



Senate
Office of the Secretary

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

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SENATE

168

S.B. No. _____

Introduced by Senator Sergio Osmeña III

EXPLANATORY NOTE

The International Convention on the Simplification and Harmonization of Customs Procedures, more popularly known as the Revised Kyoto Convention (RKC) was formulated under the stewardship of the World Trade Organization (WTO) and the World Customs Organization (WCO) to enable Customs administrations worldwide to cope with the demands of modern international trade and commerce. It is accepted worldwide as the blueprint for Customs modernization.

On May 25, 2010, the Philippine government formally deposited with the World Customs Organization in Brussels its Articles of Accession to the Revised Kyoto Convention (RKC). As the 70th contracting party (out of 85 members) and third ASEAN country to accede to the RKC, the Philippines sent a resounding signal to the rest of the world of its commitment to the modernization of its Customs systems and procedures in support of international trade and global economic integration.

This bill addresses the need to update the prevailing Tariff and Customs Code of the Philippines, (TCCP) which was codified in 1978, and stands in the way of reforming and modernizing the Bureau of Customs. Its provisions are aligned with the standards and recommended practices of the Revised Kyoto Convention. If passed, it will establish a just, transparent and predictable system of entitlements and obligations within the trade community, enable the full automation of Customs procedures, strengthen its risk management system, and enhance trade facilitation for the legitimate trade community without prejudice to revenue collection, enforcement, and protection from the entry of banned, prohibited and dangerous substances and articles.

For the longest time, the Bureau of Customs had earned the reputation of being one of the most corrupt agencies of the national government. Cleaning up the bureau will be one of the most herculean tasks of the present administration, and the passage of this bill will enable numerous reforms in that direction.

In view of the foregoing, early passage of this bill is urgently recommended.

A handwritten signature in black ink, appearing to read "S. Osmeña III", with a long, sweeping flourish extending to the right.

SERGIO OSMEÑA III
Senator



SIXTEENTH CONGRESS OF THE)
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Introduced by Senator Sergio Osmeña III

**AN ACT TO PRESCRIBE THE "CUSTOMS AND TARIFF MODERNIZATION
ACT OF 2013" AND FOR OTHER PURPOSES**

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

1 **TITLE 1. PRELIMINARY PROVISIONS**

2 **CHAPTER 1. SHORT TITLE**

3 **SECTION 100. *Short Title.*** This Act shall be known as the "***Customs and***
4 ***Tariff Modernization Act of 2013***".

5 **CHAPTER 2. GENERAL AND COMMON PROVISIONS**

6 **SEC. 101. *Declaration of Policy.*** It is the declared policy of the State to
7 promote and secure international trade, protect government revenue, and
8 modernize customs and tariff administration by:

9 a) Developing and implementing programs aimed at continuously
10 improving customs systems and processes;

11 b) Adopting customs policies, rules, and procedures that are clear,
12 transparent, and consistent with international agreements and customs best
13 practices;

1 c) Establishing a regime of informed compliance for customs
2 stakeholders by providing easy access to all public information, not otherwise
3 confidential and for customs use only, regarding Customs laws, rules and
4 regulations, administrative policies and guidelines, procedures and practices
5 that would enable them to fulfill their obligation to exercise due diligence in
6 dealing with customs;

7 d) Consulting and cooperating, wherever appropriate, with other
8 government agencies, and the private sector in customs policy development
9 and implementation;

10 e) Providing parties aggrieved by customs action and/or decision with
11 administrative and judicial appellate remedy ;

12 f) Utilizing modern techniques in customs administration such as risk
13 management and post clearance-based controls, and maximizing the use of
14 information and communication technology in carrying out the mandate of
15 customs.

16 **SEC. 102. *Definition of Terms.*** As used in this Code:

17 **“ADMISSION”** refers to the act of bringing imported articles into free zone or
18 non-customs territory directly or through transit.

19 **“Airway Bill (AWB)”** is a transport document for airfreight used by airlines
20 and international freight forwarders. The holder or consignee of the bill has the
21 right to claim delivery of the goods when they arrive at the port of destination. It
22 is a contract of carriage that includes carrier conditions, such as limits of liability
23 and claims procedures. In addition, it contains transport instructions to airlines
24 and carriers, a description of the article, and applicable transportation charges.

25 **“Appeal”** means the act by which a person who is aggrieved by ANY ACT,
26 decision, ORDER or omission of Customs, seeks redress before the Bureau of
27 Customs, the Secretary of Finance, or competent court, as the case may be.

1 **"Articles"** when used with reference to importation or exportation, includes
2 goods, wares and merchandise and in general anything that may be made the
3 subject of importation or exportation.

4 **"Assessment"** means the process of determining the amount of duties and
5 taxes and other charges due on imported articles.

6 **"Bill of Lading (B/L)"** is a transport document for ocean freight issued by
7 shipping lines, carriers AND INTERNATIONAL FREIGHT FORWARDERS OR
8 NON VESSEL OPERATING COMMON CARRIER. The holder or consignee of
9 the bill has the right to claim delivery of the goods when they arrive at the port of
10 destination. It is a contract of carriage that includes carrier conditions, such as
11 limits of liability and claims procedures. In addition, it contains transport
12 instructions to shipping lines and carriers, a description of the article, and
13 applicable transportation charges.

14 **"Breakbulk"** is non-containerized cargo which is grouped or consolidated
15 for shipment and broken down or sub-divided INTO UNITIZED CARGO, SUCH
16 AS IN PALLETS, OR PACKED IN BAGS OR BOXES.

17 **"Carrier"** means the person actually transporting goods or in charge of or
18 responsible for the operation of the means of transport.

19 **"Checking the GOODS declaration"** means the action taken by customs to
20 satisfy themselves that the GOODS declaration is correctly made out and that
21 the supporting documents required fulfill the prescribed conditions for lodgment.

22 **"Clearance"** means the accomplishment of the customs formalities
23 necessary to allow goods to enter for home use, warehousing, transit or
24 transshipment, or to be exported or placed under another customs procedure.

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

27 **"Constructive import/export"** shall refer to the movement of imported
28 goods to and from free zone and customs territory.

1 **"CUSTOMS"** SHALL MEAN THE BUREAU OF CUSTOMS.

2 **"Customs AND TARIFF law"** includes not only the provisions of this Act
3 and regulations pursuant thereto but all other laws and regulations which are
4 subject to enforcement by the Bureau of Customs or otherwise within its
5 jurisdiction.

6 **"Customs office"** means any customs administrative unit competent to
7 perform all or any of the functions enumerated UNDER THE CUSTOMS AND
8 TARIFF LAWS.

9 **"Domestic Port"** means a port within the Philippine jurisdiction.

10 **"Foreign Port"** means a port or place outside the jurisdiction of the
11 Philippines.

12 **"Goods declaration"** means a statement made in the manner prescribed by
13 the Customs, by which the persons concerned indicate the Customs procedure
14 to be applied to the imported goods and furnish the particulars which Customs
15 require for its application.

16 **"Importation"** means the act of bringing in of articles from a foreign territory
17 into the Philippine jurisdiction, whether for home use, warehousing, OR
18 ADMISSION TO FREE ZONE. However, entry of imported articles into freeport
19 zone shall be termed "admission" to distinguish it from imported articles brought
20 into the customs territory.

21 **"International Freight Forwarder"** refers to persons responsible for the
22 assembly and consolidation of shipments into single lot, and assuming, in most
23 cases, the full responsibility for the international transport of such shipment from
24 point of receipt to the point of destination.

25 **"Non-Vessel Operating Common Carrier" (NOVCC)** means a person,
26 including an international freight forwarder, providing point-to-point international
27 transport of shipments without operating or owning the means of transport or
28 equipment. An NVOCC deals with the shipper and issues its own transport

1 document (e.g. B/L or AWB) even though it commonly subcontracts the different
2 stages of transport to vessel, aircraft, and truck operators.

3 **"Port of Entry"** is a domestic port open to both foreign and coastwise trade.
4 The term includes principal ports of entry and subports of entry. A "principal port
5 of entry" is the chief port of entry of the collection district wherein it is situated
6 and is the permanent station of the Collector of such port. Subports of entry are
7 under the administrative jurisdiction of the Collector of the principal port of entry
8 of the district. Whenever the term "Port of Entry" is used herein, it shall include
9 "airport of entry".

10 **"Release of goods"** means the action by Customs to permit goods
11 undergoing clearance to be placed at the disposal of the PERSON
12 CONCERNED.

13 **"Refund"** means the return, in whole or in part, of duties and taxes paid on
14 goods.

15 **"Remission"** means the reduction or diminution, in whole or in part, of
16 duties and taxes where payment has not been made; the term remission is
17 synonymous with abatement.

18 **"Security"** REFERS TO ANY FORM OF GUARANTY, E.G., SURETY
19 BOND, CASH BOND, STANDBY LETTER OF CREDIT, IRREVOCABLE
20 LETTER OF CREDIT, which ensures the satisfaction of an obligation to
21 Customs.

22 **"Smuggling"** is an act of any person who shall fraudulently import or bring
23 into the Philippines, or assist in so doing, any article, contrary to law or
24 KNOWING THE ARTICLE TO HAVE BEEN IMPORTED CONTRARY TO LAW
25 shall receive, conceal, buy, sell, DISPOSE or in any manner, facilitate the
26 transportation, concealment, PURCHASE, sale OR DISPOSITION of such article
27 after importation. It includes the exportation of articles in a manner contrary to
28 law. Articles subject to this paragraph shall be known as smuggled article.

1 **"Taxes"** includes all taxes, fees and charges imposed by THE NATIONAL
2 INTERNAL REVENUE CODE and collected by the Bureau of Customs.

3 **"Transit"** means the customs procedure under which goods are transported
4 under customs control from one customs office to another or to a free zone.

5 **"Transshipment"** means the customs procedure under which goods are
6 transferred under customs control from the importing means of transport to the
7 exporting means of transport within the area of one customs office which is the
8 office of both importation and exportation.

9 **SEC. 103. *When Importation Begins and Deemed Terminated.***

10 Importation begins when the carrying vessel or aircraft enters the jurisdiction of
11 the Philippines with intention to unlade therein. Importation is deemed terminated
12 upon payment of duties, taxes and other charges due upon the articles, or
13 secured to be paid, at a port of entry and the legal permit for withdrawal shall
14 have been granted, or in case said articles are free of duties, taxes and other
15 charges, until they have legally left the jurisdiction of the customs.

16 **SEC. 104. *COMPETENT CUSTOMS OFFICES.*** FOR ADMINISTRATIVE
17 PURPOSES, THE PHILIPPINES SHALL BE DIVIDED INTO AS MANY
18 COLLECTION DISTRICTS AS NECESSARY, THE RESPECTIVE LIMITS OF
19 WHICH MAY BE CHANGED FROM TIME TO TIME BY THE COMMISSIONER
20 OF CUSTOMS UPON THE APPROVAL OF THE SECRETARY OF FINANCE.
21 THE LOCATION, STAFF COMPETENCIES AND BUSINESS HOURS OF
22 THESE OFFICES SHALL TAKE INTO ACCOUNT THE PARTICULAR
23 REQUIREMENTS OF TRADE.

24 **SEC. 105. *Owner of Imported Articles.*** All articles Imported into the
25 Philippines shall be held to be the property of the person to whom the same are
26 consigned and the holder of a bill of lading OR AIRWAY BILL duly endorsed by

1 the consignee therein named, or, if consigned to order, by the consignor, shall be
2 deemed the consignee thereof.

3 The underwriters of abandoned articles and the salvors of articles saved
4 from wreck at sea, a coast or in any area of the Philippines may be regarded as
5 the consignees.

6 **SEC. 106. *Liability of Importer for Duties AND TAXES.*** Unless relieved
7 by laws or regulations, the liability for duties, taxes, fees and other charges
8 attaching on importation constitutes a personal debt due from the importer to the
9 government which can be discharged only by payment in full of all duties, taxes,
10 fees and other charges legally accruing. It also constitutes a lien upon the articles
11 imported which may be enforced while such articles are in custody or subject to
12 the control of the government.

13 **SEC. 107. *Importations by the Government.*** Except those provided for in
14 Section 800 of this ACT, all importations by the Government for its own use or
15 that of its subordinate branches or instrumentalities, or corporations, agencies or
16 instrumentalities owned or controlled by the government shall be subject to the
17 duties, taxes, fees and other charges provided for in this ACT.

18 **SEC. 108. *DECLARANT.*** A DECLARANT IS A PERSON WHO MAKES
19 AND SUBMITS TO CUSTOMS GOODS DECLARATION OR IN WHOSE NAME
20 SUCH DECLARATION IS MADE. ANY PERSON HAVING THE RIGHT TO
21 DISPOSE OF THE GOODS SHALL BE ENTITLED TO DIRECTLY ACT AS
22 DECLARANT. HOWEVER, WHEN HE AUTHORIZES AN AGENT TO MAKE
23 THE DECLARATION IN HIS BEHALF, HE CAN ONLY DO SO THROUGH AN
24 ACCREDITED CUSTOMS BROKER EXCEPT IN CASE WHEN THE
25 DECLARANT IS A JURIDICAL PERSON IN WHICH CASE IT MAY AUTHORIZE
26 ITS EMPLOYEE OR OFFICER TO MAKE THE DECLARATION IN BEHALF OF
27 THE JURIDICAL PERSON.

1 **SEC. 109. RIGHTS AND RESPONSIBILITIES OF THE DECLARANT.**

2 THE PERSON HAVING THE RIGHT TO DISPOSE SHALL BE RESPONSIBLE
3 FOR THE ACCURACY OF THE INFORMATION IN THE GOODS
4 DECLARATION MADE DIRECTLY OR THROUGH AN AGENT AND SHALL BE
5 LIABLE FOR THE DUTIES, TAXES AND OTHER CHARGES DUE ON THE
6 IMPORTED ARTICLE.

7 THE DECLARANT SHALL SIGN THE GOODS DECLARATION
8 PERSONALLY OR THROUGH AN EMPLOYEE OR OFFICER IN CASE OF
9 JURIDICAL PERSON OR EVEN WHEN ASSISTED BY A LICENSED
10 CUSTOMS BROKER WHO SHALL LIKEWISE SIGN SAID GOODS
11 DECLARATION. THE DECLARATION SHALL BE UNDER OATH UNDER THE
12 PENALTIES OF FALSIFICATION OR PERJURY THAT THE STATEMENTS
13 CONTAINED IN THE GOODS DECLARATION ARE TRUE AND CORRECT.
14 SUCH STATEMENTS UNDER OATH SHALL CONSTITUTE A PRIMA FACIE
15 EVIDENCE OF KNOWLEDGE OR CONSENT OF THE VIOLATION OF ANY
16 APPLICABLE PROVISIONS OF THIS ACT WHEN THE IMPORTATION IS
17 FOUND TO BE UNLAWFUL.

18 BEFORE FILING OF THE GOODS DECLARATION, THE DECLARANT
19 MAY, UPON REQUEST IN WRITING, AND FOR SUCH JUSTIFIABLE
20 REASONS AND UNDER SUCH CONDITIONS AS THE COMMISSIONER OF
21 CUSTOMS SHALL DETERMINE, BE ALLOWED TO INSPECT THE GOODS
22 AND TO DRAW SAMPLES FROM THE IMPORTATION. THERE SHALL BE NO
23 NEED FOR A SEPARATE DECLARATION FOR THE SAMPLES WITHDRAWN
24 UNDER CUSTOMS SUPERVISION PROVIDED, THAT SUCH SAMPLES ARE
25 INCLUDED IN THE GOODS DECLARATION FOR THE PARTICULAR
26 CONSIGNMENT CONCERNED.

