



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



C No. (506)KAPE/DC/PCT/2015

Dated: 03.10.2015.

The Collector,
Model Customs Collectorate (Preventive),
Custom House, Nabha Road,
Lahore

Subject: **DETERMINATION OF APPROPRIATE PCT CLASSIFICATION OF SOFTWARE RECORDED ON SEMI CONDUCTOR MEDIA**

Kindly refer to MCC (Preventive), Lahore's letter No 04/APR/MISC/AFU/828/2015/555 dated 14.04.2015 on the subject cited above.

2. This issue relating to classification of imported goods i.e. "software recorded on flash card/smart card" was discussed by the Classification Committee in its meeting held on 12th August, 2015, as under;

- i. PCT heading 85.23 covers different types of media, whether or not recorded, for the recording of sound or of other phenomena (e.g., numerical data; text; images, video or other graphical data; software). Such media are generally inserted into or removed from recording or reading apparatus and may be transferred from one recording or reading apparatus to another.
- ii. The media of this heading may be presented recorded, unrecorded, or with some pre-recorded information, but capable of having more information recorded on them.
- iii. This heading includes media in intermediate forms (e.g., matrices, master discs, mother discs, stamper discs) for use in the mass-production of finished recorded media.

3. The Explanatory Notes to HS Code 85.23 provides as under;

This group includes :

(1) *Solid-state, non-volatile data storage devices for recording data from an external source (See Note 4 (a) to this chapter). These devices (also known as . flash memory cards. or .flash electronic storage cards.) are used for recording data from an external source, or providing data to, devices such as navigation and global positioning systems, data collection terminals, portable scanners, medical monitoring appliances, audio recording apparatus, personal communicators, mobile phones, digital cameras and automatic data processing machines. Generally, the data are stored onto, and read from, the device once it has been connected to that particular appliance, but can also be uploaded onto or downloaded from an automatic data processing machine.*

The media use only power supplied from the appliances to which they are connected, and require no battery.

These non-volatile data storage devices are comprised of, in the same housing, one or more flash memories (.FLASH E2PROM/EEPROM.) in the form of integrated circuits mounted on a printed circuit board, and incorporate a connecting socket to a host appliance. They may include capacitors, resistors and a microcontroller in the form of an integrated circuit. Example of solid state non-volatile storage devices are USB flash drives.

4. The issue was finally discussed by members of Committee in detail on 25.08.2015 and it was the unanimous view of the members that the actual value is the value of contents (software) not the medium on which it was recorded, therefore, the medium is not important - PCT 8523.5000 covers semi conductor media. The PCT 8523.5220 claimed by the party covers only memory cards only, whereas, the PCT classification 8523.5990 determined by the Collectorate is also not an appropriate heading. This heading covers the semi conductor media other than solid state non-volatile storage device (8523.5100) and smart cards (8523.5200). The appropriate PCT heading for information technology software or any media is created as National Heading i.e. 8523.8030.

5. The Classification Committee has unanimously decided that the importer's software will be appropriately classified under PCT heading 8523.8030 in terms of GRI 1.



(Muhammad Tahir)
Additional Collector-II
Chairman Classification Centre