



GOVERNMENT OF PAKISTAN
COLLECTORATE OF CUSTOMS APPRAISEMENT- EAST
CUSTOMS HOUSE, KARACHI

FBR

No.C-46/KAPE/DC-PCT/2024

Dated: 15.04.2026

PUBLIC NOTICE NO. 36/2026

Subject: CLASSIFICATION OF "FLAVOURING PREPARATIONS / ODORIFEROUS SUBSTANCE-BASED MIXTURES FOR AERATED BEVERAGES" IMPORTED BY M/S PEPSI COLA INTERNATIONAL (PVT.) LTD.

The matter pertains to determination of correct tariff classification of goods described as "flavouring preparations / odoriferous substance-based mixtures for aerated beverages", previously declared under PCT 3302.1090. The case was referred for a speaking determination in light of audit observations and judicial directions.

2. M/s Pepsi Cola International (Pvt) Ltd. challenged the classification issue before the Honourable Islamabad High Court in W.P. No. 115/2016, wherein the Court directed that the matter be decided by the Federal Board of Revenue through a reasoned and speaking order, after affording an opportunity of hearing to all concerned. The Show Cause Notice(s) were ordered to remain in abeyance pending such determination. The FBR directed the Classification Committee to determine whether the subject goods are classifiable:

- i. Under PCT 3302.1010 – Flavours for use in aerated beverages;
- ii. Under PCT 3302.1090 – Others; or
- iii. Under any other relevant heading of the Pakistan Customs Tariff.

The Classification Committee convened several meetings, attended by representatives of the referring Collectorate and the importer, wherein detailed arguments were presented and examined.

3. The importer contended that the imported goods are raw materials/inputs used in the manufacture of beverage concentrates. Historically, such goods were cleared under PCT 3302.1090. The classification under PCT 3302.1010 leads to levy of Federal Excise Duty (FED) @ 50% ad valorem, which was disputed in litigation. The goods should not be treated as finished beverage concentrates but merely as ingredients for further processing.

4. The Directorate argued that the goods are flavouring preparations based on odoriferous substances, specifically used in the drink industry (aerated beverages). The heading 33.02 expressly covers such mixtures used as raw materials in food and drink industries. Within

Chief (TPS)
Muhammad Abu Bakar Siddique
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15/04/2026

Heading 33.02, PCT 3302.1010 is the specific tariff line applicable to flavours for aerated beverages. The PCT 3302.1090 is a residual category and cannot be applied where a specific tariff line exists. The past practice cannot override correct classification under the law.

5. The Classification Committee examined, case record, audit observations, earlier classification practice, Public Notice No. 03/2019-MCC(E), relevant provisions of the Pakistan Customs Tariff, General Rules for Interpretation (GRIs) and Harmonized System Explanatory Notes (HSEs) to Heading 33.02

6. The Classification Committee considered GRI 1, 6, HS Explanatory Notes to Heading 33.02 which states "*Mixtures of odoriferous substances and preparations based thereon, of a kind used as raw materials in industry, including food and drink flavourings.*" The HSEs further clarify that such mixtures may contain carriers (e.g., starch, dextrose). The preparations used in beverage manufacture remain classifiable under Heading 33.02 provided they retain the essential character of odoriferous substances

7. The Classification Committee observed that the imported goods are flavouring preparations / mixtures based on odoriferous substances. They are specifically designed and used in the manufacture of aerated beverages. Their essential character is that of beverage flavouring preparations, not merely generic inputs. It was further observed that once classification under Heading 33.02 is established under GRI 1, selection of the correct tariff line must determine under GRI 6. Between competing tariff lines of PCT heading 3302.1010 provides a specific description and PCT heading 3302.1090 is an "other/residual" category.

8. The Committee reaffirmed the principle that a specific tariff line prevails over a residual or "other" line. Reliance was also placed on Public Notice No. 03/2019-MCC(E), which held that flavouring preparations for aerated beverages are classifiable under national PCT heading of 3302.1010, irrespective of whether the importer directly manufactures beverages or supplies such preparations to bottlers.

The Classification Committee in view of the foregoing analysis:

- By application of GRI 1, the subject goods are classifiable under Heading 33.02 as flavouring preparations based on odoriferous substances used in the drink industry.
- By application of GRI 6, and the principle of specificity, the appropriate tariff line is PCT 3302.1010.

The Classification Committee holds that the goods described as "flavouring preparations / odoriferous substance-based mixtures for aerated beverages" imported by M/s Pepsi Cola International (Pvt.) Ltd. are correctly classifiable under PCT 3302.1010 of the Pakistan Customs Tariff.

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9. The above classification determination is specific to the product whose details/specifications have been given above. 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.

10. This Public Notice is issued in terms of Chapter-II (Classification) of CGO 12/2002 dated 15.06.2002 and any appeal against this ruling shall only lie with the Federal Board of Revenue under Rule 2 of Pakistan Rules to the General Rules of Interpretation.

-Sd-

(Ammara Durrani)

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 Collector of Customs (Appraisalment) South, Custom House, Karachi.
6. The Chief Collector of Customs (Enforcement) South, Custom House, Karachi.
7. The Chief Collector of Customs (Exports), Custom House, Karachi.
8. The Chief Collector of Customs (Appraisalment) Central, Custom House, Lahore.
9. The Chief Collector of Customs (Enforcement) 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 Collector, Collectorate of Customs (Islamabad International Airport), Islamabad.
14. All Collectors/Directors of Customs.
15. The Karachi Chamber of Commerce & Industry, Karachi.
16. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
17. The Karachi Customs Agents Association, Karachi.
18. M/s Pepsi Cola International (Pvt) Ltd, 37/C-1, Gulberg-II, Lahore.
19. Notice Board.


(Ammara Durrani)

Additional Collector/

Secretary to the Classification Committee