27 **SEC. 110. GOODS DECLARATION.**

28 **(1) GOODS DECLARATION FORMAT AND CONTENTS**

1 THE FORMAT OF THE GOODS DECLARATION SHALL CONFORM
2 TO INTERNATIONAL STANDARDS.

3 THE DATA REQUIRED IN THE GOODS DECLARATION SHALL
4 BE LIMITED TO ONLY SUCH PARTICULARS AS ARE DEEMED
5 NECESSARY FOR THE ASSESSMENT AND COLLECTION OF DUTIES
6 AND TAXES, THE COMPILATION OF STATISTICS AND COMPLIANCE
7 WITH CUSTOMS AND TARIFF LAWS.

8 WHERE THE DECLARANT DOES NOT HAVE ALL THE
9 INFORMATION REQUIRED TO MAKE THE GOODS DECLARATION, A
10 PROVISIONAL OR INCOMPLETE GOODS DECLARATION SHALL, FOR
11 CERTAIN CASES AND FOR REASONS DEEMED VALID BY CUSTOMS,
12 BE ALLOWED TO BE LODGED , PROVIDED THAT IT CONTAINS THE
13 PARTICULARS DEEMED NECESSARY BY THE CUSTOMS FOR THE
14 ACCEPTANCE OF THE ENTRY FILED AND THAT THE DECLARANT
15 UNDERTAKES TO COMPLETE IT WITHIN A REASONABLE PERIOD
16 OF TIME AS SPECIFIED BY REGULATIONS.

17 IF CUSTOMS ACCEPTS A PROVISIONAL OR INCOMPLETE
18 GOODS DECLARATION, THE TARIFF TREATMENT TO BE
19 ACCORDED TO THE GOODS SHALL NOT BE DIFFERENT FROM
20 THAT WHICH WOULD HAVE BEEN ACCORDED HAD A COMPLETE
21 AND CORRECT GOODS DECLARATION BEEN LODGED IN THE FIRST
22 INSTANCE.

23 THE RELEASE OF THE GOODS SHALL NOT BE DELAYED
24 PROVIDED THAT ANY SECURITY REQUIRED HAS BEEN FURNISHED
25 TO ENSURE COLLECTION OF ANY APPLICABLE DUTIES AND
26 TAXES.

27 CUSTOMS SHALL REQUIRE THE LODGEMENT OF THE
28 ORIGINAL GOODS DECLARATION AND ONLY THE MINIMUM

1 NUMBER OF COPIES AS ARE NECESSARY.

2 **(2) DOCUMENTS SUPPORTING THE GOODS DECLARATION**

3 IN SUPPORT OF THE GOODS DECLARATION, CUSTOMS SHALL
4 ONLY REQUIRE DOCUMENTS NECESSARY FOR CUSTOMS
5 CONTROL AND TO ENSURE THAT ALL REQUIREMENTS OF THE
6 LAW HAVE BEEN COMPLIED WITH.

7 WHERE CERTAIN SUPPORTING DOCUMENTS CANNOT BE
8 LODGED WITH THE GOODS DECLARATION FOR REASONS DEEMED
9 VALID BY THE CUSTOMS, THEY SHALL ALLOW PRODUCTION OF
10 THOSE DOCUMENTS WITHIN A REASONABLE PERIOD AS
11 SPECIFIED BY REGULATION.

12 CUSTOMS SHALL PERMIT THE LODGEMENT OF SUPPORTING
13 DOCUMENTS BY ELECTRONIC MEANS.

14 CUSTOMS SHALL NOT REQUIRE A TRANSLATION OF THE
15 PARTICULARS OF SUPPORTING DOCUMENTS EXCEPT WHEN
16 NECESSARY TO PERMIT PROCESSING OF THE GOODS
17 DECLARATION.

18 **SEC. 111. LODGEMENT AND REGISTRATION.** CUSTOMS SHALL
19 PERMIT THE LODGING OF THE GOODS DECLARATION AT ANY
20 DESIGNATED CUSTOMS OFFICE.

21 GOODS DECLARATION SHALL BE LODGED DURING THE HOURS
22 DESIGNATED BY THE CUSTOMS.

23 CUSTOMS SHALL MAKE PROVISION UNDER SUCH TERMS AND
24 CONDITIONS AS THE COMMISSIONER OF CUSTOMS MAY ESTABLISH FOR
25 THE FILING OF GOODS DECLARATION AND SUPPORTING DOCUMENTS
26 PRIOR TO THE ARRIVAL OF THE GOODS.

27 CUSTOMS SHALL FOR VALID REASON, PERMIT THE DECLARANT
28 TO AMEND THE GOODS DECLARATION THAT HAS ALREADY BEEN

1 LODGED, PROVIDED THAT WHEN THE REQUEST IS RECEIVED THEY
2 HAVE NOT BEGUN TO CHECK THE GOODS DECLARATION OR TO
3 EXAMINE THE GOODS.

4 **SEC. 112. SPECIAL PROCEDURES FOR AUTHORIZED PERSONS.** FOR
5 AUTHORIZED PERSONS WHO MEET THE CRITERIA SET DOWN BY
6 CUSTOMS, INCLUDING HAVING AN APPROPRIATE RECORD OF
7 COMPLIANCE WITH CUSTOMS REQUIREMENTS AND A SATISFACTORY
8 SYSTEM FOR MANAGING THEIR COMMERCIAL RECORDS, CUSTOMS
9 SHALL PROVIDE FOR:

10 (1) RELEASE OF THE GOODS ON THE PROVISION OF THE
11 MINIMUM INFORMATION NECESSARY TO IDENTIFY THE GOODS
12 AND PERMIT THE SUBSEQUENT COMPLETION OF THE FINAL
13 GOODS DECLARATION;

14 CLEARANCE OF THE GOODS AT THE DECLARANT'S
15 PREMISES OR ANOTHER PLACE AUTHORIZED BY THE CUSTOMS;
16 AND, IN ADDITION, TO THE EXTENT POSSIBLE, OTHER SPECIAL
17 PROCEDURES SUCH AS:

18 (2) ALLOWING A SINGLE GOODS DECLARATION FOR ALL
19 IMPORTS OR EXPORTS IN A GIVEN PERIOD WHERE GOODS ARE
20 IMPORTED OR EXPORTED FREQUENTLY BY THE SAME PERSON;

21 USE OF THE AUTHORIZED PERSONS' COMMERCIAL
22 RECORDS TO SELF-ASSESS THEIR DUTY AND TAX LIABILITY AND,
23 WHERE APPROPRIATE, TO ENSURE COMPLIANCE WITH OTHER
24 CUSTOMS REQUIREMENTS;

25 ALLOWING THE LODGEMENT OF GOODS DECLARATION BY
26 MEANS OF AN ENTRY IN THE RECORDS OF THE AUTHORIZED
27 PERSON TO BE SUPPORTED SUBSEQUENTLY BY A
28 SUPPLEMENTARY GOODS DECLARATION.

1 THIS SECTION SHALL BE IMPLEMENTED WITHIN FIVE (5) YEARS
2 FROM THE ENACTMENT OF THIS ACT.

3 **SEC. 113. EXAMINATION OF THE GOODS.**

4 (1) **TIME REQUIRED FOR EXAMINATION OF GOODS.** WHEN
5 THE EXAMINATION OF GOODS IS REQUIRED BY CUSTOMS, SUCH
6 EXAMINATION SHALL TAKE PLACE AS SOON AS POSSIBLE AFTER
7 THE GOODS DECLARATION HAS BEEN LODGED.

8 WHEN SCHEDULING EXAMINATIONS, PRIORITY SHALL BE
9 GIVEN TO THE EXAMINATION OF LIVE ANIMALS AND PERISHABLE
10 GOODS AND TO OTHER GOODS WHICH CUSTOMS CONSIDER AS
11 URGENTLY NEEDING EXAMINATION.

12 CUSTOMS AND OTHER AGENCIES CONCERNED SHALL COME
13 OUT WITH A SYSTEM OF COORDINATION AND JOINT EXAMINATION
14 OF GOODS WHICH MUST BE INSPECTED BY THE LATTER UNDER
15 EXISTING LEGISLATION.

16 (2) **PRESENCE OF THE DECLARANT AT EXAMINATION OF**
17 **GOODS.** AS A GENERAL RULE, CUSTOMS MAY EXAMINE GOODS
18 WITHOUT THE PRESENCE OF THE DECLARANT OR AN
19 AUTHORIZED REPRESENTATIVE. HOWEVER, IF THE DECLARANT
20 SO REQUESTS, HE OR AN AUTHORIZED REPRESENTATIVE SHALL
21 BE ALLOWED TO BE PRESENT UNLESS SERIOUS, EXCEPTIONAL
22 CIRCUMSTANCES EXIST TO BAR THEIR PRESENCE.

23 IF CUSTOMS DEEM IT USEFUL, THEY SHALL REQUIRE THE
24 DECLARANT TO BE PRESENT OR TO BE REPRESENTED AT THE
25 EXAMINATION OF THE GOODS TO GIVE THEM ANY ASSISTANCE
26 NECESSARY TO FACILITATE THE EXAMINATION.

27 (3) **SAMPLING BY THE CUSTOMS.** SAMPLES SHALL BE
28 TAKEN ONLY WHERE DEEMED NECESSARY BY CUSTOMS TO

1 ESTABLISH THE TARIFF DESCRIPTION AND/OR VALUE OF GOODS
2 DECLARED OR TO ENSURE COMPLIANCE WITH CUSTOMS AND
3 RELATED LAWS. SAMPLES DRAWN SHALL BE AS SMALL AS
4 POSSIBLE.

5 **SEC. 114. ERRORS IN GOODS DECLARATION.** CUSTOMS SHALL
6 NOT IMPOSE SUBSTANTIAL PENALTIES FOR ERRORS WHERE THEY ARE
7 SATISFIED THAT SUCH ERRORS ARE INADVERTENT AND THAT THERE
8 HAS BEEN NO FRAUDULENT INTENT OR GROSS NEGLIGENCE IN THE
9 COMMISSION THEREOF. WHERE THEY CONSIDER IT NECESSARY TO
10 DISCOURAGE A REPETITION OF SUCH ERRORS, A PENALTY MAY BE
11 IMPOSED BUT SHALL BE NO GREATER THAN IS NECESSARY FOR THIS
12 PURPOSE.

13 **SEC. 115. RELEASE OF GOODS.** GOODS DECLARED SHALL BE
14 RELEASED AS SOON AS DUTIES AND TAXES AND OTHER LAWFUL
15 CHARGES HAVE BEEN PAID OR SECURED TO BE PAID AND/OR
16 OTHERWISE ALL THE PERTINENT LAWS, RULES AND REGULATIONS
17 HAVE BEEN COMPLIED WITH.

18 WHEN CUSTOMS DECIDE THAT THEY REQUIRE LABORATORY
19 ANALYSIS OF SAMPLES, DETAILED TECHNICAL DOCUMENTS OR EXPERT
20 ADVICE, THEY SHALL RELEASE THE GOODS BEFORE THE RESULTS OF
21 SUCH EXAMINATION ARE KNOWN, PROVIDED THAT ANY SECURITY
22 REQUIRED HAS BEEN FURNISHED AND PROVIDED THEY ARE SATISFIED
23 THAT THE GOODS ARE NOT SUBJECT TO PROHIBITIONS OR
24 RESTRICTIONS.

25 **SEC. 116. ABANDONMENT OR DESTRUCTION OF GOODS.** WHEN
26 GOODS HAVE NOT YET BEEN RELEASED FOR CONSUMPTION OR WHEN
27 THEY HAVE BEEN PLACED UNDER ANOTHER CUSTOMS PROCEDURE,

1 AND PROVIDED THAT NO OFFENCE HAS BEEN DETECTED, THE PERSON
2 CONCERNED SHALL NOT BE REQUIRED TO PAY THE DUTIES AND TAXES
3 OR SHALL BE ENTITLED TO REFUND THEREOF:

4 (1) WHEN, AT HIS REQUEST, SUCH GOODS ARE
5 ABANDONED OR DESTROYED OR RENDERED COMMERCIALY
6 VALUELESS UNDER CUSTOMS CONTROL, AS CUSTOMS MAY
7 DECIDE. ANY COSTS INVOLVED SHALL BE BORNE BY THE PERSON
8 CONCERNED;

9 (2) WHEN SUCH GOODS ARE DESTROYED OR
10 IRRECOVERABLY LOST BY ACCIDENT OR FORCE MAJEURE,
11 PROVIDED THAT SUCH DESTRUCTION OR LOSS IS DULY
12 ESTABLISHED TO THE SATISFACTION OF CUSTOMS;

13 (3) ON SHORTAGES DUE TO THE NATURE OF THE GOODS
14 WHEN SUCH SHORTAGES ARE DULY ESTABLISHED TO THE
15 SATISFACTION OF CUSTOMS.

16 ANY WASTE OR SCRAP REMAINING AFTER DESTRUCTION
17 SHALL BE LIABLE, IF TAKEN INTO CONSUMPTION, TO THE DUTIES AND
18 TAXES THAT WOULD BE APPLICABLE TO SUCH WASTE OR SCRAP
19 IMPORTED IN THAT STATE.

20 **SEC. 117. DISPOSITION OF ABANDONED GOODS.** WHEN CUSTOMS
21 SELL GOODS WHICH HAVE NOT BEEN DECLARED WITHIN THE TIME
22 ALLOWED OR COULD NOT BE RELEASED ALTHOUGH NO OFFENCE HAS
23 BEEN DISCOVERED, THE PROCEEDS OF THE SALE, AFTER DEDUCTION
24 OF ANY DUTIES AND TAXES AND ALL OTHER CHARGES AND EXPENSES
25 INCURRED, SHALL BE MADE OVER TO THOSE PERSONS ENTITLED TO
26 RECEIVE THEM OR, WHEN THIS IS NOT POSSIBLE, HELD AT THEIR
27 DISPOSAL FOR A SPECIFIED PERIOD.

1 **SEC. 118. *When Duty and Tax is Due on Imported Article.*** All articles,
2 when imported from any foreign country into the Philippines, shall be subject to
3 duty upon each importation, even though previously exported from the
4 Philippines, except as otherwise specifically provided for in this ACT or in other
5 laws.

6 DUTIES, TAXES AND OTHER CHARGES SHALL BE PAID PRIOR TO
7 RELEASE FROM CUSTOMS CUSTODY OR PRIOR TO ENTRY INTO THE
8 CUSTOMS TERRITORY IN CASE OF WITHDRAWAL FROM FREE ZONES OR
9 FROM CBWs. HOWEVER, FOR CERTAIN HIGHLY COMPLIANT AND LOW
10 RISK IMPORTERS OR EXPORTERS AS DETERMINED BY REGULATION,
11 THE BUREAU SHALL ALLOW THE DEFERRED PAYMENT OF DUTIES AND
12 TAXES FOR A PERIOD OF NOT LESS THAN 14 DAYS BUT NOT EXCEEDING
13 THIRTY (30) DAYS.

14 UNPAID DUTIES, TAXES AND ANY OTHER CHARGES, SHALL BE
15 SUBJECT TO THE LEGAL INTEREST OF TWENTY PERCENT (20%)PER
16 ANNUM COMPUTED FROM THE EXPIRATION OF THE DUE DATE OR IN
17 CASE OF GOODS ADMITTED INTO FREE ZONES, FROM THE TIME THE
18 ASSESSMENT IS MADE AFTER GOODS ENTER THE CUSTOMS
19 TERRITORY. THE LEGAL INTEREST SHALL BE IMPOSED IN ADDITION TO
20 ANY APPLICABLE FINE OR PENALTY.

