


THIRTEENTH CONGRESS OF )  
THE REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

5 NOV -7 P9:56

SENATE

RECEIVED BY: 

S. No. 2154

---

INTRODUCED BY THE MEMBERS OF THE COMMITTEES  
ON TRADE AND COMMERCE AND ON ECONOMIC AFFAIRS

---

AN ACT  
AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 1464,  
OTHERWISE KNOWN AS THE TARIFF AND CUSTOMS CODE OF THE  
PHILIPPINES, AS AMENDED, AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled:*

1 Section 1. *Short Title.* – This Act shall be known and cited as the “Anti-  
2 Smuggling Act of 2005.”

3 Section 2. – Section 601 of the Tariff and Customs Code of the Philippines  
4 (TCCP), as amended, is hereby further amended to read as follows:

5 “SEC. 601. *Chief Officials of the Bureau of Customs.* – The Bureau of Customs  
6 shall have one chief and FIVE [four] assistant chiefs, to be known respectively as the  
7 Commissioner of Customs (hereinafter known as the Commissioner) and FIVE (5)  
8 Deputy Commissioners of Customs, each one to head (a) Customs Revenue and  
9 Collection Monitoring Group; (b) Customs Assessment and Operations Coordinating  
10 Group; (c) Intelligence and Enforcement Group; (d) Internal Administration Group;  
11 AND (5) AUDIT AND TRANSPARENCY GROUP, who shall each receive an annual  
12 compensation in accordance with the rates prescribed by existing law. The  
13 Commissioner AND DEPUTY COMMISSIONER FOR AUDIT AND



1 TRANSPARENCY SHALL BE DIRECTLY APPOINTED BY THE PRESIDENT. THE  
2 OTHER DEPUTY COMMISSIONERS SHALL BE APPOINTED BY THE PRESIDENT  
3 OF THE PHILIPPINES BASED ON THE RECOMMENDATION OF THE  
4 COMMISSIONER.

5 "In case of temporary and permanent vacancy, one of the Deputy  
6 Commissioners shall be designated by the Secretary of Finance to act as a  
7 Commissioner of Customs, until the incumbent Commissioner reassumes his duties or  
8 the position is filled by permanent appointment."

9 Section 3. - Section 607 of the Tariff and Customs Code of the Philippines  
10 (TCCP), as amended, is hereby further amended to read as follows:

11 "SEC. 607. *Annual Report of Commissioner.* - The annual report of the  
12 Commissioner to the President shall, among other things, contain a compilation of  
13 the (a) quantity and value of the articles imported into the Philippines and the  
14 corresponding amount of customs duties, taxes and other charges assessed and  
15 collected on imported articles itemized in accordance with the tariff headings and  
16 subheadings as appearing in the liquidated customs entries provided for in this Code,  
17 (b) percentage collection of the peso value of imports, (c) quantity and value of  
18 conditionally-free importations, (d) customs valuation over and above letters of credit  
19 opened, (e) quantity and value of tax-free imports, and (f) the quantity and value of  
20 articles exported from the Philippines as well as the taxes and other charges assessed  
21 and collected on them for the preceding year. THE DEPUTY COMMISSIONER FOR  
22 AUDIT AND TRANSPARENCY SHALL REGULARLY FURNISH [C]copies of such  
23 annual report [shall be furnished regularly] to the Department of Finance, Tariff  
24 Commission, NEDA, Central Bank of the Philippines, Board of Investments,  
25 Department of Budget, and other economic agencies of the government, on or before

1 December 30, of each year.

2 "For more scientific preparation of the annual report, the Commissioner shall  
3 cause the computerization of the data contained in the liquidated entries filed with  
4 the Bureau of Customs."

5 Section 4. – Section 609 of the TCCP, as amended, is hereby further amended  
6 to read as follows:

7 "SEC. 609. *Commissioner to Furnish Copies of Collectors' Liquidated*  
8 *Duplicates.* – The Commissioner shall regularly furnish the NEDA, the Central Bank  
9 of the Philippines, the Tariff Commission, AND THE NATIONAL STATISTICS  
10 OFFICE (NSO), BOTH ELECTRONIC AND PAPER COPIES of each of all customs  
11 import/ export entries as filed with the Bureau of Customs. The Tariff Commission or  
12 its duly authorized agents shall have access to and the right to copy all the customs  
13 liquidated import entries and other documents appended thereto as finally filed in the  
14 Commission on Audit. COPIES OF THE FOREGOING DOCUMENTS SHALL BE  
15 MADE ACCESSIBLE AND AVAILABLE TO THE DEPUTY COMMISSIONER FOR  
16 AUDIT AND TRANSPARENCY AT ALL TIMES."

17 Section 5. – Section 709 of the TCCP, as amended, is hereby further amended  
18 to read as follows:

19 "SEC. 709. *Authority of the Collector to Remit Duties.* – A Collector shall have  
20 discretionary authority to remit the assessment and collection of customs duties, taxes  
21 and other charges when the aggregate amount of such duties, taxes, and other charges  
22 is less than FIVE THOUSAND PESOS, and he may dispense with the seizure of  
23 articles of less than FIVE THOUSAND PESOS in value except in cases of prohibited  
24 importations of the habitual or the intentional violation of the tariff and customs  
25 laws."

