



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



C-247/KAPE/DC/PCT/2023

Dated: 24.01.2024

PUBLIC NOTICE NO. 01/2024

SUBJECT: **CLASSIFICATION OF DC FAN MOTOR WITH REGULATOR UNDER PCT HEADING 8501.3100 VIDE GD NUMBER KAPS-HC-4231-10-07-2023**

The Collectorate of Customs (Adjudication-II) forwarded a reference vide letter C.No. Show Cause Notice No. CN-1777938-17072023 dated 16.10.2023 on the subject cited above.

2. Brief facts as reported by the referring Collectorate, the Collectorate of Customs (Adjudication-II) are that in compliance of the Honorable High Court of Sindh order dated 25.08.2023 vide Constitution Petition No. D-4064 of 2023, the dispute of classification of 'DC Fan Motor with regulator' whether it falls under PCT heading 8501.3100 or heading 8414.5190 is referred to Classification Committee to decide the matter within 30 days. Furthermore, in response to the aforementioned order, the Collectorate of Customs Appraisement (SAPT), Karachi, through its letter No.SI/MISC/KAPS/61/2023 dated 14.11.2023, has also submitted a reference for classification. The letter includes their perspective on the matter and encloses the necessary import documents as required under clause 2(i) of CGO 12/2002. The clearance Collectorate asserts that, given the presentation of the goods as 'Complete Solar DC ceiling fan without blades - Model DC12V56E2' in essential packing, they inherently possess the essential characteristics of a complete fan under PCT heading 8414. This categorization aligns with Rule GIR 2(a) of the General Rules of Interpretation, in contrast to the declared PCT heading 8501, which specifically pertains to motors only.

3. The Classification Committee convened on 08.12.2023 and 22.12.2023, with participation from both Departmental representatives and the authorized representative of the importer, M/s Franklin Law Associates. During the meetings, the importers presented their arguments and reiterated their perspective as follows: -

a) The representative of the importer expressed the opinion that the PCT ascertained by the department, i.e., 8414.5190, does not align with the description of the subject goods. Additionally, they argued that the essential character of a ceiling fan is not fulfilled without the

inclusion of fan blades and ceiling rods, as the primary purpose of a ceiling fan is to circulate air. The importer's representative emphasized that solely importing the fan blades would meet the essential character of a fan and warrant classification under PCT heading 8414.5190.

b) Furthermore, the authorized representative asserted that their goods are classifiable under GIR Rule 3(a) and do not fall within the scope of GIR 2(a) as determined by the Department.

Upon reviewing the Explanatory Notes for both PCT headings, the following observations emerged:

1- The terms of both sub-headings are stipulated as follows: -

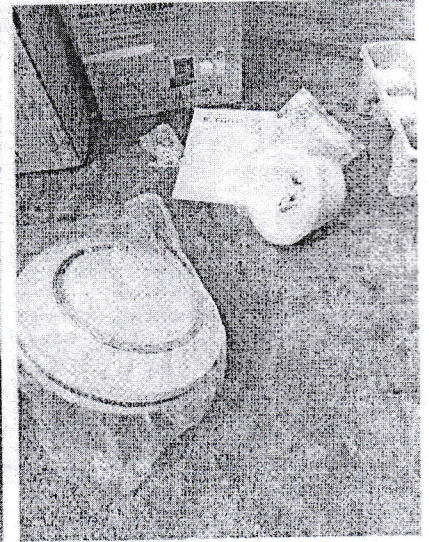
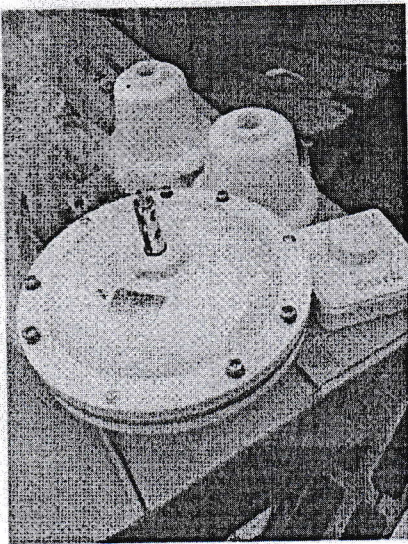
<u>PCT Heading</u>	<u>Terms of Heading</u>
8414.5	-- Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W.
8501	-Other DC motors; DC generators, other than photovoltaic generators.