21 WHEN DUTIES, TAXES AND OTHER CHARGES ARE PAID, THE
22 BUREAU SHALL ISSUE THE NECESSARY RECEIPT OR
23 ACKNOWLEDGEMENT AS PROOF OF SUCH PAYMENT.

24 IN CASE OF DEFERRED PAYMENT, CUSTOMS SHALL HAVE 3 YEARS
25 WITHIN WHICH IT MAY TAKE LEGAL ACTION TO COLLECT DUTIES AND
26 TAXES NOT PAID BY THE DUE DATE.

27 **SEC. 119. *Effective Date of Rate of Import Duty.*** Imported articles shall
28 be subject to the rate or rates of import duty OF THE APPLICABLE TARIFF

1 HEADING at the time of entry or UPON withdrawal from the warehouse for
2 consumption.

3 On article abandoned or forfeited to, or seized by, the government, and then
4 sold at public auction, the rates of duty and the tariff in force on the date of the
5 auction shall apply: Provided, That duty based on the weight, volume and
6 quantity of articles shall be levied and collected on the weight, volume and
7 quantity at the time of their entry into the warehouse or the date of abandonment,
8 forfeiture and/or seizure.

9 **SEC. 120. *Treatment of Importation.*** Imported articles shall be deemed
10 "entered" in the Philippines for consumption when the specified entry form is
11 properly filed and accepted, together with any related documents required by the
12 provisions of this ACT, and/or regulations to be filed with such form at the time of
13 entry, at the port or station by the customs official designated to receive such
14 entry papers and any duties, taxes, fees and/or other lawful charges required to
15 be paid at the time of making such entry have been paid or secured to be paid
16 with the customs official designated to receive such monies, provided that the
17 article has previously arrived within the limits of the port of entry.

18 Imported articles shall be deemed "withdrawn" from warehouse in the
19 Philippines for consumption when the specified form is properly filed and
20 accepted, together with any related documents required by any provisions of this
21 ACT and/or regulations to be filed with such form at the time of withdrawal, by the
22 customs official designated to receive the withdrawal entry and any duties, taxes,
23 fees and/or other lawful charges HAVE BEEN PAID with the customs official
24 designated to receive such payment.

25 **SEC. 121. *DEFERRED PAYMENT FOR GOVERNMENT IMPORTATION.***
26 THE GOVERNMENT OR ANY OF ITS INSTRUMENTALITIES OR AGENCIES
27 MAY AVAIL OF DEFERRED PAYMENT FOR ITS IMPORTATIONS UNDER

1 SUCH TERMS AND CONDITIONS THAT SHALL BE DETERMINED BY
2 REGULATION TO BE JOINTLY ISSUED BY THE DEPARTMENT OF FINANCE
3 AND THE DEPARTMENT OF BUDGET MANAGEMENT .

4 **SEC. 122. REFUND OF DUTIES AND TAXES.** REFUND SHALL BE
5 GRANTED WHERE IT IS ESTABLISHED THAT DUTIES AND TAXES HAVE
6 BEEN OVERCHARGED AS A RESULT OF AN ERROR IN THEIR
7 ASSESSMENT.

8 WHERE PERMISSION IS GIVEN BY THE CUSTOMS FOR GOODS
9 ORIGINALLY DECLARED FOR A CUSTOMS PROCEDURE WITH PAYMENT
10 OF DUTIES AND TAXES TO BE PLACED UNDER ANOTHER CUSTOMS
11 PROCEDURE, REFUND SHALL BE MADE OF ANY DUTIES AND TAXES
12 CHARGED IN EXCESS OF THE AMOUNT DUE UNDER THE NEW
13 PROCEDURE SUBJECT TO SUCH REGULATION ISSUED FOR THE
14 PURPOSE.

15 REFUND SHALL NOT BE GRANTED IF THE AMOUNT INVOLVED IS
16 LESS THAN FIVE THOUSAND PESOS. HOWEVER, THE SECRETARY OF
17 FINANCE IN CONSULTATION WITH THE COMMISSIONER, MAY CHANGE
18 THE MINIMUM AMOUNT SPECIFIED IN THIS ACT TAKING INTO ACCOUNT
19 SUCH FACTORS AS INFLATION OR DEFLATION.

20 **SEC. 123. SECURITY.** CUSTOMS REGULATION SHALL PROVIDE THE
21 FORMS AND AMOUNT OF SECURITY THAT ARE REQUIRED TO
22 GUARANTEE THE PAYMENT OF DUTIES AND TAXES AND OTHER
23 OBLIGATIONS PROVIDED FOR IN THIS ACT.

24 UNLESS THE FORM OF THE SECURITY IS FIXED IN THIS ACT, ANY
25 PERSON REQUIRED TO PROVIDE SECURITY SHALL BE ALLOWED TO
26 CHOOSE ANY FORM OF SECURITY PROVIDED THAT IT IS ACCEPTABLE
27 TO CUSTOMS.

1 CUSTOMS SHALL NOT REQUIRE SECURITY WHEN THEY ARE
2 SATISFIED THAT AN OBLIGATION TO THE CUSTOMS WILL BE FULFILLED.

3 WHEN SECURITY IS REQUIRED TO ENSURE THAT THE OBLIGATIONS
4 ARISING FROM A CUSTOMS PROCEDURE WILL BE FULFILLED, THE
5 CUSTOMS SHALL ACCEPT A GENERAL SECURITY, IN PARTICULAR FROM
6 DECLARANTS WHO REGULARLY DECLARE GOODS AT DIFFERENT
7 OFFICES IN THE CUSTOMS TERRITORY UNDER SUCH TERMS AND
8 CONDITIONS AS THE COMMISSIONER MAY DETERMINE.

9 WHERE SECURITY IS REQUIRED, THE AMOUNT OF SECURITY TO BE
10 PROVIDED SHALL BE AS LOW AS POSSIBLE AND, IN RESPECT OF THE
11 PAYMENT OF DUTIES AND TAXES, SHALL NOT EXCEED THE AMOUNT
12 POTENTIALLY CHARGEABLE.

13 WHERE SECURITY HAS BEEN FURNISHED, IT SHALL BE
14 DISCHARGED AS SOON AS POSSIBLE AFTER THE CUSTOMS ARE
15 SATISFIED THAT THE OBLIGATIONS UNDER WHICH THE SECURITY WAS
16 REQUIRED HAVE BEEN DULY FULFILLED.

17 **SEC. 124. CUSTOMS CONTROL.** ALL GOODS, INCLUDING MEANS OF
18 TRANSPORT, WHICH ENTER OR LEAVE THE CUSTOMS TERRITORY,
19 REGARDLESS OF WHETHER THEY ARE LIABLE TO DUTIES AND TAXES,
20 SHALL BE SUBJECT TO CUSTOMS CONTROL WHICH SHALL BE LIMITED
21 TO THAT NECESSARY TO ENSURE COMPLIANCE WITH CUSTOMS AND
22 RELATED LAWS.

23 IN THE APPLICATION OF CUSTOMS CONTROL, THE CUSTOMS SHALL
24 USE AUDIT-BASED CONTROLS AND RISK MANAGEMENT SYSTEMS AND
25 ADOPT A COMPLIANCE MEASUREMENT STRATEGY TO SUPPORT RISK
26 MANAGEMENT.

1 CUSTOMS SHALL SEEK TO COOPERATE WITH OTHER CUSTOMS
2 ADMINISTRATIONS AND AIM AT CONCLUDING MUTUAL ADMINISTRATIVE
3 ASSISTANCE AGREEMENTS TO ENHANCE CUSTOMS CONTROL.

4 CUSTOMS SHALL CONSULT AND COOPERATE WITH OTHER
5 GOVERNMENT REGULATORY AGENCIES, INCLUDING FREE AND SPECIAL
6 ECONOMIC ZONE AUTHORITIES, AND THE CUSTOMS STAKEHOLDERS IN
7 GENERAL TO ENHANCE CUSTOMS CONTROL.

8 CUSTOMS SHALL EVALUATE TRADERS' COMMERCIAL SYSTEMS
9 WHERE THOSE SYSTEMS HAVE AN IMPACT ON CUSTOMS OPERATIONS
10 TO ENSURE COMPLIANCE WITH CUSTOMS REQUIREMENTS.

11 **SEC. 125. APPLICATION OF INFORMATION AND COMMUNICATION**
12 **TECHNOLOGY.** CUSTOMS SHALL APPLY INFORMATION AND
13 COMMUNICATION TECHNOLOGY TO ENHANCE CUSTOMS CONTROL AND
14 SUPPORT A COST-EFFECTIVE AND EFFICIENT CUSTOMS OPERATIONS
15 GEARED TOWARDS A PAPERLESS CUSTOMS ENVIRONMENT USING
16 INTERNATIONALLY ACCEPTED STANDARDS.

17 THE INTRODUCTION OF INFORMATION AND COMMUNICATION
18 TECHNOLOGY SHALL BE CARRIED OUT IN CONSULTATION WITH ALL
19 RELEVANT PARTIES DIRECTLY AFFECTED, TO THE GREATEST EXTENT
20 POSSIBLE.

21 **SEC. 126. RELATIONSHIP BETWEEN CUSTOMS AND THIRD**
22 **PARTIES.** PERSONS CONCERNED SHALL HAVE THE CHOICE OF
23 TRANSACTING BUSINESS WITH CUSTOMS EITHER DIRECTLY OR BY
24 DESIGNATING A THIRD PARTY TO ACT ON THEIR BEHALF.

25 THE CUSTOMS TRANSACTIONS WHERE THE PERSON CONCERNED
26 ELECTS TO DO BUSINESS ON HIS OWN ACCOUNT SHALL NOT BE
27 TREATED LESS FAVOURABLY OR BE SUBJECT TO MORE STRINGENT

1 REQUIREMENTS THAN THOSE CUSTOMS TRANSACTIONS WHICH ARE
2 HANDLED FOR THE PERSON CONCERNED BY A THIRD PARTY.

3 A PERSON DESIGNATED AS A THIRD PARTY SHALL HAVE THE SAME
4 RIGHTS AS THE PERSON WHO DESIGNATED HIM IN THOSE MATTERS
5 RELATED TO TRANSACTING BUSINESS WITH CUSTOMS.

6 **SEC. 127. INFORMATION OF GENERAL APPLICATION.** TO FOSTER
7 AN INFORMED COMPLIANCE REGIME, CUSTOMS SHALL ENSURE THAT
8 ALL RELEVANT AND AVAILABLE INFORMATION OF GENERAL
9 APPLICATION PERTAINING TO CUSTOMS LAW, NOT OTHERWISE
10 CONFIDENTIAL OR FOR CUSTOMS USE ONLY IS READILY ACCESSIBLE
11 TO ANY INTERESTED PERSON FOR LEGITIMATE USE.

12 WHEN INFORMATION THAT HAS BEEN MADE AVAILABLE MUST BE
13 AMENDED DUE TO CHANGES IN CUSTOMS LAW, ADMINISTRATIVE
14 ARRANGEMENTS OR REQUIREMENTS, CUSTOMS SHALL, AS FAR AS MAY
15 BE FEASIBLE, MAKE THE REVISED INFORMATION READILY AVAILABLE
16 SUFFICIENTLY IN ADVANCE OF THE ENTRY INTO FORCE OF THE
17 CHANGES TO ENABLE INTERESTED PERSONS TO TAKE ACCOUNT OF
18 THEM, UNLESS ADVANCE NOTICE IS PRECLUDED.

19 **SEC. 128. INFORMATION OF A SPECIFIC NATURE.** SUBJECT TO
20 REGULATION ISSUED FOR THE PURPOSE, CUSTOMS SHALL PROVIDE
21 INFORMATION AS MAY BE AVAILABLE AND IS NOT OTHERWISE
22 CONFIDENTIAL OR FOR CUSTOMS USE ONLY, RELATING TO A SPECIFIC
23 MATTER AS REQUESTED BY AN INTERESTED PERSON FOR LEGITIMATE
24 USE.

25 CUSTOMS MAY REQUIRE THE PAYMENT OF A REASONABLE FEE IN
26 PROVIDING SUCH INFORMATION OF A SPECIFIC NATURE TO
27 INTERESTED PARTIES.

1 **SEC. 129. DECISIONS AND RULINGS.** AT THE WRITTEN REQUEST OF
2 THE PERSON CONCERNED, CUSTOMS SHALL NOTIFY THEIR DECISION IN
3 WRITING WITHIN A PERIOD SPECIFIED IN THIS ACT. WHERE THE
4 DECISION IS ADVERSE TO THE PERSON CONCERNED, THE REASONS
5 SHALL BE GIVEN AND THE RIGHT OF APPEAL ADVISED.

6 CUSTOMS, SHALL, WITHIN THE BOUNDS OF ITS MANDATE AND
7 CONSISTENT WITH SECTION 1602 OF THIS ACT, ISSUE BINDING RULINGS
8 AT THE REQUEST OF THE INTERESTED PERSON ON MATTERS
9 PERTAINING TO IMPORTATION OR EXPORTATION OF GOODS, PROVIDED
10 THAT IT HAS ALL THE INFORMATION THEY DEEM NECESSARY.

11 **SEC. 130. RIGHT OF APPEAL, FORMS AND GROUND.** ANY PERSON
12 WHO IS DIRECTLY AFFECTED BY A DECISION OR OMISSION OF
13 CUSTOMS PERTAINING TO HIS IMPORTATION OR EXPORTATION OR
14 LEGAL CLAIM SHALL HAVE A RIGHT OF APPEAL.

15 AN APPEAL IN WRITING SHALL BE LODGED WITHIN THE SUFFICIENT
16 TIME PERIOD AS SPECIFIED IN THIS ACT OR BY REGULATION STATING
17 THE GROUNDS ON WHICH IT IS BEING MADE.

18 CUSTOMS SHALL NOT, AS A MATTER OF COURSE, REQUIRE THAT
19 ANY SUPPORTING EVIDENCE BE LODGED TOGETHER WITH THE APPEAL
20 BUT SHALL, IN APPROPRIATE CIRCUMSTANCES, ALLOW A REASONABLE
21 TIME FOR THE LODGEMENT OF SUCH EVIDENCE.

22 **CHAPTER 3. TYPES OF IMPORTATION**

23 **SEC. 131. FREE AND REGULATED IMPORTATIONS AND**
24 **EXPORTATIONS.** UNLESS OTHERWISE PROVIDED BY LAW OR
25 REGULATION, ALL ARTICLES MAY BE FREELY IMPORTED INTO AND

1 EXPORTED FROM THE PHILIPPINES WITHOUT NEED FOR IMPORT AND
2 EXPORT PERMITS, CLEARANCES OR LICENSES.

3 ARTICLES SUBJECT TO GOVERNMENT REGULATION MAY BE
4 BROUGHT IN OR EXPORTED ONLY AFTER SECURING THE REQUIRED
5 IMPORT OR EXPORT PERMITS, CLEARANCES, LICENSES, AND THE LIKE,
6 PRIOR TO IMPORTATION OR EXPORTATION; AND IF ALLOWED BY
7 GOVERNING LAWS OR REGULATIONS, AFTER ARRIVAL OF THE ARTICLES
8 BUT PRIOR TO RELEASE FROM CUSTOMS CUSTODY IN CASE OF
9 IMPORTATION.