1 Section 6. – A new part shall be inserted starting with SECTION 713, after Section  
2 712 of the TCCP, as amended, which shall read as follows:

3 "PART 3. – AUDIT, TRANSPARENCY AND ACCOUNTABILITY"

4 "SECTION 713. THE DEPUTY COMMISSIONER FOR AUDIT AND  
5 TRANSPARENCY SHALL CONDUCT, IN COORDINATION WITH THE  
6 COMMISSION ON AUDIT, A BUREAU-WIDE AUDIT ON THE OPERATIONAL  
7 PROCESSES, COLLECTION AND FINANCIAL REPORTING, FISCAL AND  
8 PERSONNEL PERFORMANCE, SYSTEM EFFICIENCY, INTERNAL CONTROL,  
9 INFORMATION AND COMMUNICATION FLOW, FRAUDULENT AND ILLEGAL  
10 PRACTICES, AND SUCH OTHER AREAS AS MAY BE NECESSARY FOR THE  
11 EFFECTIVE OPERATION OF THE BUREAU AND ITS ATTACHED AGENCIES.

12 "SECTION 714. THE APPROPRIATIONS FOR THE BUREAU OF CUSTOMS  
13 SHALL PROVIDE AN ITEM OF EXPENSE FOR AUDIT AS CONTEMPLATED  
14 UNDER THIS ACT, INCLUDING A PROVISION FOR AN INDEPENDENT AUDIT  
15 OF THE BUREAU BY A QUALIFIED PRIVATE COMPANY OR INSTITUTION,  
16 WHICH SHALL BE CONDUCTED ANNUALLY, OR IN SUCH FREQUENCY AS  
17 MAY BE DETERMINED BY THE DEPUTY COMMISSIONER FOR AUDIT AND  
18 TRANSPARENCY UPON APPROVAL OF THE COMMISSIONER.

19 "SECTION 715. ON THE BASIS OF THE AUDIT CONDUCTED PURSUANT  
20 TO THE PRECEDING SECTIONS, THE DEPUTY COMMISSIONER FOR AUDIT  
21 AND TRANSPARENCY SHALL HAVE THE AUTHORITY TO FORMULATE AND  
22 RECOMMEND POLICIES TO THE COMMISSIONER TO ADDRESS THE  
23 IDENTIFIED PROBLEMS AND DEFICIENCIES. UNLESS THERE IS REASONABLE  
24 DOUBT ON THE VALIDITY OF THE SAID AUDIT, THE RECOMMENDATIONS

1 SHALL HAVE PERSUASIVE WEIGHT AND SHALL BE PROMPTLY ACTED UPON  
2 BY THE COMMISSIONER.

3 "THE DEPUTY COMMISSIONER SHALL LIKEWISE HAVE THE  
4 AUTHORITY TO CONDUCT INVESTIGATIONS FOR THE PURPOSE OF  
5 INITIATING PROSECUTION OF FRAUD AND OTHER GRAFT AND CORRUPT  
6 PRACTICES IN THE BUREAU, AND SHALL RECOMMEND TO THE  
7 OMBUDSMAN THE FILING OF APPROPRIATE CRIMINAL CASES AGAINST THE  
8 ERRING PERSONNEL, AND TO THE COMMISSIONER THE IMPOSITION OF  
9 ADMINISTRATIVE SANCTIONS.

10 "SECTION 716. IN THE CONDUCT OF ITS AUDIT AND  
11 INVESTIGATIONS, THE DEPUTY COMMISSIONER OR THE PRIVATE  
12 AUDITOR SHALL HAVE THE AUTHORITY TO REQUIRE THE PRODUCTION OF  
13 DOCUMENTS AND REQUIRE BUREAU PERSONNEL TO RESPOND TO ITS  
14 INQUIRIES. FOR THIS PURPOSE, IT MAY ISSUE *SUBPOENA DUCES TECUM*  
15 AND *AD TESTIFICANDUM*, ANY PERSON WHO SHALL REFUSE TO ABIDE BY  
16 THE *SUBPOENA* SO ISSUED MAY BE HELD LIABLE FOR CONTEMPT.

17 "SECTION 717. THE DEPUTY COMMISSIONER FOR AUDIT AND  
18 TRANSPARENCY SHALL SUBMIT AN ANNUAL REPORT TO THE  
19 COMMISSIONER, THE SECRETARY OF FINANCE, THE OFFICE OF THE  
20 PRESIDENT, AND THE CONGRESS, STATING THE RESULT OF ITS INSPECTIONS  
21 AND AUDITS. THE REPORT SHALL CONTAIN ALL THE NECESSARY DATA  
22 WHICH LED TO ITS RECOMMENDATIONS AND FINDINGS, AND SHALL BE  
23 MADE AVAILABLE TO THE PUBLIC THROUGH ELECTRONIC AND NON-  
24 ELECTRONIC MEANS, UNLESS NON-DISCLOSURE IS WARRANTED BY  
25 NATIONAL SECURITY.

*mp*

1 Section 7. – A new section to be known as SECTION 1001-A is hereby  
2 inserted after Section 1001 of the TCCP, as amended, which shall read as follows:

3 “SEC. 1001-A. *TRANSMISSION OF ELECTRONIC COPY OF MANIFEST*  
4 *PRIOR TO ARRIVAL* – AN ELECTRONIC COPY OF THE CARGO AND  
5 PASSENGER MANIFEST OF THE VESSEL ENGAGED IN FOREIGN TRADE SHALL  
6 BE TRANSMITTED TO THE BUREAU OF CUSTOMS AT LEAST SIX (6) HOURS  
7 PRIOR TO THE VESSEL'S ARRIVAL IN THE PORT OF ENTRY; *PROVIDED*, THAT  
8 IF THE VESSEL IS AN AIRCRAFT, THE MANIFEST SHALL BE TRANSMITTED TO  
9 THE BUREAU OF CUSTOMS AT LEAST ONE (1) HOUR PRIOR TO THE  
10 AIRCRAFT'S ARRIVAL IN THE PORT OF ENTRY.”

