



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



No. C-45/PCT/KEAP/2017

Dated: 26-01-2017

PUBLIC NOTICE NO 02 /2017

**Subject:** CLASSIFICATION OF PVC WASTE & SCRAP IN CRUSHED / SHREDDED FORM.

**FACTS:**

Model Customs Collectorate, Port Muhammad Bin Qasim, Karachi, forwarded a reference for the classification of 'PVC Flakes / PVC Recycled Flakes' imported by various importers under declared PCT heading 3904.1090. The Collectorate is of the view that the imported goods comprise PVC waste and scrap which has been merely crushed through some mechanical process and, as such, cannot be considered to be "transformed" into PVC in primary form and the laboratory report pertaining to samples of recently imported consignments also declares that the imported item is not in primary form, hence classifiable under PCT 3915.3000. Meeting of the Classification Committee was held on 20-1-2017 and 24-01-2017, which was attended by all stake-holders. The importers' advanced following grounds to seek clearance under claimed PCT heading 3904.1090:-

- (i) Note No. 6 to Chapter 39 mentions that in heading 39.01 to 39.14, the expression "primary forms" applies inter alia to "**flakes & similar bulk forms**"
- (ii) Note 7 to Chapter 39 specifically excludes the waste, parings and scrap of a single thermoplastic material, "**transformed into primary forms**"
- (iii) Such goods have been continuously declared, assessed and allowed release under PCT heading 3904.1090.

And since their goods are transformed from 'waste PVC pipes' to 'PVC flakes' through some mechanical process, therefore, the same qualifies to be classified under PCT 3904.1090.

### PRODUCT ANALYSIS:

3. The imported product as per declared description is 'PVC flakes / PVC Re-cycled Flakes' packed in Jumbo bags. According to the importers and examination report, the product is actually crushed form of PVC scarp which is produced by mechanically processing PVC waste items to obtain small fragments. On test from Custom House Lab, the sample is found to consist of Thermoplastic material Polyvinyl Chloride in association with fillers, colour and additives. On specific query, the Custom House Lab confirms that the goods are thermoplastic type and not transformed into 'primary form' and they do not fulfill the criteria of 'primary form' envisaged in para 6 (a,b) at page VII 39-2 of the HS notes.

### ISSUE:

4. Whether the imported 'PVC flakes / PVC Recycled Flakes' are appropriately classifiable under PCT Heading 3904.1090 as declared / claimed by the importer or under PCT 3915.3000 as proposed by the clearance Collectorate or under any other relevant heading to the First Schedule to Customs Act, 1969.

### LAWS AND ANALYSIS:

5. The committee deliberated on the issue and observed that:
- (i) Note No. 6 to Chapter 39 mentions that in heading 39.01 to 39.14, the expression "primary forms" applies inter alia to "liquids and pastes, including dispersions, blocks of irregular shape, lumps, powders, granules, flakes and similar bulk forms"
  - (ii) Note 7 to Chapter 39 specifically excludes the waste, parings and scrap of a single thermoplastic material, "**transformed into primary forms**"
6. The Committee also observed that the Explanatory Notes to the Harmonized Commodity divides Chapter 39 into two Sub-Chapters. Sub-Chapter-I covers polymers in primary forms and Sub-Chapter-II covers waste, parings and scrap, and semi-manufactures and articles. In Sub-Chapter-I, relating to primary forms, the products of headings 39.01 to 39.11 are obtained by chemical synthesis and those of headings 39.12 and 39.13 are either natural polymers or are obtained therefrom by chemical treatment. Heading 39.14 covers ion-exchangers

based on polymers of headings 39.01 to 39.13. In Sub-Chapter II, heading 39.15 relates to waste, parings and scrap of plastics.


7. The arguments put forth by the stakeholders, literature provided by the importers, test report of the goods and relevant explanatory notes were examined. It is not disputed that according to Note 6 of Chapter 39 of Pakistan Customs Tariff and explanatory notes of Harmonized System of World Customs Organization, HS Code 39.15 does not apply to waste, parings and scrap of a single thermoplastic material, **transformed into primary forms**, and heading 39.04 expressly mentions polymers of vinyl chloride in primary form. Therefore, the critical question in the current dispute is whether the crushing of PVC waste tantamount to 'transformation into primary form' as required to be classified under HS Code 3901-3914 or otherwise.

8. The detailed analysis of the main question leads to the deduction that **change of physical appearance** of PVC waste and scrap to "**fragments**" through crushing or any other mechanical process is not sufficient for exclusion from Heading 39.15. While crushing may alter the physical appearance and /or shape of the PVC scrap (for any convenient transportation or to prepare it for recycling), it does not remove impurities, contaminants and additives associated with waste articles attracting HS Code 39.15. Rather, the "transformation" of waste of manufactured goods to primary form would require its reprocessing through thermal / chemical / or refining treatments. In the instant case, the product is PVC waste and scrap which has been merely crushed through some mechanical process without further processing and without involving any chemical synthesis/ chemical treatment which is mandatory for goods to be classified as primary forms.

**HOLDING:**

9. In view of the foregoing discussion, the product PVC flakes / PVC Recycled Flakes packed in jumbo bags, obtained from crushing PVC waste items to obtain small fragments, without further processing involving chemical synthesis /chemical treatment which is mandatory for goods to be classified in primary forms, is appropriately classifiable under PCT Heading 3915.3000, through application of GRI 1.

10. The above ruling is based upon the documents / literature provided by the applicant and shall be treated as annulled 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.
8. Collector of Customs MCC, Port Mohammad Bin Qasim, Karachi.
9. Collector of Customs, MCC (Appraisalment/Preventive) Lahore.
10. Collector, MCC Hyderabad / Gawadar / Quetta/ Multan / Sambrial / Faisalabad / Islamabad / Peshawar / Gilgit-Baltistan.
11. Director, Directorate of Customs Post Clearance Audit, 3<sup>rd</sup> 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, MCC (Adj/Appeals), Lahore / Faisalabad / Rawalpindi / Peshawar / Quetta.
14. M/s. Sajid Plastic Factory, House 2-Street-19 Block 22, Sarghoda.
15. M/s Prime Packages, Plot # D-26/ A South Avenue Manghopir Mauripur Road, Karachi.
16. M/s Pioneer Pipe Industries, Majid Street Bara Road, Near Al Halal Mosque Shahbara, Lahore.
17. M/s A.M Pipe Industries, Bagh Wali Puli Ali Town, GT Road, Manawan, Lahore
18. Karachi Chamber of Commerce & Industry, Karachi.
19. Karachi Customs Agents Association, Custom House, Karachi.
20. Notice Board.
21. Master File.

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**Contribution:**

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