10 **SEC. 132. *Prohibited Importations AND EXPORTATIONS.*** The
11 importation into AND EXPORTATION FROM the Philippines of the following
12 articles ARE prohibited:

13 (a) Dynamite, gunpowder, ammunitions and other explosives, firearms
14 and weapons of war, and parts thereof, except when authorized by law;

15 (b) Written or printed articles in any form containing any matter
16 advocating or inciting treason, or rebellion, insurrection, sedition or
17 subversion against the Government of the Philippines, or forcible resistance
18 to any law of the Philippines, or containing any threat to take the life of, or
19 inflict bodily harm upon any person in the Philippines;

20 (c) Written or printed articles, negatives or cinematographic film,
21 photographs, engravings, lithographs, objects, paintings, drawings or other
22 representation of an obscene or immoral character;

23 (d) Articles, instruments, drugs and substances designed, intended or
24 adapted for producing unlawful abortion, or any printed matter which
25 advertises or describes or gives directly or indirectly information where, how
26 or by whom unlawful abortion is produced;

27 (e) Roulette wheels, gambling outfits, loaded dice, marked cards,
28 machines, apparatus or mechanical devices used in gambling or the

1 distribution of money, cigars, cigarettes or other articles when such
2 distribution is dependent on chance, including jackpot and pinball machines
3 or similar contrivances, or parts thereof;

4 (f) Lottery and sweepstakes tickets except those authorized by the
5 Philippine Government, advertisements thereof, and lists of drawings therein;

6 (g) Any article manufactured in whole or in part of gold, silver or other
7 precious metals or alloys thereof, the stamps, brands or marks or which do
8 not indicate the actual fineness of quality of said metals or alloys;

9 (h) Any adulterated or misbranded articles of food or any adulterated or
10 misbranded drug in violation of the provisions of the "Food and Drugs Act";

11 (i) Marijuana, opium, poppies, coca leaves, heroin or any other
12 narcotics or synthetic drugs which are or may hereafter be declared habit
13 forming by the President of the Philippines, or any compound, manufactured
14 salt, derivative, or preparation thereof, except when imported by the
15 Government of the Philippines or any person duly authorized by the
16 Dangerous Drugs Board, for medicinal purposes only;

17 (j) Opium pipes and parts thereof, of whatever material;

18 (k) INFRINGING GOODS AS DEFINED UNDER THE INTELLECTUAL
19 PROPERTY CODE AND RELATED LAWS; AND

20 (l) All other articles and parts thereof, the importation AND
21 EXPORTATION of which is prohibited by law or rules and regulations issued
22 by competent authority, AND INTERNATIONAL AGREEMENTS TO WHICH
23 THE PHILIPPINES IS SIGNATORY.

24 THE PROHIBITION TO IMPORT OR EXPORT ARTICLES AS DEFINED
25 HEREIN SHALL INCLUDE THOSE IN TRANSIT.

26 TITLE 2. BUREAU OF CUSTOMS

27 CHAPTER 1. GENERAL ADMINISTRATION

1 **SEC. 200. *Chief Officials of the Bureau of Customs.*** THE BUREAU OF
2 CUSTOMS SHALL HAVE ONE (1) CHIEF AND AS MANY ASSISTANT CHIEFS
3 TO BE KNOWN RESPECTIVELY AS THE COMMISSIONER OF CUSTOMS
4 AND DEPUTY COMMISSIONERS OF CUSTOMS AS PROVIDED FOR UNDER
5 EXISTING LAWS AND REGULATIONS. THE COMMISSIONER AND THE
6 DEPUTY COMMISSIONERS OF CUSTOMS SHALL BE APPOINTED BY THE
7 PRESIDENT OF THE PHILIPPINES.

8 **SEC. 201. *Functions of the Bureau.*** The general duties, powers and
9 jurisdiction of the bureau shall include:

- 10 a. Assessment and collection of the lawful revenues from imported
11 articles and all other dues, fees, charges, fines and penalties
12 accruing under the tariff and customs laws;
- 13 b. Prevention and suppression of smuggling and other frauds upon the
14 customs;
- 15 c. FACILITATION AND SECURITY OF INTERNATIONAL TRADE
16 AND COMMERCE THROUGH AN INFORMED COMPLIANCE
17 PROGRAM;
- 18 d. Supervision and control over the entrance and clearance of vessels
19 and aircraft engaged in foreign commerce;
- 20 e. Enforcement of the tariff and custom laws and all other laws, rules
21 and regulations relating to the tariff and customs administration;
- 22 f. Supervision and control over the handling of foreign mails arriving in
23 the Philippines, for the purpose of the collection of the lawful duty on
24 the dutiable articles thus imported and the prevention of smuggling
25 through the medium of such mails;
- 26 g. Supervision and control of all import and export cargoes, landed or
27 stored in piers, airports, terminal facilities, including container yards
28 and freight stations, for the protection of government revenue;

1 h. Exercise of exclusive original jurisdiction over seizure and forfeiture
2 cases under this Act; and

3 I. SUCH OTHER DUTIES, FUNCTIONS AND JURISDICTION AS
4 PROVIDED FOR IN THIS ACT AND OTHER LAWS.

5 **SEC. 202. *Annual Report of Commissioner.*** The annual report
6 of the Commissioner to the President shall, among other things, contain a
7 compilation of the (a) quantity and value of the articles imported into the
8 Philippines and the corresponding amount of custom duties, taxes and other
9 charges assessed and collected on imported articles itemized in accordance with
10 the tariff headings and subheadings as appearing in the liquidated customs
11 entries provided for in this Code, (b) percentage collection of the peso value of
12 imports, (c) quantity and value of conditionally-free importations, (d) customs
13 valuation over and above letters of credit opened, (e) quantity and value of
14 tax-free imports, and (f) the quantity and value of articles exported from the
15 Philippines as well as the taxes and other charges assessed and collected on
16 them for the preceding year. Copies of such annual report shall be furnished
17 regularly to the Department of Finance, Tariff Commission, NEDA, BANGKO
18 SENTRAL NG PILIPINAS, Board of Investments, Department of Budget AND
19 MANAGEMENT, and other economic agencies of the government, on or before
20 December 30, of each year.

21 **SEC. 203. *Commissioner to Make Rules and Regulations.*** The
22 Commissioner shall, subject to approval of the Secretary of Finance, promulgate
23 all rules and regulations necessary to enforce the provisions of this ACT. He shall
24 also cause the preparation and publication of a customs manual covering up-to-
25 date rules and regulations and decisions of the Bureau of Customs. The manual
26 shall be published and made available to the public at least once every quarter
27 within the first month after the end of every quarter. The Secretary of Finance
28 and/or the Commissioner of Customs shall furnish the BANGKO SENTRAL NG

1 PILIPINAS, Board of Investments, the NEDA and the Tariff Commission with at
2 least three copies each of every department order, administrative order,
3 memorandum circulars and such rules and regulations which a promulgated from
4 time to time for the purpose of implementing the provisions of THIS ACT.

5 **SEC. 204. *Commissioner to Furnish Copies of Collectors' Liquidated***
6 ***Duplicates.*** The Commissioner shall regularly furnish the NEDA, the NATIONAL
7 STATISTICS OFFICE, BUREAU OF INTERNAL REVENUE, the Tariff
8 Commission, a copy of each of all customs import/export entries as filed with the
9 Bureau of Customs. The Tariff Commission or its duly authorized agents shall
10 have access to and the right to copy all the customs liquidated import entries and
11 other documents appended thereto as finally filed in the Commission on Audit.

12 **CHAPTER 2. PORTS AND COLLECTION DISTRICTS**

13 **SEC. 205. *Collection Districts and Ports of Entry Thereof.*** The principal
14 ports of entry for the RESPECTIVE COLLECTION DISTRICTS SHALL BE
15 APARRI, SAN FERNANDO, MANILA, MANILA INTERNATIONAL CONTAINER
16 PORT, NINOY AQUINO INTERNATIONAL AIRPORT, SUBIC, CLARK,
17 BATANGAS, LEGASPI, ILOILO, CEBU, TACLOBAN, SURIGAO, CAGAYAN DE
18 ORO, ZAMBOANGA, DAVAO, LIMAY AND SUCH OTHER PORTS THAT MAY
19 BE CREATED PURSUANT TO THIS ACT.

20 THE SEA PORT AND AIRPORT AUTHORITIES AND PRIVATE PORT
21 OPERATORS SHALL PROVIDE FREE OF CHARGE, APPROPRIATE
22 FACILITIES TO ENABLE CUSTOMS TO EFFECTIVELY PERFORM ITS
23 MANDATE PURSUANT TO CUSTOMS AND TARIFF LAWS.

24 **SEC. 206. *Power of the Secretary of Finance to Open and Close Any***
25 ***Port.*** The Secretary of Finance may open or close any port of entry upon
26 recommendation of the Commissioner. When a port of entry is closed, its existing
27 personnel shall be reassigned to other duties by the Commissioner subject to the

1 approval of the Secretary of Finance. In all cases, the Secretary of Finance shall
2 report to the President any action taken on the opening or closure of any port of
3 entry.

4 **SEC. 207. Designation of Airports of Entry.** The Secretary of Finance,
5 upon recommendation of the Commissioner and the Director of the Civil
6 Aeronautics BOARD is authorized to designate airports of entry for civil aircraft
7 arriving in the Philippines from any place outside thereof and for articles carried
8 such aircraft. Such airport of entry shall be considered as a port of entry for
9 aliens arriving on such aircraft as a place of quarantine inspection.

10 **SEC. 208. Assignment of Customs Officers and Employees to Other**
11 **Duties.** The Commissioner of Customs may assign any employee or officer of
12 the Bureau of Customs with a civil service salary grade below 25 (twenty-five) to
13 any port, service, division or office within the Bureau or assign him duties as the
14 best interest of the service may require, in accordance with the staffing pattern or
15 organizational set-up as may be prescribed by law. When the employee or officer
16 sought to be assigned holds a position with a salary grade of 25 (twenty-five) or
17 above, such order of assignment shall be subject to the approval by the
18 Secretary of Finance. Provided, that such assignment shall not affect the
19 tenure of office of the employees nor result in the change of status, demotion in
20 rank and/or deduction in salary.

21 **SEC. 209. Authority of Deputy Collectors of Customs.** The deputy
22 collector at a principal port of entry may, in the name of the District Collector and
23 subject to his supervision and control, perform any particular act which might be
24 done by the District Collector himself. at subports, a deputy collector may, in his
25 own name, exercise the general powers of a collector, subject to the supervision
26 and control of the Collector of the subport.

27 Collectors may, with the approval of the Commissioner, appoint from their
28 force such number of special deputies as may be necessary for the proper

1 conduct of the public business, with authority to sign documents and perform
2 such service as may be specified in writing.

3 **SEC. 210. *Jurisdiction of Collector Over Importation of Articles.*** The
4 Collector shall cause all articles entering the jurisdiction of his district and
5 destined for importation through his port to be entered at the customhouse, shall
6 cause all such articles to be VALUED FOR CUSTOMS PURPOSES and
7 classified, and shall assess and collect the duties, taxes, and other charges
8 thereon, and shall hold possession of all imported articles upon which duties,
9 taxes, and other charges have not been paid or secured to be paid, disposing of
10 the same according to law.

11 **SEC. 211. *Jurisdiction of Collector Over Articles of Prohibited***
12 ***Importation AND EXPORTATION.*** Where articles are of prohibited importation
13 or EXPORTATION OR subject to importation OR EXPORTATION only upon
14 conditions prescribed by law, it shall be the duty of the Collector to exercise such
15 jurisdiction in respect thereto as will prevent importation OR EXPORTATION or
16 otherwise secure compliance with all legal requirements.

17 **SEC. 212. *Authority of the Collector of Customs to Hold the Delivery***
18 ***or Release of Imported Articles.*** Whenever any importer, except the
19 government, has an outstanding and demandable account with the Bureau of
20 Customs, the Collector shall hold the delivery of any article imported or
21 consigned to such importer unless subsequently authorized by the Commissioner
22 of Customs, and upon notice as in seizure cases, he may sell such importation or
23 any portion thereof to cover the outstanding account of such importer; Provided,
24 however, That at any time prior to the sale, the delinquent importer may settle his
25 obligations with the Bureau of Customs, in which case the aforesaid articles may
26 be delivered upon payment of the corresponding duties and taxes and
27 compliance with all other legal requirements.

1 **SEC. 213. Succession of Deputy Collector to Position of Acting**
2 **Collector.** In the absence or disability of a Collector at any port or in case of a
3 vacancy in his office, the temporary discharge of his duties shall devolve upon
4 the deputy collector of the port. Where no deputy collector is available, an official
5 to serve in such contingency may be designated in writing by the Collector from
6 his own force. The Collector making such designation shall report the same
7 without delay to the Commissioner and the Chairman, Commission on Audit,
8 forwarding to them the signature of the person so designated.

9 **SEC. 214. Designation of Official as Customs Inspector.** At a coastwise
10 port where no customs official or employee is regularly stationed, the
11 Commissioner may designate any national, provincial or municipal official of the
12 port to act as an inspector of customs for the purpose of enforcing laws and
13 regulations of the Bureau of Customs in the particular port; but all such
14 designations shall be made with the consent of the proper Department head of
15 the official so designated.

16 **SEC. 215. DETERMINATION OF THE DE MINIMIS VALUE.** THE
17 SECRETARY OF FINANCE, UPON THE RECOMMENDATION OF THE
18 COMMISSIONER OF CUSTOMS, SHALL ESTABLISH THE DE MINIMIS
19 VALUE OR A MINIMUM AMOUNT OF DUTIES AND TAXES BELOW WHICH
20 NO DUTIES AND TAXES SHALL BE COLLECTED.

21 **SEC. 216. Records to be kept by Customs Officials.** District Collectors,
22 deputy collectors, and other customs officials acting in such capacities are
23 required to keep true, correct and permanent records of their official transactions,
24 to submit the same to the inspection of authorized officials at all times, and turn
25 over all records and official papers to their successors or other authorized
26 officials.

1 IN THE OFFICE OF THE COLLECTOR OF A COLLECTION DISTRICT,
2 THERE SHALL BE KEPT A DOCUMENT DRY SEAL OF SUCH DESIGN AS
3 THE COMMISSIONER SHALL PRESCRIBE WITH WHICH SHALL SEAL ALL
4 DOCUMENTS AND RECORDS REQUIRING AUTHENTICATION IN SUCH
5 OFFICE.

6 **SEC. 217. *Port Regulations.*** A Collector may prescribe local
7 administrative regulation, not inconsistent with law or the general bureau
8 regulations, for the government of his port or district, the same to be effective
9 upon the approval by the Commissioner.

10 **SEC. 218. *Reports of Collector to Commissioner.*** A Collector shall
11 immediately make report to the Commissioner concerning prospective or newly
12 begun litigation in his district touching matters relating to the customs service;
13 and he shall, in such form and detail as shall be required by the Commissioner
14 make regular monthly reports of all transactions in his port and district.

15 **TITLE 3. CUSTOMS TERRITORY AND CUSTOMS CONTROL**

16 **CHAPTER 1. CUSTOMS TERRITORY**

17 **SEC. 300. *Territorial Jurisdiction.*** For the due and effective exercise of
18 the powers conferred by law and to the extent requisite therefor, said Bureau
19 shall have the right of supervision and police authority over all seas within the
20 jurisdiction of the Philippines and over all coasts, ports, airports, harbors, bays,
21 rivers, and inland waters whether navigable or not from the sea.

22 When a vessel becomes subject to seizure by reason of an act done in
23 Philippine waters in violation of the tariff and customs laws, a pursuit of such
24 vessel began within the jurisdictional waters may continue beyond the maritime
25 zone, and the vessel may be seized on the high seas. Imported articles which
26 may be subject to seizure for violation of the tariff and customs laws may be

1 pursued in their transportation in the Philippines by land, water or air and such
2 jurisdiction exerted over them at any place therein as may be necessary for the
3 due enforcement of the law.

