



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



C- 203/KAPE/DC/PCT/2022

Dated: 24.03.2025

PUBLIC NOTICE NO. 01/2025

SUBJECT: DETERMINATION OF CLASSIFICATION OF "TALCY ST COMPONENT A+B & DIFFERENT GRADES OF PULASTIC (COMPONENT A+B) DECLARED AS POLYURETHANE 3909.5000

The Collectorate of Customs Appraisal (PMBQ), Karachi forwarded a reference No. Group-III-191-2022-PQ/570 dated 08.06.2022 for determination of correct classification of "Talcly St Component A+B & Different Grades of Pulastic (Component A+B)".

1. Background of the Dispute:

i). Brief facts as reported by the referring Collectorate are that M/s T.S Builder, imported a consignment consisting of 28 items out of which 18 items consisted of "Talcly ST component A+B and different grades of Plastic (A+B) vide GD No. KPPI-HC-64057-17-03-2022 and sought clearance under PCT heading 3909.5000 which is for 'Polyurethane in Primary Form' as per Pakistan Customs Tariff. However, upon examination of the goods for confirmation of description, samples were referred to Lab for five items namely (i) Pulastic Linepaint, (ii) Pulastic Coating 221-417, (iii) Pulastic GM 1500-307/308 Blue, (iv) Talcly ST and (v) Pulastic EG Grey" to Custom House Laboratory for test. The Custom House Lab vide report No. CE/R/847/22 dated 30.03.2022 gave findings as under: -

Report: Five samples received, each on test gave the following results:

Sample-1: (Pulastic line paint): sample is in the form of retail sale finished pack net wet 0.6 kg on test is found to be consisting of synthetic copolymer polybutylene adipate (co-polyester analyzed by FTIR) in association with pigment etc, dispersed in organic solvent medium. It is in the form of yellow color paste.

Sample-2: (Pulastic coating 221-417): the sample test is found to be consisting of synthetic polymer acrylic (analyzed by FTIR) in association with coloring matter put up in more than 50% volatile organic solvent medium. It is in the form of green color liquid/fluid.

Sample-3: (Pulastic GM 1500 307/30 blue): the sample test is found to consist of Rizinusulphonl (castor oil-analyzed by FTIR) in association with coloring matter and alkai salts. It is in the form of blue color liquid/fluid.

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Sample-4: (Taclly ST): the sample test is found to consist of Natural oil (analyzed by FTIR) in association with coloring matter and alkali salts. It is in the form of creamish gray color liquid/fluid.

Sample-5: (Pulastic EG Grey): the sample test is found to consist of Rizinusulphonl (castor oil-analyzed by FTIR) in association with coloring matter and alkali salts. It is in the form of gray color liquid/fluid.

It is important to note here that the sample obtained in the lab is the first portion, i.e. part-A, and the second part, i.e. part-B, has not been received. However, **TDS shows that the goods are one part of multicomponent mastic based system.**

Subsequently, the importer contested the findings of Customs House and requested sample tests to be conducted through a reputable laboratory. Accordingly, six (06) representative sample of three (03) declared item (both part A & B of each), were referred to Industrial Analytical Centre, H.E.J Research Institute of Chemistry, Karachi for test. H.E.J. Laboratory vide its six (06) reports dated 28.04.2022 (**Annex-E₁-E₆**), gave the finding as: -

