



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



C-245/KAPE/DC/PCT/2023

Dated: 13.08.2024

PUBLIC NOTICE NO. 8/2024

SUBJECT: IMPLEMENTATION OF THE ORDER DATED 16.08.2023 PASSED BY THE HONORABLE CUSTOMS APPELLATE TRIBUNAL, (BENCH-I) LAHORE IN CUSTOM APPEAL NO.197/LB/2018 (ACTUAL APPEAL #216/LB/2018) FILED BY IMPORTER NAMELY M/S CM PAK VS. COLLECTOR OF CUSTOMS

The Directorate of Post Clearance Audit (central) Lahore, referred the matter of classification of "Wi-Fi/Mi-Fi devices" to Classification Committee for determination of appropriate classification as per Pakistan Customs Tariff.

Case Details:

2. Brief facts as reported by the referring Directorate are that the Directorate of Post Clearance Audit (Central) Lahore, scrutinized the clearance data of the years 2015-17 of imports made by various telecommunication companies from MCC (Preventive/Appraisalment), Lahore which transpired that Wi-Fi/Mi-Fi modems were being mis-classified under PCT heading **8517.6220** instead of actual PCT Heading **8517.6940** being "subscriber end equipment". Resultantly, an audit observation was issued to the importer vide letter C. No. PCA/LHR/AMU//71/2017/896 dated 20.06/2017 and later on a contravention report was forwarded to the Collector of Customs (Adjudication) Lahore in terms of Section 179 of the Customs Act 1969 read with SRO 886(I)/2012 dated 18.07.2012. The Adjudicating Authority issued Show Cause Notice C.No.151/Collector/Adj/2017/104 dated 28.11.2017 and passed the Order-in-Original No. 27/2018 dated 11.04.2018 in favor of the department by upholding its contention. The matter was raised before Honorable Customs Appellate Tribunal, (Bench-I) Lahore by the importer and the Honorable Customs Appellate Tribunal, (Bench-I) Lahore referred the matter to the Classification Committee for determination of appropriate Classification as per Pakistan Customs Tariff and General Rules of Interpretation.

Arguments and Deliberations:

3. The meeting of Classification Committee was held on 06.03.2024 and 25.04.2024 which was attended by the Departmental representatives and authorized representative of the importer i.e. M/s Masood Aziz Associates.

Importer's point of view:

- i. The importer representative was of the view that similar goods have already been classified by Classification Committee after due deliberation in its Public Notice 05/2018 issued on 13.12.2018 whereby **Wi-Fi Portable LTE Router R500** and

FBR e-Box No. 1762852
Received in M (PR) Office on 13 AUG 2024

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Portable EVDO Router MF820 were classified under PCT heading 8517.6270 being routers.

- ii. The importer representative further stated the fact that technical assistance was sought from PTA vide its letter dated 13.08.2018 by Classification Committee to enumerate the difference in "router" and "subscriber end equipment", the PTA observed that "subscriber end user equipment" is a vague term that is not used for technical categorization of terminal equipment. Thus, "subscriber end equipment" refers to all devices and equipment's used by end user regardless of their functionality. Further, the importer stated that the PCT heading having terms of heading "Subscriber End Equipment" was deleted in Financial Year 2019-2020.

Department's point of view:

- i. The departmental representative argued that the imported Wi-Fi/Mi-Fi modems had multiple functions, including those of a modem and a router. These devices were specifically designed for use with computers, laptops, tablets, and mobile phones for connectivity through Wi-Fi. They were primarily intended for providing internet access to the subscriber at their home, small office, or similar settings and could connect multiple devices. Therefore, these devices were used or installed at the subscriber's end, making them classifiable under PCT Heading 8517.6940 as "subscriber end equipment." departmental representative highlighted that the relevant tariff classifications (PCT Headings 8517.6100 & 8517.6200) were for devices used or installed within the premises/installation of telecommunication companies, which was not the case with the subject devices. These devices were not designed for installation at the network's core but rather for use by end-users (subscribers). This distinct usage at the subscriber's end, coupled with their design and functions, justifies their classification under PCT Heading 8517.6940.

Law and Analysis:

4. Upon reviewing the Explanatory Notes to both the PCT headings of Pakistan Custom Tariff in vogue, following observations have been made:-

(a) Imported items i.e "4G MiFi modem" and "Mobile WiFi modem" are portable wireless devices that allow users to connect multiple devices to the internet using 4G LTE networks. The MiFi modem serves as a mobile hotspot, providing internet access to up to 10 devices simultaneously, including smartphones, laptops, and tablets. It is compact and battery-operated, making it ideal for on-the-go connectivity. Similarly, the mobile Wi-Fi modem offers wireless internet access through a 4G network, supporting multiple devices for seamless browsing and streaming. Both devices are user-friendly, featuring easy setup and strong coverage, catering to the needs of mobile internet users in areas with 4G coverage.

