en bloc payment of duties whose time limit for payment fall in the same month by the last day of the month in which the said time limit falls, notwithstanding subparagraphs 1 and 3 of paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 10 (Extension of Time Limits due to Natural Disasters, etc.)

Where it is deemed impossible to file a declaration, an application or a request, submit other documents, serve a notice, or make payment or collection provided for in this Act by the specified time limit due to natural disasters and other grounds prescribed by Presidential Decree, the head of a customhouse may extend such time limit within a period not exceeding one year, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 4 Service of Documents, etc.

Article 11 (Delivery of Duty Payment Notices)

- (1) A duty payment notice shall be served to a person liable to pay duties by person or mail save except when such notice is issued directly such person liable to pay.
- (2) When the head of a customhouse is unable to serve a duty payment notice on a person liable to pay duty as the domicile, residence, place of business or office of such person is unidentifiable, he/she may publish matters concerning such duty payment notice on the bulletin board of his/her customhouse or in other appropriate place.
- (3) When matters concerning a duty payment notice are published in accordance with paragraph (2), the duty payment notice shall be deemed to have been served to a person liable to pay duty from 14 days after the date of such publication.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 12 (Storage Period of Reporting Documents)

A person who has filed a value declaration, duty payment declaration, export and import declaration, return declaration, shipment declaration on bonded goods, and a declaration on bonded transportation, or has presented a cargo manifest pursuant to this Act shall retain the filed or presented documents for a period determined by Presidential Decree up to five years from the date on which he/she has filed returns or presented documents.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 5 Deleted.

Article 13 Deleted. <by Act No. 9261, Dec. 26, 2008>

CHAPTER II DUTIABLE VALUE AND IMPOSITION, COLLECTION, ETC. OF CUSTOMS DUTIES

SECTION 1 Common Provisions

Article 14 (Dutiable Goods)

Customs duties shall be imposed on imported goods.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 15 (Duty Base)

The duty base of customs duties shall be determined based on the price or quantity of imported goods.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 16 (Timing of Determining Dutiable Goods)

Customs duties shall be imposed on imported goods according to their natures and quantities when an import declaration (including any import declaration prior to arrival; hereafter the same shall apply in this Article) is filed: Provided, That customs duties shall be imposed on any of the following imported goods according to their natures and quantities at the time prescribed in each applicable subparagraph:

1. Goods on which customs duties are collected in accordance with Article 143 (4) (including cases applicable mutatis mutandis to Article 151 (2)): When permission is granted for cargo handling;
2. Goods on which customs duties are collected in accordance with Article 158 (5): When approval is granted for repair works outside a bonded area;
3. Goods on which customs duties are collected in accordance with Article 160 (2): When relevant goods have been destroyed or lost, or discarded;
4. Goods on which customs duties are collected in accordance with Article 187 (6) (including cases applicable mutatis mutandis to Articles 195 (2) and 202 (3)): When permission is granted or a report is filed with respect to work at places other than a bonded factory, a bonded construction work site or a general bonded area;
5. Goods on which customs duties are collected in accordance with Article 217: When a report is filed or approval is granted with respect to bonded transportation;

6. Goods consumed or used before an import declaration is accepted (excluding any good whose consumption or use is not deemed import under Article 239): When relevant goods have been consumed or used;
7. Goods shipped out after an immediate shipment declaration is filed prior to an import declaration in accordance with Article 253 (1): When an immediate shipment declaration is filed prior to filing an import declaration;
8. Goods imported by mail (excluding postal items falling under Article 258 (2)): When the relevant goods arrive at a customs clearance post office in accordance with Article 256 (hereinafter referred to as "customs clearance post office");
9. Stolen or missing goods: When the relevant goods are stolen or missing;
10. Goods sold in accordance with this Act: When the relevant goods are sold;
11. Goods imported without filing an import declaration thereon (excluding goods provided for in subparagraphs 1 through 10): When the relevant goods are imported.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 17 (Applicable Acts and Subordinate Statutes)

Customs duties shall be imposed in accordance with the Acts and subordinate statutes in force at the time an import declaration is filed: Provided, That customs duties on any of the following imported goods shall be imposed in accordance with the Acts and subordinate statutes in force on the date falling under each of the following subparagraphs:

1. Goods falling under any subparagraph of Article 16: The date on which the fact accrues;
2. Foreign goods shipped into a bonded construction work site in accordance with Article 192: The date on which an import declaration is accepted before such foreign goods are used.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 18 (Foreign Exchange Rate for Taxation)

If a price denominated in a foreign currency is converted into the domestic currency to determine its dutiable

value, the Commissioner of the Korea Customs Service shall determine an exchange rate thereof by averaging foreign exchange rates of the week preceding the day pursuant to Article 17 falls (referring to the date on which an import declaration is filed in cases of goods shipped into a bonded construction work site).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 19 (Person Liable to Pay Customs Duties)

(1) Any of the following persons shall be liable to pay customs duties:

1. In cases of goods on which the import declaration thereon is filed: The owner of goods who imports the goods (referring to any of the following persons if such owner is unidentifiable; hereafter the same shall apply in this Article): Provided, That if customs duties paid or to be paid on goods on which the import declaration is accepted or on goods shipped out upon shipment approval granted before an import declaration is accepted under Article 252 fall short of the amount of customs duties payable, and the domicile and residence of the owner of such goods are unidentifiable or a person acting for such owner in filing an import declaration fails to identify the owner, both the person acting for the owner in filing the import declaration and the owner shall jointly pay the customs duties in question:

(a) If goods are imported by an importing firm for its customers under entrustment: A person who entrusted the import of the relevant goods;

(b) If goods are not imported by an importing firm for its customers under entrustment: A consignee entered in a commercial document prescribed by Presidential Decree;

(c) If imported goods are transferred before an import declaration is filed: A transferee thereof;

2. In cases of goods on which customs duties are collected in accordance with Article 143 (4) (including cases applicable mutatis mutandis to Article 151 (2)): A person who is granted permission for loading and unloading such goods;

3. In cases of goods on which customs duties are collected in accordance with Article 158 (5): A person who is granted approval for repair work outside a bonded area;

4. In cases of goods on which customs duties are collected in accordance with Article 160 (2): An operator

or a custodian;

5. In cases of goods on which customs duties are collected in accordance with Article 187 (6) (including cases applicable mutatis mutandis to Article 195 (2) or 202 (3)): A person who is granted permission for or files a report on work outside a bonded factory, a bonded construction work site or a general bonded area;
 6. In cases of goods on which customs duties are collected in accordance with Article 217: A person who files a report on or is granted approval for bonded transportation;
 7. In cases of goods which do not fall on goods whose consumption or use is not deemed an import in accordance with Article 239: Consumer or user thereof;
 8. In cases of goods on which customs duties are collected in accordance with Article 253: A person who immediately ships out such goods;
 9. In cases of goods imported by mail: Addressee thereof;
 10. In cases of stolen or missing goods: Any of the following persons:
 - (a) Goods stored in a bonded area: An operator of the area or a cargo manager provided for in Article 172 (2) (hereinafter referred to as "cargo manager");
 - (b) Goods for bonded transportation: A person who files a report on or is granted approval for bonded transportation;
 - (c) Other goods: A custodian or a handler thereof;
 11. A person who is otherwise prescribed as a person liable to pay duty under this Act or other Acts;
 12. In cases of goods other than those provided for in subparagraphs 1 through 11: An owner or an occupant thereof.
- (2) If the owner of goods or the reporter referred to in paragraph (1) 1 is separate from and coexists with the person referred to in paragraph (1) 2 through 11, the person referred to in paragraph (1) 2 through 11 shall be the person liable to pay duty.
- (3) A person who has guaranteed the payment of customs duties under this Act or other Acts and subordinate

statutes, a treaty, a convention, etc. shall bear the liability to pay such customs duties up to the limit of the guaranteed amount.

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

(5) Any secondary person liable to pay duty pursuant to Articles 38 through 41 of the Framework Act on National Taxes that are applied mutatis mutandis under paragraph (4) shall bear the liability to pay the customs duties in question if no security has been offered for the payment of customs duties and a person liable to pay duty and other person who has guaranteed the payment of customs duties fail to fulfill their liability to pay customs duties.

(6) If a person liable to pay duty (including a person who guarantees the payment of customs duties and any secondary person liable to pay; hereafter the same shall apply in this Article) defaults in paying customs duties, additional dues, an additional duty or the cost of a disposition taken for recovery of arrears, but holds any collateralized property stipulated in Article 42 (2) of the Framework Act on National Taxes, such collateralized property may be used to pay such customs duties, additional dues, additional duty or the cost of a disposition taken for recovery of arrears by applying Article 13 of the National Tax Collection Act mutatis mutandis only when proceeds from the disposal of other property of the person liable to pay duty fall short of the amount of such customs duties to be collected: Provided, That this shall not apply to any collateralized property that is used as a security prior to the date on which a duty return was filed (referring to the date on which a duty payment notice is sent out when an assessment notice is served in accordance with Article 39).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Extinguishment, etc. of Liability to Pay Duty

Article 20 (Extinguishment of Liability to Pay Customs Duties)

The liability to pay customs duties, additional dues, or the cost of a disposition taken for recovery of arrears shall be extinguished in any of the following cases:

1. When customs duties are paid or any property is appropriated for customs duties;
2. When the imposition of customs duties is revoked;
3. When customs duties are not imposed within a period during which such customs duties are leviable in accordance with Article 21 and such period expires;
4. When the extinctive prescription of the authority to collect customs duties under Article 22 expires.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 21 (Limitation Period for Imposing Customs Duties)

- (1) No customs duties may be imposed after the expiration of two years from the date on which the relevant customs duties were due to be imposed: Provided, That no customs duties shall be imposed after five years elapse from the date on which the relevant customs duties are due to be imposed in any of the following cases:
 1. Where customs duties are evaded or refunded by fraudulent means;
 2. Where the amount of customs duties payable comes short due to a failure to file a dutiable value declaration, in violation of Article 27(1), or to file a declaration on the full dutiable value.
- (2) In any of the following cases, the decision of rectification or other necessary dispositions may be rendered or taken according to the relevant decision or ruling within one year from the date on which a decision or ruling becomes final and conclusive, notwithstanding paragraph (1):
 1. Where a decision is made on an objection, a protest, or an appeal filed under Section 2 of Chapter V (Articles 119 through 132);
 2. Where a decision is rendered on a protest filed under the Board of Audit and Inspection Act;
 3. Where a ruling is rendered on litigation instituted under the Administrative Litigation Act;
 4. Where a decision is made to return seized goods pursuant to Article 313.
- (3) The dates on which any customs duties may be imposed pursuant to paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 22 (Extinctive Prescription of Authority, etc. to Collect Customs Duties)

- (1) The authority to collect customs duties shall lapse by prescription if it is not exercised for five years from the date on which such authority is granted.
- (2) A right to request a refund of any overpaid or erroneously paid customs duties by a duty payer and other customs duties shall lapse by prescription if it is not exercised for five years from the date on which such right is granted.
- (3) The date on which the authority to collect customs duties under paragraph (1) and a right to request the refund of any overpaid or erroneously paid customs duties or other customs duties under paragraph (2) may be exercised shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 23 (Suspension and Discontinuation of Prescription)

- (1) An extinctive prescription of the authority to collect customs duties shall be suspended on any of the following grounds:
 1. A duty payment notice;
 2. A disposition of rectification;
 3. A notice of demand for duty payment (including a preemptory notice of demand for duty payment);
 4. A disposition taken for serving a notice;
 5. A complaint filed;
 6. A public prosecution instituted in accordance with Article 16 of the Act on the Aggravated Punishment, etc. of Specific Crimes;
 7. A request for issuance;
 8. A seizure.
- (2) An extinctive prescription of a right to request any refund of paid customs duties shall be suspended by the exercise of the right to request such refund.
- (3) An extinctive prescription of the authority to collect customs duties shall not progress during the period for

payment in installments, the grace period for suspension of collection or disposition on default, or the proceedings of a lawsuit seeking cancellation of a fraudulent act.

(4) The discontinuation of prescription due to a lawsuit seeking cancellation of a fraudulent act pursuant to paragraph (3) shall become ineffective when the lawsuit is dismissed, turned down, or withdrawn.

(5) The Civil Act shall apply mutatis mutandis to the extinctive prescription of the authority to collect customs duties and a right to request any refund, except as otherwise provided for in this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 3 Security for Payment of Customs Duties

Article 24 (Types, etc. of Security)

(1) Types of security offered pursuant to this Act shall be as follows:

1. Money;

2. Government bonds or municipal bonds;

3. Securities approved by the head of a customhouse;

4. Guarantee insurance policy on duty payment;

5. Land;

6. Registered or recorded buildings, factory foundations, mining foundations, vessels, aircraft or construction machinery which have been covered by insurance;

7. Letters of guarantee for payment of customs duties by guarantors approved by the head of a customhouse.

(2) Guarantee insurance policy on duty payment and letters of guarantee for payment of customs duties referred to in paragraph (1) 4 and 7 shall include details assuring that upon a request from the head of a customhouse, an amount to be paid by a specific person will be paid to the head of a customhouse at any time after the specified time lapses.

(3) Necessary matters concerning the offering of security referred to in paragraph (1) shall be prescribed by

Presidential Decree.

- (4) A person liable to pay duty (including a person who guarantees the payment of customs duties) may offer, in advance, the comprehensive security covering a certain period, as prescribed by the Commissioner of the Korea Customs Service, to the head of a customhouse when grounds requiring him/her to retain his/her security offered under this Act exist.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 25 (Appropriation of Security for Customs Duties)

- (1) If a person liable to pay duty who has offered security fails to pay the relevant customs duties by the time limit for payment of such customs duties, the head of a customhouse may appropriate such security for the customs duties payable, as prescribed by Ordinance of the Ministry of Strategy and Finance. In such cases, when the money offered as security is appropriated to the relevant customs duties, Article 41 shall not apply even if the appropriation is made after the time limit for payment of customs duties lapses.
- (2) If there exists a remaining balance from the appropriation of security for customs duties in accordance with paragraph (1), the head of a customhouse may pay the remainder to a person who has offered such security, and the head of the customhouse may deposit the remainder if the pay-back of the remainder is not possible.
- (3) If a person who is not liable to pay duty guarantees the payment of customs duties, the head of a customhouse shall appropriate such security to the relevant customs duties and pay any remainder from the appropriation of such security directly back to the person who has offered such security.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 26 (Collection of Customs Duties in Case of Absence of Security, etc.)

- (1) If no security is offered for customs duties or the collected amount falls short of the customs duties payable, the collection of such customs duties shall be governed by the precedents of the Framework Act on National Taxes and the National Tax Collection Act, except as otherwise provided for in this Act.
- (2) When the head of a customhouse takes a disposition to collect customs duties in arrears, he/she may levy the cost of a disposition taken for recovery of arrears, which is equivalent to the cost incurred in seizure,

custody, transportation and public auction of property.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 26-2 (Cancellation of Security)

When customs duties, additional values and cost of a disposition taken for recovery of arrears for which security for payment was offered have been paid, the head of a customhouse shall take procedures for the cancellation of security without delay.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 4 Return and Determination of Dutiable Value

Sub-Section 1 Dutiable Value Return, etc.

Article 27 (Value Declaration)

- (1) A person liable to pay duty shall file a value declaration on the relevant goods (hereinafter referred to as "value declaration") with the head of a customhouse, as prescribed by Presidential Decree when filing an import declaration: Provided, That if it is deemed necessary to enhance the efficiency of customs clearance, a value declaration may be filed before an import declaration is made, as prescribed by Presidential Decree.
- (2) Where a value declaration is filed, documents related to the determination of a dutiable value (hereinafter referred to as "duty documents") shall be submitted, as prescribed by Presidential Decree.
- (3) A value declaration may be omitted for goods determined by Ordinance of the Ministry of Strategy and Finance as deemed clear to determine their dutiable value.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 28 (Return, etc. of Provisional Dutiable Value)

- (1) Where a dutiable value to be filed is undetermined in filing a value declaration, a person liable to pay duty may file a provisional dutiable value declaration in cases prescribed by Presidential Decree. In such cases, methods of filing and other necessary matters shall be prescribed by Presidential Decree.
- (2) Where a person liable to pay duty files a provisional dutiable value declaration in accordance with paragraph

(1), he/she shall file a final dutiable value of his/her goods to the head of a customhouse within a period set by Presidential Decree.

(3) Where a person liable to pay duty fails to file the final dutiable value within the period pursuant to paragraph (2), the head of a customhouse may determine the dutiable value applied to the relevant goods.

(4) Where the head of a customhouse has received the final dutiable value filed under paragraph (2) or has determined the dutiable value pursuant to paragraph (3), he/she shall either additionally collect or refund any difference between the amount of customs duties paid based on a provisional dutiable value and the amount of customs duties paid based on a final dutiable value, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 29 (Price Investigation Report, etc.)

(1) Where deemed necessary to determine dutiable values, the Minister of Strategy and Finance or the Commissioner of the Korea Customs Service may request exporters, importers, economic organizations and other related persons to submit documents necessary to determine such dutiable values. In such cases, a person upon receipt of such request shall comply therewith unless any justifiable cause exists otherwise.

(2) In any of the following cases, the Commissioner of the Korea Customs Service may compile and publish documents on the average declared values or quantities of imported goods which are essential to the national living and comparable with domestic goods, as prescribed by Presidential Decree:

1. Where it is required to promote the import of specific goods for the smooth supply and demand of goods;
2. Where it is required to stabilize domestic prices of imported goods.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Determination of Dutiable Value

Article 30 (Principle of Determining Dutiable Value)

(1) The dutiable value of imported goods shall be the transaction price adjusted by adding up the following amounts to the price paid or to be paid actually by a vendee of goods sold to be exported to Korea: Provided,

That the addition of the following amounts shall be made based on objective and quantifiable data, and if such data are unavailable, the dutiable value shall be determined using the methods provided for in Articles 31 through 35 instead of using the methods provided for in this Article:

1. Commissions and brokerage fees borne by a vendee: Provided, That any purchase commissions shall be excluded herefrom;
 2. Cost involved in containers handled in the same manner as the relevant goods, labor cost and material cost incurred in packing the relevant goods, which are all borne by a vendee;
 3. When a vendee supplies, directly or indirectly, goods and services prescribed by Presidential Decree, gratuitously or at a discounted price, for the production of the relevant goods and export transaction thereof, the price or a difference accruing from the reduced price;
 4. The amount computed, as prescribed by Presidential Decree, which is paid for using a patent right, a utility model right, a design right, a trademark right and other rights similar thereto;
 5. The amount which directly or indirectly reverts to a vendor, among the proceeds accruing from the resale, disposal or use of the relevant imported goods;
 6. The amount determined, as prescribed by Presidential Decree, which are freight, insurance bill and other costs involved in transportation to the port of entry: Provided, That for goods determined by Ordinance of the Ministry of Strategy and Finance, all or some of such amount may be excluded herefrom.
- (2) "The price paid or to be paid actually by a vendee" in the main sentence of paragraph (1) means a total amount paid or to be paid by the vendee as the price of the relevant imported goods, and shall include the amount offsetting the debt of a vendor by the price of the relevant imported goods, the amount repaying the debt of a vendor by a vendee and other indirect payments: Provided, That when any of the following amounts is clearly distinguishable from the total amount paid or to be paid by a vendee, it means an amount computed after deducting such amounts:
1. Costs involved in the construction, installation, assembling, repair and maintenance of the relevant imported goods, which are undertaken after their import or costs necessary for technical support for the

relevant imported goods;

2. Freight and insurance fees necessary for transporting the relevant imported goods after their arrival at the port of entry and other costs involved in their transportation;

3. Customs duties and public charges imposed on the relevant imported goods in Korea;

4. If the relevant goods are imported on a deferred payment basis, the interest rate on such deferred payment.

(3) In any of the following cases, the dutiable value of the relevant imported goods shall not be the transaction price under paragraph (1) but shall be determined using the methods provided for in Articles 31 through 35:

1. Where the disposition or use of the relevant goods is limited: Provided, That this shall not apply to cases prescribed by Presidential Decree;

2. Where the effectuation of transaction or the determination of price of the relevant goods is affected by conditions or circumstances which cannot be counted in terms of money;

3. Where part of the proceeds accruing from the resale, disposition or use of the relevant goods after their import reverts, directly or indirectly, to a vendor: Provided, That this shall not apply where a proper adjustment can be made in accordance with paragraph (1);

4. Where a special relationship between a vendee and a vendor as prescribed by Presidential Decree (hereinafter referred to as "special relationship") affects the price of the relevant goods.

(4) Where a person liable to pay duty files a value declaration based on a transaction price referred to in paragraph (1) and the relevant declared value is found to be significantly different from the value based on the transaction price of other goods of the same kind and quality or similar goods, making it difficult to recognize such declared value as the dutiable value, and in cases prescribed by Presidential Decree, the head of a customhouse may request the person liable to pay duty to provide data attesting that the relevant declared dutiable value corresponds to the fact, as prescribed by Presidential Decree.

(5) Where a person liable to pay duty falls under any of the following cases, the head of a customhouse shall determine a dutiable value using the methods provided for in Articles 31 through 35 instead of the methods

referred to in paragraphs (1) and (2). In such cases, the head of the customhouse shall notify the person liable to pay duty of the grounds for refusing to accept the dutiable value declared by him/her and details on how the dutiable value has been determined:

1. Where he/she fails to submit the requested data pursuant to paragraph (4);
2. Where the submitted data upon a request under paragraph (4) has failed to be prepared in compliance with generally accepted accounting principles;
3. Where it is difficult to accept the value declared by him/her as the dutiable value on the grounds prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 31 (Determination of Dutiable Value Based on Transaction Price of Goods of Same Kind and Quality)

(1) If it is impossible to determine the dutiable value of any imported goods using the method provided for in Article 30, such dutiable value shall be determined based on the transaction price previously determined as the dutiable value, of other goods of the same kind and quality, which meets the following requirements:

1. Other goods of the same kind and quality are required to be produced in the place of origin of the relevant goods whose dutiable value is to be determined and required to be loaded on the same day on which the relevant goods are loaded or to be loaded for shipment to Korea during a period for which no change takes place in market conditions or trading practices that affect prices, before and after the date on which the relevant goods are loaded;
2. The stage and volume of transactions, shipping distances, means of shipment, etc. of other goods of the same kind and quality are required to be the same as those of the relevant goods, and if there exists any difference between the two goods, a price adjusted by such difference shall be the applicable transaction price.

(2) In the application of paragraph (1), if there exist at least two transaction prices of other goods of the same kind and quality, the dutiable value shall be determined based on the price of the goods which are most similar to the relevant goods in terms of a producer, the time, stage, volume, etc. of transactions,

(hereinafter referred to as "transaction specifics, etc.") and if there exist at least two goods with the same transaction specifics, etc. and they carry not less than two prices, the dutiable value shall be determined based on the lowest of the prices.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 32 (Determination of Dutiable Value Based on Transaction Price of Similar Goods)

- (1) If it is impossible to determine the dutiable value of any imported goods using the methods provided for in Articles 30 and 31, such dutiable value shall be determined based on the transaction price previously determined as the dutiable value of similar goods, which meets the requirements referred to in each subparagraph of Article 31 (1).
- (2) In the application of paragraph (1), if the similar goods carry not less than two transaction prices, the dutiable value shall be based on the transaction price of the goods that are most similar to the relevant goods in the transaction specifics, etc. and if there exist at least two goods with the same transaction specifics, etc. and they carry not less than two prices, the dutiable value shall be determined based on the lowest of the prices.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 33 (Determination of Dutiable Value Based on Domestic Sale Price)

- (1) If it is impossible to determine the dutiable value of any imported goods using methods provided for in Articles 30 through 32, a price obtained by deducting the amounts under subparagraphs 2 through 4 from the amount under subparagraph 1 shall be the dutiable value: Provided, That the dutiable value may be determined using the method provided for in Article 34 upon a request by a person liable to pay duty:
 1. An amount computed based on the unit price of goods sold in Korea in the largest volume to a person with no special relationship among the relevant goods, the goods of the same kind and quality or similar goods which are domestically sold in the same conditions as imported on the date on which an import declaration is filed with respect to the relevant goods or nearly at the same time an import declaration is filed with respect to the relevant goods;
 2. An amount equivalent to an agreed commission usually paid or to be paid with respect to the domestic

sales of goods, or to profit or general expenses accruing usually from the domestic sales of the goods of the same kind and quality;

3. Usual freight, insurance fees and other related expenses incurring in Korea after the arrival of imported goods at the port of entry;

4. Taxes and other public charges paid or to be paid with respect to the import of the relevant goods and their domestic sales.

(2) If there exists no precedent that the relevant goods, the goods of the same kind and quality, similar goods have been sold in Korea on the same conditions as imported, upon a request by a person liable to pay duty, a price obtained by deducting each of the following amounts from the amount computed based on the unit price of domestically processed goods sold in the largest volume to a person with no special relationship shall be the dutiable value:

1. Amounts referred to in paragraph (1) 2 through 4;

2. Added value resulting from domestic processing.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 34 (Determination of Dutiable Value Based on Calculated Price)

If it is impossible to determine the dutiable value of any imported goods using the methods provided for in Articles 30 through 33, such dutiable value shall be determined based on a price obtained by summing up the following amounts:

1. The cost of raw materials used to produce the relevant goods, and the expenses incurred in assembling and processing the relevant goods or the price thereof;

2. An amount equivalent to general expenses and profit usually accruing from the sale of the relevant goods manufactured by a producer in an exporting country for their export to Korea or the goods of the same kind and quality;

3. An amount determined under Article 30 (1) 6, as freight, insurance fees and other transportation costs of the relevant goods to the port of entry.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 35 (Determination of Dutiable Value Based on Reasonable Standards)

If it is impossible to determine the dutiable value of any imported goods using the methods provided for in Articles 30 through 34, such dutiable value shall be determined based on reasonable standards in conformity with the principles stipulated under Articles 30 through 34, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 36 (Notice of Determining Methods, etc. of Dutiable Value)

If a person liable to pay duty files a written request, the head of a customhouse shall notify, in writing, the person liable to pay duty of the method used to determine the dutiable value, the determined dutiable value and the calculation basis thereof.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 37 (Prior Examination of Determining Methods of Dutiable Value)

(1) When a person liable to file a duty declaration pursuant to Article 38 (1) has inquires about the following matters regarding the determination of the dutiable value, he/she may apply for a prior examination to the Commissioner of the Korea Customs Service before he/she files a value report, as prescribed by Presidential Decree:

1. Amounts provided for in each subparagraph of Article 30 (1) or the amount that has to be added or deducted in the calculation of the price a vendee has actually paid or has to pay for imported goods in accordance with paragraph (2) of the same Article;
2. Whether it falls under each subparagraph of Article 30 (3);
3. Method of determining the dutiable value of goods being traded between persons with special relationships.

(2) The Commissioner of the Korea Customs Service shall, upon receipt of an application under paragraph (1), examine the method of determining the dutiable value and notify the applicant of the result within the period prescribed by Presidential Decree.

- (3) When a person liable to pay duty has filed a duty declaration according to the method of determining the dutiable value as notified pursuant to paragraph (2) and satisfies the requirements prescribed by Presidential Decree, the Commissioner of the Korea Customs Service shall determine the dutiable value in accordance with such method of determination.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 5 Imposition and Collection of Customs Duties

Sub-Section 1 Final Decision on Amount of Customs Duties

Article 38 (Payment of Customs Duties by Self-Declaration)

- (1) A person who intends to import goods (excluding any goods on which customs duties are imposed and collected by the head of a customhouse in accordance with Article 39) shall file a duty payment declaration (hereinafter referred to as "duty declaration") with the head of a customhouse when he/she files an import declaration.
- (2) The head of a customhouse receives a duty declaration, he/she shall examine matters stated in an import declaration and other matters provided for in this Act to be confirmed, but shall examine the declared amount of duty after receiving an import declaration: Provided, That if it is difficult to secure a duty claim on the declared amount of duty and in cases of goods determined by Ordinance of the Ministry of Strategy and Finance as it is deemed inappropriate to examine the amount of customs duties after receiving an import declaration, the amount of duty shall be examined before an import declaration is accepted.
- (3) When a person satisfying the requirements determined by the Commissioner of the Korea Customs Service in consideration of the duty payment records, the scale of imports, etc. files an application, the head of a customhouse may permit him/her to autonomously review the declared amount of duty (hereinafter referred to as "autonomous review"), notwithstanding the main sentence of paragraph (2). In such cases, the relevant person liable to pay duty shall submit the result of autonomous review to the head of a customhouse.

- (4) When a person liable to pay duty finds that the declared amount of duties is excessive or deficient before paying it, he/she may correct the declared amount of duty. In such cases, the time limit for payment shall be the original time limit for payment (referring to the time limit for payment as referred to in Article 9).
- (5) Necessary matters, such as the methods, procedures, etc. with regard to duty declaration, autonomous review and correction of the amount of duty as referred to in paragraph (4) shall be prescribed by Presidential Decree.
- (6) Article 46-2 of the Framework Act on National Taxes shall apply mutatis mutandis to the payment of customs duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 38-2 (Revision)

- (1) When a person liable to pay duty has found that there exists some excess or deficiency in the tax declaration and payment, or any errors in the dutiable values forming a basis for duty computation, the tariff classifications, etc. he/she may apply for a revision of the relevant amount of duties to the head of a customhouse, as prescribed by Presidential Decree, within six months from the date on which the declared duties have been paid (hereinafter referred to as "revision period").
- (2) When the head of a customhouse has found that there exists some excess or deficiency in the tax return and payment, or any errors in the dutiable values forming a basis for duty computation, the tariff classifications, etc., he/she may provide notification to a person liable to pay duty to apply for revisions during the relevant revision period, as prescribed by Presidential Decree. In such cases, the person liable to pay duty who intends to apply for a revision of the amount of duties shall file an application with the head of a customhouse, as prescribed by Presidential Decree.
- (3) No review referred to in Article 38 (2) and (3) shall be conducted on the amount of duty revised pursuant to paragraphs (1) and (2): Provided, That this shall not apply to cases prescribed by Presidential Decree, such as submission of data by false or other illegal means or cases of apparent tax evasion.
- (4) Where a person liable to pay duty has filed an application for the revision of the deficient amount of duty as

referred to in paragraph (1) and the latter part of paragraph (2), he/she shall pay the relevant duty by not later than the date following the date on which the relevant application for revision has been filed.

- (5) When there still exists a deficiency in the amount of duty as a result of revising the amount of duty in accordance with an application referred to in paragraph (1) and the latter part of paragraph (2), the head of a customhouse shall collect the deficient amount of duty by adding the amount computed based on the interest rate prescribed by Presidential Decree in consideration of the period from the date following the time limit for payment to the date on which the deficient amount of duty has been paid, and the interest rate applied to time deposits of the financial institutions: Provided, That this shall not apply to the following cases:
1. Where a surcharge or increased surcharge is not imposed pursuant to Article 41 (4);
 2. Where a person liable to pay duty has reasonable grounds for a deficiency, etc. in the tax declaration and payment.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 38-3 (Correction and Rectification)

- (1) When there exists any deficiency in tax declaration and payment, a person liable to pay duty may file a correction of a declaration (limited to cases where a revision period expires), as prescribed by Presidential Decree. In such cases, a person liable to pay duty shall pay the relevant customs duties by not later than the date following the date on which the corrected declaration has been filed.
- (2) When a person liable to pay duty has found that there exists an excess in the tax return and payment (limited to cases where a revision period expires), he/she may file an application for rectification of a declared amount of duty, within two years from the date on which the first duty declaration has been filed, as prescribed by Presidential Decree. In such cases, the head of a customhouse shall, upon receipt of the application for the rectification, either rectify the amount of duty or provide the applicant with notification to the effect that there exists no reason for making rectifications, within two months from the date of receiving the said application.
- (3) When the head of a customhouse has found that there exists some excess or deficiency as a result of

reviewing the tax declaration and payment, the amount of duty declaration, or the amount of duty applied for rectification under paragraph (2) by a person liable to pay duty, he/she shall rectify the said amount of duty as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 39 (Notice of Duty Imposition)

- (1) In any of the following cases, the head of a customhouse shall impose and collect customs duties, notwithstanding Article 38:
1. Where customs duties are collected as being applicable under subparagraphs 1 through 6 and 8 through 11 of Article 16;
 2. Where facilities built in a bonded construction work site are put into operation before an import declaration thereon is accepted under Article 248;
 3. Where goods which have been shipped into a bonded area are shipped out of such bonded area (including any place other than a bonded area that is permitted to store goods under Article 156 (1)) before an import declaration thereon is accepted under Article 248;
 4. Where a person liable to pay duty requests for a duty imposition notice due to his/her difficulty in deciding a dutiable value, a tariff rate, etc. on the grounds determined by the Commissioner of the Korea Customs Service;
 5. Where customs duties are collected on the immediately shipped goods under Article 253 due to a failure to file an import declaration thereon within a period fixed under paragraph (3) of the same Article;
 6. Other cases determined by Ordinance of the Ministry of Strategy and Finance where any duty declaration filed under Article 38 is inappropriate.
- (2) Where the head of a customhouse finds that any collected customs duties come short due to an error in the application of the regulations governing the duty base, tariff rate and the reduction or exemption of customs duties, etc. and other grounds, he/she shall collect the shortage thereof.
- (3) When the head of a customhouse intends to collect customs duties in accordance with paragraphs (1) and

(2), he/she shall deliver a duty payment notice on a person liable to pay duty, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 40 (Minimum Amount of Collectable Duty)

If the amount of customs duties that has to be paid by a person liable to pay duty falls short of the amount prescribed by Presidential Decree, the head of a customhouse shall not collect such customs duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 41 (Surcharges)

- (1) If customs duties are not fully paid by the specified time limit, a surcharge equivalent to 3/100 of such customs duties in arrears shall be collected from the date on which the said time limit expires.
- (2) If customs duties in arrears are not paid, a surcharge equivalent to 12/1000 of such customs duties in arrears plus the surcharge imposed under paragraph (1) (hereafter referred to as "increased surcharge" in this Article) shall apply per month elapsed from the date on which the time limit for payment expires. In such cases, the period for which the increased surcharge is additionally collected shall not exceed 60 months.
- (3) Paragraph (2) shall not apply to the amount of customs duties in arrears (including an internal tax collected by the head of a customhouse, if any) less than one million won.
- (4) Paragraphs (1) through (3) shall not apply to any goods prescribed by Presidential Decree, including goods, etc. directly imported by the State or local governments.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 42 (Additional Duties)

- (1) When the head of a customhouse collects underpaid customs duties pursuant to Article 38-3 (1) or (3), he/she shall collect an amount obtained by aggregating the following amounts as a surcharge: Provided, That this shall not apply where a duty declaration is filed based on a provisional dutiable value declaration and customs duties are paid according to such duty declaration and other cases prescribed by Presidential Decree:

1. 10/100 of the relevant shortage of customs duties;
2. An amount calculated by applying the following formula:

Relevant shortage of customs duties × period from the date following the time limit for payment to the date on which a corrected declaration filed or a duty payment notice is served × interest rate prescribed by Presidential Decree in consideration of the interest rates applied to time deposits of financial institutions.

- (2) Notwithstanding paragraph (1), where a duty payer has under-reported customs duties by an unjustifiable means (referring to means prescribed by Presidential Decree that a duty payer violates his/her duty to file a declaration on the duty base for customs duties or the amount of customs duties by completely or partially concealing or disguising the fact forming the basis of the duty base or calculation of the amount of customs duties), the head of a customhouse shall collect the sum of the amount equivalent to 40/100 of the relevant shortage of customs duties and the amount under paragraph (1) 2 as additional duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 43 (On-Spot Receipt of Customs Duties)

- (1) A customs officer who inspects any of the following goods may receive customs duties imposed on such goods at a place where such inspection is carried out:
 1. Travelers' belongings;
 2. Goods loaded on a wrecked ship, which are stored in a place other than a bonded area.
- (2) A customs officer who inspects goods pursuant to paragraph (1) shall receive customs duties imposed on such goods in the presence of other customs officers unless extenuating circumstances exist to the contrary.
- (3) If a customs officer who is not a public official in charge of receipt and disbursement receives customs duties pursuant to paragraph (1), such customs officer shall turn such customs duties to the public official in charge of receipt and disbursement without delay.
- (4) If a customs officer who is not a public official in charge of receipt and disbursement loses customs duties collected in accordance with paragraph (1) due to his/her failure to perform with the care of a good manager, he/she shall compensate for the loss.

Sub-Section 2 Write-Off, etc.

Article 44 (Write-Off)

- (1) If a person liable to pay duty has any of the following reasons, the head of a customhouse may write off the relevant customs duties:
1. Where the extinctive prescription of the authority to collect duties expires;
 2. Where a disposition taken for recovery of arrears is terminated and the amount appropriated to the arrears falls short of such arrears;
 3. Where the estimated value of total property that is an object of a disposition taken for recovery of arrears is appropriated to the cost of taking such disposition, leaving no room for any balance;
 4. Where the whereabouts of a delinquent duty payer is unknown and he/she is found to have no property, leaving no prospect of recovering his/her arrears.
- (2) When the head of a customhouse discovers another seizable property after having taken a disposition for writing off the relevant customs duties pursuant to paragraph (1), he/she shall revoke such disposition and take a disposition for recovery of arrearages without delay.
- (3) When deemed necessary to collect customs duties or for the public interest, the head of a customhouse may provide materials pertaining to dispositions taken for recovery of arrears or dispositions taken for writing off customs duties by applying mutatis mutandis Article 7-2 of the National Tax Collection Act upon a request from any credit information company under Article 2 of the Use and Protection of Credit Information Act or credit information collection agency under Article 25 of the same Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 45 (Customs Duties Arrears Adjustment Committee)

- (1) Each customhouse may establish a customs duties arrears adjustment committee to deliberate on matters concerning the adjustment of arrears of customs duties (including an internal tax, etc. collected by the head

of each customhouse).

- (2) Necessary matters concerning the establishment and operation of each customs duties arrears adjustment committee established pursuant to paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 3 Refund, etc. of Mistakenly Overpaid Customs Duties

Article 46 (Refund of Mistakenly Overpaid Customs Duties)

- (1) When a person liable to pay duty requests a refund of customs duties, a surcharge, an additional duty or the cost of a disposition taken for recovery of arrears which have been mistakenly overpaid, the head of a customhouse shall refund any of them without delay, as prescribed by Presidential Decree, and also refund the amount verified by himself/herself as having been mistakenly overpaid even if a person liable to pay duty has requested no refund.
- (2) Where a mistakenly overpaid amount is refunded in accordance with paragraph (1), if a person entitled for such refund is liable to pay any customs duties, a surcharge, an additional duty or the cost of a disposition taken for recovery of arrears, the head of a customhouse may appropriate the refund to any of such payments.
- (3) A person liable to pay duty may transfer his/her right for a mistakenly overpaid amount to a third person, as prescribed by Presidential Decree.
- (4) Notwithstanding Article 17 of the State Finance Act, the refund of a mistakenly overpaid amount referred to in paragraph (1) shall be paid from the revenue under the jurisdiction of the head of the relevant customhouse deposited in the Bank of Korea under the Bank of Korea Act, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 47 (Recovery of Excessively Refunded Customs Duties)

- (1) When the head of a customhouse discovers that any customs duties, a surcharge, an additional duty or the cost of a disposition taken for recovery of arrears, either of which mistakenly overpaid have been excessively

refunded under Article 46, he/she shall recover the excessively refunded amounts from a person who has been paid with the refund of such customs duties, a surcharge, an additional duty or the cost of a disposition taken for collection of arrears.

(2) When the head of a customhouse recovers excessively refunded customs duties, a surcharge, an additional duty or the cost of a disposition taken for recovery of arrears in accordance with paragraph (1), he/she shall add an amount calculated according to the interest rate prescribed by Presidential Decree accruing for a period from the date following the date on which the excess refund is made to the date on which a decision to collect the excessively refunded amount is made to such excessively refunded amount.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 48 (Surcharges on Refund)

When the head of a customhouse refunds or appropriates customs duties, a surcharge, an additional duty or the cost of a disposition taken for collection of arrears, either of which mistakenly overpaid in accordance with Article 46, he/she shall add an amount calculated according to the interest rate prescribed by Presidential Decree accruing for a period from the date following the date on which the overpayment is made mistakenly (referring to each payment date of the refund calculated retroactively in order of payment date until it reaches such amount when the payment is made in two or more installments, the date means the last payment date and if the refund exceeds the last paid amount) to the date on which the refund or appropriation is decided to such refunded amount: Provided, That this shall not apply to goods which are not subject to the application of Article 41 (1) through (3) in accordance with paragraph (4) of the same Article.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER III TARIFF RATES AND TARIFF CLASSIFICATIONS

SECTION 1 Common Provisions

Article 49 (Types of Tariff Rates)

The rates of customs duties imposed on imported goods in accordance with Article 14 shall be as follows:

1. Basic tariff rates;
2. Provisional tariff rates;
3. Other tariff rates prescribed by Presidential Decree or Ordinance of the Ministry of Strategy and Finance in accordance with Articles 51 through 67, 67-2 and 68 through 77.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 50 (Priorities in Application of Tariff Rates)

- (1) Basic tariff rates and provisional tariff rates shall be governed by attached Schedules of Tariff Rates and provisional tariff rates shall take priority over the basic tariff rates in the application thereof.
- (2) Tariff rates referred to in subparagraph 3 of Article 49 shall take priority over the tariff rates as shown in attached Schedules of Tariff Rates in the application according to the following order:
 1. Tariff rates under Articles 51, 57, 63, 65, 67-2 and 68;
 2. Tariff rates under Articles 73 and 74;
 3. Tariff rates under Articles 69, 71 and 72;
 4. Tariff rates under Article 76.
- (3) Notwithstanding paragraph (2), tariff rates referred to in paragraph (2) 2 shall be preferentially applied only if such tariff rates are lower than basic tariff rates, provisional tariff rates and tariff rates referred to in paragraph (2) 3 and 4, and tariff rates under Article 71 among the tariff rates referred to in paragraph (2) 3 shall be preferentially applied only if such tariff rates are lower than tariff rates referred to in paragraph (2) 4: Provided, That the rates of tariff concessions made at a rate equivalent to the difference between domestic and foreign prices in tariff negotiations with an international organization under Article 73 and the rates of tariff concessions (including the rates of tariff concessions made to the market access quota) made to goods prescribed by Presidential Decree among agricultural, forest and livestock products to which a tariff concession was made at a rate higher than basic tariff rates in the process of opening the domestic market shall take priority over basic tariff rates and provisional tariff rates in the application thereof.

- (4) The application of provisional tariff rates to goods subject to the application of provisional tariff rates in attached Schedules of Tariff Rates may be suspended, entirely or partially, as prescribed by Presidential Decree or provisional tariff rates may be raised or lowered to adjust the rate differential with basic tariff rates.
- (5) In the application of the tariff rates referred to in subparagraph 3 of Article 49, in case of specific customs duties in attached Schedules of Tariff Rates, an amount equivalent to the relevant tariff rate shall be applied.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Adjustment of Tariff Rates

Sub-Section 1 Anti-Dumping Duties

Article 51 (Those Subject to Imposition of Anti-Dumping Duties)

If foreign goods are imported at a price below the normal price prescribed by Presidential Decree (hereinafter referred to as "dumping") and such foreign goods are verified to fall under the following cases as a result of an investigation (hereafter referred to as "material injury, etc." in this Subsection) and it is deemed necessary to protect the relevant domestic industry, upon a request from a person interested in the domestic industry and prescribed by Presidential Decree, or the relevant Minister, such foreign goods, a supplier or an exporting country thereof may be designated and imposed by customs duties (hereinafter referred to as "anti-dumping duties") not exceeding an amount equivalent to a difference between the normal price and the dumping price (hereinafter referred to as "dumping margin") in addition to customs duties in accordance with Ordinance of the Ministry of Strategy and Finance:

1. Where the domestic industry is substantially injured or is threatened with material injury;
2. Where the development of domestic industry is substantially hampered.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 52 (Investigation on Dumping, Material Injury, etc.)

- (1) The investigation on the fact of dumping and material injury, etc. thereby under Article 51 shall be governed by Presidential Decree.

(2) If it is necessary to consider enhancement of bolstering the competitiveness of the relevant industry, stabilizing prices and promoting trade cooperation with trading partners, etc. when imposing any anti-dumping duties, the Minister of Strategy and Finance may investigate such matters and reflect the outcomes of such investigation.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 53 (Provisional Measures Prior to Imposing Anti-Dumping Duties)

(1) In any of the following cases in which an investigation has already started to determine whether to impose anti-dumping duties, the Minister of Strategy and Finance may designate relevant goods, a supplier or an exporting country thereof, and order an additional imposition of provisional anti-dumping duties not exceeding an amount equivalent to a provisionally estimated dumping margin for a fixed period or take a measure to order security offered (hereafter referred to as "provisional measure" in this Subsection), as prescribed by Presidential Decree, even before such investigation is completed in order to prevent any injury which could arise during the investigation period:

1. Where there exists sufficient evidence presuming the existence of the fact of dumping and the fact of material injury, etc. caused thereby with respect to the relevant goods;
2. Where there exists the most reliable information even though the pledge provided for in Article 54 fails to be fulfilled, a request for the provision of materials with respect to carrying out such pledge and a request for permitting the verification of the provided data failed to be complied with.

(2) In any of the following cases, provisional anti-dumping duties paid shall be refunded or the offered security shall be rescinded, as prescribed by Presidential Decree:

1. Where an investigation has been closed after a request for the imposition of anti-dumping duties on goods, in relation to which the provisional measure has been taken, has been withdrawn;
2. Where a decision has been made on whether to impose anti-dumping duties on goods in relation to which the provisional measure has been taken;
3. Where the pledge provided for in Article 54 is accepted.

(3) Notwithstanding paragraph (2), if the amount of anti-dumping duties exceeds the amount of provisional anti-dumping duties in any of the following cases, the difference therefrom shall not be collected and if the amount of anti-dumping duties falls short of the amount of provisional anti-dumping duties, the difference therefrom shall be refunded:

1. Where the pledge provided for in Article 54 has been accepted after the existence of the fact of dumping and the fact of material injury, etc. caused thereby are made definite as a result of conducting an investigation on such dumping of the relevant goods and industrial damage caused thereby;
2. Where anti-dumping duties have been imposed retroactively in accordance with the proviso to Article 55.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 54 (Proposal of Pledge in Connection with Anti-Dumping Duties)

(1) If the dumping of the relevant goods and the existence of material injury, etc. caused thereby are made definite as a result of conducting a preliminary investigation to determine whether to impose anti-dumping duties, the Minister of Strategy and Finance or the exporter of the relevant goods may propose a pledge to adjust the price of the relevant goods to the extent that the adjusted price eliminates such material injury caused by the dumping of the relevant goods or suspend the dumping export, as prescribed by Presidential Decree.

(2) If the proposed pledge referred to in paragraph (1) is accepted, the Minister of Strategy and Finance shall have the investigation suspended or terminated without taking a provisional measure or imposing anti-dumping duties: Provided, That if the Minister of Strategy and Finance deems it necessary to continue the investigation or the exporter of the relevant goods requests to continue the investigation, such investigation may continue.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 55 (Time for Imposing Anti-Dumping Duties)

The imposition of anti-dumping duties and the provisional measure shall apply to goods imported after the date on which such anti-dumping duties are imposed and such measure is taken, respectively: Provided,

That if international conventions prescribe otherwise and Presidential Decree prescribes with respect to goods, in relation to which the provisional measure is taken, anti-dumping duties may also be imposed on such goods.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 56 (Review, etc. on Anti-Dumping Duties)

- (1) The Minister of Strategy and Finance may, if necessary, review the imposition of anti-dumping duties and the pledge described in Article 54, as prescribed by Presidential Decree, and take necessary measures to impose any anti-dumping duties, modify details of the pledge and refund, etc. based on the outcomes of the review.
- (2) The imposition of anti-dumping duties and the pledge accepted under Article 54 shall become invalid after five years from the date on which the relevant anti-dumping duties were imposed and the pledge has been fulfilled unless the deadline for its application is otherwise set by Ordinance of the Ministry of Strategy and Finance. If details of the imposition of such anti-dumping duties and the pledge are modified based on the outcomes of the review on the dumping and industrial damage caused thereby under paragraph (1) shall become invalid after five years from the date on which such modified details are carried out unless the deadline for its application is otherwise set by Ordinance of the Ministry of Strategy and Finance.
- (3) Necessary matters concerning the imposition of anti-dumping duties and its implementation, etc. under paragraphs (1) and (2) and Articles 51 through 55 shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Countervailing Duties

Article 57 (Objects on which Countervailing Duties Are Imposed)

Where the import of foreign goods which have been subsidized and financially supported (hereinafter referred to as "subsidies, etc."), directly and indirectly, in the course of their manufacturing, production or export in any foreign country is verified to fall under any of the following cases (hereafter referred to as

"material injury" in this Subsection) as a result of an investigation, and where it is deemed necessary to protect the relevant domestic industry, upon a request by a person interested in the domestic industry and prescribed by Presidential Decree, or the relevant Minister, the relevant goods, an exporter or an exporting country of such foreign goods, a supplier or an exporting country thereof may be designated and imposed by customs duties not exceeding the amount of the subsidies, etc. (hereinafter referred to as "countervailing duty") on the relevant goods in addition to customs duties in accordance with Ordinance of the Ministry of Strategy and Finance:

1. Where the domestic industry is substantially injured or is threatened with material injury;
2. Where the development of domestic industry is substantially hampered.

Article 58 (Investigation of Payment of Subsidies, etc. and Material In- jury, etc.)

- (1) The investigation on the payment of subsidies, etc. and material injury, etc. caused thereby shall be governed by Presidential Decree.
- (2) If it is necessary to consider bolstering the competitiveness of the relevant industry, stabilizing prices and promoting trade cooperation with trading partners, etc. in imposing any countervailing duty, the Minister of Strategy and Finance may investigate such matters and reflect such outcomes thereon.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 59 (Provisional Measures Prior to Imposition of Countervailing Duties)

- (1) Where any imported goods, into which an investigation is started to determine whether to impose a countervailing duty thereon, are deemed to have been manufactured using the subsidies, etc. and any of the following cases occurs, the Minister of Strategy and Finance may designate their exporter and exporting country, and order the imposition of a provisional countervailing duty not exceeding an amount equivalent to the estimated amount of the subsidies, etc. for a fixed period or take a measure to order security offered (hereafter referred to as "provisional measure" in this Subsection), as prescribed by Presidential Decree, even before such investigation is completed in order to protect the relevant domestic industry:
 1. Where it is verified that sufficient evidence exists presuming the fact that the imported goods has caused

material injury to the domestic industry;

2. Where there exists the most reliable information even though the pledge provided for in Article 60 is withdrawn or fails to be fulfilled and data pertaining to the implementation of such pledge are not provided.

(2) Where an investigation is closed after a request for imposing a countervailing duty on goods, in relation to which a provisional measure is taken, is withdrawn or a decision on whether to impose a countervailing duty is made, or the pledge provided for in Article 60 is accepted, any provisional countervailing duty paid shall be refunded and the offered security shall be rescinded, as prescribed by Presidential Decree: Provided, That in any of the following cases, if the amount of a countervailing duty exceeds the amount of a provisional countervailing duty, the difference therefrom shall not be collected and if the amount of a countervailing duty falls short of the amount of provisional countervailing duty, the difference therefrom shall be refunded:

1. Where the pledge provided for in Article 60 is accepted after the payment of the subsidies, etc. and material injury, etc. caused thereby is made definite as a result of conducting an investigation to find the payment of such subsidies, etc. and industrial damage caused thereby;
2. Where a countervailing duty has been imposed retroactively in accordance with the proviso to Article 61.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 60 (Proposal of Pledge Relating to Countervailing Duties)

(1) Where the fact of the payment of subsidies, etc. and material injury, etc. caused thereby is made definite as a result of conducting a preliminary investigation to determine whether to impose a countervailing duty under Article 57, the Minister of Strategy and Finance or the Government of the exporting country of the relevant goods may propose a pledge to take appropriate measures to abolish or cut the subsidies, etc. for the relevant goods and to eliminate the effect of damaging the importing country's industry by the subsidies, etc. and the exporter of the relevant goods pledge, with the consent of the government of the exporting country, he/she will adjust the price of the relevant goods to the extent that the effect of damaging the domestic industry by such subsidies, etc. is eliminated, as prescribed by Presidential Decree.

(2) If the proposed pledge referred to in paragraph (1) is accepted, the Minister of Strategy and Finance shall have the investigation suspended or withdrawn without taking a provisional measure or imposing a countervailing duty: Provided, That if the Minister of Strategy and Finance deems it necessary to continue the investigation on damage or the Government of such exporting country requests to continue the investigation, such investigation may continue.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 61 (Timing for Imposing Countervailing Duties)

The imposition of a countervailing duty and a provisional measure shall apply to goods imported after the date on which such countervailing duty is imposed and such measure is taken: Provided, That if international conventions prescribe otherwise and Presidential Decree prescribes with respect to goods, in relation to which the provisional measure is taken, a countervailing duty may also be imposed on such goods.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 62 (Review, etc. on Countervailing Duties)

- (1) The Minister of Strategy and Finance may, if he/she deems necessary, review the imposition of a countervailing duty and the pledge provided for in Article 60, as prescribed by Presidential Decree, and take necessary measures to impose a countervailing duty, modify details of the pledge and refund, etc. based on the outcomes of the review.
- (2) The imposition of any countervailing duty and the pledge accepted under Article 60 shall become invalid after five years from the date on which such countervailing duty was imposed and the pledge has been fulfilled unless the deadline for its application is otherwise set by Ordinance of the Ministry of Strategy and Finance; and if the payment of subsidies, etc. and the industrial damage caused thereby are reviewed in accordance with paragraph (1) and their details are modified according to the outcomes of such review, such modified details shall become invalid after five years from the date on which such modified details are carried out, unless the deadline for its application is otherwise set by Ordinance of the Ministry of Strategy

and Finance.

- (3) Necessary matters concerning the imposition of a countervailing duty and its implementation, etc. under paragraphs (1) and (2), and Articles 57 through 61 shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 3 Retaliatory Duties

Article 63 (Objects on which Retaliatory Duties Are Imposed)

- (1) If any of trading partners infringes on Korea's trade interests by performing any of the following acts in relation to goods, etc. exported by Korea, customs duties may be imposed on goods imported from such trading partners within the limit of an amount equivalent to the amount of damage caused thereby (hereinafter referred to as "retaliatory duties"):

1. Cases of denying or limiting Korea's rights and interests prescribed in the General Agreement on Tariffs and Trade, bilateral treaties, etc.;
2. Cases of taking unfair and discriminatory measures against Korea.

- (2) Necessary matters concerning countries against which retaliatory duties are imposed, goods, volume, tariff rates and application deadline and other matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 64 (Consultations about Imposition of Retaliatory Duties)

When the Minister of Strategy and Finance imposes retaliatory duties, if he/she deems necessary, he/she may consult in advance with the relevant international organizations or the relevant country.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 4 Emergency Tariffs

Article 65 (Objects on which Emergency Tariffs Are Imposed)

- (1) If the outcomes of an investigation verify that the increased import of specific goods causes or is likely to

cause an material injury (hereafter referred to as "material injury, etc." in this Article) on the domestic industry which produces the same goods or goods that directly compete with such specific goods (hereafter referred to as "domestic industry" in this Article) and if it is deemed necessary to protect the domestic industry, an additional tariff may be imposed (hereinafter referred to as "emergency tariff") on the relevant imported goods to the extent necessary to prevent, remedy and adjust the material injury, etc. (hereinafter referred to as "relief, etc. of injury").

- (2) A decision on whether to impose an emergency tariff and its substances shall be made after examining the necessity to protect the relevant domestic industry, international trade relations and compensation levels following the imposition of such emergency tariff and the consequent impact, etc. on the entire national economy.
- (3) When the Minister of Strategy and Finance imposes an emergency tariff, he/she shall consult with the relevant country about the means of providing appropriate trade compensation for negative effects resulting from the imposition of such emergency tariff.
- (4) The imposition of any emergency tariff and any provisional emergency tariff under Article 66 (1) shall apply exclusively to goods imported after a decision on the measures to impose them has been executed.
- (5) The imposition period of an emergency tariff shall not exceed four years and the imposition period of a provisional emergency tariff under Article 66 (1) shall not exceed 200 days: Provided, That if any such imposition period is extended according to outcomes brought about as a result of the review conducted in accordance with Article 67, the imposition period of an emergency tariff and a provisional emergency tariff, the application period of import volume limit, etc. under Article 39 (1) of the Foreign Trade Act (hereafter referred to as "import quotas, etc." in this Article and Article 66) and any extended period shall not exceed eight years in aggregate.
- (6) Goods subject to the imposition of an emergency tariff or a provisional emergency tariff under Article 66 (1), tariff rates, application period, volume, means of import control and other necessary matters shall be determined by Ordinance of the Ministry of Strategy and Finance.

(7) When the Minister of Strategy and Finance deems it necessary to decide whether to impose an emergency tariff or a provisional emergency tariff under Article 66 (1), he/she may request the heads of the relevant administrative agencies, interested persons, etc. to render necessary cooperation, including submission of related materials.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 66 (Imposition, etc. of Provisional Emergency Tariffs)

(1) With respect to goods on which an investigation is started to determine whether to impose an emergency tariff thereon or goods against which a provisional measure under Article 7 (1) of the Act on the Investigation of Unfair International Trade Practices and Remedy against Injury to Industry is recommended, if it is determined that a failure to prevent material injury, etc. inflicted during the investigation period causes or could cause unrecoverable injury, a provisional emergency tariff may be additionally imposed to the extent which may be necessary for the relief, etc. of injury before such investigation is completed.

(2) When a decision is made on whether to impose an emergency tariff or whether to take a measure such as the import quotas, etc., the imposition of a provisional emergency tariff provided for in paragraph (1) shall be suspended.

(3) When it is determined that the increased import of goods does not cause or is unlikely to cause material injury to the domestic industry as a result of conducting an investigation to determine whether to impose an emergency tariff or to take the measure of import quotas, etc., a provisional emergency tariff paid under paragraph (1) shall be refunded.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 67 (Review of Emergency Tariffs, etc.)

The Minister of Strategy and Finance may, when deemed necessary, review a decision made to impose an emergency tariff and modify details of such emergency tariff according to the findings of such review. In such cases, the modified details shall not be stringent than the original ones. *<Amended by Act No. 8852, Feb.*

29, 2008>

Article 67-2 (Imposition of Emergency Tariff on Goods from Particular Countries)

(1) Where the outcomes of an investigation verify that any goods, the country of origin of which is prescribed by Presidential Decree (hereafter referred to as "goods of a particular country" in this Article) fall under any of the following cases, emergency tariffs (hereinafter referred to as "emergency tariffs on the goods of a particular country") may be additionally imposed thereon within limits permitted at international conventions or general international rules to relieve or prevent injuries therefrom:

1. Where the increased import of the relevant goods causes or is likely to cause any disruption to the domestic market;
2. Where the relevant goods are imported or is likely to be imported to Korea following a serious trade turnaround triggered by measures taken by member countries of the World Trade Organization to relieve or prevent any injury in their respective countries caused by the increased import of the relevant goods.

(2) "Causes or is likely to cause any disruption to the domestic market" in paragraph (1) 1 means cases where the increased import of goods of a particular country causes or is likely to cause substantial injury on the domestic industry which produces the same goods or goods under direct competition with such specific goods.

(3) Necessary matters concerning goods subject to the imposition of emergency tariffs or provisional emergency tariffs on the goods of a particular country referred to in paragraph (5), tariff rates, application period, volume, means of import-control, etc. shall be determined by Ordinance of the Ministry of Strategy and Finance.

(4) When the Minister of Strategy and Finance intends to impose the emergency tariffs on the goods of a particular country, he/she may consult in advance with the particular country to figure out methods to resolve the impending trade dispute.

(5) Where it is determined that unless measures are taken to prevent disruption to the domestic market while an investigation is in progress to determine whether to impose the emergency tariffs on the goods of a particular country pursuant to paragraph (1) 1, the domestic market is undermined by unrecoverable injury or is likely to be undermined by such injury, the provisional emergency tariffs may be imposed on the goods

of the particular country(hereinafter referred to as "provisional emergency tariffs on the goods of a particular country") for up to 200 days to the extent necessary to relieve or prevent such injury before the investigation is completed.

- (6) Where the goods of a particular country are determined not to disrupt the domestic market as a result of conducting an investigation to determine whether to impose the emergency tariffs on the goods of the particular country, the provisional emergency tariffs on the goods of the particular country which are paid in accordance with paragraph (5) shall be refunded.
- (7) Where member countries of the World Trade Organization discontinue taking measures against the goods of a particular country which cause Korea to impose the emergency tariffs on the goods of the particular country pursuant to paragraph (1) 2, the imposition of the emergency tariffs on the goods of the particular country shall be suspended within 30 days from the date of such discontinuation.
- (8) Article 65 (2), (4) and (7), 66 (2) and 67 shall apply mutatis mutandis to the imposition of the emergency tariffs on the goods of a particular country or the provisional emergency tariffs on the goods of a particular country.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 5 SpecialEmergencyTariffsonAgricultural, Forest and Livestock Products

Article 68 (Special Emergency Tariffs on Agricultural, Forest and Live- stock Products)

- (1) Where the import volume of agricultural, forest and livestock products, to which a tariff concession was made at a rate equivalent to the difference between domestic and foreign prices pursuant to Article 73, sharply rise or their import prices fall, a tariff exceeding the rate of the tariff concession (hereinafter referred to as "special emergency tariffs") may be imposed, as prescribed by Presidential Decree.
- (2) Goods subject to the imposition of the special emergency tariff, tariff rates, time limit of application, volume, etc. shall be determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 6 Adjusted Duties

Article 69 (Objects on which Adjusted Duties Are Imposed)

In any of the following cases, customs duties may be imposed within the limit of the rate calculated by aggregating the rate obtained by deducting the basic tariff rate of the relevant goods from 100/100 to the basic tariff rate: Provided, That if the difference between domestic and foreign prices of agricultural, forest, livestock and marine products or other goods manufactured using such products as their raw materials exceeds the dutiable value of the relevant goods, customs duties may be imposed within the limit of the rate equivalent to the difference between such domestic and foreign prices:

1. Where necessary to adjust widely unbalanced tariff rates among goods resulting from changes, etc. in the industrial structure;
2. Where necessary for the public health, the conservation of the environment and the protection of consumers, etc.;
3. Where necessary to protect goods developed in Korea for a certain period;
4. Where there exist risks for the domestic market or the domestic industrial foundation to be undermined by the increase in the import of goods including agricultural, forest and livestock products, whose international competitiveness is weak, hence making it necessary to correct or prevent them from such risks.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 70 (Application Rates, etc. of Adjusted Duties)

- (1) A decision on whether to impose customs duties referred to in Article 69 (hereinafter referred to as "adjusted duties") and their specifics shall be determined after examining the necessity to protect the relevant domestic industry, international trade relations and their consequent impact on the national economy, etc. as a whole.
- (2) Goods subject to the imposition of the adjusted duties, rates and time limit of application, etc. shall be

determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 7 Quota Tariffs

Article 71 (Quota Tariffs)

- (1) In any of the following cases, customs duties may be imposed at a rate obtained by deducting a rate within the limit of 40/100 from the basic tariff rate. In such cases, the volume may be limited where deemed necessary:
1. Where necessary to facilitate the import of specific goods in order to ensure the smooth supply and demand of goods or bolster the industrial competitiveness;
 2. Where necessary to stabilize the domestic prices of goods, the import price of which sharply has risen, and other goods manufactured using such goods as their raw material;
 3. Where necessary to correct widely uneven tariff rates among similar goods.
- (2) If necessary to control the import of specific goods, customs duties may be imposed on such specific goods by aggregating a rate within the limit of 40/100 to the basic tariff rate: Provided, That with respect to agricultural, forest, livestock and marine products, customs duties may be imposed thereon within the limit of the rate added with a rate equivalent to the difference between domestic and foreign prices of the same, similar or alternative products.
- (3) Goods subject to the imposition of the customs duties referred to in paragraphs (1) and (2), volumes, rates, period of application, etc. shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 8 Seasonal Duties

Article 72 (Seasonal Duties)

- (1) If the import of goods, similar goods or alternative goods with highly fluctuating prices by season is likely to

disrupt the domestic market or destroy the production foundation, customs duties may be imposed either at a rate higher than the basic tariff rate within the limit of a rate equivalent to the difference between domestic and foreign prices of the relevant goods or at a rate obtained by deducting a rate within the limit of 40 percent from the basic tariff rate, depending on seasons.

- (2) Goods subject to the imposition of the customs duties referred to in paragraph (1), rates, period of application, etc. shall be determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 9 International Cooperation Tariffs

Article 73 (International Cooperation Tariffs)

- (1) Where the Government deems it necessary to facilitate Korea's external trade, it may negotiate on tariff with any specific country or any particular international organization.
- (2) Where the Government deems it necessary to negotiate on tariff as provided for in paragraph (1), it may make any tariff concession: Provided, That the Government may not make any tariff concession exceeding the limit of 50/100 of the basic tariff rate when negotiating or tariff with any particular country.
- (3) Goods subject to the imposition of the tariff referred to in paragraph (2), tariff rates, application period thereof, etc. shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 10 Beneficial Tariffs

Article 74 (Application Standards, etc. for Beneficial Tariffs)

- (1) With respect to goods imported to Korea from any country which does not enjoy benefits granted under any tariff treaty, benefits within the limit of the tariff benefits granted under any treaty already concluded with a foreign country may be granted to such goods (hereinafter referred to as "beneficial tariff").
- (2) Goods subject to the imposition of beneficial tariffs, the application of tariff rates, application methods and

other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 75 (Application Suspension, etc. of Beneficial Tariffs)

In any of the following cases, the Minister of Strategy and Finance may designate any country, goods and period and suspend the application of beneficial tariff thereto:

1. Where the application of beneficial tariffs causes or is likely to cause a substantial impact on the national economy;
2. Other emergency situation which requires a suspension of the application of beneficial tariffs occurs.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 11 General Preferential Tariffs

Article 76 (Standards for Application of General Preferential Tariffs)

- (1) With respect to goods prescribed by Presidential Decree (hereafter in this Article referred to as "goods subject to preferential tariff") among goods from developing countries prescribed by Presidential Decree (hereafter referred to as "countries subject to preferential tariff" in this Article), customs duties may be imposed on such goods at a rate lower than the basic tariff rate (hereafter referred to as "general preferential tariff" in this Sub-Section).
- (2) In the imposition of a general preferential tariff, the tariff rate applied to goods subject to preferential tariff may be differentiated or the volume of such goods may be limited in consideration of the impact, etc. of the import of such goods on the domestic industry.
- (3) With respect to goods from developing countries prescribed by Presidential Decree among developing countries designated as the poorest developing countries in accordance with a resolution of the United Nations General Assembly, priority may be given to the poorest developing countries over other developing countries subject to preferential tariff in granting the general preferential tariff.
- (4) Tariff rates, the application period thereof, and other necessary matters applicable to goods subject to

preferential tariff shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 77 (Suspension, etc. of Application of General Preferential Tariffs)

- (1) Where the Minister of Strategy and Finance deems it inappropriate to impose a general preferential tariff on any goods subject to preferential tariff as the increased import of particular goods subject to preferential tariff causes or causes a risk of serious injury to the domestic industry that produces the same kind of goods or goods under direct competition, he/she may designate the relevant goods and their countries of origin, and suspend the application of a general preferential tariff to such imported goods, as prescribed by Presidential Decree.
- (2) Where the Minister of Strategy and Finance deems that the imposition of a general preferential tariff is inappropriate considering the income level, the weight of the amount of goods imported from a country subject to preferential tariff in the total amount of goods imported by Korea and the extent of the international competitiveness of particular goods subject to preferential tariff exported by a particular country subject to preferential tariff and other circumstances, he/she may designate the relevant countries and goods, and exclude them from the application of a general preferential tariff, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 12 Measures, etc. on Tariff Concession

Article 78 (Withdrawal and Modification of Tariff Concession)

- (1) If the Government deems that a price drop in foreign countries, an unforeseen change in circumstances, or the fulfillment of obligations stipulated in a treaty has led to the increased import of particular goods under such conditions as to cause or threaten serious injury to the domestic industry which produces the same kind of goods or goods under direct competition, it may take the following measures:
 1. If a tariff concession is made to specific goods in accordance with a treaty: A measure to impose customs duties provided for in this Act or the modified tariff rates by withdrawing or modifying the tariff concession

made to such particular goods in accordance with the governing treaty;

2. If a measure referred to in paragraph (1) is about to be taken or if the measure has already been taken: A measure to apply tariff rates after reaching a new tariff concession, making a modification or making a tariff concession through the modification of the tariff rates of goods to which a tariff concession was made, other than the specific goods, and the addition of tariff concession items according to consultations held under the relevant treaty.

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

(3) The application period, details, and other necessary matters concerning the measure referred to in paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 79 (Counteractions)

(1) If any foreign country intends to take or has taken measures to withdraw or modify a tariff concession made on particular goods or other measures, the Government may take the following counteractions where it deems eligible to take any counteractions in accordance with a relevant treaty:

1. A counteraction to impose customs duties on specific goods within the limit of an amount equivalent to the dutiable value of the particular goods in addition to customs duties imposed on such goods under this Act;

2. If a tariff concession is made to the specific goods, a counteraction to suspend the application of such tariff concession to them and impose customs duties within the limit of tariff rates fixed in this Act.

(2) Counteractions referred to in each subparagraph of paragraph (1) may be taken to the necessary extent as a counteraction against measures taken by a foreign country.

(3) Countries subject to counteractions referred to in paragraph (1), application period, details and other necessary matters thereof shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 80 (Effect of Tariff Concession and Effect of Withdrawal)

- (1) If Korea withdraws a tariff concession made to items in accordance with a treaty, the tariff rates under this Act shall apply to such items from the date on which such withdrawal takes effect.
- (2) If Korea grants a new tariff concession to items in compensation for the tariff concession withdrawn under paragraph (1), the tariff rates under this Act shall not be applied from the date on which the new tariff concession takes effect.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 3 Application, etc. of Tariff Rates

Article 81 (Application of Simplified Tariff Rates)

- (1) Notwithstanding other Acts and subordinate statutes, simplified tariff rates may be applied to goods prescribed by Presidential Decree among the following goods:
 1. Goods imported by travelers or crew of any means of transportation navigating overseas as their personal effects;
 2. Postal items: Provided, That postal items which require filing the import declaration thereon shall be excluded herefrom;
 3. Goods used to repair or replace part of any vessel and aircraft overseas;
 4. Consignments or unaccompanied goods.
- (2) The dutiable value of goods referred to in paragraph (1) 3 shall be based on the price denominated in the foreign currency paid for repair or replacement.
- (3) Simplified tariff rates shall be prescribed by Presidential Decree based on the rates of customs duties, the provisional import surtax and the internal tax of imported goods (referring to the relevant vessel or aircraft in cases falling under paragraph (1) 3).
- (4) With respect to goods which fall under paragraph (1) 1 and whose total amount is equal to or lower than the amount prescribed by Presidential Decree, the tariff rates referred to in paragraph (3) may be set as a single

tariff rate applicable to such goods taking into account the tariff rates, the provisional import surtax and the internal tax of goods imported generally as personal effects.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 82 (Application of Tariff Rates under Agreement)

- (1) Where goods, on which an import declaration is filed en block, are different from each other in tariff rate by item, the highest tariff rate may be imposed upon request from a person who files such import declaration.
- (2) In applying paragraph (1), Section 2 of Chapter V (Articles 119 through 132) shall not be applied.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 83 (Application of Specific Use Duty Rates)

- (1) A person who intends to use goods whose tariff rates are differently determined by Presidential Decree or Ordinance of the Ministry of Strategy and Finance according to their purposes in accordance with attached Schedules of Tariff Rates and Articles 50 (4), 65, 67-2, 68, 70 through 73 and 76, for the use of a lower tariff rate shall obtain approval from the head of a customhouse, as prescribed by Presidential Decree: Provided, That this shall not apply where the nature and form of such goods make it impossible to use them for another purpose.
- (2) No goods to which a lower tariff rate is applied in accordance with paragraph (1) (hereinafter referred to as "specific use duty rate") shall be used for or converted to a purpose other than the relevant purposes for a period fixed by the Commissioner of the Korea Customs Service according to the standards prescribed by Presidential Decree up to three years from the date on which the import declaration thereon is accepted: Provided, That this shall not apply to any of the following cases:
 1. Where prior approval is obtained from the head of a customhouse, as prescribed by Presidential Decree;
 2. Where the goods fall under the proviso to paragraph (1).
- (3) Where the goods under paragraph (1) are used for a purpose other than the relevant purposes or transferred to a person who intends to use such goods for a purpose other than the relevant purposes within a period fixed pursuant to paragraph (2), an amount of duties equivalent to a difference between an amount

of duties calculated based on a tariff rate that does not require the relevant goods to be used for the specific purpose and an amount of duties calculated based on the relevant specific use duty rate shall be promptly collected from the person who uses the relevant goods for a purpose other than the particular purpose or a transferor. If it is impossible to collect the relevant amount of duties from a transferor, such amount of duties shall be collected from a transferee: Provided, That this shall not apply where the goods are destroyed or lost due to natural disasters or other unavoidable causes, or disposed of by obtaining prior approval therefor from the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 4 Tariff Classifications

Article 84 (Modification of Tariff Classification System)

Where the tariff classifications prescribed by Presidential Decree in accordance with attached Schedules of Tariff Rates or Articles 73 and 76 require modifications due to a recommendation or decision made by the Customs Cooperation Council under the International Convention on the Harmonized Commodity Description and Coding System Nomenclature, or the development of new commodities, etc., but the tariff rates thereon are not modified, the Minister of Strategy and Finance may designate a new tariff classification or reclassify tariffs, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 85 (Standards, etc. for Application of Tariff Classifications)

- (1) The Commissioner of the Korea Customs Service may establish standards necessary for applying tariff classifications, as prescribed by Presidential Decree. *<Amended by Act No. 10424, Dec. 30, 2010>*
- (2) The Korea Customs Service shall establish a Tariff Classification Committee (hereinafter referred to as the "Committee") to deliberate on the following matters: *<Amended by Act No. 10424, Dec. 30, 2010>*
 1. Standards for the application of the tariff classifications referred to in paragraph (1);
 2. Prior examinations of a tariff classification applied to particular goods under Article 86;

3. Modification of a tariff classification applied to particular goods under Article 87;

4. Other matters referred to the Committee by the Commissioner of the Korea Customs Service with respect to tariff classifications.