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- i. **Taclly ST Component (A):** The given sample entitled "Taclly ST Component (A)" is found to be mixture of Polyester Polyol, castor oil, Barium sulphate and other inorganic salts. It is widely used as adhesive material.
 - ii. **Taclly ST Component (B):** The given sample entitled "Taclly ST Component (B)" is found to be mixture of Isocyanate (Polymethylene Polyphenyle Polyisocyanate). It is widely used as adhesive material.
 - iii. **Pulastic Coating 221 Green Component (A):** The given sample entitled "Pulastic Coating 221 Green Component (A)" is found to mixture of Polyester Polyol, ethoxymethylethyl acetate and Titanium dioxide predominantly. It is widely used as surface coating.
 - iv. **Pulastic Coating 221 Green Component (B):** The sample entitled "Pulastic Coating 221 Green component (B) is found to be mixture of Polyisocyanate HDI base and 2-methoxy-1-methylethyl acetate, Polyisocyanate HDI base present predominantly. It is widely used as surface coating.
 - v. **Pulastic GM 1500 Medium base Component (A):** The given sample entitled "Pulastic GM 1500 Medium base Component (A)" is found to be mixture of castor oil and polyester polyol, barium sulphate and other inorganic salts. It is widely as coating material.
 - vi. **Pulastic GM 1500 Medium blue Component (B):** The given sample entitled "Pulastic GM 1500 Medium Blue Component (B)" is found to be mixture of Isocyanate isomers (polymeric isocyanate isomers). It is widely used as coating material.

ii). The Collectorate contended that as HEJ also confirmed the presence of organic and inorganic materials such as Barium Sulphate, Titanium Dioxide etc and confirmed material's specific use as coating/adhesive material, therefore, goods do not fulfill conditions of being in

primary form which is mandatory for classification under Chapter 39, therefore the goods were assessed under HS 3208.9090 (coating material) and HS code 3506.9190 (adhesive material) in light of Explanatory Notes to PCT heading 39-11 (1)(a) and VI-3506-I. The Collectorate further elaborated that according to HS Notes VII-39-11 (1) "when as a result of addition of certain substances, the resultant product answer to the description in a more specific heading elsewhere in the nomenclature, they are excluded from Chapter 39". Moreover, the goods are imported in retail packing and are ready to use products that are applied directly by mixing components A & B to prepare floors for sports courts/ tracks /gym etc.

iii). The importer vide its representation No.NIL dated 13.08.2022 contended that invoice and packing lists show HS code as 3909.5090 which is also as per EU tariff codes 3909.5090 with description as Polyurethane in Primary form. Furthermore, all imported products consisting of polyol, Isocyanate Polyester and Castor Oil are basic contents of Polyurethane in primary form .

2. Proceedings:

M/s T.S BUILDERS (PVT) LTD:

i). The representative of M/s T.S BUILDERS (PVT) LTD appeared for hearing on 20.11.2024 and contended that 'polyurethane' has been defined in Explanatory Notes to PCT heading 3909.5000 which reads as under: -

"(3) Polyurethanes

This class includes all polymers produced by the reaction of polyfunctional isocyanates with polyhydroxy compounds, such as, castor oil, butane 1,4 diol, polyether polyols, polyester polyols. Polyurethanes exist in various forms, of which the most important are the foams, elastomers, and coatings. They are also used as adhesives, moulding compounds and fibres. These products are often traded as one part of a multi-component system or set."

The importer contended that since the imported goods are polyurethane which exists in various forms such as coating, adhesive etc. and traded as one part of multi component system, therefore subject goods are rightly classifiable under PCT 3909. 5000. Since goods are mentioned by tariff heading and definition of Polyurethane also includes coating and adhesive form, therefore as per GIR Rules, goods fall in PCT heading 3909.5000.

3. Law and Analysis:

i). The classification committee considered the arguments and stance of both the sides and examined the documents put forth and the relevant provisions of law dealing with the HS classification. Classification of any imported goods under Pakistan Customs Tariff is determined under the General Rules for interpretation (GIR) of the First Schedule to the Customs Act, 1969. The Committee considered the PCT headings relied upon by the importers and the referring Collectorate which are reproduced for ease of reference:

PCT Heading	Terms of Heading
3909.5000	- Polyurethanes
3208.9090	- Other (paint, varnishes etc.)
3506.9190	Other (Prepared glues and other prepared adhesives)

ii). The A+B component system in adhesives and coatings refers to a two-part formulation where:

Component A: Typically contains the resin or base material. It is the primary substance that forms the adhesive or coating's matrix and provides the bulk of the material's properties.