11 Section 8. – Section 1007 of the TCCP, as amended, is hereby further amended  
12 to read as follows:

13 “SEC. 1007. *Manifests for Commission on Audit and Collector. – Papers to be*  
14 *Deposited with Consul.* – Immediately after the arrival of a vessel from a foreign port,  
15 the master shall deliver or mail to the Chairman, Commission on Audit, Manila, and  
16 the DEPUTY COMMISSIONER FOR AUDIT AND TRANSPARENCY, a copy of the  
17 cargo manifests properly endorsed by the boarding officer, and the master shall  
18 immediately present to the Collector the original copy of the cargo manifests properly  
19 endorsed by the boarding officer, and, for inspection, the ship's register or other  
20 documents in lieu thereof, together with the clearance and other papers granted to  
21 the vessel at the port of departure for the Philippines.”

22 Section 9. – Section 1210 of the TCCP, as amended, is hereby further amended  
23 to read as follows:

24 “SEC. 1210. *Disposition of Imported Articles Remaining on Vessel After Time*  
25 *for Unloading.* – Imported articles remaining on board any vessel after the expiration

1 of the said period for discharge and not reported for transshipment to another port,  
2 may be unladen by customs authorities and stored at the vessel's expense.

3 "Unless prevented by causes beyond the vessel's control, such as port  
4 congestion, strikes, riots, or civil commotions, failure of vessel's gear, bad weather,  
5 and similar causes, articles so stored shall be entered within FIFTEEN (15) DAYS,  
6 which shall not be extendible, from the date of discharge of the last package from the  
7 vessel or aircraft and shall be claimed within fifteen (15) days, which shall likewise  
8 not be extendible from the date of posting of the notice to claim in conspicuous places  
9 in the Bureau of Customs. If not entered or not claimed, it shall be disposed of in  
10 accordance with the provisions of this Code."

11 Section 10. - A new section to be known as SECTION 1401-A is hereby  
12 inserted after Section 1401 of the TCCP, as amended, which shall read as follows:

13 "SEC. 1401-A. *VALUATION LIBRARY.* - THE COMMISSIONER SHALL  
14 ENSURE THAT THERE SHALL BE A VALUATION LIBRARY, WHICH SHALL BE  
15 KEPT UP TO DATE AND MAINTAINED USING THE BEST AVAILABLE  
16 TECHNOLOGY. THE VALUATION LIBRARY SHALL BE MADE READILY  
17 AVAILABLE TO THE PUBLIC.

18 Section 11. - Section 1403 of the TCCP, as amended, is hereby further  
19 amended to read as follows:

20 "SEC. 1403. *Duties of Customs Officer Tasked to Examine, Classify, and*  
21 *Appraise Imported Articles.* - The customs officer tasked to examine, classify, and  
22 appraise imported articles shall determine whether the packages designated for  
23 examination and their contents are in accordance with the declaration in the entry,  
24 invoice, and other pertinent documents and shall make a return in such a manner to  
25 indicate whether the articles have been truly and correctly declared in the entry as

1 regard their quantity, measurement, weight, and tariff classification and not imported  
2 contrary to law. THE CUSTOMS OFFICER SHALL LIKEWISE CERTIFY UNDER  
3 OATH IN THE RETURN THAT HE USED THE VALUATION LIBRARY IN  
4 CLASSIFYING AND APPRAISING THE IMPORTED ARTICLES. He shall ALSO  
5 submit a sample to the laboratory for analysis when feasible to do so and when such  
6 analysis is necessary for the proper classification, appraisal, and/or admission into the  
7 Philippines of imported articles.

8 "Likewise, the customs officer shall determine the unit of quantity in which  
9 they are usually bought and sold and appraise the imported articles in accordance  
10 with Section 201 of this Code.

11 "Failure on the part of the customs officer to comply with his duties shall  
12 subject him to the penalties prescribed under 3604 of this Code."

13 Section 12. - Section 1801 of the TCCP, as amended, is hereby further  
14 amended to read as follows:

15 "SEC. 1801. *Abandonment, Kinds and Effects of.* - An imported article is  
16 deemed abandoned under any of the following circumstances:

- 17 a. When the owner, importer, consignee of the imported article expressly  
18 signifies in writing to the Collector of Customs his intention to abandon;
- 19 B. When the owner, importer, consignee, or interested party after due notice,  
20 fails to file an entry within thirty (30) days, which shall not be extendible,  
21 from the date of discharge of the last package from the vessel or aircraft, or  
22 having filed such entry, fails to claim his importation within fifteen (15)  
23 days, which shall not likewise be extendible, from the date of posting of  
24 the notice to claim such importation; OR WHEN THERE IS A WRITTEN  
25 DENIAL OF OWNERSHIP FROM THE PERSON INDICATED ON THE



1           MANIFEST OR BILL OF LADING AS THE OWNER, IMPORTER, OR  
2           CONSIGNEE OF THE IMPORTED ARTICLE.

3           "Any person who abandons an article or who fails to claim his importation as  
4 provided for in the preceding paragraph shall be deemed to have renounced all his  
5 interests and property rights therein."

6           Section 13. - Section 1802 of the TCCP, as amended, is hereby further  
7 amended to read as follows:

8           "SEC. 1802. *Abandonment of Imported Articles.* - An abandoned article shall  
9 ipso facto be deemed the property of the Government. ALL ABANDONED  
10 ARTICLES SHALL BE AUTOMATICALLY SUBJECT TO AUCTION AND SHALL IN  
11 NO CASE BE SUBJECT TO SETTLEMENT OR COMPROMISE.

12           "AN UPDATED LISTING OF ALL ABANDONED SHIPMENTS SCHEDULED  
13 FOR AUCTION SHALL BE POSTED ON THE OFFICIAL WEBSITE OF THE  
14 BUREAU OF CUSTOMS AND AT THE MAIN ENTRANCE OF CUSTOMS HOUSES.

