



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



No.ARC/Misprinted Tinplate/07/(E)/2022

Dated: 11.10.2022

ADVANCE RULING NO. 04/2022

SUBJECT: **REQUEST FOR ISSUANCE OF ADVANCE RULING IN RESPECT OF MIS-PRINTED ELECTROLYTIC TIN PLATE (ETP) STEEL SHEETS IN BUNDLES IN TERMS OF SECTION 212B OF THE CUSTOMS ACT, 1969, READ WITH SRO 1213(I)/2020 DATED 11.11.2020.**

M/s. Haji Yaseen & Sons, Lahore, through their counsel Mr. Muhammad Afzal Awan, Advocate Supreme Court of Pakistan, vide application dated 13.07.2022, received in this office on 20.07.2022, requested for issuance of Advance Ruling on classification of Mis-printed Electrolytic Tin Plate (ETP) Steel Sheets under Pakistan Customs Tariff in terms of Section 212B of the Customs Act, 1969 readwith SRO 1213(I)/2020 dated 11.11.2020. The application was examined in the light of relevant rules and it was observed that the application was not submitted on the prescribed form alongwith other relevant documents as ordained under Rule 792 of Customs Rules, 2002. Therefore, applicant was requested vide letter C.N. ARC/Misprinted Tinplate/07/2022 (E) dated 20.07.2022 to provide the same. Accordingly, the applicant through their legal counsel submitted the application on prescribed format vide their letter dated 22.07.2022.

2. Meetings on the subject matter were held and hearing opportunities to applicant were given on 11.08.2022 and 20.09.2022. However, neither applicant nor their legal counsel attended the meeting held on 20.09.2022. Pertinent to mention that the applicant in their application dated 22.07.2022 filed through their counsel stated that their client did not opt for a personal hearing.

3. The members of the Advance Ruling Committee (hereinafter referred to as the Committee) examined the issue of classification of the subject matter. In the light of application submitted, the goods under discussion, as claimed by the applicant, are Iron and Steel Scrap consisted of "Mis-printed" Electrolytic Tin Plates, of different sizes, shapes (ETP further worked with printing), having "length and width of rejected pieces are not specified or

identifiable”. The classification envisaged by the applicant was PCT 7204.4990, i.e. Remeltable Iron & Steel Scrap.

4. The Committee deliberated on the goods in question in details. The committee examined as to whether the goods are classifiable under HS Code 7204, i.e. ‘Ferrous waste and scrap; remelting scrap ingots of iron or steel’ as envisaged by the applicant or the same appropriately fall under HS Code 7210, i.e. ‘Flat- rolled products of iron or non- alloy steel, of a width of 600 mm or more, clad, plated or coated’. The samples and images of the goods in question were examined and it was observed that goods were unused Printed/”Mis-printed” Electrolytic Tin Plates (Steel Sheets) in bundles of assorted sizes. The Committee considered the following HS Codes:-

72.04 Ferrous waste and scrap; remelting scrap ingots of iron or steel.

72.10 Flat- rolled products of iron or non- alloy steel, of a width of 600 mm or more, clad, plated or coated.

5. It was observed that HS Code 72.04 covers various types of iron or steel scrap as classifiable under different sub-headings of 72.04, as presented. The Explanatory Notes to the Harmonized Commodity Description and Coding System was examined. The Note 8(a) of Section XV describes Scrap as under:

“8.-In this Section, the following expressions have the meanings hereby assigned to them :

*(a) **Waste and scrap***

Metal waste and scrap from the manufacture or mechanical working of metals, and metal goods definitely not usable as such because of breakage, cutting-up, wear or other reasons.”

6. The Explanatory Notes to of HS Code 72.04 very explicitly define the Scrap as under:-

“(A) WASTE AND SCRAP

The heading covers waste and scrap of iron or steel, as defined in Note 8 (a) to Section XV.

Such waste and scrap of iron or steel is of a miscellaneous nature and generally takes the form of :

(1) Waste and scrap from the manufacture or mechanical working of iron or steel (e.g., crop ends, filings and turnings).

