

30 AUG 16 2011

SENATE

S. B. No. 2408

RECEIVED BY: _____

Introduced by Senator Ralph G. Recto

Explanatory Note

The centerpiece of President Benigno Aquino III's platform of governance is curbing corruption in all levels of government, particularly in revenue-generating arms of the State such as the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC).

In the BOC alone, studies have shown that up to P100 billion is lost due to smuggling, which is believed to be principally aided by corrupt officers and employees of the bureau.

In fact, this amount appears to be a conservative estimate as the UN Conference of Trade and Development reported that in the year 2003, exports to the Philippines stood at \$44 billion while recorded imports amounted to \$34.5 billion - a difference of \$10 billion or roughly about P450 billion.

This bill therefore seeks to address the smuggling problem in the country by amending pertinent provisions of Presidential Decree No. 1464 or the Tariff and Customs Code.

Aptly entitled "Anti-Smuggling Act of 2010," this proposed legislation aims to make smuggling a much more serious offense by imposing a maximum penalty of life imprisonment if the amount of goods smuggled into the country exceeds P1 million, plus a fine in an amount equal to the appraised value plus fifty percent thereof. Graduated penalties are also imposed depending on the value of the goods illegally imported.

This bill also empowers the Commission on Audit (COA) to ensure transparency and accountability in the BOC by conducting a post-entry audit on the operational processes, collection and financial reporting, fiscal and personnel performance, system efficiency, internal control, information and communication flow, and fraudulent and illegal practices upon the recommendation of the bureau or petition duly made by the local industry.

The COA, in the conduct of its audit and investigations, is also given the authority to issue subpoenas duces tecum and ad testificandum - or require the production of documents and require bureau personnel to respond to its inquiries - under this bill. Any person who shall refuse to abide by the subpoena issued by COA may be held liable for contempt.

This piece of legislation also updated the list of acts that constitute smuggling and expanded the definition of technical smuggling to include other acts not otherwise defined and punished under present laws.

Other amendments include an array of new stringent requirements for surety companies and bonded warehouses doing business in the BOC, as well as the creation of a valuation library which is to be updated at all times and be made available for public viewing.

While smuggling and corruption in the BOC continue to deny government coffers of the much-needed revenues, the immediate passage of this bill now becomes imperative.


RALPH G. RECTO

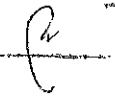
FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

OFFICE

10 AUG 16 94 51

SENATE

S.B. No. 2408

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Introduced by Sen. Ralph G. Recto

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

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

1 SECTION 1. *Short Title.* – This Act shall be known and cited as the “*Anti-Smuggling*
2 *Act of 2010.*”

3 SEC. 2. Section 201, Title II, Part 1 of the Tariff and Customs Code of the Philippines, as
4 amended, is hereby further amended to read as follows:

5 “Sec. 201. *Basis of Dutiable Value.* - (A) *Method One.* – *Transaction Value.* - The dutiable
6 value of an imported article subject to an *ad valorem* rate of duty shall be the transaction value,
7 which shall be the price actually paid or payable for the goods when sold for export to the
8 Philippines, adjusted by adding:

9 (1) The following to the extent that they are incurred by the buyer but are not included in the
10 price actually paid or payable for the imported goods:

11 (a) Commissions and brokerage fees (except buying commissions);

12 (b) Cost of containers;

13 (c) The cost of packing, whether for labour or materials;

14 (d) The value, apportioned as appropriate, of the following goods and services: materials,
15 components, parts and similar items incorporated in the imported goods; tools; dies; moulds and
16 similar items used in the production of imported goods; materials consumed in the production of
17 the imported goods; and engineering, development, artwork, design work and plans and sketches
18 undertaken elsewhere than in the Philippines and necessary for the production of imported

1 goods, where such goods and services are supplied directly or indirectly by the buyer free of
2 charge or at a reduced cost for use in connection with the production and sale for export of the
3 imported goods;

4 (e) The amount of royalties and license fees related to the goods being valued that the buyer
5 must pay, either directly or indirectly, as a condition of sale of the goods to the buyer.

6 (2) The value of any part of the proceeds of any subsequent resale, disposal or use of the
7 imported goods that accrues directly or indirectly to the seller;

8 (3) The cost of transport of the imported goods from the port of exportation to the port of
9 entry in the Philippines;

10 (4) Loading, unloading and handling charges associated with the transport of the imported
11 goods from the country of exportation to the port of entry in the Philippines; and

12 (5) The cost of insurance.

13 All additions to the price actually paid or payable shall be made only on the basis of objective
14 and quantifiable data.

15 No additions shall be made to the price actually paid or payable in determining the customs
16 value except as provided in this Section: *Provided*, That Method One shall not be used in
17 determining the dutiable value of imported goods if:

18 (a) There are restrictions as to the disposition or use of the goods by the buyer other than
19 restrictions which:

20 (i) Are imposed or required by law or by Philippine authorities;

21 (ii) Limit the geographical area in which the goods may be resold; or

22 (iii) Do not substantially affect the value of the goods.

23 (b) The sale or price is subject to some condition or consideration for which a value cannot be
24 determined with respect to the goods being valued;

25 (c) Part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer
26 will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in
27 accordance with the provisions hereof; or

28 (d) The buyer and the seller are related to one another, and such relationship influenced the
29 price of the goods. Such persons shall be deemed related if:

- 1 (i) They are officers or directors of one another's businesses;
- 2 (ii) They are legally recognized partners in business;
- 3 (iii) There exists an employer-employee relationship between them;
- 4 (iv) Any person directly or indirectly owns, controls or holds five percent (5%) or more of the
5 outstanding voting stock or shares of both seller and buyer;
- 6 (v) One of them directly or indirectly controls the other;
- 7 (vi) Both of them are directly or indirectly controlled by a third person;
- 8 (vii) Together they directly or indirectly control a third person; or
- 9 (viii) They are members of the same family, including those related by affinity or
10 consanguinity up to the fourth civil degree.

11 Persons who are associated in business with one another in that one is the sole agent, sole
12 distributor or sole concessionaire, however described, of the other shall be deemed to be related
13 for the purposes of this Act if they fall within any of the eight (8) cases above.

14 THE TRANSACTION VALUE OF IMPORTED GOODS ABOVE SHALL BE ACCEPTED
15 PROVIDED THAT:

16 1) THE SALE IS IN THE ORDINARY COURSE OF TRADE UNDER FULLY
17 COMPETITIVE CONDITIONS;

18 2) THE SALE DOES NOT INVOLVE ANY ABNORMAL DISCOUNT OR REDUCTION
19 FROM THE ORDINARY COMPETITIVE PRICE;

20 3) THE SALE DOES NOT INVOLVE SPECIAL DISCOUNTS LIMITED TO EXCLUSIVE
21 AGENTS;

22 4) OBJECTIVE AND QUANTIFIABLE DATA EXIST WITH REGARD TO THE
23 ADJUSTMENTS REQUIRED TO BE MADE, UNDER THE PROVISIONS OF SECTION 201
24 ABOVE, TO THE TRANSACTION VALUE.

25 (B) *Method Two. – Transaction Value of Identical Goods.* – Where the dutiable value cannot
26 be determined under method one, the dutiable value shall be the transaction value of identical
27 goods sold for export to the Philippines and exported at or about the same time as the goods
28 being valued. "*Identical goods*" shall mean goods which are the same in all respects, including

1 physical characteristics, quality and reputation. Minor differences in appearances shall not
2 preclude goods otherwise conforming to the definition from being regarded as identical.

3 (C) *Method Three. – Transaction Value of Similar Goods.* – Where the dutiable value cannot
4 be determined under the preceding method, the dutiable value shall be the transaction value of
5 similar goods sold for export to the Philippines and exported at or about the same time as the
6 goods being valued. "*Similar goods*" shall mean goods which, although not alike in all respects,
7 have like characteristics and like component materials which enable them to perform the same
8 functions and to be commercially interchangeable. The quality of the goods, their reputation and
9 the existence of a trademark shall be among the factors to be considered in determining whether
10 goods are similar.

11 If the dutiable value still cannot be determined through the successive application of the two
12 immediately preceding methods, the dutiable value shall be determined under method four or,
13 when the dutiable value still cannot be determined under that method, under method five, except
14 that, at the request of the importer, the order of application of methods four and five shall be
15 reversed: *Provided, however,* That if the Commissioner of Customs deems that he will
16 experience real difficulties in determining the dutiable value using method five, the
17 Commissioner of Customs may refuse such a request in which event the dutiable value shall be
18 determined under method four, if it can be so determined.

19 (D) *Method Four. – Deductive Value.* – The dutiable value of the imported goods under this
20 method shall be the deductive value which shall be based on the unit price at which the imported
21 goods or identical or similar imported goods are sold in the Philippines, in the same condition as
22 when imported, in the greatest aggregate quantity, at or about the time of the importation of the
23 goods being valued, to persons not related to the persons from whom they buy such goods,
24 subject to deductions for the following:

25 (1) Either the commissions usually paid or agreed to be paid or the additions usually made for
26 profit and general expenses in connection with sales in such country of imported goods of the
27 same class or kind;

28 (2) The usual costs of transport and insurance and associated costs incurred within the
29 Philippines; [and]

1 (3) Where appropriate, the costs and charges referred to in subsection (A) (3), (4) and (5); and

2 (4) The customs duties and other national taxes payable in the Philippines by reason of the
3 importation or sale of the goods.

4 If neither the imported goods nor identical nor similar imported goods are sold at or about the
5 time of importation of the goods being valued in the Philippines in the conditions as imported,
6 the customs value shall, subject to the conditions set forth in the preceding paragraph hereof, be
7 based on the unit price at which the imported goods or identical or similar imported goods sold
8 in the Philippines in the condition as imported at the earliest date after the importation of the
9 goods being valued but before the expiration of ninety (90) days after such importation.

10 If neither the imported goods nor identical nor similar imported goods are sold in the
11 Philippines in the condition as imported, then, if the importer so requests, the dutiable value shall
12 be based on the unit price at which the imported goods, after further processing, are sold in the
13 greatest aggregate quantity to persons in the Philippines who are not related to the persons from
14 whom they buy such goods, subject to allowance for the value added by such processing and
15 deductions provided under Subsections (D)(1), (2), (3) and (4) hereof.

16 (E) *Method Five. – Computed Value.* – The dutiable value under this method shall be the
17 computed value which shall be the sum of:

18 (1) The cost or the value of materials and fabrication or other processing employed in
19 producing the imported goods;

20 (2) The amount for profit and general expenses equal to that usually reflected in the sale of
21 goods of the same class or kind as the goods being valued which are made by producers in the
22 country of exportation for export to the Philippines;

23 (3) The freight, insurance fees and other transportation expenses for the importation of the
24 goods;

25 (4) Any assist, if its value is not included under paragraph (1) hereof; and

26 (5) The cost of containers and packing, if their values are not included under paragraph (1)
27 hereof.

28 The Bureau of Customs shall not require or compel any person not residing in the Philippines
29 to produce for examination, or to allow access to, any account or other record for the purpose of

1 determining a computed value. However, information supplied by the producer of the goods for
2 the purposes of determining the customs value may be verified in another country with the
3 agreement of the producer and provided they will give sufficient advance notice to the
4 government of the country in question and the latter does not object to the investigation.

5 (F) *Method Six. – Fallback Value.* – If the dutiable value cannot be determined under the
6 preceding methods described above, it shall be determined by using other reasonable means and
7 on the basis of data available in the Philippines.

8 If the importer so requests, the importer shall be informed in writing of the dutiable value
9 determined under Method Six and the method used to determine such value.

10 No dutiable value shall be determined under Method Six on the basis of:

11 (1) The selling price in the Philippines of goods produced in the Philippines;

12 (2) A system that provides for the acceptance for customs purposes of the higher of two
13 alternative values;

14 (3) The price of goods in the domestic market of the country of exportation;

15 (4) The cost of production, other than computed values, that have been determined for
16 identical or similar goods in accordance with Method Five hereof;

17 (5) The price of goods for export to a country other than the Philippines;

18 (6) Minimum customs values; or

19 (7) Arbitrary or fictitious values.

20 “If in the course of determining the dutiable value of the imported goods, it becomes
21 necessary to delay the final determination of such dutiable value, the importer shall nevertheless
22 be able to secure the release of the imported goods upon filing of a sufficient guarantee in the
23 form of a LETTER OF CREDIT, surety bond, a deposit, cash, or some other appropriate
24 instrument in an amount equivalent to the imposable duties and taxes [on] FOR WHICH the
25 imported goods [in question] may be liable: *Provided, however,* That goods, the importation of
26 which is prohibited by law, shall not be released under any circumstances whatsoever:
27 *PROVIDED, FURTHER,* THAT SURETY BONDS FROM A SURETY COMPANY WHICH
28 HAS AN OUTSTANDING LIABILITY OF THIRTY PERCENT (30%) OR MORE OF THE
29 TOTAL DUE AND DEMANDABLE BONDS ISSUED IN FAVOR OF THE BUREAU OF

1 CUSTOMS, AT ANY TIME, SHALL NOT BE ACCEPTABLE AS GUARANTEE FOR THE
2 RELEASE OF THE IMPORTED GOODS: *PROVIDED, FURTHERMORE*, THAT THE
3 PERMIT OR LICENSE OF THE SURETY COMPANY WHICH HAS AN OUTSTANDING
4 LIABILITY OF THIRTY PERCENT (30%) OR MORE OF THE TOTAL DUE AND
5 DEMANDABLE BONDS, AT ANY TIME, WITH THE BUREAU OF CUSTOMS, TO ISSUE
6 SURETY BOND FOR CUSTOMS PURPOSES, SHALL BE CANCELLED: *PROVIDED*,
7 *FINALLY*, THAT ANY SURETY COMPANY SHALL BE ELIGIBLE TO ISSUE CUSTOMS
8 SURETY BOND ONLY AFTER DETERMINATION OF GOOD STANDING BY THE
9 INSURANCE COMMISSION.

10 THE BUREAU OF CUSTOMS SHALL ACCEPT GUARANTEES IN THE FORM OF
11 SURETY BONDS EXCLUSIVELY ISSUED BY SURETY COMPANIES, INCLUDING THE
12 GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS), WHO ARE MEMBERS OF A
13 BUREAU OF CUSTOMS' APPROVED CONSORTIUM.

14 "Nothing in this Section shall be construed as restricting or calling into question the right of
15 the Collector of Customs to satisfy himself as to the truth or accuracy of any statement,
16 document or declaration presented for customs valuation purposes. When a declaration has been
17 presented and where the customs administration has reason to doubt the truth or accuracy of the
18 particulars or of documents produced in support of this declaration, the customs administration
19 may ask the importer to provide further explanation, including documents or other evidence, that
20 the declared value represents the total amount actually paid or payable for the imported goods,
21 adjusted in accordance with the provisions of Subsection (A) hereof.