15           "Nothing in this section shall be construed as relieving the owner or importer  
16 from any criminal liability which may arise from any violation of law committed in  
17 connection with the importation of the abandoned article.

18           "Any official or employee of the Bureau of Customs or of other government  
19 agencies who, having knowledge of the existence of an abandoned article or having  
20 control or custody of such abandoned article, fails to report to the Collector within  
21 twenty-four (24) hours from the time the article is deemed abandoned shall be  
22 punished with the penalties prescribed in Paragraph 1, Section 3604 of this Code (RA  
23 7651, June 4, 1993)."

24           Section 14. - Section 1901 of the TCCP, as amended, is hereby further  
25 amended to read as follows:

1       "SEC. 1901. *Establishment and Supervision of Warehouses.* – When the  
2 business of the port requires such facilities, the Collector, subject to the approval of  
3 the Commissioner, shall designate and establish INDUSTRY-SPECIFIC warehouses  
4 for use as a public and private bonded warehouses, sheds or yards, or for other special  
5 purposes.

6       "All such warehouses and premises shall be subject to the supervision of the  
7 Collector, who shall impose such conditions as may be deemed necessary for the  
8 protection of the revenue and of the articles stored therein.

9       Section 15. – Section 1902 of the TCCP, as amended, is hereby further  
10 amended to read as follows:

11       "SEC. 1902. *Responsibility of Operators.* – The operators of bonded  
12 warehouses in case of loss of the imported articles stored shall be liable for the  
13 payment of duties and taxes due thereon.

14       "The government assumes no legal responsibility in respect to the safekeeping  
15 of articles stored in any customs warehouse, sheds, yards, or premises.

16       "THE OPERATORS OF THE BONDED WAREHOUSES SHALL, FOR  
17 LEGITIMATE PURPOSES, MAKE AVAILABLE TO THE PUBLIC AN INVENTORY  
18 OF ALL ARTICLES STORED THEREIN. FAILURE TO DO SO IS A MANDATORY  
19 GROUND FOR THE REVOCATION OF LICENSE TO OPERATE A BONDED  
20 WAREHOUSE."

21       Section 16. – Section 1903 of the TCCP, as amended, is hereby further  
22 amended to read as follows:

23       "SEC. 1903. *Bonded Warehouses.* – Application for the establishment of  
24 bonded warehouses must be made in writing and filed with the Collector, describing  
25 the premises, the location, and capacity of the same, the purpose for which the

1 building is to be used, AND THE INDUSTRY TO WHICH IT BELONGS. THE  
2 APPLICATION SHALL LIKEWISE BE ACCOMPANIED BY VERIFIED COPIES OF  
3 DOCUMENTS INDICATING THE OWNERSHIP AND THE FINANCIAL  
4 CAPACITY OF THE BONDED WAREHOUSE.

5 "Upon receipt of such application, the Collector shall cause an examination of  
6 the premises, with reference particularly to its location, construction and means  
7 provided for the safekeeping of articles. THE COLLECTOR SHALL LIKEWISE  
8 DETERMINE THE OWNERSHIP OF THE APPLICANT BONDED WAREHOUSE  
9 TO VERIFY OWNERS OF A BONDED WAREHOUSE WHICH HAD BEEN  
10 CLOSED DUE TO ITS NON-COMPLIANCE WITH CUSTOMS LAWS AND  
11 REGULATIONS HAS ANY INTEREST THEREIN. IF THE APPLICATION IS found  
12 satisfactory, THE COLLECTOR may authorize its establishment, and accept a bond  
13 for its operation and maintenance. The operator of such bonded warehouse shall pay  
14 an annual supervision fee in an amount to be fixed by the Commissioner. The bonded  
15 warehouse officers and other employees thereof shall be regular customs employees  
16 who shall be appointed in accordance with the Civil Service Law, rules and  
17 regulations.

18 "THE PAID-UP CAPITAL AND NET ASSETS OF THE BONDED  
19 WAREHOUSE SHALL BE SET AT AN AMOUNT DETERMINED BY THE  
20 COMMISSIONER AS SUFFICIENT TO COVER THE VALUE OF GOODS OF  
21 UNLIQUIDATED ENTRIES WHICH SHALL BE STORED THEREIN AT ANY GIVEN  
22 TIME. OTHERWISE, THE APPLICATION SHALL NOT BE GRANTED, AND AN  
23 AUTHORITY ALREADY GRANTED SHALL BE REVOKED.

24 "THESE REQUIREMENTS SHALL LIKEWISE EXTEND TO REGISTERED  
25 LOCATORS OPERATING UNDER THE CHARTERS OF THE PHILIPPINE

1 ECONOMIC ZONE AUTHORITY, THE SUBIC BAY METROPOLITAN  
2 AUTHORITY, AND OTHER FREEPORTS AND ECOZONES.”

3 Section 17. – A new section to be known as SECTION 1903-A is hereby  
4 inserted after Section 1903 of the TCCP, as amended, which shall read as follows:

5 “SEC. 1903-A. *REGULAR AUDIT OF BONDED WAREHOUSE.* A  
6 REGULAR AUDIT OF ALL BONDED WAREHOUSES SHALL BE CONDUCTED BY  
7 THE COLLECTOR, WHICH AUDIT SHALL BE SUBJECT TO AUTOMATIC  
8 REVIEW BY THE DEPUTY COMMISSIONER FOR AUDIT AND TRANSPARENCY.  
9 UPON PETITION OF AN INTERESTED PARTY, A SECOND AUDIT MAY BE  
10 CONDUCTED BY THE DEPUTY COMMISSIONER OR AN INDEPENDENT AUDIT  
11 MAY BE MADE UPON THE INSTANCE OF THE PETITIONING PARTY IN  
12 COORDINATION WITH THE DEPUTY COMMISSIONER.

