



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



No.C-98/KAPE/DC-PCT/2018

Dated: 31.05.2025

The Collector,
Collectorate of Customs Appraisement (West),
Custom House, Karachi.

SUBJECT: DECISION OF CLASSIFICATION COMMITTEE ON IN COMPLIANCE OF ORDER OF THE HONOURABLE HIGH COURT OF SINDH IN CP NO. D-2778 OF 2016

The Collectorate of Customs Appraisement (West), Karachi forwarded a reference dated 13.08.2018 in the light of orders of the Honorable High court of Sindh, in C.P No. D-2778 of 2016 for determination of classification of sealed lead acid batteries for telephone exchange.

(A) Background of the Dispute:

2. Briefly, M/s. Pakistan Telecommunication Company Limited (PTCL) imported multiple consignments of Sealed lead acid batteries vide GDs No. KAPW-HC-44081 dated 09.09.2015, KAPW-HC-47263 dated 14.09.2015 and KAPW-HC-6005 dated 06.10.2015 under PCT 8507.2010 which covers 'sealed lead acid batteries used in telephone exchanges' as per the then PCT Heading (Pakistan Customs Tariff 2015-16). On the other hand, department was of the view that the imported lead acid batteries have multiple usages and accordingly their PCT Heading was changed from 8507.2010 to 8507.2090. However, the importer requested the clearance Collectorate for provisional assessment under Section 81 of the Customs Act, 1969 against submission of security, in the form of Bank Guarantees. The request of the importer was acceded to and all three (03) GDs were provisionally assessed by the Collectorate. Meanwhile, the importer filed CP No. 2778/2016 before the honorable High Court of Sindh at Karachi. The Honorable High Court of Sindh at Karachi vide Order dated 14.05.2018 in CP No. 2778/2016 referred the matter to the Classification Committee. The operative para of the said order is reproduced as under:-

"Perusal of record reveals that Petitioner itself has written to the Respondents for referring the matter to the Classification Committee, whereas, all the GDs submitted by Petitioner have been duly assessed and consignment(s) of the Petitioner have been released. Moreover, dispute regarding classification involves disputed facts and requires proper determination, assessment by the relevant authority. Accordingly, it will be appropriate if Petitioner may approach to the Classification Committee, at Custom House, Karachi, which shall decide the classification of the Sealed Lead Acid Batteries, however, after providing opportunity of being heard both the parties, and shall pass appropriate order in accordance with law. However, any party, if aggrieved

31/5/25

FBR e-Box No. 70773-K
Received in M (PR) Office on 04/06/25

Chief (TPS)
04-06-25
Member (Taxpayers' Services)
Uman Asghar
Chief (TPS)

by such order or decision of Classification Committee, such party may avail further remedy in accordance with law."

(B) Importer's Point of View:

3. M/s. PTCL contended that their firm is a Telecommunication Company involved in providing telecommunication services and is a regular importer of sealed lead acid batteries for use in their telephone exchanges. Way back in the year 2004, as a consequence of proposal of PTCL (through the concerned Ministry), the Federal Government placed these lead acid batteries meant for use in telephone exchanges in lower slab of custom duty @ 10% (as against statutory rate of 20% vis-a-vis the then PCT Heading 8507.2000) through SRO 457(1)/2004 dated 12-06-2004. Then in the year 2006, as a general policy of the Federal Government / FBR, a number of general exemptions were moved from the notifications to the Tariff by creating local sub headings. The Federal Government created a new local sub heading 8507.2010 through the Finance Act, 2007 and placed sealed lead acid batteries for use in telephone exchanges in the aforesaid sub heading.

4. They explained that a multi-service access node (MSAN) also known as multi-service access gateway (MSAG) is a device typically installed in a telephone exchange (sometimes in a roadside serving area interface cabinet) which connects customers' telephone lines to the core network to provide telephone, integrated service digital network (ISDN) and broadband such as digital subscriber line (DSL) all from a single platform. A typically outdoor MSAN cabinet consists of narrowband plain old telephone services (POTS), broadband (XDSL) services, batteries with rectifiers, optical transmission unit and copper distribution frame. M/s PTCL procures MSAN / MSAG with components i-e batteries for the same machines, which after completion of life cycle are changed with new batteries which are therefore imported for the purpose. These batteries are used in old telephone exchanges which are also operational throughout Pakistan as well used in MSANS and MSAGs which are also telephone exchanges as explained above. Therefore, sealed lead acid batteries imported by M/s PTCL for use in their telephone exchanges are rightly classifiable under PCT heading 8507.2010.