Component B: Usually contains the hardener, curing agent, or catalyst. It reacts chemically with Component A to harden (cure) and develop the desired mechanical, adhesive, or protective properties.

iii). The Classification Committee examined the classification in the light of Lab reports and Explanatory Notes to PCT headings and framed following question for consideration;

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- a) *Are goods in Primary form or not and ready for use or otherwise?*
 - b) *Has the specific use of the goods has been confirmed in Lab reports?*
 - c) *Does the addition of fillers, pigments etc. exclude the goods from Primary form?*
 - d) *Whether there is any differences between Primary Form and other than Primary Form?*

Analysis and Decision:

(i) Are goods in Primary form or not and ready for use or otherwise?

The primary form typically refers to raw or unprocessed polyurethane materials, such as resins or prepolymers mentioned in Chapter 39 (Plastics and Articles Polyurethane granules, powders, or liquids that require further processing) used for foams etc. Further, Polyurethane in its primary form is a raw material, while a two-component system is a complex mixture which is categorized based on its specific application as an adhesive, coating, or other end-use product. The chemical differences are as under:-

Aspect	Polyurethane in Primary Form	Two-Component Polyurethane System
State of Reaction	Pre-polymer or unreacted resin	Mixture that cures upon combining components
Crosslinking	Not cross-linked	Cross-linked after mixing A + B
Reactivity	Requires a separate hardener	Self-curing after mixing A + B
Functional Groups	Hydroxyl and/or isocyanate groups remain reactive	React to form urethane linkages
Durability	Not durable until cured	Highly durable after curing

Therefore, Primary polyurethane is a raw material with unreacted functional groups used as a precursor for various applications while a two-component polyurethane systems involve chemical curing through a reaction between resin and hardener, forming a strong, cross-linked polymer designed for specific end uses like adhesives or coatings.

ii). Has the specific use of the goods been confirmed in Lab reports?

The lab reports have summarized its findings as under: -

a) Tacky ST Components and Pulastic Coating Components: First of all, they are mixtures, not pure raw materials as it includes additives like barium sulfate, titanium dioxide, solvents, and other ingredients and specifically formulated for end-use applications like adhesives or coatings.

b) Presence of Additives: The inclusion of pigments (e.g., titanium dioxide), fillers (e.g., barium sulfate), and solvents (e.g., ethoxymethylethyl acetate) indicates that these products have been manufactured in retail packing beyond their primary form to meet specific applications i.e. coating and adhesive. These mixtures are designed to be directly used as part of a two-component system for specific purposes (adhesive bonding or surface coating).

iii). Does the addition of fillers, pigments etc. exclude the goods from Primary form?

Primary forms refer to raw, unprocessed, or minimally processed materials that serve as inputs for further manufacturing or formulation and individual raw materials like polyols or isocyanates are used as inputs in creating adhesives, foams, or coatings. The given products include mixtures, additives, and are not raw chemicals, which disqualifies them as primary forms.

iv). Difference between Primary Form and other than Primary Form?

Note 6 to Chapter 39 stipulates that "In headings 39.01 to 39.14, the expression "primary forms" applies only to the following forms : (a) Liquids and pastes, including dispersions (emulsions and suspensions) and solutions; (b) Blocks of irregular shape, lumps, powders (including moulding powders), granules, flakes and similar bulk forms." ENs to Chapter 39, in its relevant part, offer following commentary on the issue: -

"Primary forms

'Headings 39.01 to 39.14 cover goods in primary forms only. The expression "primary forms" is defined in Note 6 to this Chapter. It applies only to the following forms:

(1) Liquids and pastes. These may be the basic polymer which requires "curing" by heat or otherwise to form the finished material, or may be dispersions (emulsions and suspensions) or solutions of the uncured or partly cured materials. In addition to substances necessary for "curing" (such as hardeners (cross-linking agents) or other co-reactants and accelerators), these liquids or pastes may contain other materials such as plasticizers, stabilizers, fillers and coloring matter, chiefly intended to give the finished products special physical properties or other desirable characteristics. The liquids and pastes are used for casting, extrusion, etc., and also as impregnating materials, surface coatings, bases for varnishes and paints, or as glues, thickeners, flocculants, etc.