13 Section 18. – Section 1904 of the TCCP, as amended, is hereby further  
14 amended to read as follows:

15 “SEC. 1904. *Irrevocable Domestic Letter of Credit or Bank Guarantee or*  
16 *Warehousing Bond.* – After articles declared in the entry for warehousing shall have  
17 been examined and the duties, taxes, and other charges shall have been determined,  
18 the Collector shall require from the importer an irrevocable domestic letter of credit,  
19 bank guarantee, or CASH bond equivalent to the amount of such duties, taxes and  
20 other charges conditioned upon the withdrawal of articles within the period  
21 prescribed in section nineteen hundred and eight of this Code and for the payment of  
22 any duties, taxes and other charges to which the articles shall be then subject and  
23 upon compliance with all legal requirements regarding their importation.”

24 Section 19. – Section 1905 of the TCCP, as amended, is hereby further  
25 amended to read as follows:

1       “SEC. 1905. *Discontinuance of Warehouses.* – The use of any warehouse may  
2 be discontinued by the Collector at any time when conditions so warrant; or in the  
3 case of a private warehouse, upon receipt of written request to that effect from the  
4 operator thereof of the premises, provided all the requirements of the law and  
5 regulations have been complied with by said operator. A LEGITIMATE INDUSTRY  
6 GROUP MAY LIKEWISE RECOMMEND TO THE COLLECTOR THE  
7 DISCONTINUANCE OF THE BONDED WAREHOUSE ON GROUNDS OF NON-  
8 COMPLIANCE WITH THE REQUIREMENTS OF LAW AND REGULATIONS.  
9 Where the dutiable article is stored in such premises, the same must be removed at  
10 the risk and expense of the operator and the premises shall not be relinquished, nor  
11 discontinuance of its use authorized, until a careful examination of the account of the  
12 warehouse shall have been made. Discontinuance of any warehouse shall be effective  
13 upon official notice and approval thereof by the Collector.”

14       Section 20. – Section 1906 of the TCCP, as amended, is hereby further  
15 amended to read as follows:

16       “SEC. 1906. *Entry of Articles for Warehousing.* – The entry of articles for  
17 warehousing shall be in the required number of copies in the prescribed form, and  
18 shall be verified as in the entry of the articles for consumption. No warehousing  
19 entry shall be accepted for any article if from the entry, supporting documents and/ or  
20 information such article is imported contrary to any law. THE CUSTOMS OFFICER  
21 MAKING THE ENTRY SHALL BE RESPONSIBLE FOR TRANSMITTING A COPY  
22 OF THE SAME TO THE DEPUTY COMMISSIONER FOR AUDIT AND  
23 TRANSPARENCY.”

24       Section 21. – Section 1907 of the TCCP, as amended, is hereby further  
25 amended to read as follows:



1       "SEC. 1907. *Withdrawal of Articles from Bonded Warehouse.* - Articles  
2 entered under irrevocable domestic letter of credit, or CASH bond may be withdrawn  
3 at any time for re- exportation; *PROVIDED THAT PROOF IS SHOWN THAT THE*  
4 *ORDER TO IMPORT THE SUBJECT ARTICLES HAS BEEN CANCELLED;*  
5 *PROVIDED FURTHER THAT THE ARTICLES TO BE WITHDRAWN DO NOT*  
6 *AMOUNT TO MORE THAN FIFTY PERCENT (50%) OF THE TOTAL INVENTORY*  
7 *OF THE BONDED WAREHOUSE.*

8       "The withdrawal must be made ONLY BY THE IMPORTER OF THE  
9 ARTICLES BEING WITHDRAWN OR BY A REPRESENTATIVE whose authority  
10 must appear in writing upon the face of the withdrawal entry."

11       Section 22. - Section 1908 of the TCCP, as amended, is hereby further  
12 amended to read as follows:

13       "SEC. 1908. *Limit to Period of Storage in Bonded Warehouse.* - Articles duly  
14 entered for warehousing may remain in bonded warehouses for a maximum period of  
15 THIRTY (30) DAYS from the time of RECEIPT OF THE WAREHOUSE. Articles not  
16 withdrawn at the expiration of the prescribed period shall be DEEMED  
17 ABANDONED AND SUBJECT TO DISPOSITION IN ACCORDANCE WITH THE  
18 PROVISIONS OF THIS CODE."

19       Section 23. - A new section to be known as SECTION 1908-A is hereby  
20 inserted after Section 1908 of the TCCP, as amended, which shall read as follows:

21       "SEC. 1908-A. *LIQUIDATION OF WAREHOUSING ENTRIES.*—THE  
22 LIQUIDATION OF WAREHOUSING ENTRIES SHALL BE MADE NOT MORE  
23 THAN THREE (3) MONTHS FROM THE TIME OF RECEIPT OF THE  
24 WAREHOUSE.

25       "A DAILY RECORD OF ALL ENTRIES LIQUIDATED SHALL BE POSTED

1 ON A CONSPICUOUS PLACE IN THE MAIN ENTRANCE OF THE CUSTOMS  
2 HOUSE, STATING THE NAME OF THE VESSEL OR AIRCRAFT, THE PORT FROM  
3 WHICH SHE ARRIVED, THE DATE OF HER ARRIVAL, THE NAME OF THE  
4 IMPORTER, AND THE SERIAL NUMBER AND THE DATE OF ENTRY. THE  
5 COLLECTOR MUST ALSO KEEP A DAILY RECORD OF ALL ADDITIONAL  
6 DUTIES, TAXES AND OTHER CHARGES FOUND UPON LIQUIDATION, AND  
7 NOTICE SHALL PROMPTLY BE SENT TO THE INTERESTED PARTIES.”

