

**GOVERNMENT OF PAKISTAN
MODEL CUSTOMS COLLECTORATE OF APPRAISEMENT - EAST
CUSTOM HOUSE, KARACHI**

NO. 17(86)/KAPE/Classification/2014/WeBOC (East)

Dated:- 01.02.2014

PUBLIC NOTICE NO--8--/2014

Subject: **CLASSIFICATION OF "COATED MULTI-PLY PAPERBOARD / ART CARD"**

The classification of the product namely "Coated Multi-ply Paper board" came up for discussion on 31.01.2014 before the Classification Committee in the light of a reference received from the Model Customs Collectorate of Appraisement (West), Custom House, Karachi.

2. The imported item is described as white-colored multi-ply paper board / art card coated on both sides and consisting of two layers of papers made of mixture of mechanical & chemical wood pulp and separated by a white paper sheet. Both sides are coated with a white mineral coating and its weight is reported as 300 gm/m² at RTH. It is in the form of white paper board.

3. The importers have claimed its classification under tariff heading 4810.2900 on the grounds that the imported paperboard despite having multiple layers is primarily meant for graphic purposes and all papers and paperboards meant for writing, printing or graphic purposes are specifically classified under headings 4810.1900 (for less than 10% fiber contents) or under heading 4810.2900 (for fiber contents over 10%). Hence their classification in residual heading of "Other paper and paperboard" can only be made if the same are meant for any other purpose than writing, printing or graphics.

4. On the other hand, the Collectorate is of the view that since the sub-heading 4810.9200 is specifically meant for "multi-ply" paper and paperboards regardless of their end-use, hence the imported paperboard is correctly classified under that heading.

5. The Committee has examined the arguments of both sides and perused the representative sample. Following HS codes were considered for the purpose of classification of the imported item:

- (i) 4810.2900; and
- (ii) 4810.9200

6. The importer's argument is that the classification is to be determined keeping in view the use of the paperboard as the relevant heading 4810.2900 (or 4810.1900) covers only those types of paper and paper board as are meant for writing, printing or graphic purposes. Classification in any other heading can only be made if the imported item is meant for any other use like packaging. Their arguments are summed-up, as under:

i) *That they are regular importer of Art Card and have been making import of this commodity from Indonesia since long. This particular type of paperboard is coated on both sides with china clay and is meant for graphic purposes like book covers, desk calendars, folders, catalogues etc. Import of this item has always been claimed and allowed by the Customs authorities under PCT heading 4810.2900 and there has never been any dispute over its classification, whatsoever.*

ii) That recently, the MCC Appraisalment (West) questioned that classification and assessed the imported Art Cards under PCT heading 4810.9200 on the grounds that the same being of multi-ply type is classified under the later heading more specifically. Apart from changing the classification, the department also made out a contravention case and referred the matter to the Adjudicating Authority who issued us a show cause notice also. However, upon our written reply based on factual material, the show cause notice was vacated and goods were allowed clearance.. Even during the pendency of these proceedings a number of consignments of same item were cleared by the Collectorate under the claimed / declared PCT heading 4810.2900.

iii.) That notwithstanding the above factual position, we wish to submit that the imported Art Card is correctly classified under heading 4810.2900, on the following grounds:

- a) That these Art Cards being coated on both sides are meant for graphic purposes only. These are used for different purposes including printing of magazines, catalogues, brochures, calendars, posters and book covers etc. Copy of manufacturer's website page showing use of this product is enclosed.
- b) That any paper or paperboard which is meant for writing, printing or graphic purposes is classified under Tariff Heading 4810.1900 or 4810.2900, depending upon the percentage of fibre contents. Only those types of paper or paperboard are classified in the residual heading of "Other paper and paperboard" which are meant for any other purpose (like packaging etc) than writing, printing or graphics. It is pertinent to mention that multi-ply paperboard (commonly known as Duplex Board) meant for packaging is normally coated on one side while other side is greyish.
- c) That sub-heading 4810.9200 (for multi-ply) has been created under the residual heading 4810.9 hence covers only those paper and paperboards which cannot be classified under the preceding headings. Our imported Art Cards being meant for graphic purposes can only be classified under their relevant heading 4810.2900 (as their fibre content is over 10%). The attempt to classify them under an incorrect heading (i.e. 48910.9200) is absolutely against the General Rules for Interpretation (GIR) of the Harmonized System (HS). GIR 1 clearly stipulates that classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes.
- d) That according to WCO database, classification of only those Multi-ply paper and paperboard is shown under HS code 4810.9200 which are not for graphic purposes. Copy of relevant pages of WCO search results are enclosed. In view of these documents, there remains no further need to continue with these proceedings.
- e) That this item is exported from Indonesia to many other countries also. The HS code declared in the relevant export documents i.e. invoice is same i.e. 4810.2900. Copies of invoices covering shipments from Indonesia to Thailand, UAE, Nigeria, Vietnam, Afghanistan and Mauritius etc are enclosed.
- f) That if the manner of classification as employed by the department is accepted, it will disturb the whole structure of tariff. There are numerous examples showing creation of sub-headings with similar narration under more specific sub-headings rather than creating them under the residual sub-heading. For example, kindly refer to the following wordings:
 - i. "Numerically controlled" under sub-headings 8458.1100 and 8458.9100.
 - ii. "Self-propelled" under sub-headings 8430.3100 and 8430.4100.
 - iii. "Submersible motors of stainless steel" under sub-headings 8501.5110, 8501.5210 and 8501.5310.
 - iv. "Fully dedicated CNG buses" under sub-headings 8702.1020 and 8702.9020.

