



GOVERNMENT OF PAKISTAN
MODEL CUSTOMS COLLECTORATE
APPRAISEMENT AND FACILITATION (EAST)
CUSTOM HOUSE KARACHI



C. No. 106/KAPE/DC/PCT/2018

Dated: 01.06.2020

PUBLIC NOTICE NO. 03/2020(Classification)

Subject: **CLASSIFICATION OF "ECHOLIFE ROUTER EG8247HS"**

FACTS

M/s. Nayatel, Islamabad filed a representation to Federal Board of Revenue (FBR) vide letter No.2(3) NTL-Customs/2019 dated 29.07.2019 with request to refer the case to Classification Committee for ascertaining the appropriate PCT heading for "**ECHOLIFE ROUTER EG8247HS**". Accordingly, the case was referred to the Classification Centre, Custom House, Karachi in terms of Chapter -II of the CGO 12/2002.

ISSUE

2. Whether the subject good "**ECHOLIFE ROUTER EG8247HS**" is appropriately classifiable under H.S. Code 8517.6270 as claimed or under H.S Code 8517.6290 as proposed by the Collectorate or under any other relevant heading of the First Schedule to the Customs Act, 1969 (Pakistan Customs Tariff)?

PRODUCT ANALYSIS

3. The **ECHOLIFE ROUTER EG8247HS** is an Optical Network Terminal (ONT) device which uses GPON technology to implement ultra-broadband access for users. It includes provisioning of FTTU Triple Play services i.e. Internet, Basic Cable and TV. It consists of four Ethernet ports and supports WiFi along with two POTS ports, one CATV port and one USB port. The features of the product are enumerated as under:

80108-R
2/6/2020
Bri
webmaster 9/6/2020

Features of ONT

- Internet Dialing Capability (PPPoE/Static IP/DHCP)
- USB 2.0
- Wifi 2.4 Ghz IEEE 802.11 b/g/n
- WLAN 2x2 MIMO functionality
- Interface Rate 300 Mbps
- Antenna Gain 5dbi
- NAT/NAPT
- Port forwarding
- Static/Default routes
- RIP v2
- 802.1p Priority
- Multiple services on one WAN port
- Ethernet Port Rate limitation
- Smart WiFi Coverage
- Scheduled WiFi Shutdown
- Filtering based on MAC/IP/URL addresses

Hardware Specifications

- Power Supply: 12V/1A
- Ethernet Ports: Auto-adaptive 10 Mbit/s, 100 Mbit/s or 1000 Mbit/s
- Temperature : 0 to 40C
- Weight: 300g
- Max. power consumption: 12W
- SC/APC optical connector
- RAM 128 MB

Technical discussion

- i. The WiFi portable LTE router **R500** has already been classified by the Classification Committee vide Public notice No. 05/2018 wherein technical assistance from Pakistan Telecommunication Authority (PTA) was sought which clarified as under:-

"As per technical evaluation of type approved model listed in Annex-A, the equipment is router with functionality to transmit Rx and Tx data packets for connectivity."

On the strength of this technical opinion by the PTA, the importer contended that the subject device also transmits data packets, and **all the functionalities of phone, internet and TV are built upon the core functionality of routing.**

- ii. The importer provided a flowchart for comparison of both the devices (ONT and Router R500) to show that both the devices have similar features:-

| Description | ONT | Router |
|--|-----|--------|
| Receive and Transmit data packets for connectivity | Yes | Yes |
| Internet Dialing Capability (PPPoE/Static IP/DHCP) | Yes | Yes |
| USB 2.0 | Yes | Yes |
| WiFi 2.4 GhZ IEEE 802.11 b/g/n | Yes | Yes |
| NAT/NAPT | Yes | Yes |
| Port forwarding | Yes | Yes |
| Static/Default routes | Yes | Yes |
| 802.1p Priority | Yes | Yes |
| Multiple services on one WAN port | Yes | Yes |
| Filtering based on MAC/IP/URL addresses | Yes | Yes |
| Ethernet Port (Local Area Network) | Yes | Yes |
| Radio Frequency port | Yes | No |
| POTS Port | Yes | No |
| Fiber Wide Area Network Connectivity | Yes | No |
| Copper Wide Area Network Connectivity | No | Yes |
| Wireless Wide Area Network Connectivity | No | No |
| Wi-Fi Alliance Certified | Yes | Yes |