22 "REFERENCE INFORMATION OBTAINED FROM A VALUE DATA BASE APPROVED
23 BY THE COMMISSIONER OF CUSTOMS, INCLUDING REVISION ORDERS, SHALL BE
24 USED TO TEST THE TRUTHFULNESS AND ACCURACY OF A GIVEN VALUE
25 DECLARATION. A VALUE DECLARATION WHICH FALLS OUTSIDE OF THE VALUE
26 RANGE OF REVISION ORDERS SHALL TRIGGER A VALUATION QUERY ON THE
27 APPLICABILITY OF THE METHOD OF VALUATION USED BY THE IMPORTER, IN
28 WHICH CASE THE VALUATION ISSUE SHALL BE DECIDED BY THE VALUATION
29 AND CLASSIFICATION REVIEW COMMITTEE (VCRC) ON THE APPROPRIATE

1 METHOD OF VALUATION PRESCRIBED UNDER THIS SECTION. FOR PURPOSES OF
2 THIS SECTION, A 'REVISION ORDER' SHALL REFER TO THE DOCUMENT WHICH
3 INDICATES THE LATEST VALUES OF A PRODUCT(S), WHICH SHALL BE
4 APPLICABLE AND EFFECTIVE WITHIN THE PERIOD OF NINETY (90) DAYS FROM
5 DATE OF ITS ISSUANCE BY THE BUREAU OF CUSTOMS, AFTER CONSULTATION
6 WITH INDUSTRY REPRESENTATIVES. THESE REFERENCE INFORMATION SHALL
7 BE IMMEDIATELY PUBLISHED BY THE BUREAU OF CUSTOMS IN ITS WEBSITE.

8 "If, after receiving further information, or in the absence of a response, the customs
9 administration still has reasonable doubts about the truth or accuracy of the declared value, it
10 may, without prejudice to an importer's right to appeal pursuant to Article 11 of the World Trade
11 Organization Agreement on customs valuation, be deemed that the customs value of the
12 imported goods cannot be determined under Method One. Before taking a final decision, the
13 Collector of Customs shall communicate to the importer, in writing if requested, his grounds for
14 doubting the truth or accuracy of the particulars or documents produced and give the importer a
15 reasonable opportunity to respond. When a final decision is made, the customs administration
16 shall communicate to the importer in writing its decision and the grounds therefor."

17 **SEC. 3.** Section 607 of the Tariff and Customs Code of the Philippines, as amended, is
18 hereby further amended to read as follows:

19 "SEC. 607. *Annual Report of Commissioner.* -- The annual report of the Commissioner to the
20 President shall, among other things, contain a compilation of the (a) quantity and value of the
21 articles imported into the Philippines and the corresponding amount of customs duties, taxes and
22 other charges assessed and collected on imported articles itemized in accordance with the tariff
23 headings and subheadings as appearing in the liquidated customs entries provided for in this
24 Code, (b) percentage collection of the peso value of imports, (c) quantity and value of
25 conditionally-free importations, (d) customs valuation over and above letters of credit opened,
26 (e) quantity and value of tax-free imports, and (f) the quantity and value of articles exported from
27 the Philippines as well as the taxes and other charges assessed and collected on them for the
28 preceding year. Copies of such annual report shall be furnished regularly to the Department of
29 Finance, Tariff Commission, NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY,

1 BANGKO SENTRAL NG PILIPINAS [Central Bank of the Philippines], Board of Investments,
2 Department of Budget AND MANAGEMENT, and other economic agencies of the government,
3 on or before December 30, of each year.

4 “For more scientific preparation of the annual report, the Commissioner shall cause the
5 computerization of the data contained in the liquidated entries filed with the Bureau of
6 Customs.”

7 **SEC. 4.** Section 609 of the TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, as
8 amended, is hereby further amended to read as follows:

9 “SEC. 609. *Commissioner to Furnish Copies of Collectors’ Liquidated Duplicates.* – The
10 Commissioner shall regularly furnish the NATIONAL ECONOMIC AND DEVELOPMENT
11 AUTHORITY, the BANGKO SENTRAL NG PILIPINAS [Central Bank of the Philippines], the
12 Tariff Commission, AND THE NATIONAL STATISTICS OFFICE, BOTH ELECTRONIC
13 AND PAPER COPIES of each of all customs import/export entries as filed with the Bureau of
14 Customs. The Tariff Commission or its duly authorized agents shall have access to and the right
15 to copy all the customs liquidated import entries and other documents appended thereto as finally
16 filed in the Commission on Audit.

17 **SEC. 5.** Section 701 of the Tariff and Customs Code of the Philippines, as amended, is hereby
18 further amended to read as follows:

19 “SEC. 701. *Collection Districts and Ports of Entry Thereof.* – For administrative purposes,
20 the Philippines shall be divided into as many collection districts as necessary, the respective
21 limits of which may be changed from time to time by the Commissioner of Customs upon
22 approval of the Secretary of Finance. [The principal ports of entry for the respective collection
23 districts shall be Manila, Ninoy Aquino International Airport, Cebu, Iloilo, Davao, Tacloban,
24 Zamboanga, Cagayan de Oro, Surigao, Legaspi, Batangas, San Fernando, Subic and Manila
25 International Container Port.]

26 **SEC. 6.** Section 709 of the Tariff and Customs Code of the Philippines, as amended, is
27 hereby further amended to read as follows:

28 “SEC. 709. *Authority of the Collector to Remit Duties.* – A Collector [shall have discretionary
29 authority to] remit the assessment and collection of customs duties, taxes and other charges when

1 the aggregate amount of such duties, taxes, and other charges is [less than ten] FIVE HUNDRED
2 pesos (P500.00) OR MORE, and he may dispense with the seizure of articles of less than [ten]
3 FIVE HUNDRED pesos (P500.00) in value except in cases of prohibited importations or the
4 habitual or the intentional violation of the tariff and customs laws.”

5 **SEC. 7.** A new Part 3 shall be inserted after Section 712 of the Tariff and Customs Code of
6 the Philippines, as amended, which shall read as follows:

7 **“PART 3. – AUDIT, TRANSPARENCY AND ACCOUNTABILITY**

8 **“SEC. 713. UPON THE RECOMMENDATION BY THE BUREAU OF CUSTOMS OR**
9 **PETITION DULY MADE BY THE LOCAL INDUSTRY, THE COMMISSION ON AUDIT**
10 **(COA) SHALL CONDUCT THE CORRESPONDING POST ENTRY AUDIT ON THE**
11 **OPERATIONAL PROCESSES, COLLECTION AND FINANCIAL REPORTING, FISCAL**
12 **AND PERSONNEL PERFORMANCE, SYSTEM EFFICIENCY, INTERNAL CONTROL,**
13 **INFORMATION AND COMMUNICATION FLOW, FRAUDULENT AND ILLEGAL**
14 **PRACTICES, AND SUCH OTHER AREAS AS MAY BE NECESSARY FOR THE**
15 **EFFECTIVE OPERATION OF THE BUREAU OF CUSTOMS AND ITS ATTACHED**
16 **AGENCIES.**

17 **PROVIDED THE PRIVATE AUDITING FIRM SHALL BE DISQUALIFIED FROM**
18 **CONDUCTING A POST ENTRY ON IMPORTERS WHERE ITS CLIENT HAS DIRECT OR**
19 **INDIRECT BUSINESS INTEREST ON THE ARTICLES OR PRODUCTS SUBJECT**
20 **MATTER OF THE AUDIT: *PROVIDED, FURTHER,* THAT THE FEES TO BE PAID TO**
21 **THE PRIVATE AUDITING FIRMS SHALL BE ON CONTINGENT BASIS EQUIVALENT**
22 **TO 20% OF IT’S POSITIVE FINDINGS.**

23 **“IN THE CONDUCT OF ITS AUDIT AND INVESTIGATIONS, THE COMMISSION**
24 **ON AUDIT SHALL HAVE THE AUTHORITY TO REQUIRE THE PRODUCTION OF**
25 **DOCUMENTS AND REQUIRE BUREAU PERSONNEL TO RESPOND TO ITS INQUIRIES.**
26 **FOR THIS PURPOSE, IT MAY ISSUE *SUBPOENA DUCES TECUM* AND *AD***
27 ***TESTIFICANDUM*. ANY PERSON WHO SHALL REFUSE TO ABIDE BY THE *SUBPOENA***
28 **SO ISSUED MAY BE HELD LIABLE FOR CONTEMPT.”**

1 “SEC. 714. ON THE BASIS OF THE AUDIT CONDUCTED PURSUANT TO THE
2 PRECEDING SECTIONS, THE RECOMMENDATIONS MADE BY THE COA SHALL
3 HAVE PERSUASIVE WEIGHT AND SHALL BE PROMPTLY ACTED UPON BY THE
4 COMMISSIONER WHO SHALL LIKEWISE HAVE THE AUTHORITY TO ORDER THE
5 CONDUCT OF INVESTIGATIONS FOR THE PURPOSE OF INITIATING PROSECUTION
6 OF FRAUD AND OTHER GRAFT AND CORRUPT PRACTICES IN THE BUREAU, AND
7 SHALL RECOMMEND TO THE OMBUDSMAN THE FILING OF APPROPRIATE
8 CRIMINAL CASES AGAINST THE ERRING PERSONNEL, AND TO IMPOSE
9 ADMINISTRATIVE SANCTIONS.

10 “SEC. 715. THE COMMISSION ON AUDIT SHALL SUBMIT AN ANNUAL REPORT TO
11 THE COMMISSIONER, THE SECRETARY OF FINANCE, THE OFFICE OF THE
12 PRESIDENT, AND THE CONGRESS, STATING THE RESULT OF ITS INSPECTIONS
13 AND AUDITS. THE REPORT SHALL CONTAIN ALL THE NECESSARY DATA WHICH
14 LED TO ITS RECOMMENDATIONS AND FINDINGS, AND SHALL BE MADE
15 AVAILABLE TO THE PUBLIC THROUGH ELECTRONIC AND NON-ELECTRONIC
16 MEANS, UNLESS NON-DISCLOSURE IS WARRANTED BY NATIONAL SECURITY.

17 **SEC. 8.** A new section to be known as Section 1001-A is hereby inserted after Section 1001
18 of the Tariff and Customs Code of the Philippines, as amended, which shall read as follows:

19 “SEC. 1001-A. *TRANSMISSION OF ELECTRONIC COPY OF MANIFEST/STOWAGE*
20 *PLAN PRIOR TO ARRIVAL – AN ELECTRONIC COPY OF THE CARGO AND*
21 *PASSENGER MANIFEST AS WELL AS THE STOWAGE PLAN OF THE VESSEL*
22 *ENGAGED IN FOREIGN TRADE SHALL BE TRANSMITTED TO THE BUREAU OF*
23 *CUSTOMS, DEPARTMENT OF TRADE AND INDUSTRY AND DEPARTMENT OF*
24 *AGRICULTURE AT LEAST TWELVE (12) HOURS FOR OCEAN GOING VESSELS AND*
25 *TWO (2) HOURS FROM DEPARTURE FOR AIRLINES PRIOR TO THEIR ARRIVAL IN*
26 *THE PORT OF ENTRY: PROVIDED, THAT IF THE VESSEL IS AN AIRCRAFT, THE*
27 *MANIFEST SHALL BE ELECTRONICALLY TRANSMITTED TO THE BUREAU OF*
28 *CUSTOMS, DEPARTMENT OF TRADE AND INDUSTRY, AND DEPARTMENT OF*

1 AGRICULTURE AT LEAST ONE (1) HOUR PRIOR TO THE AIRCRAFT'S ARRIVAL IN
2 THE PORT OF ENTRY."

3 **SEC. 9.** Section 1005 of the Tariff and Customs Code of the Philippines, as amended, is
4 hereby further amended to read as follows:

5 "SEC. 1005. *Manifest Required of Vessel from Foreign Port.* – Every vessel from a foreign
6 port must have on board a complete manifest of all her cargo.

7 "All of the cargo intended to be landed at a port in the Philippines must be described in
8 separate manifests for each port of call therein. Each manifest shall include the port of departure
9 and the port of delivery with the marks, numbers, quantity and description of the packages and
10 the names of the consignees thereof. Every vessel from a foreign port must have on board
11 complete manifests of passengers and their baggage, in the prescribed form, setting forth their
12 destination and all particulars required by immigration laws, and every such vessel shall have
13 prepared for presentation to the proper customs official upon arrival in ports of the Philippines a
14 complete list of all sea stores then on board. If the vessel does not carry cargo or passengers, the
15 manifest must show that no cargo or passenger, as the case may be, is carried from the port of
16 departure to the port of destination in the Philippines.

17 "A TRUE AND COMPLETE COPY OF THE CARGO MANIFEST AND BILL OF
18 LADING SHALL BE SENT UPON ARRIVAL TO THE BUREAU OF CUSTOMS AND THE
19 PHILIPPINE PORTS AUTHORITY WITHIN FORTY-EIGHT (48) HOURS AFTER RECEIPT
20 THEREOF BY THE MASTER OF THE VESSEL.

21 "A cargo manifest shall in no case be changed or altered after entry of the vessel, except by
22 means of an amendment by the master, consignee or agent thereof, under oath, and attached to
23 the original manifest: *Provided, however,* That after the invoice and/or entry covering an
24 importation have been received and recorded [in the office of the appraiser] EITHER
25 MANUALLY OR ELECTRONICALLY IN THE BUREAU OF CUSTOMS OR HAD BEEN
26 LOGGED IN ITS COMPUTER SYSTEM, no amendment of the manifest shall be allowed,
27 except when it is obvious that a clerical error or any discrepancy has been committed in the
28 preparation of the manifest, without any fraudulent intent, discovery of which would not have
29 been made until after examination has been completed. PRIOR TO RELEASE OF THE

1 CARGO, THE VERACITY OF THE AMENDMENT SHALL BE EXAMINED BY THE
2 COLLECTOR OF CUSTOMS FOR THE PURPOSE OF INVOKING PENAL PROVISION
3 UNDER SECTIONS 2503 AND 3602 OF THIS CODE.”

4 **SEC. 10.** Section 1007 of the Tariff and Customs Code of the Philippines, as amended, is
5 hereby further amended to read as follows:

6 “SEC. 1007. *Manifest for Commission on Audit and Collector. – Papers to be Deposited*
7 *with Consul.* – Immediately after the arrival of a vessel from a foreign port, the master shall
8 deliver or mail to the Chairman, Commission on Audit, Manila, a copy of the cargo manifest
9 properly indorsed by the boarding officer, and UPON ARRIVAL, he shall present to the
10 Collector the original copy of the cargo manifest and, for inspection, the ship’s register or other
11 document in lieu thereof, together with the clearance and other papers granted to the vessel at the
12 port of departure for the Philippines.

13 “WITHIN THREE DAYS FROM RECEIPT OF THE CARGO MANIFEST FROM THE
14 MASTER OF THE VESSEL, THE COLLECTOR SHALL POST COPIES THEREOF AT A
15 CUSTOMS BULLETIN BOARD FOR TWO CONSECUTIVE WEEKS.”

16 **SEC. 11.** Section 1008 of the Tariff and Customs Code of the Philippines, as amended, is
17 hereby further amended to read as follows:

18 “SEC. 1008. *Transit Cargo AND FOREIGN TRANSHIPMENT OF GOODS.* – When
19 transit cargo from a foreign port or other local ports is forwarded from the port of importation
20 separate manifest, in triplicate, shall be presented by each carrier.