8 Section 24. – Section 2001 of the TCCP, as amended, is hereby further  
9 amended to read as follows:

10 “SEC. 2001. *Establishment of Bonded Manufacturing Warehouses.* – All  
11 articles manufactured in whole or in part of imported materials, and intended for  
12 exportation without being charged with duty, shall, in order to be so manufactured  
13 and exported, be made and manufactured in manufacturing warehouses under such  
14 rules and regulations as the Commissioner of Customs with the approval of the  
15 Secretary of Finance, shall prescribe: Provided, That the manufacturer of such articles  
16 shall first file a satisfactory bond for the faithful observance of all laws, rules and  
17 regulations applicable thereto; PROVIDED FURTHER, BONDED  
18 MANUFACTURING WAREHOUSES SHALL LIKEWISE BE SUBJECT TO THE  
19 PROVISIONS UNDER TITLE V, PART 1 OF THIS CODE, AS AMENDED;  
20 PROVIDED FINALLY, THAT THESE REQUIREMENTS SHALL EXTEND TO  
21 REGISTERED LOCATORS OPERATING UNDER THE CHARTERS OF THE  
22 PHILIPPINE ECONOMIC ZONE AUTHORITY, THE SUBIC BAY METROPOLITAN  
23 AUTHORITY, AND OTHER FREEPORTS AND ECOZONES.”

24 Section 25. – Section 2002 of the TCCP, as amended, is hereby further  
25 amended to read as follows:

1 "SEC. 2002. *Exemption from Duty.* -

2 a. xxx

3 b. Any imported material used in the manufacture of such articles, and any  
4 package, covering, brand and label used in putting up the same may, under  
5 the regulation prescribed by the Commissioner, with the approval of the  
6 Secretary of Finance, be conveyed without the payment of duty into any  
7 bonded manufacturing warehouse, and imported articles may, under the  
8 aforesaid regulations, be transferred without the payment of duty from any  
9 bonded warehouse into any bonded manufacturing warehouse, or to duly  
10 accredited sub-contractors of manufacturers who shall process the same  
11 into finished products for exports and deliver such finished products back  
12 to the bonded manufacturing warehouse, therefrom to be exported; but  
13 this privilege shall not be held to apply to implements, machinery or  
14 apparatus to be used in the construction or repair of any bonded  
15 manufacturing warehouse: Provided, however, That the materials  
16 transferred or conveyed into any bonded manufacturing warehouse shall  
17 be used in the manufacture of articles for exportation within a period of  
18 THIRTY (30) DAYS from date of such transfer or conveyance into the  
19 bonded manufacturing warehouse, which period may for sufficient reasons  
20 be further extended for not more than THIRTY (30) DAYS by the  
21 Commissioner. Materials not used in the manufacture of articles for  
22 exportation within the prescribed period shall pay the corresponding  
23 duties: Provided, further, That the operation of embroidery and apparel  
24 firms shall continue to be governed by Republic Act Numbered Thirty-one  
25 hundred and thirty-seven."

*mp*



1 Section 26. - Section 2005 of the TCCP, as amended, is hereby further  
2 amended to read as follows:

3 "SEC. 2005. *Bonded Smelting Warehouses.* - The plants of manufacturers  
4 engaged in smelting or refining, or both, of ores and crude metals, may, upon the  
5 filing of CASH bonds, be designated as bonded smelting warehouses. Ores or crude  
6 metals may be removed from the vessel or aircraft in which imported, or from a  
7 bonded warehouse, into a bonded smelting warehouse without the payment of duties  
8 thereon, and there smelted or refined, or both, together with ores or crude metals of  
9 home or foreign productions: *Provided,* That the CASH BOND SHALL BE IN a sum  
10 equal in amount to the regular duties which would have been payable on such ores  
11 and crude metals if entered for consumption at the time of their importation, and the  
12 several charges against such bond shall be cancelled upon the exportation or delivery  
13 to a bonded manufacturing warehouse established under section twenty hundred and  
14 one hereof of a quantity of the same kind of metal equal to the quantity of metal  
15 producible from the smelting or refining, or both, of the dutiable metal contained in  
16 such ores or crude metals, due allowance being made of the smelter wastage as  
17 ascertained from time to time by the Commissioner: *Provided, further,* That the said  
18 metals so producible or any portion thereof, may be withdrawn for RE-  
19 EXPORTATION UPON PROOF THAT THE ORDER TO IMPORT THE SUBJECT  
20 METALS HAS BEEN CANCELLED AND THAT THE METALS TO BE  
21 WITHDRAWN DO NOT AMOUNT TO MORE THAN FIFTY PERCENT (50%) OF  
22 THE TOTAL INVENTORY OF THE BONDED SMELTING WAREHOUSE: *Provided,*  
23 *further,* That on the arrival of the ores or crude metals at such establishments they  
24 shall be sampled and assayed according to commercial methods under the supervision  
25 of proper government officials: *Provided, further,* That all labor performed and

1 services rendered pursuant to this section shall be under the supervision of the proper  
2 customs official and at the expenses of the manufacturer: *Provided, further,* That all  
3 regulations for carrying out the provisions of this section shall be prescribed by the  
4 Commissioner with the approval of the department head: *Provided, FURTHER,* That  
5 the several charges against the bond of any smelting warehouse established under the  
6 provisions of this section may be cancelled upon the exportation or transfer to a  
7 bonded manufacturing warehouse from any other bonded smelting warehouse  
8 established under this section of a quantity of the same kind of metal, in excess of that  
9 covered by open bonds, equal to the amount of metal producible from the smelting or  
10 refining, or both, of the dutiable metal contained in the imported ores or crude  
11 metals, due allowance being made of the smelter wastage as ascertained from time to  
12 time by the Commissioner with the approval of the department head: *PROVIDED*  
13 *FINALLY, THAT BONDED SMELTING WAREHOUSES SHALL LIKEWISE BE*  
14 *SUBJECT TO THE PROVISIONS UNDER TITLE V, PART 1 OF THIS CODE, AS*  
15 *AMENDED."*