iii. The importer contended that the subject device falls in 85.17 owing to the following reasons:-

a) The H.S code 8517.6270 for ECHOLIFE ROUTER EG8247HS is the correct heading based on its functionality being routing type ONT. As per Pakistan Custom Tariff, the H.S Code 85.17 refers to the equipment(s) which are used for reception of other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network). This clearly indicates that the equipment will gain access over IP protocol whether on LAN (Local Area Network) or WAN (Wide Area Network). In order to get internet access, first ONT (Optical Network Terminal) has to be installed in a FTTH network. As per features of the device, ONT has the capability to get an internet connection from an Internet Service Provider (ISP).

b) Further, the importer contended that globally recognized International certification bodies i.e. WiFi Alliance, China Compulsory Certification (CCC), Regulatory Compliance Mark (RCM), that ensure technical compliance of the product have also classified the product under the category of "Router".

LAW ANALYSIS

4. The classification under First Schedule to the Customs Act, 1969 (Pakistan Customs Tariff) is made in accordance with the General Rules of Interpretation (GRI). As per GRI-I, classification of goods shall be determined according to the terms of the headings and any relative Section or Chapter Notes. In the event that the goods cannot be classified solely on the basis of GRI-I and if the headings or legal notes do not otherwise require, the remaining GRIs may then be applied. The Explanatory Notes (ENs) to the Harmonized Commodity Description and Coding System provide a guiding commentary on the scope of each heading and are authentic source of interpretation as per Rule 1 of Pakistan Rules to the GRI and are the official interpretation of the Harmonized System at the International level as well.

HS CODES CONSIDERED

5. The Committee has deliberated upon the classification of this product in different meetings, the last of such meetings was held on 30-04-2020, and based on thorough deliberation and technical evaluation has formed a considered opinion after discussing following PCT headings:

- i. **85.25 Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders.**

The committee considered the classification under H.S code 85.25 which covers transmission apparatus (transmitter) for radio and TV broadcasting, and opined that the article is not classifiable under the said heading as Para (A) of Explanatory Notes to H.S code 85.25 clarifies that television apparatus which falls here is transmission apparatus, whether transmission is by Electromagnetic waves or by line. The impugned good is not a transmitter rather it is reception apparatus of IP signals, hence, it is excluded from the purview of this heading.

- ii. **85.17 Telephone Sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28.**

The classification was considered by the committee in HS code 8517.6290 which covers machines for reception, conversion and transmission or regeneration of voice, image or other data, including switching and routing apparatus. This heading was ruled out as the ONT is configured on IP based network necessary for its working and cannot work without establishing communication function with ISP. The reception of TV signals is irrelevant as it delivers multimedia services such as television / video / audio over IP based network, therefore, has a communication function which falls under the purview of 85.17 which is used for transmission or reception of speech and other sounds, images and other data, including apparatus for communication in a wired or wireless network (such as LAN, MAN and WAN) whether proprietary or open architecture.

Moreover, as per technical literature and catalogue, **the primary function of a GPON is to Route IP Traffic to the selected destination.** All other **additional features** are built on top of primary functionality and none of the additional services can be made operational without the core functioning of primary component of ONT that routes internet traffic. Further, the international certifications that issues test and calibrations certificates and ensures technical compliance also classify the product under the category of "Router". On the basis of the Principal functionality mentioned above, it is clear that ONT should be classified as "Router".

The consideration was given to Explanatory notes to Heading 85.17 which clarified that heading covers apparatus for transmission or reception of speech or other sound, images or other data between two points by variation of electric current flowing in a wired network or by electromagnetic waves in a wireless

network. Therefore, keeping in view the working and technical literature, the equipment establishes client-server communication with ONT, OLT and data network, therefore, falls appropriately under PCT heading 8517.6270. Further, the FTTx network applications in GPON access have the following in common:

"The data, voice, and video signals of terminal users are sent to ONUs, where the signals are converted into Ethernet packets and then transmitted over optical fibers to the OLT using the GPON uplink ports on the ONUs. Then, the Ethernet packets are forwarded to the upper-layer IP network using the uplink port on the OLT."

Keeping in view the above, router is a networking device that forwards data packets between computer networks, and GPON works in the same manner by transmitting Ethernet packets, and as per GRI rule 2(A) have **essential character** of routing, thus, falls appropriately under 8517.6270.