5. They also contended that the General Rules for Interpretation of Pakistan Customs Tariff envisage that the classification is to be determined according to the terms of the heading / sub heading. In the instant case, the terms of sub-heading 8502.2010 is very clear, hence, unless proved to the contrary; any other heading cannot be assigned to the sealed batteries to be used in telephone exchanges. Even otherwise, as per Rule 3 (a) of General Rules for Interpretation of Pakistan Customs Tariff, if goods are prima facie classifiable under two or more headings, the heading which provides the most specific description shall be preferred to the heading providing a more general description. So on this count also, PCT heading 8502.2010 will apply in our case for being more specific in nature.

6. Furthermore, they had cited a Classification Committee's decision communicated vide letter dated 13.02.2016 to the case making Collectorate whereby decision pertaining to import of batteries effected by M/s Telenor did not prove as to whether the batteries were being used exclusively for telephone exchange. The Classification Committee had observed that the

31/5/25

batteries were not to be used in any telephone exchange and were found to be of multiple usage. The Classification Committee, therefore, concluded that the batteries be classified under sub heading meant for "Other". This classification pertains to the case of M/s Telenor as they are not operating any telephone exchange but M/s PTCL are operating / maintaining large number of telephone exchanges all over the country with gigantic operations for providing telecommunication services and imported batteries are obviously to be used for these operations.

7. Moreover, they also stated that no manufacturer anywhere in the world is manufacturing sealed lead acid batteries for exclusive use in the telephone exchanges; that is why M/s PTCL picks suitable lead acid batteries available in international market for use in their telephone exchanges.

(C) Case making Collectorate's point of view:

8. Case making Collectorate is of the view that sealed lead acid batteries used in telephone exchanges are classifiable under HS code 8507.2090 having multiple usages. The referring Collectorate contended that at the time of assessment, the importer was asked to provide manufacturer catalogue for confirmation of usage of the imported models of sealed lead acid batteries. The catalogue provided by the importer confirmed that the imported lead acid batteries have multiple usage and accordingly the PCT Headings was changed from 8507.2010 to PCT Heading 8507.2090. The imported batteries NARADA-MPG12V85F, AG12V100A, MPG12V125F and AG12V155F are sealed lead acid batteries having nominal voltage of 12V for storage purposes in Solar, UPS and Telecommunication; therefore, the batteries in question have multiple use. They further conveyed that since, the Classification Committee already decided the classification of similar goods pertaining to telecommunication sector vide Classification Order C. No. (1005)KAPE-DC(PCT)/2015, dated 13.02.2016 in case of M/s. Telenor Pakistan (Pvt) Ltd. and in the light of the said public notice, status of the impugned goods becomes undisputed. The above said order reveals that such batteries can be used for multiple uses like UPS, Alarm Systems, Fire & Security System, Emergency Lighting, engine Starting, Solar Powered Systems Telecommunication and Utilities etc.; hence, the same cannot be classified under PCT Heading 8507.2010 i.e. for telephone exchanges purpose. Therefore, the Classification Committee was of the opinion that the batteries in question having multiple use are appropriately classifiable under PCT Heading 8507.2090.

9. Additionally, it was also asserted by the referring Collectorate that Classification Committee in the above said order classified the goods under PCT Heading 8507.2090 by virtue of rule 3(c) of General Rules for Interpretation of the Harmonized Coding System, as the PCT heading 8507.2090 appears / comes after 8507.2010. The Collectorate contested that the imported sealed lead acid batteries are of multipurpose usage and its nature of being multipurpose usage is undisputed even by the importer which is confirmed from the catalogue submitted by the importer to this Collectorate on 30.06.2021. The classification of goods is determined on the basis of essential character of goods as presented rather than end use.

31/5/25

(D) **Law and analysis:**

10. Classification Committee considered the viewpoint of both sides and examined the documents put forth and the relevant provision of law dealing with the HS classification. The Classification Committee is of the view that classification of any goods under harmonized system is determined in accordance with the General Rules for Interpretation (GIR) of the PCT, to be applied in sequential order. Explanatory notes provide information and explanation on the scope of each heading only up to two dashes (--) headings, and are considered authentic source of interpretation. up to two dash (--) heading but are not supportive for determination of classification at three dash and four dash national headings. Since the PCT headings under discussion and dispute are three dashes (---), the Committee is entirely relying on GIRs for determination of PCT heading of the subject goods.