(b) The terms of both the sub- heading is stipulated as under: -

8517 – 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 a local or wide area network), other than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528; parts thereof:

PCT Code	Description
(8517.10)	- Telephone sets, including telephones for cellular networks or for other wireless networks:
(8517.6000)	- Other apparatus for transmission or reception of voice, images, or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network):
8517.6100	-- Base stations
	-- Machines for the reception, conversion and transmission or regeneration of voice, images or other data , including switching and routing apparatus
8517.6210	--- Voice frequency telegraphy
8517.6220	--- Modems
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(8517.69)	-- Other
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8517.6940	--- Subscriber end equipment

5. As mentioned above, and as per the main heading 8517.62 i.e “- - **Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus**” the imported items 4G MiFi modem and mobile WiFi modem are covered by description and function in specific national sub-heading 8517.6220 and it performs the function of reception, conversion and transmission or regeneration of data. The heading “subscriber end equipment” is mentioned in residual heading of “--**other**” and includes equipment which are not classifiable/covered in preceding headings, therefore imported equipment fall under PCT heading 8517.6220 in light of General Rules for Interpretation (GIR) 1 and 3(a) of Schedule 1 of Customs Act,1969, which require that;

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GIR 1:

The titles of sections, chapters, and sub-chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative section or chapter notes and, provided such headings or notes do not otherwise require, according to the following provisions.

GRI 3(a):

When by application of Rule 2(b) or for any other reason, goods are, prima facie, classifiable under two or more headings, classification shall be affected as follows:

(3a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods, or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

Holding:

6. After carefully considering the arguments presented by both the importer and the department, and thoroughly reviewing the relevant provisions of the Pakistan Customs Tariff (PCT) and the General Rules of Interpretation (GRIs), the Classification Committee observed that the appropriate classification of "*4G MiFi modem and Mobile WiFi modem.*" is under PCT heading 8517.6220. This heading specifically addresses devices that are designed to perform the reception, conversion, and transmission or regeneration of data—functions that are central to the operation of the Wi-Fi/Mi-Fi modems in question. Additionally, the Pakistan Telecommunication Authority (PTA), in its clarification dated 13.08.2018, emphasized that the term "Subscriber end equipment" is broad and can apply to a wide range of end-user devices, regardless of their specific functionality. This broad categorization does not align with the precise and specific functions of the Wi-Fi/Mi-Fi modems, which are primarily involved in data processing and transmission. This classification is further reinforced by the principles of GRIs 1 and 3(a), which stipulate that goods should be classified based on specific descriptions rather than more general ones. In this case, the function-based description under PCT heading 8517.6220 is more accurate and specific compared to the broader, less defined category of "subscriber end equipment. Therefore, the Classification Committee concludes that the "*4G MiFi modem and Mobile WiFi modem*" are correctly classifiable under PCT heading **8517.6220.**

7. 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 referring Collectorate 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.

8. This Public Notice is issued in terms of Chapter-II (Classification) of CGO 12/2002 dated 15.06.2002 and appeal against this determination lies with the Board in terms of Rule 2 of the Pakistan Rules provided in the preamble of the First Schedule of the Customs Act, 1969.

-Sd-

(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 (Export), Custom House, Karachi.
7. The Chief Collector of Customs (Appraisalment) Central, Custom House, Lahore.
8. The Chief Collector of Customs (Enforcement) Central, Custom House, Lahore.
9. The Chief Collector of Customs (North), Custom House, Islamabad.
10. The Chief Collector of Customs (Balochistan), Custom House, Quetta.
11. The Collectorate of Customs (Enforcement), Peshawar.
12. The Collectorate of Customs (Appraisalment) West/East/PMBQ Custom House, Karachi.
13. The Director, Reforms and Automation (R&A), Custom House, Karachi with the request to incorporate this ruling in WeBoC.
14. M/s CM Pak, Islamabad c/o Sumair Saeed Ahmad (Akhther Ali Associates), 3rd Floor, LCCI Building Near China Chowk Lahore.
15. The Registrar, Customs Appellate Tribunal (Bench-I), Lahore.
16. The Director, Post Clearance Audit (Central), 5th Floor Custom House Lahore.
17. The Project Director, WeBoCGlo, Custom House, Karachi for necessary action.
18. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
19. The Karachi Chamber of Commerce & Industry, Karachi.
20. The Karachi Customs Agents Association, Karachi.
21. Notice Board.

(Amjad Aman)

Additional Collector of Customs
Chairman Classification Committee