To further substantiate this aspect of routing, the Classification Committee in the instant case also sought technical assistance from Pakistan Telecommunication Authority (PTA) vide letter KAPE/106/DC/PCT/2019 dated 16-02-2020 to confirm the description of subject products, whether the same are "routers" or "multi-function machines". The relevant para of Pakistan Telecommunication Authority's letter No.3941/2014/2019/PTA dated 24-03-2020 is reproduced as under:

*"It is informed that model number Echo life EG8247HS having marketing name EG8247HS has been type approved by PTA dated 31-09-2018. It is a terminal equipment, which has functionality to connect directly or indirectly with public switch network. The said device falls under **router** category, however, the custom authority shall make decision as per applicable rules and regulations."*

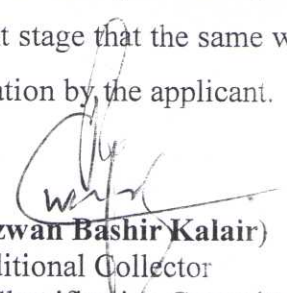
Thus in view of technical remarks of PTA, it can be concluded that the term "router" is more specific and product under consideration is a "router" (because of functionality).

HOLDING

6. In view of the above legal and technical discussion, the Committee is of the opinion that GPON standard is meant for data traffic over IP network. Hence, the principal function of a GPON ONT cannot be anything other than data routing and / or bridging, therefore, the subject device in view of technical remarks of PTA falls appropriately under H.S. Code 8517.6270 which provides for "**ROUTERS**". It is pertinent to mention here that this classification ruling is to the extent of the devices having similar features. The devices with features other than that of this device shall be classified in their appropriate headings.

7. The Ruling is issued in terms of Chapter-II (Classification) of the CGO 12/2002 dated 15.06.2002 and any appeal against this Ruling shall only lie with the Federal Board of Revenue under Rule 2 of Pakistan Rules to the General Rules of Interpretation.

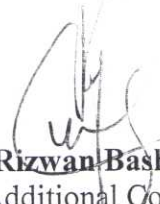
8. The above ruling is based on the documents including literature provided by the applicant and shall be treated as annulled if it is found at any subsequent stage that the same was obtained by providing incorrect, false, misleading or incomplete information by the applicant.


(Ch. Rizwan Bashir Kalair)
Additional Collector
Chairman Classification Committee

Copy for information to:

1. Member (Customs Policy), Federal Board of Revenue, Islamabad.
2. Member (Customs Operations), Federal Board of Revenue, Islamabad.
3. Member (Customs Legal & Accounting), Federal Board of Revenue, Islamabad.
- ✓ 4. Member (FATE), Federal Board of Revenue, Islamabad with the request to publish this ruling on FBR website.
5. The Chairman, Customs Appellate Tribunal, Karachi.
6. The Chief Collector of Customs (Appraisalment) South, Custom House, Karachi.
7. The Chief Collector of Customs (Enforcement) South, Custom House, Karachi.
8. The Chief Collector of Customs (Appraisalment) Central, Custom House, Lahore.

9. The Chief Collector of Customs (Enforcement) Central, Custom House, Lahore.
10. The Chief Collector of Customs (North), Custom House, Islamabad.
11. The Chief Collector of Customs (Balochistan), Custom House, Quetta.
12. The Collector, MCC Appraisement (East), Custom House, Karachi.
13. The Collector, MCC Appraisement (West), Custom House, Karachi.
14. The Collector, Port Muhammad Bin Qasim, Custom House, Karachi.
15. The Collector, Collector of Customs Adjudication I & II, Custom House, Karachi.
16. The Director, Reforms and Automation (R&A), Custom House, Karachi with the request to incorporate this ruling in WeBoC.
17. The Project Director, WeBoC *Glo*, Custom House, Karachi for necessary action.
18. The Karachi Chamber of Commerce & Industry, Karachi.
19. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
20. The Karachi Customs Agents Association, Karachi.
21. M/s. Nayatel GD Arcade, 73-E Fazal ul Haq Road, Blue Area, Islamabad, 44000
22. Notice Board.


(Ch. Rizwan Bashir Kalair)
Additional Collector
Chairman Classification Committee