



THE FEDERATION OF PAKISTAN  
CHAMBERS OF COMMERCE & INDUSTRY  
وفاق ایوان ہائے تجارت و صنعت - پاکستان

FPCCI-FBR&MAWING-MTB/2024  
May 20, 2024

Members General Body, FPCCI  
Members Executive Committee, FPCCI  
Member Trade Bodies, FPCCI  
Prominent Businessmen & Industrialists

**SUBJECTS: PUBLIC NOTICE NO. 06/2024 REGARDING DETERMINATION OF ACTUAL DESCRIPTION / CLASSIFICATION OF ELECTRIC VEHICLE IMPORTED VIDE GD # KPPI-HC-54226-07-02-2022 AND KPPI-HC-55981 DATED 04-05-2023**

Dear Sir / Madam,

Please find enclosed copy of Public Notice No. 06/2024 dated May 15, 2024 issued by the Collectorate of Customs Appraisal (East), Custom House, Karachi regarding classification dispute of commodity namely "Electric Vehicles". The documents for clearance of the goods were filed under HS Code 8702.4090 whereas the classification was contested under HS Code 8703.1000 of Pakistan Customs Tariff.

The matter was forwarded to the Classification Committee to determine correct classification of the goods for payment of duty and taxes. The classification is therefore, decided by the classification committee under HS Code 8703.1000 accordingly and details of the issue may kindly be seen vide enclosed Public Notice.

For information to the trade bodies.

With regards,

(Muzaffar Rizvi)

Manager (FBR & Members Affairs Wing)

Encl: As above

Copy to: - Office Bearers, FPCCI  
- Secretary General, FPCCI

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



No. C-198/KAPE/PCT/2022

Dated: 15/05/2024

PUBLIC NOTICE NO. 06/2024

SUBJECT: DETERMINATION OF ACTUAL DESCRIPTION / CLASSIFICATION OF ELECTRIC VEHICLE IMPORTED VIDE GD NO. KPPI-HC-54226-07-02-2022 AND KPPI-HC-55981 DATED 04.05.2023.

The Collectorate of Customs Appraisement Port Muhammad Bin Qasim Karachi vide letter C. No. Group-VII-75-2022-PQ dated 22.01.2024 forwarded a reference for determination of actual description / classification of 'Electric Vehicle' imported vide GD No. KPPI-HC-54226-07-02-2022 and KPPI-HC-55981 dated 04.05.2023.

Case Details:

Brief facts of the case as reported by the referring Collectorate are that M/s Qaswa Automobile (Private) Limited imported a consignment declared to contain "14 Seat Electric Sightseeing Bus" under PCT heading 8702.4090 attracting customs duty @ 20%. The importer claimed reduced rate of customs duty @1% under Serial No.4 of Part V(A) of the 5<sup>th</sup> Schedule to the Customs Act, 1969. This provision of exemption allows reduced rates of customs duty for 2-3 Wheelers, 4-Wheelers and Heavy Commercial Vehicles (CBUs) including "electric buses" in CBU condition classifiable under heading 8702.4090. The referring Collectorate was of the view that the imported vehicles though operated on electric power and used for transportation of more than ten persons correctly fall under the definition of "carts/golf carts"

While the term "electric buses" used in the exemption is limited to the those "electric buses" which are "heavy commercial vehicles" as mentioned in the preamble of Table-I of Part V(A) ibid, used as public transport and/or are usually meant for travelling of "passengers" from one place to another for relatively long distances or intercity movements of passengers. Therefore, while treating the goods as "electric carts" and not the "electric buses" the claimed exemption under 5<sup>th</sup> Schedule to the Customs Act, 1969 was regretted.

2. However, the referring Collectorate, on request of the importer, assessed the goods under Section 81 of the Customs Act, 1969 against bank guarantee and referred the dispute to the Classification Committee. Subsequently, the Classification Committee vide its letter dated 20.06.2022 returned back the case to the Collectorate with the opinion that the issue does not involve dispute of classification of goods but admissibility of exemption under 5<sup>th</sup> Schedule of the Customs Act, 1969. In the light of Classification Committee recommendation the case was

M (FBR)  
15/5/24



referred to the Board by referring Collectorate. In response, the Board decided the case that vehicle with description like Sightseeing Bus or Electric Cart or Golf Car/Cart, etc. as afore-stated will be classified under PCT Code 8703. 1000. The goods were accordingly assessed by referring Collectorate. In the meanwhile, another identical consignment was imported by M/s. Sigma Motors Limited and claimed the same benefit of 5<sup>th</sup> Schedule of the Customs Act, 1969. The same treatment was extended by referring Collectorate to the said importer as in the case of M/s. Qaswa Automobiles (Private) Ltd. Being aggrieved, the importers filed Constitution Petition No. D-3582 of 2023 before the Honorable High Court of Sindh. The Honorable Court vide its judgment dated 11.12.2023 disposed of the case with the directives as under: -

*"In such circumstances, we are left with no option but to refer the matter to the Classification Committee to determine the correct classification/ HS Code of the vehicle in question in terms of Para-2 of CGO 12 of 2002, and while doing so, they shall not be influenced by FBR's letter dated 24.11.2022. Let such exercise be carried out preferably within a period of 90 days from today, whereas, petitioner is aggrieved any further, he may avail an appropriate remedy as provided under the law, whereas, the fate of the amount secured pursuant to order dated 0707.2023 shall be subject for further order of the Court."*

3. Hearings on the dispute were convened on 30.01.2024 and 06.03.2024 which were attended by representatives of the importers, departmental representatives from the Collectorate of Customs Appraisalment Port Muhammad Bin Qasim, Karachi and the members of Classification Committee. The main contentions of various stakeholders are detailed as under:

**The Collectorate Of Customs Appraisalment Port Muhammad Bin Qasim Karachi:**

4. The Collectorate of Customs Appraisalment Port Muhammad Bin Qasim, Karachi, presented their position on the classification of the imported vehicles in question and submitted as following:

- a) *The imported vehicles though operated on electric power and used for transportation of more than ten persons is correctly falls under the definition of "carts/golf carts" (PCT headings 8703.1000) which are used as a mean of transportation in limited area for very short distances in closed proximity like airports, shopping malls, universities or in play grounds/golf grounds depending on the seating capacity required.*

