



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



C-198/KAPE/DC-PCT/2022

Dated: 19.11.2025

PUBLIC NOTICE NO.15/2025

Subject: ADMISSIBILITY OF ELECTRIC SIGHTSEEING BUS UNDER SERIAL NO. 04 OF PART V(A) OF THE 5TH SCHEDULE TO THE CUSTOMS ACT, 1969.

Please refer to the Board's letter No. 1(3)Tar-III/2018-Pt-I dated 22.08.2025 on the subject cited above, whereby the case relating to the classification of the Electric Sightseeing Bus imported by M/s. Qaswa Automobile (Pvt.) Ltd, Islamabad was remanded to the newly constituted Classification Committee under CGO 02/2025 dated 24.03.2025.

02. The Classification Committee has re-examined the matter in detail. Meeting was held on 04.09.2025, with the representatives of the importer and all relevant provisions of the Pakistan Customs Tariff, the General Interpretative Rules (GIRs), explanatory notes of the Harmonized System, judicial precedents and administrative circulars were reviewed.

03. The Committee noted that the subject vehicle is a fourteen-seaters electric sightseeing bus, duly verifiable from manufacturer's certificate. There is no dispute on record regarding this specification. Under Rule 1 of the GIR to the Pakistan Customs Tariff (PCT), the classification of goods is to be determined according to the terms of the headings and relevant section and chapter notes, without reference to the vehicle's intended use or operational environment. Heading 87.02 of the Tariff expressly covers "motor vehicles for the transport of ten or more persons, including the driver," whereas Heading 87.03 applies to "motor cars and other motor vehicles principally designed for the transport of persons other than those of heading 87.02." The line of demarcation between these two headings, as clarified in the explanatory notes and in paragraph 3, serial 22 of CGO 12/2002, is therefore the *designed seating capacity* of the vehicle.

04. In the Committee's considered view, the earlier approach which relied upon the distance of operation or functional usage treating the vehicle as akin to golf carts or short-range transport units was inconsistent with the interpretative scheme of the Harmonized System. The reliance on *intended use for short-distance transport* is not supported by any provision of the Tariff or by the Explanatory Notes, both of which focus exclusively on constructional and design characteristics.

05. The Committee also examined the contention that the vehicle's operation over short distances would exclude it from the scope of *Commercial use for public transport envisaged* under Heading 87.02. This view is not supported either by the wording of the Tariff or

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- Stamp: TEMMINA AMER, Member (Taxpayers' Services), Federal Board of Revenue, Islamabad
- Signature: [Handwritten signature]
- Stamp: Usman Aslam, Chief (T...)
- Initials: WM
- Date: 12/4/11

by commercial reality. The term "public transport" is not confined to inter-city or long-distance routes. It equally encompasses organized conveyance of passengers within public places of commercial character such as airports, seaports, museums, zoos, theme parks, university campuses and other controlled facilities where passengers are carried for consideration or as part of a transport service open to the public. The 14-Seater Electric Sightseeing Buses are designed, constructed, and marketed specifically for such commercial passenger movement within these venues. Their operation, though over limited distances, is nonetheless of a public service nature and fulfills the same functional purpose as other buses covered under Heading 87.02 namely, the transportation of ten or more persons, including the driver, in organized service open to multiple users. Therefore, the limited range of operation does not alter their essential character as commercial passenger vehicles intended for public transport, and classification under Heading 87.02 remains fully justified.

06. The Committee also reviewed in detail the reasoning recorded in Public Notice No. 06/2024, particularly the key points of determination which led to classification of the subject vehicle under PCT 8703.1000, and offers the following observations:

a. Vehicle Design and Usage : The Public Notice No. 06/2024 concluded that, although the vehicle could carry more than ten passengers, its design for short-distance operation disqualified it from classification as a bus. This approach is inconsistent with the Harmonized System methodology. The design criterion relevant for tariff purposes is seating capacity and structural configuration, not the range of travel or distance of operation. Vehicles built on a bus-type chassis with fixed passenger seating for ten or more persons for public conveyance fall within heading 87.02, regardless of whether they operate on inter-city routes or within airports, parks, or other limited areas. Usage over short distances does not alter their essential design or function as **commercial passenger vehicles**.

b. Comparison with Heading 87.03 : The earlier notice relied on a comparison between headings 87.02 and 87.03 and inferred that the subject vehicle was "*principally designed for the transport of persons other than those of heading 87.02.*" The Committee finds this interpretation contrary to the literal wording of heading 87.03, which expressly excludes all vehicles of heading 87.02. Once the vehicle's seating capacity is established as ten or more persons including the driver, its classification under 87.03 becomes legally precluded. The earlier notice therefore misapplied the comparative test.

c. Similarity with Golf Carts or Electric Carts : The analogy drawn with golf carts and similar vehicles is technically and commercially untenable. Golf carts are lightweight personal use conveyances, usually two (02) to eight (08) Seaters, constructed without carrying capacity of a commercial passenger vehicle. The subject Electric Sightseeing Bus, on the other hand, is a purpose built passenger transport vehicle with rated seating arrangements for fourteen persons.