4 **SEC. 301. *Jurisdiction Over Premises Used for Customs Purposes.***

5 The Bureau of Customs shall, for customs purposes, have exclusive control,
6 direction and management of customhouses, warehouses, offices, wharves, and
7 other premises in the respective ports of entry, in all cases without prejudice to
8 the general police powers of the city or municipality and the Philippine Coast
9 Guard in the exercise of its functions wherein such premises are situated.

10 **SEC. 302. *Enforcement of Port Regulation of Bureau of Quarantine.***

11 Customs officials and employees shall cooperate with the quarantine
12 authorities in the enforcement of the port quarantine regulations promulgated by
13 the Bureau of Quarantine and shall give effect to the same in so far as connected
14 with matters of shipping and navigation.

15 **SEC. 303. *Power of the President to Subject Premises to Jurisdiction***

16 ***of Bureau of Customs.*** When any public wharf, landing place, street or land, not
17 previously under the jurisdiction of the Bureau of Customs, in any port of entry, is
18 necessary or desirable for any proper customs purpose, the President of the
19 Philippines may, by executive order, declare such premises to be under the
20 jurisdiction of the Bureau of Customs, and thereafter the authority of such Bureau
21 in respect thereto shall be fully effective.

22 **SEC. 304. *Trespass or Obstruction of Customs Premises.*** ONLY

23 PERSONS OR THEIR DULY AUTHORIZED REPRESENTATIVES with
24 legitimate business with, or employees of, the port or the Bureau of Customs
25 shall be allowed to enter the customs premises. No person shall obstruct a
26 customhouse, warehouse, office, wharf, street or other premises under the

1 control of the Bureau of Customs, or in any of the approaches to that house or
2 premises.

3 **SEC. 305. *Special Surveillance for Protection of Customs Revenue***
4 ***and Prevention of Smuggling.*** In order to prevent smuggling and to secure the
5 collection of the legal duties, taxes and other charges, the customs service shall
6 exercise surveillance over the coast, beginning when a vessel or aircraft enters
7 Philippine territory and concluding when the article imported therein has been
8 legally passed through the customhouse: Provided, That the function of the
9 Philippine Coast Guard to prevent and suppress illegal entry, smuggling and
10 other customs frauds and violations of the maritime law and its proper
11 surveillance of vessels entering and/or leaving the Philippine territory as provided
12 in section 3 (a) of Republic Act Numbered Fifty-one hundred and seventy-three
13 shall continue to be in force and effect.

14 **SEC. 306. *CUSTOMS WAREHOUSE FOR TEMPORARY STORAGE OF***
15 ***ARTICLES.*** SUBJECT TO THE RULES AND REGULATIONS TO BE
16 APPROVED BY THE SECRETARY OF FINANCE, THE COMMISSIONER OF
17 CUSTOMS SHALL ESTABLISH A SYSTEM FOR TEMPORARY STORAGE OF
18 IMPORTS PRIOR TO GOODS DECLARATION.

19 **CHAPTER 2. COASTWISE TRADE**

20 **SEC. 307. *Requirement of Manifest in Coastwise Trade.*** Manifests shall
21 be required for cargo and passengers transported from one place or port in the
22 Philippines to another only when one or both of such places is a port of entry.

23 **SEC. 308. *Manifest Required Upon Departure from Port of Entry.*** Prior
24 to departure from a port of entry, the master of a vessel licensed for the
25 coastwise trade shall make out and subscribe duplicate manifests of the whole
26 cargo and all of the passengers taken on board on such vessels, specifying in

1 the cargo manifests the marks and numbers of packages, the port of destination
2 and names of the consignees, together with such further information as may be
3 required and in the passengers manifest the name, sex, age, residence, port of
4 embarkation, and destination of all passengers, together with such further
5 information as may be required. He shall deliver such manifests to the Collector
6 of Customs or other customs authorized, before whom he shall swear to the best
7 of his knowledge and belief, in respect to the cargo manifests, that the goods
8 therein described, if foreign, were imported legally and that duties, taxes and
9 other charges thereon have been paid or secured to be paid, and with respect to
10 the passenger manifests, that the information therein contained is true and
11 correct as to all passengers taken on board. Thereupon, the said Collector of
12 Customs or customs official, shall certify the same on the manifests, the original
13 of which he shall return to the master with a permit specifying thereon, generally,
14 the landing on board such vessel and authorizing him to proceed to his port of
15 destination retaining the duplicates.

16 **SEC. 309. Manifests Required Prior to Unloading at Port of Entry.**

17 Upon arrival at a port of entry a vessel engaged in the coastwise trade and prior
18 to the unloading of any part of the cargo, the master shall deliver to the Collector
19 or other proper customs official complete manifests of all the cargo and
20 passengers brought into said port, together with the clearance manifests of cargo
21 and passengers for said port granted port or ports of entry from which said vessel
22 may have cleared during the voyage.

23 **SEC. 310. Departure of Vessel Upon Detailed Manifest.** The owner,
24 agents or consignees of vessels are required to present the proper detailed
25 manifest before departure of the vessel: Provided, however, that the
26 Commissioner of Customs may by regulation permit a vessel to depart coastwise
27 from a port of entry upon the filing of a general manifest by the master thereof.

1 **TITLE 4. IMPORT CLEARANCE AND FORMALITIES**

2 **CHAPTER 1. IMPORT AND GOODS DECLARATION**

3
4 **SEC. 400. *Articles to be Imported Only Through Customhouse.*** All
5 articles imported into the Philippines shall be entered AND/OR CLEARED
6 through a customhouse at a port of entry OR MAY BE ADMITTED TO A FREE
7 ZONE, AS THE CASE MAY BE.

8 **SEC. 401. *Importations Subject to GOODS DECLARATION.*** UNLESS
9 OTHERWISE PROVIDED FOR IN THIS ACT, all imported articles shall be
10 subject to a formal OR informal entry. Articles of a commercial nature, the FOB
11 OR FCA value of which is FIFTY THOUSAND PESOS (P50,000.00) or less AND
12 personal and household effects or articles, not in commercial quantity, imported
13 in passenger's baggage, mail or otherwise, for personal use, shall be cleared
14 THROUGH an informal entry whenever duty, tax or other charges are collectible.
15 ALL OTHER ARTICLES SHALL BE CLEARED THROUGH A FORMAL ENTRY.

16 The Commissioner may, , for the protection of GOVERNMENT REVENUE
17 OR WHEN PUBLIC INTEREST DEMANDS, require a formal entry, regardless of
18 value, whatever be the purpose and nature of the importation.

19 A formal entry may be for immediate consumption OR FOR CUSTOMS
20 BONDED WAREHOUSING under WAREHOUSING BOND, irrevocable domestic
21 letter of credit, bank guarantee or OTHER APPROPRIATE FORM OF
22 SECURITY ALLOWED UNDER CUSTOMS REGULATIONS.

23 CUSTOMS TRANSIT AND TRANSSHIPMENT SHALL BE COVERED BY
24 APPROPRIATE GOODS DECLARATION, THE FORMALITIES AND
25 CONDITIONS OF WHICH SHALL BE GOVERNED BY CUSTOMS
26 REGULATIONS.

1 All importations entered under formal entry shall be covered by a letter of
2 credit or any verifiable COMMERCIAL document evidencing payment or IN
3 CASES WHERE THERE IS NO SALE FOR EXPORT, BY ANY COMMERCIAL
4 DOCUMENT INDICATING THE COMMERCIAL VALUE OF THE ARTICLE FOR
5 CUSTOMS PURPOSES

6 **SEC. 402. *Entry of Article in Part for Consumption and in Part for***
7 ***Warehousing.*** IMPORT ENTRIES OF ARTICLES COVERED BY ONE BILL OF
8 LADING OR AIRWAY BILL CONTAINING ARTICLES IN PART FOR
9 CONSUMPTION AND IN PART FOR WAREHOUSING MAY BE BOTH
10 ENTERED SIMULTANEOUSLY AT THE PORT OF DELIVERY ONE FOR
11 CONSUMPTION AND THE OTHER FOR WAREHOUSING.

12 *Where an intent to export the articles is shown by the bill of lading and*
13 *invoice, the whole or a part of a bill of lading (not less than one package) may be*
14 **COVERED BY GOODS DECLARATION FOR TRANSSHIPMENT.** Articles
15 **UNDER CUSTOMS TRANSIT** received at any port from another port in the
16 Philippines may be entered at the port of delivery either for consumption or
17 warehousing.

18 **SEC. 403. *IMPORT ENTRY AND INTERNAL REVENUE DECLARATION.***

19 Except in case of informal entry, no entry of imported article shall be effected
20 until there shall have been submitted to the collector a written declaration under
21 penalties of falsification or perjury, in such form as shall be prescribed by the
22 Commissioner, containing statements in substance as follows:

23 a. That the entry delivered to the Collector contains a full account of the
24 value or price of said articles, including subject of the entry;

25 b. That the invoice and entry contain AN ACCURATE and faithful account of
26 the value or price of said articles, including and specifying the value of all
27 containers or coverings, AND OTHER ADJUSTMENTS TO THE PRICE

1 ACTUALLY PAID OR PAYABLE, and that nothing has been omitted therefrom or
2 concealed whereby the government of the Republic of the Philippines might be
3 defrauded of any part of the duties AND TAXES lawfully due on the articles;

4 c. That, to the best of the declarant's information and belief, all the invoices
5 and bills of lading relating to the articles are the only ones in existence relating to
6 the importation in question and that they are in the state in which they were
7 actually received by him;

8 d. That, to the best of the declarant's information and belief, the entries,
9 invoices and bills of lading OR AIRWAY BILLS, and the declaration thereon
10 under penalties of falsification or perjury are in all respects genuine and true; and

11 e. That, to the best of the declarant's information and belief, the entries,
12 invoices and bills of lading and the declaration thereon under penalties of
13 falsification or perjury are in all respects genuine and true.

14 **SEC. 404. Form and Content of GOODS Declaration.** GOODS
15 declarations shall be IN SUCH FORM AND in SUCH number of copies as
16 SHALL BE prescribed by regulations. They shall contain the names of the
17 importing vessel or aircraft, port of departure and date of arrival, the number and
18 marks of packages, or the quantity, if in bulk, the nature and correct commodity
19 description of the articles contained therein, and its value as set forth in a proper
20 invoice to be presented in duplicate with the entry.

21 **SEC. 405. Description of Articles.** The description of the articles in the
22 import entry must be in sufficient detail to enable the articles to be identified both
23 for tariff classification and statistical purposes, and if specifically classified in this
24 ACT in the tariff description of terms of the headings or subheadings of this ACT
25 and in the currency of the invoice, AND IN SUCH OTHER PARTICULARS
26 NECESSARY FOR THE PROPER ASSESSMENT AND COLLECTION OF
27 DUTIES AND TAXES IN COMPLIANCE WITH CUSTOMS AND RELATED
28 LAWS; and the quantity and values of each of the several classes of articles shall

1 be separately declared according to their respective headings or subheadings
2 and the totals of each heading or subheading shall be duly shown.

3 **SEC. 406. Commercial AND NON-COMMERCIAL Invoice.** Contents of
4 Commercial invoice of articles imported in the Philippines shall in all cases set
5 forth all the following:

6 a. THE AGREED PRICE PAID OR PAYABLE FOR THE GOODS;

7 b. The place where, the date when, and the person by whom and the person
8 to whom the articles are sold or agreed to be sold, or if to be imported otherwise
9 than in pursuance of a purchase, the place from which shipped, the date when
10 the person to whom and the person by whom they are shipped;

11 c. All charges upon the articles itemized by name and amount when known
12 to the seller or shipper; or all charges by name, e.g., SELLING commission,
13 insurance, freight, COST OF cases, containers, coverings and packing, AND
14 ALL OTHER ADJUSTMENTS TO THE PRICE PAID OR PAYABLE, included in
15 invoice prices when the amount for such charges are unknown to the seller or
16 shipper;

17 d. The port of entry to which the articles are destined;

18 e. A detailed description of the articles according to the terms of the heading
19 or subheadings, if specifically mentioned in this ACT, otherwise the description
20 must be in sufficient detail to enable the articles to be identified both for tariff
21 classification and statistical purposes, indicating their correct commodity
22 description, in customary terms or commercial designation, including the grade or
23 quality, numbers, marks or symbols under which they are sold by the seller or
24 manufacturer, together with the marks and number of the packages in which the
25 articles are packed;

26 f. The quantities in the weights and measures of the country or place from
27 which the articles are shipped, and in the weights and measures used in the
28 ACT;

1 g. The purchase price of each article in the currency of the purchase and in
2 the unit of the quantity in which the articles were bought and sold in the place of
3 country of exportation, if the articles are shipped in pursuance of a purchase or
4 an agreement to purchase; and

5 h. If the articles are shipped otherwise than in pursuance of the purchase or
6 an agreement to purchase, the value of each article in the unit of quantity in
7 which the articles are usually bought and sold, and in the currency in which the
8 transactions are usually made, or, in the absence of such value, the price in such
9 currency which the manufacturer, seller, shipper or owner would have received,
10 or was willing to receive, for such articles if sold in the ordinary course of trade
11 and in the usual wholesale quantities in the country of exportation;

12 Any other facts deemed necessary to THE proper examination,
13 VALUATION and classification of the articles AS MAY BE PRESCRIBED BY
14 REGULATIONS.

15 TO THE EXTENT POSSIBLE, THE ABOVE REQUIREMENTS SHALL
16 APPLY FOR GOODS ON CONSIGNMENT, SAMPLES OR DONATIONS
17 COVERED BY A PRO-FORMA INVOICE, CONSIGNMENT INVOICE OR ANY
18 OTHER NON-COMMERCIAL INVOICE.

19 **SEC. 407. MODE AND MANNER OF PAYMENT; TRADE TERMS.**
20 SUBJECT TO EXISTING LAWS AND RULES ON FOREIGN CURRENCY
21 EXCHANGE, THE INTERNATIONALLY-ACCEPTED STANDARDS AND
22 PRACTICES ON THE MODE OF PAYMENT OR REMITTANCE COVERING
23 IMPORT AND EXPORT TRANSACTIONS, INCLUDING STANDARDS
24 DEVELOPED BY INTERNATIONAL TRADING BODIES SUCH AS THE
25 INTERNATIONAL CHAMBER OF COMMERCE (ICC) ON TRADING TERMS
26 E.G., INCOTERMS 2000, AND ON INTERNATIONAL LETTERS OF CREDIT
27 SUCH AS THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY
28 CREDITS (UCP 600), SHALL BE RECOGNIZED.

1 **SEC. 408. REQUEST FOR Classification and VALUATION RULING.**

2 a. **As to classification.** - When an article imported or intended to be
3 imported is not specifically classified in this ACT, the interested party, importer
4 or foreign exporter may submit to the Tariff Commission a sample together with a
5 full description of its component materials and uses, and request it in writing to
6 indicate the heading under which the article is or shall be dutiable, and the Tariff
7 Commission shall comply with such requests within thirty days from receipt
8 thereof if it is satisfied that the application is made in good faith, in which case
9 classification of the article in question upon the particular importation involved
10 shall be made according to the heading indicated by the Tariff Commission:
11 Provided, however, that such rulings of the Tariff Commission on commodity
12 classification, shall be binding upon the Bureau of Customs, unless the Secretary
13 OF FINANCE shall rule otherwise.

