



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

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C. No. (667) KAPE-DC(PCT)2014

Dated: April, 2016

**Public Notice No. 03/2016 (Classification)**

Subject: DETERMINATION OF CLASSIFICATION OF DC CABINET AIR  
CONDITIONER DC 48V, IMPORTED BY M/s PAKISTAN MOBILE  
COMMUNICATION (PVT.) LTD

**FACTS:**

M/s Pakistan Mobile Communication (Pvt.) Ltd imported a consignment said to contain 'Cellular Infrastructure Equipment (HW)' and claimed PCT heading 8517.7000, being parts meant for telecom equipment. MCC Port Muhammad Bin Qasim assessed the goods under PCT heading 8415.8200 as 'DC cabinet Air Conditioner' on the basis of catalogue / user manual retrieved from the goods during physical examination of the goods. Contravention case for mis-declaration of description and PCT heading was made and referred for adjudication.

2. The Adjudication Authority disposed of the case vide Order-in-Original No. 261779 dated 12.09.2014 with the order to release the consignment provisionally and the case be referred to the Classification Committee for issuance of ruling in the matter. Hence, present reference.

3. The Collectorate's view point, as communicated vide letter No.SI/MISC/99/PQ/CIU, dated 12<sup>th</sup> November, 2014, is that the impugned DC Air Conditioner Cabinets are classified under PCT heading 8415.8200 (Others, incorporating a refrigerating unit), in the light of Explanatory Notes (EN) and Rules of Interpretation as DC air-conditioner cabinet comes in category of goods which are used to provide maintained temperature for efficient working of the equipment. The EN of HS Code 84.15 is reproduced as under:-

"The heading covers certain apparatus for maintaining required conditions of temperature and humidity in closed space. They are used for air conditioning offices, homes, public halls, ships, motor vehicles etc and also in certain industrial installation requiring special atmospheric conditions. This heading also includes units for heating cooling a closed chamber (lorry, trailer, or container), consisting of compressor, a condenser, and a motor in housing mounted on the outside of the goods compartment and of the ventilator and an evaporator within the container".

4. The importer's view point is that the imported article is classified under PCT heading 8517.7000 being 'part' of the networking equipment, on the basis of Rule 4 of the GRI which states that goods which cannot be classified in accordance with the preceding rules shall

be classified under the heading appropriate to the goods which they are most akin.

**ISSUE:**

5. Whether the imported 'DC air-conditioner cabinet' is appropriately classified under HS Code 8517.7000 as claimed or under HS Code 8415.8200 as proposed by the Collectorate or under any other relevant Heading of the First Schedule to the Customs Act, 1969 (Pakistan Customs Tariff)?

**PRODUCT ANALYSIS:**

6. The imported goods comprises of a two door insulated cabinet, fitted with a DC inverter air-conditioner on the lower side. The cabinet is manufactured by M/s Stratum Enclosures Romania, whereas; the air conditioner is manufactured in China by M/s Suzhou Hua Rui Thermal Control Technology Co. Ltd. Both compartments of the cabinet are fitted with ventilators for exhaust and filters to monitor dirt. The cabinet contains circuit breakers and fuses to support electric connections between batteries and transmission / reception devices. The cabinet has built-in cooling device, which is often called as 'DC cabinet air-conditioner', to maintain temperature when it gets warm due to continuous working of batteries. The lower section of the cabinets constitutes space to place batteries which would provide continuous electric supply to the telecommunication equipment listed above. The cabinets are integral part of the telecommunication equipments and to host telecommunication components such as transceivers, intelligent signal controlling devices, monitoring and alarm devices, distribution bus modules etc. The said cooling device weighs 20 kg, whereas; the weight of whole cabinet is 320 kg, which means that the imported goods are "Outdoor Power Cabinet for Telecom Sector" and cooling device is just an additional inbuilt feature. The device installed in the cabinet has a cooling capacity of 500 Watts which is equivalent to 1706 BTU/hour, which is 1/7<sup>th</sup> of 1 Ton. It is evident from the capacity that these cooling devices maintain temperature of a limited space where batteries are placed. This clearly indicates that these cabinets are for use in outdoor spaces having in-built functionality of cooling to maintain temperature generated by the batteries at a certain level within the cabinet for various components installed therein.

**LAW ANALYSIS:**

7. Classification under the First Schedule to the Customs Act, 1969 (Pakistan



Customs Tariff) is made in accordance with the General Rules of Interpretation (GRI). GRI 1 provides that the classification of goods shall be determined according to the terms of the headings of the tariff schedule and any relative Section or Chapter Notes. In the event that the goods cannot be classified solely on the basis of GRI 1, and if the headings and legal notes do not otherwise require, the remaining GRIs may then be applied. The Explanatory Notes (ENs) of the Harmonized Commodity Description and Coding System provide a guiding commentary on the scope of each heading and are authentic source of interpretation as per Rule 1 of Pakistan Rules to the GRI and are the official interpretation of the Harmonized System at the international level as well.

**HOLDING:**

8. The Classification Committee has deliberated upon the issue and is of the opinion that:

- (i) The impugned goods are not classifiable under HS Code 8415.8200 since the same are not meant for maintaining required conditions of temperature and humidity in closed spaces, rather; the dominant and prime function of the equipment is to host various components like transmission / reception apparatus etc. with inbuilt cooling device to maintain the temperature of the components within certain limits, installed inside the device for better and constant functioning.
- (ii) The Committee next considered the classification under HS Code 85.37 and opined that the article is not classifiable under the said heading owing to the reason that the same is not meant for 'electric control or the distribution of electricity' as mentioned in the Head Note of the Heading 85.37, rather; the cabinets are related to telecommunication equipment.
- (iii) The other PCT heading considered for classification of the impugned goods was 8517.7000, as claimed by the importer. The Committee observed that the subject heading covers 'Parts' of telecommunication equipment, whereas; imported article is not a 'Part' of telecommunication equipments, as it is especially built and specifically designed cabinet with built-in fan, air conditioning unit, fuses, circuit breakers, cable, etc. The imported cabinet as presented draws the essential character of an item and, therefore, cannot be considered as 'Part' of particular networking equipment.

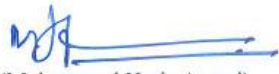
9. In view of above, Committee is of the opinion that the imported goods shall, identifiably, be used for housing various telecom sector related components and shall be

installed in outdoor / open locations and are classifiable under PCT Heading 8517.6290, in application of Rule 1 read with 2(a) of the General Rules of Interpretation (GRI). The structure of the ascertained classification is as under:-

85.17		Telephone sets, including telephones for cellular or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28.
8517.6000	-	Other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network):
8517.6290	---	Other

10. This Ruling is issued in terms of Chapter – II (Classification) of the CGO 12 / 2002 dated 15<sup>th</sup> 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.

11. 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 -III  
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 Pakistan Mobile Communication (Pvt.) Ltd, 1-A, IBC Building, F-8 Markaz, Islamabad.
10. Karachi Chamber of Commerce & Industry, Karachi.
11. Karachi Customs Agents Association, Custom House, Karachi.
12. Notice Board.
13. Master File.