- v. *That above examples clearly prove that it is the description of main heading or sub-heading which has to be considered first and any description against some further sub-division is always subordinate to the main description and terms of that heading.*

7. On the other hand, the referring Collectorate was of the view that the imported Art Board is of multi-ply type and therefore should be classified under heading 4810.9200 as this heading specifically covers "multi-ply" paper and paperboards. They were of the further view that the said sub-heading is applicable to all sorts of multi-ply papers and paperboards, regardless of their use whether or not for writing or printing or graphics or packaging etc. In support, they have contended, as under:

- i) *That the Lab Test Reports categorically confirm that the imported goods are Duplex / Multiply Paperboard. It is also pertinent to mention here that the findings of Test Report or the ascertained description of goods as duplex paperboard has never been contested by the relevant importers.*
- ii) *That for classification "the heading which provides the most specific description shall be preferred to headings providing a more general description in terms of Rule 3(a) of General Rules for Interpretation". 'Multiply paperboard' is specifically classified under PCT heading 4810.9200 of Pakistan Customs Tariff. Being so no other PCT heading can be considered.*
- iii) *That 'coated multiply paperboard' is nowhere specified under Chapter 48.10 except under PCT 4810.9200.*
- iv) *That the term "multiply" as well as sub-heading 4810.9200 is not created locally in the Tariff but is envisaged internationally under the Harmonized Commodity Description and Coding System and is supported by Explanatory Notes.*
- v) *That 'multiply' paper is used once in Chapter 48.10 i.e. under heading 4810.9200 while at the end of the Chapter, certain paper & its specification are elaborated which includes: "multi-ply paper and paperboard is a paper described in the Explanatory Notes to heading 48.05", which read as under:*
"Multi-ply paper and paperboard which are products obtained by pressing together two or more layer of most pulps of which at least one has characteristics different from the others. These differences may arise from the nature of the pulp used (e.g. recycled waste), the method of production (e.g., mechanical or chemical) or, if pulps are of the same nature and have been produced by the same method, the degree of processing (e.g., unbleached, bleached or colored)".
Hence, this indicates that the 'multiply paperboard' as described above is specified under heading 4810.9200.
- vi) *That there is no mention in the definition regarding use of the 'Multi-ply paper and paperboard. Therefore, the definition does not restrict to any specific use of 'multiply' paper and paperboard. The same can be used for any purposes whether it is writing, printing, graphic, packaging etc.*
- vii) *That the word 'multiply' used in relation to Customs Tariff and Explanatory Notes is an independent and a comprehensive term and should be read as such. Therefore, the 'multiply paper and paperboard' defined under Explanatory Notes shall be referred only to 'multiply paperboard' specified under heading 4810.9200.*
- viii) *That 'multi-ply paper and paperboard is classified under 4th single dash (-) of Chapter 48.10 under the title "other paper and paperboard" so as to distinguish it from the paper classified in earlier headings i.e. 4810.10, 4810.20 and 4810.30.*

- ix) *That identical 'Multi-ply / duplex paperboard having the very same Lab Test findings are being regularly cleared under PCT heading 4810.9200 of various other importers. A computer printout of PCT heading 4810.9200 showing recent release of identical goods with their Lab Test reports is attached.*
- i) *That even on technical grounds the subject goods falls under PCT heading 4810.9200 in terms of Rule 3(c) of the General Rules for Interpretation which says that : "when goods cannot be classified by reference to 3(a) or 3(b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration".*

8. The Committee has gone through the arguments of both sides, perused the samples, test reports as well as the documents referred to in their respective submissions. It is an admitted fact that the imported paperboard is multi-ply type paperboard coated from both sides. The perusal of tariff heading 48.10 and its relevant Explanatory Notes read with definitions in Explanatory Notes of heading 48.05 clearly show that heading 48.10 covers papers and paperboards, coated on one or both sides with kaolin (China clay) or other inorganic substances. That heading has been divided in four sub-headings (single-dash), as under:

- Paper and paperboard of a kind used for writing, printing or other graphic purposes, not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10% by weight of the total fiber content consists of such fibres:
 - 4810.1300 -- In rolls
 - 4810.1400 -- In sheets with one side not exceeding 435mm and the other side not exceeding 297mm in the unfold state
 - 4810.1900 -- Other
- Paper and paperboard of a kind used for writing, printing or other graphic purposes, of which more than 10% by weight of the total fiber content consists of fibres obtained by a mechanical process :
 - 4810.2200 -- Light-weight coated paper
 - 4810.2900 -- Other
- Kraft paper and paperboard, other than that of a kind use for writing, printing or other graphic purposes
 - 4810.31 -- Bleached uniformly throughout the mass.....weighing 150 g/m2 or less
 - 4810.32 -- Bleached uniformly throughout the mass.....weighing more than 150 g/m2
 - 4810.39 -- Other
- Other paper and paperboard:
 - 4810.9200 -- Multi-ply
 - 4810.9900 -- Other