(3) Deleted. *<by Act No. 7009, Dec. 30, 2003>*

(4) Necessary matters concerning the composition, function, operation, etc. of the Committee shall be prescribed by Presidential Decree. *<Amended by Act No. 10424, Dec. 30, 2010>*

Article 86 (Prior Examination of Tariff Classification Applied to Particular Goods)

(1) A person who intends to import or export goods, or any licensed customs broker, customs brokers' corporation, or juristic person for handling clearance under the Licensed Customs Broker Act (hereinafter referred to as "licensed customs broker, etc.") may file an application accompanied by documents prescribed by Presidential Decree with the Commissioner of the Korea Customs Service for a prior examination of the tariff classification on attached Schedules of Tariff Rates to be applied to the relevant goods prior to filing an export or import declaration pursuant to Article 241 (1).

(2) The Commissioner of the Korea Customs Service shall, upon receipt of an application referred to in paragraph (1), examine the tariff classification to be applied to the relevant goods and notify the applicant of the results thereof: Provided, That if it is difficult for him/her to examine such tariff classification due to the insufficiency, etc. of documents presented, a notice of such fact shall be served on the applicant.

(3) The Commissioner of the Korea Customs Service shall publish the tariff classification to be applied to the goods whose examination on the tariff classification is conducted under paragraph (2), the name of such goods, their use, standard and other necessary matters: Provided, That if the publication of any tariff classification to be applied to any goods is deemed inappropriate, such tariff classification may not be published.

(4) When any goods on which an import or export declaration is filed under Article 241 (1) are identical to the goods in relation to which a notice referred to in paragraph (2) is served, the head of a customhouse shall apply a tariff classification thereto as described in such notice.

(5) If it is necessary to analyze physical and chemical components of the relevant goods to examine a tariff classification pursuant to paragraph (2), the Commissioner of the Korea Customs Service may require a person who files an application for examination to pay fees determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 87 (Modification and Application of Tariff Classification Applied to Particular Goods)

(1) The Commissioner of the Korea Customs Service may modify a tariff classification to be applied to the relevant goods when it is necessary to modify a tariff classification examined under Article 86 or unavoidable grounds arise for him/her to modify a tariff classification conducted ex officio.

(2) When the Commissioner of the Korea Customs Service modifies any tariff classification under paragraph (1), he/she shall provide public notice of contents thereof and serve a notice of modified contents on the applicant who has been notified under Article 86 (2).

(3) When the Commissioner of the Korea Customs Service has modified the tariff classification pursuant to paragraph (1), he/she shall apply the modified tariff classification from the date on which public notification under paragraph (2) (hereinafter referred to as "date of public notification on modification") is made: Provided, That if it is advantageous for a declared importer to apply the tariff classification before modification to the shipped goods for export to Korea before 30 days lapse from the date of public notification on modification, he/she may apply the tariff classification before a modification.

(4) Notwithstanding paragraph (3), when it is advantageous for a declared exporter or importer in any of the following cases, the modified tariff classification may be also applied to the goods on which an import and export declaration has been accepted before the date of public notification on modification: Provided, That this shall not apply where the tariff classifications are modified due to an amendment to the relevant Acts or subordinate statutes or pursuant to Article 84, or due to the change of the main function of goods following the advancement, etc. of science and technology or manufacturing methods:

1. Where there exists no reason attributable to an applicant for prior examination pursuant to Article 86

(referring to a declared exporter or importer, a licensed customs broker, etc.; hereafter the same shall apply in this paragraph), such as the submission of insufficient data, etc.;

2. Where a person other than an applicant for prior examination has filed an export or import declaration according to the tariff classification publicly notified or announced by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER IV DUTY REDUCTION OR EXEMPTION, REFUND, INSTALLMENT PAYMENT, ETC.

SECTION 1 Reduction or Exemption of Customs Duties

Article 88 (Exemption from Customs Duty on Goods for Diplomats, etc.)

(1) Customs duties shall be exempted on any of the following imported goods:

1. Goods used by foreign embassies, legations and other institutions corresponding thereto for their official business in Korea;
2. Goods used by foreign ambassadors, ministers, other diplomats corresponding thereto and their family living in Korea;
3. Goods used by foreign consulates and other institutions corresponding thereto for their official business in Korea;
4. Goods used by staff members and their family prescribed by Presidential Decree among staff members of foreign embassies, legations, consulates and staff members of other institutions corresponding thereto and their family living in Korea;
5. Goods imported by any foreign contractor under the terms and conditions of a contract entered into between such foreign contractor and the Government to undertake any project;
6. Goods used by any adviser and engineer dispatched by any international organization and any foreign

government to the Government and other persons determined by Ordinance of the Ministry of Strategy and Finance.

- (2) No one shall obtain by transfer goods determined by Ordinance of the Ministry of Strategy and Finance among goods on which customs duties are exempted in accordance with paragraph (1) to use them for purposes other than the one provided for in paragraph (1) for a period fixed by the Commissioner of the Korea Customs Service according to the standard prescribed by Presidential Decree up to three years from the date on which an import declaration thereon is accepted: Provided, That this shall not apply where prior approval therefor is obtained from the head of a customhouse, as prescribed by Presidential Decree.
- (3) Where goods determined by Ordinance of the Ministry of Strategy and Finance under paragraph (2) are transferred for using them for purposes other than the one provided for in paragraph (1) within the period provided for in paragraph (2), customs duties exempted therefrom shall be promptly collected from a transferee.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 89 (Reduction or Exemption of Customs Duties for Goods of Uneven Tariff Rates)

- (1) Customs duties may be reduced or exempted on goods determined by Ordinance of the Ministry of Strategy and Finance among parts and raw materials (including parts and raw materials imported after having been exported to be repaired and processed overseas) used to manufacture or repair any of the following goods at a factory designated by the head of a customhouse, as prescribed by Presidential Decree in order to correct uneven tariff rates:
1. Aircraft (including parts);
 2. Equipment used to manufacture semiconductors (including accessory machinery thereof).
- (2) Where customs duties are reduced or exempted under paragraph (1), their rates shall be determined by Ordinance of the Ministry of Strategy and Finance.
- (3) The designation period of any factory referred to in paragraph (1) shall be within three years and such period may be extended upon request from the designated person.

(4) Articles 180 (2), 182 and 187 shall apply mutatis mutandis to any designated factory under paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 90 (Reduction or Exemption of Customs Duties for Goods Used for Scientific Research)

(1) Customs duties may be reduced or exempted on any of the following imported goods:

1. Goods determined by Ordinance of the Ministry of Strategy and Finance and used by State agencies, local governments and other institutions determined by Ordinance of the Ministry of Strategy and Finance for the purposes of scientific research, education, experiments and practices;
2. Goods determined by Ordinance of the Ministry of Strategy and Finance among goods used by schools, public medical institutes, public vocational training institutes, museums and other organizations determined by Ordinance of the Ministry of Strategy and Finance as equivalent thereto for the purposes of academic research, education, training, experiments and practices and scientific and technological research;
3. Goods donated by foreign countries to be used by the institutes referred to in subparagraph 2 for the purposes of scientific research, education, training, experiments and practices, and scientific and technological research: Provided, That goods determined by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom;
4. Goods determined by Ordinance of the Ministry of Strategy and Finance and imported by a person determined by Ordinance of the Ministry of Strategy and Finance for the purposes of the research and development of the industrial technology.

(2) If customs duties are reduced or exempted in accordance with paragraph (1), the reduction and exemption rate thereof shall be determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 91 (Exemption from Customs Duties for Goods for Religion, Charity and Disabled)

Customs duties may be exempted on any of the following imported goods:

1. Goods donated by foreign countries to churches, temples and religious organizations for their service

activities: Provided, That any goods determined by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom;

2. Goods donated for the purposes of charity and relief, and goods donated to charity and relief establishments or social welfare establishments determined by Ordinance of the Ministry of Strategy and Finance for the purposes of charity and relief: Provided, That any goods determined by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom;
3. Goods donated by the International Foundation of the Red Cross, foreign Red Cross associations and international organizations determined by Ordinance of the Ministry of Strategy and Finance for the purposes of international peace service activities or international amity activities;
4. Goods determined by Ordinance of the Ministry of Strategy and Finance among goods specially made or manufactured for the use by the hearing, visually or speech impaired, physically disabled, chronic renal failure patients, patients with rare or incurable diseases, etc.;
5. Medical appliances used by welfare establishments for the disabled under Article 58 of the Welfare of Disabled Persons Act and rehabilitation hospitals or clinics run by the State, local governments or social welfare corporations for the purposes of rehabilitation and medical examinations and treatments of the disabled.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 92 (Exemption from Customs Duties for Goods, etc. Used by Government)

Customs duties may be exempted on any of the following imported goods:

1. Goods donated to the State agencies or local governments for official use: Provided, That any goods determined by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom;
2. Military goods imported by the Government (including cases where a person, other than the Government, imports military goods on a commission of the Government) from foreign countries and goods used for the security service for the head of the State: Provided, That any goods determined by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom;

3. Goods returned from military forces stationed overseas or overseas diplomatic missions, which were used for official business;
4. Goods imported for the purposes of emergency communications and radio wave controls upon the recognition of the Korea Communications Commission that such goods are critically necessary for national security;
5. Publications, records, recorded tapes, recorded slides, exposed films and other goods and materials similar thereto which have been imported directly by the Government;
6. Goods determined by Ordinance of the Ministry of Strategy and Finance from among machinery, appliances, etc. imported by the State or local governments (including corporations established, invested or contributed by the State or local governments) to measure or analyze environmental pollution (including noise and vibration);
7. Goods determined by Ordinance of the Ministry of Strategy and Finance and imported by the State and local governments (including corporations established, invested or contributed by the State or local governments) to measure, conserve or improve the quality of drinking water;
8. Goods imported by the Director of the National Intelligence Service or a person entrusted by the Director of the National Intelligence Service determined as critically necessary for national security.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 93 (Exemption from Customs Duties, etc. for Particular Goods)

Customs duties may be exempted on any of the following imported goods:

1. Goods determined by Ordinance of the Ministry of Strategy and Finance which are used for breeding animals and plants and improving seeds;
2. Goods determined by Ordinance of the Ministry of Strategy and Finance which are imported by participants for the exhibitions at fairs, international sports competitions and other events similar thereto which are prescribed by Ordinance of the Ministry of Strategy and Finance;
3. Goods determined by Ordinance of the Ministry of Strategy and Finance which are donated by foreign

countries for the purposes of restoration support and rescues in cases of nuclear accidents or radioactive emergencies;

4. Fish and marine life (including fishery products processed or manufactured using such fish and marine life in Korean fishing boats; hereafter the same shall apply in this Article) collected or caught by Korean fishing boats in the territorial waters of any foreign country by obtaining permission from the government of such foreign country;
5. Fish and marine life recommended by the Minister for Food, Agriculture, Forestry and Fisheries which are collected or caught by any Korean fishing boat in cooperation with foreign fishing boat in a manner determined by Ordinance of the Ministry of Strategy and Finance;
6. Fish and marine life recommended by the Minister for Food, Agriculture, Forestry and Fisheries after consulting with the Minister of Strategy and Finance among fish and marine life that a person collects or catches through a joint venture with any foreigner by obtaining permission from the Minister for Food, Agriculture, Forestry and Fisheries, in a manner conforming with the requirements determined by Ordinance of the Ministry of Strategy and Finance;
7. Non-recyclable goods determined by Ordinance of the Ministry of Strategy and Finance which are used to pack fish and marine life collected or caught by Korean fishing boats, etc. and other fish and marine life referred to in subparagraphs 5 and 6;
8. Goods which are in conformity with the requirements determined by Ordinance of the Ministry of Strategy and Finance to be used as raw materials for a pilot production to verify whether machinery and appliances manufactured by a domestic small and medium enterprise under Article 2 of the Framework Act on Small and Medium Enterprises, upon a request by a foreign vendee, are in conformity with specifications and functions specified by such foreign vendee;
9. Goods which belong to the head of a foreign country, his/her family and entourage members who visit Korea;
10. Parts and equipment of a dismantled Korean ship or means of transportation which has been wrecked;

11. Goods necessary to construct or repair bridges, communications facilities, undersea tunnels and other facilities corresponding thereto, to link Korea and foreign countries;
12. Goods determined by Ordinance of the Ministry of Strategy and Finance as certificates to be placed on exported goods, indicating that such exported goods are in conformity with conditions, including but not limited to the quality, standard and safety specified by the competent agency of any importing country;
13. Goods used for restoring damage caused by an accident to any Korean ship or aircraft overseas at the expense of any foreign insurance company or foreign offender;
14. Goods imported as parts used to repair the breakdown of any Korean ship or aircraft, which is caused by an accident overseas during a warranty period at the expense of any foreign vendor, which is specified in a sales contract;
15. Goods determined by Ordinance of the Ministry of Strategy and Finance which are imported as sporting goods (including their components) for the Olympic Games, Paralympics, Deaflympics, Asian Games and Disabled Asian Games;
16. Materials necessary to construct, maintain and ornament national cemeteries and funeral goods used to make coffins of those who are buried in national cemeteries and the boxes of remains;
17. Personal belongings of any predecessor that are inherited to any person residing in Korea following the death of such predecessor.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 94 (Exemption from Customs Duties for Small-Sum Goods, etc.)

Customs duties may be exempted on any of the following imported goods:

1. Medals, testimonials or citations and awards corresponding thereto which have been granted to residents in Korea;
2. Records and other documents;
3. Goods determined by Ordinance of the Ministry of Strategy and Finance as commercial samples or advertising materials;

4. Goods determined by Ordinance of the Ministry of Strategy and Finance as small-sum goods received by residents in Korea.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 95 (Reduction or Exemption of Customs Duties for Goods, etc. Used to Prevent Environmental Pollution)

(1) Customs duties may be reduced or exempted on any of the following imported goods, which are difficult to be manufactured in Korea:

1. Machinery, appliances, facilities and equipment determined by Ordinance of the Ministry of Strategy and Finance as goods used to prevent emissions of pollutants (including noise and vibration) or treat pollutants;
2. Machinery and appliances determined by Ordinance of the Ministry of Strategy and Finance as goods used to treat wastes (including recycling);
3. Factory automation machines, appliances, facilities and equipment (including its component appliances) and their key parts determined by Ordinance of the Ministry of Strategy and Finance as machinery or electronic technology-applied goods or data-processing technology-applied goods.

(2) If customs duties are reduced or exempted in accordance with paragraph (1), a period and rate for such duty reduction and exemption shall be determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 96 (Exemption from Customs Duties for Travelers' Personal Effects, Moving Goods, etc.)

Customs duties may be exempted on any of the following imported goods:

1. Personal effects carried or sent separately by any traveler, which the head of a customhouse deems appropriate in consideration of the purpose of entry, period of stay and occupation and other circumstances according to the standards determined by Ordinance of the Ministry of Strategy and Finance;
2. Moving goods imported by a person who enters Korea for the purpose of relocating his/her residence to Korea, which the head of a customhouse deems appropriate in consideration of the reason for relocating

his/her residence, his/her residential period, occupation, the number of family members and other circumstances according to standards determined by Ordinance of the Ministry of Strategy and Finance;

3. Personal effects carried by crew of any foreign trade ship and trade aircraft to be imported into Korea, which the head of a customhouse deems appropriate in consideration of the number of navigation days, their period of stay and other circumstances: Provided, That goods determined by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 97 (Exemption from Customs Duties for Re-Exportation)

- (1) Customs duties may be exempted on goods re-exported within any of the following periods from the date on which an import declaration thereon has been accepted:
 1. Goods determined by Ordinance of the Ministry of Strategy and Finance: A period fixed by the head of a customhouse according to the standards prescribed by Presidential Decree up to one year: Provided, That the head of such customhouse may extend such period within one year when he/she deems that extenuating circumstances exist;
 2. Goods determined by Ordinance of the Ministry of Strategy and Finance as goods that have to be re-exported after the lapse of one year or over due to unavoidable causes: A period fixed by the head of a customhouse.
- (2) No goods which are exempted from customs duties in accordance with paragraph (1) shall be used for purposes other than those prescribed in the same paragraph or transferred within a period fixed in the same paragraph: Provided, That this shall not apply where the head of a customhouse pre-approves them, as prescribed by Presidential Decree.
- (3) In any of the following cases, customs duties which were exempted shall be promptly collected from a person who failed to re-export such goods, who used such goods for other purposes or who transferred such goods. If it is impossible to collect such exempted customs duties from a transferor, the exempted customs duties in question shall be collected from a transferee: Provided, That this shall not apply where the

goods in question have been destroyed or lost due to any disaster or unavoidable causes, or disposed of upon prior approval of the head of a customhouse:

1. Where the goods exempted from customs duties in accordance with paragraph (1) fail to be re-exported within the period fixed in the same paragraph;
 2. Where the goods are used for purposes other than those prescribed in paragraph (1) or are transferred to a person who intends to use them for other purposes.
- (4) If goods determined by Ordinance of the Ministry of Strategy and Finance which are exempted from customs duties in accordance with paragraph (1) fail to be re-exported within the period fixed in the same paragraph, the head of a customhouse may collect an amount prescribed by Presidential Decree in consideration of the kind and dutiable value of the goods as an additional duty within the extent not exceeding five million won.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 98 (Reduction or Exemption of Customs Duties for Re-Exportation)

- (1) If goods determined by Ordinance of the Ministry of Strategy and Finance which are usable for a long period have been imported for a temporary use in Korea under a lease contract or in connection with the effectuation of a work contract and such goods are re-exported within two years from the date on which an import declaration thereon was accepted (referring to a period fixed by the head of a customhouse according to the standards prescribed by Presidential Decree within four years, with respect to goods determined by Ordinance of the Ministry of Strategy and Finance ,whose long-term uses are unavoidable and whose approval was granted by the head of a customhouse before they were imported), customs duties on such goods may be reduced according to the following classifications: Provided, That customs duties on goods imported under a treaty, convention, etc. concluded with a foreign country shall be exempted according to mutual terms and conditions stipulated in such treaty, convention, etc.:
1. 85/100 of the amount of customs duties on the relevant goods where the period of re-export is six months or less;
 2. 70/100 of the amount of customs duties on the relevant goods where the period of re-export is more than

six months but not exceeding one year;

3. 55/100 of the amount of customs duties on the relevant goods where the period of re-export is more than one year, but two years or less;

4. 40/100 of the amount of customs duties on the relevant goods where the period of re-export is more than two years but not exceeding three years;

5. 30/100 of the amount of customs duties on the relevant goods where the period of re-export is more than three years but not exceeding four years.

(2) Article 97 (2) through (4) shall apply mutatis mutandis to any goods on which customs duties are reduced or exempted in accordance with paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 99 (Exemption from Customs Duties for Re-Import)

If the following goods are imported, customs duties thereon may be exempted, as prescribed by Presidential Decree:

1. Goods exported from Korea (including bonded processing exports) which are re-imported without being manufactured, processed, repaired or used in a foreign country (excluding cases where goods determined by Ordinance of the Ministry of Strategy and Finance as goods which can be used for a long period among goods exported from Korea for the purposes of a temporary use in a foreign country in accordance with a lease contract or any other contract, or cases where goods are displayed in a fair, exhibition, competitive show or any other event equivalent thereto) within two years from the date on which an export declaration was approved: Provided, That no customs duties shall be exempted in any of the following cases:

- (a) Where customs duties on the relevant goods or raw materials are reduced or exempted;
- (b) Where a refund is granted under this Act or the Act on Special Cases concerning the Refund of Customs, etc. Levied on Raw Materials for Export;
- (c) Where no customs duties are imposed on bonded processing goods or other goods, whose storage

period expires are sold under the condition that they are re-exported;

2. Containers of exported goods which are re-imported;

3. Re-imported goods after being exported for the purposes of overseas testing and research.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 100 (Deterioration Abatement)

(1) When goods are deteriorated or damaged before an import declaration thereon is accepted, customs duties thereon may be reduced, as prescribed by Presidential Decree.

(2) When customs duties are additionally collected on goods, whose customs duties have been reduced or exempted in accordance with this Act, other Acts, a treaty or a convention, if such goods are deteriorated or used, thereby diminishing their value, such additional customs duties may be reduced, as prescribed by Presidential Decree: Provided, That in cases falling under Article 104 (6), such customs duties may be reduced only when the relevant goods are deteriorated or damaged due to a disaster or other unavoidable causes.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 101 (Reduction of Customs Duties on Overseas Trusted and Processed Goods)

(1) Customs duties on any of the following imported goods may be reduced, as prescribed by Presidential Decree:

1. Goods determined by Ordinance of the Ministry of Strategy and Finance, which are manufactured or processed overseas using domestic raw materials and components exported for such purpose;

2. Goods exported for the purposes of processing or repairing, which conform with the standards determined by Ordinance of the Ministry of Strategy and Finance.

(2) Where goods under paragraph (1) fall under any of the following cases, no customs duties thereon shall be reduced:

1. Where customs duties have been reduced or exempted for the relevant goods or raw materials: Provided, That cases provided for in paragraph (1) 2 shall be excluded herefrom;

2. Where any customs duties have been refunded under this Act or the Act on Special Cases concerning the Refund of Customs, etc. Levied on Raw Materials for Export;
3. Where no customs duties have been imposed on bonded processing goods or other goods whose storage period expires, are sold under the condition that they are re-exported.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 102 (Post Management of Goods Granted Reduction or Exemption of Customs Duties)

- (1) No goods, whose customs duties are reduced or exempted pursuant to Articles 89 through 91, 93 and 95, shall be used or transferred (including any lease; hereinafter the same shall apply) for the purposes other than those for which such customs duties are reduced or exempted within a period fixed by the Commissioner of the Korea Customs Service according to the standards prescribed by Presidential Decree up to three years from the date on which an import declaration was accepted: Provided, That this shall not apply to any goods determined by Ordinance of the Ministry of Strategy and Finance and other goods for which prior approval is obtained from the head of a customhouse, as prescribed by Presidential Decree.
- (2) In any of the following cases, the reduced or exempted customs duties shall be promptly collected from a person who uses the relevant goods in a manner other than their original intended use or his/her transferor (including any lessor; hereinafter the same shall apply). If it is impossible to collect such reduced or exempted customs duties from such transferor, the reduced or exempted customs duties shall be collected from a transferee (including any lessee; hereinafter the same shall apply): Provided, That this shall not apply where the relevant goods are deteriorated or lost due to a disaster or other unavoidable causes, or disposed of upon prior approval of the head of a customhouse:
 1. Where the goods whose customs duties are reduced or exempted in accordance with paragraph (1) are used for purposes other than those for which such customs duties are reduced or exempted within the period under paragraph (1);
 2. Where the goods whose customs duties are reduced or exempted in accordance with paragraph (1) are transferred to a person who intends to use them for purposes other than those for which such customs

duties are reduced or exempted within the period under paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 103 (Use of Goods Granted Reduction or Exemption of Customs Duties for Other Purposes)

- (1) Where any goods whose customs duties are reduced or exempted in accordance with the Acts and subordinate statutes, a treaty, a convention, etc. are used for any purpose other than those for which such customs duties are reduced or exempted or such goods are transferred to a person who intends to use them for any purpose other than those for which such customs duties are reduced or exempted (limited to cases where a person who uses the relevant goods for another purpose or any other person acquires by transfer the relevant goods to use them for another purpose imports such goods to use them for another purpose, and customs duties are reduced or exempted on the goods in accordance with the Acts and subordinate statutes, a treaty or a convention), the customs duties which have to be collected in accordance with Article 83 (3), 88 (3), 97 (3), 98 (2), 102 (2), 104 (6) or 109 (2) may be reduced or exempted, as prescribed by Presidential Decree: Provided, That this shall not apply where any reduced or exempted customs duties are collected in accordance with the Acts and subordinate statutes other than this Act, a treaty, a convention, etc.
- (2) Notwithstanding Articles 98 (2) and 102 (1), any goods whose customs duties are reduced or exempted in accordance with Article 90, 93, 95 or 98 may be transferred to any company having a business relationship for entrustment or consignment with a major business group under subparagraph 4 of Article 2 of the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small-Medium Enterprises. In such cases, the customs duties that shall be collected in accordance with Articles 98 (2) and 102 (2) may be reduced or exempted: Provided, That this shall not apply where any reduced or exempted customs duties are collected in accordance with the Acts and subordinate statutes other than this Act, a treaty, a convention, etc.
- (3) Where the customs duties are reduced or exempted in accordance with paragraphs (1) and (2), the period of post management for any goods whose customs duties are reduced or exempted shall be computed from the date on which an initial import declaration thereon is approved.

Article 104 (Reduction or Exemption and Refund of Customs Duties for Raw Materials Used for Export Goods)

- (1) Customs duties on any of the following goods may be exempted under the condition that such goods are exported, sold or used for any construction work within a period fixed in paragraph (3) from the date on which an import declaration thereof is approved, as prescribed by Presidential Decree: Provided, That customs duties imposed on the goods prescribed by Presidential Decree may be refunded or reduced:
1. Raw materials used to manufacture and process export goods;
 2. Goods sold in a foreign currency in Korea or raw materials used to manufacture or process such goods, as determined by Ordinance of the Ministry of Strategy and Finance;
 3. Goods used in any construction work whose cost is paid with a foreign currency.
- (2) Where goods whose customs duties are paid at the time of their imports are used for the purposes referred to in paragraph (1) (including cases where goods are re-exported overseas after undergoing a bonded processing), such customs duties shall be refunded within the limit of the already paid amount of the customs duties, as prescribed by Presidential Decree.
- (3) An exporter, a vendor or a construction contractor shall export or sell any goods whose customs duties are reduced or exempted in accordance with paragraph (1), or complete the construction work using such goods within one year from the date on which an import declaration thereon was accepted: Provided, That if it is unable to export or sell the goods or complete the construction work using such goods within one year due to a cause not attributable to the relevant exporter, vendor or a construction contractor, the period may be extended, as prescribed by Presidential Decree; where the manufacturing or processing of the goods or the construction work using such goods requires a long period of time, such period may be separately prescribed by Presidential Decree.
- (4) Articles 46 through 48 shall apply mutatis mutandis to any refund of customs duties under paragraphs (1) and (2).
- (5) The goods whose customs duties are reduced or exempted in accordance with paragraph (1) and other

goods manufactured or processed using such goods shall not be used for the purposes other than those prescribed in paragraph (1) or transferred within a period fixed in paragraph (3) from the date on which an import declaration thereon is accepted: Provided, That this shall not apply where prior approval therefor is obtained from the head of a customhouse, as prescribed by Presidential Decree.

- (6) If the goods whose customs duties are reduced or exempted in accordance with paragraph (1), or other goods manufactured or processed using such goods are not used for the relevant purpose or transferred to a person who intends to use them for purposes, other than the relevant purpose within a period fixed in paragraph (3), the reduced or exempted customs duties shall be promptly collected: Provided, That this shall not apply where the goods are deteriorated or lost due to a disaster or other unavoidable causes, or disposed of upon prior approval therefor of the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 105 (Reduction, Exemption, etc. of Customs Duties for Facility Lease Operators)

- (1) Where a facility lease operator provided for in the Specialized Credit Financial Business Act (hereafter referred to as "facility lease operator" in this Article) imports goods whose customs duties are reduced or exempted, or paid in installments pursuant to this Act, notwithstanding Article 19, a user of the leased facility may be made liable to pay duties and permitted to file an import declaration. In such cases, the person liable to pay duty shall be the user of the leased facility.
- (2) Where customs duties are imposed on the goods whose customs duties are reduced or exempted, or approval is granted for paying such customs duties in installments in accordance with paragraph (1), and such customs duties cannot be collected from the user of the leased facility liable to pay duty, the customs duties in question shall be collected from the facility lease operator.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Refund, Payment in Installments, etc.

Article 106 (Refund of Customs Duties on Goods, etc. Different from Contract Terms)

- (1) Where the goods whose import declaration is accepted are different from the terms of a contract, and the nature and form thereof at the time of the import declaration remain unchanged, the customs duties thereon shall be refunded if they fall under any of the following cases within one year from the date whose import declaration thereon is accepted:
1. Where the relevant goods were carried into Korea from any foreign country: When they are re-exported after having placed in a bonded area (when permission is obtained from the head of a customhouse pursuant to Article 156 (1), the permitted place shall be included; hereafter the same shall apply in this Article);
 2. Where the relevant goods were produced in a bonded factory: When they are brought back to the bonded factory.
- (2) Where the head of a customhouse recognizes no problem in calculating a refund amount of customs duties imposed on the imported goods provided for in paragraph (1) and grants approval for such amount of the duty refund, such amount may be refunded in accordance with paragraph (1) even when part of such goods has been exported.
- (3) Where the disposal of the imported goods provided for in paragraphs (1) and (2) is deemed inevitable instead of exporting them and such imported goods are shipped into a bonded area within one year from the date whose import declaration thereon was accepted and then disposed of upon prior approval by the head of a customhouse, customs duties thereon shall be refunded.
- (4) Where goods on which an import declaration has been accepted are destroyed or lost, deteriorated or damaged by a disaster, or their value diminished, during the time when such goods were stored in a designated bonded area after such import declaration was accepted, customs duties thereon may be refunded, wholly or partially, as prescribed by Presidential Decree.
- (5) In applying paragraphs (1) through (4), if customs duties are not collected on the relevant goods on the grounds that such goods are in a collection deferment period or in an installment payment period, the head of a customhouse may revoke the imposition of customs duties.

- (6) Articles 46 and 47 shall apply mutatis mutandis to the refund of any customs duties provided for in paragraphs (1) through (4).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 107 (Installment Payment of Customs Duty)

- (1) When any declaration, an application, a request, the submission of documents, a notification, a payment or collection provided for in this Act are deemed impossible to be made within a fixed time limit due to any natural disaster or other grounds prescribed by Presidential Decree, the head of a customhouse may permit the installment payment of any customs duty, as prescribed by Presidential Decree within a period of not exceeding one year.
- (2) When any of the following goods are imported, the head of a customhouse may permit the installment payment of any customs duty within a fixed period of not exceeding five years, as prescribed by Presidential Decree:
1. Goods published by the Minister of Strategy and Finance which are facilities and machinery, basic installations, raw materials and structures for construction, and equipment used for construction works: Provided, That goods used for types of business determined by Ordinance of the Ministry of Strategy and Finance shall be excluded herefrom;
 2. Goods determined by Ordinance of the Ministry of Strategy and Finance which are imported by the Government or local governments;
 3. Goods determined by Ordinance of the Ministry of Strategy and Finance which are imported by schools and vocational training institutions, and non-profit corporations for public-interest projects;
 4. Goods published by the Minister of Strategy and Finance which are imported by social welfare institutions and establishments determined by Ordinance of the Ministry of Strategy and Finance including medical institutions, etc.;
 5. Goods published by the Minister of Strategy and Finance which are imported by research institutes affiliated with companies, industrial technology research associations and nonprofit research institutes

determined by Ordinance of the Ministry of Strategy and Finance, and other research institutes similar thereto for the research and development of technology and for experiments and practices;

6. Goods imported by small manufacturing firms determined by Ordinance of the Ministry of Strategy and Finance for their direct use: Provided, That such goods shall be in conformity with the standards determined by Ordinance of the Ministry of Strategy and Finance;
 7. Goods published by the Minister of Strategy and Finance, from among goods imported by vocational training institutions affiliated with companies determined by Ordinance of the Ministry of Strategy and Finance, which are difficult to be manufactured in Korea, for the use of vocational training, education, experiments and practices.
- (3) If a person who has been granted with approval for the installment payment of his/her customs duty under paragraph (2) intends to change the use of the relevant goods or to transfer them, he/she shall obtain prior approval therefor from the head of a customhouse.
 - (4) If a corporation which has been granted approval for the installment payment of its customs duties, is merged, divided, merged after dividing itself, dissolved or declared bankrupt, or a person who is granted with approval the installment payment of his/her customs duties is declared bankrupt, the person liable to pay duty under paragraphs (6) through (8) shall promptly report the reasons thereof to the head of a customhouse.
 - (5) If the goods on which approval has been granted for the installment payment of its customs duties are transferred to a person who intends to use them for the same purpose, the transferee of such goods shall pay such customs duties, and if such goods are transferred to a person who intends to use them for other purpose, the transferor of such goods shall pay such customs duties. In such cases, if it is unable to collect such customs duties from the transferor, the customs duties in question shall be collected from the transferee.
 - (6) If a corporation that has been granted approval for payment of customs duties in installments is merged, divided or merged after dividing itself, a corporation surviving a merger, a division or a merger after division

or other corporation that is incorporated by a merger, a division or a merger after division shall jointly pay such customs duties.

(7) If a person who has been granted approval for the installment payment of its customs duties is declared bankrupt, a bankruptcy trustee thereof shall pay such customs duties.

(8) If a corporation that has been granted approval for the installment payment of its customs duties is dissolved, a liquidator thereof shall pay such customs duties.

(9) In any of the following cases, the whole amount of unpaid customs duties shall be promptly collected:

1. Where goods on which approval has been granted for the installment payment of its customs duties are used for other purpose than the relevant purpose within a period provided for in paragraph (2) or transferred to a person who intends to use them for other purpose than the relevant purpose;

2. Where any customs duties are not paid by a fixed time limit: Provided, That this shall not apply where the Commissioner of the Korea Customs Service recognizes the existence of unavoidable causes thereof;

3. Where a bankruptcy is declared;

4. Where a corporation is dissolved.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 108 (Provision of Security and Post Management)

(1) With respect to goods whose customs duties (excluding additional duties under Articles 97 (4) and 98 (2)) have been reduced or exempted, or permitted to be paid in installments in accordance with this Act, other Acts and subordinate statutes, a treaty, a convention, etc. as prescribed by the Commissioner of the Korea Customs Service within the limit prescribed by Presidential Decree, the head of a customhouse may, when deemed necessary, require securities equivalent to the amount of such customs duties reduced or exempted or the amount of such customs duties paid in installments at the time such goods are imported.

(2) A person who has obtained approval for the application of specific-use tariff rates, the reduction or exemption of customs duties or the installment payment of customs duties in accordance with this Act, other

Acts and subordinate statutes, a treaty, a convention, etc. shall present documents necessary to verify the execution of the relevant terms to the head of a customhouse, as prescribed by Presidential Decree.

(3) When it is necessary to verify the execution of the terms referred to in paragraph (2), the Commissioner of the Korea Customs Service may entrust matters concerning the post management of the relevant goods to the competent Minister, as prescribed by Presidential Decree.

(4) In the application of this Act, when any goods to which specific-use tariff rates have been applied or on which customs duties have been reduced or exempted are exported upon approval from the head of a customhouse, such goods shall not be deemed used for other purpose and their post management shall be terminated: Provided, That if goods to which specific-use tariff rates have been applied and on which customs duties have been reduced or exempted are re-imported after having been exported for the purpose of processing or repairing them or after having been exported for the purpose of overseas testing and research, and customs duties thereon are reduced or exempted pursuant to subparagraph 3 of Article 99 or Article 101 (1) 2 when they are re-imported, the post management thereof shall continue.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 109 (Collection of Customs Duties Reduced or Exempted under Other Acts and Subordinate Statutes)

(1) Where a person intends to use goods whose customs duties have been reduced or exempted under Acts and subordinate statutes other than this Act, a treaty, a convention, etc. for any purpose other than those prescribed by the relevant Acts and subordinate statutes, a treaty, a convention, or where a person intends to transfer them to another person who intends to use them for any purpose other than the relevant purpose within five years from the date on which an import declaration was accepted, he/she shall obtain the verification thereof from the head of a customhouse: Provided, That this shall not apply where the relevant Acts and subordinate statutes, a treaty, convention, etc. contain provisions stipulating exemption from collecting the relevant customs duties when the goods are used for other purposes or transferred to a person who intends to use them for other purposes.

(2) With respect to goods requiring verification by the head of a customhouse under paragraph (1), reduced or

exempted customs duties thereon shall be collected from a person who has used the relevant goods for any purpose other than the relevant purpose or a person who has transferred such goods. If it is unable to collect such customs duties from a transferor, the customs duties in question shall be promptly collected from a transferee: Provided, That this shall not apply where the goods are destroyed or lost due to a disaster or other unavoidable causes, or disposed of upon prior approval of the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER V RIGHTS OF DUTY PAYERS AND PROCEDURES FOR FILING OBJECTIONS

SECTION 1 Rights of Duty Payers

Article 110 (Formulation of Charter of Duty Payer Rights and Delivery)

- (1) The Commissioner of the Korea Customs Service shall formulate and publish a charter of duty payer rights (hereafter referred to as "charter of duty payer rights" in this Article) covering matters prescribed in Articles 111 through 117 and other matters concerning the protection of the rights of duty payers.
- (2) In any of the following cases, customs officers shall present duty payers with a document stating the charter of duty payer rights:
 1. Where an investigation begins on an offense involving evasion of customs duties, an illegal reduction or exemption of customs duties or an illegal refund of customs duties (including any illegal refund of customs duties under Article 23 (1) of the Act on Special Cases concerning the Refund of Customs, etc. Levied on Raw Materials for Export) in accordance with Article 270;
 2. Where a customs officer visits a duty payer to take a disposition for imposing customs duties, including an investigation, etc. necessary to determine or correct customs duties (hereafter referred to as "customs duty investigation" in this Section);
 3. Other cases prescribed by Presidential Decree.