14 b. **As to Value.** - Upon written application of owner or his agent, the
15 Collector shall ISSUE A VALUATION RULING ON ANY ISSUE RELATING TO
16 THE APPLICATION OF THE RULES ON CUSTOMS VALUATION within thirty
17 days from receipt thereof: Provided, That the RULING shall be given only if the
18 Collector is satisfied after questioning the importer and examining all pertinent
19 papers presented to him, such as invoices, contracts of sale or purchase, orders
20 and other commercial documents that the importer is acting in good faith and is
21 unable to DETERMINE THE PROPER APPLICATION OF A SPECIFIC
22 CUSTOMS VALUATION RULE/PRINCIPLE OR SET OF RULES/PRINCIPLES
23 TO HIS SPECIFIC IMPORTATION.

24 **SEC. 409. Forwarding of Cargo and Remains of Wrecked Vessel or**
25 **Aircraft.** When vessels or aircrafts are wrecked within the Philippines,
26 application must be made to the Commissioner by the original owners or
27 consignees of the cargo, or by the underwriters, in case of abandonment to them,
28 for permission to forward the articles saved from the wreck to the ports of

1 destination, in other conveyance, without entry at the customhouse in the district
2 in which the article was cast ashore or unladen. On receipt of such permission,
3 the articles may be so forwarded with particular manifests thereof, duly certified
4 by customs officials in charge of the articles.

5 If the owner of the vessel or aircraft wishes to export the remains of the
6 wreck, he may be permitted to do so upon proper examination and inspection.
7 The remains of a wrecked vessel shall be considered to be not only the hull and
8 rigging of the same but also all sea stores and articles of equipment, such as
9 sails, ropes, chains, anchors and so forth.

10 **SEC. 410. *Derelicts and Articles from Abandoned Wrecks.*** Derelicts
11 and all articles picked at sea or recovered from abandoned wrecks, shall be
12 taken possession of in the port or district where they shall first arrive, and be
13 retained in the custody of the Collector, and if not claimed and entered, as the
14 case may be, by the owner, underwriter or salvor, shall be dealt with as
15 unclaimed property.

16 When such articles are brought into port by lighters or other craft, each of
17 such vessels shall make entry by manifest of her cargo.

18 If, in case of wreck, there be no customhouse at the point where the vessel
19 or aircraft is wrecked, the coastguard or customs official nearest the scene of the
20 wreck shall render all possible aid in saving the crew and cargo of the vessel or
21 aircraft, taking charge of the articles saved and giving immediate notice to the
22 Collector or the nearest customhouse.

23 In order to prevent any attempt to defraud the revenue the Collector shall be
24 presented at the salvage of the cargo by customs officials detailed for that
25 purpose, who shall examine and countersign the inventory made of such cargo
26 and receive a copy of the same.

27 Derelicts and articles salvaged from foreign vessels or aircrafts picked up at
28 sea, or taken from wreck is prima facie dutiable and may be entered for

1 consumption or warehousing. If claimed to be of Philippine production, and
2 consequently free, proof must be adduced as in ordinary cases of re-importation
3 of articles. Foreign articles landed from a vessel or aircraft in distress is dutiable
4 if sold or disposed of in the Philippines.

5 Before any article which has been taken from a recent wreck shall be
6 admitted to entry, the same shall be appraised, and the owner or importer shall
7 have the same right to appeal as in ordinary importation.

8 No part of a Philippine vessel or aircraft or her equipment, wrecked either in
9 Philippine or foreign waters, shall be subject to duty.

10 CHAPTER 2. EXAMINATION OF GOODS

11 **SEC. 411. *Conditions for Examination.*** For the protection of government
12 revenue and public interest and to prevent the entry into the country of smuggled
13 or contraband goods, the Commissioner shall, subject to the approval of the
14 Secretary of Finance, promulgate rules and regulations that shall prescribe the
15 procedure in accordance with which the examination shall be undertaken on the
16 importation and the required quantity or percentage thereof. **PHYSICAL
17 EXAMINATION OF THE IMPORTED GOODS AND GOODS FOR EXPORT
18 SHALL BE CONDUCTED** when:

19 1) IMPORTED GOODS AND GOODS FOR EXPORT ARE
20 ELECTRONICALLY SELECTED FOR PHYSICAL EXAMINATION;

21 2) WHEN PHYSICAL EXAMINATION IS NECESSARY TO RESOLVE
22 ISSUES INVOLVING TARIFF CLASSIFICATION, CUSTOMS VALUATION,
23 RULES OF ORIGIN;

24 3) THE IMPORTED GOODS AND GOODS FOR EXPORT ARE
25 COVERED BY ALERT/HOLD ORDER ISSUED BY COMPETENT
26 AUTHORITY; AND

27 4) DIRECTED BY THE COMMISSIONER OF CUSTOMS ON

1 ACCOUNT OF DEROGATORY INFORMATION.

2 CUSTOMS MAY ADOPT NON-INTRUSIVE INSPECTION BASED ON
3 INTERNATIONALLY ACCEPTED STANDARDS.

4 SUBJECT TO RANDOM CHECKING, POST ENTRY AUDIT, AND UNDER
5 CERTAIN CONDITIONS TO BE PRESCRIBED BY RULES AND
6 REGULATIONS, THE COMMISSIONER OF CUSTOMS MAY EXEMPT FROM
7 EXAMINATION IMPORTATIONS BELONGING TO IMPORTERS ACCREDITED
8 AS AN AUTHORIZED ECONOMIC OPERATOR (AEO) OR UNDER ANY
9 EXISTING TRADE FACILITATION PROGRAM.

10 **SEC. 412. *Determination of Weight and Quantity.*** Where articles ARE
11 CUSTOMARILY CONTAINED IN PACKING, PACKAGES, OR RECEPTACLES
12 OF UNIFORM OR SIMILAR CHARACTER, it shall be the duty of the
13 Commissioner, from time to time, to ascertain by tests the weight as quantity of
14 such articles, and the weight of the packing, packages or receptacles thereof,
15 respectively, in which the same are customarily imported, and upon such
16 ascertainment, to prescribe rules for estimating the dutiable weight or quantity
17 thereof, and thereafter such articles, imported in such customary packing,
18 packages or receptacles shall be entered, and the duties thereon levied and
19 collected, upon the bases of such estimated dutiable weight or quantity:
20 Provided, That if the importer, consignee or agent shall be dissatisfied, with such
21 estimated dutiable weight or quantity, and shall file with the Collector prior to the
22 delivery of the packages designated for examination a written specification of his
23 objections thereto, or if the Collector shall have reasons to doubt the exactness
24 of the prescribed weight or quantity in any instance, it shall be his duty to cause
25 such weights or quantities to be ascertained.

26 **SEC. 413. *Duties of Customs Officer Tasked to Examine, Classify and***
27 ***ASCERTAIN THE VALUE OF Imported Articles.*** The customs officer tasked to
28 examine AND/OR, classify, and/OR ASCERTAIN THE VALUE OF imported

1 articles shall determine whether the packages designated for examination and
2 their contents are in accordance with the declaration in the entry, invoice and
3 other pertinent documents and shall make a return in such a manner to indicate
4 whether the articles have been truly and correctly declared in the IMPORT entry
5 as regards their quantity, measurement, weight, and tariff classification and not
6 imported contrary to law. He MAY submit sample to the laboratory for analysis
7 when feasible to do so and when such analysis is necessary for the proper
8 classification, VALUATION, and/or CLEARANCE into the Philippines of imported
9 articles.

10 Likewise, the customs officer shall determine the unit of quantity AND
11 MEASUREMENT in which they are usually bought and sold, and ASCERTAIN
12 THE VALUE OF the imported articles in accordance with Section 700 of this
13 ACT.

14 Failure on the part of the customs officer to comply with his duties shall
15 subject him to the penalties prescribed under Title 15 of this ACT.

16 **SEC. 414. *Proceedings and Report of CUSTOMS OFFICERS.***

17 CUSTOMS OFFICERS shall, by all reasonable ways and means, ascertain, and
18 determine the value or price of the articles BASED ON THE MODE OF
19 VALUATION AS PRESCRIBED IN THIS ACT shall report in writing on the face of
20 the GOODS DECLARATION OR THE ELECTRONIC FORM the value so
21 determined.

22 CUSTOMS OFFICERS shall REFLECT HIS EXAMINATION FINDINGS ON
23 the GOODS DECLARATION OR THE ELECTRONIC FORM in tariff and such
24 terms as will enable the Collector to pass upon the VALUATION and
25 classification of the same, which VALUATION and classification shall be subject
26 to his approval or modification, and shall note thereon the measurements and
27 quantities, and any disagreement with the declaration.

1 **SEC. 415. EXAMINATION OF Samples.** CUSTOMS OFFICERS shall see
2 to it that representative SAMPLES TAKEN DURING EXAMINATION SHALL BE
3 PROPERLY RECEIPTED FOR AND RETAINED WITHIN A REASONABLE
4 PERIOD OF TIME The quantity and value of the samples taken shall be noted
5 IN the SPECIFIED BOX OF THE IMPORT entry OR ELECTRONIC FORM.
6 Such samples shall be duly labeled as will definitely identify them with the
7 importation for which they are taken.

8 **SEC. 416. Readjustment of VALUATION, Classification or Return.** Such
9 VALUATION, classification or return as finally passed upon and approved or
10 modified by the Collector shall not be altered or modified in any manner, except:

11 (a) Within one year after payment of the duties AND TAXES AND
12 OTHER CHARGES, upon statement of error in conformity with Section 909 of
13 this Act, approved by the Collector.

14 (b) Within fifteen days after such payment upon request for
15 reclassification addressed to the Commissioner by the Collector, if the
16 classification is deemed incorrect.

17 (c) Upon FILING OF TIMELY PROTEST BASED ON VALUE AND/OR
18 CLASSIFICATION ADDRESSED TO THE COLLECTOR BY THE interested
19 party if the latter should be dissatisfied with the ASSESSMENT.

20 (d) Upon demand by the Commissioner of Customs after the
21 completion of A POST CLEARANCE audit pursuant to the provisions of this ACT.

22 **SEC. 417. Delivery of Articles to Holder of Bill of Lading OR AIRWAY**
23 **BILL.** A Collector who makes a delivery of a shipment, upon the surrender of the
24 bill of lading OR AIRWAY BILL, to person who by the terms thereof appears to
25 be the consignee or lawful holder of the bill shall not be liable on account of any
26 defect in the bill or irregularity in its negotiation, unless he has notice of the
27 same.

1 **SEC. 418. *Delivery of Articles Without Production of Bill of Lading OR***
2 ***AIRWAY BILL.*** No Collector shall deliver imported articles to any person without
3 the surrender by such person of the bill of lading OR AIRWAY BILL covering said
4 article, except on written order of the carrier or agent of the importing vessel or
5 aircraft, in which case neither the Government nor the Collector shall be held
6 liable for any damages arising from wrongful delivery of the articles: Provided,
7 however, That where delivery of articles is made against such written order of the
8 carrier or agent of the importing vessel or aircraft, the Collector may, for customs
9 purposes, require the production of an exact copy of the bill of lading therefor.

10 **SEC. 419. *Delivery Upon Order of Importer.*** An importer of record may
11 authorize delivery to another person by writing upon the face of the warehouse
12 withdrawal entry his orders to that effect. Such authority to deliver the article
13 entered for warehousing in accordance with Section 805 shall not relieve the
14 importer and THE SECURITY POSTED from liability for the payment of the
15 duties, taxes and other charges due on the said article unless the person to
16 whom the delivery was authorized to be made assumes such liability by
17 complying with the requirements of above- mentioned section.

18 **SEC. 420. *Withholding Delivery Pending Satisfaction of Lien.*** When the
19 Collector is duly notified in writing of a lien for freight, lighterage or general
20 average upon any imported articles in his custody, he shall withhold the delivery
21 of the same until he is satisfied that the claim has been paid or secured.

22 In case of a disagreement, as to the amount due between the party filing the
23 lien and the importer regarding the amount of the freight and lighterage based
24 upon the quantity or weights of the articles imported, the Collector may deliver
25 the articles upon payment of the freight and lighterage due on the quantity or
26 weight actually landed as shown by the return of the proper official or by other
27 means to his satisfaction.

1 **SEC. 421. *Customs Expenses Constituting Charges on Articles.*** All
2 expenses incurred by the customs service for the handling or storage of articles
3 and other necessary operations in connection therewith, or incident to its seizure,
4 shall be chargeable against such articles, and shall constitute a lien upon it. THE
5 COST OF EXAMINATION SHALL AT ALL TIMES BE FOR THE ACCOUNT OF
6 THE IMPORTER OR EXPORTER.

7 **SEC. 422. *Fine or Surcharge on Articles.*** No article which is liable for any
8 fine or surcharge imposed under the CUSTOMS AND tariff laws shall be
9 delivered until the same shall have been paid or secured by cash deposit,
10 irrevocable domestic letter of credit, bank guarantee or bond.

11 **CHAPTER 3. ASSESSMENT AND LIQUIDATION**

12 **SEC. 423. *Liquidation and Record of Entries.*** If the Collector shall
13 approve the returns of the CUSTOMS OFFICER and the report of the weights,
14 gauge or quantity, the liquidation shall be made on the face of the entry showing
15 the particulars thereof, initiated by the customs assessor, approved by the chief
16 customs assessor, and recorded in the record of liquidations.

17 A daily record of all entries liquidated shall be posted in public corridor of the
18 customhouse, name of the vessel or aircraft, the port from which she arrived, the
19 date of her arrival, the name of the importer, and the serial number and the date
20 of the entry. The daily record must also be kept by the collector of all additional
21 duties, taxes and other charges found upon liquidation, and notice shall promptly
22 be sent to the interested parties.

23 **SEC. 424. *Tentative Liquidation.*** If to determine the exact amount due
24 under the law in WHOLE OR IN part some future action is required, the
25 liquidation shall be deemed to be tentative as to the item or items affected and
26 shall to that extent be subject to future and final readjustment and settlement

1 within a period of THREE (3) months from date of tentative liquidation WHICH
2 MAY BE EXTENDED ON JUSTIFIABLE GROUNDS FOR A PERIOD NOT TO
3 EXCEED THREE (3) MONTHS. The entry in such case shall be stamped
4 tentative liquidation.

5 THE DISTRICT COLLECTOR SHALL ALLOW THE RELEASE OF
6 IMPORTATION UNDER TENTATIVE LIQUIDATION UPON THE POSTING OF
7 SUFFICIENT SECURITY TO COVER THE APPLICABLE DUTIES AND TAXES.

8 **SEC. 425. *Finality of Liquidation.*** When articles have been entered and
9 passed free of duty or final adjustments of duties made, with subsequent
10 delivery, such entry and passage free of duty or settlements of duties will, after
11 the expiration of three (3) years from the date of the final payment of duties, in
12 the absence of, fraud or protest or compliance audit pursuant to the provisions of
13 this ACT, be final and conclusive upon all parties, unless the liquidation of the
14 GOODS DECLARATION was merely tentative.

15 **SEC. 426. *Treatment of Fractions in the Liquidation.*** In determining the
16 total amount of taxes, surcharges, and/or other charges to be paid on entries, a
17 fraction of a peso less than fifty centavos shall be disregarded, and a fraction of a
18 peso amounting to fifty centavos or more shall be considered as one peso. In
19 case of overpayment or, underpayment of duties, taxes, surcharges and/or other
20 charges entries, where the amount involved is less than ten pesos, no refund or
21 collection shall be made.