16 Section 27. - Section 2503 of the TCCP, as amended, is hereby further  
17 amended to read as follows:

18 "SEC. 2503. *Undervaluation, Misclassification, and Misdeclaration in Entry.* -  
19 When the dutiable value of the imported articles shall be so declared and entered  
20 that the duties based on the declaration of the importer on the face of the entry  
21 would be less by ten percent (10%) than should be legally collected, or when the  
22 imported articles shall be so described and entered that the duties based on the  
23 importer's description on the face of the entry would be less by ten percent (10%)  
24 than should be legally collected based on the tariff classification, or when the dutiable  
25 weight, measurement or quantity of imported articles is found upon examination to

1 exceed by ten percent (10%) or more than the entered weight, measurement or  
2 quantity, a surcharge shall be collected from the importer in an amount of not less  
3 than the difference between the full duty and the estimated duty based upon the  
4 declaration of the importer, nor more than twice of such difference: *Provided, That*  
5 an undervaluation, misdeclaration in weight, measurement or quantity of more than  
6 thirty percent (30%) between the value, weight, measurement or quantity declared in  
7 the entry, and the actual value, weight, quantity, or measurement shall constitute a  
8 prima facie evidence of fraud penalized under Sections 2530 AND 3602 of this Code:  
9 *Provided, further, That any misdeclared or undeclared imported article/ items found*  
10 *upon examination shall ipso facto be forfeited in favor of the Government to be*  
11 *disposed of pursuant to the provisions of this Code."*

12 Section 28.—Section 2603 of the TCCP, as amended, is hereby further  
13 amended to read as follows:

14 "SEC. 2603. *Mode of Sale.* — In the absence of any special provision, subject to  
15 the provisions of Section 2601 above provided, property subject to sale by the customs  
16 authorities shall be sold at public auction within FIFTEEN (15) DAYS after ten (10)  
17 days notice of such sale shall have been PUBLISHED IN AT LEAST (2)  
18 NEWSPAPERS OF GENERAL CIRCULATION, POSTED ON THE OFFICIAL  
19 WEBSITE OF THE BUREAU OF CUSTOMS, AND conspicuously posted at the  
20 FRONT ENTRANCE OF THE CUSTOMS HOUSE."

21 Section 29. — Section 3601 of the TCCP, as amended, is hereby further  
22 amended to read as follows:

23 "SEC. 3601. *Unlawful Importation.* — Any person who shall fraudulently  
24 import or bring into the Philippines, or assist in so doing, any article, contrary to law  
25 or receive, conceal, buy, sell, or in any way facilitate the transportation, concealment

1 or sale of such article after importation, knowing the same to have been imported  
2 contrary to law, shall be guilty of smuggling and shall be punished with:

3 1. A fine IN AN AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY  
4 PERCENT THEREOF and imprisonment of not less than six months and one  
5 day nor more than four years, if the appraised value, to be determined in the  
6 manner prescribed under this Code, including duties and taxes, of the article  
7 unlawfully imported exceeds FIVE THOUSAND PESOS but does not exceed  
8 fifty thousand pesos;

9 2. A fine IN AN AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY  
10 PERCENT THEREOF and imprisonment of not less than FOUR YEARS and  
11 one day nor more than eight years, if the appraised value, to be determined in  
12 the manner prescribed under this Code, including duties and taxes, of the  
13 article unlawfully imported is more than FIFTY thousand pesos but does not  
14 exceed one hundred fifty thousand pesos;

15 3. A FINE IN THE AMOUNT EQUAL TO THE APPRAISED VALUE PLUS  
16 FIFTY PERCENT THEREOF AND IMPRISONMENT OF NOT LESS THAN  
17 EIGHT YEARS AND ONE DAY NOR MORE THAN TWELVE YEARS, IF  
18 THE APPRAISED VALUE, TO BE DETERMINED IN THE MANNER  
19 PRESCRIBED UNDER THIS CODE, INCLUDING DUTIES AND TAXES, OF  
20 THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS ONE HUNDRED  
21 FIFTY THOUSAND PESOS BUT DOES NOT EXCEED TWO HUNDRED  
22 FIFTY THOUSAND PESOS;

23 4. A FINE IN THE AMOUNT EQUAL TO THE APPRAISED VALUE PLUS  
24 FIFTY PERCENT THEREOF AND IMPRISONMENT OF NOT LESS THAN  
25 TWELVE YEARS AND ONE DAY NOR MORE THAN FIFTEEN YEARS, IF

1 THE APPRAISED VALUE, TO BE DETERMINED IN THE MANNER  
2 PRESCRIBED UNDER THIS CODE, INCLUDING DUTIES AND TAXES, OF  
3 THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS TWO HUNDRED  
4 FIFTY THOUSAND PESOS BUT DOES NOT EXCEED FIVE HUNDRED  
5 THOUSAND PESOS;

6 5. A FINE IN THE AMOUNT EQUAL TO THE APPRAISED VALUE PLUS  
7 FIFTY PERCENT THEREOF AND IMPRISONMENT OF NOT LESS THAN  
8 FIFTEEN YEARS AND ONE DAY NOR MORE THAN TWENTY YEARS, IF  
9 THE APPRAISED VALUE, TO BE DETERMINED IN THE MANNER  
10 PRESCRIBED UNDER THIS CODE, INCLUDING DUTIES AND TAXES, OF  
11 THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS FIVE HUNDRED  
12 THOUSAND PESOS BUT DOES NOT EXCEED ONE MILLION PESOS;

13 6. A FINE IN THE AMOUNT EQUAL TO THE APPRAISED VALUE PLUS  
14 FIFTY PERCENT THEREOF AND LIFE IMPRISONMENT, IF THE  
15 APPRAISED VALUE, TO BE DETERMINED IN THE MANNER  
16 PRESCRIBED UNDER THIS CODE, INCLUDING DUTIES AND TAXES, OF  
17 THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS ONE MILLION  
18 PESOS.