11. Committee considered the relevant PCT headings (PCT 2015-16) relied upon by the importer and the case making Collectorate, which are reproduced below for ease of reference:

Heading/Sub-heading	Statistical suffix	DESCRIPTION
85.07		Electric accumulators, including separators therefor, whether or not rectangular (including square).
		- Lead- acid, of a kind used for starting piston engines:
8507.1010		- - - Meant for motor cars of heading 87.03, vehicles of sub-headings 8703.2113, 8703.2115, 8703.2193, 8703.2195, 8703.2240, 8703.2323, 8703.3223, 8704.2190, 8704.3130, 8704.3150, 8704.3190, 8703.3225 and vehicles of heading 87.11
8507.1020		- - - Meant for vehicles of sub-headings 8701.2020, 8701.2090, 8701.9020, 8701.9040, 8702.1090, 8702.9090, 8704.2219, 8704.2299 and 8704.2390
8507.1090		- - - Other
		- Other lead- acid accumulators:
8507.2010		- - - Sealed lead-acid batteries used in telephone exchanges
8507.2090		- - - Other

3/5/13

12. Classification Committee considered the stance of the importer which gave the impression that the goods would be used exclusively for use of telephone exchange for provision of standby power source to the exchange. However, the catalogue provided by the importer confirmed that the imported sealed lead acid batteries have multiple usages. The imported batteries NARADA-MPG12V85F, AG12V100A, MPG12V125F and AG12V1556F are sealed lead acid batteries having nominal voltage of 12V for storage purposes in Solar, UPS and Telecommunication; therefore, the batteries in question undoubtedly have multiple uses.

Decision:-

13. In the light of the provided technical literature of the imported goods, this Committee is of the opinion that these storage batteries can be used in telephone exchanges but are equally useable in other places and for other purposes. Therefore, the imported batteries can be classified in more than one headings. As the two possible three (---) dash headings under consideration are nationally created, the GIR 3(a) would not be applicable, being equally specific for the imported goods.

14. As per GIR 3 (c), when goods cannot be classified by reference to GIR 3(a) or 3(b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration. The PCT heading 8507.2090 comes after 8507.2010 i.e. latter in numerical order, therefore the batteries in question are classifiable under PCT heading 8507.2090 by virtue of the above said Rule for the Interpretation of the PCT.

15. The above finding is specific to the product whose details/ specifications have been given above. Further, the decision is based on the documents; literature and information provided by the referring Collectorate/importer 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.

16. This decision is issued in terms of para 2 of Chapter-II (Classification) of CGO 12 of 2002 as amended vide Customs General Order No. 02 of 2025 dated 24.03.2025, and 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/

(Amjad Aman)

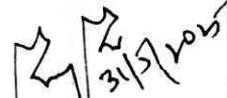
Additional Collector

Secretary to the 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 Chief Collector of Customs (Appraisalment) South, Custom House, Karachi.
7. The Chief Collector of Customs (Enforcement) Islamabad.
8. The Chief Collector of Customs (Exports / IOCO), Custom House, Karachi.
9. The Chief Collector of Customs (Appraisalment) Central, Custom House, Lahore.
10. The Chief Collector of Customs (North), Custom House, Islamabad.
11. The Chief Collector of Customs (Khyber Pakhtunkhwa), Custom House, Peshawar.
12. The Chief Collector of Customs (Baluchistan), Custom House, Quetta.

13. The Secretary (Tariff -I), Federal Board of Revenue, Islamabad
14. All Collectors / Directors of Customs.
15. **M/s. PTCL** (Pakistan Telecommunication Company Limited) G-8/4, Old Building, 4th Floor, PTCL Headquarter, Islamabad.
16. **M/s. Najeeb law associates**, 509-Islamabad Stock Exchange Towers, Jinnah Avenue, Islamabad.
17. The Karachi Chamber of Commerce & Industry, Karachi.
18. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
19. The Karachi Customs Agents Association, Karachi.
20. Notice Board.



(Amjad Aman)

Additional Collector

Secretary to the Classification Committee