



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



C-183/KAPE/PCT/2021

Dated: 24.12.2022

**PUBLIC NOTICE NO. 15/2022**

**SUBJECT: DETERMINATION OF CLASSIFICATION OF ‘HYBRID BOILER’ UNDER SPECIFIC PCT CODE 8402.1990 OR AS A PART OF PLANT UNDER RESIDUAL PCT 8477.8000.**

The Collectorate of Customs Appraisement Port Muhammad Bin Qasim has forwarded a reference vide letter No.Group-VI-601-2021-PQ dated 06.12.2021 for classification of ‘Hybrid Boiler’ under specific PCT Code 8402.1990 or as a part of Plant under Residual PCT 8477.8000, being part of 300 TPD Bottle and Film Grade PET Scan Line Plant.

2. Brief facts as reported by the referring Collectorate are that importer M/s Ismail Resin (Private) Limited, Karachi (NTN 8074404) imported ‘Hybrid Boiler Model ZLI-SS-1500.12’ vide Goods Declaration No.KPPI-HC-21059 dated 23.09.2021 as partial shipment of 300 TPD Bottle and Film Grade PET Scan Line Plant for release thereof under PCT heading 8477.8000, “*being integral part of plant for manufacturing of resins*” in terms of the Customs General Order 12 of 2002 dated 15.06.2002. However, referring Collectorate is of the view that heading 84.77 is meant for residual machinery for manufacture of products from rubber or plastics not specified elsewhere in the Chapter 84 of the tariff while subheading 8477.8000 deals with ‘other machinery’. The Collectorate contends that the instant imported ‘boiler’ has separately defined function of production of steam which is distinct from the function of plant, i.e. production of resin. In other words, the end product of imported boiler (steam) may not necessarily be used only as part of the instant plant and may be utilized in multiple settings. The Collectorate further asserts that this logic is further supported by long standing practice of classification of ‘Sorting’, Packaging’ and other ancillary production lines which, though form part of plant, but are classified separately under their respective heading being specified therein in view of the above referred CGO and General Rules of Interpretation.

3. The meetings were held on 13.08.2022, 30.09.2022, 22.10.2022 and 12.11.2022 which were attended by the representatives of Collectorate of Customs, Port Muhammad Bin Qasim and the members of the Classification Committee whereas the representatives of the importer attended meeting dated 12.11.2022 and the issue was discussed in detail. It was

informed that the impugned goods hybrid boiler, a combination of condensing and non-condensing boilers is designed to use gas as main fuel as well as waste heat from the power production flue gasses to generate steam required mainly to heat the Stripping Column of PET Resin manufacturing plant. The boiler is imported in complete assembled form. The representatives of importer contended that the imported boiler would function in conjunction with other machineries to manufacture end products (resin), hence should be treated as integral part of 'Plant for manufacturing of resins' and classified under heading 8477.8000 in view of Section Note 4 & 5 of Section XVI and in line with the Para 1(xi)(i) of the Customs General Order<sup>12</sup> of 2002 dated 15.06.2002 (Classification of machinery).

4. On the other hand, the representative of Collectorate of Port Muhammad Bin Qasim asserted the imported "Hybrid Steam Boiler" has separately defined function of production of steam as its end product which can be used for multiple purposes and is not restricted to be used specifically for the manufacturing of "Resin" as its end product. Therefore, the imported boiler having individual function is specifically classifiable under PCT heading 8402.1990. The representative of Collectorate of Port Muhammad Bin Qasim further contended that the issue of classification in a similar case has already been settled vide Public Notice No.4/1989 wherein the classification committee had ruled in case of '10 Mega Watt Complete Power Plant based on Steam' which consisted of water treatment section (water softener), boiler, steam turbine and generator, and ruled to classify each component in their respective PCT headings in the light of WCO classification opinion. The Committee also observed that in another similar matter, a Public Notice No.4 of 2006 was issued with respect to classification of 'Complete Continuous Sugar Dissolving System and Syrup Room Designed for Beverage Filling Line'. The imported system consisted of plate heat exchangers, cooling tower, chiller, hot water tank, mixing tank etc. The Classification Committee ruled to classify all these machines separately and independently under their respective PCT headings.