(2) Articles of iron or steel, definitely not usable as such because of breakage, cutting-up, wear or other reasons; iron or steel waste and scrap is usually prepared by means of the following processes, in order to adapt it to the dimensions and qualities required by the users:

- (a) *Shearing of flame-cutting of heavy and long pieces.*
- (b) *Compression into bales, particularly in the case of light scrap, using for example a hydraulic press.*
- (c) *Fragmentation (shredding) of motor vehicle bodies and other light scrap, followed by separation (which may be magnetic) with a view to obtaining a high density product that is fairly clean.*
- (d) *Crushing and agglomeration into briquettes of iron and steel filings and turnings.*
- (e) *Breaking up of old iron articles.*

Waste and scrap is generally used for the recovery of metal by remelting or for the manufacture of chemicals.

*But the heading **excludes** articles which, with or without repair or renovation, can be re-used for their former purposes or can be adapted for other uses; it also **excludes** articles which can be refashioned into other goods without first being recovered as metal. Thus, it **excludes**, for example, structural steel work usable after renewal of worn-out parts; worn railway lines which are usable as pitprops or may be converted into other articles by re-rolling; steel files capable of re-use after cleaning and sharpening.”*

7. The definition of Iron & Steel Scrap given in Chapter-I (x) of CGO 12/2002 dated 15.06.2002 was also consulted which is reproduced as under:-

“(x) **Iron and steel scrap:-**

In determining whether a certain consignment is classifiable under item 73.03 (now 7204) or under respective headings, the following broad principles should be kept in view:-

- (i) *Articles which are not useable for industrial, construction or other purposes, without recovery of metal in the first instance by the processes of either "remelting" or "forging" as defined in the Explanatory Notes shall be treated as scrap classifiable under 73.03.*
- (ii) *Articles which with repair or renovation, without first being recovered as metal, can be re-used for their original purposes or can be adapted for other uses, would not be classified as "scrap". Such goods shall be classified under their respective headings.*
- (iii) *The real test for classification under 73.03 or other heads is whether the article can be adapted to the original or other uses without recovery of metal. For this purpose, the original shape of article is not of material consideration unless the article is in a useable shape. For example, if a pipe with a number of holes cannot be retrieved and reused as pipe and has to be melted or forged for recovery of metal, it shall be classified as 'scrap' and not as 'pipe'. But another pipe with a few repairable holes can be classified as 'pipes'.*
- (iv) *In case of mixed lots where ninety per cent or more of the consignment is undisputedly classified as 'scrap' the whole*

consignment shall be assessed under item 73.03. Where the content of 'scrap' is less than ninety per cent, identifiable goods, other than scrap, shall be classified and assessed to duty under respective heads."

8. In the light of definition of scrap as per Explanatory Notes and as given in CGO as mentioned above, the heading 72.04 excludes those items/articles which, with or without repair or renovation, can be re-used for their former/original purposes or can be adapted for other uses. The samples /images presented by the applicant clearly show that these are un-used Printed/"Mis-printed" ETP sheets in bundles of various sizes and can be used after either removing of printing through any mechanical or chemical process, or renovation for their original purposes and, therefore, cannot be termed as Scrap of Iron or Steel of 7204 as claimed by the applicant. The historical data of clearances of these goods also shows that the Printed/"Mis-printed" ETP sheets are already being imported, declared / assessed and cleared under PCT 7210.9010, i.e Printed/"Mis-printed" ETP sheets in bundles.

9. In the light of the discussion as above, the Committee is of the view that the appropriate and applicable Pakistan Customs Tariff heading for the subject goods will be PCT Code 7210.9010 (---Secondary Quality) in the light of sub-heading Explanatory Note to heading 72.10 and in terms of GIR 3(a) and 6.

10. The above ruling is specific to the goods whose details / specifications have been given by the applicant and reproduced above. Further, the ruling is based on the documents 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.

11. An appeal against this ruling lies before the Member Customs (Policy) within 30 days of the issuance of the ruling in terms of Rule 797 of SRO 1213(I)/2020 dated 11.11.2020.

(Mushtaq Ali Shahani)
Secretary Advance Ruling Committee

Copy for information to:

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2. Member (Customs Operations), Federal Board of Revenue, Islamabad.
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9. The Karachi Chamber of Commerce & Industry, Karachi.
10. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
11. The Karachi Customs Agents Association, Karachi.
12. M/s Haji Yaseen & Sons, Lahore
13. Mr. Muhammad Afzal Awan, Advocate Supreme Court of Pakistan, Lahore
14. Notice Board

(Mushtaq Ali Shahani)
Secretary Advance Ruling Committee

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