



WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Established in 1952 as the Customs Co-operation Council
Créée en 1952 sous le nom de Conseil de coopération douanière

HARMONIZED SYSTEM
COMMITTEE

-
23rd Session

-

NC0074E1

O. Eng.

H9-3

Brussels, 28 April 1999.

CLASSIFICATION OF A VIDEO CARD, SOUND CARD AND SOFTWARE THEREFOR

(Item VIII.15 on the Agenda)

Reference documents :

42.467 (HSC/22)

42.750, Annex H/16 (HSC/22 - Report)

NC0052E1

I. BACKGROUND

1. Subsequent to the preparation of Doc. NR0052E1, the Secretariat received, on 25 March 1999, the following Note from the United States Administration on the classification of certain video cards and sound cards.

II. UNITED STATES NOTE
CLASSIFICATION OF A VIDEO CARD
AND A SOUND CARD
PRESENTED WITH SOFTWARE

2. "The classification of certain video and sound cards used in automatic data processing (ADP) machines was placed on the Committee 's Agenda by Tunisia. The issue presented is whether these devices are classified as signal converters of heading 84.71, as parts or accessories of ADP machines of heading 84.73, or elsewhere in the Nomenclature. The Committee is also asked to classify the video and sound cards when presented with a diskette recorded with software.

File No. 2747

For reasons of economy, documents are printed in limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

NC0074E1

Description of merchandise:

3. According to information received from the Secretariat, the first product under consideration is the Video Wonder Series Video Kit. The kit consists of the Video Wonder capture card and a diskette recorded with software. The video capture card does not include a television tuner card. The kit makes it possible for the computer to receive video signals so that they may be displayed on the computer's monitor, saved in the computer's main storage, or sent to other computers by means of a modem, terminal adapter or a local area network.
4. The video capture card receives analog video and sound signals and converts these signals into a format that can be used by the computer. The card possesses an analog-to-digital chip and a compression chip which convert the signals into binary data. The digital signals are sent from the card to the computer's central processing unit (CPU) through electrical circuits which are known collectively as the computer "bus". The CPU can transmit the video and sound data to the computer's main storage. To display the images and play back sound, the CPU accesses the data in memory and transmits the information to the video card. The video card then decompresses the signals and sends them through a digital-to-analog converter so that they may be displayed on the computer's monitor and played on the computer's speakers. Video conferencing is possible if the CPU transmits the signals to the computer's modem or ISDN terminal adapter. The modem converts the binary data into analog signals that can be sent through the telephone line system.
5. The sound card at issue is the Sound Maker 18 Plug and Play. The card makes it possible for a computer to receive, record and reproduce analog sound signals received from, for example, a computer's internal CD-ROM or DVD drive, or external CD-ROM player or microphone. In order to convert the signals into the format that can be read by the computer, they are routed through an analog-to-digital computer chip, as well as a compression chip. The sound card is connected to the CPU through the computer's internal bus. The CPU transmits the data through the bus to a storage device. In order to play back sound, the CPU accesses the data in memory. The information is sent through the bus to the sound card. The signals are then decompressed, routed through a digital-to-analog converter and sent to the computer's speakers.
6. Heading 84.71 provides in part for units of ADP machines. Note 5(B) to Chapter 84 explains that an ADP machine may be in the form of a system that consists of separate units. Subject to Note 5(E) to Chapter 84, a device is a unit of an ADP machine if it is of a kind solely or principally used in an ADP system; it is connectable to the central processing unit either directly or through one or more other units; and it is able to accept or deliver data in a form (codes or signals) which can be used by the system. Pursuant to Note 5(C) to Chapter 84, separately presented units are classified in heading 84.71.
7. The video and sound cards are covered by heading 84.71 because they meet all the criteria set forth in Note 5(B) to Chapter 84. The cards are used solely in ADP systems. They are connected directly to the CPU through the computer's bus. The video and sound cards

2.

convert analog signals into digital data that can be used by the ADP system. The ADP machine stores the video and sound signals as computer files and is able to display and play back this information on the computer's monitor or speakers.

8. Video cards and sound cards are specifically provided for as signal converting units at Part (D) of the Explanatory Notes to heading 84.71:

Examples of such units include:

- (5) Signal converting units. At input, these enable an external signal to be understood by the machine, while at output, they convert the output signals that result from the processing carried out by the machine into signals which can be used externally.

9. The devices at issue convert external analog video and sound signals into digital data that can be processed by the computer. They also convert the digital data back into analog signals to display images and reproduce sound.
10. For these reasons, the video and sound cards are classifiable as separately presented units of subheading 8471.80.
11. In paragraph 4 of document 42.467, the Secretariat suggests that the video and sound cards could be classified in subheading 8473.30 as parts for ADP machines. However, Note 2(a) to Section XVI states that parts which are goods included in any of the headings of Chapters 84 and 85 are in all cases to be classified in their respective headings. Video and sound cards are provided for as separately presented units of heading 84.71. Consequently, if the video and sound cards are regarded as units for ADP machines, classification in heading 84.73 is precluded.
12. The video and sound cards can also be regarded as accessories for ADP machines. In that event, Note 2 to Section XVI is not relevant to the classification. Nevertheless, these devices remain classified as signal converting units of heading 84.71 because that heading provides the most specific description of the goods.
13. Note 5(B) is subject to Note 5(E). Note 5(E) states that machines performing a specific function other than data processing are classified in the heading appropriate to their function, or in a residual heading. In paragraph 4 of document 42.467, the Secretariat observes that modems are classified in heading 85.17 as electrical apparatus for line telephony. The Secretariat notes that modems convert analog signals to digital signals that may be used by computers. Since video and sound cards also convert analog signals into digital signals that are used by computers, it could be argued that they have a specific function other than data processing.
14. Modems are excluded from heading 84.71 by application of Note 5(E) because they have a specific function that is provided for by heading 85.17. Heading 85.17 covers apparatus for

NC0074E1

the transmission of information between two points through the telephone line system. Modems are covered by heading 85.17 because they preserve the integrity of the telephone line system by converting ADP signals to signals that are compatible with telecommunication protocols and its unique electrical characteristics.

15. Note 5(E) does not apply to the video and sound cards in question. These devices cannot be classified in heading 85.17 because they do not have any contact with the telephone line system. Moreover, there is no other heading in the Nomenclature that specifically provides for these products.
16. Although heading 85.43 could be considered, it is a residual heading for electrical machines and apparatus that have individual functions other than that of ADP signal conversion. The goods at issue function exclusively as signal converters for data processing machines. The Explanatory Notes to heading 84.71 make it explicit that signal conversion is a data processing function. Since the goods at issue are covered by heading 84.71, classification in heading 85.43 is precluded.

Classification of the software:

17. The diskettes containing software are classified as recorded media of heading 85.24. Note 6 to Chapter 85 states that media of heading 85.24 remain classified in that heading "whether or not they are presented with the apparatus for which they are intended." At its 22nd Session, the Committee decided that recorded media is always classified separately when presented with other merchandise. (Annex G/4 to Doc. 42.750). Accordingly, the diskettes containing software for the video and sound cards are classified separately in heading 85.24.

Conclusions:

18. The video and sound cards are signal converters for ADP machines and are classifiable as units of ADP machines in subheading 8471.80 by application of General Interpretative Rule 1 and Note 5(B) to Chapter 84. The diskettes are classified separately in heading 85.24 by application of Note 6 to Chapter 85."

III. CONCLUSION

19. The Committee is invited to take account of the above Note from the United States when it examines the present Agenda item.
-