21 “WITHIN FIVE DAYS FROM THE ACTUAL DISCHARGE OF A VESSEL, BUT IN ANY
22 CASE NOT LATER THAN FIFTEEN (15) DAYS FROM THE DATE OF THE VESSEL’S
23 DEPARTURE FROM THE PHILIPPINES, THE PARTY WHO APPLIED FOR FOREIGN
24 TRANSSHIPMENT SUCH AS THE SHIPPING COMPANY OR AGENT, TRANSSHIPMENT
25 OPERATOR OR THE OWNER OF THE GOODS SHALL SUBMIT TO THE BUREAU OF
26 CUSTOMS AND/OR TO THE BUREAU OF INTERNAL REVENUE, A CERTIFICATE OF
27 DISCHARGE FROM THE FOREIGN PORT OF DISCHARGE OR DESTINATION. THE
28 CERTIFICATE OF DISCHARGE SHALL CERTIFY THAT THE GOODS TRANSSHIPPED
29 FROM THE PHILIPPINES WERE DISCHARGED AT THE PORT OF DESTINATION AND

1 RECEIVED BY THE CONSIGNEE NAMED IN THE MANIFEST. THE CERTIFICATE OF
2 DISCHARGE SHALL BE ISSUED BY THE CUSTOMS OR PORT OFFICIALS AT THE
3 FOREIGN PORT OF DESTINATION: *PROVIDED*, THAT IF THE SAID CERTIFICATE IS
4 IN A FOREIGN LANGUAGE OTHER THAN ENGLISH, IT SHALL BE ACCOMPANIED
5 BY AN ENGLISH TRANSLATION DULY AUTHENTICATED BY A PHILIPPINE
6 COMMERCIAL ATTACHE OR CONSUL. THE CERTIFICATE OF DISCHARGE TO BE
7 SUBMITTED TO THE BUREAU OF CUSTOMS AND/OR BUREAU OF INTERNAL
8 REVENUE SHALL BE ACCOMPANIED BY A COPY OF THE INWARD FOREIGN
9 MANIFEST SUBMITTED TO, RECEIVED BY, AND PROPERLY STAMPED BY THE
10 CUSTOMS AUTHORITIES AT THE PORT OF DESTINATION.

11 “FAILURE TO SUBMIT THE CERTIFICATE OF DISCHARGE AND THE INWARD
12 FOREIGN MANIFEST AS REQUIRED HEREINABOVE SHALL CONSTITUTE *PRIMA*
13 *FACIE* PROOF THAT THE GOODS ALLEGEDLY TRANSSHIPPED WERE IN FACT
14 DIVERTED TO THE PHILIPPINES, WITHOUT THE CORRESPONDING PAYMENT OF
15 DUTIES AND TAXES WHICH SHALL BE IMMEDIATELY COLLECTED AND PAID BY
16 THE PARTY(IES) WHICH FAILED TO SUBMIT THE CERTIFICATE OF DISCHARGE.
17 THEREAFTER AND UNTIL THE REQUIRED CERTIFICATE OF DISCHARGE AND THE
18 INWARD FOREIGN MANIFEST SHALL HAVE BEEN SUBMITTED, ALL SUBSEQUENT
19 TRANSSHIPMENT OF GOODS TO AND FROM THE PHILIPPINES BY THE SAID
20 PARTY(IES) WITHOUT THE PAYMENT OF DUTIES AND TAXES SHALL BE
21 DISALLOWED. THE SUBMISSION OF THE CERTIFICATE OF DISCHARGE IS
22 REQUIRED ONLY FOR TRANSSHIPPED GOODS SUBJECT TO EXCISE TAX OF MORE
23 THAN TWENTY PERCENT (20%) IN ADDITION TO THE PAYMENT OF TAXES AND
24 DUTIES IF SUCH GOODS ENTER THE DOMESTIC MARKET. ”

25 **SEC. 12.** Section 1024 of the Tariff and Customs Code of the Philippines, as amended, is
26 hereby further amended to read as follows:

27 “SEC 1204. *Liability of Importer for Duties.* --“Unless relieved by laws or regulations, the
28 liability for duties, taxes, fees and other charges attaching on importation constitutes a personal
29 debt from the importer to the government which can be discharged only by payment in full of all

1 duties, taxes, fees and other charges legally accruing. It constitutes a lien upon the articles
2 imported which may be enforced while such articles are in custody or subject to the control of
3 the government. AS USED IN THIS CODE, OTHER CHARGES SHALL INCLUDE LIENS
4 OF GOVERNMENT REGULATORY AGENCIES.

5 **SEC. 13.** Section 1025 of the Tariff and Customs Code of the Philippines, as amended, is
6 hereby further amended to read as follows:

7 “SEC. 1025. *Export Product to Conform to Standard Grades AND EXPORT*
8 *MARKING REQUIREMENTS.* – A Collector shall not permit products for which standard grades
9 OR “EXPORT ONLY” OR “FOR EXPORT” MARKING REQUIREMENTS have been
10 established by the government THROUGH LAWS OR REGULATIONS to be laden aboard a
11 vessel clearing for a foreign port, unless the shipment conforms to the requirements of law OR
12 REGULATION relative to the shipment of such products: *PROVIDED, HOWEVER, THAT*
13 *EXPORT OF PRODUCTS MARKED “NOT FOR EXPORT” SHALL BE PROHIBITED, AND*
14 *THAT LABELS OR MARKS INDICATING “PLACE OF SALE” OF THE PRODUCT OR*
15 *“NOT FOR EXPORT” MARKINGS SHALL NOT BE CHANGED, TAMPERED OR*
16 *CONCEALED.*

17 “GOODS INTENDED FOR EXPORT WHICH DO NOT COMPLY WITH STANDARD
18 GRADES, EXPORT MARKING REQUIREMENTS, OR WHOSE “NOT FOR EXPORT” OR
19 “PLACE OF SALE” LABELS HAVE BEEN CHANGED, TAMPERED OR CONCEALED
20 SHALL BE DISPOSED OF IN ACCORDANCE WITH THIS CODE, EXCEPT THROUGH
21 EXPORTATION.”

22 **SEC. 14.** Section 1210 of the Tariff and Customs Code of the Philippines, as amended, is
23 hereby further amended to read as follows:

24 “SEC. 1210. *Disposition of Imported Articles Remaining on Vessel After Time for Unloading.* –
25 Imported articles remaining on board any vessel after the expiration of the said period for
26 discharge and not reported for transshipment to another port, may be unladen by customs
27 authorities and stored at the vessel’s expense.

28 “Unless prevented by causes beyond the vessel’s control, such as port congestion, strikes,
29 riots, or civil commotions, failure of vessel’s gear, bad weather, and similar causes, articles so

1 stored shall be entered within [thirty] FIFTEEN ([30]15) days, which shall not be extendible,
2 from the date of discharge of the last package from the vessel or aircraft and shall be claimed
3 within fifteen (15) days, which shall likewise not be extendible from the date of posting of the
4 notice to claim in conspicuous places in the Bureau of Customs. If not entered or not claimed, it
5 shall be disposed of in accordance with the provisions of this Code.”

6 **SEC. 15.** A new section, to be known as Section 1212 is hereby inserted in the Tariff and
7 Customs Code of the Philippines, as amended, to read as follows:

8 “SEC. 1212. *IMPORT PERMIT/IMPORT AUTHORITY FOR AGRICULTURAL*
9 *PRODUCTS.* – IMPORTED AGRICULTURAL PRODUCTS MUST BE COVERED BY A
10 VALID IMPORT OR QUARANTINE PERMIT ISSUED BY THE DEPARTMENT OF
11 AGRICULTURE OR ITS CONCERNED BUREAU PRIOR TO IMPORTATION INTO THE
12 PHILIPPINES. NO AGRICULTURAL PRODUCTS MUST BE ACCEPTED FOR LOADING
13 AND/OR TRANSPORT BY A VESSEL OR AIRCRAFT INTO THE COUNTRY IF THESE
14 AGRICULTURAL PRODUCTS HAVE NOT BEEN AUTHORIZED THROUGH AN IMPORT
15 PERMIT OR IMPORT AUTHORITY ISSUED BY THE DEPARTMENT OF AGRICULTURE
16 PRIOR TO SHIPMENT. THE SAME AGRICULTURAL PRODUCTS MUST BE SHIPPED
17 BACK TO THE COUNTRY OF ORIGIN BY THE IMPORTER/ CONSIGNEE THROUGH
18 THE SAME CARRIER THAT LOADED/TRANSPORTED, OR BROUGHT IN THE
19 PRODUCTS: *PROVIDED*, THAT ANY IMPORTED AGRICULTURAL PRODUCT THAT
20 WAS ISSUED AN IMPORT PERMIT OR IMPORT AUTHORITY AFTER ENTRY INTO
21 THE PHILIPPINES, WHEN SUCH IMPORT PERMIT/AUTHORITY IS REQUIRED PRIOR
22 TO IMPORTATION OF SUBJECT AGRICULTURAL PRODUCT, SHALL BE
23 CONSIDERED AS SMUGGLED ARTICLE AND SHALL BE DISPOSED OF IN THE
24 MANNER PROVIDED FOR IN SECTION 2602 OF THIS CODE.”

25 **SEC. 16.** Section 1302 of the Tariff and Customs Code of the Philippines, as amended, is
26 hereby further amended to read as follows:

27 “SEC. 1302. *Import Entries.* – All imported articles, except importations admitted free of
28 duty under Subsection “k”, Section one hundred and five of this Code, shall be subject to a
29 formal or informal entry. Articles of a commercial nature intended for sale, barter or hire, the

1 dutiable value of which is Two thousand pesos (P2,000.00) or less, and personal and household
2 effects or articles, not in commercial quantity, imported in passenger's baggage, mail or
3 otherwise, for personal use, shall be cleared on an informal entry whenever duty, tax or other
4 charges are collectible.

5 The Commissioner may, upon instruction of the Secretary of Finance, for the protection of
6 domestic industry or of the revenue, require a formal entry, regardless of value, whatever be the
7 purpose and nature of the importation.

8 "A formal entry may be for immediate consumption, or under irrevocable domestic letter of
9 credit, bank guarantee or bond for:

10 "(a) Placing the article in customs bonded warehouse;

11 "(b) Constructive warehousing and immediate transportation to other ports of the Philippines
12 upon proper examination and appraisal; or

13 "(c) Constructive warehousing and immediate exportation.

14 "FOR PURPOSES HERETO, ALL IMPORT ENTRIES SHALL EXPLICITLY AND
15 CLEARLY INDICATE THE NAME OF THE WAREHOUSE WHERE THE IMPORTED
16 ARTICLES WILL BE PLACED OR DEPOSITED, AND THE NAME OF THE IMPORTER
17 OR CONSIGNEE.

18 "Import entries under irrevocable domestic letter of credit, bank guarantee or bond shall be
19 subject to the provisions of Title V, Book II of this Code.

20 "All importations entered under formal entry shall be covered by a letter of credit or any other
21 verifiable document evidencing payment." (R.A. 9135, April 27, 2001)

22 **SEC. 17.** Section 1313 of the Tariff and Customs Code of the Philippines, as amended, is
23 hereby further amended to read as follows:

24 "SEC. 1313. *Information Furnished on Classification and Value.* –

25 a. As to classification OF AN ARTICLE AND TRADE FACILITATION – [When an article
26 imported or intended to be imported is not specifically classified in this Code, the interested
27 party, importer or foreign exporter may submit to the Tariff Commission a sample together with
28 a full description of its component materials and uses, and request it in writing to indicate the
29 heading under which the article is or shall be dutiable, and the Tariff Commission shall comply

1 with such requests within thirty days from receipt thereof if it is satisfied that the application is
2 made in good faith, in which case classification of the article in question upon the particular
3 importation involved shall be made according to the heading indicated by the Tariff
4 Commission: *Provided, however,* That such rulings of the Tariff Commission on commodity
5 classification, shall be binding upon the Bureau of Customs, unless the Secretary shall rule
6 otherwise.] IMPORTERS, EXPORTERS OR ANY INTERESTED PARTY SHALL REQUEST
7 THE TARIFF COMMISSION IN WRITING, BEFORE OR AFTER THE ARRIVAL OF THE
8 GOODS OR COMMODITY SUBJECT OF IMPORTATION. FOR AN OFFICIAL TARIFF
9 CLASSIFICATION RULING UPON SUBMISSION OF A SAMPLE TOGETHER WITH THE
10 BROCHURE AND PERTINENT TECHNICAL INFORMATION SHEETS/DATA. THE
11 TARIFF COMMISSION SHALL COMPLY WITH SUCH A REQUEST WITHIN THIRTY
12 (30) DAYS FROM RECEIPT HEREOF. THE RULING SHALL BE BINDING WITH THE
13 BUREAU OF CUSTOMS, UNLESS THE SECRETARY OF FINANCE SHALL RULE
14 OTHERWISE. ANY TARIFF CLASSIFICATION RULING/S AS MAY BE ISSUED BY THE
15 COMMISSION SHALL REMAIN VALID AND EFFECTIVE, UNLESS SUCH TARIFF
16 CLASSIFICATION RULING/S ARE AMENDED BY THE COMMISSION SO AS TO
17 CORRECT ERRORS IN THE CLASSIFICATION OF AN ARTICLE OR IN CASES OF
18 AMENDMENT TO THE ASEAN HARMONIZED TARIFF NOMENCLATURE (AHTN), OR
19 FOR ANY OTHER REASON AS THE COMMISSION MAY SEE FIT.”

20 **SEC. 18.** Section 1401 of the Tariff and Customs Code of the Philippines as amended, is
21 hereby further amended to read as follows:

22 "SEC. 1401. *Conditions for Examination.* — For the protection of government revenue and
23 public interest and to prevent the entry into the country of smuggled or contraband goods, the
24 Commissioner shall, in consultation with the Oversight Committee and subject to the approval of
25 the Secretary of Finance, promulgate the rules and regulations that shall prescribe the procedure
26 in accordance with which examination shall be undertaken on the importation and the required
27 quantity or percentage thereof: *Provided,* That the imported articles shall in any case be subject
28 to the regular physical examination when:

1 "(1) The government surveyor's seal on the container has been tampered with or broken or the
2 container shows signs of having been opened or having its identity changed;

3 "(2) The container is leaking or damaged;

4 "(3) The number, weight and nature of packages indicated in the customs entry declaration
5 and supporting documents differ from that in the manifest;

6 "(4) The shipment is covered by alert/hold orders issued pursuant to existing orders;

7 "(5) The importer disagrees with the findings as contained in the government surveyor's
8 report; or

9 "(6) The articles are imported through air freight where the Commissioner or Collector has
10 knowledge that there is a variance between the declared and true quantity, measurement, weight,
11 and tariff classification."

12 (7) THE PRODUCT DESCRIPTION OF THE SHIPMENT IS NOT IN ACCORDANCE
13 WITH THE EXISTING HARMONIZED SYSTEMS CODE.

14 **SEC. 19.** A new section to be known as Section 1401-A is hereby inserted after Section 1401
15 of the Tariff and Customs Code of the Philippines, as amended, which shall read as follows:

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

20 **SEC. 20.** Section 1403 of the Tariff and Customs Code of the Philippines, as amended, is
21 hereby further amended to read as follows:

22 "Sec. 1403. *Duties of Customs Officer Tasked to Examine, Classify and Appraise Imported*
23 *Articles.* - The customs officer tasked to examine, classify, and appraise imported articles shall
24 determine whether the packages designated for examination and their contents are in accordance
25 with the declaration in the entry, invoice and other pertinent documents and shall make a return
26 in such a manner to indicate whether the articles have been truly and correctly declared in the
27 entry as regard their quantity, measurement, weight, and tariff classification and not imported
28 contrary to law. SUBJECT TO THE GUIDELINES TO BE ISSUED BY THE
29 COMMISSIONER WITH THE APPROVAL OF THE SECRETARY OF FINANCE, THE

1 CUSTOMS OFFICER [He] shall TAKE A REPRESENTATIVE [submit] sample OF THE
2 IMPORTED ARTICLE IN THE PRESENCE OF THE IMPORTER, CONSIGNEE OR THEIR
3 REPRESENTATIVES to BE SUBMITTED TO the CUSTOMS laboratory OR TO THE
4 LABORATORY OF THE APPROPRIATE GOVERNMENT REGULATORY AGENCY for
5 analysis when feasible to do so [and] OR when such analysis is necessary for the proper
6 classification, appraisal and/or admission into the Philippines of imported articles. THE
7 CUSTOMS OFFICER SHALL TAKE INTO ACCOUNT THE RESULT OF THE ANALYSIS
8 IN THE CLASSIFICATION, APPRAISAL AND/OR ADMISSION INTO THE PHILIPPINES
9 OF THE IMPORTED ARTICLE.

