

General Interpretation Rules (Rules of Classification)

Rule 1

The chapter title is only for reference (for the sake of convenience), classification is always done using section and chapter notes. Further, if headings and section/chapter notes do not otherwise require, classification shall be as per Rules 2,3,4,5 or 6.

Issues



Mere reading of the heading may not be enough, all goods will not necessarily be classified under that chapter.

Example:

Chapter 39 is titled "Plastic" but all Plastics cannot be classified under that heading.

The chapter notes, specifically excluded plastic toys, watches, automobile parts etc.

Rule 2

Rule No.2(a)	Rule No.2(b)
<p>Any semi finished goods or unfinished goods should be classified as finished goods, if they contain essential character of finished goods.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. A cycle without seat, classified as a finished Good cycle.  <ol style="list-style-type: none"> 2. Passenger coach without seat classified as a finished goods passenger coach. 	<p>Reference to material/substance, to include reference to mixture or combination of that material/substance</p> <ul style="list-style-type: none"> • Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance.
<p>Issues:</p> <ol style="list-style-type: none"> 1. Goods removed in (SKD/CKD) classified as Final Product not as part. 2. Goods that do not require complicated process to make finished goods. 	<p>Example:</p> <ol style="list-style-type: none"> 1. Gold classification shall also consist of articles partly made up of gold. 2. Steel with carbon classified as steel only. 3. Gold with copper will be classified as 'Gold' Plastic bucket with iron handle to be classified as plastic article. But if such goods consist of more than one material or substance and each such substance is equally significant, classification, shall be made according to the principle specified in Rule 3

Rule 3: When goods are covered under more than one headings

(a)	(b)	(c)
<p>In case of any conflict between 2 headings, prefer the specific heading rather than general headings.</p> <p>Example: If there are two heading:</p> <ol style="list-style-type: none"> Heading No.8215: Spoons, forks, ladles, skimmers, fish-knives etc. Heading No.7323: Table, kitchen or other household articles of iron and steels. <p>Spoon will be classified under 8215</p>	<p>When no specific heading is given, classification should be based on essential character</p> <p>Example:</p> <ol style="list-style-type: none"> Book with CD classified as Book.  <ol style="list-style-type: none"> Printer with fax/scanner classified as printer.  <ol style="list-style-type: none"> Mobile with camera, MP3 etc. classified as Mobile.  <ol style="list-style-type: none"> A lock of vehicle with alarm is to be classified as 'lock' not 'burglar or fire alarm' as lock is the main line of defense and alarm is only secondary to security of the moving object. 	<p>If there are two heading, prefer the later (the later is better)</p> <p>This rule is also known as 'latter the better maxim'.</p> <p>Example: If there are two heading:</p> <ol style="list-style-type: none"> Heading No. 4010: Conveyor transmission belting   <ol style="list-style-type: none"> Heading No. 5910: transmission belting, conveyor belting or textile material conveyor and transmission belting.  <p>Textile Material</p> <p>Refer to heading no: 5910</p>

Rule 4: Akin Goods (Most closely resembling goods)

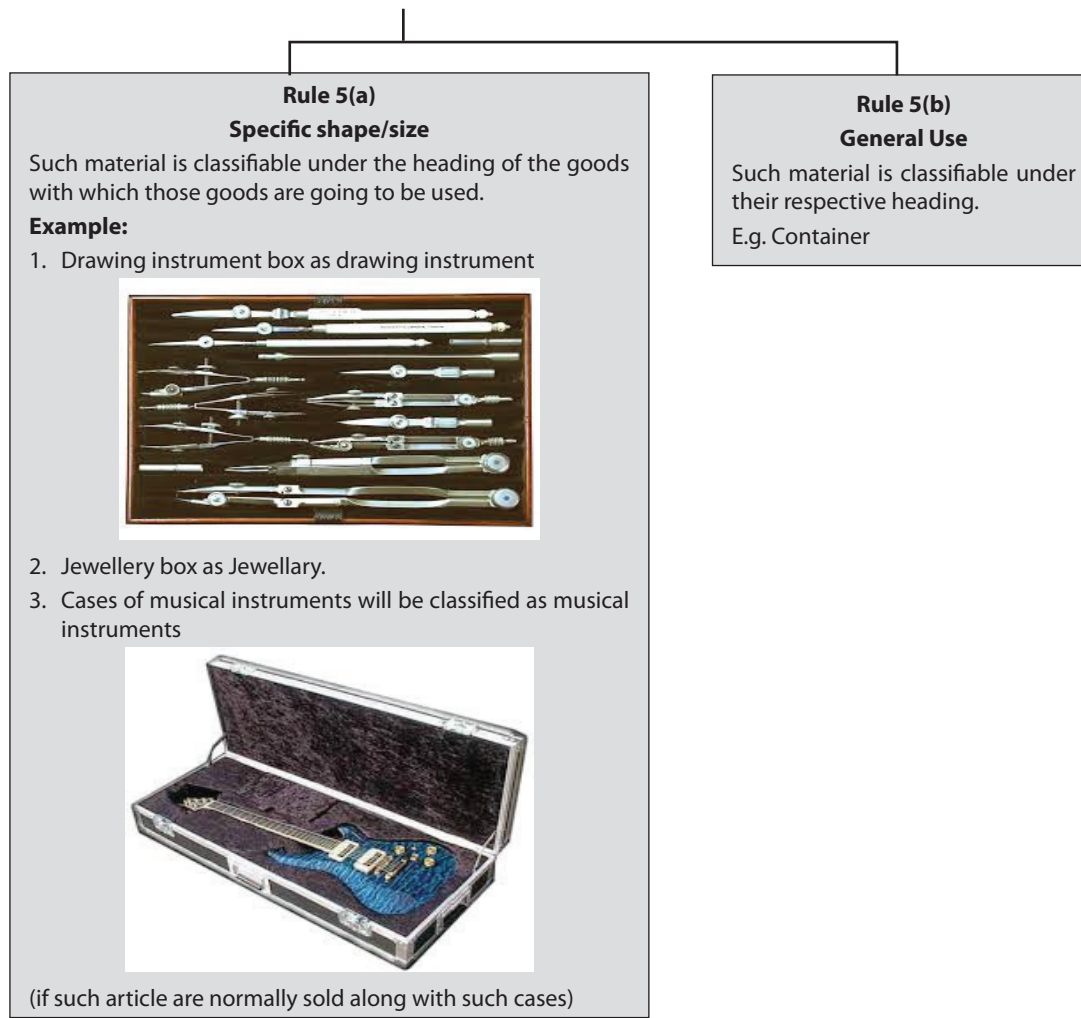
If any of the new items is produced commercially, for which there is no specific entry under CETA, then such goods are classifiable under the heading of their most akin goods.

Note: Excise duty not charged on dummy model.

Example: Plastic films used to remove the glare of the sunlight, pasted on car glass windows → classified under 3925 30 00 Builders' were of plastics not elsewhere specified – shutters, blinds (including Venetian blinds).

Even though this is not a builders' but is most akin to the plastic blinds.

Rule 5: Classification of Packing Materials



Rule 6: Determination of Sub-Headings

Rule No. 1 to 5 shall apply mutatis mutandis (as it is) for determination of sub-headings.

Classification of Parts and Accessories

Part: An essential component of the product without which the product cannot function.

Accessory: Supplementary or subordinate in nature and need not be essential for actual functioning of the product.