5. As regards, Para 1(xi)(i) of the Customs General Order, 12 of 2012, the representative of the Collectorate further added that the same deals with the classification of those machines only which, for the convenience of packing/handling/transportation etc, are imported in disassembled/unassembled form in partial shipments and that CGO does not deal with classification of any plant which may comprise a number of machines of varying descriptions and functions, hence the importer's claim to cite the aforesaid provisions of CGO becomes irrelevant. During the proceedings, the departmental representative asserted that past history and practice of classification of boilers also confirms that during the period January to

June, 2022, 95 GDs were filed under HS code 84.02 and not a single GD was found to have been filed under any other heading with this description. The departmental representative further informed that HS code used even by the suppliers in the letter of credit established for the import of this particular shipment is also shown as 8402.1990 for the country of export i.e. China.

6. The Classification Committee has gone through the arguments and documents put forth by the two sides and also considered the relevant provisions of law dealing with the HS classification. Classification of any imported goods under Pakistan Customs Tariff is determined under the General Rules for the Interpretation (GIR) of First Schedule to the Customs Act, 1969. As per GIR 1, the classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes provided such headings or notes do not otherwise require. The terms of the two headings under consideration i.e. 84.77 and 84.02 are reproduced below:

84.77	<i>Machinery for working rubber or plastics or for the manufacture of products from these materials, <u>not specified or included elsewhere in this Chapter.</u></i>
84.02	<i>Steam or other vapour generating boilers (other than central heating hot water boilers capable also of producing low pressure steam); super-heated water boilers.</i>

7. According to the aforesaid terms of the headings, the imported hybrid boilers are specifically classifiable under HS 8402.1990 (- - - Other) which covers '- - Other vapor generating boilers, including hybrid boilers'. Explanatory Notes to heading 84.02 of Harmonized System states as under:

*“It includes separately presented boilers (e.g., locomotive boilers) even though they may clearly be specifically constructed to form an integral part of a particular machine, apparatus or vehicle.”*

8. As per general arrangement of Chapter 84 of the Explanatory Notes, headings 84.02 to 84.24 cover machines and apparatus which are classified mainly by reference to their functions and regardless of the field of Industry in which they are used. On the other hand, headings 84.25 to 84.78 cover machines and apparatus classified by reference to the field of industry in which they are used, regardless of their particular function in that field. In this regard, Note 2 of Chapter 84, is reproduced below;-

*“Subject to the operation of Note 3 to Section XVI and Note II to this Chapter, a machine or appliance which answers to a description in one or more of the*

*headings 84.01 to 84.24 and at the same time to a description in one or the other of the headings 84.25 to 84.80 is to be classified under the appropriate heading of the former group and not the latter group."*

9. The above position is further confirmed in para D of Explanatory Notes to Chapter 84, titled "Goods covered by two or more headings of the Chapter". Relevant portion is reproduced below:-

*"Thus motors are always classified in headings 84.06 to 84.08 and 84.10 to 84.12 without regard to their use. The same principle of classification applies for pumps, even if specialized for a particular purpose (e.g., textile spinning pumps or agricultural pumps), centrifuges, calenders, filter presses, furnaces, steam generators etc."*

10. Since 84.02 (HS code for boilers) falls in the former group, the same cannot be classified under HS 84.77, being in the latter group and as above mentioned explanation categorically by name includes steam generators / boilers.

11. The Classification Committee also considered Section Note 4 of Section XVI which deals with a machine consisting of individual components intended to contribute together to a clearly defined function. This leads to the conclusion that the said rule is in respect of machine having different separate components which when combined together by various ways like piping, cables etc become capable to perform some clearly defined function. For example, a hydraulic power unit of HS Code 84.12 will be able to perform its specific function only when all of its components like hydraulic pump, electric motor, control valves, oil tanks etc re combined together. Since the impugned good i.e. 'Hybrid Boiler' is an independent machine performing a specific function and imported as complete independent unit, and answers to a description under heading 84.02, the same cannot be classified elsewhere.

12. The Committee has also considered the provisions of Para 1(xi)(i) of the Customs General Order 12 of 2002 dated 15.06.2002 (Classification of machinery) which is reproduced below.