When as a result of the addition of certain substances, the resultant products answer to the description in a more specific heading elsewhere in the Nomenclature, they are excluded from Chapter 39; this is, for example, the case with:

- (a) Prepared glues - see exclusion (b) at the end of this General Explanatory Note.
- (b) Prepared additives for mineral oils (heading 38.11)."

Presence of Additives:

Tacly ST Component A: Contains barium sulfate and other inorganic salts, which are fillers that modify adhesive performance.

Pulastic Coating 221 Component A: Contains titanium dioxide, which is a pigment used for color and opacity, and solvents like ethoxymethylethyl acetate to adjust viscosity and application properties.

These additives are not characteristic of primary forms, which are raw and typically free from such modifications.

Mixture of Multiple Chemicals:

Each product is a formulated blend of multiple components, such as polyols, isocyanates, pigments, and solvents. Primary forms, by contrast, are single raw materials or polymers without blending.

Pre-Processing for Specific Applications:

The described products are ready for use in specific systems (adhesives or coatings) once mixed with their respective B-components.

Applications for End Use:

These mixtures have been engineered to meet performance requirements for specific applications like bonding (adhesives) or surface protection (coatings).

Since goods are multi-component mixtures with additives like fillers and solvents, then they are excluded from Chapter 39.

Reference from Explanatory notes & analysis of legal provisions:

Upon reviewing legal provisions, Explanatory notes, and the Custom laws, the Classification Committee observed that goods are mixture of raw material and presence of additives like pigments, fillers, and solvents transform the raw materials into specialized, ready-to-use formulations for coating and adhesive applications. Furthermore, the goods are ready for applications as confirmed from manufacturer catalogue which mentions water based finish coat for use on pulastic sports flooring systems with appropriate mixing ratio and curing time mentioned in catalogue, therefore the goods tends to fall in PCT heading 3214 (coating) and 3506 (Adhesive).

4. Holding:

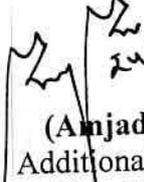
i). Considering the law and product analysis through HEJ's lab test reports, as above, the Classification Committee unanimously determined the classification as under:

- a) Products titled Taclly ST Component (A) and Taclly ST Component (B) are classifiable under PCT heading 3506.1000 being the prepared adhesives put up in retail packing.
- b) Products titled Pulastic Coating 221 Green Component (A), Pulastic Coating 221 Green (B), Pulastic GM Medium base Component (A) and Pulastic GM Medium base Component (B) are classifiable under PCT heading 3208.9090 being formulated for use as coating a material.

ii) The given classification determination result is particular to the product for which details / specifications have been provided in the preceding paras.

iii) 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.

iv) This Public Notice is issued in terms of Chapter-II (Classification) of CGO 12/2002 dated 15.06.2002 and any appeal against this determination/decision shall lie with the Board in terms of Pakistan Rule 2 of General Rules for Interpretation provided in the preamble of the First Schedule to the Customs Act, 1969.


24/3/2025
(Anjad Aman)
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.
5. The Chief Collector of Customs (Appraisalment) South, Custom House, Karachi.

6. The Chief Collector of Customs (Enforcement) Islamabad.
7. The Chief Collector of Customs (Exports / IOCO), Custom House, Karachi.
8. The Chief Collector of Customs (Appraisal) Central, Custom House, Lahore.
9. The Chief Collector of Customs (North), Custom House, Islamabad.
10. The Chief Collector of Customs (Khyber Pakhtunkhwa), Custom House, Peshawar.
11. The Chief Collector of Customs (Baluchistan), Custom House, Quetta.
12. All Collectors / Directors of Customs.
13. The Karachi Chamber of Commerce & Industry, Karachi.
14. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
15. The Karachi Customs Agents Association, Karachi.
16. M/s T.S Builders, (Pvt) Ltd , Office No C 3rd Floor, Plot No 38-C, Lane no 8 ,
Khayaban e Muslim, Bukhari Commercial , Phase VI, Karachi.
17. Notice Board.


24/3/25

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Chairman Classification Committee