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

12 Failure on the part of the customs officer to comply with his duties shall subject him to
13 penalties prescribed under 3604 of this Code. (RA 7650, April 06, 1993)

14 **SEC. 21.** Section 1704(d) of the Tariff and Customs Code of the Philippines, as amended, is
15 hereby further amended to read as follows:

16 “SEC. 1704. *Abatement or Refund of Duties on Articles Lost or Destroyed After*
17 *Arrival.* – A Collector may abate or refund the amount of duties accruing or paid, and may
18 likewise make a corresponding allowance on the irrevocable domestic letter of credit, bank
19 guarantee, or the entry bond or other document, upon satisfactory proof of injury, destruction, or
20 loss by theft, fire or other causes of any article as follows:

21 “a. While within the limits of any port of entry prior to unloading under customs supervisions;

22 “b. While remaining in customs custody after unloading;

23 “c. While in transit under irrevocable domestic letter of credit, bank guarantee or bond with
24 formal entry in accordance with section one thousand three hundred two from the port of entry to
25 any port in the Philippines;

26 “d. While released under irrevocable domestic letter of credit, bank guarantee or bond for
27 export except in case of loss by theft: PROVIDED THAT ABATEMENT SHALL BE
28 ALLOWED UPON PROOF OF LOSS DUE TO FORCE MAJEURE OR ACTS OF GOD
29 DULY SUPPORTED WITH PROPER DOCUMENTS AND SWORN STATEMENTS.”

1 **SEC. 22.** Section 1801 of the Tariff and Customs Code of the Philippines, as amended, is
2 hereby further amended to read as follows:

3 “SEC. 1801. *Abandonment, Kinds and Effects of.* – An imported article is deemed
4 abandoned under any of the following circumstances:

5 “a. When the owner, importer, consignee of the imported article expressly signifies in
6 writing to the Collector of Customs his intention to abandon; or

7 “b. When the owner, importer, consignee or interested party after due notice, fails to file an
8 entry within thirty (30) days, which shall not be extendible, from the date of discharge of the last
9 package from the vessel or aircraft, or having filed such entry, fails to claim his importation
10 within fifteen (15) days, which shall not likewise be extendible, from the date of posting of the
11 notice to claim such importation.

12 “ALL SHIPPING LINES, SHIPPING COMPANIES, FREIGHT FORWARDERS,
13 CONSOLIDATORS, BREAK BULK AGENTS AND THEIR AGENTS AND SUB-AGENTS
14 AND ARRASTRE CONTRACTORS ARE REQUIRED TO STATE IN BOLD, PROMINENT
15 AND COMPREHENSIBLE CHARACTERS THE PHRASE ‘CUSTOMS LAW REQUIRES
16 THE FILING OF ENTRY WITHIN THIRTY (30) DAYS FROM THE DATE OF DISCHARGE
17 OF THE LAST PACKAGE FROM THE VESSEL, OTHERWISE, THE CARGO MAY BE
18 DEEMED ABANDONED AND TO BE FORFEITED IN FAVOR OF THE GOVERNMENT
19 AND SHALL BE DISPOSED OF IN ACCORDANCE WITH THIS CODE’ IN EACH AND
20 EVERY NOTICE OF ARRIVAL TO THE OWNERS, IMPORTERS, CONSIGNEES OR
21 OTHER INTERESTED PARTIES. THE SAME SHALL SERVE TO SATISFY THE DUE
22 NOTICE REQUIREMENT REFERRED TO IN PARAGRAPH (B) HEREOF, IN WHICH
23 CASE THE OWNER, IMPORTER OR CONSIGNEE OF THE IMPORTATION SHALL
24 HAVE A PERIOD OF THIRTY (30) DAYS, WHICH SHALL NOT BE EXTENDIBLE, FROM
25 THE DATE OF DISCHARGE OF THE LAST PACKAGE FROM THE VESSEL WITHIN
26 WHICH TO FILE THE APPROPRIATE ENTRY. FAILURE ON THE PART OF THE
27 SHIPPING LINES, SHIPPING COMPANIES, FREIGHT FORWARDERS,
28 CONSOLIDATORS, BREAK BULK AGENTS AND THEIR AGENTS AND SUB-AGENTS
29 AND ARRASTRE CONTRACTORS TO COMPLY HERewith SHALL CONSTITUTE A

1 GROUND FOR THE SUSPENSION OF THEIR LICENSES OR AUTHORITY TO ENGAGE
2 IN THEIR RESPECTIVE LINE OF ACTIVITIES IN THE IMPORTATION OPERATIONS OR
3 WHEN THERE IS A WRITTEN DENIAL OF OWNERSHIP FROM THE PERSON
4 INDICATED ON THE MANIFEST OR BILL OF LADING AS THE OWNER, IMPORTER,
5 OR CONSIGNEE OF THE IMPORTED ARTICLE.

6 “Any person who abandons an article or who fails to claim his importation as provided for in
7 the preceding paragraph shall be deemed to have renounced all his interests and property rights
8 therein. (R.A. 7651, June 4, 1993)

9 **SEC. 23.** Section 1802 of the Tariff and Customs Code of the Philippines, as amended, is
10 hereby further amended to read as follows:

11 “SEC. 1802. *Abandonment of Imported Articles.* – An abandoned article shall ipso facto be
12 deemed the property of the Government. ALL ABANDONED ARTICLES SHALL BE
13 AUTOMATICALLY SUBJECT TO AUCTION AND SHALL IN NO CASE BE SUBJECT TO
14 SETTLEMENT OR COMPROMISE.

15 “AN UPDATED LISTING OF ALL ABANDONED SHIPMENTS SCHEDULED FOR
16 AUCTION SHALL BE POSTED ON THE OFFICIAL WEBSITE OF THE BUREAU OF
17 CUSTOMS AND AT THE MAIN ENTRANCE OF CUSTOMS HOUSES.

18 “Nothing in this section shall be construed as relieving the owner or importer from any
19 criminal liability which may arise from any violation of law committed in connection with the
20 importation of abandoned article.

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

26 **SEC. 24.** Section 1901 of the Tariff and Customs Code of the Philippines, as amended, is
27 hereby further amended to read as follows:

28 “SEC. 1901. *Establishment and Supervision of Warehouses.* – When the business of the port
29 requires such facilities, the Collector, subject to the approval of the Commissioner, shall

1 designate and establish INDUSTRY SPECIFIC warehouses for use as public and private bonded
2 warehouses, sheds or yards, or for other special purposes. ALL SUCH WAREHOUSES SHALL
3 BE ACCREDITED BY AN ACCREDITATION COMMITTEE WHICH SHALL BE
4 COMPOSED OF THE SECRETARY OF TRADE AND INDUSTRY, AS CHAIR THEREOF,
5 AND ONE REPRESENTATIVE EACH FROM THE INDUSTRY ASSOCIATION OR
6 INDUSTRY SECTOR AFFECTED, AND THE INDUSTRY ASSOCIATION SOUGHT TO BE
7 SERVICED BY THE CUSTOMS BONDED WAREHOUSE.

8 “All such warehouses and premises shall be subject to the supervision of the Collector, who
9 shall impose such conditions as may be deemed necessary for the protection of the revenue and
10 of the articles stored therein. THE CUSTOMS COLLECTOR SHALL CONDUCT SPOT
11 CHECKS AND PERIODIC AUDITS TO ENSURE THAT APPLICABLE CUSTOMS LAWS
12 AND REGULATIONS ARE COMPLIED WITH BY BONDED FACILITIES.”

13 **SEC. 25.** Section 1902 of the Tariff and Customs Code of the Philippines, as amended, is
14 hereby further amended to read as follows:

15 “SEC. 1902. *Responsibility of Operators.* – The operators of bonded warehouses in case of
16 loss of the imported articles stored shall be liable for the payment of duties and taxes due
17 thereon.

18 “The government assumes no legal responsibility in respect to the safekeeping of articles
19 stored in any customs warehouses, sheds, yards or premises.

20 “THE OPERATORS OF THE BONDED WAREHOUSES SHALL, FOR LEGITIMATE
21 PURPOSES, MAKE AVAILABLE AN INVENTORY OF ALL ARTICLES STORED
22 THEREIN. FAILURE TO DO SO IS A MANDATORY GROUND FOR THE REVOCATION
23 OF LICENSE TO OPERATE A BONDED WAREHOUSE.”

24 **SEC. 26.** Section 1903 of the Tariff and Customs Code of the Philippines, as amended, is
25 hereby further amended to read as follows:

26 “SEC. 1903. *Bonded Warehouses.* – Application for the establishment of bonded warehouses
27 must be made in writing and filed with the Collector, describing the premises, the location, and
28 capacity of the same, the purpose for which the building is to be used, AND THE INDUSTRY
29 TO WHICH IT BELONGS. THE APPLICATION SHALL LIKEWISE BE ACCOMPANIED

1 BY VERIFIED COPIES OF DOCUMENTS INDICATING THE OWNERSHIP AND THE
2 FINANCIAL CAPACITY OF THE BONDED WAREHOUSE.

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

14 “THE PAID-UP CAPITAL AND NET ASSETS OF THE BONDED WAREHOUSE SHALL
15 BE SET AT AN AMOUNT DETERMINED BY THE COMMISSIONER AS SUFFICIENT TO
16 COVER THE TAX AND DUTIES OF GOODS OF UNLIQUIDATED ENTRIES WHICH
17 SHALL BE STORED THEREIN AT ANY GIVEN TIME. OTHERWISE, THE APPLICATION
18 SHALL NOT BE GRANTED, AND AN AUTHORITY ALREADY GRANTED SHALL BE
19 REVOKED.

20 “THESE REQUIREMENTS SHALL LIKEWISE EXTEND TO REGISTERED LOCATORS
21 OPERATING UNDER THE CHARTERS OF THE PHILIPPINE ECONOMIC ZONE
22 AUTHORITY, THE SUBIC BAY METROPOLITAN AUTHORITY, AND OTHER
23 FREEPORTS AND ECOZONES.”

24 **SEC. 27.** Section 1904 of the Tariff and Customs Code of the Philippines, as amended, is
25 hereby amended to read as follows:

26 “SEC. 1904. *Irrevocable Domestic Letter of Credit or Bank Guarantee [or Warehousing*
27 *Bond].* – After articles declared in the entry for warehousing shall have been examined and the
28 duties, taxes and other charges shall have been determined, the Collector shall require from the
29 importer an irrevocable domestic letter of credit OR bank guarantee [or bond] equivalent to the

1 amount of such duties, taxes and other charges conditioned upon the withdrawal of articles
2 within the period prescribed by Section nineteen hundred and eight of this Code and for payment
3 of any duties, taxes and other charges to which the articles shall be then subject and upon
4 compliance with all legal requirements regarding their importation.”

5 **SEC. 28.** Section 1905 of the Tariff and Customs Code of the Philippines, as amended, is
6 hereby further amended to read as follows:

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

19 **SEC. 29.** Section 1906 of the Tariff and Customs Code of the Philippines, as amended, is
20 hereby further amended to read as follows:

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

28 **SEC. 30.** Section 1907 of the Tariff and Customs Code of the Philippines, as amended, is
29 hereby further amended to read as follows:

1 “SEC. 1907. *Withdrawal of Articles from Bonded Warehouse.* – Articles entered under
2 irrevocable domestic letter of credit OR bank guarantee [or bond] may be withdrawn at any time
3 for consumption, for transportation to another port, for exportation or for delivery on board a
4 vessel or aircraft engaged in foreign trade for use on board such vessel or aircraft as sea stores or
5 aircraft stores after liquidation of the entry: *PROVIDED*, THAT PROOF IS SHOWN THAT
6 THE ORDER TO IMPORT THE SUBJECT ARTICLES HAS BEEN CANCELLED:
7 *PROVIDED, FURTHER*, THAT THE ARTICLES TO BE WITHDRAWN DO NOT AMOUNT
8 TO MORE THAN FIFTY PERCENT (50%) OF THE TOTAL INVENTORY OF THE
9 BONDED WAREHOUSE. The withdrawal must be made ONLY BY THE IMPORTER OF
10 THE ARTICLES BEING WITHDRAWN OR BY A REPRESENTATIVE [by a person or firm
11 duly authorized by the former,] whose authority must appear in writing upon the face of the
12 withdrawal entry.

13 **SEC. 31.** Section 1908 of the Tariff and Customs Code of the Philippines, as amended, is
14 hereby further amended to read as follows:

15 “SEC. 1908. *Limit to Period of Storage in Bonded Warehouse.* – Articles duly entered for
16 warehousing may remain in bonded warehouses for a maximum period of [one year] SIX (6)
17 MONTHS, EXTENDIBLE FOR ANOTHER THREE (3) MONTHS from the time of RECEIPT
18 OF THE WAREHOUSE. Articles not withdrawn at the expiration of the prescribed period shall
19 be DEEMED ABANDONED AND SUBJECT TO DISPOSITION IN ACCORDANCE WITH
20 THE PROVISIONS OF THIS CODE. EMBROIDERY AND SHIPBUILDING INDUSTRIES
21 MAY STORE THEIR IMPORTS IN THE CUSTOMS BONDED WAREHOUSE FOR A
22 PERIOD OF TWENTY-FOUR (24) MONTHS.”

23 “A DAILY RECORD OF ALL ENTRIES LIQUIDATED SHALL BE POSTED IN A
24 CONSPICUOUS PLACE IN THE MAIN ENTRANCE OF THE CUSTOMS HOUSE,
25 STATING THE NAME OF THE VESSEL OR AIRCRAFT, THE PORT FROM WHICH SHE
26 ARRIVED, THE DATE OF HER ARRIVAL, THE NAME OF THE IMPORTER, AND THE
27 SERIAL NUMBER OF THE DATE OF ENTRY. THE COLLECTOR MUST ALSO KEEP A
28 DAILY RECORD OF ALL ADDITIONAL DUTIES, TAXES AND OTHER CHARGES
29 FOUND UPON LIQUIDATION, AND SHALL PROMPTLY SEND NOTICE TO THE

1 INTERESTED PARTIES.”

2 THE LIQUIDATION OF WAREHOUSING ENTRIES SHALL BE MADE NOT MORE
3 THAN THREE (3) MONTHS FROM THE TIME OF RECEIPT OF THE WAREHOUSE.