22 **CHAPTER 4. SPECIAL PROCEDURES**

23 **SEC. 427. *TRAVELLERS AND PASSENGER BAGGAGE.*** CUSTOMS
24 SHALL PROVIDE SIMPLIFIED CUSTOMS PROCEDURE, BASED ON
25 INTERNATIONAL AGREEMENTS AND CUSTOMS BEST PRACTICES, FOR

1 TRAVELLER AND BAGGAGE PROCESSING INCLUDING THE MEANS OF
2 TRANSPORT.

3 TRAVELLERS SHALL BE PERMITTED TO EXPORT GOODS FOR
4 COMMERCIAL PURPOSES, SUBJECT TO COMPLIANCE WITH THE
5 NECESSARY EXPORT FORMALITIES AND PAYMENT OF EXPORT
6 DUTIES/TAXES/CHARGES, IF ANY.

7 **SEC. 428. *POSTAL MAILS.*** POSTAL ITEMS OR MAILS SHALL MEAN
8 LETTER-POST AND PARCELS, AS DESCRIBED IN INTERNATIONAL
9 PRACTICES AND AGREEMENTS, SUCH AS THE ACTS OF THE UNIVERSAL
10 POSTAL UNION CURRENTLY IN FORCE, WHEN CARRIED BY OR FOR
11 POSTAL SERVICES.

12 THE CLEARANCE OF POSTAL ITEMS OR MAIL, INCLUDING THE
13 COLLECTION OF THE APPLICABLE DUTIES AND TAXES ON SUCH ITEMS
14 OR GOODS, SHALL BE EFFECTED QUICKLY USING A SIMPLIFIED
15 PROCEDURE.

16 WHEN ALL THE INFORMATION REQUIRED BY THE CUSTOMS ARE
17 AVAILABLE FROM THE SPECIAL DECLARATION FORM FOR POSTAL ITEMS
18 AS PROVIDED IN THE ACTS OF THE UNIVERSAL UNION OR SIMLAR
19 INTERNATIONAL AGREEMENTS, THE FORM AND SUPPORTING
20 DOCUMENTS SHALL BE THE GOODS DECLARATION, EXCEPT IN THE
21 CASE OF:

22 A. GOODS HAVING A VALUE EXCEEDING THE AMOUNT
23 REQUIRED FOR THE FILING OF A GOODS DECLARATION AS
24 DETERMINED BY THE COMMISSIONER OF CUSTOMS;

25 B. GOODS WHICH ARE SUBJECT TO PROHIBITIONS OR
26 RESTRICTIONS OR TO EXPORT DUTIES AND TAXES;

27 C. GOODS THE EXPORTATION OF WHICH MUST BE CERTIFIED;

1 D. IMPORTED GOODS INTENDED TO BE PLACED UNDER A
2 CUSTOMS PROCEDURE OTHER THAN CLEARANCE FOR HOME
3 USE.

4 IN THESE CASES, A SEPARATE GOODS DECLARATION SHALL BE
5 REQUIRED.

6 **SEC. 429. RELIEF CONSIGNMENTS.** WHEN THERE IS DECLARATION
7 OF A STATE OF CALAMITY, CLEARANCE OF RELIEF CONSIGNMENTS
8 SHALL BE A MATTER OF PRIORITY AND SUBJECT TO A SIMPLIFIED
9 CUSTOMS PROCEDURE.

10 CUSTOMS SHALL PROVIDE FOR :

11 A. LODGING OF A SIMPLIFIED GOODS DECLARATION OR OF A
12 PROVISIONAL OR INCOMPLETE GOODS DECLARATION SUBJECT TO
13 COMPLETION OF THE DECLARATION WITHIN A SPECIFIED PERIOD;

14 B. LODGING AND REGISTERING OR CHECKING OF THE GOODS
15 DECLARATION AND SUPPORTING DOCUMENTS PRIOR TO THE
16 ARRIVAL OF THE GOODS, AND THEIR RELEASE UPON ARRIVAL;

17 C. CLEARANCE OUTSIDE THE DESIGNATED HOURS OF
18 BUSINESS OR AWAY FROM CUSTOMS OFFICES AND THE WAIVER OF
19 ANY CHARGES IN THIS RESPECT; AND

20 D. EXAMINATION AND/OR SAMPLING OF GOODS ONLY IN
21 EXCEPTIONAL CIRCUMSTANCES.

22 THE SECRETARY OF FINANCE UPON THE RECOMMENDATION OF
23 THE COMMISSIONER OF CUSTOMS SHALL PROVIDE RULES AND
24 REGULATIONS TO CARRY OUT THIS PROVISION.

25 **TITLE 5. EXPORT CLEARANCE AND FORMALITIES**

26 **CHAPTER 1. EXPORT CLEARANCE AND DECLARATION**

1 **SEC. 500. EXPORT DECLARATION.** ALL ARTICLES EXPORTED FROM
2 THE PHILIPPINES, WHETHER SUBJECT TO EXPORT DUTY OR NOT, SHALL
3 BE DECLARED THROUGH A COMPETENT CUSTOM OFFICE. EXPORT
4 DECLARATION SHALL BE IN SUCH FORM AS PRESCRIBED BY
5 REGULATIONS. THEY SHALL BE SIGNED BY THE PERSON MAKING THE
6 DECLARATION AND SHALL CONTAIN THE NUMBER AND MARKS OF
7 PACKAGES, OR THE QUANTITY, IF IN BULK, THE NATURE AND CORRECT
8 COMMODITY DESCRIPTION OF THE ARTICLES CONTAINED THEREIN, AND
9 THE VALUE THEREOF.

10 THE DESCRIPTION OF THE ARTICLES IN THE EXPORT DECLARATION
11 MUST BE IN SUFFICIENT DETAIL TO ENABLE THE ARTICLES TO BE
12 IDENTIFIED BOTH FOR TARIFF CLASSIFICATION AND STATISTICAL
13 PURPOSES, AND IN THE TARIFF DESCRIPTION OF TERMS OF THE
14 HEADINGS OR SUBHEADINGS OF THIS ACT.

15 **SEC. 501. LODGEMENT AND PROCESSING OF EXPORT**
16 **DECLARATION.** THE BUREAU OF CUSTOMS SHALL PROMULGATE RULES
17 AND REGULATIONS TO ALLOW MANUAL AND ELECTRONIC LODGEMENT
18 AND PROCESSING OF THE EXPORT DECLARATION.

19 **TITLE 6. CUSTOMS TRANSIT AND TRANSSHIPMENT**

20 **CHAPTER 1. CUSTOMS TRANSIT**

21 **SEC. 600. CUSTOMS TRANSIT IN THE CUSTOMS TERRITORY.**
22 CUSTOMS SHALL ALLOW ARTICLES TO BE TRANSPORTED UNDER
23 CUSTOMS TRANSIT IN THE CUSTOMS TERRITORY:

24 A. FROM PORT OF ENTRY TO ANOTHER PORT OF ENTRY AS
25 EXIT POINT FOR OUTRIGHT EXPORTATION ;

26 B. FROM PORT OF ENTRY TO ANOTHER PORT OF
27 ENTRY/INLAND CUSTOMS OFFICE;

1 C. FROM INLAND CUSTOMS OFFICE TO A PORT OF ENTRY AS
2 EXIT POINT FOR OUTRIGHT EXPORTATION;

3 D. FROM ONE PORT OF ENTRY/INLAND CUSTOMS OFFICE TO
4 ANOTHER PORT OF ENTRY/INLAND CUSTOMS OFFICE .

5 ARTICLES BEING CARRIED UNDER CUSTOMS TRANSIT SHALL NOT
6 BE SUBJECT TO THE PAYMENT OF DUTIES AND TAXES, PROVIDED THE
7 CONDITIONS LAID DOWN BY THE CUSTOMS ARE COMPLIED WITH AND
8 THAT ANY SECURITY AND/OR INSURANCE REQUIRED HAS BEEN
9 FURNISHED. CUSTOMS SHALL SPECIFY THE PERSONS WHO SHALL BE
10 RESPONSIBLE FOR COMPLIANCE WITH THE OBLIGATIONS INCURRED
11 UNDER CUSTOMS TRANSIT, IN PARTICULAR FOR ENSURING THAT THE
12 GOODS ARE PRESENTED INTACT AT THE OFFICE OF DESTINATION IN
13 ACCORDANCE WITH THE CONDITIONS IMPOSED.

14 ANY COMMERCIAL OR TRANSPORT DOCUMENT SETTING OUT
15 CLEARLY THE NECESSARY PARTICULARS SHALL BE ACCEPTED AS THE
16 DESCRIPTIVE PART OF THE GOODS DECLARATION FOR CUSTOMS
17 TRANSIT AND THIS ACCEPTANCE SHALL BE NOTED ON THE DOCUMENT.
18 THE CUSTOMS SHALL ACCEPT AS THE GOODS DECLARATION FOR
19 CUSTOMS TRANSIT ANY COMMERCIAL OR TRANSPORT DOCUMENT FOR
20 THE CONSIGNMENT CONCERNED WHICH MEETS ALL THE CUSTOMS
21 REQUIREMENTS. THIS ACCEPTANCE SHALL BE NOTED ON THE
22 DOCUMENT. CUSTOMS AT THE OFFICE OF DEPARTURE SHALL TAKE ALL
23 NECESSARY ACTION TO ENABLE THE OFFICE OF DESTINATION TO
24 IDENTIFY THE CONSIGNMENT AND TO DETECT ANY UNAUTHORIZED
25 INTERFERENCE.

26 TRANSFER OF THE ARTICLES FROM ONE MEANS OF TRANSPORT
27 TO ANOTHER SHALL BE ALLOWED WITHOUT CUSTOMS AUTHORIZATION,
28 PROVIDED THAT ANY CUSTOMS SEALS OR FASTENINGS ARE NOT

1 BROKEN OR INTERFERED WITH. FAILURE TO FOLLOW A PRESCRIBED
2 ITINERARY OR TO COMPLY WITH A PRESCRIBED TIME LIMIT SHOULD
3 NOT ENTAIL THE COLLECTION OF ANY DUTIES AND TAXES POTENTIALLY
4 CHARGEABLE, PROVIDED THE CUSTOMS ARE SATISFIED THAT ALL
5 OTHER REQUIREMENTS HAVE BEEN MET.

6 **SEC. 601. *Bonding of Carrier Transporting Articles Under the***
7 ***Preceding Section.*** A carrier engaged in conveying imported articles FOR
8 TRANSIT under the preceding section from a port of importation to other ports
9 shall give security in the nature of a general transportation bond, in a sum not
10 less than FIFTY THOUSAND (P50,000.00) conditioned that the carrier shall
11 transport and deliver without delay, and in accordance with law and regulations,
12 to the Collector at the port of destination all articles delivered to such carrier and
13 that all proper charges and expenses incurred by the customs authorities or at
14 their instance by reason of TRANSFER shall be duly paid.

15 **SEC. 602. *Entry for TRANSIT TO ANOTHER PORT.*** Articles entered for
16 TRANSIT to other ports of the Philippines may be transported under
17 SUFFICIENT SECURITY, upon proper examination AS MAY BE NECESSARY
18 and consigned to the Collector at the port of destination, who will allow entry to
19 be made at his port.

20 Articles received at any port from another port of the Philippines on A
21 TRANSIT PERMIT may be entered at the port of delivery either for consumption
22 or warehousing. ARTICLES ENTERED INTO FREE ZONES AS DEFINED IN
23 TITLE 8, CHAPTER 3 OF THIS ACT SHALL BE COVERED BY A TRANSIT
24 PERMIT UPON ADMISSION INTO FREE ZONES.

25 **CHAPTER 2. CUSTOMS TRANSSHIPMENT**

26 **SEC. 603. *CUSTOMS TRANSSHIPMENT.*** GOODS ADMITTED FOR
27 TRANSSHIPMENT SHALL NOT BE SUBJECT TO THE PAYMENT OF DUTIES

1 AND TAXES, PROVIDED THE CONDITIONS LAID DOWN BY THE CUSTOMS
2 ARE COMPLIED WITH. ANY COMMERCIAL OR TRANSPORT DOCUMENT
3 SETTING OUT CLEARLY THE NECESSARY PARTICULARS SHALL BE
4 ACCEPTED AS THE DESCRIPTIVE PART OF THE GOODS DECLARATION
5 FOR TRANSHIPMENT AND THIS ACCEPTANCE SHALL BE NOTED ON THE
6 DOCUMENT.

7 THE EXPORTATION OF GOODS DECLARED FOR TRANSSHIPMENT
8 SHALL BE MADE WITHIN 30 DAYS FROM ARRIVAL OF THE CARRIER FROM
9 THE FOREIGN TERRITORY, SUBJECT TO EXTENSION FOR VALID
10 REASONS AND UPON APPROVAL OF THE COMMISSIONER OF CUSTOMS.

11 **SEC. 604. Articles Entered for *OUTRIGHT* Exportation.** Where an intent
12 to export the articles is shown by the bill of lading, AIRWAY BILL, invoice,
13 manifest, or other satisfactory evidence, the whole or a part of a bill (not less than
14 one package) may be entered for immediate exportation under
15 TRANSSHIPMENT bond.

16 Unless it shall appear by the bill of lading, AIRWAY BILL, invoice, manifest,
17 or other satisfactory evidence, that articles arriving in the Philippines are destined
18 for transshipment, no exportation thereof will be permitted.

19 Upon the exportation of the articles, and the production of CERTIFICATE
20 OF INSPECTION AND LOADING of the same beyond the limits of the
21 Philippines, the irrevocable domestic letter of credit, bank guaranty or bond shall
22 be released.

23 CUSTOMS SHALL NOT REQUIRE EVIDENCE, SUCH AS A
24 CERTIFICATE OF LANDING, OF THE ARRIVAL OF THE TRANSSHIPPED
25 ARTICLES ABROAD.

1 TITLE 7. IMPORT DUTY TAX

2 CHAPTER 1. BASIS OF IMPORT DUTY

3 SEC. 700. *Basis of Dutiable Value – Transaction Value System.*

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

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

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

13 (b) Cost of containers;

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

15 (d) The value, apportioned as appropriate, of the
16 following goods and services: materials, components, parts

17 and similar items incorporated in the imported goods; tools;

18 dies; moulds and similar items used in the production of

19 imported goods; materials consumed in the production of

20 the imported goods; and engineering, development,

21 artwork, design work and plans and sketches undertaken

22 elsewhere than in the Philippines and necessary for the

23 production of imported goods, where such goods and

24 services are supplied directly or indirectly by the buyer free

25 of charge or at a reduced cost for use in connection with

26 the production and sale for export of the imported goods;

27 (e) The amount of royalties and license fees related to

28 the goods being valued that the buyer must pay either

1 directly or indirectly, as a condition of sale of the goods to
2 the buyer;

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

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

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

11 (5) The cost of insurance.

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

14 No additions shall be made to the price actually paid or
15 payable in determining the customs value except as provided in this
16 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
19 the goods by the buyer other than restrictions which:

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

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

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

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

28 (c) Part of the proceeds of any subsequent resale,
29 disposal or use of the goods by the buyer will accrue directly or

1 indirectly to the seller, unless an appropriate adjustment can be
2 made in accordance with the provisions hereof; or

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

6 (i) They are officers or directors of one another's
7 businesses;

8 (ii) They are legally recognized partners in
9 business;

10 (iii) There exists an employer-employee
11 relationship between them;

12 (iv) Any person directly or indirectly owns, controls
13 or holds five percent (5%) or more of the outstanding voting
14 stock or shares of both seller and buyer;

15 (v) One of them directly or indirectly controls the
16 other;

17 (vi) Both of them are directly or indirectly controlled
18 by a third person;

19 (vii) Together they directly or indirectly control a
20 third person; or

21 (viii) They are members of the same family,
22 including those related by affinity or consanguinity up to
23 the fourth civil degree.