- (3) A customs officer may choose not to present a duty payer or an offender with the charter of duty payer rights when he/she urgently arrests the duty payer, seizes or searches goods, or it is deemed unable to achieve the objective of his/her investigation, or there exists a likelihood that a flagrant offender can flee.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 111 (Prohibition on Reinvestigations)

All customs officers are prohibited from reinvestigating the same person who has been investigated in connection with the relevant case except in any of the following cases:

1. Where there exists hard evidence corroborating a suspicion of a duty evasion, etc.;
2. Where it is necessary to investigate a trading partner of a person who has been investigated;
3. Other cases prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 112 (Right to Obtain Assistance in Customs Duty Investigations)

If a duty payer is under an investigation conducted by a customs officer as he/she is applicable under any subparagraph of Article 110 (2), the duty payer may have an attorney, a licensed customs broker or any other person prescribed by Presidential Decree as having professional knowledge on customs duties participate in the investigation and present opinions at the investigation.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 113 (Assumption, etc. of Duty Payer's Good Faith)

- (1) Customs officers shall assume that any duty payer is acting in good faith and the duty return, etc. filed by him/her is bona fide, except in cases where such duty payer fails to fulfill his/her liability to file a duty declaration, etc. or he/she is conclusively suspected of evading his/her customs duties and other cases prescribed by Presidential Decree.
- (2) Paragraph (1) shall not restrict customs officers to perform the acts prescribed by Presidential Decree, including questioning any duty payer about particulars of his/her duty declaration, etc. and verifying goods whose duty declaration thereon has been filed.

Article 114 (Prior Notice on Customs Duty Investigations and Application for Postponement thereof)

(1) Where a customs officer intends to inspect books, documents, data-processing equipment, other goods, etc. in order to conduct any investigation falling under any subparagraph of Article 110 (2), he/she shall notify a person subject to such investigation (including his/her agent; hereafter the same shall apply in this Article) of matters subject to the investigation, reasons of the investigation and other matters prescribed by Presidential Decree seven days before the investigation commences: Provided, That this shall not apply to the following cases:

1. Where an investigation is conducted on an offense;
2. Where a prior notice is likely to destroy evidence, etc., leaving a customs officer unable to attain the objective of his/her investigation.

(2) When a duty payer in receipt of a notice pursuant to in paragraph (1) faces difficulty in undergoing an investigation due to a natural disaster or the grounds prescribed by Presidential Decree, he/she may file an application for a postponement of such investigation with the head of a customhouse, as prescribed by Presidential Decree.

Article 115 (Notice on Findings of Customs Duty Investigations)

Where a customs officer completes an investigation provided for in Article 110 (2), he/she shall present a duty payer with a written notice on the findings thereof: Provided, That this shall not apply to cases prescribed by Presidential Decree, including the closure of a business, etc.

Article 116(Confidentiality)

(1) No customs officer shall provide or disclose to any third person any data provided by a duty payer to fulfill his/her liability to pay customs duties prescribed by this Act, or other data, etc. (hereinafter referred to as "information for taxation") he/she has obtained for the purpose of imposing and collecting any customs

duties or making customs clearance while performing official business, or use them for any purpose, other than the purpose of carrying out his/her official business: Provided, That in any of the following cases, a customs officer may provide the information for taxation within the extent in conformity with the purpose of uses thereof:

1. Where a State agency requests the information for taxation for the purpose of dealing with a dispute over customs duties or prosecuting any customs offender;
2. Where the information for taxation is requested by a presentation order issued by the court or a warrant issued by a judge;
3. Where the information for taxation is requested by other customs officers for the purpose of imposing or collecting customs duties, making customs clearances, questioning and inspecting;
4. Where the information for taxation is requested in accordance with other Acts.

(2) A person who intends to request the information for taxation pursuant to paragraph (1) 1 and 4 shall file a written request therefor with the head of the competent customhouse.

(3) Where a customs officer is requested to provide the information for taxation, in violation of paragraphs (1) and (2), he/she shall reject such request.

(4) No person who has learned the information for taxation pursuant to paragraph (1) shall provide or disclose such information to any third person, or use it for any other purpose.

(5) A person other than a public official, who has learned or been provided with the information for taxation under this Article shall be deemed a public official in the application of penal provisions of the Criminal Act and other Acts.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 116-2 (Disclosure of Lists of Large Amount or Habitual Delinquents)

(1) The Commissioner of the Korea Customs Service may disclose the identity, amount in arrears, etc. of a person who fails to pay the customs duty, internal tax, etc. (including customs duties, internal tax, etc., the extinctive prescription of a right to impose which has not been completed, which have been disposed of as

deficit; hereafter referred to as "customs duty, etc. in arrears" in this Article) that amounts to 700 million won or more for two years or longer since the occurrence of their delinquency, notwithstanding Article 116: Provided, That this shall not apply where an application for objection, application for an examination, etc. is in process against the customs duty, etc. in arrears, a certain amount of customs duty, etc. in arrears has been paid, or such grounds prescribed by Presidential Decree exist.

- (2) The Customs Information Disclosure Deliberative Committee (hereinafter referred to as the "Deliberative Committee" in this Article) shall be established within the Korea Customs Service to deliberate or re-deliberate on whether to disclose the identity, amount in arrears, etc. of the delinquent pursuant to paragraphs (1) and (4).
- (3) The Commissioner of the Korea Customs Service shall notify the person whose case has undergone deliberation by the Committee of the result that he/she is subject to the disclosure the list of delinquents and give him/her an opportunity to explain himself/herself.
- (4) The Commissioner of the Korea Customs Service shall cause the Committee to re-deliberate on whether to disclose the list of delinquents by considering whether the amount in arrears has been paid, etc. after a lapse of six months since the date of the notification pursuant to paragraph (3).
- (5) The disclosure pursuant to paragraph (1) shall be made by publishing the lists in the Official Gazette, or posting such information on the information communication network designated by the Commissioner of the Korea Customs Service, or on the bulletin board of the relevant customs office.
- (6) Matters necessary for the disclosure of lists of delinquents, and the composition, operation, etc. of the Committee pursuant to paragraphs (1) through (5) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 117 (Provision of Information)

If a duty payer requests information necessary to exercise his/her right as a duty payer, a customs officer shall provide such information to him/her. In such cases, the customs officer shall also provide other information that such duty payer needs to know in connection with the requested information as prescribed

by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 118 (Pre-assessment Review)

- (1) Where the head of a customhouse intends to collect a shortage of customs duties paid or payable under Articles 38-3 (3) or 39 (2), he/she shall serve a written notice thereon on a person liable to pay duty beforehand: Provided, That this shall not apply to any of the following cases:
1. Where a statutory period for taxation duties under Article 21 expires within three months from the date on which it is intended to serve a notice;
 2. Where a person liable to pay duty files a final dutiable value declaration in accordance with Article 28 (2);
 3. Where a shortage is collected as a result of examining the amount of customs duties before an import declaration is accepted in accordance with the proviso to Article 38 (2);
 4. Where reduced or exempted customs duties are collected in accordance with Article 97 (3) or 102 (2);
 5. Where the amount of evaded customs duties is collected after an accusation is filed against a duty evasion offense in accordance with Article 270;
 6. Where the collection of customs duties becomes difficult and a prior notice is inappropriate, as prescribed by Presidential Decree.
- (2) When a person liable to pay duty receives a notice provided for in paragraph (1), he/she may apply for an examination of the legality of details of such notice (hereafter referred to as "pre-assessment review" in this Article) to the head of a customhouse determined by Ordinance of the Ministry of Strategy and Finance within 30 days from the date on which he/she receives such notice: Provided, That if it is necessary to modify any authoritative interpretation made by the Commissioner of the Korea Customs Service or make a new authoritative interpretation with respect to the Acts and subordinate statutes and Presidential Decree prescribes other cases, a request to that effect may be filed with the Commissioner of the Korea Customs Service.

- (3) The head of a customhouse or the Commissioner of the Korea Customs Service in receipt of an application for pre-taxation examination referred to in paragraph (2) shall make a decision following the examination of the Pre-assessment Review Committee prescribed by Presidential Decree or the Customs Appeal Committee under Article 124 within 30 days from the date on which such application is received and serve a notice thereon on the applicant.
- (4) Any decision with respect to an application for the pre-taxation examination under paragraph (3) shall be made according to the following classifications:
1. Where an application is deemed groundless: A decision not to accept such application;
 2. Where an application is deemed reasonable: A decision to accept such application: Provided, That if part of such application is deemed reasonable, a decision to partially accept such application can be made;
 3. Where the given application period has expired or no correction has been made within the given period therefor: A decision not to examine.
- (5) Articles 122 (2), 123, 126 and 130 shall apply mutatis mutandis to the pre-taxation examination.
- (6) Methods of the pre-taxation examination and other necessary matters shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Evaluation and Adjudication

Article 119 (Appeal due to Dissatisfaction)

- (1) A person who is subject to an illegal and unfair disposition taken in accordance with this Act, other tariff-related Acts or a convention, or whose rights or interests are infringed on by a lack of the necessary disposition may file a request for evaluation or a request for adjudication to cancel or modify such disposition, or for a necessary disposition under this Section: Provided, That such person may raise an objection in accordance with this Section before he/she files a request for an evaluation or a request for adjudication, except cases where such disposition is investigated, determined or dealt with, or must be dealt with by the

- (2) Any of the following dispositions shall not be included in the disposition referred to in paragraph (1):
1. A disposition taken with respect to any objection raised, any evaluation or adjudication filed in accordance with this Section: Provided, That if a request is filed for an evaluation or adjudication with respect to a disposition taken on an objection raised, such case shall be excluded herefrom;
 2. A disposition to serve a notice in accordance with this Act;
 3. A disposition to file a request for evaluation in accordance with the Board of Audit and Inspection Act or a disposition taken on such request for evaluation.
- (3) A request for evaluation under paragraph (2) 3 shall be filed within 90 days from the date (referring to the date on which a disposition notice is received) on which an applicant becomes aware that the relevant disposition has been taken.
- (4) Any administrative litigation against a disposition that has conducted an evaluation requested under paragraph (2) 3 shall be instituted against an administrative agency that has taken such disposition as a party, within 90 days from the date on which a notice with respect to a decision on such request for evaluation was received, notwithstanding Articles 18 (2) and (3) and 20 of the Administrative Litigation Act.
- (5) The periods provided for in paragraphs (3) and (4) shall be peremptory periods.
- (6) A person dissatisfied with a disposition taken by the head of a customhouse to impose, collect, reduce or exempt, or refund an internal tax, etc. imposed on imported goods may raise an objection, request for an evaluation or adjudication under this Section.
- (7) Any interested person prescribed by Presidential Decree, including any secondary person liable to pay duty, etc. whose rights or interests are infringed on by any disposition taken in accordance with this Act, by other tariff-related Acts or by a convention, may request the revocation or modification of such disposition or a necessary disposition by filing a request for an evaluation of or an adjudication on such disposition in accordance with this Section. In such cases, the proviso to paragraph (1) and paragraphs (2) and (6) shall apply mutatis mutandis thereto.

(8) No overlapping request for evaluation or for adjudication shall be filed with respect to the same disposition.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 120 (Relations with the Administrative Litigation Act, etc.)

(1) The Administrative Appeals Act shall not apply to any disposition prescribed in Article 119: Provided, That Articles 15, 20 through 22, 29, 39, and 40 of the same Act shall apply mutatis mutandis to any request for adjudication. In such cases, the "Committee" shall be deemed as the "Meeting of Tax Tribunal Examiners" or the "Joint Meeting of Tax Tribunal Examiners".

(2) Notwithstanding the main sentence of Article 18 (1), (2) and (3) of the Administrative Litigation Act, any administrative litigation against any illegal disposition prescribed in Article 119 shall not be instituted unless a request for evaluation or adjudication and a decision thereon under this Act is made.

(3) Notwithstanding Article 20 of the Administrative Litigation Act, any administrative litigation referred to in paragraph (2) shall be instituted within 90 days from the date on which the notice of a decision made in response to a request for evaluation or adjudication was received: Provided, That if no notice of decision is received within a period for determination as prescribed in the main sentence of Article 128 (2) or 131, notwithstanding paragraph (2), an administrative litigation may be instituted from the date on which such period expires, even before the notice of decision is received.

(4) Where a person has filed a request for evaluation prescribed in Article 119 (2) 3, such person shall be deemed to have filed a request for evaluation or adjudication under this Act, and paragraph (2) shall apply mutatis mutandis to such person.

(5) The period provided for in paragraph (3) shall be a peremptory period.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 121 (Period for Filing Requests for Evaluation)

(1) A request for evaluation shall be filed within 90 days from the date (referring to the date on which a disposition notice is received) on which a person becomes aware that the relevant disposition has been made.

- (2) If a person intends to file a request for evaluation after raising an objection, he/she shall file such request within 90 days from the date on which he/she was notified of a decision thereon: Provided, That if such person is not notified of such decision within a period for determination provided for in the proviso to Article 132 (4), he/she may file a request for evaluation from the date on which such period for determination expires, even before he/she is notified of such decision.
- (3) If a request for evaluation filed by standard postal service within the time limit specified in paragraph (1) and the main sentence of paragraph (2) (based on the day prescribed in Article 5-2 of the Framework Act on National Taxes) arrives after the expiration of the period set for filing such request, such request shall be deemed legally filed on the date on which such period expires.
- (4) If a person who intends to file a request for evaluation is unable to do so within the time limit fixed in paragraph (1) due to a reason prescribed in Article 10 (limited to a reason for extending the time limit with respect to a return, application, request, submission of documents and notice), he/she may file such request within 14 days from the date on which such reason ceases to exist. In such cases, the person who files the request for evaluation shall present a document stating the reason he/she was unable to file a request for evaluation within such period, the date on which such reason occurred and the date on which such reason ceased to exist and other necessary matters.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 122 (Procedures for Filing Requests for Evaluation)

- (1) A request for evaluation shall be filed with the Commissioner of the Korea Customs Service through the head of a customhouse who has taken or should have taken such disposition, by stating the grounds for dissatisfaction in the written request for evaluation, as prescribed by Presidential Decree.
- (2) In the computation of the period for filing a request for evaluation in accordance with Article 121, a request for evaluation shall be deemed to have been filed at the time when such request for evaluation is submitted to the head of a customhouse pursuant to paragraph (1). This shall apply where the relevant request is filed with the Commissioner of the Korea Customs Service or the head of a customhouse, other than the head of

a customhouse referred to in paragraph (1).

- (3) The head of a customhouse shall, upon receipt of the relevant written request for evaluation referred to in paragraph (1), forward such written request for evaluation to the Commissioner of the Korea Customs Service with his/her opinion attached thereto within seven days from the date of the receipt thereof.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 123 (Correction of Written Requests for Evaluation)

- (1) When the Commissioner of the Korea Customs Service deems that content and procedures of a written request for evaluation can be corrected, even if it is not in conformity with this Section, he/she may request that the matters in question be corrected within a fixed period of not exceeding 20 days: Provided, That if matters to be corrected are insignificant, he/she may ex officio correct them.
- (2) The period for correction referred to in paragraph (1) shall not be counted in the period for filing a request for evaluation under Article 121.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 124 (Customs Appeal Committee)

- (1) The Customs Appeal Committee shall be established under the Korea Customs Service to deliberate on a request for pre-taxation examinations a request for evaluation filed with the Commissioner of the Korea Customs Service respectively pursuant to Articles 118 (2) and 122.
- (2) Matters necessary for the composition and operation of the Customs Appeal Committee shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 125 (Effect of Requests for Evaluation on Execution)

Any objection raised, any request for evaluation or adjudication filed shall not affect the execution of the relevant disposition, except as specifically provided for in Acts and subordinate statutes: Provided, That when the pertinent ruling agency deems it necessary, it may cause the suspension of the execution thereof

or suspend the execution thereof.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 126 (Attorneys)

- (1) A person who raises an objection or files a request for evaluation or adjudication may designate a lawyer or a licensed customs broker as his/her attorney.
- (2) The authority of such attorney shall be verified in writing.
- (3) Attorneys may perform every act relating to any request for a principal: Provided, That a request shall be withdrawn only when he/she is specifically authorized to do so.
- (4) When a person dismisses his/her attorney, he/she shall report his/her will, in writing, to the ruling agency.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 127 (Procedures for Decision)

- (1) When any request for evaluation is filed pursuant to Article 122, the Commissioner of the Korea Customs Service shall determine thereon after undergoing deliberation thereon by the Customs Appeal Committee: Provided, That this shall not apply where a request for evaluation is filed after the expiration of the evaluation request period and cases which fall under the causes prescribed by Presidential Decree.
- (2) No meeting of the Customs Appeal Committee shall be open to the public: Provided, That such meeting may be made open to the public when the Chairperson of the Customs Appeal Committee deems it necessary to do so.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 128 (Decisions)

- (1) Any decision on a request for evaluation shall be made according to the following classifications:
 1. When a request for evaluation is filed after the expiration of the period referred to in Article 121 or necessary correction is not made within the period for correction as prescribed in Article 123 after such request for evaluation is filed: A decision to dismiss such request;
 2. When a request for evaluation is deemed groundless: A decision to reject such request;

3. When a request for evaluation is deemed reasonable: A decision to revoke or correct a disposition taken toward such request, or to take a necessary disposition.
- (2) Decisions under paragraph (1) shall be made within 90 days from the date on which a request for evaluation is received: Provided, That this shall not apply where unavoidable grounds exist.
- (3) When a decision is made in accordance with paragraph (1), a written decision stating the reasons thereof shall be served on a person who has filed a request for evaluation within the period fixed in paragraph (2).
- (4) The period for correction referred to in Article 123 shall not be counted in the period for a decision under paragraph (2).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 129 (Notice of Method of Appealing Dissatisfaction)

- (1) The ruling agency having the authority to decide on any objection raised and any evaluation or adjudication requested shall enter the following matters in a written decision:
 1. In cases of raising an objection: To the effect that a request for evaluation or adjudication may be filed within 90 days from the date on which a written decision thereon was received;
 2. In cases of filing a request for evaluation or adjudication: To the effect that an administrative litigation may be instituted within 90 days from the date on which a written decision thereon was received.
- (2) When the ruling agency having the authority to decide on any objection raised and any evaluation or adjudication requested fails to make a decision thereon until the expiration of the period for deciding on either of such requests, it shall promptly notify the applicant or the claimant of the following matters in writing:
 1. In cases of raising an objection: To the effect that a request for evaluation or adjudication may be filed from the date on which the period for decision expires even before a decision notice is received;
 2. In cases of filing a request for evaluation or adjudication: To the effect that an administrative litigation may be instituted from the date on which the period of decision expires even before a decision notice is received.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 130 (Perusal of Documents and Statement of Opinions)

A person who raises an objection or files a request for evaluation or adjudication may peruse documents pertaining to such request and state his/her opinion to the ruling agency, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 131 (Requests for Adjudication)

Section 3 of Chapter VII of the Framework Act on National Taxes shall apply mutatis mutandis to any request for adjudication under Article 119 (1). In such cases, "head of a tax office" and "Administrator of the National Tax Service" referred to in the same Act shall be deemed "head of a customhouse" and "Commissioner of the Korea Customs Service," respectively.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 132 (Objections)

- (1) An objection shall be raised to the head of a customhouse that has taken or should have taken the relevant disposition, stating the reasons of the dissatisfaction therewith, as prescribed by Presidential Decree. In such cases, an objection to the decided matters as referred to in Article 258 or to the amount of duty as referred to in Article 259 (1) may be raised by submitting a written objection to the postmaster of the post office who directly mailed the notice of the relevant matters decided or the amount of duty, and the head of the customhouse shall be deemed to have received the written objection at the time the postmaster of the post office has received it.
- (2) The Deliberative Committee on Objections shall be established in the customhouses in order to deliberate on objections filed pursuant to paragraph (1).
- (3) Matters necessary for the composition and operation of the Deliberative Committee on Objections shall be prescribed by Presidential Decree.
- (4) Articles 121, 122 (2), 123, 127 and 128 shall apply mutatis mutandis to cases of raising any objection: Provided, That "90 days" referred to in Article 128 (2) shall be deemed "30 days."

CHAPTER VI MEANS OF TRANSPORTATION

SECTION 1 Open Ports

Article 133 (Designation, etc. of Open Ports)

- (1) Open ports shall be designated by Presidential Decree.
- (2) Matters necessary for the standards for installations, etc. of open ports as referred to in paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

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

- (1) Any foreign trade vessel or foreign trade aircraft shall be entitled to enter into and depart from only an open port: Provided, That this shall not apply where any foreign trade vessel or foreign trade aircraft is granted with permission for entering into and departing from an area other than an open port, as prescribed by Presidential Decree.
- (2) When the captain of any foreign trade vessel or the captain of any foreign trade aircraft intends to obtain permission referred to in the proviso to paragraph (1), he/she shall pay permission fees, as determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Vessels and Aircraft

Sub-Section 1 Procedures for Entry and Departure

Article 135 (Procedures for Entry into Open Ports)

- (1) When any foreign trade vessel or any foreign trade aircraft enters into an open port (including any area into which the entry of any foreign trade vessel or any foreign trade aircraft is permitted pursuant to the proviso

to Article 134 (1); hereinafter the same shall apply), its captain shall promptly file with the head of a customhouse, a port entry report, appended by a list of vessel or aircraft supplies stating matters prescribed by Presidential Decree, a list of passengers, a list of crew, a list of the crew's personal effects and a cargo manifest. In cases of any foreign trade vessel, the vessel's certificate of nationality, a clearance permission from the final port of the departure or documents substituting them shall also be presented to the head of the customhouse: Provided, That if no impediment to supervision and surveillance is deemed to exist, the head of a customhouse may exempt the captain from appending the list of vessel or aircraft supplies and the list of crews' personal effects.

- (2) When it is necessary to expedite procedures of an entry and a customs clearance and to efficiently conduct supervision and surveillance, the head of a customhouse may have the relevant shipping company or the relevant airline (including any agent acting for such shipping company or such airline; hereinafter the same shall apply) to which the foreign vessel or aircraft entering into the open port belongs submit a list of passengers, a cargo manifest, etc. referred to in paragraph (1) before such foreign vessel or aircraft enters the open port, as prescribed by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 136 (Procedures for Departing from Open Ports)

- (1) When any foreign trade vessel or any foreign trade aircraft intends to depart from any open port, the captain of such foreign trade vessel or such foreign trade aircraft shall obtain a departure permission from the head of a customhouse in advance.
- (2) When the captain of any foreign trade vessel or the captain of any foreign trade aircraft intends to obtain a departure permission under paragraph (1), he/she shall submit a list of goods loaded at the open port: Provided, That if the head of a customhouse separately changes a period for submitting the list of goods within the limit of seven days from the date on which the departure is permitted out of the need to expedite departure procedures, such list may be submitted within the relevant period.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 137 (Simplified Procedures for Entry into and Departure from Open Ports)

- (1) Where any foreign trade vessel or any foreign trade aircraft enters into an open port and departs therefrom within 24 hours without loading or unloading any goods (including the vessel or aircraft supplies and the personal effects of their crews), the head of a customhouse may exempt the captain of such vessel or such aircraft from submitting a cargo manifest prescribed by Article 135, a list of vessel or aircraft supplies, a list of passengers, a list of crew, a list of crews' personal effects and a list of loaded goods referred to in Article 136.
- (2) Where any foreign trade vessel or any foreign trade aircraft, which has completed the procedure pursuant to Article 135, re-enters into another open port in Korea, the head of a customhouse may, by applying paragraph (1) mutatis muntadis, have such vessel or such aircraft enter or leave the port under simplified procedures, including skipping submission of documents, etc.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 137-2 (Requests for Passenger Reservation Data)

- (1) Where necessary to perform any of the following duties, the head of a customhouse may request a shipping company or airline to permit him/her to peruse, or to submit within the time limit determined by Ordinance of the Ministry of Strategy and Finance, through the information and communications network, the passenger reservation data in the reservation information system (hereafter referred to as "passenger reservation data" in this Article) operated by the shipping company or airline to which the vessel or aircraft entering into or departing from the open port pursuant to Article 135 or 136 belongs. In such cases, the relevant shipping company and airline shall comply therewith:
 1. The duty of inspecting the persons who have exported or imported, or intend to export or import the contraband goods provided for in Article 234;
 2. The duty of inspecting a person who violates Article 241 (1) and (2), or who intends to export or import or to return any of the following goods, in violation of Article 241 (1) and (2):
 - (a) Narcotics prescribed in the Act on the Control of Narcotics, etc.;

(b) Firearms, swords, explosives, injectors, electronic percussion locks and arbalists prescribed in the Control of Firearms, Swords, Explosives, etc. Act.

(2) The passenger reservation data that the head of a customhouse may request to peruse or submit pursuant to paragraph (1) shall be limited to the following data:

1. Nationality, name, date of birth, passport number and reservation number;
2. Address and telephone number;
3. The time the reservation is made and the check-in process is completed;
4. The number and issuance date of the airline ticket or passage ticket, the name of city where such ticket has been issued, and the method of payment;
5. The course of travel and travel agency;
6. Accompanying passengers and the seat number;
7. The data on baggage;
8. The number and class of membership where a passenger has become a member of the airline or shipping company and data on the order by the passenger.

(3) A person who is permitted to peruse the passenger reservation data supplied pursuant to paragraph (1) shall be limited to the customs officers designated by the head of a customhouse.

(4) No customs officer pursuant to paragraph (3) shall use the passenger reservation data that he/she came to know in the course of his/her duty for unlawful purposes, such as disclosure, treatment without authority, offer for other persons' use, etc.

(5) Matters necessary for the method of perusal, period of preservation, etc. of the passenger reservation data provided pursuant to paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Exemption from Obligation, etc. due to Calamities and Other Unavoidable Causes

Article 138 (Exemption from Obligation due to Calamities or Unavoidable Causes)

- (1) Articles 134 through 137 and 140 through 143 shall not apply to the case resulting from a disaster or an unavoidable cause.
- (2) In cases falling under paragraph (1), the captain of any foreign trade vessel or the captain of any foreign trade aircraft shall promptly file a report thereon with customs officers or national police officers (limited to cases where no customs officers are available).
- (3) Any national police officer, upon receipt of the report referred to in paragraph (2) shall notify a customs officer of a summary of such report without delay.
- (4) The captain of any foreign trade vessel or the captain of any foreign trade aircraft shall file, without delay, a full report thereon with the head of a customhouse when the disaster or the unavoidable cause in question ceases to exist.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 139 (Report on Stopover at Foreign Open Ports)

When any domestic vessel or any domestic aircraft stops over at any foreign open port and returns to Korea thereafter on the grounds of a calamity or an unavoidable cause, the captain of such vessel or such aircraft shall promptly report such fact to the head of a customhouse, and if any goods are loaded into such vessel or such aircraft overseas, a list thereof shall be submitted to the head of the customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 3 Loading and Unloading of Goods

Article 140 (Loading and Unloading of Goods)

- (1) Any foreign trade vessel or any foreign trade aircraft shall be prohibited from loading, unloading or transshipping goods unless the procedures for port entry provided for in Article 135 are completed: Provided, That this shall not apply where permission therefor is obtained from the head of a customhouse.
- (2) When goods are to be loaded onto, unloaded from or transshipped into any foreign trade vessel or any foreign trade aircraft, the captain of such foreign trade vessel or such aircraft shall file a report thereon with

the head of a customhouse and obtain verification thereof from any customs officer on the spot: Provided, That this shall not apply where such customs officer deems such verification unnecessary.

(3) When the head of a customhouse deems it necessary for supervision and surveillance, he/she may restrict the place and the passage where goods are loaded or unloaded (hereinafter referred to as "loading and unloading passage") and the period of loading and unloading goods under paragraph (2).

(4) No domestic goods may be loaded onto any foreign trade vessel or any foreign trade aircraft, and no foreign goods may be loaded onto any domestic vessel or any domestic aircraft: Provided, That this shall not apply where permission therefor is obtained from the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 141 (Temporary Unloading, etc. of Foreign Goods)

If any of the following acts are to be performed, a report thereon shall be filed with the head of a customhouse and the verification thereof shall be obtained from a customs officer on the spot: Provided, That where the Commissioner of the Korea Customs Service prescribes otherwise by deeming that supervision or surveillance is not impeded, such report and verification may be filed or obtained in a simplified manner or skipped:

1. Where foreign goods are temporarily unloaded from the means of transportation onto land;
2. Where a person, other than passengers, crew or operators is willing to board the relevant means of transportation;
3. Where goods are transferred from the means of transportation loaded with foreign goods to other means of transportation in transshipment or combined transshipment, or people are transferred from a means of transportation to another means of transportation.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 142 (Loading and Unloading of Goods Outside Open Ports)

(1) Where any foreign trade vessel intends to have its goods loaded, unloaded or trans-shipped at a place outside an open port, the captain of such vessel shall obtain permission therefor from the head of a

customhouse.

- (2) Where the captain of such vessel intends to obtain permission in accordance with paragraph (1), he/she shall pay permission fees, as determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 143 (Loading and Unloading of Vessels and Aircraft Supplies)

- (1) Where any of the following goods are to be loaded onto, unloaded from, or trans-shipped into any foreign trade vessel or any foreign trade aircraft, the captain of such vessel or such aircraft shall obtain permission therefor from the head of a customhouse:
1. Supplies for the relevant vessel or aircraft;
 2. Goods sold in the relevant foreign vessel or foreign aircraft.
- (2) Where the goods falling under each subparagraph of paragraph (1) are foreign goods arriving in Korea from any foreign country, such goods may be loaded onto any foreign trade vessel or any foreign trade aircraft of the same country only within a bonded area.
- (3) Types and volume of the goods referred to in each subparagraph of paragraph (1) shall be limited to the scope deemed appropriate by the head of a customhouse, in consideration of the type, tonnage, weight, the number of navigation days and the number of passengers, crew, etc. of the relevant foreign vessel or the relevant foreign aircraft.
- (4) Where vessels or aircraft supplies that are foreign goods referred to in paragraph (2) and goods sold in any foreign trade vessel or any foreign trade aircraft are not loaded onto the means of transportation, as provided for in the permission referred to in paragraph (1), customs duties shall be promptly collected from a person who has obtained such permission: Provided, That this shall not apply to any of the following cases:
1. Where the goods are shipped again into a bonded area within a period fixed by the head of a customhouse;
 2. Where the goods are destroyed or lost due to a disaster or other unavoidable causes;
 3. Where the goods are disposed of upon prior approval of the head of a customhouse.

(5) Necessary matters concerning types, volume, etc. of goods whose loading, unloading or transshipment requires permission referred to in paragraph (1) shall be prescribed by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 4 Conversion, etc. of Foreign Trade Vessels into Domestic Vessels

Article 144 (Conversion, etc. of Foreign Trade Vessels into Domestic Vessels)

When it is intended to convert any foreign trade vessel or any foreign trade aircraft into a domestic vessel or a domestic aircraft, or to convert any domestic vessel or any domestic aircraft to a foreign trade vessel or a foreign trade aircraft, the captain of such vessel or such aircraft shall obtain approval therefor from the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 145 (Person Acting for Captain, etc.)

Articles 134 (2), 135 (1), 136, 138 (2) and (4), 139, 142, and 144 shall also apply to a person acting for the captain of a vessel or an aircraft.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 146 (Other Vessels and Aircraft)

The regulations governing foreign trade vessels or foreign trade aircraft shall apply mutatis mutandis to any non-foreign vessel and any non-foreign aircraft navigating overseas: Provided, That this shall not apply to any vessel and any aircraft prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 147 (Vessels Sailing Border Rivers)

The regulations governing foreign trade vessels shall not apply to domestic vessels which sail only a border river.

SECTION 3 Vehicles

Article 148 (Customs Routes)

- (1) Every vehicle crossing a national border (hereinafter referred to as "border-crossing vehicle") shall pass through an applicable customs route and stop at the relevant customs clearance stations or customs clearance areas.
- (2) Customs routes referred to in paragraph (1) shall be designated by the head of a customhouse from among railways linking land borders with customs clearance stations, and roads or waterways linking land borders with customs clearance areas.
- (3) Customs clearance stations shall be designated by the Commissioner of the Korea Customs Service from among railway stations linking themselves to foreign countries and railway stations adjacent to a national border.
- (4) Customs clearance areas shall be designated by the head of a customhouse from among places linking themselves to customs routes.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 149 (Procedures for Arrival of Border-Crossing Vehicles)

- (1) When any border-crossing vehicle arrives at any customs clearance station or customs clearance area, the head of such customs clearance station or the driver of an on-road vehicle (referring to a means of transportation other than a vessel, a railroad vehicle, or an aircraft; hereinafter the same shall apply) shall promptly file an arrival report, appended by a list of vehicle supplies, a list of passengers, a list of crew's personal effects and a cargo manifest determined by the Commissioner of the Korea Customs Service, and present a departure permit obtained from its final place of departure or a document substituting such permit to the head of a customhouse: Provided, That when the head of the customhouse deems that no

impediment to supervision and surveillance exists, he/she may exempt such border-crossing vehicle from appending the list of vehicle supplies or the list of crew's personal effects thereof.

- (2) When the head of a customhouse deems it necessary to expedite the procedures for entry and departure and to efficiently conduct supervision and surveillance, he/she may have a company (including its agent; hereinafter the same shall apply) to which the relevant vehicle belongs submit a list of passengers and a cargo manifest referred to in paragraph (1) before such vehicle arrives at any customs clearance station or customs clearance point, as determined by the Commissioner of the Korea Customs Service.
- (3) Notwithstanding paragraph (1), the driver of an on-road vehicle used for recurrently transporting any of the goods prescribed by Presidential Decree in certain installments during a certain period may use a visa obtained pursuant to Article 152 (3) as a substitute for an arrival report: Provided, That this shall not apply to a final arrival notice.
- (4) The driver of an on-road vehicle who uses a visa obtained as a substitute for an arrival report in accordance with paragraph (3) shall submit all documents set forth in paragraph (1) when filing the final arrival notice.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 150 (Procedures for Departure of Border-Crossing Vehicles)

- (1) When any border-crossing vehicle is to depart from a customs clearance station or customs clearance point, the head of such customs clearance station and the driver of such vehicle shall file a departure report with the head of the relevant customhouse and obtain a departure permission from the head of the customhouse.
- (2) When the head of a customs clearance station or the driver of an on-road vehicle intends to obtain a departure permission referred to in paragraph (1), he/she shall submit a list of goods loaded at the customs clearance station or the customs clearance area.
- (3) Notwithstanding paragraph (1), the driver of an on-road vehicle used for recurrently transporting any of the goods prescribed by Presidential Decree in certain installments in a certain period may use a visa obtained in accordance with Article 152 (2) as a substitute for a departure report or a departure permission: Provided, That this shall not apply to an initial departure report or an initial departure permission.

- (4) A person who intends to operate an on-road vehicle in accordance with paragraph (3) shall report such intention to the head of the competent customhouse in advance, as prescribed by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 151 (Loading, Unloading, etc. of Goods)

- (1) A person who intends to load or unload foreign goods onto or from a vehicle at any customs clearance station or customs clearance area shall file a report thereon with the head of the customhouse and obtain verification from a customs officer on the spot: Provided, That the same shall not apply where such customs officer deems it unnecessary to give such verification.
- (2) Article 143 shall apply mutatis mutandis to cases where vehicle supplies and goods sold in a border-crossing vehicle are loaded or transshipped onto the relevant vehicle.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 151-2 (Conversion, etc. of Border-Crossing Vehicles into Those Running within National Border)

The head of a customs clearance station or the driver of an on-road vehicle who intends to convert a border-crossing vehicle into a vehicle running within the country (hereinafter referred to as "vehicle for domestic operation"), and vice versa, shall obtain approval therefor from the head of the customhouse: Provided, That this shall not apply to vehicles determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Newly Inserted by Act No. 8136, Dec. 30, 2006]

Article 151-3 (Persons Acting for Head of Customs Clearance Station)

Articles 149 (1), 150, 151-2, and 152 shall also apply to a person who acts for the head of a customs clearance station or the driver of an on-road vehicle.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 152 (On-Road Vehicles Crossing National Border)

- (1) The driver of an on-road vehicle who intends to cross a national border shall obtain a document certifying that the on-road vehicle is permitted to cross such national border from the head of the

competentcustomhouse.

(2) The driver of an on-road vehicle shall present the document under paragraph (1) to a customs officer to obtain a visa when crossing the national border. In such cases, presenting the document and obtaining a visa may be processed by electronic means.

(3) A person who intends to obtain a visa under paragraph (2) shall pay a fee, as determined by Ordinance of the Ministry of Strategy and Finance: Provided, That vehicles determined by Ordinance of the Ministry of Strategy and Finance shall be exempted from such fee.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 153 Deleted. <by Act No. 8136, Dec. 30, 2006>

CHAPTER VII BONDED AREAS

SECTION 1 Common Provisions

Article 154 (Categories of Bonded Areas)

Bonded areas shall be categorized into the designated bonded areas, licensed bonded areas and general bonded areas; the designated bonded areas are further categorized into the designated storage places and the customs inspection places; the licensed bonded areas are categorized into the bonded warehouse, the bonded factory, the bonded exhibition, the bonded construction work site and the bonded store.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 155 (Storage of Goods)

(1) Foreign goods and domestic goods for which a report on their domestic transportation is about to be filed under Article 221 (1) shall be prohibited from being stored in a place other than a bonded area: Provided, That this shall not apply to any of the following goods:

1. Goods on which an export declaration under Article 241 (1) is accepted;

2. Goods difficult or inappropriate to be stored in a bonded area due to their excessive sizes and weights or other grounds;
 3. Goods temporarily stored due to a disaster or other unavoidable causes;
 4. Goods subject to quarantine;
 5. Goods in seizure;
 6. Postal items.
- (2) Articles 157, 158 through 161, 163, 172, 177, 208 through 212 and 321 shall apply mutatis mutandis to goods referred to in paragraph (1) 1 through 4.

