



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



C. No.(14)KAPE-DC(PCT)/2015

Dated: 22-12-2016

**PUBLIC NOTICE NO. 09 /2016 (CLASSIFICATION)**

**Subject: CLASSIFICATION OF THE PRODUCT "THERMAL OIL HEATING UNIT FOR WOOD WORKING INDUSTRY" IMPORTED BY M/S ORIGINAL INDUSTRIES (PVT) LTD.**

**FACTS:-**

M/s Original Industries (Pvt) Ltd. imported a consignment consisting of 'One set of Thermal Oil Heating Unit' for wood working industry vide GD No. KAPE-HC-85368 dated 23.12.2015 under PCT Heading 8417.8000. The Collectorte classified the impugned goods under PCT Heading 8419.8990 on the ground that the impugned thermal heater involves treatment of material by a process of involving a change of temperature, hence classifiable under HS Code 84.19, to which the importer did not agree and the matter was accordingly forwarded to Classification Committee after assessing the goods provisionally for ascertaining the classification of the goods.

**PRODUCT ANALYSIS:-**

2. Product analysis is based on the inspection report of M/s SGS Pakistan (Pvt) Ltd, which describes the goods as, 'One set of boiler thermal oil heating unit for wood working industry to produce heat energy with wooden scrap in below heating chamber of refractory bricks-lined chamber'. The equipment is without gas burner or electric induction heater burners. Heat energy would be produced with wooden scrap in below heating chamber which is lined with refractory bricks. M/s SGS Pakistan (Pvt) Ltd has described the equipment as 'Fired heater'.

**LAW AND ANALYSIS:-**

3. The matter was discussed in the meeting of the Classification Committee held on 24.04.2016 and 27.04.2016 and 02.12.2016. Mr. Hasnain Poonawala, Director of the importing Company also attended the meeting and explained that the product is a 'Oil Heating Unit', identified as 'Fired Heater', Model YGL-1400M and is correctly classifiable under PCT 8417.8000, which is also supported by the fact that HS Code mentioned on the Pre-shipment Inspection Certificate (PSI) issued by the M/s SGS Pakistan (Pvt) Ltd, as well as on FTA

certificate is 84.17. The importer emphasized that the instant goods be classified under Heading 84.17 on the basis of definitions available on Website/internet for furnace and HS Code given on FTA and PSI certificate. Collectorate is of the view that goods are not classified on the basis of the HS Code mentioned on FTA certificate and PSI Certificate and perusal of Pre-Shipment Inspection Report by M/s SGS Pakistan (Pvt) Ltd confirms that heat energy would be produced with wooden scrap in below heating chamber of refractory bricks lined chamber, hence, the impugned equipment would work on the process of machines which are classifiable under HS Code 8419.8990 being working on the principle of change of temperature.

4. The Committee deliberated on the issue and discussed both the HS Code i.e. 84.17 and 84.19. HS Code 84.17 covers 'Industrial or Laboratory furnaces including incinerators, non-electric'. Explanatory Notes define HS Code 84.17 as;

"This heading covers non-electrical industrial or laboratory type furnaces and ovens, designed for the production of heat in chambers at high or fairly high temperatures by the combustion of fuel (either directly in the chamber or in separate combustion chambers). They are used for the heat treatment (e.g., by roasting, fusion, calcinations or decomposition) of various kinds of products which may be placed on the fire-bed, in crucibles, in retorts or on shelves. It also includes steam heated ovens."

HS Code 84.19 covers, "Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking, roasting, distilling, rectifying, sterilizing, pasteurizing, steaming, drying, evaporating, vaporizing, condensing or cooling, other than machinery or plant of a kind used for domestic purposes; instantaneous or storage water heaters, non-electric."

5. The Committee observed that machines of HS Code 84.17 produce high temperature as these machines involve process of roasting, fusion, calcinations or decomposition which change the physical state of the material which are processed and these materials are placed on the fire-beds of such machines, whereas; in the instant case, no such physical state of the material is changed. In this case, oil is only heated to the required/ certain temperature, which is supplied to other machines or apparatus.

6. As already given in Explanatory Notes of 84.19 that machine whether or not electrically heated for treatment of material by a process involving a change of temperature are classifiable under Heading 84.19 and in the instant case goods i.e. oil is to be heated at a certain

temperature which is supplied to other machines or apparatus, for lamination process of pre-manufactured sheets.

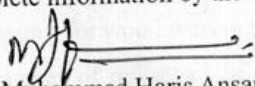
7. In the light of above discussion, the Committee observed that the imported goods do not qualify to be classified in HS Code 8417 merely on the basis that this HS Code is mentioned on submitted documents. The impugned machine is an oil heating unit in which heat energy would be produced with wood scrap being its fuel. Inspection report of M/s SGS also confirms that subject goods are 'fired heater'. Thus, the impugned goods have nothing to do with the function of furnace as the subject machine neither work on the principal of roasting, fusion, calcinations or decomposition as that of machines of HS Code 84.17 nor the subject machine changes the physical state of goods.

**HOLDING:-**

8. In view of the above, the Committee is of the opinion that the impugned goods i.e. Thermal Oil Heating unit in application of GRI I is classifiable under PCT Heading 8419.8990.

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

10. The above Ruling is based upon the documents/ literature and samples 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 (West) / (Preventive), Custom House, Karachi.
8. Collector of Customs MCC, Port Mohammad Bin Qasim, Karachi.
9. M/s. Original Industries (Pvt) Ltd. 1/1/2, Siddiq Wahab Road, Old Haji Camp, Timber Market, Karachi.
10. Karachi Chamber of Commerce & Industry, Karachi.
11. Karachi Customs Agents Association, Custom House, Karachi.
12. Notice Board.
13. Master File.