



GOVERNMENT OF PAKISTAN
MODEL CUSTOMS COLLECTORATE OF APPRAISEMENT (EAST)
CUSTOM HOUSE, KARACHI



C. No. (635)KAPE - DC (PCT) 2015 Dated: 8, October, 2016

Public Notice No. 8 /2016 (Classification)

Subject: **CLASSIFICATION OF ALUMINUM COMPOSITE PANELS**

FACTS:

Model Customs Collectorate, Islamabad forwarded the matter of classification of Aluminum Composite Panels (ACP) which was pointed out by Directorate General of Internal Audit (Customs), Islamabad during the course of audit for the period 2012-13. Audit was of the view that the Aluminum Composite Panels were incorrectly classified under PCT 7604.2920 by the clearance Collectorate and were correctly classifiable under PCT 7610.9000. On arrival of the case, after adjudication in favor of the Department, Appellate Tribunal directed to send the matter of classification of ACP to Classification Committee for determination of correct HS Code.

ISSUE:

2. Whether the under reference 'Composite Aluminum Panels' are classified under:
- (i) PCT heading 7604.2920 as claimed by the importer; or
 - (ii) PCT heading 7610.9000 as proposed by the Directorate General of Internal Audit (Customs), Islamabad; and / or
 - (iii) under any other relevant heading of First Schedule to the Customs Act, 1969 (Pakistan Customs Tariff).

PRODUCT ANALYSIS:

3. The impugned product, as described in the Audit observation, is a type of flat panel consisting of non-aluminum core bonded between two aluminum sheets used for external cladding of buildings (building facades), for insulation and for signage. These Aluminum panels can be painted in any colour and has physical properties, e.g. weather proofing, noise absorption, fireproofing, waterproofing, light weight and easy to cut, impact resistance and easy to maintain. Application of ACPs are not limited to external building cladding but can also be used in any form of internal cladding such as partitions, false ceilings etc.

4. Information gathered through internet suggests that the product is Aluminum Sheet Cladding (Aluminum Composite Panel) frontal and rear side of which are made of coated aluminum alloy sheets with core of nontoxic polyethylene material and surface finish treated with fluoro-carbon resin (PVDF). Size of the panel varies depending on the structure on which the panel is to be used.

LAW AND ANALYSIS:

5. The meeting was scheduled for 12.05.2016 but could not be held due to inability of the importer to attend the same, communicated by them vide their letter dated 11.05.2016. The PCT Committee deliberated on the issue of classification of under reference product during its meeting held on 18th July, 2016 which was also attended by Mr. Shaukat Ali Qureshi, Advocate and Mr. Mussadaq Rauf Mughal, on behalf of importer M/s Pak Gulf Construction (Pvt.) Ltd., Islamabad. During the meeting the representative of importer contended that the impugned goods attract HS Code 74.06 because such panels are made of Aluminum. However, they further stated that they would provide documentary evidence including catalogue/literature etc in support of their contention, for which a letter dated 10.09.2016 was also sent to them but neither they replied nor provided any catalogue/literature in this regard.

6. The following HS Codes were considered by the Committee:

- (a) 7604 Aluminum bars, rods and profiles
- (b) 7606 Aluminum plates, sheets and strip, of a thickness exceeding 0.2 mm
- (c) 7610 Aluminum structures (excluding prefabricated buildings of Heading 94.06) and parts of structures (for example, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, balustrades, pillars and columns); aluminum plates, rods, profiles, tubes and the like, prepared for use in structures.

7. The Committee observed that the HS Code 76.04 includes *aluminum bars, rods and profiles*, as defined under Note 1 (a) & (b) of Chapter 76, which are the products generally obtained by rolling, extruding, drawing or forging the unwrought aluminum of heading 76.01

and are covered under headings 76.04 to 76.07 [EN (C) XV-76-4]. As the impugned product is neither a bar or rod or profile nor is it obtained by any of the processes mentioned in the Chapter Notes, the same cannot be classified under HS Code 76.04.

8. The committee further considered the HS Code 76.06. Chapter Note 1(d) describes plates; sheet and strips having the following characteristics are to be classified under HS Code 76.06.

- a) Flat-surfaced products
- b) Coiled or not
- c) Solid rectangular cross-section with or without rounded corners of a uniform thickness

These characteristics are applicable on metals and composite articles of base metals (containing two or more base-metals) as described in Section Note 7 of Section XV. However, the impugned product is made up of single metal i.e. aluminum on two sides with a non-metal core rendering it a composite panel of metal and non-metal, therefore, the specified characteristics of HS Code 76.06 are not applicable being neither single metal nor a composite article of two or more base-metals.

9. The Committee, then considered that the HS Code 76.10 which covers articles used in building structures, such as, aluminum plates, rods, profiles, tubes, sheets, wide flats, sections, shutters, gates, sliding doors, fencing, barriers etc. EN to HS Code 76.10 further provides that 'in the case of aluminum, structural parts are sometimes bonded together with synthetic resins or rubber compounds instead of being fixed by the ordinary methods of riveting, bolting, etc'. The impugned product being an article of similar nature, characteristics and uses as of the other articles mentioned above, the same is appropriately classifiable under HS Code 76.10.

HOLDING:

10. In view of the above discussion, Committee is of the opinion that the Aluminum Composite Panels whose frontal and rear sides are made of surface treated/coated aluminum alloy sheets with core of non-metal material and presented in varying sizes, are classifiable under PCT Heading 7610.9000 through application of GRI Rule 1.

11. This Ruling is issued in terms of Chapter – II (Classification) of the CGO 12 / 2002 dated 15th June, 2002 and any appeal against this Ruling shall only lie with the Federal Board of Revenue under Rule 2 of Pakistan Rules to the General Rules for Interpretation.

12. The above ruling is based upon the documents / literature provided by the applicant and shall be treated as annul if it is found at any subsequent stage that the same was obtained by providing incorrect false, misleading or incomplete information by the applicant.



(Muhammad Haris Ansari)
Additional Collector-II
Chairman Classification Committee

Distribution:

1. PS to Member (Customs), Federal Board of Revenue, Islamabad.
2. Chief Collector of Customs (Appraisalment-South), Custom House, Karachi.
3. Chief Collector of Customs (Enforcement-South), Custom House, Karachi.
4. Chief Collector of Customs (Central/North) Custom House, Lahore / Islamabad.
5. Director General, Intelligence & Investigation-FBR, Mauve Area-1, G-10/4, Islamabad.
6. Chief (Tariff), Customs Wing, Federal Board of Revenue, Islamabad.
7. Collector, MCC Appraisalment (East) / (West) / (Preventive), Custom House, Karachi.
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11. Director, Directorate of Customs Post Clearance Audit, 3rd Floor, Custom House, 24 Mauve Area, G-9/1, Islamabad
12. Director, Directorate of Intelligence & Investigation (Customs), Karachi / Lahore / Faisalabad / Rawalpindi / Quetta / Peshawar.
13. Collector of Customs Adjudication I & II, Customs House, Karachi.
14. Collector, MCC (Adj/Appeals), Lahore / Faisalabad / Rawalpindi / Peshawar / Quetta.
15. Secretary Customs Tariff-I, Federal Board of Revenue, Islamabad.
16. M/s Pak Gulf Construction (Pvt.) Ltd, 176, Gomal Road, E-7, Islamabad.
17. Karachi Chamber of Commerce & Industry, Karachi.
18. Karachi Customs Agents Association, Custom House, Karachi.
19. Notice Board.
20. Master File.