Article 156 (Permission for Storage of Goods outside Bonded Areas)

- (1) A person who intends to store goods falling under Article 155 (1) 2 in a place other than a bonded area shall obtain permission from the head of a customhouse.
- (2) Where the head of a customhouse intends to grant permission referred to in paragraph (1) with respect to foreign goods, he/she may order security equivalent to the amount of customs duties on the relevant goods offered and necessary facilities installed.
- (3) A person who intends to obtain permission provided for in paragraph (1) shall pay fees according to the amount and method determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 157 (Shipment of Goods into and out of Bonded Areas)

- (1) A person who intends to ship goods into or out of a bonded area shall file a report thereon with the head of a customhouse, as prescribed by Presidential Decree.
- (2) When a person intends to ship goods into or out of a bonded area under paragraph (1), the head of a customhouse may require a customs officer to monitor such shipment and such customs officer may inspect the relevant goods.
- (3) The head of a customhouse may place restrictions on the kinds of goods that may be shipped into any bonded area.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 157-2 (Shipment of Goods on which Import Declaration is Accepted out of Bonded Areas)

The owner or shipper of the goods on which an import declaration was accepted after being carried into the bonded area designated by the Commissioner of the Korea Customs Service shall ship the relevant goods out of the bonded area within 15 days from the date on which the said import declaration is accepted, notwithstanding Article 177: Provided, That this shall not apply where he/she has obtained approval for the extension of the relevant shipment period from the head of a customhouse as no obstruction to the storage of foreign goods is deemed to exist.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 158 (Maintenance and Supplementary Work)

- (1) Maintenance and supplementary work may be carried out to sustain the current conditions of goods stored in a bonded area; and similar maintenance and supplementary work may be conducted to re-pack, divide and combine without changing their nature. In such cases, when the head of the competent customhouse deems it difficult to carry out any maintenance and supplementary work in a bonded area, such work may be conducted in a designated place outside the bonded area for a designated period.
- (2) A person who intends to conduct any maintenance and supplementary work under paragraph (1) shall obtain approval from the head of a customhouse.
- (3) Domestic goods added to any foreign goods through the maintenance and supplementary work conducted in accordance with paragraph (1) shall be deemed foreign goods.
- (4) No foreign goods shall be used as raw materials for any maintenance and supplementary work conducted for goods to be imported.
- (5) Where any maintenance and supplementary work is carried out in accordance with the latter part of paragraph (1), Article 187 (3), (4) and (6) shall apply mutatis mutandis to the inspection, etc. of such goods when they are shipped out of a bonded area.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 159 (Dismantling or Cutting Work of Goods)

- (1) Any work may be carried out to alter the original form of, or dismantle or cut goods stored in a bonded area.
- (2) A person who intends to carry out the work referred to in paragraph (1) shall obtain permission from the head of a customhouse.
- (3) Kinds of goods for which the work provided for in paragraph (1) may be carried out shall be designated by the Commissioner of the Korea Customs Service.
- (4) When deemed necessary with respect to goods on which an import declaration is filed, the head of a customhouse may order the owner of such goods or a person entrusted by such owner to conduct such work provided for in paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 160 (Disposal of Stored Goods)

- (1) A person who intends to dispose of goods stored in a bonded area due to their decomposition, damage and other reasons shall obtain approval from the head of a customhouse.
- (2) When foreign goods stored in a bonded area are destroyed or lost, or disposed, customs duties thereon shall be collected from their manager or custodian: Provided, That this shall not apply where such foreign goods are destroyed or lost due to a disaster or other unavoidable causes, or disposed of upon prior approval by the head of a customhouse.
- (3) If there exist any foreign goods remaining after being disposed of upon approval obtained in accordance with paragraph (1), customs duties shall be imposed on such remainder according to the quality and quantity of such remainder.
- (4) With respect to goods stored in any bonded area which fall under any of the following subparagraphs, notwithstanding paragraph (1), the head of a customhouse may order an owner, shipper, person entrusted by the owner or shipper or a secondary person liable to pay duty under Articles 38 through 41 of the Framework Act on National Taxes (hereinafter referred to as "owner of goods, etc.") to return or dispose of such goods, or may dispose such goods after serving a notice thereon on the owner of goods, etc.: Provided,

That when there is no time for serving such notice because of an emergency, such notice shall be served immediately after the goods are disposed of:

1. Goods feared to endanger human life or damage property;
2. Decomposed or deteriorated goods;
3. Goods whose marketable period has expired;
4. Goods whose commercial value has been lost;
5. Goods corresponding to those referred to in subparagraphs 1 through 4, determined by the Commissioner of the Korea Customs Service.

(5) If it is impossible to serve a notice referred to in paragraph (4) due to a failure to identify the domicile and residence of the owner of goods, etc. and other reasons, such notice may be published instead.

(6) If the head of a customhouse disposes of goods or the owner of goods, etc, disposes of or returns goods in accordance with paragraphs (1) and (4), the cost incurred therefrom shall be defrayed by the owner of goods, etc.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 161 (Shipment of Goods out of Bonded Areas as Samples)

(1) A person who intends to ship goods, in whole or in part, out of a bonded area to use them as samples shall obtain permission therefor from the head of a customhouse.

(2) When a customs officer deems it necessary to inspect goods shipped into a bonded area, he/she may take part of such goods for sample use.

(3) When part of goods taken for sample use under paragraph (2) are used or consumed, they shall be deemed goods on which an import declaration has been filed and then customs duties thereon have been paid.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 162 (Control of Goods Handlers)

Any of the following persons shall comply with any order issued by the head of a customhouse with respect to the control of goods and the supervision of a bonded area and be put under command of a customs

officer:

1. A person who handles goods referred to in each subparagraph of Article 155 (1);
2. A person who is granted access to a bonded area.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 163 (Dispatch of Customs Officers)

The head of a customhouse may dispatch a customs officer to a bonded area to perform official business therein.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 164 (Self-Managed Bonded Areas)

- (1) With respect to goods stored in a bonded area (hereinafter referred to as "self-managed bonded area") designated by the head of a customhouse, from among bonded areas, as stipulated by the Commissioner of the Korea Customs Service since he/she deems that no impediment to customs monitoring and the control of such goods exists, the participation of a customs officer as prescribed in Article 157 and the procedures prescribed by the Commissioner of the Korea Customs Service from among the procedures as prescribed in this Act shall be omitted.
- (2) When the manager or the operator of goods in a bonded area intends to have a bonded area designated as a self-managed bonded area, he/she shall file an application for the designation thereof with the head of a customhouse.
- (3) A person who intends to file an application for the designation of a self-managed bonded area in accordance with paragraph (2) shall employ a person in charge of managing goods stored in the relevant bonded area (hereinafter referred to as "bonded goods caretaker").
- (4) The head of a customhouse shall, upon receipt of an application for designation referred to in paragraph (2), designate a self-managed bonded area when he/she deems it appropriate for a self-managed bonded area after verifying the location, facilities, etc. of the relevant bonded area.
- (5) A person who has had his/her bonded area designated as a self-managed bonded area under paragraph (4)

shall enter goods shipped in and out of such self-managed bonded area in registers.

- (6) When a person who has had his/her bonded area designated as a self-managed bonded area fails to fulfill his/her obligations prescribed in this Act or any cause deemed an impediment to customs monitoring occurs, the head of a customhouse may revoke the designation referred to in paragraph (4).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 165 (Qualifications, etc. for Bonded Goods Caretakers)

- (1) The qualification of bonded goods caretaker shall not fall under any of subparagraphs 1 through 7 of Article 175, but shall fall under any of the following subparagraphs:
1. A person who has served as a general public official in charge of customs administration affairs for five years or more;
 2. A person who has served in the field of management of bonded goods for three years or more and has passed a test in the management of bonded goods after undergoing education prescribed by the Commissioner of the Korea Customs Service.
- (2) When a person meeting the qualifications provided for in paragraph (1) intends to work as a bonded goods caretaker, he/she shall file a registration with the head of a customhouse having jurisdiction over the relevant bonded area.
- (3) When a person who has filed registration in accordance with paragraph (2) is found to fall under any of the following subparagraphs, the head of a customhouse may revoke his/her registration, suspend his/her business for six months or longer or take other necessary measures against him/her: Provided, That if he/she falls under subparagraphs 1 and 2, his/her registration shall be revoked:
1. When he/she falls under any of subparagraphs 1 through 7 of Article 175;
 2. When he/she deceases;
 3. When he/she violates this Act or the orders issued under this Act.
- (4) Duties of the bonded goods caretakers, procedures for registration and other necessary matters shall be prescribed by Presidential Decree.

SECTION 2 Designated Bonded Areas

Sub-Section 1 Common Provisions

Article 166 (Designation of Designated Bonded Areas)

- (1) The head of a customhouse may designate any land, building or other facilities (hereafter in this Subsection referred to as "land, etc.") owned or managed by any of the following persons as a designated bonded area:
1. The State;
 2. Local governments;
 3. Corporations in charge of administering airport facilities or harbor facilities.
- (2) When the head of a customhouse intends to designate the land, etc. not managed by himself/herself as a designated bonded area, he/she shall obtain the consent of the owner or the manager of such land, etc. In such cases, the head of the customhouse may pay rent, etc. thereon to such owner or manager.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 167 (Revocation of Designation of Designated Bonded Areas)

When the head of a customhouse deems it unnecessary to keep a bonded area, in whole or in part, as a designated bonded area due to a decrease in the quantity of exported and imported goods passing through such designated bonded area or due to other reasons, he/she shall revoke its designation.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 168 (Disposition of Designated Bonded Areas)

- (1) When the owner or the manager of the land, etc, designated as a designated bonded area intends to perform any of the following acts, he/she shall consult in advance with the head of a customhouse: Provided, That this shall not apply where such act causes no impediment to the utilization of the designated bonded area, or the owner of the land, etc. designated as a designated bonded area is the State or a local government:

1. The transfer, swap, lease, or other disposition of the relevant land, etc, or the alteration of the purpose thereof;
 2. The construction work for the relevant land, etc. or the construction or installation of buildings and facilities on the relevant land, etc.;
 3. The renovation, relocation or removal of the relevant buildings and facilities and other construction works.
- (2) The head of a customhouse shall not reject consultations referred to in paragraph (1) without any justifiable reasons.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Designated Storage Places

Article 169 (Designated Storage Places)

Any designated storage place that is a place to temporarily store goods for a customs clearance shall be located in a zone designated by the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 170 (Storage Period)

A period of storing goods in any designated storage place shall be fixed by the Commissioner of the Korea Customs Service within the limit of six months: Provided, That the head of a customhouse may extend such period within the limit of three months in accordance with the standards set by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 171 Deleted. *<by Act No. 7009, Dec. 30, 2003>*

Article 172 (Responsibility for Keeping Goods in Custody)

- (1) The responsibility to keep goods shipped into a designated storage place in custody lies on the owner or the shipper of such goods.
- (2) When the head of a customhouse deems it necessary to maintain the status of any designated storage

place and manage goods in a safe manner, he/she may designate a cargo manager responsible for keeping goods in custody in lieu of the owner, as prescribed by Presidential Decree: Provided, That if such designated storage area is not a facility managed by the head of the customhouse, the head of such customhouse shall designate a cargo manager after consulting with the owner or the manager of such facility.

(3) Any cargo manager of a designated storage place may collect expenses (including fees for the use of customhouse facilities under Article 323) incurred in managing goods from any owner: Provided, That approval shall be obtained from the head of a customhouse for their rates.

(4) Any cargo manager of a designated storage place shall pay an amount equivalent to the amount of fees paid for the use of customhouse facilities from among expenses collected in accordance with paragraph (3) to the head of a customhouse.

(5) When the head of a customhouse is unable to designate a cargo manager due to unavoidable causes, he/she may directly manage goods in lieu of the owner of goods. In such cases, the expenses incurred in managing goods under paragraph (3) may be collected from such owner.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 3 Customs Inspection Places

Article 173 (Customs Inspection Places)

(1) A customs inspection place that is a place to inspect goods subject to customs clearance shall be designated by the head of a customhouse.

(2) The head of a customhouse may ship goods subject to customs inspection, in whole or in part, into a customs inspection place for the inspection, as prescribed by the Commissioner of the Korea Customs Service.

(3) Costs involved in the collection, transportation, etc. of goods shipped into a customs inspection place under paragraph (2) shall be borne by their owners.

SECTION3 Licensed Bonded Areas

Sub-Section 1 Common Provisions

Article 174 (Licenses for Establishment and Operation of Licensed Bonded Areas)

- (1) A person who intends to establish and operate a licensed bonded area shall obtain a license from the head of a customhouse. This shall also apply where he/she intends to renew the existing license.
- (2) A person who intends to obtain a license for establishing and operating a licensed bonded area, a person who establishes and operates a licensed bonded area or any other person who intends to renew his/her license shall pay fees, as determined by Ordinance of the Ministry of Strategy and Finance.
- (3) Requirements for obtaining a license under paragraph (1) shall be determined by the Commissioner of the Korea Customs Service according to the kinds of bonded areas, following the standards prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 175 (Disqualifications for Operators of Licensed Bonded Areas)

Any of the following persons shall be disqualified from becoming an operator of a licensed bonded area:

1. A minor;
2. An incompetent and quasi-incompetent;
3. A person who has not been reinstated after having been declared bankrupt;
4. A person who has been sentenced to imprisonment for violating this Act and for whom two years have not elapsed from the date on which the execution of such sentence was terminated (including a case deemed that the execution has been terminated) or exempted;
5. A person who is under the suspension of the execution of imprisonment for violating this Act;
6. A person for whom two years have not elapsed after his/her license for establishing and operating a licensed bonded area was revoked under this Act;

7. A person who has been sentenced to a fine or subjected to a notice disposition under Articles 269 through 271, 274, 275-2 or 275-3 and for whom two years have not elapsed from the date on which he/she was sentenced to a fine or after he/she followed the disposition of a notice: Provided, That an individual or a corporation punished pursuant to Article 279 shall be excluded herefrom;
8. A corporation that employs a person falling under subparagraphs 2 through 7 as an executive (limited to an executive in charge of business operation or supervising such business operation of the relevant bonded area).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 176 (License Period)

- (1) The license period for any licensed bonded area shall not exceed ten years.
- (2) Notwithstanding paragraph (1), the license period for any bonded exhibition place and any bonded construction work site shall be as follows: Provided, That if deemed inevitable for achieving the purposes of such bonded exhibition and accelerating the construction work, the head of a customhouse may extend such period:
 1. Bonded exhibition places: A period fixed by the head of the customhouse by taking into account the period of such exhibition;
 2. Bonded construction work sites: A period fixed by the head of the customhouse by taking into account the period of such construction work.

Article 177 (Storage Period)

- (1) A period for storing goods in any licensed bonded area shall be as follows:
 1. Bonded warehouses: A period fixed under any of the following items:
 - (a) Foreign goods (excluding goods falling under item (c)): A period fixed by the Commissioner of the Korea Customs Service within the limit of one year: Provided, That if the Commissioner of the Korea Customs Service deems it necessary to extend such period, the period may be further extended within the limit of one year;

(b) Domestic goods (excluding goods falling under item (c)): A period fixed by the Commissioner of the Korea Customs Service within the limit of one year;

(c) Goods stockpiled by the Government, goods stockpiled for the defense industry to fulfill any contract with the Government, raw materials used to manufacture export goods and goods used to repair export goods, which are recognized by the head of a customhouse, and the goods determined by the Commissioner of the Korea Customs Service for the promotion of international logistics: A period necessary for stockpiles thereof;

2. Other licensed bonded areas: A license period for the relevant licensed bonded area.

(2) When the head of a customhouse deems it necessary to manage goods, he/she may order any operator to ship goods out of any licensed bonded area even within the period provided for in paragraph (1) 1.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 178 (Suspension of Shipment of Goods into Licensed Bonded Area and Revocation of Licenses)

(1) Where the operator of a licensed bonded area falls under any of the following subparagraphs, the head of a customhouse may suspend him/her from shipping goods into such licensed bonded area or suspend any bonded construction work, any bonded sale, any bonded exhibition, etc. (hereafter referred to as "shipment, etc. of goods into a licensed bonded area" in this Article) for a period fixed within the limit of six months, as determined by the Commissioner of the Korea Customs Service:

1. Where he/she is deemed financially incapable of paying customs duties on stored goods;
2. Where he/she or his/her employee violates this Act or any order issued under this Act;
3. Where it is deemed difficult to attain the objective of setting up such licensed bonded area due to the insufficiency of the relevant facilities, etc.

(2) When the operator of a licensed bonded area falls under any of the following subparagraphs, the head of a customhouse may revoke his/her license:

1. Where he/she falls under each subparagraph of Article 175;
2. Where he/she has been imposed a disposition to suspend the shipment of goods into his/her licensed

bonded area three times or more within one year;

3. Where the head of a customhouse deems it difficult to attain the purpose of establishing his/her licensed bonded area because no goods have been shipped into his/her licensed bonded area for one year or more.

(3) When a disposition taken to suspend the shipment, etc. of goods into a licensed bonded area pursuant to paragraph (1) causes serious inconvenience to its users or harms the public interests, the head of a customhouse may impose a penalty surcharge equivalent to 3/100 or less of sales accruing from the operation of the licensed bonded area in lieu of a disposition taken to suspend the shipment, etc. of goods into the licensed bonded area. In such cases, necessary matters concerning the computation of sales, the amount of penalty surcharges, the time limit for the payment of penalty surcharges, etc. shall be prescribed by Presidential Decree.

(4) Article 26 shall apply mutatis mutandis to the collection of a penalty surcharge when a person liable to pay the penalty surcharge referred to in paragraph (3) fails to pay it by the payment deadline.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 179 (Invalidation and Succession of Licenses)

(1) A license for establishing and operating a licensed bonded area shall be invalidated in any of the following cases:

1. Where the operator ceases to operate his/her licensed bonded area;
2. Where the operator is dissolved or deceases;
3. Where the license term expires;
4. Where the license is revoked.

(2) In cases falling under paragraph (1) 1 and 2, the operator, his/her successor, a corporation for the liquidation, or a corporation surviving a merger, a division, a merger after division or is incorporated after a merger, a division or a merger after division (hereinafter referred to as "succeeding corporation") shall promptly report the fact to the head of a customhouse.

(3) If a person who has obtained a license for establishing and operating a licensed bonded area deceases or is dissolved, and his/her successor or the succeeding corporation intends to continue operating such licensed bonded area, such successor and such succeeding corporation shall file a report with the head of a customhouse after meeting the requirements prescribed in Article 174 (3), as prescribed by Presidential Decree, within 30 days from the date on which the succeeded or the succeeded corporation deceases or is dissolved.

(4) If the successor or the succeeding corporation files a report referred to in paragraph (3), the license of the succeeded or the succeeded corporation for establishing and operating the licensed bonded area shall be deemed the license of the successor or the succeeding corporation for a period from the date on which the succeeded or the succeeded corporation deceases or is dissolved to the date on which the successor or the succeeding corporation files the report.

(5) No person falling under each subparagraph of Article 175 may file a report under paragraph (3).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 180 (Supervision, etc. over Establishment and Operation of Licensed Bonded Areas)

(1) The head of a customhouse shall supervise the operator of any licensed bonded area.

(2) The head of a customhouse may order the operator of any licensed bonded area to brief on the establishment and operation of such licensed bonded area or have his/her customs officers inspect the current operation of such licensed bonded area.

(3) The head of a customhouse may order the installation of facilities, machinery and appliances necessary for operating any licensed bonded area.

(4) Where goods shipped into a licensed bonded area under Article 157 are not in conformity with the purpose of establishing such licensed bonded area, the head of a customhouse may order such goods shipped into another licensed bonded area.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 181 Deleted. <by Act No. 9910, Jan. 1, 2010>

Article 182 (Measures, etc. upon Invalidation of Licenses)

- (1) Where a license for establishing and operating a licensed bonded area is invalidated, the operator or the successor shall promptly ship foreign goods stored in the relevant licensed bonded area to another bonded area.
- (2) Where a license for establishing and operating a licensed bonded area is invalidated, the relevant licensed bonded area shall be deemed a licensed bonded area for a period fixed by the head of a customhouse within the limit of six months by taking into account the kinds, quantity, etc. of foreign goods stored therein, and the operator or the successor shall be deemed to hold a license for establishing and operating a licensed bonded area with respect to the relevant area and goods stored therein.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Bonded Warehouses

Article 183 (Bonded Warehouses)

- (1) Foreign goods and goods subject to a customs clearance shall be stored in a bonded warehouse.
- (2) The operator of a bonded warehouse may store domestic goods in his/her bonded warehouse within the scope of not impeding the storage of goods referred to in paragraph (1) after filing a report thereon with the head of a customhouse in advance: Provided, That goods on which an import declaration is accepted shall be stored in the same bonded warehouse without filing any report thereon.
- (3) When the operator intends to store only domestic goods described in paragraph (2) in a bonded warehouse for not less than one year (for six months for the goods described in the proviso to paragraph (2)), he/she shall obtain approval therefor from the head of a customhouse.
- (4) Articles 161 and 177 shall not apply to a period for which only approved domestic goods are stored in a bonded warehouse pursuant to paragraph (3).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 184 (Expiration of Storage Period for Domestic Goods)

(1) Domestic goods referred to in Article 183 (2), whose storage period expires shall be shipped out of a bonded warehouse under the responsibility of its operator within ten days from the date on which such storage period expires.

(2) Paragraph (1) shall apply to domestic goods approved pursuant to Article 183 (3) if their storage period expires.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 3 Bonded Factories

Article 185 (Bonded Factories)

(1) In any bonded factory, manufacturing, processing or similar work thereto may be performed using foreign goods as raw materials or materials, or using foreign goods and domestic goods as raw materials or materials.

(2) No manufacturing, processing and similar work thereto may be performed using only domestic goods as raw materials or materials in any bonded factory without obtaining approval therefor from the head of a customhouse.

(3) The business types of bonded factories in which imported goods are manufactured and processed, from among bonded factories, may be limited, as determined by Ordinance of the Ministry of Strategy and Finance.

(4) The head of a customhouse may permit an import declaration on goods to be used in a bonded factory after undergoing customs clearance to be filed after the goods are shipped into the bonded factory. In such cases, Article 241 (3) shall apply mutatis mutandis thereto.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 186 (Report on Use, etc.)

(1) An operator shall file a report on use of goods shipped into his/her bonded factory with the head of a customhouse before the goods are used. In such cases, a customs officer may inspect such goods.

- (2) When foreign goods on which a report on use is filed in accordance with paragraph (1) need to meet the requirements for permission, approval, labels and other conditions pursuant to Article 226, the fulfillment of such requirements and conditions shall be certified.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 187 (Permission for Work to be Conducted Outside Bonded Factories)

- (1) When it is deemed necessary to develop processing trade or the domestic industry, the head of a customhouse may permit the work referred to in Article 185 (1) to be conducted outside the relevant bonded factory by determining a period, a place, goods, etc. as prescribed by Presidential Decree. *<Amended by Act No. 10424, Dec. 30, 2010>*
- (2) Deleted. *<by Act No. 9910, Jan. 1, 2010>*
- (3) Where permission referred to in paragraph (1) is granted, a customs officer may inspect the relevant goods when they are shipped out of the bonded factory. *<Amended by Act No. 10424, Dec. 30, 2010>*
- (4) Foreign goods shipped into a designated place (hereinafter referred to as "workplace, other than a bonded factory") with permission granted under paragraph (1) shall be deemed to exist in a bonded factory until a designated period expires. *<Amended by Act No. 10424, Dec. 30, 2010>*
- (5) The head of a customhouse may permit the shipment of goods to be used for the bonded work whose permission is granted under paragraph (1) directly to a workplace, other than a bonded factory, as prescribed by the Commissioner of the Korea Customs Service. *<Amended by Act No. 10424, Dec. 30, 2010>*
- (6) Where foreign goods or other goods manufactured using such foreign goods remain at the workplace, other than a bonded factory after the designated period provided for in paragraph (1) expires, customs duties on such goods shall be promptly collected from the operator of the relevant bonded factory who has been granted with permission for the relevant goods. *<Amended by Act No. 10424, Dec. 30, 2010>*

Article 188 (Imposition of Customs Duties on Manufactured Goods)

Where the work is done using foreign goods or using foreign goods and domestic goods as raw materials or materials, any goods therefrom shall be deemed goods which arrive in Korea from a foreign country:

Provided, That if both foreign goods and domestic goods are used as raw materials or materials to manufacture new goods upon approval of the head of a customhouse, as prescribed by Presidential Decree, any goods corresponding to the quantity and price of the foreign goods from among the goods therefrom shall be deemed goods which arrive in Korea from a foreign country.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 189 (Imposition of Customs Duties on Raw Materials)

- (1) When any goods manufactured in a bonded factory are imported and an application for taxation on the foreign goods, which are raw materials of the relevant goods, has been filed with the head of customhouse in advance before a use report pursuant to Article 186 is filed, customs duties shall be imposed in accordance with the nature and quantity of the raw materials at the time the use report is filed pursuant to Article 186, notwithstanding Article 16.
- (2) The head of a customhouse may permit the bonded factory satisfying the standards prescribed by Presidential Decree to file an application by raw material or goods, or for the entire bonded factory pursuant to paragraph (1) within the extent of one year.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 4 Bonded Exhibitions

Article 190 (Bonded Exhibition Sites)

Foreign goods may be stored, displayed and used in any bonded exhibition site for an exposition, a fair, a sample exhibition, etc.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 5 Bonded Construction Work Sites

Article 191 (Bonded Construction Work Sites)

In a bonded construction work site, any construction work may be carried out storing or using machinery devices or construction equipment which are foreign goods used for the installation of industrial facilities.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 192 (Import Declaration Prior to Use)

When any operator ships foreign goods into a bonded construction work site, he/she shall file an import declaration thereon before such foreign goods are used and undergo an inspection conducted by customs officers: Provided, That if a customs officer deems it unnecessary to inspect such goods, the inspection may be omitted.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 193 (Restriction on Storage of Foreign Goods Shipped into Bonded Construction Work Sites)

Where deemed necessary with respect to foreign goods shipped into a bonded construction work site, the head of a customhouse may restrict a place where such foreign goods are stored in the bonded construction work site or require the operator to report the actual use of such foreign goods.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 194 (Restriction on Operation of Facilities Installed in Bonded Construction Sites)

Any operator shall be prohibited from operating facilities installed in a bonded construction work site before an import declaration thereon filed under Article 248 is accepted.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 195 (Work Permission Outside Bonded Construction Work Sites)

- (1) When the head of a customhouse deems it necessary to carry out the bonded work, he/she may permit the implementation of any bonded work outside a bonded construction work site by determining a period, a place, goods, etc. as prescribed by Presidential Decree.
- (2) Article 187 (3) through (6) shall apply mutatis mutandis to permission for any bonded work outside a bonded construction work site under paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 6 Bonded Stores

Article 196 (Bonded Stores)

- (1) Foreign goods may be sold in any bonded store under the condition that goods sold therein are shipped overseas or used by a person eligible for duty exemption under Article 88 (1) 1 through 4.
- (2) The head of a customhouse may limit the kind, quantity, place of storage, etc. of goods that are permitted to be sold in any bonded store.
- (3) Necessary matters concerning the shipment of goods into or out of any bonded store, delivery and management of such goods that are sold in any bonded store shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 4 General Bonded Areas

Article 197 (Designation, etc. of General Bonded Areas)

- (1) The head of a customhouse may, ex officio or upon a request from the head of a relevant central administrative agency, the head of a relevant local government, or other persons who intend to operate a general bonded area (hereinafter referred to as "applicant for designation"), designate a certain area as a general bonded area by taking into account the expected extent of its contribution to the promotion of trade, the quantity of foreign goods shipped into and out of such general bonded area, etc.
- (2) In any general bonded area, not less than two functions, from among those as a bonded warehouse, bonded factory, bonded exhibition, bonded construction work site or bonded store, may be performed (hereinafter referred to as "general bonded function").
- (3) Necessary matters concerning requirements, procedures, etc. for designating any general bonded area shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 198 (Filing Reports on Establishment and Operation of Place for General Bonded Business)

- (1) A person who intends to perform the general bonded functions in a general bonded area shall specify such function and file a report on the establishment and operation of a place of general bonded business with the

head of a customhouse.

- (2) No person falling under any subparagraph of Article 175 may file any report on the establishment and operation of a place of general bonded business referred to in paragraph (1).
- (3) When the operator of a place of general bonded business intends to modify the general bonded functions he/she performs, he/she shall file a report thereon with the head of a customhouse.
- (4) Necessary matters concerning procedures, etc. for filing a report referred to in paragraphs (1) and (3) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 199 (Shipment, etc. of Goods into and out of General Bonded Areas)

- (1) A person who intends to ship goods into and out of any general bonded area shall file a report thereon with the head of a customhouse, as prescribed by Presidential Decree.
- (2) Where goods shipped into or out of any general bonded area are domestic goods, reporting referred to in paragraph (1) may be omitted or such goods may be shipped into or out of such general bonded area in a simplified manner, as determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 199-2 (Refund of Customs Duties etc. on Goods Sold in General Bonded Areas)

- (1) Where persons prescribed by Presidential Decree, such as foreign tourists, etc. take the goods purchased in a general bonded area out of Korea, the customs duties, internal taxes, etc. paid when they purchased the relevant goods may be refunded.
- (2) Matters necessary for the procedures, methods, etc. for the refund of customs duties, internal taxes, etc. referred to in paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 200 (Scope, etc. of Goods Shipped into and out of General Bonded Areas)

- (1) Goods determined by Ordinance of the Ministry of Strategy and Finance used or consumed in a general bonded area shall be used or consumed therein after undergoing an import clearance.

(2) No limit shall be placed on the storage period of goods shipped into any general bonded area: Provided, That the storage period of goods shipped into the place by the Commissioner of the Korea Customs Service as it is deemed necessary for the efficient distribution of exported and imported goods from among the places that function as a bonded warehouse pursuant to Article 197 (2), shall be the period determined by the Commissioner of the Korea Customs Service within the limit of one year.

(3) When goods shipped into or out of a general bonded area are deemed an impediment to the national security, the public order, the public health, environmental conservation, etc., or such goods are deemed not in conformity with the purpose of designating such general bonded area, the head of a customhouse may limit the shipment of the relevant goods into and out of such general bonded area.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 201 (Management of Goods by Operators)

(1) An operator shall manage goods shipped into his/her general bonded area by classifying such goods according to general bonded functions.

(2) The head of a customhouse may sell goods falling under the proviso to Article 208 (1), from among goods stored in any general bonded area, in accordance with the same Article.

(3) When an operator relocates, uses or disposes of goods shipped into his/her general bonded area, he/she shall keep records thereon using books or data-processing equipment. In such cases, goods determined by Ordinance of the Ministry of Strategy and Finance shall be reported to the head of a customhouse in advance.

(4) Necessary matters concerning methods, procedures, etc. for keeping records pursuant to paragraph (3) shall be determined by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 202 (Duties, etc. to Maintain Facilities)

(1) An operator shall maintain facilities, equipment, etc. necessary to perform the general bonded functions, as prescribed by Presidential Decree.

(2) A person who intends to perform the maintenance and supplementary work for goods stored in a general bonded area or to perform any bonded work outside such general bonded area shall file a report thereon with the head of a customhouse, as prescribed by Presidential Decree.

(3) Article 187 shall apply mutatis mutandis to the inspection, etc. of goods shipped out of a general bonded area, where the work is carried out pursuant to paragraph (2).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 203 (Management, etc. of General Bonded Areas by Customhouse)

(1) The head of a customhouse may control personnel, vehicles, etc. entering and departing from any general bonded area or inspect goods transported or carried into and out of such general bonded area in order to efficiently operate such general bonded area, including the security of duty claims, supervision and control of such general bonded area.

(2) The head of a customhouse may check or inspect books and records compiled using the data-processing equipment under Article 201 (3) or require the operator to report necessary matters, including business records, etc. in order to verify goods shipped into or out of any general bonded area and their use, disposal, etc.

(3) When the Commissioner of the Korea Customs Service deems it necessary to monitor and control foreign goods in a general bonded area, he/she may request the applicant for designation of such general bonded area to install facilities utilized to prevent illegal shipment, losses, theft, etc. of bonded goods out of such general bonded area in such general bonded area. In such cases, the applicant for designation shall comply therewith unless extenuating circumstances exist to the contrary.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 204 (Revocation, etc. of Designation of General Bonded Areas)

(1) When the Commissioner of the Korea Customs Service deems it unnecessary to keep a general bonded area due to decreases in the quantity of goods shipped into or out of such general bonded area and other grounds prescribed by Presidential Decree, he/she may revoke the designation thereof.

(2) When the operator of a place of general bonded business falls under any of the following subparagraphs, the head of a customhouse may suspend him/her from performing his/her general bonded functions within the extent of six months:

1. Where he/she falls under any subparagraph of Article 175;
2. Where there is a decrease in the quantity of goods shipped into or out of a general bonded area in connection with the general bonded functions performed by the operator and other grounds prescribed by Presidential Decree.

Article 205 (Provisions to be Applied Mutatis Mutandis)

Articles 175, 177 (2), 178 (1) and (3), 180 (1), (3) and (4), 182, 184, 185 (2) through (4), 186, 188, 189, 192 through 194, and 241 (2) shall apply mutatis mutandis to any general bonded area.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 5 Custody and Disposal

Sub-Section 1 Custody and Deposit

Article 206 (Custody and Deposit)

- (1) The head of a customhouse may keep in custody any of the following goods which do not satisfy requirements for permission, approval, labels and other conditions provided for in Article 226:
1. Traveler's personal effects;
 2. Personal effects of crew of the means of transportation navigating between Korea and foreign countries.
- (2) With respect to goods kept in custody in accordance with paragraph (1), such custody shall be rescinded only when the cause thereof is eliminated or such goods are returned.
- (3) Among goods falling under any subparagraph of paragraph (1), if a person has no intention to import such goods, he/she may temporarily deposit them by filing a report thereon with the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 207 (Goods in Custody and on Deposit)

- (1) Any goods kept in custody or on deposit under Article 206 shall be stored in a place managed by the head of a customhouse: Provided, That this shall not apply where the head of the customhouse deems it necessary to do so.
- (2) Articles 160 (4) through (6), 170, 208 through 212 shall apply mutatis mutandis to goods kept in custody or on deposit in accordance with Article 206.
- (3) When the head of a customhouse deems it necessary to ensure smooth customs clearance for goods kept in custody or on deposit, notwithstanding Article 209 applied mutatis mutandis in accordance with paragraph (2), he/she may notify the effect that goods kept in custody or on deposit shall be sold unless they are either exported, imported or returned within the custody and deposit period, as determined by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Sale of Goods, Storage Period of which Expires

Article 208 (Goods Subject to Sale and Procedures for Sale)

- (1) When the storage period of foreign goods shipped into a bonded area expires, the head of a customhouse may sell the relevant goods after publishing such fact: Provided, That any of the following goods may be sold even before the expiration of their storage period after publishing their sale:
1. Live animals and plants;
 2. Goods which are decomposed or feared to be decomposed;
 3. Goods which are feared to damage any warehouse or foreign goods;
 4. Goods which are no longer usable if a specified period expires or goods which are feared to suffer a sharp diminution in their commercial value;
 5. Goods the sale of which is requested by the owner thereof from among goods determined by the Commissioner of the Korea Customs Service.
- (2) Where goods the storage period of which expires fall under any subparagraph of paragraph (1), and where it

is too urgent to give public notice of a sale, such notice may be given after their sale.

(3) The pledgee or lien holder of the sold goods shall turn the relevant goods over to a vendee, notwithstanding other Acts and subordinate statutes.

(4) In any of the following cases where goods are sold in accordance with paragraph (1), the head of a customhouse may request an institution prescribed by Presidential Decree (hereafter referred to as "sale agent" in this Section) to act for him/her in selling such goods:

1. Where it is intended to sell goods through an electronic document in a cyber-mall (referring to an online store in which goods are traded via computers, information and communications facilities) to ensure the rapid sale of such goods;

2. Where expert knowledge is required for the sale of goods;

3. Where special circumstances make it inappropriate for any customhouse to sell the goods directly.

(5) Where the sale agent acts for a customhouse in selling goods in accordance with paragraph (4) (including cases where the sale agent acts for a customhouse in dealing with the balance of proceeds from sale under Article 211 (6)), the head of the sale agent shall be deemed as the head of the customhouse.

(6) When a sale agent acts for the customhouse in selling goods, the head of a customhouse pay commission, etc. to the sale agent, taking into account expenses incurred in selling such goods, as determined by Ordinance of the Ministry of Strategy and Finance.

(7) Where a sale agent acts for a customhouse in selling goods under paragraph (4), executives and employees of the sale agent shall be deemed customs officers in the application of penal provisions under the Criminal Act or other Acts.

(8) Necessary matters concerning the sale of goods by the sale agent under paragraph (4) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 209 (Notices)

(1) When the head of a customhouse intends to sell goods, the storage period of which has expired under

Article 208 (1), he/she shall serve a notice on the owner of such goods, etc. that he/she is required to export, import or return the relevant goods within one month from the date of such notice.

(2) Where it is impossible to serve a notice on the owner of goods, etc. under paragraph (1) because of the failure to identify the owner, etc. or his/her whereabouts, such notice may be published instead.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 210 (Method of Sale)

(1) The sale of goods under Article 208 shall be effected according to general competitive bidding, designated competitive bidding, a free contract, an auction or a consignment sale.

(2) Where the goods are not sold through competitive bidding, such goods may be placed on such competitive bidding again after the lapse of at least five days, and the estimated sale price thereof may be lowered by up to 10/100 of the initial estimated sale price in each consecutive bidding. In such cases, if a bidder is willing to buy the goods at a price higher than the estimated sale price to be lowered, the goods may be sold to him/her through a free contract at that price.

(3) In any of the following cases, the goods may be sold through an auction or a free contract:

1. Where the goods are not sold after they are placed on not less than two consecutive competitive bidding in accordance with paragraph (2);
2. Where the goods cannot be sold through competitive bidding, in consideration of the nature, form, purpose of use, etc. of such goods.