9. The above structure clearly shows that first two sub-headings cover only those papers and paperboards which are meant for writing or printing or other graphic purposes. Third sub-heading covers Kraft paper and paperboard, other than that of a kind used for writing, printing or graphic purposes. Fourth sub-heading (4810.90) will therefore cover only those types of papers and paperboards which are neither meant for writing, printing or other graphic purposes nor are Kraft paper. The scheme of classification as outlined in respect of this heading and under the first three sub-

headings is therefore not influenced by the fact whether the paper and paperboard is of single-ply or multi-ply. The concept of ply is available in fourth sub-heading only which apparently is meant for all those types of paper and paperboards which are neither meant for writing, printing or graphic purposes nor are craft paper or paperboard.

10. The Collectorate has placed reliance upon test reports (from Custom House Laboratory) confirming the paperboard to be of multi-ply type & coated on both sides. The importers have not contested that report. They agree that this particular paperboard is of multi-layer type but their argument is that the disputed paperboard remains classified under heading 4810.2900 for the reason that the same is meant for graphic /writing purposes.

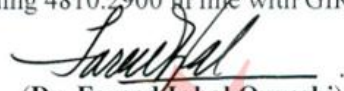
11. The department has further relied upon GIR 3-a stating that heading 4810.9200 provides more specific description of 'multi-ply' hence should be preferred over general description appearing against HS 4810.2900. The importers representatives rebutted this argument on the grounds that the said sub-heading 4810.9200 multi-ply has been created under the residual heading of 'other paper and paperboard' hence the scope of the same cannot exceed from that of its parent heading. Their view was that only those types of multi-ply type paper and paperboards can be classified under sub heading 4810.9200 which are neither for writing, printing or other graphic purposes or are of craft paper and paperboard.

12. The importers have referred to GIR 1 which stipulates that classification has to be made in accordance with the terms of the heading. The claimed HS code 4810.2900 provides more specific description to the imported paperboard as the same is admittedly meant for graphic purposes and can be classified in the next or last sub-heading only if the same is proved to be not meant for graphic purposes. They have quoted a number of examples from tariff where single-dash sub-headings have further been divided into two-dash or three-dash level with same description for the apparent reason that the intention was to cater to all parent sub-headings of single-dash level. They concluded that any sub-heading level description has to be read within the scope and terms of its parent heading only; otherwise the whole system of classification will crumble down.

13. Based on a perusal of the Explanatory notes, declarations of importers and the test reports, the deciding factor is the specifications of the paperboard and the percentage of fibre contents for first two sub-headings of single-dash level. Third sub-heading at single-dash level covers only Kraft paper and paperboards and that too excludes specifically those meant for writing, printing and other graphic purposes. All other types of papers and paperboards find their classification under the fourth sub-heading of single-dash level. It is for the paper / paperboard of this particular sub-heading where the aspect of number of plies is relevant. This interpretation is strengthened from the WCO database which clearly classifies only those multi-ply paper and paperboards under heading 4810.9200 which are neither for graphic purposes nor of kraft paper. This implies that paper and paperboard meant for graphic purposes remain to be classified in the respective preceding heading, which in this case is 4810.2900.

14. In conclusion, while the basis of contention of both the Collectorate and the importer finds support in the facts of the case, it is essential to understand that for the purposes of interpretation of the HS code, classification is to be determined according to the terms of the headings and any relative section / chapter notes. With this mandatory provision in mind, the contention of the Collectorate is somewhat weakened as they have been unable to convincingly establish that the paper is not meant for printing / graphic purposes or does not have mechanical /chemical content etc, which facts in isolation or collectively may have favored their case. On the other hand, the importers have sufficient material

to prove that the imported paperboard, despite being of multi-ply type, is meant for graphic purposes. Based on the above detailed discussion, it is apparent that the imported item is appropriately covered under HS 4810.2900 due to its specifications and characteristics. The Committee holds that the imported paperboard is correctly classifiable under tariff heading 4810.2900 in line with GIR 1.


(Dr. Fareed Iqbal Qureshi)
Additional Collector-1 /

Chairman Classification Committee

Copy for information:

- 1) PS to Member (Custom), Federal Board of Revenue, Islamabad.
- 2) Chief Collector of Customs (Appraisalment-South, 8th Floor, Custom House, Karachi.
- 3) Chief, Custom (Tariff & Trade), Federal Board of Revenue, Islamabad.
- 4) Secretary Customs Tariff-I, Federal Board of Revenue, Islamabad.
- 5) M/s *International Business Management*
- 6) Karachi Chambers of Commerce Industry, Karachi.
- 7) Karachi Customs Agents Association, 2nd Floor Burhani Terrace, opposite Custom House, Karachi.
- 8) All Concerned.
- 9) Notice Board.