The Examination Report of the GD is re-produced as under: -

Handwritten: M 24/1/24

“***ASSESSMENT ALERT*** THIS IS A CASE OF MISDECLARATION OF DESCRIPTION AT ITEM # 01. THE IMPORTER HAS DECLARED DC FAN MOTOR WITH REGULATOR, WHILE FOUND DESCRIPTION IS COMPLETE SOLAR DC CELING FAN WITHOUT BLADES ONLY. GROUP IS REQUESTED TO TAKE NECESSARY ACTION AS PER LAW. THIS REPORT PERTAINS TO CONTAINER # BMOU5123592, WITH GD # KAPS-HC-4231-10-07-2023, COMMERCIAL INVOICE FOUND INSIDE THE CONTAINER, INVOICE VALUE IS USD 2115/-. GOODS EXAMINED IN THE LIGHT OF SCANNED DOCUMENTS AND DETAILED AS UNDER, DESCRIPTION: 1) COMPLETE SOLAR DC CELING FAN WITHOUT BLADES ONLY, MODEL: DC-12V56E2. QTY: 4500 PCS, NET WEIGHT: 10553 KGS APPROX. 2) FAN CUPS UP AND DOWN, QTY: 9000 PCS, NETWEIGHT: 930 KGS APPROX. BRAND: CARRO®FAN, ORIGIN: CHINA, CHECKED 100% WEIGHT AT SAPT WEIGHBRIDGE VIDE SAPT SLIP NO: 1678402, DATED: 13-JUL-2023, AND FOUND CARGO WEIGHT: 12670 KGS. GROUP IS REQUESTED TO CHECK ALL LEGAL ASPECTS INCLUDING CLASSIFICATION, VALUATION, IMPORTABILITY AND ALL OTHER ASPECTS AS PER IPO & IPR CONDITION IN VOUGE (IMAGES ARE ATTACHED AS INTEGRAL PART OF ER).”

The pictorial representation of the imported goods is provided below:



4. According to Rule GIR 2(a), if an incomplete or unfinished article possesses the essential character of the complete or finished article, it shall also be treated as such. The relevant excerpt of General Rules of Interpretation 2(a) is reproduced for ease of reference: -

(a) *Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled*

5. Upon examination of PCT heading 8501, it becomes apparent that it is specifically limited to motors intended for use in various types of mechanical and electrical machinery, including fans. However, the subject goods, described as "Complete Solar Dc Ceiling Fan without blades," despite being incomplete due to the absence of blades, are considered to possess the essential character of a complete fan. For classification purposes, they are treated as unfinished fans falling under heading 8414.

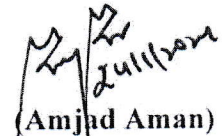
6. Moreover, the committee is of the opinion that the term 'essential character' is attributed to goods designed or built to serve a clearly defined function. This implies that if a product is specially designed to perform a clearly defined function, it shall be considered to have the 'essential character' of said item, whether or not presented in a complete or finished state. The same has been categorically ruled in imports of CKD /SKD Kits which are specifically created in

tariff headings of CBU in various Budgetary Measures approved by National Assembly for air conditioners, deep freezers, washing machines and auto vehicles etc. Therefore, the goods as presented clearly indicate that these are 'Fan Sets without blades only', in retail packing for sale, and qualify as 'incomplete Ceiling Fans' under PCT heading 8414.

7. In light of the above considerations, the Classification Committee holds the opinion that the 'Complete Solar Dc Ceiling Fan without blades' is appropriately classified under PCT heading 8414.5190, applying GIR Rules 1 and 2(a).

8. The above classification determination is specific to the product whose details/ specifications have been given above. It should be noted that the classification will be considered null and void if, at any subsequent stage, it is discovered that the information was provided with incorrect, false, misleading, or incomplete details.

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

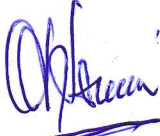

(Amjad Aman)
Additional Collector of Customs
Chairman Classification Committee

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 (Baluchistan), Custom House, Quetta.
10. The Collectorate of Customs (enforcement), Peshawar.
11. The Collectorate of Customs (Appraisalment) West/East/PMBQ Custom House, Karachi.
12. The Director, Reforms and Automation (R&A), Custom House, Karachi with the request to incorporate this ruling in WeBoC.
13. M/s Communication Services Corporation, H#16A, Jahangir Park, Shadbagh, Lahore.
14. M/s Franklin Law Associates, 1st Floor, Plot No.4C, Lane#3, Al Murtaza Commercial, DHA Phase VIII, Karachi.

PLEASE CIRCULATE


Mehmood ul Hasan Awan
General Secretary
Karachi Customs Agents Association


30/1/2024

15. The Collector, Collectorate of Customs (Adjudication-II), Custom House, Karachi.
16. The Project Director, WeBoCGlo, Custom House, Karachi for necessary action.
17. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
18. The Karachi Chamber of Commerce & Industry, Karachi.
19. The Karachi Customs Agents Association, Karachi.
20. Notice Board.


24/11/2020

(Amjad Aman)
Additional Collector of Customs
Chairman Classification Committee