

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

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January 31, 2006

No. CC-02/04-A  
SI/MISC/TB-450/03-VI

PUBLIC NOTICE No. 04 /2006(A)

**SUBJECT: CLASSIFICATION RULING – COMPLETE CONTINUOUS SUGAR DISSOLVING SYSTEM AND SYRUP ROOM DESIGNED FOR BEVERAGE FILLING LINE IMPORTED VIDE IGM No. 1967/03 DATED 01.12.2003, INDEX No. 30.**

M/s. Riaz Bottlers (Pvt.) Ltd., 32-N, Gulberg-II, Lahore imported from Germany "one complete continuous sugar dissolving system and syrup room designed for beverage filling line" and sought classification thereof under heading 8422.3000. On the other hand, the concerned Group of Customs Appraisalment was of the view that the goods were classifiable under heading 8419.8900. The Group was also of the view that considering the aspect that these machines will be installed on separate basis and remain interconnected through piping, they should be classified separately as under:-

|    |  |           |
|----|--|-----------|
| 1. | plate heat exchangers with fittings  | 8419.5000 |
| 2. | cooling tower with accessories   | 8419.8900 |
| 3. | chilling unit (chiller)  | 8418.6900 |
| 4. | hot water tank, caustic tank, buffer tank<br>storage tank (not fitted with agitator) | 7309.0000 |
| 5. | mixing tank, hot caustic tank<br>(fitted with agitator)                              | 8479.8900 |

2. The issue of classification of the subject mentioned goods came-up for deliberation and discussion in the Classification Committee. The possible HS PCT headings discussed and deliberated upon are as under:-

Possible PCT Codes.

|       |   |           |
|-------|---|-----------|
| (i)   | plate heat exchanger with fitting.  | 8419.5000 |
| (ii)  | cooling tower with accessories.   | 8419.8900 |
| (iii) | chilling unit (chiller).  | 8418.6900 |
| (iv)  | hot water tank, caustic tank, buffer tank,<br>storage tank, (not fitted with agitator). | 7309.0000 |
| (v)   | mixing tank, hot caustic tank<br>(fitted with agitator).                                | 8479.8900 |

or 8422.3000 or 8419.8900 or 8418.8900 or 8438.8000

3. Importer mainly relied on section note 4 to section XVI wherein it has been laid down that functional units of a machine (including a combination of machines) which are intended to contribute together to a clearly defined function covered by one of the heading in chapter-84 or 85 the same are classified in the heading appropriate to that function. According to importer, instant components / parts should be classified with the machines for industrial preparation or manufacture of food or drink under heading 8438.8000 (others). They have quoted the examples of irrigation system (8424), milking machines (8434) and asphalt

plant consisting of separate components (8474). It is further contended by the importer that imported machinery is neither multifunction machine nor composite machine hence it is not covered by section note 3. Main function of machine in question is preparation of syrup for aerating and filling bottles in non-alcohol beverage industry. In process heating and cooling occurs which is essential but a subsidiary function as such the same cannot be classified in heading 8419.8900. Thus importer suggested PCT heading 8438.8000 for classification as any machine used for the preparation of food or drink, is classified in said PCT heading. Likewise machine for twisting macaroni, vermicelli etc., in hanks etc., are classified under heading 8438.1000, although the said machines do not completely manufacture macaroni. Twisting is only part of the manufacturing process. Many other examples were quoted by reading explanatory notes to heading 84.38. Importer further relied on Rule 2(a) of GIR to H.S. whereby unassembled components of certain machine are to be classified as complete machine.

4. PCT heading 8422.3000 was also claimed by the importer but this was not considered because said heading covers bottle filling and closing machines with provisions for supplying carbon dioxide gas simultaneously with the liquid. In the subject consignment there is no provision of supplying carbon dioxide gas. Importer also did not further insist for classification under this heading.

5. Assessing group suggested that imported machines are assessable under individual PCT headings of each machine and accessories separately as this is not case of partial shipment. The actual plant has already been installed and this is an addition to already imported plant and the machinery and has independent function. Furthermore, heading of each item is specified in the tariff, so to be assessed separately.

6. Classification Committee deliberated on following points :-

- i) goods, as presented, are not complete machines of PCT heading 8438.8000, which itself is a residual sub-heading wherein no specific machines have been classified.
- ii) these are individual machines having specific individual functions. PCT heading 8438 includes only those machines which are not specified or included elsewhere in the chapter whereas appropriate and specific PCT headings are therefore, each of under reference machines i.e. respective PCT headings 8419.5000, 8419.8900, 8418.6900 and 7309.0000.
- iii) machines in question cannot be regarded as functional units of already installed beverage industry as these are neither meant for incorporation therein solely or principally. According to importer, sugar dissolving system can be incorporated in beverage industry as well as sugar industry.
- iv) machines for extracting or refining sugar are classified in sub-heading 8438.3000. However, sub-heading excludes the defecation vessels, juice concentration plant, vacuum boiling or crystallizing pans and other plant of heading 84.19.

- v) machines for manufacture of macaroni are classified in sub-heading 8438.1000, but their auxiliary machines like **pre-drying or drying machines are classified in heading 8419 and likewise machines for rolling macaroni dough, pastry etc. are classified in PCT heading 8420 and are excluded from 8438.1000** by virtue of the sub-heading notes.
- vi) another example is of machines for manufacture of confectionary which is classified in sub-heading 8438.2000, which **excludes sugar boilers or other heating plant of PCT heading 8419 or cooling plant of PCT heading 8418 or 8419.**
- vii) Keeping in view the foregoing, machines of PCT heading 8419 are excluded from most of the sub-headings of 8438.

7. In view of above position, group's opinion for classification of under reference goods in their specific respective PCT headings is justified. The Classification Committee, accordingly approved that under reference imported machines did not constitute a single unit but are addition to the existing industry as independently identifiable units, thus classified under their respective PCT headings. Following PCT headings were accordingly approved for imported machines indicated against each :-

|    |   |           |
|----|---|-----------|
| 1. | plate heat exchangers with fittings   | 8419.5000 |
| 2. | cooling tower with accessories  | 8419.8900 |
| 3. | chilling unit (chiller)   | 8418.6190 |
| 4. | hot water tank, caustic tank, buffer tank storage tank (not fitted with agitator) | 7309.0000 |
| 5. | mixing tank, hot caustic tank (fitted with agitator)                              | 8479.9090 |

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(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:-

1. The Member (Customs), Central Board of Revenue, Islamabad
2. The Chief (Customs Tariff), Central Board of Revenue, Islamabad
3. The Secretary (Customs Tariff), Central Board of Revenue, Islamabad
4. The Secretary (International Customs), Central Board of Revenue, Islamabad
5. The Collector of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Deputy Collector of Customs, Appraisalment (Group-IV) Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi.
8. The Karachi Chamber of Commerce and Industry, Karachi
9. The Karachi Customs Agents Group, Custom House, Karachi.
10. All concerned.

*Sarfraz Ahmad Warraich* 1/2  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee