

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

C.No. (640) KAPE-ADC (I)/2014

Dated: 27.12.2014

Additional Collector of Customs,
Air Freight Unit,
Islamabad.

Subject: CLASSIFICATION OF GOODS DECLARED AS SMART TV SET TOP BOX

Please refer to MCC, Islamabad's letter bearing C. No.SI/Imp/Misc/173/2014 dated 28.10.2014 forwarding the issue concerning classification to the Classification Committee on the above subject.

2. The Classification Committee held its meetings on 1.12.2014 and 22.12.2014. It was observed that M/S PTCL had been claiming concession under PCT Heading 85.28 when this PCT Heading was included in the concessionary notification notified through SRO 575(I)/2004. Ever since the revocation of the aforesaid SRO, there was a departure from classification under PCT heading 85.28 to 85.17 with reference to the impugned item. Moreover, the incorrect classification by M/S PTCL was not only detected by the MCC, Islamabad but also the R&D Section of the MCC (Appraisal East) followed by the Directorate of Internal Audit, Karachi. Set Top Box under reference is not the one having capability to provide the internet services rather the Set Top Box is meant for Smart TV having capability to provide Television Cable Service provided through IP modem. Cable Television Streaming through the internet modem is converted into TV signals for display on TV sets. Basically the Set Top Box under reference is a sort of TV tuner converting electronic signals into video signals irrespective of source.

3. Manifestly Note D (1) to Chapter 85.28 of the Explanatory Notes suggests that "This group includes the apparatus whether or not designed to incorporate a video display or screen such as "Receivers of television broadcasts (terrestrial, cable or satellite which do not include a display device (CRT, LCD etc). These apparatus receive signals and convert them into a signal suitable for display. A modem can be incorporated for connection to the internet". Since the Smart TV Set Top Boxes classified under PCT heading 85.17 are only meant for gaining access to internet hence this PCT heading is not the appropriate/qualifying PCT heading when read with the above referred Explanatory Note.

4. Since the item under reference serves the purpose of receiving apparatus for television; hence according to Rule 1 of General Rules for Interpretation read with relevant Chapter/Section Notes, the Smart TV Set Top Box/IPTV is clearly classifiable under PCT heading 8528.7290 and not 8517.6950. The instant matter could be understood through reference to relevant Chapter/Section Notes and available Explanatory Notes and on grounds of no

ambiguity, the instant case does not qualify for discussion in the PCT Committee as there existed no ambiguity or lack of clarity at any point in time in the past. Any incorrect classification and change in practice does not mean that its PCT is to be determined by the Classification Committee when its PCT was given at S.No. 33, item No. 64 of the Table to SRO 575(I) 2006 dated 15.06.2006. The classification of this item does not call for consideration by the Classification Committee as the classification in the instant case is a settled matter. Neither there existed any ambiguity in the ^{past} nor there is any lack of clarity at present. The item has always been classifiable under 8528.7290.

5. The Collectorate's may proceed accordingly.

sd.
(Zeba Bashir Ahmed)
Additional Collector I
Chairperson Classification Committee

Copy for information to:

1. Private Secretary to Member (Customs), Federal Board of Revenue, Islamabad.
2. The Chief Collector of Customs (Appraisalment)/ (Enforcement) South, Custom House, Karachi.
3. The Chief Collector of Customs (Central)/ (North), Custom House, Lahore/Islamabad.
4. The Collector, MCC Appraisalment (East)/ (West), Custom House, Karachi.
5. The Collector, MCC Port Muhammad Bin Qasim, Karachi
6. The Collector, MCC Hyderabad, MCC Gwadar, MCC Quetta, MCC Appraisalment Lahore, MCC Multan, MCC Sambrial, MCC Faisalabad, MCC Rawalpindi, MCC Peshawar, MCC Gilgit-Baltistan.
7. The Collector, Collectorate of Customs Adjudication I & II, Custom House, Karachi.
8. The Karachi Chamber of Commerce & Industry, Karachi.
9. The Karachi Customs Agents Association, Karachi
10. The Chemical Examiner, Custom House Laboratory, Karachi.
11. Notice Board.

Zeba Bashir Ahmed
27/12/14
(Zeba Bashir Ahmed)
Additional Collector I
Chairperson Classification Committee