(4) Any goods which are not sold in accordance with paragraph (3) and other goods prescribed by Presidential Decree may be sold through a consignment sale.

(5) The dutiable value of the goods sold in accordance with paragraphs (1) through (4) shall be calculated based on the initial estimated sale price referred to in paragraph (2), notwithstanding Articles 30 through 35.

(6) Matters concerning the method of calculating the estimated sale price of goods to be sold and a consignment sale shall be prescribed by Presidential Decree, and the National Tax Collection Act shall apply mutatis mutandis to auction procedures.

- (7) When the head of a customhouse intends to sell goods in accordance with paragraph (1), he/she shall publish details of the kind of goods to be sold, the quantity of such goods, an estimated sale price, etc. ten days before the sale takes place.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 211 (Disposition of Balance)

- (1) If there exists any balance after proceeds from the sale of goods in accordance with Article 210 are appropriated to expenses incurred in such sale, customs duties and other taxes in such order, the head of a customhouse shall pay such balance to the owner of such goods.
- (2) The pledgee or lien holder of the goods sold in accordance with Article 208 shall present a document attesting his/her right to the head of a customhouse within one month from the date of sale.
- (3) If there exists any pledgee or lien holder of the goods sold in accordance with Article 208, the head of a customhouse shall pay an amount equivalent to the claim secured by the pledge or lien to such pledgee or lien holder before he/she pays any balance to the owner of the goods.
- (4) Where any balance of proceeds from the public sale of goods is paid to a pledgee or a lien holder, and such balance falls short of the amount of a claim secured by a pledge or a lien and at least two claimants exist, the head of a customhouse shall pay such balance according to the order and amount of payment he/she sets in accordance with the Civil Act and other Acts and subordinate statutes.
- (5) The payment of any balance under paragraph (1) may be temporarily deferred, as determined by the Commissioner of the Korea Customs Service.
- (6) Where a sale agent sells goods on behalf of a customhouse in accordance with Article 208 (4), the sale agent may act for the customhouse in handling any balance of proceeds from the sale under paragraphs (1) through (5).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 212 (Reversion of Goods to National Treasury)

- (1) The head of a customhouse shall serve a notice on the owner, etc. of any goods not sold under Article 210

that such goods shall be immediately shipped out of a place where they are stored.

- (2) Where the relevant goods are not shipped out of such place within one month from the date of notice referred to in paragraph (1), the ownership of such goods shall be deemed renounced and the goods in question shall revert to the National Treasury.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER VIII TRANSPORTATION

SECTION 1 Bonded Transportation

Article 213 (Filing Declarations on Bonded Transportation)

- (1) Foreign goods may be transported, as they are, only between the following places: Provided, That goods on which an import declaration is accepted under Article 248 may be transported from a place where the relevant goods are stored to any of the following places:

1. Open ports;
2. Bonded areas;
3. Places permitted under Article 156;
4. Customs authorities;
5. Customs clearance stations;
6. Customs clearance areas;
7. Clearance post offices.

- (2) A person who intends to run the bonded transportation referred to in paragraph (1) shall file a declaration thereon with the head of a customhouse, as determined by the Commissioner of the Korea Customs Service: Provided, That if deemed necessary for monitoring goods and such necessity is prescribed by Presidential Decree, he/she shall obtain approval therefor from the head of a customhouse.

- (3) When a customs officer deems it necessary to monitor and control, he/she may inspect goods intended for

the bonded transportation, as determined by the Commissioner of the Korea Customs Service.

(4) With respect to goods on which an export declaration is accepted, procedures for their bonded transportation shall be omitted except as otherwise provided for by the Commissioner of the Korea Customs Service.

(5) Articles 247 and 250 shall apply mutatis mutandis to any report, approval and inspection of the bonded transportation under paragraphs (2) and (3).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 214 (Declarant of Bonded Transportation)

A report or an application for approval pursuant to Article 213 (2) shall be filed in the name of any of the following persons:

1. The owner of goods;
2. A licensed customs broker, etc.;
3. A person who runs the bonded transportation business (hereinafter referred to as "bonded transportation operator").

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 215 (Declarations on Bonded Transportation)

A person who has filed a declaration or obtained approval for his/her bonded transportation pursuant to Article 213 (2) shall file a report thereon with the head of a customhouse having jurisdiction over a destination, as determined by the Commissioner of the Korea Customs Service when the relevant goods arrive at their destination.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 216 (Bonded Transportation Route)

(1) When the head of a customhouse deems it necessary to monitor and control goods in the bonded transportation, he/she may restrict transportation routes, as determined by the Commissioner of the Korea Customs Service.

- (2) Any bonded transportation shall be completed within a period fixed by the Commissioner of the Korea Customs Service: Provided, That when deemed necessary to extend such period due to a disaster or other unavoidable causes, the head of a customhouse may extend the period.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 217 (Collection of Customs Duties Upon Expiration of Period for Bonded Transportation)

Where the bonded transportation of foreign goods on which a declaration is filed or for which approval is obtained under Article 213 (2) fails to arrive in a destination within a fixed period, customs duties thereon shall be collected without delay: Provided, That this shall not apply where the relevant goods are lost due to a disaster or other unavoidable causes, or disposed of upon prior approval from the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 218 (Security on Bonded Transportation)

The head of a customhouse may request the provision of security against customs duties on the goods whose a declaration on or approval for the bonded transportation under Article 213 is filed or obtained.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 219 (Transportation of Goods in Wrecked Vessel or Aircraft)

- (1) Any foreign goods unloaded from a vessel or an aircraft due to a calamity or other unavoidable causes may be transported from a place where such foreign goods are temporarily stored to the place referred to in each subparagraph of Article 213 (1).
- (2) A person who intends to transport foreign goods under paragraph (1) shall obtain approval required under Article 213 (2): Provided, That in cases of emergency, a report thereon shall be filed with a customs officer or a national police officer (limited to cases where no customs officer is accessible).
- (3) Any national police officer in receipt of a report filed in accordance with the proviso to paragraph (2) shall notify a customs officer of a summary of such report.
- (4) Articles 215 through 218 shall apply mutatis mutandis to the transportation pursuant to paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 220 (Simplified Bonded Transportation)

The head of a customhouse may take any of the following measures by designating a bonded transportation operator or goods, as determined by the Commissioner of the Korea Customs Service, in consideration of the nature and form of goods subject to the bonded transportation and the credit rating, etc. of a bonded transportation operator:

1. The simplification of procedures for filing any report under Article 213 (2);
2. The omission of inspections under Article 213 (3);
3. The exemption from providing security under Article 218.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Domestic Transportation

Article 221 (Filing Report on Domestic Transportation)

- (1) Where a person who intends to transport domestic goods by a foreign trade vessel or a foreign trade aircraft, he/she shall file a report on domestic transportation with the head of a customhouse, as prescribed by Presidential Decree.
- (2) Articles 215, 216, 246, 247 and 250 shall apply mutatis mutandis to domestic transportation.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 3 Bonded Transportation Operators, etc.

Article 222 (Registration and Reporting of Bonded Transportation Operators, etc.)

- (1) Any of the following persons (hereinafter referred to as "bonded transportation operator, etc.") shall register with the Commissioner of the Korea Customs Service or the head of a customhouse, as prescribed by Presidential Decree: *<Amended by Act No. 10897, Jul. 25, 2011>*
 1. A bonded transportation operator;
 2. A person who intends to handle bonded goods, running a business brokering cargo transportation in

accordance with other Acts and subordinate statutes (hereinafter referred to as "cargo transportation broker");

3. A person who runs a business loading or unloading goods onto or from foreign trade vessels, foreign trade aircraft, or border-crossing vehicles;

4. A person who runs a business providing foreign trade vessels, foreign trade aircraft, or border-crossing vehicles with any of the following goods, etc.:

(a) Vessel supplies;

(b) Aircraft supplies;

(c) Vehicle supplies;

(d) Goods sold inside ships, airplanes, or railroad vehicles;

(e) Services;

5. A person who runs a business providing goods or services in any bonded area located inside any open port;

6. A person who runs a business delivering commercial documents and other samples using foreign trade vessels, foreign trade aircraft, or border-crossing vehicles.

(2) Necessary matters concerning standards, procedures, etc. for the registration under paragraph (1) shall be prescribed by Presidential Decree.

(3) When the Commissioner of the Korea Customs Service or the head of a customhouse deems it necessary, he/she may order a bonded transportation operator, etc. to file a report on his/her business or to present books and other documents.

(4) The Commissioner of the Korea Customs Service or the head of a customhouse may require the cargo transportation broker to report its business under Article 225 (2). *<Newly Inserted by Act No. 10897, Jul. 25, 2011>*

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 223 (Requirements for Registration of Bonded Transportation Operators, etc.)

Every bonded transportation operator, etc. shall meet the following requirements:

1. He/she shall not fall under any subparagraph of Article 175;
2. He/she shall obtain a license, permission, designation, etc. or shall file registration in accordance with the Harbor Transport Business Act and other relevant Acts and subordinate statutes;
3. He/she shall not have any customs duties and any national tax in arrears;
4. He/she shall be a person for whom two years have elapsed since his/her registration as a bonded transportation operator was revoked.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 224 (Administrative Sanctions against Bonded Transportation Operators, etc.)

Where any bonded transportation operator, etc. falls under any of the following subparagraphs, the head of a customhouse may revoke his/her registration, suspend his/her business for six months or less or take other necessary measures against him/her: Provided, That in cases falling under subparagraph 1, the registration thereof shall be revoked:

1. Where he/she falls under any subparagraph of Article 175;
2. Where his/her license, permission, designation, registration, etc. is revoked or a disposition is taken to suspend his/her business in accordance with the Harbor Transport Business Act and other relevant Acts and subordinate statutes;
3. Where he/she (including any of his/her executives, staff, and employees) violates this Act or any order issued under this Act, in connection with his/her work as a bonded transportation operator, etc.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 225 (Declaration and Reporting of Shipping Company, etc. Handling Bonded Cargos)

- (1) A shipping company or an airline that handles bonded cargos (including its agent; hereafter the same shall apply) shall declares its business to the head of a customhouse, as prescribed by Presidential Decree. This shall apply where he/she has changed important matters prescribed by Presidential Decree, such as the address, etc. of the person who files a declaration. *<Amended by Act No. 10897, Jul. 25, 2011>*

(2) When the head of a customhouse deems it necessary to expedite a customs clearance for bonded cargos and simplify the procedures for managing such bonded cargos, he/she may require any shipping company or airline to report on its business, as prescribed by Presidential Decree. *<Amended by Act No. 10897, Jul. 25, 2011>*

(3) Deleted. *<by Act No. 10897, Jul. 25, 2011>*

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER IX CUSTOMS CLEARANCE

SECTION 1 Common Provisions

Sub-Section 1 Requirements for Customs Clearance

Article 226 (Certification and Verification of Permission, Approval. etc.)

(1) Goods that need to get permission, approval, labels and meet other conditions, at the time of exportation or importation, as prescribed by the Acts and subordinate statutes, shall verify to the head of a customhouse that they have satisfied such requirements and conditions.

(2) Methods and procedures for verifying import and export goods that needs to be verified on their compliance with requirements and conditions referred to in paragraph (1), and other necessary matters shall be published in advance, as prescribed by Presidential Decree, notwithstanding other Acts and subordinate statutes.

(3) Article 245 (2) shall apply mutatis mutandis to the verification referred to in paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 227 (Requests for Fulfilling Obligation)

(1) With respect to goods on which obligations, such as being used for a specific purpose, are imposed after their import in accordance with other Acts and subordinate statutes, the head of a customhouse may request in writing that such obligation should be fulfilled.

(2) A person in receipt of a request for fulfilling the obligation referred to in paragraph (1) shall fulfill such obligation imposed on the relevant goods unless special grounds prescribed by Presidential Decree exist that exempt him/her from fulfilling such obligation.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 228 (Customs Clearance Labels)

When the head of a customhouse deems it necessary to secure customs duties, he/she may order customs clearance labels be placed on imported goods, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Confirmation of Country of Origin

Article 229 (Standards for Confirmation of Country of Origin)

(1) When the country of origin is confirmed in order to impose and collect customs duties in accordance with this Act, treaties, conventions, etc. to clear the customs on any import and export goods, to conduct an investigation, etc. upon request for confirmation pursuant to Article 233 (2), any of the following countries shall be the country of origin:

1. A country in which all of the relevant goods are produced, processed or manufactured;
2. Where the relevant goods are produced, processed or manufactured in at least two countries, a country in which the final process of producing, processing and manufacturing the relevant goods is practically undertaken to the extent that such goods are fully given with their essential characteristics.

(2) Necessary matters concerning the scope of goods subject to the application of each subparagraph of paragraph (1), specific standards, etc. for confirming the country of origin shall be determined by Ordinance of the Ministry of Strategy and Finance.

(3) Notwithstanding paragraphs (1) and (2), when necessary to prescribe otherwise standards, etc. for confirming the country of origin to implement treaties, conventions, etc., standards, etc. for confirming the country of origin shall be determined otherwise by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 230 (Limitations on Customs Clearance of Goods with False Country of Origin Labels)

When any goods which are required to carry the country of origin labels in accordance with Acts and subordinate statutes fall under any of the following subparagraphs, the head of a customhouse may not permit such goods to undergo customs clearance: Provided, That if a violation is insignificant, the head of the customhouse may permit the goods in question to undergo the customs clearance procedure after having such insignificant violation supplemented or corrected:

1. Where the country of origin is labeled in a manner not in compliance with standards and methods prescribed by Acts and subordinate statutes;
2. Where the country of origin is falsely labeled in an illegal manner;
3. Where no country of origin is labeled.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 230-2 (Limitations on Customs Clearance of Goods with False or Misleading Labels on Quality, etc.)

The head of a customhouse shall not grant permission for customs clearance of any goods with a false label on their quality, details, manufacturing method, use and quantity (hereafter referred to as "quality, etc." in this Article) or with a misleading label or mark on their quality, etc. which violate the Acts and subordinate statutes governing the labels on quality, etc. including but not limited to the Unfair Competition Prevention and Trade Secret Protection Act, the Food Sanitation Act and the Industrial Standardization Act.

[This Article Newly Inserted by Act No. 10424, Dec. 30, 2010]

Article 231 (Custody, etc. of Transshipped Goods, etc.)

- (1) The head of a customhouse may keep in custody foreign goods whose country of origin is falsely labeled as Korea from among foreign goods temporarily unloaded onto land or transferred to another means of transportation in transshipment or combined transshipment pursuant to Article 141.
- (2) Foreign goods kept in custody in accordance with paragraph (1) shall be stored in a place managed by the head of a customhouse: Provided, That this shall not apply where the head of the customhouse deems it

unnecessary to do so.

- (3) When the head of a customhouse keeps foreign goods in custody in accordance with paragraph (1), he/she shall notify the owner of such foreign goods or a person entrusted by such owner of the fact.
- (4) When the head of a customhouse serves a notice referred to in paragraph (3), he/she may order to correct the country of origin labels in question or to take other necessary measures within a fixed period. In such cases, the head of the customhouse shall serve a notice on the owner of the foreign goods or the person entrusted by such owner to the effect that if he/she fails to comply with orders, the foreign goods in question shall be sold.
- (5) When an order referred to in the former part of paragraph (4) is carried out, the head of customhouse shall release the goods from such custody immediately.
- (6) When an order referred to in the former part of paragraph (4) is not carried out, the head of a customhouse may sell the goods in question. In such cases, Articles 160 (4) through (6) and 210 shall apply mutatis mutandis to methods and procedures for such sale.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 232 (Country of Origin Certificates, etc.)

- (1) A person who imports goods whose country of origin needs to be confirmed in accordance with this Act, treaties, conventions, etc. shall present a document attesting the country of origin of the relevant goods (hereinafter referred to as "country of origin certificate"): Provided, That this shall not apply to goods prescribed by Presidential Decree.
- (2) If a person who imports goods whose country of origin needs to be confirmed pursuant to paragraph (1) fails to present it, the head of a customhouse may choose not to grant tariff benefits by not applying the general preferential tariff, the international cooperation tariff or the beneficial tariff when applying tariff rates provided for in this Act, treaties, conventions, etc.
- (3) The head of a customhouse may require a person who imports goods whose country of origin needs to be confirmed to provide necessary data to confirm details of the country of origin certificate presented under

paragraph (1) (hereafter in this Article referred to as "country of origin confirmation data"). In such cases, when a person who imports goods whose country of origin needs to be confirmed fails to provide the country of origin confirmation data without any justifiable reason, the head of a customhouse may refuse to recognize details of the country of origin certificate presented when an import declaration is filed.

- (4) When a person who provides the country of origin confirmation data under paragraph (3) requests that the provided data not be disclosed citing justifiable reasons, the head of a customhouse shall not disclose such data in the absence of the explicit consent of the person.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 232-2 (Issuance, etc. of Country of Origin Certificates)

- (1) When an exporter of goods to which a tariff concession can be made pursuant to this Act, treaties, conventions, etc. requests for the issuance of the country of origin certificate, the head of a customhouse or any other agency having authority to issue the country of origin certificates shall issue it to the exporter.
- (2) When the head of a customhouse deems it necessary to confirm the details of the country of origin certificate issued pursuant to paragraph (1), he/she may require any of the following persons to provide the country of origin confirmation data (limited to data prescribed by Presidential Decree). In such cases, a period for providing data shall not be longer than a period determined by Ordinance of the Ministry of Strategy and Finance which is at least 20 days:
1. A person to whom the country of origin certificate has been issued;
 2. A person who has issued the country of origin certificate;
 3. Other persons prescribed by Presidential Decree.

[This Article Newly Inserted by Act No. 10424, Dec. 30, 2010]

Article 233 (Requests for Confirming Country of Origin Certificates, etc. and Investigations)

- (1) The head of a customhouse may request the customhouse of a foreign country that has issued the country of origin certificate or any agency authorized to issue such country of origin certificate to confirm authenticity, accuracy, etc. of such country of origin certificate and the country of origin confirmation data provided for in

accordance with Article 232 (1) and (3). In such cases, the head of a customhouse shall make a confirmation request after an import declaration on the relevant goods is accepted.

- (2) The head of a customhouse may conduct a written or field investigation on any of the persons referred to in each subparagraph of Article 232-2 (2) if he/she deems it necessary to do so when he/she is requested to confirm the genuineness, accuracy, etc. of the country of origin certificates and the country of origin confirmation data from any duly-authorized agency of a country that imports goods whose country of origin certificate has been issued pursuant to Article 232-2.
- (3) Necessary matters concerning a request for confirmation under paragraph (1) and an investigation under paragraph (2) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 233-2 (Collection and Analysis of Information on Origin of Exported and Imported Goods)

- (1) The Commissioner of the Korea Customs Service may collect and analyze information necessary for the duty of confirmation, determination, verification, etc. of the origin of exported and imported goods in accordance with this Act, the Act on the Special Cases of Customs Act for the Implementation of Free Trade Agreement, treaties, agreements, etc.
- (2) Where it is necessary for the efficient collection and analysis of information pursuant to paragraph (1), the Commissioner of the Korea Customs Service may entrust part of the duties prescribed by Presidential Decree to the head of a corporation or organization prescribed by Presidential Decree.
- (3) Matters necessary for the collection and analysis of information on the origin of exported and imported goods under paragraph (1) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 3 Restrictions on Customs Clearance

Article 234 (Prohibition on Export and Import)

The following goods may not be exported or imported:

1. Books, publications, drawings, films, records, videos, sculptures and other similar goods which disrupt constitutional order, disturb the public safety and order or corrupt public morals;
2. Goods which reveal confidential information of the Government or are used to carry out intelligence missions;
3. Currencies, bonds and securities which are counterfeited, forged or copied.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 235 (Protection of Intellectual Property Rights)

(1) No goods which infringe on any of the following intellectual property rights may be imported or exported:

1. Trademark rights, the enactment of which is registered under the Trademark Act;
2. Copyrights and neighboring rights pursuant to the Copyright Act (hereafter referred to as "copyright, etc." in this Article);
3. Variety protection rights, the enactment of which is registered under the Seed Industry Act;
4. Geographical indications rights or geographical indications (hereinafter referred to as "geographical indications right, etc.") registered under the Agricultural Products Quality Control Act or the Quality Control of Fishery Products Act, or designated for the protection under treaties, agreements, etc.;
5. Patent rights, the enactment of which is registered under the Patent Act;
6. Design rights, the enactment of which is registered under the Design Protection Act.

(2) When it is necessary to efficiently regulate goods which infringe on an intellectual property right referred to in each subparagraph of paragraph (1), the Commissioner of the Korea Customs Service may require the person, etc. who has registered the intellectual property right in question or the enactment thereof pursuant to the relevant Acts and subordinate to file a report on the matters concerning the intellectual property right in question.

(3) When any of the following goods are deemed to have infringed on an intellectual property right reported under paragraph (2), the head of a customhouse shall notify the person who has reported the intellectual property right of the fact that the export or import declaration on the relevant goods, the declaration on

transshipment, combined transshipment, shipment into a bonded area, bonded transportation, or on temporary unloading thereof pursuant to subparagraph 1 of Article 141 (hereafter referred to as "import or export declaration, etc." in this Article) has been filed. In such cases, the person in receipt of a notification may provide security to the head of the customhouse and request him/her to withhold a customs clearance for the relevant goods or to keep them in custody:

1. Goods on which an import or export declaration is filed;
2. Goods on which a transshipment or combined transshipment declaration is filed;
3. Goods on which a shipment declaration into a bonded area is filed;
4. Goods on which a bonded transportation declaration is filed;
5. Goods on which a temporary unloading declaration is filed pursuant to subparagraph 1 of Article 141.

(4) A person who intends to keep his/her intellectual property right under each subparagraph of paragraph (1) protected may offer security to the head of a customhouse and request him/her to withhold customs clearance for the relevant goods or to keep them in custody.

(5) The head of a customhouse in a receipt of a request in accordance with paragraphs (3) and (4) shall withhold a customs clearance for the relevant goods or keep them in custody unless special grounds exist that prevent him/her from doing so: Provided, That where a person who has filed an export or import declaration, etc. provides security and requests a customs clearance, or release of custody, such customs clearance or custody of the relevant goods may be permitted except for the following goods:

1. Goods which bear a forged or similar trademark, thus infringing on a trademark right referred to in paragraph (1) 1;
2. Illegally reproduced goods that infringe on a copyright, etc. referred to in paragraph (1) 2;
3. Goods using the same or similar variety name, thus infringing on a variety protection right referred to in paragraph (1) 3;
4. Goods using a forged or similar geographical indication, thus infringing on a geographical indications right, etc. referred to in paragraph (1) 4;

5. Goods using the invention, the establishment of which is patented, thus infringing on a patent right referred to in paragraph (1) 5;
 6. Goods using the same or similar design, thus infringing on a design right referred to in paragraph (1) 6.
- (6) Necessary matters including but not limited to a report on intellectual property rights, provision of security, and withholding and permission for a customs clearance, custody and release of custody provided for in paragraphs (2) through (5) shall be prescribed by Presidential Decree.
- (7) If it is obvious that goods referred to in paragraph (3) has infringed on any intellectual property right provided for in each subparagraph of paragraph (1), the head of a customhouse may withhold customs clearance for such goods or keep them in custody ex officio, as prescribed by Presidential Decree. In such cases, the head of the customhouse shall promptly notify the person who has filed an import or export declaration, etc. on the goods in question.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 236 (Restrictions on Goods and Procedures for Customs Clearance)

When the Commissioner of the Korea Customs Service or the head of a customhouse deems it necessary for monitoring, he/she may restrict goods which may undergo customs clearance in any customs clearance station, a customs clearance area or a specific customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 237 (Withholding of Customs Clearance)

In any of the following cases, the head of a customhouse may withhold customs clearance for the relevant goods:

1. Where matters entered in a declaration on an export, import or a return under Article 241 or 244 need to be supplemented;
2. Where documents, etc. presented under Article 245 need to be supplemented as found incomplete;
3. Where obligations provided for in this Act are violated or the public health, etc. is feared to be harmed;
4. Where it is deemed necessary to verify matters provided for in this Act, thus determined by the

Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 238 (Orders Issued to Ship Goods into Bonded Areas)

(1) The Commissioner of the Korea Customs Service or the head of a customhouse may order any of the following goods which are found to violate obligations provided for in this Act and feared to harm the public health, etc. shipped into a bonded area, as prescribed by Presidential Decree:

1. Goods which are due to be exported overseas after an export declaration thereon is accepted;
2. Goods which are shipped out of a bonded area after an import declaration thereon is accepted.

(2) A person subject to an order issued pursuant to paragraph (1) shall ship the relevant goods into a designated bonded area.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 4 Application of Exception in Customs Clearance

Article 239 (Consumption or Use of Goods not Deemed Imported)

Foreign goods consumed or used shall not be considered as imports, if such consumption or use falls under any of the following cases:

1. Where vessel supplies, aircraft supplies, or vehicle supplies are consumed or used according to their respective purposes in the respective means of transportation;
2. Where vessel supplies, aircraft supplies, or vehicle supplies are consumed or used pursuant to their respective purposes by providing them to a person who has completed the departure inspection procedure in accordance with the Immigration Control Act, or is to leave for a third country via Korea without entering Korea, within the designated bonded area determined by the Commissioner of the Korea Customs Service;
3. Where travelers consume or use their personal effects in any means of transportation or any customs route;

4. Where foreign goods are consumed or used as recognized by this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 240 (Legal Fiction of Export and Import)

(1) Any of the following foreign goods shall be deemed legally imported in accordance with this Act; and customs duties, etc. thereon shall not be collected separately:

1. Postal items delivered to any addressee through any postal service office;
2. Goods sold under this Act;
3. Goods forfeited under this Act;
4. Goods which fall under Articles 269, 272, 273, or 274 (1) 1 and their duties are paid upon a notice disposition taken in accordance with this Act;
5. Goods which revert to the National Treasury in accordance with the Acts and subordinate statutes;
6. Goods, the value of which is additionally collected in lieu of their forfeiture in accordance with Article 282 (3).

(2) Any postal items mailed out to any foreign country through the postal service office shall be deemed legally exported or returned in accordance with this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 5 Management of Distribution Track Record after Customs Clearance

Article 240-2 (Reporting on Distribution Track Record after Customs Clearance)

(1) A person who imports foreign goods and a person who trades foreign goods in Korea (excluding business operators mainly engaging in their sale to consumers) shall report details of goods trades designated by the Commissioner of the Korea Customs Service as likely to undermine social security or national health (hereinafter referred to as "goods subject to report on distribution track record") for each distribution level (hereinafter referred to as "distribution track record") to the Commissioner of the Korea Customs Service.

(2) A person obligated to report distribution track record under paragraph (1) (hereinafter referred to as "person

obligated to report distribution track record") shall prepare distribution track record on books (including electronic recording methods) and keep the data for one year from the date of such trade.

- (3) The Commissioner of the Korea Customs Service shall consult in advance on the designation of goods subject to reporting on distribution track record with the relevant administrative agencies.
- (4) With respect to the designation of goods subject to reporting on distribution track record, period of existence of reporting obligation, establishment of the scope of subjects of report, etc., the Commissioner of the Korea Customs Service shall not unreasonably discriminate foreign goods against domestic goods and endeavor to minimize a burden to persons obligated to report distribution track record.
- (5) The period of existence of reporting obligation for each goods subject to reporting on distribution track record, scope of distribution track record, reporting procedure, and other necessary matters related to reporting on distribution track record shall be determined by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 240-3 (Investigations on Distribution Routes Record)

- (1) The Commissioner of the Korea Customs Service may have a customs officer have access to the place of business of a person obligated to report distribution track record and conduct an investigation by inspecting books or documents related to business, if deemed necessary to enforce Article 240-2.
- (2) A person obligated to report distribution track record shall not reject, interfere with, or evade the investigations under paragraph (1) without any reasonable ground.
- (3) A customs officer who conducts an investigation pursuant to paragraph (1) shall carry a certificate indicating his/her identification and present it to related persons.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Export, Import and Return

Sub-Section 1 Declaration

Article 241 (Declarations on Export, Import or Return)

- (1) A person who intends to export, import or return goods shall declare the item, standard, quantity and price of the relevant goods, and other matters prescribed by Presidential Decree to the head of a customhouse.
- (2) With respect to any of the following goods, a declaration thereon required under paragraph (1) may be omitted or filed in a simplified manner prescribed by the Commissioner of the Korea Customs Service, as prescribed by Presidential Decree:
1. Personal effects, consignments or unaccompanied goods;
 2. Postal items;
 3. Goods exempted from customs duties in accordance with Articles 91 through 94, 96 and 97 (1);
 4. Containers used for international transportation (limited to those the basic tariff rates of which are zero in accordance with the attached Schedules of Tariff Rates).
- (3) A person who has shipped goods intended for import or return into a designated storage place or a bonded warehouse, or stored such goods in a place, other than a bonded area, shall file a declaration thereon pursuant to paragraph (1) within 30 days from the date on which he/she shipped such goods into such place or stored them in such place (within 30 days from the date on which he/she may file a return declaration as prescribed by the Commissioner of the Korea Customs Service with respect to the goods falling under Article 243 (1)).
- (4) When a person who imports or returns goods prescribed by Presidential Decree fails to file a declaration thereon within the period described in paragraph (3), the head of a customhouse may collect an amount prescribed by Presidential Decree as an additional duty within the limit of an amount equivalent to $\frac{2}{100}$ of the dutiable value of the goods.
- (5) In any of the following cases, the head of a customhouse shall collect an amount equivalent to $\frac{20}{100}$ ($\frac{30}{100}$ in cases falling under subparagraph 1) of an amount of duty (including the duty and the internal tax) payable for the relevant goods as an additional duty:
1. Where a duty is imposed on personal effects (excluding goods falling under subparagraphs 1 and 3 of Article 96) falling under paragraph (2) 1 on which any traveler or crew member fails to file a declaration;

2. Where a duty is imposed on moving goods (excluding goods falling under subparagraph 2 of Article 96) on which a person who enters Korea as a migrant fails to file a declaration.

(6) Notwithstanding paragraph (3), a person who exports, imports, or returns any goods prescribed by Presidential Decree, such as electricity, oil, etc. through power lines, pipes or those similar thereto prescribed by Presidential Decree because of the peculiar nature of such goods shall file a declaration thereon stating the matters set forth in paragraph (1) concerning the goods on a monthly basis by not later than the tenth day of the next month, as prescribed by Presidential Decree. In such cases, paragraph (4) shall apply mutatis mutandis to the collection of additional duties if the person fails to file a declaration on exports, imports, or returns within the time limit.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 242 (Declarant of Import, Export, Return, etc.)

A declaration referred to in Article 241, 244 or 253 shall be filed in the name of the owner of goods, a licensed customs broker, etc.: Provided, That in cases of export declarations, such declarations may be filed in the name of a person who manufactured and supplied the relevant goods to the owner of goods.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 243 (Requirements for Declarations)

(1) Restrictions may be imposed on the method of returning goods prescribed by the Commissioner of the Korea Customs Service from among the goods provided for in Article 206 (1) 1, as determined by the Commissioner of the Korea Customs Service.

(2) An import declaration provided for in Article 241 (1) may be filed only after a vessel or an aircraft loaded with the relevant goods arrives at a port or an airport.

(3) A return declaration provided for in Article 241 (1) may be filed only when the relevant goods are stored in a storage place prescribed by this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 244 (Import Declarations Prior to Entry to Port)

- (1) Notwithstanding Article 243 (2), when the prompt customs clearance is required for the goods which a person intends to import, an import declaration thereon may be filed before a vessel or an aircraft loaded with the relevant goods enters a port or an airport, as prescribed by Presidential Decree. In such cases, any goods on which an import declaration prior to an entry to the port is filed shall be considered as arrival in Korea.
- (2) When the head of a customhouse decides to inspect any goods on which an import declaration prior to an entry to the port is filed in accordance with Article 246, he/she shall serve a notice thereon on a person who has filed such import declaration.
- (3) The goods which are made subject to an inspection under paragraph (2) shall be shipped into a bonded area (including any place, other than a bonded area, where such goods are stored) under jurisdiction over the customhouse at which an import declaration has been filed: Provided, That if an inspection of goods in a vessel or an aircraft is deemed possible by the head of a customhouse, such inspection may be conducted in such vessel or such aircraft loaded with the relevant goods.
- (4) An import declaration on any goods which are not made subject to the inspection referred to in paragraph (2) may be accepted before a vessel loaded with such goods enters a port.
- (5) Article 106 (4) shall apply mutatis mutandis to any goods on which an import declaration prior to an entry to the port is accepted, but their shipment into a bonded area, etc. has yet to be made regardless of whether or not the goods are stored in a designated bonded area.
- (6) Necessary matters concerning procedures, etc. for the customs clearance of goods on which an import declaration prior to an entry to the port is filed shall be determined by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 245 (Documents Accompanying Declarations)

- (1) A person who files an export, import or return declaration in accordance with Article 241 or 244 shall present documents prescribed by Presidential Decree in addition to duty data.

(2) Where a person liable to present documents under paragraph (1) presents the relevant documents to a licensed customs broker, etc. who in turn files an export, import or return declaration pursuant to Article 241 or 244 after confirming the documents, the submission of the documents may be omitted or such documents may be presented after an import declaration is accepted.

(3) Where the submission of documents is omitted or such documents are presented after an import declaration is accepted under paragraph (2), if the head of a customhouse requests a declarant to present books and provide other related data determined by the Commissioner of the Korea Customs Service as he/she deems it necessary to submit or present such books and other related data, the declarant shall comply therewith.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 2 Inspection of Goods

Article 246 (Inspection of Goods)

(1) A customs officer may inspect any goods intended to be exported, imported or returned.

(2) The Commissioner of the Korea Customs Service may set necessary standards for goods subject to inspection, the scope and method of such inspection, etc. to ensure the efficiency thereof.

(3) The owner of goods may confirm such goods before he/she files an import declaration thereon, as determined by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 247 (Place of Inspection)

(1) Inspections referred to in Article 186 (1) or 246 shall be performed in a place where goods can be stored under Article 155 (1): Provided, That the inspection of goods intended to be exported shall be performed in a place where such goods are stored.

(2) Notwithstanding paragraph (1), when the head of a customhouse deems it inevitable for an efficient inspection, he/she may inspect the relevant goods after getting such goods shipped into a bonded area, as

determined by the Commissioner of the Korea Customs Service.

- (3) Where the place of an inspection under paragraph (1) is not a designated storage place or a customs inspection place, a declarant shall pay fees as determined by Ordinance of the Ministry of Strategy and Finance: Provided, That in cases of a bonded warehouse, if a declarant is different from an operator, no fees shall be paid.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 3 Settlement of Declaration

Article 248 (Acceptance of Declarations)

- (1) When any declaration under Article 241 or 244 is filed in conformity with this Act, the head of a customhouse shall accept, without delay, such declaration and issue a declaration completion certificate to the relevant declarant: Provided, That if any declaration is received using the electronic data-processing equipment of the Comprehensive Customs Duties Information Network of Korea pursuant to Article 327 (2), the relevant declarant may directly receive a declaration completion certificate using the electronic data-processing equipment, as determined by the Commissioner of the Korea Customs Service.
- (2) When the head of a customhouse accepts a declaration on any dutiable goods under Article 241 or 244, he/she may request any of the following persons to offer security equivalent to the relevant duty:
1. A person who was punished by imprisonment, in violation of this Act or Article 23 of the Act on Special Cases concerning the Refund of Customs, etc. Levied on Raw Materials for Export and for whom two years have not elapsed since the execution was terminated (including cases where the execution deems to be terminated) or exempted;
 2. A person under the suspension of the sentence of imprisonment, in violation of this Act or the Act on Special Cases concerning the Refund of Customs, etc. Levied on Raw Materials for Export;
 3. A person who has been punished by a fine or who received a notification of a disposition under Articles 269 through 271, 274, 275-2, or 275-3 of this Act or Article 23 of the Act on Special Cases concerning

the Refund of Customs, etc. Levied on Raw Materials for Export and for whom two years have not lapsed since the fine was sentenced or the notification of disposition was imposed;

4. A person who has any record of delinquent taxes, such as customs duties, etc. for the latest two years, as of the date on which an import declaration under Article 241 or 244 was filed;

5. A person who has difficulty in securing claims on customs duties prescribed by Presidential Decree, taking into consideration the results of importation, tariff rate of imported goods, etc.

(3) Goods on which a declaration has been filed shall not be shipped out of any means of transportation, any customs route, any loading and unloading passage or a storage place prescribed by this Act before such declaration is accepted under paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 249 (Supplement of Declared Matters)

In any of the following cases, the head of a customhouse may have any incomplete declaration filed pursuant to Article 241 or 244 supplemented before such declaration is accepted: Provided, That if matters in question are insignificant and that it is deemed possible to supplement such matters after the declaration is accepted, such supplement may be made after the declaration is accepted, as determined by the Commissioner of the Korea Customs Service:

1. Where matters stated in any export, import or return under Article 241 or 244 are incomplete;
2. Where documents presented under Article 245 are incomplete.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 250 (Withdrawal and Rejection of Declarations)

(1) A filed declaration may be withdrawn upon approval from the head of a customhouse only if there exist justifiable reasons thereof: Provided, That no import or return declaration may be withdrawn after the relevant goods are shipped out of any means of transportation, customs route, loading and unloading passage or storage place prescribed by this Act.

(2) When approval is granted for withdrawing export, import or return declaration of any goods in accordance

with paragraph (1) after such declaration has been accepted, the acceptance of the declaration shall become invalid.