19 7. The penalty of *prision mayor* TO RECLUSION TEMPORAL shall be imposed  
20 when the crime of serious physical injuries shall have been committed and the  
21 penalty of *reclusion perpetua* to death shall be imposed when the crime of  
22 homicide shall have been committed by reason or on the occasion of the  
23 unlawful importation.

24 "In applying the above scale of penalties, if the offender is an alien and the  
25 prescribed penalty is not death, he shall be deported after serving the sentence

1 without further proceedings of deportation. If the offender is a government official or  
2 employee, the penalty shall be the maximum as hereinabove prescribed and the  
3 offender shall suffer an additional penalty of perpetual disqualification from public  
4 office, to vote and participate in any public election.

5 "When, upon trial for violation of this section, the defendant is shown to have  
6 had possession of the article in question, possession shall be deemed sufficient  
7 evidence to authorize conviction unless the defendant shall explain the possession to  
8 the satisfaction of the court: Provided, however, That payment of the tax due after  
9 apprehension shall not constitute a valid defence in any prosecution under this  
10 section."

11 Section 30. -- Section 3603 of the TCCP, as amended, is hereby further  
12 amended to read as follows:

13 "SEC. 3603 *Failure to Report Fraud.* - Any master, pilot in command or other  
14 officer, owner or agent of any vessel or aircraft trading with or within the Philippines  
15 and any employee of the Bureau of Customs who, having cognizance of any fraud on  
16 the customs revenue, shall fail to report all information relative thereto to the  
17 Collector as by law required, shall be punished by a fine of not LESS THAN ONE  
18 HUNDRED THOUSAND PESOS BUT NOT MORE THAN ONE MILLION PESOS  
19 AND IMPRISONMENT OF NOT LESS THAN EIGHT YEARS BUT NOT MORE  
20 THAN TWELVE YEARS. If the offender is an alien, he shall be deported after serving  
21 the sentence. If the offender is a public official or employee, he shall suffer additional  
22 penalty of perpetual disqualification to hold public office, to vote and to participate in  
23 any election."

24 Section 31. - Section 3604 of the TCCP, as amended, is hereby further  
25 amended to read as follows:



1           "SEC. 3604. *Statutory Offenses of Officials and Employees.* – Every official,  
2 agent or employee of the Bureau or of any other agency of the government charged  
3 with the enforcement of the provisions of this Code, who is guilty of any delinquency  
4 herein below indicated shall be punished with a fine of not LESS THAN ONE  
5 HUNDRED THOUSAND PESOS BUT NOT MORE THAN ONE MILLION PESOS  
6 AND IMPRISONMENT OF NOT LESS THAN EIGHT YEARS BUT NOT MORE  
7 THAN TWELVE YEARS and perpetual disqualification to hold public office, to vote  
8 and to participate in any public office election:

9           (a) xxx

10          xxx xxx xxx

11          (j) xxx "

12          Section 32. -- Section 3605 of the TCCP, as amended, is hereby further amended  
13 to read as follows:

14           "SEC. 3605. *Concealment or Destruction of Evidence of Fraud.* – Any person  
15 who willfully conceals or destroys, any invoice, book or paper relating to any article  
16 liable to duty after an inspection thereof has been demanded by the Collector of any  
17 collection district or at anytime conceals or destroys any such invoice, book, or paper  
18 for the purpose of suppressing any evidence of fraud therein contained, shall be  
19 punished with a fine of not LESS THAN ONE HUNDRED THOUSAND PESOS BUT  
20 NOT MORE THAN ONE MILLION PESOS AND IMPRISONMENT OF NOT LESS  
21 THAN EIGHT YEARS BUT NOT MORE THAN TWELVE YEARS."

22          Section 33. – Section 3606 of the TCCP, as amended, is hereby further amended  
23 to read as follows:

24           "SEC. 3606. *Affixing Seals.* – Any person who, without authority affixes or  
25 attaches a customs seal, fastening, or mark or any seal, fastening or mark purporting



1 to be a customs seal, fastening or mark to any vessel, vehicle on land, sea or air,  
2 warehouse, or package, shall be punished with a fine of not LESS THAN ONE  
3 HUNDRED THOUSAND PESOS BUT NOT MORE THAN ONE MILLION PESOS  
4 AND IMPRISONMENT OF NOT LESS THAN EIGHT YEARS BUT NOT MORE  
5 THAN TWELVE YEARS. If the offender is an alien, he shall be deported after serving  
6 the sentence. If the offender is a public official or employee, he shall suffer an  
7 additional penalty of perpetual disqualification to hold public office, to vote and to  
8 participate in any election."

9 Section 34. Separability Clause. – Any portion or provisions of this Act that may  
10 be declared unconstitutional or invalid shall not have the effect of nullifying other  
11 portions and provisions hereof as long as such remaining portion or provision can still  
12 subsist and be given effect in their entirety.

13 Section 35. Repealing Clause. – All other laws, decrees, executive orders,  
14 proclamations and administrative regulations, or parts thereof consistent herewith are  
15 hereby repealed or modified accordingly.

16 Section 36. Effectivity Clause. – This Act shall take effect fifteen (15) days after its  
17 publication in at least two (2) national papers of general circulation.

18 Adopted.