4 **SEC. 32.** A new section to be known as Section 1910 is hereby inserted in Part 1, Title V,
5 Book II of the Tariff and Customs Code of the Philippines, as amended, to read as follows:

6 “SEC. 1910. *ACTS DEEMED AS SMUGGLING PUNISHABLE UNDER SECTIONS 3601*
7 *AND 3602 OF THIS CODE.* – THE FOLLOWING SHALL BE DEEMED AS ACTS OF
8 SMUGGLING WHICH SHALL BE PUNISHABLE UNDER SECTIONS 3601 AND 3602 OF
9 THIS CODE:

10 “(A) BREAKING OF CUSTOMS SEALS OR UNAUTHORIZED REMOVAL OF
11 ARTICLES FROM BONDED WAREHOUSES;

12 “(B) SUBMISSION OF INCORRECT OR FALSE INFORMATION BY THE BONDED
13 WAREHOUSE;

14 “(C) WAREHOUSING OF THE FOLLOWING SHIPMENTS:

15 “1. FINISHED ARTICLES, EXCEPT IN THE TEXTILE AND GARMENTS INDUSTRIES
16 AND SEMI-CONDUCTOR AND ELECTRONICS INDUSTRIES. – FINISHED ARTICLES,
17 AS USED IN THIS SECTION, SHALL REFER TO SCIENTIFICALLY OR
18 TECHNOLOGICALLY PROCESSED ARTICLES IN FINAL STATE SUCH THAT NO
19 OTHER PRODUCT CAN BE MANUFACTURED THEREFROM UNLESS ITS PRINCIPAL
20 CHARACTER IS FIRST DESTROYED.

21 “2. ARTICLES NOT DECLARED IN THE IMPORT ENTRIES OR IN EXCESS OF THE
22 VOLUME AND QUANTITY ALLOWED UNDER THE LICENSE OF THE CUSTOMS
23 BONDED WAREHOUSE.

24 “3. PROHIBITED ARTICLES AND REGULATED ARTICLES WITHOUT THE
25 CORRESPONDING CLEARANCE AND/OR IMPORT AUTHORITY DULY ISSUED BY A
26 COMPETENT AUTHORITY.

27 “(D) UNAUTHORIZED TRANSFERS FROM THE CUSTOMS ZONE OF
28 WAREHOUSING ARTICLES IMPORTED BY THE BONDED WAREHOUSE.

1 “(E) UNAUTHORIZED WITHDRAWAL FROM A BONDED WAREHOUSE WITHOUT
2 PAYMENT OF DUTIES AND TAXES.

3 “(F) EXCEPT FOR THE GARMENTS AND THE SHIPBUILDING INDUSTRIES,
4 FAILURE TO LIQUIDATE IMPORTED ARTICLES WITHDRAWN FROM THE BONDED
5 WAREHOUSE WITHIN SIX (6) MONTHS, EXTENDIBLE FOR ANOTHER THREE (3)
6 MONTHS, FROM ISSUANCE BY THE BUREAU OF THE CERTIFICATE OF LOADING IN
7 A VESSEL DESTINED TO A FOREIGN PORT.”

8 “(G) FAILURE TO PAY DUTIES AND TAXES ON THE REMAINING (NOT
9 EXPORTED) IMPORTED MATERIALS WITHIN THIRTY (30) DAYS FROM LAPSE OF
10 THE PERIOD FOR RE-EXPORTATION.

11 “IMPORTATIONS MADE IN VIOLATION OF THE ABOVE PROVISIONS IN THIS
12 SECTION SHALL *IPSO FACTO* BE FORFEITED IN FAVOR OF THE GOVERNMENT TO
13 BE DISPOSED OF PURSUANT TO THE PROVISIONS OF THIS CODE.”

14 **SEC. 33.** A new section to be known as Section 1911 is hereby inserted in Part 1, Title V,
15 Book II of the Tariff and Customs Code of the Philippines, as amended, to read as follows:

16 “SEC. 1911. *VERIFICATION OF RECORDS KEPT IN CUSTOMS BONDED*
17 *WAREHOUSES.* – A CAREFUL ACCOUNT SHALL BE KEPT BY THE COLLECTOR OF
18 ALL ARTICLES DELIVERED TO ANY BONDED WAREHOUSE, AND A SWORN
19 MONTHLY RETURN, DULY VERIFIED BY THE CUSTOMS OFFICIAL IN CHARGE,
20 SHALL BE MADE BY THE BONDED WAREHOUSE CONTAINING A DETAILED
21 STATEMENT OF ALL IMPORTED ARTICLES STORED THEREIN.

22 “ALL DOCUMENTS, BOOKS AND RECORDS OF ACCOUNTS CONCERNING THE
23 OPERATION OF ANY BONDED WAREHOUSE SHALL, UPON DEMAND OF THE
24 SECRETARY OF FINANCE, BE MADE AVAILABLE TO THE COLLECTOR OR HIS
25 REPRESENTATIVE OR THE INDUSTRY ASSOCIATION OR INDUSTRY SECTOR
26 AFFECTED AND SOUGHT TO BE SERVICED BY THE BONDED WAREHOUSE, FOR
27 PURPOSES OF EXAMINATION AND/OR AUDIT.”

28 **SEC. 34.** Section 2001 of the Tariff and Customs Code of the Philippines, as amended, is
29 hereby further amended to read as follows:

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

14 **SEC. 35.** Section 2002 of the Tariff and Customs Code of the Philippines, as amended, is
15 hereby further amended to read as follows:

16 “SEC. 2002. *Exemption from Duty.* –

17 a. Whenever articles manufactured in any bonded manufacturing warehouse established under
18 the provisions of the preceding section shall be exported directly therefrom or shall be duly laden
19 for immediate exportation under the supervision of the proper official, such articles shall be
20 exempt from duty.

21 b. Any imported material used in the manufacture of such articles, and any package, covering,
22 brand and label used in putting up the same may, under the regulation prescribed by the
23 Commissioner, with the approval of the Secretary of Finance, be conveyed without the payment
24 of duty into any bonded manufacturing warehouse, and imported articles may, under the
25 aforesaid regulations, be transferred without the payment of duty from any bonded warehouse
26 into any bonded manufacturing warehouse, or to duly accredited sub-contractors of
27 manufacturers who shall process the same into finished products for exports and deliver such
28 finished products back to the bonded manufacturing warehouse, therefrom to be exported; but
29 this privilege shall not be held to apply to implements, machinery or apparatus to be used in the

1 construction or repair of any bonded manufacturing warehouse: *PROVIDED, HOWEVER,*
2 THAT THE IMPORTED MATERIAL TRANSFERRED OR CONVEYED INTO ANY
3 BONDED WAREHOUSE OR DIRECTLY INTO ANY MANUFACTURING BONDED
4 WAREHOUSE, PRIOR TO ITS UNLOADING, SO AS NOT TO BE SUBJECT TO THE
5 PAYMENT OF DUTY, SHALL BE SO MARKED, INDICATED AND IDENTIFIED WITH
6 THE LETTERS "CBW" PRINTED BOLDLY, LEGIBLY, INDELIBLY, AND
7 PERMANENTLY ON THE COVERING OF THE PACKAGE OR SACK OF THE
8 IMPORTED MATERIAL, SUBJECT TO THE LIMITATIONS MENTIONED IN
9 SUBPARAGRAPHS A, B, C, D AND H OF PARAGRAPH 3, SECTION 303 OF THIS
10 CODE: *Provided, [however] FURTHER,* That the materials transferred or conveyed into any
11 bonded manufacturing warehouse shall be used in the manufacture of articles for exportation
12 within a period of [nine (9) months] THIRTY (30) DAYS from date of such transfer or
13 conveyance into the bonded manufacturing warehouse, which period may for sufficient reasons
14 be further extended for not more than [three (3) months] THIRTY (30) DAYS by the
15 Commissioner. Materials not used in the manufacture of articles for exportation within the
16 prescribed period shall pay the corresponding duties REFUNDABLE UPON PROOF OF
17 LIQUIDATION OF THE IMPORTED ARTICLES AFTER EXPORTATION: *Provided,*
18 *[further] FINALLY,* That the operation of embroidery and apparel firms shall continue to be
19 governed by Republic Act Numbered Thirty-one hundred and thirty-seven."

20 **SEC. 36.** Section 2003 of the Tariff and Customs Code of the Philippines, as amended, is
21 hereby further amended to read as follows:

22 "SEC. 2003. *Procedure for Withdrawal.* – Articles received into such bonded
23 manufacturing warehouse or articles manufactured therein may be withdrawn or removed
24 therefrom for direct shipment and for immediate exportation in bond under the supervision of the
25 proper customs officer, who shall certify to such shipment and exportation, or lading for
26 immediate exportation as the case may be, describing the articles by their mark or otherwise, the
27 quantity, the date of exportation, in the name of the vessel or aircraft: *Provided,* That the waste
28 and by-products incident to the process of manufacture in said bonded warehouse may be
29 withdrawn for domestic consumption upon payment of duty equal to the duty which would be

1 assessed and collected pursuant to law if such waste or by-products were imported from a
2 foreign country: *Provided, further,* That all waste materials may be [disposed] DESTROYED
3 under government supervision. All labor performed and services rendered under these provisions
4 shall be under the supervision of a proper customs official and at the expense of the
5 manufacturer.

6 "VIOLATION OF THE FOREGOING PROVISION SHALL BE DEEMED AS
7 SMUGGLING WHICH SHALL BE PUNISHABLE UNDER SECTIONS 3601 AND 3602 OF
8 THIS CODE.

9 "THE ARTICLES SUBJECT OF THE VIOLATION SHALL *IPSO FACTO* BE
10 FORFEITED IN FAVOR OF THE GOVERNMENT TO BE DISPOSED OF PURSUANT TO
11 THE PROVISIONS OF THIS CODE."

12 **SEC. 37.** Section 2005 of the Tariff and Customs Code of the Philippines, as amended, is
13 hereby further amended to read as follows:

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

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

17 **SEC. 38.** A new section to be known as Section 2007 is hereby inserted in the Tariff and
18 Customs Code of the Philippines, as amended, to read as follows:

19 “SEC. 2007. *BUREAU OF CUSTOMS AND BUREAU OF INTERNAL REVENUE DIRECT*
20 *RECORD LINKAGE.* - TO ASSURE THE PROPER COORDINATION OF THEIR
21 RESPECTIVE AUDIT AS WELL AS IN THE INVESTIGATION AND PROSECUTION OF
22 TAX AND DUTY RELATED CASES; A REAL-TIME LINKAGE VIA COMPUTER OF THE
23 RECORDS OF BOTH THE BUREAU OF CUSTOMS AND THE BUREAU OF INTERNAL
24 REVENUE SHALL BE IMMEDIATELY MADE.

25 **SEC. 39.** Section 2317 of the Tariff and Customs Code of the Philippines, as amended, is
26 hereby further amended to read as follows:

27 “SEC. 2317. *Government’s Right of Compulsory Acquisition.* – In order to protect the
28 government revenues against the undervaluation of goods subject to *ad valorem* duty, the
29 Commissioner of Customs may acquire imported goods under question for a price equal to their

1 declared customs value plus any duties already paid on the goods, payment for which shall be
2 made within ten (10) working days from issuance of a warrant signed by the Commissioner of
3 Customs for the acquisition of such goods.

4 “ANY INDUSTRY ASSOCIATION OR INDUSTRY SECTOR MAY LIKEWISE POST A
5 LETTER OF CREDIT, SURETY BOND OR SOME OTHER APPROPRIATE INSTRUMENT
6 IN FAVOR OF THE BUREAU OF CUSTOMS IN THE AMOUNT EQUAL TO TWO
7 HUNDRED PERCENT (200%) OF THE DECLARED CUSTOMS VALUE OF THE GOODS
8 UNDER QUESTION, PLUS ANY DUTIES, TAXES, FEES OR OTHER CHARGES WHICH
9 HAVE ALREADY BEEN PAID THEREON, IN WHICH CASE THE COMMISSIONER OF
10 CUSTOMS SHALL ACQUIRE SUCH IMPORTED GOODS, PAYMENT FOR WHICH
11 SHALL BE MADE WITHIN TEN (10) WORKING DAYS FROM THE ISSUANCE OF A
12 WARRANT SIGNED BY THE COMMISSIONER OF CUSTOMS FOR THE ACQUISITION
13 OF SUCH GOODS: *PROVIDED*, THAT THE PROVISIONS OF SECTION 201 OF THIS
14 CODE SHALL APPLY IN THE CASE OF SURETY BONDS AND SURETY COMPANIES.

15 “An importer who is dissatisfied with a decision of the Commissioner of Customs pertaining
16 to this section may, within twenty (20) working days after the date on which notice of the
17 decision is given, appeal to the Secretary of Finance and thereafter if still dissatisfied, to the
18 Court of Tax Appeals as provided for in Section 2402 of the Tariff and Customs Code of the
19 Philippines, as amended.

20 “Where no appeal is made by the importer, or upon reaffirmation of the Commissioner’s
21 decision during the appeals process, the Bureau of Customs or its agent shall sell the acquired
22 goods pursuant to existing laws and regulations. IN CASES WHERE COMPULSORY
23 ACQUISITION WAS INITIATED BY THE INDUSTRY ASSOCIATION OR INDUSTRY
24 SECTOR, THE COMMISSIONER SHALL CLAIM ON THE LETTER OF CREDIT, SURETY
25 BOND OR WHATEVER INSTRUMENT POSTED OR USED FOR THE PURPOSE AND
26 THEREUPON RELEASE THE ACQUIRED ARTICLES TO THE INDUSTRY
27 ASSOCIATION OR INDUSTRY SECTOR WHICH POSTED THE INSTRUMENT.

28 “Nothing in this Section limits or affects any other powers of the Bureau of Customs with
29 respect to the disposition of the goods or any liability of the importer or any other person with

1 respect to an offense committed in the importation of the goods.

2 **SEC. 40.** Section 2401 of the Tariff and Customs Code of the Philippines, as amended, is
3 hereby further amended to read as follows:

4 “SEC. 2401. *Supervision and Control Over Criminal and Civil Proceedings.* – Civil and
5 criminal actions and proceedings instituted in behalf of the government under the authority of
6 this Code or other law enforced by the Bureau shall be brought in the name of the government
7 [of the Philippines] and shall be [conducted] INVESTIGATED, PROSECUTED AND
8 HANDLED EXCLUSIVELY by [customs officers] LAWYERS OF THE BUREAU OF
9 CUSTOMS, [but] AND no civil or criminal action for the recovery of duties or the enforcement
10 of any fine, penalty or forfeiture under this Code shall be filed in court without the approval of
11 the Commissioner. FOR THIS PURPOSE, THE BUREAU OF CUSTOMS SHALL BE
12 PRIMARILY AND EXCLUSIVELY RESPONSIBLE FOR THE CONDUCT OF
13 PRELIMINARY INVESTIGATION AND PROSECUTION OF CUSTOMS-RELATED
14 CASES, AS WELL AS THE PROSECUTION AND DEFENSE OF CUSTOMS-RELATED
15 CIVIL CASES, TO THE EXCLUSION OF ALL OTHER GOVERNMENT AGENCIES
16 INVOLVED THEREIN. THE BUREAU OF CUSTOMS SHALL HAVE EXCLUSIVE
17 AUTHORITY TO FILE ANY CRIMINAL OR CIVIL CASE DIRECTLY WITH THE
18 PROPER COURT FOR PROSECUTION OF VIOLATORS OF THE TARIFF AND
19 CUSTOMS CODE, AND THE COLLECTION, RECOVERY OR ENFORCEMENT OF ANY
20 FINE, PENALTY OR FORFEITURE UNDER THE CODE.”