- (3) The head of a customhouse may, when any declaration required under Articles 241 and 244 fails to meet the requirements or is filed in an illegal means, the head of a customhouse may reject such declaration.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 251 (Loading, etc. of Goods on which Export Declaration is Accepted)

- (1) Any goods on which an export declaration is accepted shall be loaded onto a means of transportation within 30 days from the date on which such export declaration is accepted: Provided, That this shall not apply where approval is granted for extending the loading period within the limit of one year, as determined by Ordinance of the Ministry of Strategy and Finance.

- (2) The head of a customhouse may revoke the acceptance of an export declaration on any goods which are not loaded onto a means of transportation within the loading period under paragraph (1), as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Sub-Section 4 Special Cases for Procedures for Customs Clearance

Article 252 (Shipment of Goods out of Storage Place Prior to Acceptance of Declaration)

A person who intends to ship goods on which an import declaration has been filed out of a place where such goods are stored prior to acceptance of such declaration by the head of a customhouse under Article 248 shall offer security equivalent to a duty payable thereon and obtain approval therefor from the head of the customhouse: Provided, That the provision of security may be omitted if the Government or a local government imports goods, or for goods prescribed by Presidential Decree as no provision of security is deemed to cause any impediment to the payment of duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 253 (Shipment of Goods out of Storage Place Prior to Import Declaration)

- (1) A person, who intends to immediately ship goods which he/she intends to import out of any means of transportation, customs route, loading and unloading passage or storage place prescribed by this Act before their import declaration is filed, shall file a shipment declaration with the head of a customhouse, as prescribed by Presidential Decree. In such cases, the head of the customhouse may require the person to offer security equivalent to a duty payable.
- (2) A person who is entitled to immediately ship goods out of any storage place or such goods under paragraph (1) shall be designated by the head of a customhouse, as prescribed by Presidential Decree.
- (3) A person who ships goods out of any storage place after filing an immediate shipment declaration under paragraph (1) shall file an import declaration thereon within ten days from the date on which the immediate shipment declaration is filed.
- (4) If the person who ships goods out of any storage place under paragraph (1) fails to file an import declaration within the period referred to in paragraph (3), the head of a customhouse shall impose and collect a duty thereon. In such cases, an amount equivalent to 20/100 of the duty imposed on the relevant goods may be collected as an additional duty and the designation under paragraph (2) may be revoked.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 254 (Special Customs Clearance for E-Commerce Goods, etc.)

The Commissioner of the Korea Customs Service may separately prescribe matters necessary for customs clearance for exported and imported goods traded through digital documents, including the export and import declaration and the inspection of goods and other relevant matters, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 254-2 (Special Customs Clearance for Consignments)

- (1) With respect to goods, the price of which is equal to or less than the amount determined by Ordinance of the Ministry of Strategy and Finance as a consignment referred to in Article 241 (2) 1, an import declaration under Article 241 (1) may be omitted by the presentation of a list (hereinafter referred to as "list of customs

clearance") stating the following matters to the head of a customhouse by a transportation business operator (referring to a person registered with the Commissioner of the Korea Customs Service or the head of a customhouse pursuant to Article 222 (1) 5; hereinafter referred to as "transportation business operator of consignments"):

1. Names, addresses and countries of a shipper and a consignor of goods;
2. Item, quantity, weight and price of goods;
3. Matters related to a list of customs clearance of a consignment and those determined by Ordinance of the Ministry of Strategy and Finance.

(2) A transportation business operator of consignments shall not present a false list of customs clearances.

(3) Where a transportation business operator submits a false list of customs clearance, in violation of paragraph (2) or brings goods the customs clearance of which is restricted pursuant to this Act into Korea, the head of a customhouse may exclude the application of customs procedures under paragraph (1).

(4) The Commissioner of the Korea Customs Service shall determine other necessary matters, such as the deadline for the presentation of a list of customs clearance, inspection, etc. of consignments, etc.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 255 (Simplified Customs Clearance under Reciprocity)

Simplified customs clearance procedures may be applied to goods imported from any foreign country which offers conveniences in the process of customs clearance to Korea in keeping with the principle of reciprocity in order to facilitate the international trade and exchanges, and to promote cooperation among countries, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 255-2 (Exemplary Certified Enterprises in Safety Management of Export and Import)

(1) Where a person who is related to trade, such as the manufacture, transportation, safekeeping, customs clearance, etc. of exported and imported goods satisfies the standards for safety management prescribed by

Presidential Decree concerning facility, document control, training of employees, etc. the Commissioner of the Korea Customs Service may certify him/her as an exemplary enterprise in the safety management of exportation and importation.

- (2) The Commissioner of the Korea Customs Service shall examine persons who have requested the examination in order to obtain certification as an exemplary enterprise in the safety management of export and import pursuant to paragraph (1) in accordance with the procedures prescribed by Presidential Decree. In such cases, the Commissioner of the Korea Customs Service may have an agency or organization prescribed by Presidential Decree examine whether the requestors satisfy the standards for safety management.
- (3) An enterprise that has obtained certification as an exemplary enterprise in the safety management of export and import pursuant to paragraph (1) (hereafter in this Article referred to as "exemplary certified enterprise in the safety management of export and import") may be provided with benefit in the customs clearance procedures, as determined by the Commissioner of the Korea Customs Service.
- (4) The Commissioner of the Korea Customs Service may provide benefits pursuant to paragraph (3) to the exemplary certified enterprises in the safety management of export and import of other countries in accordance with the principle of reciprocity.
- (5) Where any exemplary certified enterprise in the safety management of export and import falls under any of the following subparagraphs, the Commissioner of the Korea Customs Service may revoke the certification:
 1. Where it has ceased to meet the standards for safety management pursuant to paragraph (1);
 2. Where it has requested the examination of certification pursuant to paragraph (1) fraudulently.
- (6) The Commissioner of the Korea Customs Service may carry out supporting projects, including but not limited to consultation and education that are necessary for an enterprise related to trade, such as the manufacture, transportation, safekeeping, customs clearance, etc. of exported and imported goods, among small and medium enterprises provided for in Article 2 of the Framework Act on Small and Medium Enterprises to obtain certification as an exemplary certified enterprises in the safety management of export and import.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 255-3 (Mutual Exchange, etc. of Information on Customhouse between Countries)

- (1) In order to expedite the customs clearance of goods and to prevent goods violating this Act from being shipped in Korea, the Commissioner of the Korea Customs Service may issue the items of exports and imports declarations and cargo identification numbers determined by the World Customs Organization or have them used.
- (2) The Commissioner of the Korea Customs Service may exchange the items of export and import declarations and cargo identification numbers determined by the World Customs Organization with other countries in accordance with the principle of reciprocity.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 3 Postal Items

Article 256 (Clearance Post Offices)

- (1) Any postal items (excluding letters; hereinafter the same shall apply) intended to be exported, imported or returned shall pass through clearance post offices.
- (2) The Commissioner of the Korea Customs Service shall designate clearance post offices from among postal service offices.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 257 (Inspection of Postal Items)

The postmaster of a clearance post office in receipt of postal items referred to in paragraph (1) shall file a list of postal items with the head of a customhouse to have such postal items inspected: Provided, That such process may be omitted for any postal items determined by the Commissioner of the Korea Customs Service.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 258 (Decision on Customs Clearance of Postal Items)

- (1) When the head of a customhouse decides that any postal items may not be exported, imported or returned, the postmaster of a clearance post office shall not mail out such postal items or deliver them to respective addressees thereof.
- (2) Where any postal items, the export and import of which is approved pursuant to Article 11 of the Foreign Trade Act or any postal items that conform with the standards prescribed by Presidential Decree, the addressee or sender of the relevant postal items shall file a declaration required under Article 241.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 259 (Notice by Head of Customhouse)

- (1) When the head of a customhouse makes a decision referred to in Article 258 or intends to collect a duty, he/she shall notify the postmaster of a clearance post office of the decided matters and the amount of such duty, respectively.
- (2) The postmaster of the clearance post office in receipt of the notice referred to in paragraph (1) shall notify the addressee or sender of post items of decided matters.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 260 (Procedures for Duty Payment of Postal Items)

- (1) A person who receives a notice on the payment of duties under Article 259 (2) shall pay such duty by revenue stamps or by cash, as prescribed by Presidential Decree.
- (2) No postal service office shall deliver any dutiable postal item to their addressees prior to the collection of the duties thereon.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 261 (Return of Postal Items)

The liability to pay duties on postal items shall be extinguished by the return of the relevant postal items.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER X REQUEST, ETC. FOR PRESENTATION OF DATA BY

CUSTOMS OFFICERS

SECTION 1 Request, etc. for Presentation of Duty Data by Head of Customhouse, etc.

Article 262 (Suspension, etc. of Means of Transportation from Departure)

The Commissioner of the Korea Customs Service or the head of a customhouse may suspend the departure of any means of transportation or suspend the movement of such means of transportation when he/she deems it necessary to enforce this Act or any order issued under this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 263 (Orders Issued to Present, Report, etc. Documents)

When the Commissioner of the Korea Customs Service or the head of a customhouse deems it necessary to enforce this Act (including the Act on Special Cases concerning the Refund of Customs, etc. Levied on Raw Materials for Export; hereafter the same shall apply in this Article) or any order issued under this Act, he/she may issue an order to submit or report documents concerning goods, means of transportation or places of storage, or to take other necessary matters, or require customs officers to investigate related data of exporters, importers, vendors and other relevant persons.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 264 (Request for Duty Data)

- (1) The Commissioner of the Korea Customs Service may request State agencies, local governments and related institutions to provide data or statistics pertaining to the imposition and collection of customs duties and customs clearance.
- (2) The heads of institutions in receipt of requests referred to in paragraph (1) shall comply therewith unless justifiable groundsexist that prevent them from doing so or other Acts and subordinate statutes limiting such compliance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Inspections, etc. of Goods by Customs Officers

Article 265 (Inspections, etc. of Goods and Means of Transportation, etc.)

When a customs officer deems it necessary to prevent the violations of this Act or an order issued under this Act, he/she may inspect or seal goods, means of transportation, places of storage, and other related books and documents, or take other necessary measures.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 266 (Presentation, etc. of Books and Data)

- (1) When a customs officer deems it necessary to discharge his/her duties prescribed by this Act, he/she may investigate related data, such as books and documents that have been made into documentation or computerization, of any importer, exporter, vendor or other related persons, or request them to produce or present them.
- (2) A person who sells goods produced in any foreign country at his/her permanent place of business and meets the standards determined by Ordinance of the Ministry of Strategy and Finance shall keep data attesting to such tax invoice as prescribed by Article 16 of the Value-Added Tax Act or the fact on the import of such goods, etc. at his/her place of business.
- (3) When the Commissioner of the Korea Customs Service or the head of a customhouse deems it necessary to enforce this Act or any order issued under this Act, he/she may require the operator of the permanent place of business referred to in paragraph (2) and other related persons to file a report on his/her business, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 267 (Carrying and Use of Firearms)

- (1) When the Commissioner of the Korea Customs Service or the head of a customhouse deems it necessary for customs officers to perform their duties, he/she may authorize them to carry firearms.
- (2) A customs officer may use his/her firearms in discharging his/her duties when he/she deems that there exist justifiable grounds, such as protection of his/her life and body as well as those of others, the deterrence of

any impediment and resistance to the discharge of his/her duties, and the need to deal with such situation.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 267-2 (Request for Assistance to Heads of Other Related Organs)

(1) When a customs officer deems it necessary to discharge his/her duties on the sea, he/she may request for assistance to any of the following persons:

1. The commanding officer of each unit of the Army, the Navy and the Air Force;
2. The head of a national police station;
3. The head of a maritime police station.

(2) A person in receipt of a request for assistance under paragraph (1) may track down and monitor a vessel suspected of smuggling or order such vessel to stop sailing, or inspect or search such vessel in cooperation with customs officers, and if the vessel fails to follow such order, forcibly stop, inspect or search it.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 268 (Honorary Customs Officers)

(1) The Commissioner of the Korea Customs Service may appoint civilians, etc. engaged in the export-and import-related fields as honorary customs officers to perform the following activities, if necessary for efficiently monitoring and cracking down smuggling:

1. Monitoring smuggling at airports and seaports;
2. Providing information and public relations activities for preventing smuggling.

(2) The qualifications for and missions of the honorary customs officers under paragraph (1) and other necessary matters shall be determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER XI PENAL PROVISIONS

Article 268-2 (Offense, etc. of Falsifying and Altering E-Documents)

(1) A person who falsifies or alters relevant information, including e-documents, etc. stored in the electronic

data-processing equipment of the Comprehensive Customs Duties Information Network of Korea or e-document brokerage operator in violation of Article 327-4 (1), or a person who uses such falsified or altered information shall be punished by imprisonment for not less than one year but not more than ten years, or by a fine not exceeding 100 million won.

(2) Any of the following persons shall be punished by imprisonment for not more than five years, or by a fine not exceeding 50 million won:

1. A person who operates the Comprehensive Customs Duties Information Network of Korea without having been designated under Article 327-2 (1) or conducts e-document brokerage without having been designated by the Commissioner of the Korea Customs Service, in violation of Article 327-3 (1);
2. A person who harms relevant information, including e-documents, etc. stored in the electronic data-processing equipment of the Comprehensive Customs Duties Information Network of Korea or any e-document brokerage operator or violates the confidentiality thereof, in violation of Article 327-4 (2);
3. An executive, employee or former executive or employee of any business operator of the Comprehensive Customs Duties Information Network of Korea or any e-document brokerage operator, who discloses or steals the relevant confidential information, including e-documents, etc. which he/she has learned while performing his/her duties, in violation of Article 327-4 (3).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 269 (Offense of Smuggling)

(1) A person who exports or imports any goods referred to in each subparagraph of Article 234 shall be punished by imprisonment for not more than ten years, or by a fine not exceeding 20million won.

(2) Any of the following persons shall be punished by imprisonment for not more than five years, or by a fine equivalent to ten times the amount of customs duties or the cost of the relevant goods, whichever is lower than the highest:

1. A person who imports goods without filing an import declaration under Article 241 (1) and (2) or 244 (1):
Provided, That this shall not apply to a person who files a shipment declaration under Article 253 (1);

2. A person who imports goods which are different from those on which an import declaration is filed under Article 241 (1) and (2) or 244 (1).

(3) Any of the following persons shall be punished by imprisonment for not more than three years, or by a fine equivalent to the cost of the relevant goods:

1. A person who exports or returns goods without filing a declaration as prescribed in Article 241 (1) and (2);

2. A person who exports or returns goods different from those on which a declaration is filed under Article 241 (1) and (2).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 270 (Offense, etc. of Evading Customs Duties)

(1) Any of the following persons from among those who have filed import declarations under Article 241 (1) and (2) or 244 (1) shall be punished by imprisonment for not more than three years, or by a fine equivalent to five times the amount of evaded customs duties or the cost of the relevant goods, whichever is lower than the highest. In such cases, the unit price of the goods under subparagraph 1 shall be construed as only the unit price of the goods equivalent to the rate of the evaded customs duties to the whole ones out of the all goods:

1. A person who files a false dutiable value or a false tariff rate, etc. or fails to file a dutiable value or a tariff rate, etc. in order to exercise influence on the determination of the amount of duty;

2. A person who applies for prior examination pursuant to Article 86 (1) on false documents in order to exercise influence on the determination of the amount of duty;

3. A person who imports goods as components and other unfinished, incomplete or finished goods having major characteristics as partial components for the purpose of avoiding import restrictions imposed under the Acts and subordinate statutes.

(2) A person who files import declarations under Article 241 (1) and (2) or 244 (1) and imports goods without meeting requirements for permission, recommendation, certification or other conditions necessary for import under Acts and subordinate statutes or imports goods after meeting such requirements or conditions by any illegal means shall be punished by imprisonment for not more than three years, or by a fine not exceeding

30 million won.

- (3) A person who files export declarations under Article 241 (1) and (2), and exports goods without meeting requirements for permission, recommendation, certification or other conditions necessary for export under the Acts and subordinate statutes or exports goods after meeting such requirements or conditions by any illegal means shall be punished by imprisonment for not more than one year, or by a fine not exceeding 20 million won.
- (4) A person who has his/her customs duties imposed on his/her goods reduced or exempted by any illegal means or evades the collection of the customs duties on goods on which customs duties have been reduced or exempted shall be punished by imprisonment for not more than three years, or by a fine equivalent to not more than five times the amount of the evaded customs duties.
- (5) A person who has his/her customs duties refunded by any illegal means shall be punished by imprisonment for not more than three years, or by a fine equivalent to not more than five times the amount of refunded customs duties. In such cases, the head of a customhouse shall immediately collect the amount of the customs duties refunded by any illegal means.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 271 (Attempted Crime, etc.)

- (1) A person who knowingly abets or aids any offense prohibited under Articles 269 and 270 shall be punished as committing any principal offense.
- (2) A person who commits any criminal attempt under Articles 268-2, 269 and 270 shall be punished as committing any principal offense.
- (3) The punishment against a person who prepares to commit any offense under Articles 268-2, 269 and 270 shall be mitigated by half the punishment against a principal offender.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 272 (Forfeiture of Transportation Carrier Exclusively Used for Smuggling)

A vessel, automobile or other transportation carrier which is exclusively used for committing any offense provided for in Article 269 shall be forfeited when the owner thereof is aware that it is used for such purpose and it falls under any of the following subparagraphs:

1. When it is loaded with goods involved in an offense or an attempt is made to load such goods onto it;
2. When, in an attempt to escape from arrest, an order issued by any authorized public official to halt is defied or the loaded goods involved in an offense are thrown into the sea, destroyed or damaged;
3. When goods involved in an offense are taken over or acquired or are intended to be taken over or acquired on the sea;
4. When goods involved in an offense are transported.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 273 (Forfeiture, etc. of Goods Used to Commit Offenses)

- (1) Goods specially processed to be used for committing any offense provided for in Article 269 shall be forfeited or destroyed in order to make them useless, regardless of whoever owns them.
- (2) Where goods referred to in Article 269 are contained in other goods and such goods are owned by an offender, other goods may be also forfeited.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 274 (Offense, etc. of Acquiring Smuggled Goods)

- (1) A person who acquires, transfers, transports, keeps in custody, brokers or appraises any of the following goods shall be punished by imprisonment for not more than three years, or by a fine equivalent to not more than the price of the relevant goods:
 1. Goods falling under Article 269;
 2. Goods falling under Article 270 (1) 3, (2) and (3).
- (2) A person who attempts an offense referred to in paragraph (1) shall be punished as committing a principal offense.
- (3) The punishment against a person who prepares to commit any offense referred to in paragraph (1) shall be

mitigated by half the punishment against a principal offender.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 275 (Concurrent Imposition of Imprisonment and Fines)

A person who commits any offense prescribed in Articles 269 through 271 and 274 may be concurrently punished by imprisonment and a fine according to circumstances extenuating such offenses.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 275-2 (Offense, etc, of Evading Disposition on Default of Taxes)

- (1) Where a person liable to pay duty or a person who occupies property of a person liable to pay duty conceals or omits the property, or enters into a false contract, for the purpose of evading or intending to evade the execution of dispositions on default of taxes, the person shall be punished by imprisonment for not more than three years, or by a fine not exceeding 30 million won.
- (2) Where a person who retains seized goods in custody under Article 303 (2) or a person who retains attached goods under the custody pursuant to Article 38 of the National Tax Collection Act conceals, omits, destroys or consumes the goods in custody, the person shall be punished by imprisonment for not more than three years, or by a fine not exceeding 20 million won.
- (3) A person who knowingly abets or aids acts referred to in paragraph (1) or (2), or who approves a false contract shall be punished by imprisonment for not more than two years, or by a fine not exceeding 20 million won.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 275-3 (Offense, of Lending Titles to Others)

A person who permits any third person to file a duty return using the person's name for the purpose of evading customs duties (including internal taxes, etc. collected by the head of a customhouse) or evading disposition on default of taxes shall be punished by imprisonment for not more than one year, or by a fine not exceeding ten million won.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 276 (Offense, etc. of False Reporting)

(1) A person falling under any of the following subparagraphs shall be punished by a fine not more than the unit price of goods or 20 million won, whichever is greater:

1. A person who performs the general bonded warehousing functions without filing a report on the establishment and operation of a place of general bonded business under Article 198 (1);
2. A person who performs the general bonded warehousing functions, in violation of a measure taken by the head of a customhouse to discontinue such functions under Article 204 (2);
3. A person who fails to ship his/her goods, in whole or in part, into such bonded area, in violation of an order issued to ship such goods into a bonded area under Article 238;
4. A person who fails to declare matters required under Article 241 (1) or files a false declaration thereon when he/she files a declaration under Article 241 or 244;
5. A person who violates Article 248 (3).

(2) A person falling under any of the following subparagraphs shall be punished by a fine not exceeding 20 million won: Provided, That he/she shall be punished by a fine not exceeding three million won when he/she commits any offense under subparagraphs 2 through 4 by negligence: *<Amended by Act No. 10897, Jul. 25, 2011>*

1. A person who compiles and submits a cargo manifest by any illegal means;
2. A person who violates Articles 12, 98 (2), 109 (1), 134 (1), 136 (2), 148 (1), 149, 222 (1) or the former part of Article 225 (1);
3. A person who violates Articles 83 (2), 88 (2), 97 (2), 102 (1) and 104 (5): Provided, That a person falling under Article 277 (3) 3 shall be excluded herefrom;
4. A person who fails to discharge duties requested by the head of a customhouse under Article 227;
5. A person who prepares and falsely submits the result of autonomous review as referred to in the latter part of Article 38 (3).

(3) A person falling under any of the following subparagraphs shall be punished by a fine not exceeding ten

million won: Provided, That when he/she falls under subparagraphs 2 through 4 by negligence, he/she shall be punished by a fine not exceeding two million won:

1. A person who makes a false statement in response to questions by a customs officer, or rejects or evades the performance of his/her duties;
2. A person who falsely files a port entry report under Article 135 (1);
3. A person who violates Article 135 (1) (excluding persons falling under Article 277 (3) 4), 136 (1), the latter part of the part, other than the subparagraphs of 137-2 (1) (excluding persons falling under Article 277 (3) 4), 140 (1), (2) and (4), subparagraphs 1 and 3 of 141, 142 (1), 144, 150, 151 or 213 (2);
4. A person who violates measures taken by the Commissioner of the Korea Customs Service or the head of a customhouse pursuant to Article 135 (2) (excluding persons falling under Article 277 (3) 4), 200 (3), 203 (1) or 262, or rejects, interferes with or evades inspections;
5. A person who obtains a declaration completion certificate provided for in the proviso to Article 248 (1) issued by any illegal means;
6. A person who fails to present or report documents, or to execute orders for necessary measures or files false reports, in violation of Article 263;
7. A person who rejects or interferes with measures taken by the head of a customhouse or customs officer in accordance with Article 265;
8. A person who rejects any request made by customs officers for presenting books or providing data in accordance with Article 266 (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 277 (Fines for Negligence)

- (1) A person falling under any of the following subparagraphs shall be punished by a fine for negligence not exceeding ten million won:
1. A person who violates Articles 139, 143 (1), 152 (1), 155 (1), 156 (1), 159 (2), 160 (1), 161 (1), 186 (1) (including cases applicable mutatis mutandis in Article 205), 192 (including cases applicable mutatis

mutandis in Article 205), 200 (1), 201 (1) or (3), 219 (2), or 266 (2);

2. A person who conducts the work at any place, other than a bonded factory, bonded construction work site, general bonded area or designated factory without obtaining permission under Article 187 (1) (including cases applicable mutatis mutandis in Article 89 (4)) or Article 195 (1) or filing a report thereon under Article 202 (2).

(2) A person falling under any of the following subparagraphs shall be punished by a fine for negligence not exceeding five million won:

1. A person who fails to report distribution track records or files a false report, in violation of Article 240-2 (1);

2. A person who fails to retain data on books, in violation of Article 240-2 (2).

(3) A person falling under any of the following subparagraphs shall be punished by a fine for negligence not exceeding two million won: *<Amended by Act No. 10897, Jul. 25, 2011>*

1. An operator who violates licensed matters for a licensed bonded area;

2. A person who violates Articles 38 (3), 83 (1), 107 (3), 140 (3), 157 (1), 158 (2) and (4), 172 (3), 194 (including cases applicable mutatis mutandis in Article 205), 198 (3), 199 (1), 202 (1), 214, 215 (including cases applicable mutatis mutandis in Articles 219 (4) and 221 (2)), 216 (2) (including cases applicable mutatis mutandis in Articles 219 (4) and 221 (2)), 221 (1), 222 (3), the latter part of 225 (1) or 251 (1);

3. A person who directly imports goods and transfers the imported goods to another person who intends to use such goods for the same purpose as an importer and is entitled to the reduction or exemption from customs duties on such goods, among persons who violate Articles 83 (2), 88 (2), 97 (2), 102 (1) and 104 (5) ;

4. A person who fails to submit a list of passengers or passenger reservation data in negligence, among those who violate Article 135 (1) or (2), or the latter part of the part, other than the subparagraphs of Article 137-2 (1);

5. A person who violates measures taken by the Commissioner of the Korea Customs Service or the head of a customhouse in accordance with Articles 159 (4), 180 (3) (including cases applicable mutatis

mutandis in Article 205), 196 (2), 216 (1) (including cases applicable mutatis mutandis in Articles 219 (4) and 221 (2)), 222 (4), 225 (2), 228 or 266 (3);

6. A person who deals with goods in any means of transportation, in violation of Article 321 (2) 2.

(4) A person falling under any of the following subparagraphs shall be punished by a fine for negligence not exceeding one million won:

1. A person who compiles or submits a cargo manifest not in conformity with loaded goods: Provided, That if a person who submits a cargo manifest finds it impossible to confirm details of the relevant loaded goods because any of the following persons has loaded and sealed the goods, the person who submits such cargo manifest shall be excluded herefrom:

(a) A person who falls under Article 276 (2) 1;

(b) A person who exports the loaded goods;

(c) Other shipping company, airline and cargo transportation broker;

2. A person who fails to file a declaration pursuant to Article 28 (2);

3. A person who violates Articles 107 (4), 108 (2), 138 (2) and (4), subparagraph 2 of 141, 157-2, 162, 179 (2), 182 (1) (including cases applicable mutatis mutandis in Article 205), 183 (2) and (3), 184 (including cases applicable mutatis mutandis in Article 205), 185 (2) (including cases applicable mutatis mutandis in Article 205), 245 (3) or 254-2 (2);

4. A person who fails to execute an order issued by the head of a customhouse under Article 160 (4) (including cases applicable mutatis mutandis in Article 207 (2));

5. A person who fails to execute an order or supplementary measures issued by the head of a customhouse under Article 177 (2) (including cases applicable mutatis mutandis in Article 205), 180 (4) (including cases applicable mutatis mutandis in Article 205) or 249;

6. A person who fails to comply with instructions given by the head of a customhouse with respect to supervision, inspection and reporting under Article 180 (1) (including cases applicable mutatis mutandis in Article 205) and (2) (including cases applicable mutatis mutandis in Article 89 (4)) or 203 (2).

(5) The fine for negligence prescribed in paragraphs (1) through (4) shall be imposed and collected by the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 278 (Partial Exclusion from Application of Provisions of the Criminal Act)

The provisions governing restricted aggravation with respect to concurrent fines under Article 38 (1) 2 of the Criminal Act shall not apply to a person who commits an offense, in violation of the penal provisions in this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 279 (Joint Penal Provisions)

(1) If a representative of a corporation, an agent for a corporation or an individual, a user, or other employees of a corporation or an individual commits an offense applicable under penal provisions (excluding a fine for negligence under Article 277) prescribed in Chapter XI in connection with the business of the corporation or individual, in addition to the punishment of such offender, the corporation or individual shall be punished by a fine under each relevant Article: Provided, That this shall not apply where such corporation or individual has not been negligent in giving due attention and supervision concerning the relevant duties to prevent such offense.

(2) An individual referred to in paragraph (1) shall be limited to any of the following persons:

1. An operator of a licensed bonded area or a place of general bonded business;
2. A person who runs a business of exports (including exports, etc. under Article 4 of the Act on Special Cases concerning the Refund of Customs, etc. Levied on Raw Materials for Export), imports or transportation;
3. A licensed customs broker;
4. A person who runs a business of supply of goods and services in an open port;
5. A business operator of the Comprehensive Customs Duties Information Network of Korea under Article 327-2 (1) and an e-document brokerage operator under 327-3 (3).

Article 280 Deleted. *<by Act No. 9261, Dec. 26, 2008>*

Article 281 Deleted. *<by Act No. 9261, Dec. 26, 2008>*

Article 282 (Forfeiture and Collection of Additional Duties)

- (1) In cases falling under Article 269 (1), the relevant goods shall be forfeited.
- (2) In cases falling under Article 269 (2) and (3) or 274 (1) 1, the goods owned or possessed by any offender shall be forfeited: Provided, That in cases falling under Article 269 (2), any of the following goods shall be excluded herefrom:
 1. Foreign goods shipped into a bonded area referred to in Article 154 after filing a declaration thereon in accordance with Article 157;
 2. Foreign goods stored in a place, other than a bonded area by obtaining permission from the head of a customs house in accordance with Article 156.
- (3) When all or some of goods subject to forfeiture under paragraphs (1) and (2) cannot be forfeited, an amount equivalent to the domestic wholesale price of the goods subject to forfeiture as at the time of offense shall be collected from the offender: Provided, That a person who appraises goods under Article 269 (2) in Article 274 (1) 1 shall be excluded herefrom.
- (4) An individual and a corporation under Article 279 shall be deemed an offender in the application of paragraphs (1) through (3).

CHAPTER XII INVESTIGATIONS AND DISPOSITION

SECTION 1 Common Provisions

Article 283 (Customs Offenders)

- (1) A "customs offender" in this Act means a person who is criminally punished or subject to a disposition of

notice under this Act for any violation of this Act or any order issued under this Act.

- (2) Any investigation into and any disposition against any customs offender shall be carried out and taken by customs officers.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 284 (Requirements for Indictment)

- (1) No public prosecutor may indict any customs offender unless an accusation is filed against him/her by the Commissioner of the Korea Customs Service or the head of a customhouse.
- (2) When other authorities find a case involving any customs offender or arrest any suspect, they shall immediately turn such case and such suspect over to the Commissioner of the Korea Customs Service or the head of a customhouse.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 285 (Documents concerning Customs Offenders)

Documents concerning customs offenders shall be dated, subscribed with names and affixed with seals.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 286 (Documents concerning Investigations and Disposition)

- (1) Documents concerning the investigations into and disposition against customs offenders shall be affixed with a seal between two pages.
- (2) Any addition or deletion of letters or marginal notes shall be affixed with a seal thereon.
- (3) If letters are deleted, such letters shall be kept intact and the number of deleted letters shall be recorded.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 287 (Signature on Protocol)

- (1) Where a document concerning any customs offender is subscribed with a name and affixed with a seal, if the principal is unable to subscribe his/her name and affix his/her seal, he/she may authorize another person

to act for him/her in subscribing such name and affixing such seal. If the acting person fails to carry his/her seal, his/her thumb-mark shall be affixed.

- (2) If another person acts for the principal, the acting person shall subscribe his/her name and affix his/her seal, citing in writing reasons therefor.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 288 (Service of Documents)

Any document concerning any customs offender shall be served by a person or by a registered mail.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 289 (Receipt Certificate at Time of Service of Documents)

When any document concerning any customs offender is served, a receipt certificate thereof shall be collected.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 2 Investigations

Article 290 (Investigations of Customs Offenders)

When a customs officer deems that a customs offender exists, he/she shall investigate such customs offender, the fact of offense and evidence thereon.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 291 (Investigations)

A customs officer may, when deemed necessary, investigate any suspect, witness or person of reference.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 292 (Preparation of Protocol)

- (1) Where a customs officer investigates any suspect, witness or person of reference, he/she shall prepare a protocol.
- (2) A customs officer shall read his/her protocol to a person delivering a statement, or permit the person to

peruse such protocol so that he/she could ask the person whether the matters stated are accurate and correct.

(3) If the person who delivers a statement requests any addition, deletion or revision, the customs officer in charge shall enter his/her statement in the protocol.

(4) The date and place shall be entered in the protocol and the person falling under any of the following subparagraphs shall subscribe his/her name and affix his/her seal on such protocol:

1. An investigator;
2. A person delivering a statement;
3. A participant.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 293 (Substitution for Protocol)

(1) When an emergency investigation of a flagrant offender is required, a statement summarizing such emergency investigation may substitute for a protocol.

(2) The date and place shall be entered in the summary statement referred to in paragraph (1) and such summary statement shall be signed and sealed by both the investigator and the suspect.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 294 (Request for Appearance)

(1) When a customs officer deems it necessary to investigate a customs offender, he/she may request any suspect, witness or a person of reference to attend.

(2) When deemed necessary to investigate a customs crime, a customs officer may issue an order for summoning any suspect, witness or a person of reference.

(3) A subpoena shall be issued to request any suspect, witness or a person of reference to attend.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 295 (Judicial Police Power)

Every customs officer may perform the duties of a judicial police officer with respect to a customs offender,

as prescribed by the Act on the Persons Performing the Duties of Judicial Police Officials and the Scope of their Duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 296 (Warrant for Search and Seizure)

- (1) A warrant shall be obtained from a judge of the competent local court to conduct a search or seizure under this Act: Provided, That in cases of urgency, an ex post facto warrant shall be issued.
- (2) Any goods voluntarily provided or abandoned by the owner, occupant or custodian thereof may be seized without a warrant.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 297 (Arrest of Flagrant Offender)

When a customs officer finds a flagrant offender committing a customs offense, the customs officer shall immediately arrest him/her.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 298 (Transfer of Flagrant Offender)

- (1) Anyone may arrest a flagrant offender committing a customs offense, if the latter is still at the scene of such offense.
- (2) A person who arrests any customs offender under paragraph (1) shall promptly turn him/her over to a customs officer.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 299 (Reversion of Seized Goods to National Treasury)

- (1) With respect to goods seized in accordance with Articles 269, 270 (1) through (3) and 272 through 274, if the owner or any offender cannot be identified within six months from the date of seizure, such goods shall be deemed as lost goods and the head of a customhouse concerned shall publish such goods as lost property.
- (2) When the owner or any offender remains unidentifiable until one year elapses from the date on which the

publication under paragraph (1) was made, the relevant goods shall revert to the National Treasury.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 300 (Inspections and Searches)

When a customs officer deems it necessary to investigate any customs offender, he/she may inspect or search any vessel, vehicle, aircraft, warehouse and other places.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 301 (Body Searches, etc.)

(1) When a suspect is deemed to keep goods sufficient to prove the fact of his/her offense on his/her body, a customs officer may request him/her to produce them. If the suspect refuses to comply with the request, such customs officer may search his/her body.

(2) A frisk search of a female shall be conducted in the presence of an adult female.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 302 (Participation)

(1) When a customs officer conducts a search, he/she may require any of the following persons to participate: Provided, That where none of them is available, the customs officer shall require a public official to participate:

1. The owner or custodian of any vessel, vehicle, aircraft, warehouse and other places;
2. A relative residing together or an employee;
3. A neighbor.

(2) The persons referred to in paragraph (1) 2 and 3 shall be adults.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 303 (Seizure and Custody)

(1) When goods found in the course of investigating a customs offender are deemed sufficient to prove the offense and necessary to be forfeited, a customs officer may seize such goods.

(2) Seized goods may be retained in custody, for convenience, by their owner or in the office of a Si/Gun/Eup/Myeon.

(3) When seized goods fall under any of the following subparagraphs, the Commissioner of the Korea Customs Service or the head of a customhouse may sell the seized goods and retain in custody or deposit proceeds therefrom after serving a notice thereon on the suspect or another interested person: Provided, That if there is no enough time to serve a notice, the notice shall be made after selling them:

1. Where they are feared to be decomposed or damaged or their expiration date could pass;
2. Where they are deemed extremely inconvenient for retaining them in custody;
3. Where they are feared to suffer a sharp fall in their commercial value due to a delay in a disposition;
4. Where the suspect or the interested person requests their sale.

(4) Articles 160 (5) and 326 shall apply mutatis mutandis to notices and sales under paragraph (3).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 304 (Disposal of Seized Goods)

(1) The Commissioner of the Korea Customs Service or the head of a customhouse may dispose of any of the following seized goods after serving a notice thereon on the suspect or the interested person: Provided, That there is no enough time to serve the notice, such notice shall be served immediately after they are disposed:

1. Goods which are feared to harm human life or damage property;
2. Goods which have been decomposed or deteriorated;
3. Goods, the expiration date of which has passed;
4. Goods, the commercial value of which disappeared.

(2) Article 160 (5) shall apply mutatis mutandis to notices under paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 305 (Compilation of Seizure Report, etc.)

(1) A report shall be drawn up when any inspection, search or seizure is undertaken.

(2) Article 292 (2) and (3) shall apply mutatis mutandis to any inspection, search, or a seizure report referred to

in paragraph (1).

- (3) Article 293 shall apply mutatis mutandis to the compilation of a report with respect to the urgent search or seizure involving any flagrant offender.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 306 (Restriction on Execution at Night)

- (1) No inspection, search or seizure shall be undertaken from sunset to sunrise: Provided, That this shall not apply to a flagrant offender.

- (2) Any inspection, search or seizure, which have been already launched, may continue, notwithstanding paragraph (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 307 (Off-Limits During Investigations)

A customs officer may prohibit persons whoever they are from having access to a place where he/she is engaged in the investigation, inspection, search or seizure of a suspect, witness or a person of reference.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 308 (Identification)

- (1) A customs officer shall wear his/her uniform when conducting an investigation, inspection, search or seizure and carry a certificate indicating his/her identification and produce it if requested to do so by a person subject to his/her disposition.

