

FBR's Directives to MCCs for clearance of dumpers

The Federal Board of Revenue (FBR) has communicated a policy on import of dump trucks to the Model Customs Collectorate (MCCs) for clearance of dumpers and trucks into the country. The FBR has issued instructions to the Collectors of Customs for compliance. The FBR has also referred to the Temporary Import Scheme in this regard.

According to the FBR, field formations should follow explanation of policy on import of used dump trucks as given by the Commerce Ministry. Sources said that M/s AM Construction Company (Pvt) Ltd, imported used dumpers classified under heading 8704-1090 from UAE under an irrevocable letter of credit (LC) and sought clearance thereof from CFS. Thokar Niaz Baig, Model Customs Collectorate Lahore vide GD NO.LTNB-HC-1198 dated 3.1.2017 in terms of paragraph 12(a) of import policy Order (IPO) 2016. From the request of the M/s AM Construction company it has been revealed that prior to import dumpers under temporary importation, these dumpers actually imported under para-9(5) of IPO 2016. Concerned Collectorate of Customs rejected to release the goods for not fulfilling conditions of IPO 2016 being more than five years old (Para-9 (5) IPO 2016).

The company filed writ petition in the Lahore High Court, in which the honorable court directed the collectorate of customs, Lahore to determine as to whether or not the petitioner is entitled for the benefit of temporary import in terms of paragraph 12(a) of IPO 2016.

In pursuance of orders of the court, collectorate of customs passed an order dated 2.2.2017 that since the dumper trucks being more than five years old and are not importable in terms of para-9(5) of IPO 2016 and the contention of clearance under temporary import in terms of paragraph 12(a) of IPO thereof is an after thought hence the contention of the importer that imported vehicles are covered under temporary import is not tenable.

M/s AM Construction company now approached Ministry of Commerce to issue a clarification to the effect that used articulated dumpers specially designed for raw cutting and are covered under the facility of temporary import in terms of paragraph-12(a) of the IPO 2016. This case has been examined in detail in the Ministry and following conclusions are made:

A definition of specialized vehicle mounted machinery, especially dumpers designed for off high way use are the same as described in para-9(5) appendix-I and para-12(a) (temporary importation). Dump trucks are classified under the main PCT heading 87.04 and the sub heading 8704.1090. This main PCT heading covers all sorts of trucks including dump trucks. All trucks other than dumpers are not allowed to import neither under para-9(5) and nor under paragraph 12(a) of the IPO 2016.

The PCT schedule 8704.10 covers dumpers designed for off highway use. It describes dumpers as sturdily built vehicles with a tipping or bottom opening body, designed for the transport of excavated or other materials. These vehicles, which may have a rigid or articulated chassis are generally fitted with off-the-road wheels and can work on soft ground.

The explanatory note of Chapter 87 to sub-heading 8704.10 explains characteristics which distinguished dumpers from other vehicles for the transport of goods (in particular, tipping lorries (trucks)) by the following characteristics: The dumper body is made of very strong steel sheets; its front body is extended over the driver's cab to protect the cab; the whole or part of the floor slopes upwards towards the rear.

In some cases the driver's cab is half width only; lack of axle suspension; High braking capacity; limited speed and area of operation and special earth moving tyres. Because of their sturdy construction the tare weight/payload ratio does not exceed 1:1.6.

The body may be heated by exhaust gases to prevent materials from sticking or freezing. In view of the said conclusions FBR has directed all field formation to decide import of dumper under para-7 read with para-9(5) (appendix-I only for definition of specialized machinery) and para-12(a). Each case must be decided on case to case basis after physical examination as explained in chapter 87.04 of PCT, as whether the imported vehicle comes under dump trucks or other kind of a truck and after fulfillment of other codal formalities, sources added.

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