21 **SEC. 41.** Section 2503 of the Tariff and Customs Code of the Philippines, as amended, is
22 hereby further amended to read as follows:

23 “SEC. 2503. *Undervaluation, Misclassification and Misdeclaration in Entry.* – When the
24 dutiable value of the imported articles shall be so declared and entered that the duties, based on
25 the declaration of the importer on the face of the entry would be less by ten percent (10%) than
26 should be legally collected, or when the imported articles shall be so described and entered that
27 the duties based on the importer’s description on the face of the entry would be less by ten
28 percent (10%) than should be legally collected based on the tariff classification, or when the
29 dutiable 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 quantity, a
2 surcharge shall be collected from the importer in an amount of not less than the difference
3 between the full duty and the estimated duty based upon the declaration of the importer, nor
4 more than twice of such difference: *Provided*, That an undervaluation, MISCLASSIFICATION,
5 misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between
6 the value, weight, measurement or quantity declared in the entry, and the actual value, weight,
7 quantity, or measurement shall constitute a *prima facie* evidence of fraud penalized under
8 Section 2530 AND SECTION 3602 of this Code: *Provided, further*, That any
9 UNDERVALUED, misdeclared, MISCLASSIFIED or undeclared imported articles/items found
10 upon examination shall *ipso facto* be forfeited in favor of the Government to be disposed of
11 pursuant to the provisions of this Code: *PROVIDED, FURTHERMORE*, THAT THE LICENSE,
12 PERMIT AND THE BUSINESS NAME OF THE SUBJECT IMPORTER MAY BE
13 REVOKED AFTER DUE PROCESS.

14 “When the undervaluation, misdescription, misclassification or misdeclaration in the import
15 entry is intentional, the importer shall be subject to penal provisions under Section 3602 of this
16 Code.”

17 **SEC. 42.** A new section to be known as Section 2503-A is hereby inserted in Part 4, Title
18 VI, Book II of the Tariff and Customs Code of the Philippines, as amended, to read as follows:

19 “SEC. 2503-A. *NON-IMPOSITION OF SURCHARGE*. – EXEMPTION FROM THE
20 SURCHARGE SHALL BE ALLOWED ONLY IN CASES WHEN THE DECLARED OR
21 ENTERED CLASSIFICATION IS BASED ON RULINGS BY THE TARIFF COMMISSION
22 PURSUANT TO SUBSECTION (A) OF SECTION 1313 OF THIS CODE: *PROVIDED*,
23 THAT THE DESCRIPTION OF THE ARTICLE IS FOUND CORRECT UPON
24 EXAMINATION: *PROVIDED, FINALLY*, THAT BASED ON THE RESULT OF THE
25 EXAMINATION, THE ARTICLE IS FOUND ESSENTIALLY THE SAME AS THAT
26 DESCRIBED IN THE RULING.”

27 “**SEC. 43.** Section 2601 of the Tariff and Customs Code of the Philippines, as amended, is
28 hereby further amended to read as follows:

1 “SEC. 2601. *Property Subject to [Sale] DISPOSITION.* – Property in customs custody shall
2 be subject to [sale] **DISPOSITION** under the conditions hereinafter provided:

3 “a. Abandoned articles;

4 “b. Articles entered under warehousing entry not withdrawn nor the duties and taxes paid
5 thereon within the period prescribed under Sections 1908 of this Code;

6 “c. Seized property, other than contraband, after liability to sale shall have been established by
7 proper administrative [or judicial] proceedings in conformity with the provision of this Code;
8 and

9 “d. Any article subject to a valid lien for customs duties, taxes or other charges collectible by
10 the Bureau of Customs, after the expiration of the period allowed for the satisfaction of the
11 same.”

12 **SEC. 44.** Section 2602 of the Tariff and Customs Code of the Philippines, as amended, is
13 hereby further amended to read as follows:

14 “SEC. 2602. *[Place of Sale or Other Disposition of Property] MODES OF DISPOSITION*
15 *OF PROPERTY UNDER CUSTOMS CUSTODY.* – Property within the purview of this part of
16 this Code shall be [sold, or otherwise disposed of, upon the order of the Collector of the port
17 where the property is found, unless the Commissioner shall direct its conveyance for such
18 purpose to some other port.] **DISPOSED OF THROUGH THE FOLLOWING MODES OF**
19 **DISPOSITION:**

20 “(A) WHEN SUBJECT PROPERTY HAS EXPORT POTENTIAL, THE SAME SHALL BE
21 EXPORTED THROUGH A GOVERNMENT ENTITY WHICH SHALL BE DESIGNATED
22 TO PERFORM SAID TASK;

23 “(B) WHEN THE PROPERTY IS NOT EXPORTED, AND UPON RECOMMENDATION
24 OF THE COMMISSIONER OF CUSTOMS, THE SECRETARY OF FINANCE MAY
25 AUTHORIZE THE OFFICIAL USE OF THE ARTICLES TO PROMOTE THE INTENSIVE
26 COLLECTION OF TAXES AND/OR TO HELP PREVENT OR SUPPRESS SMUGGLING
27 AND OTHER FRAUDS UPON THE CUSTOMS;

28 “(C) WHEN THE ARTICLE IS NOT SUITABLE FOR EXPORTATION OR FOR USE
29 AGAINST SMUGGLING OR OTHER FRAUDS UPON CUSTOMS, THEN IT MAY BE

1 CHANNLED TO THE OFFICIAL USE OF OTHER OFFICES OF THE NATIONAL
2 GOVERNMENT; AND

3 “(D) IF THE ARTICLE IS SUITABLE FOR SHELTER OR CONSISTS OF FOODSTUFFS
4 OR CLOTHING MATERIALS, THEN THAT ARTICLE MAY BE GIVEN TO THE
5 APPROPRIATE GOVERNMENT AGENCY: *PROVIDED*, THAT THIS AGENCY USES
6 THIS ONLY FOR OFFICIAL PURPOSE , OR FOR CHARITY.

7 “THE COST OF EXPORTATION OF SUBJECT PROPERTY UNDER THIS SECTION,
8 INCLUDING ALL ATTENDANT COSTS THERETO, SHALL BE SHOULDERED BY THE
9 IMPORTER/CONSIGNEE WHO UNLAWFULLY BROUGHT IN THE IMPORTED
10 ARTICLE, AND/OR THE BROKER THEREOF, AS THE CASE MAY BE; WHEN BOTH
11 THE IMPORTER/CONSIGNEE WHO UNLAWFULLY BROUGHT IN THE IMPORTED
12 ARTICLE AND THE BROKER CAN NOT BE LOCATED THEN THE GOVERNMENT
13 ENTITY WHICH IS DESIGNATED TO EXPORT SUBJECT PROPERTY SHALL
14 SHOULDER THE COST OF EXPORTATION: *PROVIDED*, THAT ARTICLES TO BE
15 EXPORTED UNDER THIS SECTION SHALL BE TRANSFERRED BY THE BUREAU OF
16 CUSTOMS TO THE GOVERNMENT ENTITY THAT IS MANDATED TO EXPORT THE
17 ARTICLES WITHIN FIFTEEN (15) DAYS FROM THE TIME THE FORFEITURE HAS
18 BECOME FINAL AND EXECUTORY: *PROVIDED, FURTHER*, THAT ARTICLES THAT
19 ARE CHANNLED OR AUTHORIZED FOR OFFICIAL USE OR FOR CHARITABLE
20 PURPOSES BY GOVERNMENT ENTITIES SHALL NOT BE SOLD NOR EXCHANGED IN
21 ANY MANNER WHATSOEVER FOR OTHER ARTICLES: *PROVIDED, FURTHERMORE*,
22 THAT THE COST OF HANDLING, STORAGE, TRANSPORTATION AND OTHER
23 CHARGES INCIDENTAL TO THE UPKEEP AND TRANSPORTATION OF SUBJECT
24 ARTICLE SHALL BE BORNE BY THE RECIPIENT GOVERNMENT AGENCY:
25 *PROVIDED, FINALLY*, THAT IF SUBJECT ARTICLE CANNOT BE EXPORTED
26 THROUGH THE GOVERNMENT ENTITY DESIGNATED FOR THE PURPOSE OR IS NOT
27 SUITABLE EITHER FOR OFFICIAL USE OR CHARITY, THE SAME SHALL BE BURNED
28 OR DESTROYED IN SUCH MANNER AS THE CASE MAY REQUIRE AS TO RENDER
29 THEM ABSOLUTELY WORTHLESS, IN THE PRESENCE OF A REPRESENTATIVE

1 EACH FROM THE COMMISSION ON AUDIT, THE DEPARTMENT OF JUSTICE, THE
2 BUREAU OF CUSTOMS, AND FROM THE PRIVATE SECTOR.”

3 **SEC. 45.** Section 2603 of the Tariff and Customs Code of the Philippines, as amended, is
4 hereby further amended to read as follows:

5 “SEC. 2603. *[Mode of Sale] DISPOSITION OF PROCEEDS IN CASE OF*
6 *EXPORTATION.* – [In the absence of any special provision, subject to the provisions of Section
7 2601 above provided, property subject to sale by the customs authorities shall be sold at public
8 auction within thirty (30) days after ten (10) days notice of such sale shall have been
9 conspicuously posted at the port and such other advertisement as may appear to the Collector to
10 be advisable in the particular case.] THE FOLLOWING CHARGES SHALL BE PAID FROM
11 THE PROCEEDS OF THE EXPORTATION OF ARTICLES WITHIN THE PURVIEW OF
12 THIS PART OF THIS CODE:

13 “(A) EXPORTATION EXPENSES INCURRED BY THE GOVERNMENT ENTITY
14 DESIGNATED FOR THE PURPOSE;

15 “(B) TAXES AND OTHER CHARGES, AS THE CASE MAY BE, DUE THE
16 GOVERNMENT;

17 “(C) STORAGE CHARGES;

18 “(D) ARRASTRE CHARGES; AND

19 “(E) FREIGHT, LIGHTERAGE AND OTHER EXPENSES INCIDENTAL TO THE
20 EXPORTATION.”

21 **SEC. 46.** Section 2604 of the Tariff and Customs Code of the Philippines, as amended, is
22 hereby further amended to read as follows:

23 “SEC. 2604. *[Disqualification to Participate in Auction Sale] DISPOSITION OF*
24 *SURPLUS FROM THE PROCEEDS OF EXPORTATION OF PROPERTY WITHIN THE*
25 *PURVIEW OF THIS PART OF THIS CODE.* – [No customs official or employee shall be
26 allowed to bid directly or indirectly, in any customs auction.] ANY SURPLUS REMAINING
27 AFTER THE SATISFACTION OF ALL LAWFUL CHARGES AS PROVIDED FOR IN
28 SECTION 2603 OF THIS CODE SHALL BE DEPOSITED IN A SPECIAL TRUST FUND
29 WHICH SHALL BE USED SOLELY FOR THE PURPOSE OF FINANCING THE

1 COMPULSORY ACQUISITION OF IMPORTED GOODS BY THE GOVERNMENT AS
2 PROVIDED FOR IN SECTION 2317 OF THIS CODE.”

3 **SEC. 47.** Section 2607 of the Tariff and Customs Code of the Philippines, as amended, is
4 hereby further amended to read as follows:

5 “SEC. 2607. *Disposition of Articles Liable to Deterioration.* – Perishable articles shall be
6 deposited in any appropriate bonded warehouse; and, if not immediately entered for export or for
7 transportation from the vessel or aircraft in which imported or entered for consumption and the
8 duties and the taxes paid thereon, such articles SHALL [may] be sold at auction [,after such
9 public notice, not exceeding three days,] as the necessities of the case permit.

10 “When seizure shall be made of property which, in the opinion of the Collector, is liable to
11 perish or be wasted or to depreciate greatly in value by keeping, or which cannot be kept without
12 great disproportionate expense, whether such property consists of live animals or of any article,
13 the appraiser shall so certify his appraisal, the Collector SHALL [may] proceed to advertise and
14 sell the same at auction, upon notice as he shall deem to be reasonable.

15 “The same disposition SHALL [may] be made of any warehoused article when in the opinion
16 of the Collector it is likely that the cost of depreciation, damage, leakage or other causes, may so
17 reduce its value as to be insufficient to pay the duties, taxes and other charges thereon, if it
18 should be permitted to be so kept and be subjected to sale in the usual course.

19 “*PROVIDED, THAT IN ALL CASES INVOLVING ARTICLES LIABLE TO*
20 *DETERIORATION, THE DETERMINATION THEREON SHALL BE EXCLUSIVE TO THE*
21 *COLLECTOR AND SHALL BE FINAL ON THE MATTER: PROVIDED, FURTHER, THAT*
22 *THE AUCTION SALE SHALL BE HELD NOT LATER THAN TWO (2) DAYS AFTER THE*
23 *PUBLIC NOTICE SET BY THE COLLECTOR.*”

24 **SEC. 48.** Section 2610 of the Tariff and Customs Code of the Philippines, as amended, is
25 hereby further amended to read as follows:

26 “SEC. 2610. *Disposition of Unsold Articles of Want of Bidders.* – Articles subject to sale at
27 public auction by customs authorities shall be sold at a price not less than the wholesale value
28 price in the domestic market of these or similar articles in the usual wholesale quantities and in

1 the ordinary course of trade as determined in accordance with section twenty-three hundred and
2 five of this code.

3 “When any article remains unsold in at least two public biddings for want of bidders or for
4 lack of an acceptable bid, and the article is perishable and/or suitable for official use, then the
5 Collector shall report the matter immediately to the Commissioner of Customs who SHALL
6 [may, subject to the approval of the Secretary of Finance,] authorize the official use of that
7 article by the Bureau of Customs to promote the intensive collection of taxes and/or to help
8 prevent or suppress smuggling and other frauds upon the Customs, and if the article is not
9 suitable for such use, then it may be channeled to the official use of other offices of the National
10 Government AS THE COMMISSIONER OF CUSTOMS MAY DETERMINE. If the article is
11 suitable for shelter or consists of foodstuffs, clothing materials or medicines then that article
12 shall be given to government charitable institutions through the Department of Social
13 WELFARE [Services] and Development. AGRICULTURAL PRODUCTS SHALL BE GIVEN
14 TO THE DEPARTMENT OF AGRICULTURE FOR PROPER DISPOSITION.

15 “If the article offered for sale is not suitable either for official use or charity, then the same
16 may be re-exported as government property, through the Department of Trade AND INDUSTRY
17 or any other government entity through barter or sale. If the article cannot be disposed of as
18 provided above, the Collector shall report the matter immediately to the Commissioner who
19 SHALL [may, subject to the approval of the Secretary of Finance] dispose of the article to the
20 best advantage of the government in a negotiated private sale which shall be consummated in the
21 presence of a representative of the Commission of Audit., in the manner provide for by this
22 Code.”

23 **SEC. 49.** Section 2612 of the Tariff and Customs Code of the Philippines, as amended, is
24 hereby further amended to read as follows:

25 “SEC. 2612. *Disposition of Smuggled Articles.* —

26 “Smuggled articles, after liability to seizure or forfeiture shall have been established by proper
27 administrative [or judicial] proceedings in conformity with the provisions of this Code, shall be
28 disposed of as provided for in section twenty-six hundred and ten: *PROVIDED, THAT*
29 SENSITIVE ARTICLES SO CONSIDERED BY THE PHILIPPINES UNDER LAWS,

1 REGULATIONS OR EXISTING INTERNATIONAL AGREEMENTS SHALL BE DISPOSED
2 ACCORDING TO THE RECOMMENDATIONS, RULES OR ORDERS SET BY THE
3 APPROPRIATE REGULATORY AGENCY: *Provided, FURTHER,* That articles whose
4 importations is prohibited under Section One hundred two sub-paragraphs b, c, d, e and j shall
5 upon order to the Collector in writing, be burned or destroyed, in such manner as the case may
6 require as to render then absolutely worthless, in the presence of a representative each from the
7 Commission on Audit, Ministry of Justice, Bureau of Customs, and if possible, any
8 representative of the private sector.

