

The Collector of Customs, Collectorate of Customs, (Appraisement -West / Appraisement -East / Appraisement - Port Muhammad Bin Qasim / Enforcement / JIAP), Karachi /Hyderabad / (Appraisement / Enforcement), Quetta / Gawadar / (Appraisement / Enforcement / AIIA), Lahore / Appraisement, Faisalabad / Appraisement, Sambrial (Sialkot)/ Enforcement, Multan / Islamabad / Gilgit-Baltistan / (Appraisement / Enforcement), Peshawar / Enforcement, Dera Ismail Khan / Exports (Karachi /Port Qasim) / Transit Trade (Karachi).

DETERMINATION OF CUSTOMS VALUE OF FRESH FLOWERS UNDER SECTION 25A OF THE CUSTOMS ACT, 1969.

(VALUATION RULING NO. 1607/2022)

C. No. Misc/01/2022-I/240.

Dated: 04-03-2022



In exercise of the powers conferred under Section 25A of the Customs Act, 1969, Customs value of fresh flowers is determined as follows:-

2- **Background of the valuation issue:** A representation was received through the Board from M/s SG Allied Business Ltd indicating under invoicing in the import of fresh flowers. Accordingly, an exercise was carried out by this directorate to determine the customs value of fresh flowers according to the prevailing price trend of these goods in the local as well as international markets.

3- **Stakeholders' participation in determination of Customs values:** Meeting was held on 03-03-2022 with the stakeholders of subject goods. M/s SG Allied Business contended that actual prices are on higher side and each flower variety has separate weight and market value. While other stakeholders contended that prices are stable in the international market. It was also highlighted that the subject goods are perishable items and therefore have limited shelf life. Consequently, near the expiry dates, these perishable items are sold on sale and at discounted prices. It was further contended by the importers that the subject goods are mainly being sold at super / general stores, therefore, additional expenses like shelf rent, marketing expenses etc. are added at retail stage. The importers further contended that all these factors may be considered while determining Customs value of subject goods.

4- **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969, were duly applied in their regular sequential order to arrive at customs values of subject goods. The transaction value method as provided in Sub-Section (1) of Section 25 of the Customs Act, 1969, was found inapplicable because requisite information was not available as per law. The wide variation of values displayed in the import data as available on record also strengthened the aforementioned fact. Hence requisite information under law was not available to arrive at the transaction value. Therefore, identical / similar goods value methods as provided in Sub-Sections (5) & (6) of Section 25 ibid, were examined for applicability to determine Customs value of subject goods, this data provided some references, however, it was found that the same cannot be solely relied upon

due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc., and also it was observed that same importers provide misleading/vague description while declaring goods. Information available was, hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted a market inquiry using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969, however, it was found that the determination of Customs value could not be based solely upon this method either. Therefore, valuation method provided vide Section 25 (8) of Customs Act 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, PRAL database, market information and international prices through Web were examined thoroughly. All the information so gathered was analyzed for determination of Customs Value of the subject goods. Consequently, the Fall Back Method as provided under section 25(9) of the Customs Act, 1969 was applied to arrive at assessable customs value of fresh flowers.

5- **Customs value for fresh flowers:** – The fresh flowers **imported by air** hereinafter specified shall be assessed to duty/taxes at the following minimum Customs Values:-

S #	Item Description	PCT Code	PCT for WeBOC	Origin	Customs Values C&F (US\$/KG)
(1)	(2)	(5)	(6)	(7)	(8)
1	Roses	0603.1100	0603.1100.1000	All Origins	6.90
2	Lilium / Lili	0603.1500	0603.1500.1000	All Origins	7.45
3	Gypsophila / Baby Breath	0603.1200	0603.1200.1000	All Origins	12.25
4	Chrysanthemum / Daisy	0603.1400	0603.1400.1000	All Origins	6.33
5	All other Fresh Flowers	0603.1900	0603.1900.1000	All Origins	8.05



6- In cases where declared / transaction values are higher than the Customs values determined in this Ruling, the assessing officer shall apply those values in terms of Sub-Section 25(1) of Section 25 of the Customs Act, 1969. In case of consignments **imported by sea/land route**, the assessing officer shall take into account the differential between air freight and sea freight/ land route freight while applying the Customs values determined in this Ruling.

7- **Validity of this Valuation Ruling:** The values determined vide this Ruling shall be the applicable Customs value for assessment of subject imported goods until and unless it is rescinded or revised by the competent authority in terms of Sub-Section (4) of Section 25A of the Customs Act, 1969, read with Rule 107(a), chapter ix, of the Customs Rules, 2001.

8- **Revision of the value determined vide this Valuation Ruling:** This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, under Section 25D of the Customs Act, 1969, within 30 days from the date of issue of this ruling before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

9- The Collectors of Customs may kindly ensure that the values given in the Valuation Ruling for the given description of goods are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of this Directorate General immediately. The Customs values determined in the ruling are for the description and specification as mentioned in Para-5. PCT Codes are mentioned for illustrative purposes so that valuation ruling values are made accessible to the assessing officers. The assessment shall be finalized on the basis of correct classification after fulfilling all formalities relating to importability or any other certifications required thereon.

S. 
(Syed Fawad Ali Shah)
Director

Copy for information to:

- 1) The Member Customs (Policy/Operations), Federal Board of Revenue, Islamabad.
- 2) The Director General, Customs Valuation, Custom House, Karachi.
- 3) The Chief Collector of Customs, Appraisalment (South), Custom House, Karachi.
- 4) The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
- 5) The Chief Collector of Customs, Appraisalment (Central), Custom House Lahore.
- 6) The Chief Collector of Customs, Enforcement (Central), Custom House Lahore.
- 7) The Chief Collector of Customs (North), Custom House Islamabad.
- 8) The Chief Collector of Customs, Balochistan, Custom House, Quetta.
- 9) The Chief Collector of Customs, Khyber Pakhtunkhwa, Custom House, Peshawar.
- 10) The Director General, Intelligence and Investigation-FBR, Islamabad.
- 11) The Director General, PCA& Internal Audit, Karachi.
- 12) The Director General, IOCO, Karachi
- 13) The Director General, Transit Trade, Custom House Karachi
- 14) The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 15) The Director, Transit Trade, Custom House Karachi
- 16) The Director, Directorate of Customs Valuation, Lahore.
- 17) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC database system.
- 18) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 19) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 20) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 21) The Webmaster, Federal Board of Revenue, Islamabad.
- 22) Guard File.