- (2) Where a customs officer fails to wear his/her uniform pursuant to paragraph (1) or to produce his/her certificate upon request, a person subject to his/her disposition may refuse to comply with the disposition.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 309 (Assistance of Police Officers)

When deemed necessary in the course of conducting an investigation, inspection, search or seizure, a customs officer may seek assistance of national police officers.

Article 310 (Report of Investigation Results)

- (1) A customs officer shall, upon the completion of his/her investigation, report the results thereof, in writing, to the Commissioner of the Korea Customs Service or the head of a customhouse.
- (2) When a customs officer files a report required under paragraph (1), he/she shall also submit related documents.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

SECTION 3 DISPOSITION

Article 311 (Disposition of Notification)

- (1) When the Commissioner of the Korea Customs Service or the head of a customhouse obtains hard evidence proving any offense as a result of an investigation of a customs offender, he/she may notify such customs offender of the payment or provision of any of the following amounts or goods, with specified reasons therefor:
 1. The amount equivalent to a fine;
 2. Goods equivalent to the seizure thereof;
 3. The amount equivalent to the amount to be additionally collected.
- (2) When a person who receives the notice of disposition referred to in paragraph (1) intends to prepay an amount equivalent to a fine or an amount to be additionally collected, the Commissioner of the Korea Customs Service or the head of a customhouse may permit him/her to do so.
- (3) Where the notice of disposition referred to in paragraph (1) is taken, the prescription of prosecution shall be suspended.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 312 (Immediate Accusation)

The Commissioner of the Korea Customs Service or the head of a customhouses shall immediately bring an

accusation against an offender, if the existence of extenuating circumstances is deemed to lead the offender to be punished by imprisonment, notwithstanding Article 311 (1).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 313 (Return of Seized Goods)

- (1) When the Commissioner of the Korea Customs Service or the head of a customhouse does not forfeit seized goods, he/she shall return such seized goods or proceeds from the sale of such seized goods.
- (2) If it is impossible to return the seized goods or the proceeds from the sale of such seized goods as prescribed in paragraph (1) on the grounds that the address or residence of a person to whom such seized goods or proceeds from the sale of such seized goods belong are unidentifiable and for other reasons, a summary thereon shall be published.
- (3) If no request is filed for the return of the seized goods or the proceeds from the sale of such seized goods until the expiration of six months from the date on which the publication referred to in paragraph (2) was made, such seized goods and the proceeds from the sale of such seized goods may revert to the National Treasury.
- (4) If there exist unpaid customs duties on the seized goods referred to in paragraph (1), such seized goods or the proceeds from the sale of such seized goods shall be returned to a person to whom the seized goods belong after collecting such unpaid customs duties from him/her.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 314 (Preparation of Notices)

- (1) When the notice of disposition is taken, a notice shall be prepared.
- (2) The notice referred to in paragraph (1) shall include the following matters and a person who takes a disposition thereon shall sign and seal thereon:
 1. Name, age, sex, occupation and address of a person subject to a disposition;
 2. An amount equivalent to a fine, goods to be forfeited or an amount equivalent to the amount to be additionally collected;

3. Description of the offense;
4. Applicable provisions of the Acts;
5. Place to which the notice is to delivered;
6. Date of the notice of disposition.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 315 (Service of Notices)

The notice of disposition shall be taken by serving a notice on a customs offender.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 316 (Failure to Comply with Notices and Accusation)

A customs offender shall comply with a notice within ten days from the date on which such notice was served on him/her and if he/she fails to comply with such notice, the Commissioner of the Korea Customs Service or the head of a customhouse shall promptly bring an accusation against him/her: Provided, That this shall not apply where such customs offender complies with such notice prior to such accusation after the expiration of ten days.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 317 (Prohibition against Double Jeopardy)

Once any customs offender complies with any notice, he/she shall not be punished again for the same offense.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 318 (Accusation against Insolvent)

In any of the following cases, the Commissioner of the Korea Customs Service and the head of a customhouse shall immediately bring an accusation, notwithstanding Article 311 (1):

1. When a customs offender is deemed financially incapable of complying with any notice;
2. When deemed difficult to serve any notice on the grounds that the domicile and residence of a customs offender are unidentifiable, or for other reasons.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 319 (Application Mutatis Mutandis)

The Criminal Procedure Act shall apply mutatis mutandis to any customs offender except as otherwise provided for in this Act.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

CHAPTER X III SUPPLEMENTARY PROVISIONS

Article 320 (Items of Additional Duties)

Additional duties as prescribed in this Act shall be the items of the customs duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 321 (Office Hours of Customhouse and Handling Hours of Goods)

(1) The office hours of every customhouse and the hours during which goods are handled in bonded areas and any means of transportation shall be prescribed by Presidential Decree.

(2) Any of the following persons shall provide prior notice to the head of a customhouse, as prescribed by Presidential Decree:

1. A person who intends to take procedures for a customs clearance, bonded transportation or an entry into or a departure from a port during off-duty hours of a customhouse;
2. A person who intends to handle goods during off-duty hours.

(3) A person who provides the prior notice required under paragraph (2) shall pay fees, as determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 322 (Compilation and Issuance of Statistics and Certificates)

(1) The Commissioner of the Korea Customs Service shall compile statistics on the following matters and if a person applies for the perusal or issuance of such statistics, the Commissioner of the Korea Customs Service shall permit him/her to peruse the statistics or issue them to him/her:

1. Matters concerning exported or imported cargoes;
 2. Matters concerning foreign trade vessels or foreign trade aircraft entering into or departing from ports;
 3. Other matters deemed necessary by the Commissioner of the Korea Customs Service with regard to foreign trade.
- (2) The Commissioner of the Korea Customs Service may compile statistics pursuant to paragraph (1) and periodically publish such statistics, as prescribed by Presidential Decree.
- (3) A person who intends to peruse detailed statistical data pertaining to customs clearance, other than the statistics referred to in paragraph (1), or to have such detailed statistical data issued may file an application by specifying the purpose of the use and contents thereof with the Commissioner of the Korea Customs Service. In such cases, the Commissioner of the Korea Customs Service shall permit him/her to peruse such detailed statistical data or issue it to him/her except as otherwise prescribed by Presidential Decree.
- (4) The Commissioner of the Korea Customs Service may record and issue the statistics compiled under paragraphs (1) and (3) in an electronically-processible medium of transmission to issue them to the public. In such cases, the scope of statistics that can be issued to the public and procedures therefor shall be determined by the Commissioner of the Korea Customs Service.
- (5) The Commissioner of the Korea Customs Service may designate a person who acts for him/her in performing the work of compiling and issuing the statistics in accordance with paragraphs (1), (3) and (4). In such cases, the Commissioner of the Korea Customs Service shall provide the person with basic data needed to compile the statistics.
- (6) A person who intends to obtain a certificate related to customs affairs and receive the statistics referred to in paragraphs (1), (3) and (4) shall pay fees, as determined by Ordinance of the Ministry of Strategy and Finance; and if the person designated under paragraph (5) lowers such fees within the limit of an amount determined by Ordinance of the Ministry of Strategy and Finance, such lowered fees shall be paid.
- (7) Any certificate pertaining to the export, import or the return of goods from among certificates referred to in paragraph (6) shall be issued only within five years from the date on which a declaration thereon is accepted.

Article 323 (Utilization of Customhouse Facilities)

A person who intends to utilize customhouse facilities built for long-term storing of goods or customs clearance shall pay user fees determined by Ordinance of the Ministry of Strategy and Finance.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 324 (Rewards)

(1) The Commissioner of the Korea Customs Service may reward any of the following persons, as prescribed by

Presidential Decree:

1. A person who informs any customhouse or any investigation authority on a customs offender falling under Articles 269 through 271, 274, 275-2, or 275-3 or is credited with arresting such customs offender;
2. A person who contributes to seizing goods related to customs offense falling under Articles 269 through 274;
3. A person who contributes to collecting customs duties, internal taxes, etc. additionally by the head of a customhouse pursuant to this Act or other Acts;
4. A person who specially contributes to improving and developing tariff administration.

(2) The Commissioner of the Korea Customs Service may give a reward not exceeding 100 million won to a person who provides information on hidden property of a person who defaults on his/her duty payment, as prescribed by Presidential Decree: Provided, That if the amount collected with the information on hidden property does not reach the amount prescribed by Presidential Decree, or if a public official reports the information on such property in connection with his/her duties, no reward shall be granted.

(3) "hidden property" in paragraph (2) means cash, deposit, stock, or any other tangible or intangible asset with value as property hidden by a person who defaults in his/her duty payment: Provided, That any of the following property shall be excluded herefrom:

1. Property against which a lawsuit seeking cancellation of a fraudulent act under Article 30 of the National Tax Collect Act is pending;

2. Property against which an investigation or a disposition on default has already been initiated by a customs officer, with knowledge of the existence of such hidden property;
 3. Any other property prescribed by Presidential Decree as deemed unnecessary to receive any information about assets hidden by a person who defaults on his/her duty payment.
- (4) Information about hidden property under paragraph (2) shall be reported in writing with a signature or a seal by the informant with his/her name and address written thereon.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 325 (Provision of Conveniences)

A person who is engaged in transporting, storing or handling goods under this Act shall provide every convenience to a customs officer when the customs officer performs his/her duties.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 326 (Disposition of Forfeited Goods, etc.)

- (1) The head of a customhouse may dispose of goods forfeited or re-verted to the National Treasury in accordance with this Act (hereinafter referred to as "forfeited goods, etc.") by a public auction or any other means.
- (2) Article 210 shall apply mutatis mutandis to the public auction of the forfeited goods, etc.: Provided, That goods prescribed by the Commissioner of the Korea Customs Service may be sold via a free contract or a consignment sale instead of competitive bidding.
- (3) The head of a customhouse shall dispose of the forfeited goods, etc. which satisfy the standards prescribed by the Commissioner of the Korea Customs Service according to instructions determined by the Commissioner of the Korea Customs Service.
- (4) With respect to the forfeited goods, etc. the head of a customhouse may pay expenses incurred in their storage and management prior to their forfeiture or reversion to the National Treasury within the limit of the amount prescribed by Presidential Decree.
- (5) The head of a customhouse may pay expenses incurred in the sale, storage and management referred to in

paragraph (4) of the forfeited goods, etc. from proceeds from the sale of such goods.

- (6) Where the forfeited goods, etc. are agricultural produce, notwithstanding paragraph (1), and if the Minister for Food, Agriculture, Forestry and Fisheries requests for the purpose of adjusting a demand and supply and stabilizing the price thereof in domestic markets, the head of a customhouse may transfer the forfeited goods, etc. to the Minister for Food, Agriculture, Forestry and Fisheries, as prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 327 (Construction and Operation of Comprehensive Customs Duties Information Network in Korea)

- (1) The Commissioner of the Korea Customs Service may construct and operate the Comprehensive Customs Duties Information Network in Korea (hereinafter referred to as the "Comprehensive Customs Duties Information Network in Korea") concerning electronic data-processing equipment and database to promote convenience of the electronic customs clearance and to seek the facilitation of exports and imports and the safety of trade through exchanges of the customs information with foreign customs.
- (2) The head of a customhouse may have a person declare, apply, report, pay, etc. under this Act and apply for the certification and confirmation of goods requiring permission, approval or fulfillment of other conditions under other Acts and subordinate statutes (hereinafter referred to as "electronic declaration, etc.") by using electronic data-processing equipment of the Comprehensive Customs Duties Information Network in Korea, as determined by the Commissioner of the Korea Customs Service.
- (3) The head of a customhouse may deliver, inform on, notify of, etc. (hereinafter referred to as "electronic delivery") approval, permission, acceptance, etc. of electronic declarations, etc. by using electronic data-processing equipment of the Comprehensive Customs Duties Information Network of Korea, as determined by the Commissioner of the Korea Customs Service.
- (4) When an electronic declaration, etc. is filed, the related documents may be presented through the electronic data-processing equipment of the Comprehensive Customs Duties Information Network in Korea, or their submission may be omitted or simplified, as determined by the Commissioner of the Korea Customs Service.

- (5) An electronic declaration, etc. filed pursuant to paragraph (2) shall be deemed to have been accepted by a customhouse when such electronic declaration, etc. is stored in electronic data-processing equipment determined by the Commissioner of the Korea Customs Service and the electronic delivery shall be deemed to have been made to a person entitled to taking such delivery when the electronic delivery is input in the computer designated by the person entitled to taking the delivery (when the electronic delivery is stored in the electronic data-processing equipment of the Comprehensive Customs Duties Information Network in Korea in cases where such electronic delivery is stored in such electronic data-processing equipment of the Comprehensive Customs Duties Information Network in Korea, as determined by the Commissioner of the Korea Customs Service).
- (6) The electronic delivery shall be made only when a person entitled to taking such delivery applies for such electronic delivery, as prescribed by Presidential Decree.
- (7) Notwithstanding paragraph (6), if the electronic data-processing equipment of the Comprehensive Customs Duties Information Network of Korea breaks down or the grounds prescribed by Presidential Decree exist, such electronic delivery may be made by means of delivery, a person or mail.
- (8) Necessary matters concerning the specific scope and methods of the electronic delivery pursuant to paragraph (6) shall be prescribed by Presidential Decree.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 327-2 (Designation, etc. of Business Operators of Comprehensive Customs Duties Information Network in Korea)

- (1) The Commissioner of the Korea Customs Service may designate a person who operates all or some of the Comprehensive Customs Duties Information Network of Korea (hereinafter referred to as "business operator of the Comprehensive Customs Duties Information Network in Korea") pursuant to the standards and procedures prescribed by Presidential Decree for the efficient operation of the Comprehensive Customs Duties Information Network in Korea.
- (2) No person falling under any of the following subparagraphs may be designated as provided for in paragraph

(1):

1. A person falling under any of subparagraphs 2 through 5 of Article 175;
 2. A person for whom two years have not elapsed from the date on which the designation of his/her business was revoked pursuant to paragraph (4);
 3. A corporation of which a person falling under subparagraph 1 or 2 holds office as its executive.
- (3) The Commissioner of the Korea Customs Service may subsidize funds necessary for its operation to a business operator of the Comprehensive Customs Duties Information Network in Korea if necessary for the efficient operation of the Comprehensive Customs Duties Information Network in Korea.
- (4) When a business operator of the Comprehensive Customs Duties Information Network in Korea designated pursuant to paragraph (1) falls under any of the following subparagraphs, the Commissioner of the Korea Customs Office may revoke the designation or order a complete or partial suspension of the operation of the Comprehensive Customs Duties Information Network in Korea within a prescribed period not exceeding one year: Provided, That when the business operator falls under subparagraph 1 or 2, the designation thereof shall be revoked:
1. When he/she falls under any of the subparagraphs of paragraph (2);
 2. When he/she has been designated pursuant to paragraph (1) by false or other illegal means;
 3. When he/she fails to meet the standards under paragraph (1);
 4. When he/she fails to comply with the guidance or supervision of the Commissioner of the Korea Customs Service pursuant to paragraph (7).
- (5) When the suspension of business under paragraph (4) is feared to cause serious inconvenience to its users or to harm public interests, the Commissioner of the Korea Customs Service may impose a penalty surcharge not exceeding 100 million won in lieu of the disposition of the suspension of the business. In such cases, matters regarding the amount of a penalty surcharge, etc. according to the kind, gravity, etc. of an offense on which a penalty surcharge is imposed shall be prescribed by Presidential Decree.
- (6) When a person liable to pay a penalty surcharge pursuant to paragraph (5) fails to pay it by the payment

deadline, Article 26 shall apply mutatis mutandis thereto.

- (7) The Commissioner of the Korea Customs Service shall guide and supervise a business operator of the Comprehensive Customs Duties Information Network in Korea concerning the operation of the Comprehensive Customs Duties Information Network in Korea.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 327-3 (Designation, etc. of Electronic Document Brokerage Operators, etc.)

- (1) A person who runs a telecommunications business in accordance with subparagraph 8 of Article 2 of the Telecommunications Business Act and who intends to run the electronic declaration, etc. and electronic delivery brokerage (hereinafter referred to as "electronic document brokerage") shall have his/her intended business designated by the Commissioner of the Korea Customs Service according to the standards and procedures prescribed by Presidential Decree.

- (2) No person falling under any of the following subparagraphs may be designated as provided for in paragraph

(1):

1. A person who falls under any of subparagraphs 2 through 5 of Article 175;
2. A person for whom two years have not elapsed from the date on which the designation of his/her business was revoked in accordance with paragraph (3);
3. A corporation that employs a person falling under subparagraph 1 or 2 as its executive.

- (3) When a person who has had his/her business designated under paragraph (1) (hereinafter referred to as "electronic document brokerage operator") falls under any of the following subparagraphs, the Commissioner of the Korea Customs Service may revoke the designation thereof or order his/her electronic document brokerage suspended in whole or in part for a fixed period of not more than one year: Provided, That if he/she falls under subparagraph 2 or 3, the designation thereof shall be revoked:

1. When he/she falls under any subparagraph of paragraph (2);
2. When he/she has been designated under paragraph (1) by false or other illegal means;
3. When he/she fails to meet the standards provided for in paragraph (1);

4. When he/she fails to comply with the guidance or supervision of the Commissioner of the Korea Customs Service pursuant to paragraph (7).

(4) When the suspension of electronic document brokerage under paragraph (3) causes significant inconvenience to its users or is feared to harm the public interest, the Commissioner of the Korea Customs Service may impose a penalty charge not exceeding 100 million won in lieu of the disposition taken to suspend the electronic document brokerage. In such cases, matters regarding the amount of a penalty surcharge according to the kind, gravity, etc. of an offense on which a penalty surcharge is imposed shall be prescribed by Presidential Decree.

(5) When a person liable to pay a penalty charge under paragraph (4) fails to pay it by the payment deadline, Article 26 shall apply mutatis mutandis thereto.

(6) Any electronic document brokerage operator may impose necessary charges, including fees, as determined by Ordinance of the Ministry of Strategy and Finance, on a person who is provided with the electronic document brokerage service.

(7) The Commissioner of the Korea Customs Service shall guide and supervise electronic document brokerage operators in connection with their business.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 327-4 (Security of Relevant Information, including Electronic Documents, etc.)

(1) No one shall forge or alter the relevant information, including electronic documents, etc. stored in the electronic data processing equipment of the Comprehensive Customs Duties Information Network in Korea or any electronic document brokerage operator or use such forged or altered information.

(2) No one shall damage the relevant information, including electronic documents, etc. stored in the electronic data-processing equipment of the Comprehensive Customs Duties Information Network in Korea or any electronic document brokerage operator or infringe on the confidentiality thereof.

(3) No current or former executive or employee of any business operator of the Comprehensive Customs Duties Information Network in Korea or any electronic document brokerage operator shall divulge or steal the

confidential electronic documents and the relevant information that he/she has learned while performing his/her duties.

- (4) In the application of penal provisions of the Criminal Act and other Acts, executives or employees of a business operator of the Comprehensive Customs Duties Information Network in Korea or an electronic document brokerage operator shall be deemed public officials.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 327-5 (Standards for Electronic Documents)

The Commissioner of the Korea Customs Service may determine the standards for electronic documents concerning the electronic declaration, etc. and electronic delivery for the efficient exchange of the customs information among countries pursuant to Article 255-3, in consideration of the matters prescribed by international organizations, including but not limited to the World Customs Organization.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 328 (Hearings)

The head of a customhouse shall hold a hearing when he/she intends to take any of the following dispositions:

1. Revocation of the designation of a self-managed bonded area under Article 164 (6);
2. Revocation of the designation of a designated bonded area under Article 167;
3. Cancellation of a license granted to an operator under Article 178 (2);
4. Revocation of the designation of a general bonded area under Article 204 (1);
5. Suspension of the operation of a general bonded function under Article 204 (2);
6. Revocation of the designation of a business operator operating the Comprehensive Customs Duties Information Network in Korea under Article 327-2 (4) and an electronic document brokerage operator under Article 327-3 (3).

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

Article 329 (Delegation, Entrustment, etc. of Authority)

- (1) The Commissioner of the Korea Customs Service or the head of a customhouse may delegate part of his/her authority under this Act to the head of a customhouse or to the heads of other agencies, as prescribed by Presidential Decree.
- (2) The head of a customhouse may entrust his/her authority provided for in Articles 257 through 259 to the head of a postal service office, as prescribed by Presidential Decree.
- (3) The head of a customhouse may entrust his/her authority provided for in Articles 157, 158 (2), 159 (2), 165 (2), 209, 213 (2) (limited to the receipt of a declaration on bonded transportation) and (3), 215, 222 (1) and 246 (1) to the following persons, as prescribed by Presidential Decree:
 1. A non-profit corporation established to maintain order in customs clearances and efficiently manage export and import cargoes;
 2. A cargo manager;
 3. An operator;
 4. A bonded transportation operator registered pursuant to Article 222.
- (4) The Commissioner of the Korea Customs Service may entrust part of his/her affairs concerning reporting on intellectual property rights (limited to the receipt of a report and requests for supplementation thereof) referred to in Article 235 (2), as prescribed by Presidential Decree, to organizations related to the protection of intellectual property rights. In such cases, the Commissioner of the Korea Customs Service may subsidize expenses incurred in conducting the entrusted affairs within budgetary limits.
- (5) In applying Articles 129 through 132 of the Criminal Act, a person who is delegated to exercise the authority under paragraphs (2) and (4) (including his/her executive, staff, and employee) shall be deemed a public official.

[This Article Wholly Amended by Act No. 10424, Dec. 30, 2010]

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2001.

Article 2 (General Applicability)

(1) The amended provisions of Article 8 (4) shall apply to the filed declarations or reports on and after this Act enters into force.

(2) The amended provisions of Articles 9 (1) 3, 19 (1) 1, 41, 42, 88 through 96, 99, 101, 102, 249, 251 (1) (proviso) and 254 shall apply to the filed export or import declarations or returns and the served duty imposition notices on and after this Act enters into force.

(3) The amended provisions of Articles 39 (1) 5 and 253 shall apply to the immediate shipment declarations filed on and after this Act enters into force.

(4) The amended provisions of Articles 40 and 118 shall apply to the collected customs duties on and after this Act enters into force.

(5) The amended provisions of Article 117 shall apply to the stored goods on and after this Act enters into force.

Article 3 (General Transitional Measures)

Any disposition taken, any procedure followed and any act performed in accordance with the previous provisions at the time that this Act enters into force shall be deemed to be taken, followed and performed in accordance with the provisions of this Act.

Article 4 (Transitional Measures concerning Correction Application Period)

The amended provisions of Article 38 (4) shall apply to the correction of customs duties amount in the event that one year does not expire from the date on which a duty return is filed at the time that this Act enters into force.

Article 5 (Transitional Measures concerning Licensed Bonded Area)

(1) Any person who has obtained a license on the establishment and operation of a licensed bonded storage place under the previous provisions shall be deemed to have obtained a license on the establishment and operation of a bonded warehouse pursuant to the amended provisions of Article 183.

(2) Any person who has obtained a license on the establishment and operation of a special bonded factory under the previous provisions shall be deemed to have obtained a license on the establishment and operation of a bonded factory pursuant to the amended provisions of Article 185.

Article 6 (Transitional Measures concerning Penal Provisions)

The application of the penal provisions to any act committed before this Act enters into force shall be governed by the previous provisions.

Article 7 Omitted.

Article 8 (Relations with other Acts and Subordinate Statutes)

In the event that other Acts and subordinate statutes cite the previous Customs Act and its provisions at the time this Act enters into force and any provisions of this Act fall under such cited provisions, this Act or the relevant provisions shall be deemed to have been cited in lieu of the previous provisions.

ADDENDA <Act No. 6705, Aug. 26, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 4 Omitted.

ADDENDA <Act No. 6777, Dec. 18, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2003.

Article 2 (Applicability)

(1) The amended provisions of Articles 38 (3) and 42 (2) shall apply to the portion of any amended duty returns filed on and after this Act enters into force.

(2) The amended provisions of Article 185 (4) shall apply to goods shipped into any bonded factory for their use therein after getting through customs clearance on and after this Act enters into force.

(3) The amended provisions of Articles 241 (3) and 243 (1) shall apply to the first goods shipped into any designated storage place or any bonded warehouse or stored in a place that is not a bonded area on and after this Act enters into force.

Article 3 (Transitional Measures concerning Administrative Disposition)

The application of any administrative disposition to any act performed before this Act enters into force shall be governed by the previous provisions.

Article 4 (Transitional Measures concerning Digital Document Brokerage Operator)

Any person who conducts the digital document brokerage under the amended provisions of Article 327-2 (1) at the time this Act enters into force may continue to conduct his/her digital document brokerage until three months after the date this Act enters into force, notwithstanding the amended provisions of Article 327-2.

Article 5 (Transitional Measures concerning Penal Provisions)

The application of the penal provisions to any act performed before this Act enters into force shall be governed by the previous provisions.

ADDENDA <Act No. 7009, Dec. 30, 2003>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 (General Applicability)

This Act shall apply to the portion of import declarations on and after this Act enters into force.

Article 3 (Applicability to Surcharges)

The amended provisions of Article 41 (1) shall apply to the import declarations or imposition notices on and after this Act enters into force.

Article 4 (Applicability to Return of Customs Duties for Goods Different from Contents of Contract)

(1) The amended provisions of Article 106 (1) shall apply to the portion that is carried into bonded factories on and after this Act enters into force.

(2) The amended provisions of Article 106 (6) shall apply to the applications for the refund on and after this Act enters into force.

Article 5 (Applicability to Carry-out of Goods for Which Import Declaration is Accepted)

The amended provisions of Article 157-2 shall apply to the import declarations accepted on and after this Act enters into force.

Article 6 (Applicability to Refund of Customs Duties, etc. to Goods Sold in General Bonded Area)

The amended provisions of Article 199-2 shall apply to the sale in the general bonded areas on and after this Act enters into force.

Article 7 (Applicability to Disposal of Forfeited Goods, etc.)

The amended provisions of Article 326 (6) shall apply to the goods that are forfeited or reverted to the National Treasury on and after this Act enters into force.

Article 8 (Transitional Measures concerning Penal Provisions, etc.)

The previous provisions shall govern the applications of penalty provisions or fines for negligence to the acts committed prior to the enforcement of this Act.

ADDENDA <Act No. 7222, Oct. 5, 2004>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 9 (3) shall enter into force one month after the date of its promulgation.

(2) (Application Example regarding Payment Time Limit of Customs Duties) The amended provisions of Article 9 (3) shall apply to the portion of the duty amount for which the payment time limit pursuant to the provisions of Article 9 (1) 1 and 3 arrives in the month whereto belongs the enforcement date.

(3) (Application Example regarding Period for Keeping Reporting Documents) The amended provisions of Article 12 shall apply to the portion reported or submitted on and after the enforcement of this Act.

(4) (Application Example regarding Revision) The amended provisions of Article 38-2 (5) (proviso) shall apply

to the portion applied for revision with respect to the shortage of duty amount on and after the enforcement of this Act.

(5) (Application Example regarding Objection) The amended provisions of the latter part of Article 132 (1) shall apply to the portion of the notice mailed with respect to the decided matters or the duty amount as referred to in Article 259 (1) on and after the enforcement of this Act.

ADDENDA <Act No. 7581, Jul. 13, 2005>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Transitional Measures concerning Extinctive Prescription of Right to Request Refund of Customs Duties)

With respect to any right to request the refund of customs duties already established at the time this Act enters into force and the extinctive prescription of which has yet to be completed according to the previous provisions, the amended provisions of Article 22 (2) shall apply.

ADDENDA <Act No. 7849, Feb. 21, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 2005. (Proviso Omitted.)

Articles 2 through 41 Omitted.

ADDENDA <Act No. 7887, Mar. 24, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 116-2 shall enter into force on January 1, 2007.

Article 2 (Applicability to Additional Duty)

The amended provisions of Article 42 shall apply to the amended duty return or duty payment notice filed on and after this Act enters into force.

Article 3 (Applicability to Modification and Application of Tariff Classification Applicable to Specific Goods)

(1) The amended provisions of Article 87 (3) shall apply to the application for prior examination of tariff classification filed on and after this Act enters into force, or with the goods imported on and after this Act enters into force, on which the Commissioner of Korea Customs Service determines the tariff classification ex officio.

(2) The amended provisions of Article 87 (4) shall apply to the goods that have been accepted for the declaration of export or import on and after this Act enters into force.

Article 4 (Applicability to Storage Period of Goods in Licensed Bonded Area)

The amended provisions of Article 177 (1) 1 (b) shall apply to goods that are stored in the bonded warehouse in the licensed bonded area on and after this Act enters into force.

Article 5 (Applicability to Report of Export, Import or Return)

The amended provisions of Article 241 (5) 1 shall apply to the portion of duties on or after this Act enters into force.

Article 6 (Transitional Measures concerning Goods whose Final Dutiable Value Not Reported after Report of Provisional Dutiable Value)

The amended provisions of Article 28 (3) and (4) shall apply to those whose final dutiable value pursuant to paragraph (2) of the same Article has not been reported within the reporting period since the provisional dutiable value thereof was reported pursuant to paragraph (1) of the same Article before this Act enters into force.

Article 7 (Transitional Measures concerning Storage Period in General Bonded Area)

The amended provisions of the proviso to Article 200 (2) shall apply to the goods stored in a general bonded area before this Act enters into force. In this case, the initial date in the reckoning of the storage period of the relevant goods shall be the date this Act enters into force.

ADDENDA <Act No. 8050, Oct. 4, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <Act No. 8136, Dec. 30, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on April 1, 2007: Provided, That the amended provisions of attached Table shall enter into force on January 1, 2007.

Article 2 (Applicability to Postal Matters)

The amended provisions of subparagraph 8 of Article 16 shall be applicable to postal matters declared on and after this Act enters into force.

Article 3 (Applicability to the Grace Period for Disposition on Default and Suspension of Prescription during Proceedings of Lawsuit Seeking Cancellation of Fraudulent Act)

The amended provisions of Article 23 (3) shall be applicable to cases for which a disposition on default is suspended or a lawsuit seeking cancellation of a fraudulent act is filed on and after this Act enters into force.

Article 4 (Applicability to Time Period for Examination of Legality Prior to Duty Imposition)

The amended provisions of the main sentence of Article 118 (2) shall also be applicable to the cases of which a notice has been delivered before this Act enters into force.

Article 5 (Applicability to Time Period for Decision on Request for Evaluation)

The amended provisions of the main sentence of Article 128 (2) shall be applicable to cases for which a request for examination is filed on and after this Act enters into force.

Article 6 (Applicability to Vehicles Crossing National Borders)

The amended provisions of Articles 149 (3) and (4), 150 (3) and (4), 151-2, 151-3, and 152 shall be applicable to vehicles that cross national borders on and after this Act enters into force.

Article 7 (Applicability to Declarations of Export, Import, and Return)

The amended provisions of Article 241 (6) shall be applicable to cases for which a declaration is filed on and

after this Act enters into force.

Article 8 (Applicability to Rewards for Information regarding Hidden Assets)

The amended provisions of Article 324 (2) through (4) shall be applicable to information reported about hidden assets on and after this Act enters into force.

Article 9 (Applicability to Tariff Schedule)

The amended provisions of attached Table shall be applicable to im- ports declared on and after January 1, 2007.

Article 10 (Transitional Measures concerning Registration of Bonded Transportation Operators, etc.)

Persons who are engaged in loading and unloading the vehicles crossing national borders or similar as at the time this Act enters into force shall be deemed to have been registered in accordance with the amended provisions of Article 222: Provided, That they shall renew such registration by no later than June 30, 2007.

ADDENDA <Act No. 8356, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8367, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 8833, Dec. 31, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2008.

Article 2 (Applicability to Prior Examination of Method of Determining Dutiable Value)

The amended provisions of Article 37 (2) and (3) shall apply to the portion that is applied on and after this Act enters into force.

Article 3 (Applicability to Refund of Customs Duties for Goods, etc. Different from Contract Term)

The amended provisions of Article 106 (1) 2 shall apply to goods for which an import declaration is filed on and after this Act enters into force.

Article 4 (Applicability to Determination of Dutiable Goods in Imposition of Customs Duties on Raw Materials)

The amended provisions of Article 189 (1) shall apply to goods that are reported for use on and after this Act enters into force.

ADDENDA <Act No. 8852, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8860, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 9261, Dec. 26, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2009: Provided, That the amended provisions of Articles 137-2, 254-2 and 277 shall enter into force on April 1, 2009 and the amended provisions of the proviso to Article 93 shall enter into force on January 1, 2010.

Article 2 (General Applicability)

This Act shall apply to the import declaration on and after this Act enters into force.

Article 3 (Applicability to Revision)

The amended provisions of Article 38-2 (1) shall apply to an application for revision the period of which has not passed pursuant to the previous provisions at the time this Act enters into force.

Article 4 (Applicability to Additional Duties)

The amended provisions of Article 42 shall apply to an import declaration filed on and after this Act enters into force.

Article 5 (Applicability to Reduction of Customs Duties for Overseas Wage- Processed Goods)

The amended provisions of the proviso to Article 101 (2) 1 shall apply to the reimport made on and after this Act enters into force.

Article 6 (Applicability to Provision of Passenger Reservation Data)

The amended provisions of Article 137-2 shall apply to the requests for passenger reservation data made by the head of a customhouse on and after this Act enters into force.

Article 7 (Applicability to Special Customs Clearance for Consignments)

The amended provisions of Article 254-2 shall apply to the list of customs clearance submitted on and after this Act enters into force.

Article 8 (Transitional Measures concerning Extinctive Prescription of Right of Claim for Refund of Customs Duties)

The amended provisions of Article 22 (2) shall apply to a right of claim for refund, which has already taken effect at the time this Act enters into force, the extinctive prescription of which pursuant to the previous provisions has not expired.

Article 9 (Transitional Measures concerning Penal Provisions)

The previous provisions shall apply to penal provisions or a fine for negligence for acts before this Act enters into force.

ADDENDA <Act No. 9410, Feb. 6, 2009>

(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.

(2) (Applicability to Price Investigation Report, etc.) The amended provisions of Article 29 (2) shall apply beginning with the import declaration first made after this Act enters into force.

ADDENDA <Act No. 9617, Apr. 1, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 13 Omitted.

ADDENDA <Act No. 9625, Apr. 22, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Articles 2 through 9 Omitted.

ADDENDA <Act No. 9709, May 27, 2009>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to Reporting on Distribution Track Record, etc.) The amended provisions of Article 240-2 shall apply to import declarations filed on and after this Act enters into force.

ADDENDA <Act No. 9910, Jan. 1, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2009: Provided, That the amended provisions of Articles 90 (1) 2 and 3, and subparagraph 1 of Article 99 shall enter into force on April 1, 2010, and the amended provisions of Articles 108 (1), 158 (5), 181, 187 (2), 195 (2), 202 (3), 205 and 248 (5) shall enter into force on July 1, 2010.

Article 2 (General Applicability)

This Act shall apply to import declarations filed on and after this Act enters into force.

Article 3 (Applicability to Revision)

The amended provisions of Article 38-2 (5) shall apply to applications for revision, the period of which has not passed.

Article 4 (Transitional Measures concerning Penal Provisions, etc.)

Penal provisions or fines for negligence for acts conducted before this Act enters into force shall be governed by the previous provisions.

ADDENDA <Act No. 9924, Jan. 1, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2010.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 9968, Jan. 25, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDUM <Act No. 10195, Mar. 31, 2010>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 10424, Dec. 30, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2011: Provided, That the amended provisions of Articles 12, 178 (2), (3) and (4), 205 and 252 shall enter into force on April 1, 2011, and the amended provisions of Articles 229 (1), 232-2, 233 (2) and (3) shall enter into force on July 1, 2011 while the amended provisions of Articles 231 (7), 235 and 329 (4) shall enter into force on the date on which the Free Trade Agreement between the

Republic of Korea and the European Union and its member countries comes into force (in cases of a patent right under Article 235 (1) 5 and a design right under subparagraph 6 of the same paragraph, it refers to the date on which two years lapse after the Agreement comes into force).

Article 2 (General Applicability)

This Act shall apply to export or import declarations filed on and after this Act enters into force.

Article 3 (Applicability to Penalty Surcharges)

The amended provisions of Article 178 (3) shall apply to the portion in which grounds arise to issue a disposition to suspend the shipment, etc. of goods on and after the amended provisions of Article 178 (3) become effective pursuant to the proviso to Article 1 of the Addenda.

Article 4 (Applicability to Limitations on Customs Clearance of Goods with False or Misleading Labels on Quality, etc.)

The amended provisions of 203-2 shall apply to export or import declarations filed on and after this Act enters into force.

Article 5 (Applicability to Protection of Intellectual Property Rights)

The amended provisions of Article 235 shall apply to export or import declarations, transshipment declarations, combined transshipment declarations, declarations on the shipment into a bonded area, bonded transportation declarations or temporary unloading declarations referred to in subparagraph 1 of Article 141 on and after the amended provisions of Article 235 become effective pursuant to the proviso to Article 1 of the Addenda.

Article 6 (Transitional Measures concerning Penal Provisions)

Penal provisions for offenses committed before this Act enters into force shall be governed by the former provisions.

ADDENDA <Act No. 10897, Jul. 25, 2011>

(1) (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

(2) (Transitional Measures concerning Cargo Transportation Broker)

Where the cargo transportation broker has file a declaration in accordance with the previous provisions in order to handle bonded cargoes before this Act enters into force, it shall be deemed to have been registered on the date when this Act enters into force: Provided, That it shall meet the requirements for registration under Article 223 until the date when six months elapse from the date on which this Act enters into force.