9 **SEC. 50.** Section 3513, Book II, Title VII, Part II of P.D. 1464, otherwise known as the
10 Tariff and Customs Code of the Philippines, is hereby amended to read as follows:

11 “SEC. 3513. *Reward to Persons Instrumental in the Discovery and Seizure of or Recovery of*
12 *Revenue on Smuggled Goods and Successful Prosecution of Offenders.* – The provisions of
13 general and special laws to the contrary notwithstanding, a cash reward equivalent to twenty per
14 centum (20%) of the [fair market value of] REVENUE RECOVERED FROM the [smuggled
15 and] SEIZED OR confiscated goods shall be given to the officers and men and informers who
16 are instrumental in the discovery and seizure of such goods [in accordance with the rules and
17 regulations to be issued by the Secretary of Finance.]: *PROVIDED,* THAT IN CASE OF
18 SUCCESSFUL PROSECUTION OF SMUGGLERS OR SEIZURE AND FORFEITURE
19 CASES, THE AMOUNT EQUIVALENT TO TEN PER CENTUM (10%) THEREOF SHALL
20 BE GIVEN TO BUREAU OF CUSTOMS LAWYER/S WHO ACTIVELY PROSECUTED
21 THE CASE THAT RESULTED IN THE RECOVERY OF REVENUE, SURCHARGES, AND
22 FEES, OR IMPOSITION OF FINE OR PENALTY OR OFFER OF COMPROMISE BY THE
23 OFFENDER, OR CONVICTION OF THE OFFENDER: *PROVIDED, FURTHER,* THAT IN
24 CASE OF CONVICTION, WHERE THE PENALTY IS INCAPABLE OF PECUNIARY
25 ESTIMATION, THE AMOUNT OF REWARD SHALL BE EQUIVALENT TO TWENTY
26 PER CENTUM (20%) OF THE CIVIL LIABILITY INCLUDING FINES, PENALTIES AND
27 SURCHARGES IMPOSED BY THE COURT: *PROVIDED, FINALLY,* THAT WHERE NO
28 CIVIL LIABILITY IS AWARDED BY THE COURT, THE SUM OF P250,000.00 OR

1 P500,000.00 SHALL BE GRANTED WHERE THE CASE IS RESOLVED WITH FINALITY
2 IN THE TRIAL COURT OR THE APPELLATE COURTS, RESPECTIVELY.

3 **SEC. 51.** Section 3519 of the Tariff and Customs Code of the Philippines, as amended, is
4 hereby further amended to read as follows:

5 "SEC. 3519. *Words and Phrases Defined.* – As used in this Code:

6 "Foreign Port" means a port or place outside the jurisdiction of the Philippines.

7 "FOREIGN TRANSSHIPMENT" SHALL REFER TO THE TRANSPORT OF GOODS
8 FROM A FOREIGN COUNTRY INTO THE PHILIPPINES FOR SHIPMENT TO A
9 FOREIGN DESTINATION WITHOUT INTRODUCING THE SAME INTO THE PHILIPPINE
10 CUSTOMS TERRITORY.

11 "Port of Entry" is a domestic port open to both foreign and coastwise trade. The term
12 includes principal ports of entry and subports of entry. A "principal port of entry" is the chief
13 port of entry of the collection district wherein it is situated and is the permanent station of the
14 Collector of such port. Subports of entry are under the administrative jurisdiction of the
15 Collector of the principal port of entry of the district. Whenever the term "Port of Entry" is used
16 herein, it shall include "airport of entry".

17 "Coastwise ports" are such domestic ports as are open to coastwise trade only. These include
18 all ports, harbors and places not ports of entry.

19 "Vessels" includes every sort of boat, craft or other artificial contrivance used, or capable of
20 being used, as a means of transportation on water.

21 "Aircraft" includes any weight-carrying devise or structure for the navigation of the air.

22 "Bill of Lading" includes airway bill of lading.

23 "Articles", when used with reference to importation or exportation, includes goods
24 merchandise and in general anything that may be made the subject of importation or exportation.

25 "Transit cargo" is article arriving at any port from another port or place noted in the carrier's
26 manifest and destined for transshipment to another local port or to a foreign port.

27 "Seized property" means any property seized or held for the satisfaction of any administrative
28 fine or for the enforcement of any forfeiture under the Tariff and Customs Code.

1 "Tariff and customs laws" includes not only the provisions of this Code and regulations
2 pursuant thereto but all other laws and regulations which are subject to enforcement by the
3 Bureau of Customs or otherwise within its jurisdiction.

4 "Taxes" includes all taxes, fees and charges imposed by the Bureau of Customs and the
5 Bureau of Internal Revenue.

6 "Secretary" or "Department head" refers, unless otherwise specified, to the Secretary of
7 Finance.

8 "Commission" refers to the Tariff Commission.

9 "Person" whether singular or plural refers to an individual, corporation, partnership,
10 association, company or any other kind of organization.

11 "Dutiable value" refers to the value defined in section two hundred one.

12 "Bulk cargo" refers to products in a mass of one commodity not packaged, bundled, bottled or
13 otherwise packed.

14 "Smuggling" is an act of any person who shall fraudulently import or bring into the
15 Philippines, or assist in so doing, any article, contrary to law or shall receive, conceal, buy, sell
16 or in any manner facilitate the transportation, concealment, or sale of such article after
17 importation, knowing the same to have been imported contrary to law. It includes the exportation
18 of articles in a manner contrary to law. Articles subject to this paragraph shall be known as
19 smuggled articles: *PROVIDED, THAT THE ACT OF RECEIVING ARTICLES THAT ARE*
20 *SUPPOSED TO BE EXPORTED BUT ARE SUBSEQUENTLY RETURNED AND*
21 *REJECTED BY THE IMPORTING COUNTRY SHALL NOT BE CONSIDERED*
22 *SMUGGLING."*

23 "TECHNICAL SMUGGLING" IS AN ACT OF ANY PERSON WHO MAKES OR
24 ATTEMPTS TO MAKE ENTRY OF IMPORTED OR EXPORTED ARTICLE BY MEANS OF
25 ANY FALSE OR FRAUDULENT INVOICE, DECLARATION, AFFIDAVIT, LETTER,
26 PAPER OR BY ANY MEANS OF ANY FALSE STATEMENT, WRITTEN OR VERBAL, OR
27 BY ANY MEANS OF ANY FALSE OR FRAUDULENT PRACTICE WHATSOEVER, OR
28 EFFECTS ANY ENTRY OF GOODS, WARES OR MERCHANDISE, AT LESS THAN THE
29 TRUE WEIGHT OR MEASURES THEREOF OR UPON A FALSE CLASSIFICATION AS

1 TO QUALITY OR VALUE, OR BY THE PAYMENT OF LESS THAN THE AMOUNT
2 LEGALLY DUE, OR FILES ANY FALSE OR FRAUDULENT ENTRY OR CLAIM FOR
3 THE PAYMENT OF DRAWBACK OR REFUND OF DUTIES UPON THE EXPORTATION
4 OF MERCHANDISE, OR MAKES OR FILES ANY AFFIDAVIT, ABSTRACT, RECORD,
5 CERTIFICATE OR OTHER DOCUMENT, WITH A VIEW TO SECURING THE PAYMENT
6 TO HIMSELF OR OTHERS OF ANY DRAWBACK, ALLOWANCE, OR REFUND OF
7 DUTIES ON THE EXPORTATION OF MERCHANDISE, GREATER THAN THAT
8 LEGALLY DUE THEREON, OR WHO SHALL BE GUILTY OF ANY ACT OF OMISSION
9 SHALL, FOR EACH OFFENSE , BE PUNISHABLE UNDER THIS CODE.”.

10 “Contrabands” are articles of prohibited importation or exportation.

11 “Duly Registered” as used in this Act, refers to a person, natural or juridical, which is
12 registered with the proper government agencies, such as the DEPARTMENT OF TRADE AND
13 INDUSTRY [Bureau of Commerce], Securities and Exchange Commission, [NACIDA], Board
14 of Investments, DEPARTMENT OF ENERGY[Export Incentives Board or Oil Commission] as
15 now or may hereafter be required by law. *(RA 9135, April 27, 2001)*

16 **SEC. 52.** Section 3601 of the Tariff and Customs Code of the Philippines, as amended, is
17 hereby further amended to read as follows:

18 “SEC. 3601. *[Unlawful Importation]* SMUGGLING. – (1) Any person who shall
19 fraudulently import or bring into the Philippines, or assist in so doing, any article, contrary to
20 law, SHALL BE GUILTY OF SMUGGLING AND SHALL BE PUNISHABLE AS HEREIN
21 PROVIDED, (2) ANY PERSON [or] WHO shall receive, conceal, buy, sell, or in any manner
22 facilitate the transportation, concealment, or sale of such article after importation, knowing the
23 same to have been imported contrary to law, shall be DEEMED guilty of smuggling and shall
24 LIKEWISE be [punished with] PUNISHABLE AS HEREIN PROVIDED, (3) ANY
25 IMPORTATION OF ARTICLES THAT DO NOT PASS THROUGH THE PORTS OF ENTRY
26 SHALL BE CONSIDERED AS UNLAWFUL IMPORTATION PUNISHABLE UNDER
27 SECTION 3601 OF THIS CODE, AND (4) ANY IMPORTATION WHICH IS NOT
28 COVERED BY A LETTER OF CREDIT AND/OR PERMIT FROM THE BANGKO
29 SENTRAL NG PILIPINAS TO IMPORT SAID PRODUCT, SHALL BE CONSIDERED AS

1 ILLEGALLY IMPORTED AND SHALL BE DISPOSED OF IN THE MANNER AS
2 PROVIDED FOR IN SECTION 2602 OF THIS CODE.

3 1. A fine [of not less than] IN AN AMOUNT EQUAL TO THE APPRAISED VALUE
4 PLUS fifty [pesos nor more than two hundred pesos] PERCENT (50%) THEREOF and
5 imprisonment of not less than [five] SIX MONTHS AND ONE day[s] nor more than [four
6 years] TWENTY DAYS, if the appraised value, to be determined in the manner prescribed
7 under this Code, including duties and taxes, of the article unlawfully imported EXCEEDS FIVE
8 THOUSAND PESOS (P5,000.00) BUT does not exceed [twenty-five] FIFTY THOUSAND
9 pesos (P50,000.00);

10 2. A fine [of not less than eight hundred pesos nor more than five thousand pesos] IN AN
11 AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY PERCENT (50%)
12 THEREOF and imprisonment of not less than [six months] FOUR YEARS and one day nor
13 more than [four] EIGHT years, if the appraised value, to be determined in the manner prescribed
14 under this Code, including duties and taxes, of the article unlawfully imported [exceeds twenty-
15 five] IS MORE THAN FIFTY THOUSAND pesos (P50,000.00) but does not exceed ONE
16 HUNDRED fifty thousand pesos (P150,000.00);

17 3. A fine [of not less than six thousand pesos nor more than eight thousand pesos] IN AN
18 AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY PERCENT (50%)
19 THEREOF and imprisonment of not less than [five] EIGHT years and one day nor more than
20 [eight] TWELVE years, if the appraised value, to be determined in the manner prescribed under
21 this Code, including duties and taxes, of the article unlawfully imported [is more than]
22 EXCEEDS ONE HUNDRED fifty thousand pesos (P150,000.00) but does not exceed [one]
23 TWO hundred fifty thousand pesos (P250,000.00);

24 4. A fine [of not less than eight thousand pesos nor more than ten thousand pesos] IN AN
25 AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY PERCENT (50%)
26 THEREOF and imprisonment of not less than [eight] TWELVE years and one day nor more than
27 [twelve] FIFTEEN years, if the appraised value, to be determined in the manner prescribed under
28 this Code, including duties and taxes, of the article unlawfully imported exceeds [one] TWO

1 hundred fifty thousand pesos (P250,000.00) BUT DOES NOT EXCEED FIVE HUNDRED
2 THOUSAND PESOS (P500,000.00);

3 5. A FINE IN AN AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY
4 PERCENT (50%) THEREOF AND IMPRISONMENT OF NOT LESS THAN FIFTEEN
5 YEARS AND ONE DAY NOR MORE THAN TWENTY YEARS, IF THE APPRAISED
6 VALUE, TO BE DETERMINED IN THE MANNER PRESCRIBED UNDER THIS CODE,
7 INCLUDING DUTIES AND TAXES, OF THE ARTICLE UNLAWFULLY IMPORTED
8 EXCEEDS FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT DOES NOT EXCEED
9 ONE MILLION PESOS (P1,000,000.00);

10 6. A FINE IN AN AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY
11 PERCENT (50%) THEREOF AND LIFE IMPRISONMENT, IF THE APPRAISED VALUE,
12 TO BE DETERMINED IN THE MANNER PRESCRIBED UNDER THIS CODE,
13 INCLUDING DUTIES AND TAXES, OF THE ARTICLE UNLAWFULLY IMPORTED
14 EXCEEDS ONE MILLION PESOS (P1,000,000.00);

15 7. The penalty of prison [may or] TO *RECLUSION TEMPORAL* shall be imposed when the
16 crime of serious physical injuries shall have been committed and the penalty of *reclusion*
17 *perpetua* to death shall be imposed when the crime of homicide shall have been committed by
18 reason or on the occasion of the unlawful importation.

19 "In applying the above scale of penalties, if the offender is an alien and the prescribed penalty
20 is not death, he shall be deported after serving the sentence without further proceedings for
21 deportation. If the offender is a government official or employee, the penalty shall be a
22 maximum as hereinabove prescribed and the offender shall suffer an additional penalty of
23 perpetual disqualification from public office, to vote and to participate in any public election. HE
24 SHALL ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS SERVICE IN
25 THE GOVERNMENT, INCLUDING THE FORFEITURE OF HIS SEPARATION AND
26 RETIREMENT BENEFITS.

27 "When, upon trial for violation of this section, the defendant is shown to have had possession
28 of the article in question, possession shall be deemed sufficient evidence to authorize conviction
29 unless the defendant shall explain the possession to the satisfaction of the court: *Provided,*

1 *however*, That payment of the tax due after apprehension shall not constitute a valid defense in
2 any prosecution under this section.”