*"It is an established practice that all components of machinery when imported in disassembled form either collectively or separately are classified in the heading pertaining to that machinery subject to exclusions provided in the Chapter XVI of Harmonized System. It is felt that in case of partial shipments this discretion remained*

*dormant due to presence of standing concessions to Individual headings subject to entitlement of industry. In this backdrop, and in view of withdrawal of concessionary notifications pertaining to plant and machinery, it has now become imperative to draw attention of the concerned field formations to the following provisions:-*

- (a) In terms of Rule 2(a) of General Rules for interpretation, complete or finished articles presented unassembled or disassembled are to be classified in the same heading as the assembled articles. When the goods are so presented, it is usually for reasons such as requirements or convenience of packing, handling or transport. This rule also applies to incomplete or unfinished articles presented unassembled or disassembled provided they retain the essential character of the finished article. However unassembled components of an article which are in excess of the number required for that article when complete are to be classified separately.*
- b) It is not unusual in case of project imports to import plant and machinery in unassembled/disassembled form by way of partial shipments from different sources. It is not only incorrect but undesirable to classify individual shipments separately with disregard to intent and purpose of whole machinery. It is therefore advisable that the components of machinery whether presented together or separately, be classified under one heading appropriate to the machinery unless specifically excluded under Chapter Notes."*

13. The Classification Committee observed that the heading as well as contents of this specific sub-para clearly deal with the classification of machinery imported in disassembled form. Such disassembled machines may be imported in the form of components in partial shipments and when all these components are assembled together at destination site, they assume the shape of a machinery having some specific function. As per sub para (i) (b), such partial shipments brought in partially are to be classified under the one heading appropriate to that assembled machinery. Similarly, sub para (i) (a) and (ii) (b) also speak of some specific machines not for the whole plant. Further description, scope and types of such machines is available in respective Explanatory Notes to that heading which clearly excludes those machinery which is specified and included elsewhere in the chapter. Since boilers are specifically included in HS 84.02, the same cannot be classified under any other heading like 84.77. If importer's stance to classify machines having specific headings duly determined in accordance with GIR under any other heading for any reason is accepted, the whole structure of classification determination will come down crumbling. Furthermore, the First Schedule to the Customs Act, 1969, being an Act of the Legislature cannot be ignored and brushed aside on any pretext, including any confusion of understanding on account of the said CGO. Needless to mention that during the meeting, the representative of Port Qasim Collectorate confirmed that the subject boiler is imported in complete assembled form and this position has not been rebutted by

the importer's representative. The Committee also observed that vide Public Notice No.4/1989 and Public Notice No.4 of 2006, it was ruled to classify all machines separately and independently under their respective PCT headings. Therefore, the importer's claim for invoking para 1(ix) of CGO 12 of 2002 is unfounded and irrelevant.

14. Foregoing in view, Committee is of the view that the imported "Hybrid steam boiler Model No. ZLI-SS-1500.12" is classifiable under PCT heading 8402.1990, under GIR 1.

15. The above classification determination is specific to the product whose details/specifications have been given above. Further, the ruling is based on the documents and information provided by the Collectorate/importer 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.

16. This Public Notice is issued in terms of Chapter-II (Classification) of CGO 12/2002 dated 15.06.2002.

**(Mushtaq Ali Shahani)**  
Additional Collector of Customs/  
Chairman Classification Committee

**Copy for information to:**

1. The Member Customs (Policy / Operations), Federal Board of Revenue, Islamabad.
2. The Member (Customs Legal & Accounting), Federal Board of Revenue, Islamabad.
3. The Member (FATE), Federal Board of Revenue, Islamabad with the request to publish this ruling on FBR website.
4. The Chief Collector of Customs (Appraisalment) South, Custom House, Karachi.
5. The Chief Collector of Customs (Enforcement) South, Custom House, Karachi.
6. The Chief Collector of Customs (Appraisalment) Central, Custom House, Lahore.
7. The Chief Collector of Customs (Enforcement) Central, Custom House, Lahore.
8. The Chief Collector of Customs (North), Custom House, Islamabad.
9. The Chief Collector of Customs (Balochistan), Custom House, Quetta.
10. The Collectorate of Customs, Appraisalment (East/West/PMBQ), Karachi.
11. The Director, Reforms and Automation (R&A), Custom House, Karachi with the request to incorporate this ruling in WeBoC.
12. The Project Director, WeBoCGlo, Custom House, Karachi for necessary action.
13. M/s Ismail Resin (Private) Limited, 17 Banglore Town, Main Shahrah-e-Faisal, Karachi.
14. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
15. The Karachi Chamber of Commerce & Industry, Karachi.
16. The Karachi Customs Agents Association, Karachi.
17. Notice Board.

**(Mushtaq Ali Shahani)**  
Additional Collector of Customs/  
Chairman Classification Committee