d. Reference to WCO Opinion: The Public Notice cited a World Customs Organization (WCO) *classification opinion dealing with a four-wheeled vehicle equipped with a small 351 cc engine intended for short-distance personal transport.* That opinion pertained to a compact utility vehicle of limited capacity of eight (08) seats as per the pictorial details provided therein and

cannot be analogously applied to a fourteen-seater passenger bus. The WCO Explanatory Notes themselves state that heading 87.02 covers *all motor vehicles designed for the transport of ten or more persons (including the driver)*. The citation was therefore contextually misplaced and does not support classification under 87.03.

e. **Application of General Interpretative Rule 1 (GIR-1)** : The prior determination purported to rely on GIR-1 while basing its decision on the intended use of the vehicle. GIR-1, however, mandates that classification be determined "*according to the terms of the headings and any relative Section or Chapter Notes.*" It does not authorize reliance on the vehicle's functional deployment or commercial purpose. Application of GIR-1 to the present case therefore confirms, rather than contradicts, that the proper classification lies under heading 87.02, because the heading text explicitly covers vehicles designed to carry ten or more persons.

7. It is also pertinent to clarify that the scope of exemption under the Fifth Schedule to the Customs Act, 1969 does not fall within the functional jurisdiction of the Classification Committee. The Committee's mandate is confined strictly to the determination of the correct tariff classification of imported goods under the Pakistan Customs Tariff in accordance with the General Interpretative Rules, Section Notes, and Chapter Notes. The admissibility of fiscal exemptions available under the Fifth Schedule, or any other notification linked to a particular HS Code, is a matter to be interpreted and confirmed by the Federal Board of Revenue in its policy and tariff capacity. In the present case, the Committee's findings are limited to the classification of the subject vehicle as a "*Motor vehicle for the transport of ten or more persons, including the driver*" under PCT 8702.4090. The Committee does not adjudicate on the fiscal benefit or rate of duty attached to this heading.

8. In light of the foregoing analysis, the Committee finds that none of the arguments advanced in Public Notice No. 06/2024 withstand legal or technical scrutiny when tested against the wording of the Pakistan Customs Tariff, the General Interpretative Rules, or the Harmonized System Explanatory Notes. The design characteristics, manufacturer's certification, and international classification principles all support classification of the 14-Seater Electric Sightseeing Bus under PCT 8702.4090, and not under PCT 8703.1000.

9. After thorough examination of all evidences and arguments, the Committee concludes that the 14-Seater Electric Sightseeing Bus imported by M/s Qaswa Automobile (Pvt.) Ltd. is appropriately classifiable under PCT Heading 8702.4090 of the Pakistan Customs Tariff as "*motor vehicles for the transport of ten or more persons, including the driver.*" The earlier determination under PCT 8703.1000 contained in Public Notice No. 06/2024 dated 15.05.2024 is accordingly found to be inconsistent with the principles of classification prescribed under the Customs Act, 1969 and the Harmonized System.

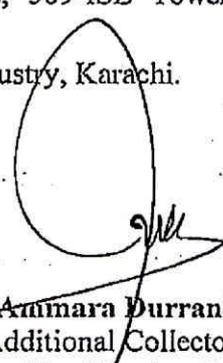
10. In view of the foregoing, the Public Notice No. 06/2024 earlier issued in this case has been revised to reflect the correct classification of the subject electric sightseeing bus under PCT 8702.4090.

11. This Public Notice is issued in terms of chapter-II (para 2) of Customs General Order No. 12 of 2002 as amended by CGO 02/2025 dated 24.03.2025 and any appeal against this determination/decision shall lie with the Board in terms of Rule 2 of the Pakistan Rules provided in the preamble of the First Schedule to the Customs Act, 1969.

Sd/-
(Ammara Durrani)
Additional Collector/
Secretary 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.
5. The Chief (Tariff & Trade), Federal Board of Revenue, Islamabad.
6. The Director General of Customs Exports & Input/Output Co-Efficient Organization (IOCO), Karachi.
7. The Chief Collector of Customs (Appraisalment) South, Custom House, Karachi.
8. The Chief Collector of Customs Appraisalment Balochistan, Custom House, Quetta.
9. The Chief Collector of Customs Appraisalment Punjab, Custom House, Lahore.
10. The Chief Collector of Customs Appraisalment (North), Custom House, Peshawar.
11. All Collectors / Directors of Customs.
12. The Director, Reforms and Automation (R&A), Custom House, Karachi with the request to incorporate this ruling in WeBoC.
13. M/s. Qaswa Automobile (Private) Limited, Apartment No.1, 1st Floor, Commercial Complex, Safari Villas-II, Bahria Town, Phase-VII, Bahria Town, Islamabad.
14. M/s. Najeeb Law Associates Advocates & Consultants, 509-ISE Towers, Jinnah Avenue, Islamabad
15. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
16. The Karachi Chamber of Commerce & Industry, Karachi.
17. The Karachi Customs Agents Association, Karachi.
18. Notice Board.


(Ammara Durrani)
Additional Collector/
Secretary Classification Committee