3 **SEC. 53.** Section 3602 of the Tariff and Customs Code of the Philippines, as amended, is
4 hereby further amended to read as follows:

5 “SEC. 3602. *Various Fraudulent Practices Against Customs Revenue.* – Any person
6 who makes or attempts to make entry of imported or exported article by means of any false or
7 fraudulent invoice, declaration, affidavit, letter, paper or by any means of any false statement,
8 written or verbal, or by any means of any false or fraudulent practice whatsoever, or [knowingly]
9 effects any entry of goods, wares or merchandise, at less than the true weight or measures thereof
10 or upon a false classification as to quality or value, or by the payment of less than the amount
11 legally due, or [knowingly and willfully] files any false or fraudulent entry or claim for the
12 payment of drawback or refund of duties upon the exportation of merchandise, or makes or files
13 any affidavit, abstract, record, certificate or other document, with a view to securing the payment
14 to himself or others of any drawback, allowance, or refund of duties on the exportation of
15 merchandise, greater than that legally due thereon, or who shall be guilty of any [willful] act of
16 omission shall, for each offense, BE GUILTY OF TECHNICAL SMUGGLING AND SHALL
17 be [punished in accordance with the penalties prescribed in the preceding section]
18 PUNISHABLE AS FOLLOWS:

19 “1. A FINE OF NOT LESS THAN THREE HUNDRED THOUSAND PESOS
20 (P300,000.00) NOR MORE THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00)
21 AND IMPRISONMENT OF *PRISION CORRECCIONAL*, IF THE DIFFERENCE BETWEEN
22 THE VALUE, WEIGHT, MEASUREMENT OR QUANTITY DECLARED IN THE ENTRY
23 AND THE TRUE AND ACTUAL VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF
24 THE ARTICLE UNLAWFULLY IMPORTED DOES NOT EXCEED ONE HUNDRED
25 THOUSAND PESOS (P100,000.00);

26 “2. A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00)
27 NOR MORE THAN EIGHT HUNDRED THOUSAND PESOS (P800,000.00) AND
28 IMPRISONMENT OF *PRISION MAYOR*, IF THE DIFFERENCE BETWEEN THE VALUE,
29 WEIGHT, MEASUREMENT OR QUANTITY DECLARED IN THE ENTRY AND THE

1 TRUE AND ACTUAL VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF THE
2 ARTICLE UNLAWFULLY IMPORTED EXCEEDS ONE HUNDRED THOUSAND PESOS
3 (P100,000.00) BUT DOES NOT EXCEED ONE MILLION PESOS (P1,000,000.00);

4 "3. A FINE OF NOT LESS THAN EIGHT HUNDRED THOUSAND PESOS
5 (P800,000.00) NOR MORE THAN ONE MILLION PESOS (P1,000,000.00) AND
6 IMPRISONMENT OF *RECLUSION TEMPORAL*, IF THE DIFFERENCE BETWEEN THE
7 VALUE, WEIGHT, MEASUREMENT OR QUANTITY DECLARED IN THE ENTRY AND
8 THE TRUE AND ACTUAL VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF THE
9 ARTICLE UNLAWFULLY IMPORTED EXCEEDS ONE MILLION PESOS (P1,000,000.00)
10 BUT DOES NOT EXCEED FIVE MILLION PESOS (P5,000,000.00);

11 "4. A FINE OF NOT LESS THAN ONE MILLION PESOS (P1,000,000.00) NOR MORE
12 THAN TWO MILLION PESOS (P2,000,000.00) AND IMPRISONMENT OF *RECLUSION*
13 *PERPETUA*, IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT
14 OR QUANTITY DECLARED IN THE ENTRY AND THE TRUE AND ACTUAL VALUE,
15 WEIGHT, QUANTITY OR MEASUREMENT OF THE ARTICLE UNLAWFULLY
16 IMPORTED EXCEEDS FIVE MILLION PESOS (P5,000,000.00).

17 "IN APPLYING THE ABOVE SCALE OF PENALTIES, IF THE OFFENDER IS AN
18 ALIEN, HE SHALL BE DEPORTED AFTER SERVING THE SENTENCE WITHOUT
19 FURTHER PROCEEDINGS FOR DEPORTATION. IF THE OFFENDER IS A
20 GOVERNMENT OFFICIAL OR EMPLOYEE, THE PENALTY IN ITS MAXIMUM PERIOD
21 SHALL BE IMPOSED IN ADDITION TO THE PENALTY OF PERPETUAL
22 DISQUALIFICATION FROM PUBLIC OFFICE, TO VOTE AND TO PARTICIPATE IN
23 ANY PUBLIC ELECTION. IF THE OFFENDER FAILS TO PAY THE FINE, HE SHALL
24 SUFFER SUBSIDIARY IMPRISONMENT. HE SHALL ALSO LOSE ALL THE BENEFITS
25 DUE HIM AS A RESULT OF HIS SERVICE IN THE GOVERNMENT, INCLUDING THE
26 FORFEITURE OF HIS SEPARATION AND RETIREMENT BENEFITS."

27 **SEC. 54.** Section 3603 of the Tariff and Customs Code of the Philippines, as amended, is
28 hereby further amended to read as follows:

1 “SEC. 3603. *Failure to Report Fraud.* – Any master, pilot in command or other officer, owner
2 or agent of any vessel or aircraft trading with or within the Philippines and any employee of the
3 Bureau of Customs who, having cognizance of any fraud on the customs revenue, shall fail to
4 report all information relative thereto to the Collector as by law required, shall be punished by a
5 fine of not [more] LESS than [five] ONE HUNDRED thousand pesos (P100,000.00) BUT NOT
6 MORE THAN ONE MILLION PESOS (P1,000,000.00) and imprisonment [for] OF not [more]
7 LESS than [one] EIGHT yearS BUT NOT MORE THAN TWELVE YEARS. If the offender is
8 an alien, he shall be deported after serving the sentence. If the offender is a public official or
9 employee, he shall suffer additional penalty of perpetual disqualification to hold public office, to
10 vote and to participate in any election. HE SHALL ALSO LOSE ALL THE BENEFITS DUE
11 HIM AS A RESULT OF HIS SERVICE IN THE GOVERNMENT, INCLUDING THE
12 FORFEITURE OF HIS SEPARATION AND RETIREMENT BENEFITS.”

13 **SEC. 55.** Section 3604 of the Tariff and Customs Code of the Philippines, as amended, is
14 hereby further amended to read as follows:

15 “SEC. 3604. *Statutory Offenses of Officials and Employees.* – Every official, agent or
16 employee of the Bureau or any agency of the government charged with the enforcement of the
17 provisions of this Code, who is guilty of any delinquency herein below indicated shall be
18 punished with a fine of not less than [five] ONE HUNDRED thousand pesos (P100,000.00) [nor]
19 BUT NOT more than [Fifty thousand] ONE MILLION pesos (P1,000,000.00) and imprisonment
20 [for] OF not less than [one] EIGHT yearS [nor] BUT NOT more than [ten] TWELVE years and
21 perpetual disqualification to hold public office, to vote and to participate in any public office
22 election. HE SHALL ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS
23 SERVICE IN THE GOVERNMENT, INCLUDING THE FORFEITURE OF HIS
24 SEPARATION AND RETIREMENT BENEFITS:

25 “(a) Those guilty of extortion or willful oppression under color of law;

26 “(b) Those who knowingly demand other or greater sums than are authorized by law or
27 receive any fee, compensation, or reward except as by law prescribed, for the performance of any
28 duty;

1 “(c) Those who willfully neglect to give receipts, as required by law for any sum collection in
2 the performance of duty, or who willfully neglect to perform any of the duties enjoined by law;

3 “(d) Those who conspire or collude with another or others to defraud the customs revenue or
4 otherwise violate the law;

5 “(e) Those who willfully make opportunity for any person to defraud the customs revenue or
6 who do or fail to do any act with intent to enable any person to defraud said revenue;

7 “(f) Those who negligently or designedly permit the violation of the law by any other person;

8 “(g) Those who make or sign any false entry or entries in any book, or make or sign any false
9 certificate or return in any case where the law requires the making by them of such entry,
10 certificate or return;

11 “(h) Those who, having knowledge or information of a violation of the Tariff and Customs
12 Law or any fraud committed on the revenue collectible by the Bureau, fail to report such
13 knowledge or information to their superior official or to report as otherwise required by law;

14 “(i) Those who, without the authority of law, demand or accept or attempt to collect directly
15 or indirectly as payment of otherwise, any sum of money or other thing of value for the
16 compromise, adjustment, or settlement of any charge or complaint for any violation or alleged
17 violation of law; or

18 “(j) Those who, without authority of law, disclose confidential information gained during any
19 investigation or audit, or use such information for personal gain or to the detriment of the
20 government, the Bureau or third parties” (*R.A. 9135, April 27, 2001*)

21 **SEC. 56.** Section 3605 of the Tariff and Customs Code of the Philippines, as amended, is
22 hereby further amended to read as follows:

23 “SEC. 3605. *Concealment or Destruction of Evidence of Fraud.* – Any person who willfully
24 conceals or destroys any invoice, book or paper relating to any article liable to duty after an
25 inspection thereof has been demanded by the Collector of any collection district or at any time
26 conceals or destroys any such invoice, book or paper for the purpose of suppressing any evidence
27 of fraud therein contained, shall be punished with a fine of not [more] LESS than [five] ONE
28 HUNDRED thousand pesos (P100,000.00) BUT NOT MORE THAN ONE MILLION PESOS
29 (P1,000,000.00) and imprisonment [for] OF NOT LESS THAN EIGHT YEARS BUT not more

1 than [two] TWELVE years.”

2 **SEC. 57.** Section 3606 of the Tariff and Customs Code of the Philippines, as amended, is
3 hereby further amended to read as follows:

4 “SEC. 3606. *Affixing Seals.* – Any person who, without authority affixes or attaches a
5 customs seal, fastening, or mark or any seal, fastening or mark purporting to be a customs seal,
6 fastening or mark to any vessel, vehicle on land, sea or air, warehouse, or package, shall be
7 punished with a fine of not LESS THAN ONE HUNDRED THOUSAND PESOS (P100,000.00)
8 BUT NOT more than [twenty thousand] ONE MILLION pesos (P1,000,000.00) [or] AND
9 imprisonment of not [more] LESS than [five] EIGHT years[, or both] BUT NOT MORE THAN
10 TWELVE YEARS. If the offender is an alien, he shall be deported after serving the sentence. If
11 he is a public official or employee, he shall suffer an additional penalty of perpetual
12 disqualification to hold public office, to vote and participate in any election. HE SHALL ALSO
13 LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS SERVICE IN THE
14 GOVERNMENT, INCLUDING THE FORFEITURE OF HIS SEPARATION AND
15 RETIREMENT BENEFITS.

16 **SEC. 58.** Section 3610 of the Tariff and Customs Code of the Philippines, as amended, is
17 hereby further amended to read as follows:

18 “SEC. 3610. *Failure to Keep Importation Records and Give Full Access to Customs*
19 *Officers.* – Any person who fails to keep all the records of importations and/or books of
20 accounts, business and computer systems and all customs commercial data in the manner
21 prescribed in Part 2, Section 3514 of this Title shall be punished with a fine of not less than
22 [One] TWO hundred thousand pesos (P [1]200,000.00) but not more than [Two] FIVE hundred
23 thousand pesos (P [2]500,000.00) and[/or] imprisonment of not less than [two] FOUR ([2]4)
24 years and one day but not more than [six] EIGHT ([6]8) years. This penalty shall likewise be
25 imposed against importers/brokers who deny an authorized customs officer full and free access
26 to such records, books of accounts, business and computer systems, and all customs commercial
27 data including payment records. This is without prejudice to the administrative sanctions that the
28 Bureau of Customs may impose against contumacious importers under existing laws and
29 regulations including the authority to hold delivery or release of their imported articles.”

1 **SEC. 59.** Section 3612 of the Tariff and Customs Code of the Philippines, as amended, is
2 hereby further amended to read as follows:

3 “SEC. 3612. *Violations of Tariff and Customs Laws and Regulations in General.* – Any
4 person who violates a provision of this Code or regulations pursuant thereto, for which
5 delinquency no specific penalty is provided, shall be punished by a fine of not LESS THAN
6 TWENTY THOUSAND PESOS (P20,000.00) BUT NOT more than one HUNDRED thousand
7 pesos (P100,000.00) [or] AND by imprisonment for not LESS THAN TWO YEARS AND ONE
8 DAY BUT NOT more than [one] FIVE yearS[, or both]. If the offender is an alien, he shall be
9 deported after serving the sentence and if the offender is a public official or employee, he shall
10 suffer disqualification to hold public office, to vote and participate in any public election for ten
11 years. HE SHALL ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS
12 SERVICE IN THE GOVERNMENT, INCLUDING THE FORFEITURE OF HIS
13 SEPARATION AND RETIREMENT BENEFITS.”

14 **SEC. 60.** A new section to be known as Section 3613 is hereby inserted to the Tariff and
15 Customs Code of the Philippines, as amended, to read as follows:

16 “SEC. 3613. *SUMMARY PROCEDURE FOR SEIZURE AND FORFEITURE.* –
17 NOTWITHSTANDING THE PROVISIONS OF TITLE VI OF THIS CODE, ARTICLES
18 WHICH ARE FRAUDULENTLY IMPORTED OR BROUGHT INTO THE PHILIPPINES
19 WITHOUT BEING ENTERED THROUGH THE CUSTOMSHOUSE, OR WITHOUT
20 PAYMENT OF THE CORRECT AND APPLICABLE DUTIES, TAXES, FEES AND
21 CHARGES SHALL BE SUMMARILY SEIZED AND FORFEITED IN FAVOR OF THE
22 GOVERNMENT WHEN WARRANTED OR DETERMINED IN THE SEIZURE
23 PROCEEDINGS. SUBJECT TO THE PROVISIONS OF SECTIONS 2530 AND 2531 OF
24 THIS CODE, ANY VESSEL OR AIRCRAFT WHICH IS LEASED TO FRAUDULENTLY
25 BRING IN SAID IMPORTED ARTICLES INTO THE PHILIPPINES SHALL LIKEWISE BE
26 SUBJECT TO SUMMARY SEIZURE AND FORFEITURE.

27 “THE DECISION OF THE SECRETARY OF FINANCE, UPON THE
28 RECOMMENDATION OF THE COMMISSIONER OF CUSTOMS, UNDER THIS SECTION
29 SHALL BE FINAL AND UNAPPEALABLE.

1 "NO COURT, EXCEPT THE COURT OF TAX APPEALS AND THE SUPREME COURT,
2 SHALL ISSUE ANY TEMPORARY RESTRAINING ORDER OR ANY INJUNCTIVE
3 RELIEF AGAINST THE SEIZURE, FORFEITURE OR DISPOSITION OF THE SUBJECT
4 ARTICLES COVERED BY THIS SECTION.

5 "THE OWNER OR OPERATOR OF ANY SEIZED VESSEL OR AIRCRAFT UNDER
6 THIS SECTION SHALL BE BLACKLISTED FROM OPERATING AND/OR FROM
7 ENGAGING IN TRADE IN THE PHILIPPINES."

8 **SEC. 61. *Transitory Provision.*** – All existing customs bonded warehouses established under
9 Section 1901 of the Tariff and Customs Code of the Philippines, as amended, shall have one year
10 from approval of the law to convert themselves to manufacturing customs bonded warehouses
11 under Section 2001 of the Code or register themselves in special economic zones or freeports.
12 After the lapse of the one year period, any importation by these customs bonded warehouses
13 shall be treated as regular importations to be covered by ordinary consumption entries only,
14 unless such customs bonded warehouse in the meantime has transferred to a special economic
15 zone or PEZA zone, which in such case the said importation shall be treated as a PEZA
16 shipment.

17 **SEC. 62. *Separability Clause.*** – If any provision of this Act is subsequently declared
18 unconstitutional, the validity of the remaining provisions hereof shall remain in full force and
19 effect.

20 **SEC. 63. *Rules and Regulations.*** – The Secretary of Finance shall, upon the
21 recommendation of the Commissioner of Customs and meaningful consultation of the local
22 industry, promulgate the necessary rules and regulations for the effective implementation of this
23 Act.

24 **SEC. 64. *Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations and
25 other issuances or parts thereof which are inconsistent with this Act are hereby repealed or
26 modified accordingly.

27 The provision of this Act, not those of Republic Act No. 2338, shall govern the giving of
28 reward cases covered by the former.

1 **SEC. 67. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in any
2 two (2) newspapers of general circulation.

Approved,