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

1 **(B) Method Two. - Transaction Value of Identical Goods. -**

2 Where the dutiable value cannot be determined under method one, the
3 dutiable value shall be the transaction value of identical goods sold for
4 export to the Philippines and exported at or about the same time as the
5 goods being valued. "Identical goods" shall mean goods which are the
6 same in all respects, including physical characteristics, quality and
7 reputation. Minor differences in appearances shall not preclude goods
8 otherwise conforming to the definition from being regarded as identical.

9 **(C) Method Three. - Transaction Value of Similar Goods. -**

10 Where the dutiable value cannot be determined under the preceding
11 method, the dutiable value shall be the transaction value of similar goods
12 sold for export to the Philippines and exported at or about the same time
13 as the goods being valued. "Similar goods" shall mean goods which,
14 although not alike in all respects, have like characteristics and like
15 component materials which enable them to perform the same functions
16 and to be commercially interchangeable. The quality of the goods, their
17 reputation and the existence of a trademark shall be among the factors to
18 be considered in determining whether goods are similar.

19 If the dutiable value still cannot be determined through the
20 successive application of the two immediately preceding methods, the
21 dutiable value shall be determined under method four or, when the
22 dutiable value still cannot be determined under that method, under method
23 five, except that, at the request of the importer, the order of application of
24 methods four and five shall be reversed: Provided, however, That if the
25 Commissioner of Custom deems that he will experience real difficulties in
26 determining the dutiable value using method five, the Commissioner of
27 Customs may refuse such a request in which event the dutiable value
28 shall be determined under method four, if it can be so determined.

1 (D) **Method Four. - Deductive Value.** - The dutiable value of
2 the imported goods under this method shall be the deductive value which
3 shall be based on the unit price at which the imported goods or identical or
4 similar imported goods are sold in the Philippines, in the same condition
5 as when imported, in the greatest aggregate quantity, at or about the time
6 of the importation of the goods being valued, to persons not related to the
7 persons from whom they buy such goods, subject to deductions for the
8 following:

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

13 (2) The usual costs of transport and insurance and
14 associated costs incurred within the Philippines;

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

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

19 If neither the imported goods nor identical nor similar imported goods
20 are sold at or about the time of importation of the goods being valued in
21 the Philippines in the conditions as imported, the customs value shall,
22 subject to the conditions set forth in the preceding paragraph hereof, be
23 based on the unit price at which the imported goods or identical or similar
24 imported goods sold in the Philippines in the condition as imported at the
25 earliest date after the importation of the goods being valued but before the
26 expiration of ninety (90) days after such importation.

27 If neither the imported goods nor identical nor similar imported goods
28 are sold in the Philippines in the condition as imported, then, if the

1 importer so requests, the dutiable value shall be based on the unit price at
2 which the imported goods, after further processing, are sold in the greatest
3 aggregate quantity to persons in the Philippines who are not related to the
4 persons from whom they buy such goods, subject to allowance for the
5 value added by such processing and deductions provided under
6 Subsections (D)(1), (2), (3) and (4) hereof.

7 (E) **Method Five. - Computed Value.** - The dutiable value
8 under this method shall be the computed value which shall be the sum of:

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

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

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

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

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

21 The Bureau of Customs shall not require or compel any person not
22 residing in the Philippines to produce for examination, or to allow access
23 to, any account or other record for the purpose of determining a computed
24 value. However, information supplied by the producer of the goods for the
25 purposes of determining the customs value may be verified in another
26 country with the agreement of the producer and provided they will give
27 sufficient advance notice to the government of the country in question and
28 the latter does not object to the investigation.

1 (F) **Method Six. - Fallback Value.** - If the dutiable value cannot be
2 determined under the preceding methods described above, it shall be determined
3 by using other reasonable means and on the basis of data available in the
4 Philippines. If the importer so requests, the importer shall be informed in writing
5 of the dutiable value determined under Method Six and the method used to
6 determine such value.

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

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

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

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

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

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

18 (6) Minimum customs values; or

19 (7) Arbitrary or fictitious values.

20 If in the course of determining the dutiable value of imported goods, it
21 becomes necessary to delay the final determination of such dutiable value, the
22 importer shall nevertheless be able to secure the release of the imported goods
23 upon the filing of a sufficient guarantee in the form of a surety bond, a deposit,
24 cash or some other appropriate instrument in an amount equivalent to the
25 imposable duties and taxes on the imported goods in question conditioned upon
26 the payment of customs duties and taxes for which the imported goods may be
27 liable: Provided, however, That goods, the importation of which is prohibited by
28 law shall not be released under any circumstance whatsoever.

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

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

22 **SEC. 701. *Basis of Dutiable Weight.*** On articles that are subject to
23 specific rate of duty, based on weight, the duty shall be ascertained as follows:

24 (a) When articles are dutiable by the gross weight, the dutiable weight
25 thereof shall be the weight of same, together with the weight of all containers,
26 packages, holders and packing, of any kind, in which said articles are
27 contained, held or packed at the time of importation.

1 (b) When articles are dutiable by the legal weight, the dutiable weight
2 thereof shall be the weight of same, together with the weight of the immediate
3 containers, holders and/or packing in which such articles are usually
4 contained, held or packed at the time of importation and/or, when imported in
5 retail packages, at the time of their sale to the public in usual retail
6 quantities: Provided, That when articles are packed in single container, the
7 weight of the latter shall be included in the legal weight.

8 (c) When articles are dutiable by the net weight, the dutiable weight
9 thereof shall be only the actual weight of the articles at the time of
10 importation, excluding the weight of the immediate and all other containers,
11 holders or packing in which such articles are contained, held or packed.

12 (d) Articles affixed to cardboard, cards, paper, wood or similar common
13 material shall be dutiable together with the weight of such holders.

14 (e) When a single package contains imported articles dutiable
15 according to different weights, or to weight and value, the common exterior
16 receptacles shall be prorated and the different proportions thereof treated in
17 accordance with the provisions of this ACT as to the dutiability or
18 non-dutiability of such packing.

19 **SEC. 702. Exchange Rate.** For the assessment and collection of import
20 duty upon imported articles and for other purposes, the value and prices thereof
21 quoted in foreign currency shall be converted into the currency of the Philippines
22 at the current rate of exchange or value specified or published, from time to time,
23 by the BANGKO SENTRAL NG PILIPINAS.

24 **CHAPTER 2. SPECIAL DUTIES AND TRADE REMEDY MEASURES**

25 **SEC. 703. Marking Duty.**

26 a. Marking of Articles. Except as hereinafter provided, every article of
27 foreign origin (or its container, as provided in subsection "b" hereof) imported

1 into the Philippines shall be marked in any official language of the Philippines
2 and in a conspicuous place as legibly, indelibly and permanently as the
3 nature of the article (or container) will permit in such manner as to indicate to
4 an ultimate purchaser in the Philippines the name of the country of origin of
5 the article. The Commissioner of Customs shall, with the approval of the
6 department head, issue rules and regulations to –

7 1. Determine the character of words and phrases or
8 abbreviation thereof which shall be acceptable as indicating the country of
9 origin and prescribe any reasonable method of marking, whether by
10 printing, stenciling, stamping, branding, labelling or by any other
11 reasonable method, and a conspicuous place on the article or container
12 where the marking shall appear.

13 2. Require the addition of any other words or symbols which
14 may be appropriate to prevent deception or mistake as to the origin of the
15 article or as to the origin of any other article with which such imported
16 article is usually combined subsequent to importation but before delivery
17 to an ultimate purchaser; and

18 3. Authorize the exception of any article from the requirements
19 of marking if:

20 a. Such article is incapable of being marked;

21 b. Such article cannot be marked prior to shipment to the
22 Philippines without injury;

23 c. Such article cannot be marked prior to shipment to the
24 Philippines, except at an expense economically prohibitive of its
25 importation;

26 d. The marking of a container of such article will reasonably
27 indicate the origin of such article;

28 e. Such article is a crude substance;

1 f. Such article is imported for use by the importer and not
2 intended for sale in its imported or any other form;

3 g. Such article is to be processed in the Philippines by the
4 importer or for his account otherwise than for the purpose of
5 concealing the origin of such article and in such manner that any mark
6 contemplated by this section would necessarily be obliterated,
7 destroyed or permanently concealed;

8 h. An ultimate purchaser, by reason of the character of such
9 article or by reason of the circumstances of its importation must
10 necessarily know the country of origin of such article even though it is
11 not marked to indicate its origin;

12 i. Such article was produced more than twenty years prior to
13 its importation into the Philippines; or

14 j. Such article cannot be marked after importation except at an
15 expense which is economically prohibitive, and the failure to mark the
16 article before importation was not due to any purpose of the importer,
17 producer, seller or shipper to avoid compliance with this section.

18 b. Marking of Containers. - Whenever an article is excepted under
19 subdivision (3) of subsection "a" of this section from the requirements of
20 marking, the immediate container, if any, of such article, or such other
21 container or containers of such article as may be prescribed by the
22 Commissioner of Customs with the approval of the department head, shall be
23 marked in such manner as to indicate to an ultimate purchaser in the
24 Philippines the name of the country of origin of such article in any official
25 language of the Philippines, subject to all provisions of this section, including
26 the same exceptions as are applicable to articles under subdivision (3) of
27 subsection "a".

28 c. Marking Duty for Failure to Mark. - If at the time of importation any

1 article (or its container, as provided in subsection "b" hereof), is not marked in
2 accordance with the requirements of this section, there shall be levied,
3 collected and paid upon such article a marking duty of 5 percent ad valorem,
4 which shall be deemed to have accrued at the time of importation, except
5 when such article is exported or destroyed under customs supervision and
6 prior to the final liquidation of the corresponding entry.

7 d. Delivery Withheld Until Marked. – No imported article held in
8 customs custody for inspection, examination or appraisalment shall be
9 delivered until such article and/or its containers, whether released or not from
10 customs custody, shall have been marked in accordance with the
11 requirements of this section and until the amount of duty estimated to be
12 payable under subsection "c" of this section shall have been deposited.
13 Nothing in this section shall be construed as excepting any article or its
14 container from the particular requirements of marking provided for in any
15 provision of law.

16 e. The failure or refusal of the owner or importer to mark the articles
17 as herein required within a period of thirty days after due notice shall
18 constitute as an act of abandonment of said articles and their disposition shall
19 be governed by the provisions of this ACT relative to abandonment of
20 imported articles.

21 **SEC.704. *Dumping Duty.***

22 (a) Whenever any product, commodity or article of commerce
23 imported into the Philippines at an export price less than its normal value
24 in the ordinary course of trade for the like product, commodity or article
25 destined for consumption in the exporting country is causing or is
26 threatening to cause material injury to a domestic industry, or materially
27 retarding the establishment of a domestic industry producing the like

1 product, the Secretary of Trade and Industry, in the case of
2 non-agricultural product, commodity or article, or the Secretary of
3 Agriculture, in the case of agricultural product, commodity or article (both
4 of whom are hereinafter referred to as the Secretary, as the case may be),
5 after formal investigation and affirmative finding of the Tariff Commission
6 (hereinafter referred to as the Commission), shall cause the imposition of
7 an anti-dumping duty equal to the margin of dumping on such product,
8 commodity or article and on like product, commodity or article thereafter
9 imported to the Philippines under similar circumstances, in addition to
10 ordinary duties, taxes and charges imposed by law on the imported
11 product, commodity or article. However, the anti-dumping duty may be
12 less than the margin if such lesser duty will be adequate to remove the
13 injury to the domestic industry. Even when all the requirements for the
14 imposition have been fulfilled, the decision on whether or not to impose a
15 definitive anti-dumping duty remains the prerogative of the Commission. It
16 may consider, among others, the effect of imposing an anti-dumping duty
17 on the welfare of consumers and/or the general public, and other related
18 local industries.

19 "In the case where products are not imported directly from the
20 country of origin but are exported to the Philippines from an intermediate
21 country, the price at which the products are sold from the country of export
22 in the Philippines shall normally be compared with the comparable price in
23 the country of export. However, comparison may be made with the price in
24 the country of origin, if for example, the products are merely transshipped
25 through the country of export, or such products are not produced in the
26 country of export, or there is no comparable price for them in the country
27 of export.

28 "(b) **Initiation of Action.** An anti-dumping investigation may be

1 initiated upon receipt of a written application from any person whether
2 natural or juridical, representing a domestic industry, which shall include
3 evidence of: a) dumping, b) injury, and c) causal link between the dumped
4 imports and the alleged injury. Simple assertion, unsubstantiated by
5 relevant evidence, cannot be considered sufficient to meet the
6 requirements of this paragraph. The application shall contain such
7 information as is reasonably available to the applicant on the following: 1)
8 the identity of the applicant and a description of the volume and the value
9 of the domestic production of the like product of the applicant; 2) a
10 complete description of the alleged dumped product, the name of the
11 country of origin or export under consideration, the identity of each known
12 exporter or foreign producer, and a list of known persons importing the
13 product under consideration; 3) information on the normal value of the
14 product under consideration in the country of origin or export; and 4)
15 information on the evolution of the volume of the alleged dumped imports,
16 the effect of these imports on the price of the like product in the domestic
17 market, and the consequent impact of the imports on the domestic
18 industry.

19 "Philippine Trade, Agriculture or Finance Attaches and other
20 Consular Officials or Attaches in the concerned exporting member
21 countries are mandated to furnish the applicant pertinent information or
22 documents to support his complaint within a period not exceeding thirty
23 (30) days from receipt of a request.

24 "The application shall be filed with the Secretary of Trade and
25 Industry in the case of non-agricultural product, commodity or article, or
26 with the Secretary of Agriculture in the case of agricultural product,
27 commodity or article. The Secretary shall require the petitioner to post a
28 surety bond in such reasonable amount as to answer for any and all

1 damages which the importer may sustain by reason of the filing of a
2 frivolous petition. He shall immediately release the surety bond upon
3 making an affirmative preliminary determination.

4 "The application shall be considered to have been made "by or on
5 behalf of the domestic industry" if it is supported by those domestic
6 producers whose collective output constitutes more than fifty percent
7 (50%) of the total production of the like product produced by that portion of
8 the domestic industry expressing either support for or opposition to the
9 application. In cases involving an exceptionally large number of producers,
10 the degree of support and opposition may be determined by using a
11 statistically valid sampling technique or by consulting their representative
12 organizations. However, no investigation shall be initiated when domestic
13 producers expressly supporting the application account for less than
14 twenty-five percent (25%) of total production of the like product produced
15 by the domestic industry.

16 "In exceptional circumstances, the Philippines may be divided into
17 two or more competitive markets and the producers within each market
18 may be regarded as a separate industry if (a) the producers within such
19 market have the dominant market share; and (b) the demand in that
20 market is not substantially supplied by other producers elsewhere in the
21 Philippines.

22 "If, in special circumstances, the Secretary decides to initiate an
23 investigation without having received a written application by or on behalf
24 of a domestic industry for the initiation of such investigation, he shall
25 proceed only if he has sufficient evidence of dumping, injury and a causal
26 link, to justify the initiation of an investigation.

1 "Within five (5) working days from receipt of a properly documented
2 application, the Secretary shall examine the accuracy and adequacy of the
3 petition to determine whether there is sufficient evidence to justify the
4 initiation of investigation. If there is no sufficient evidence to justify
5 initiation, the Secretary shall dismiss the petition and properly notify the
6 Secretary of Finance, the Commissioner of Customs, and other parties
7 concerned regarding such dismissal. The Secretary shall extend legal,
8 technical, and other assistance to the concerned domestic producers and
9 their organizations at all stages of the anti-dumping action.

10 "(c) **Notice to the Secretary of Finance.** - Upon receipt of the
11 application, the Secretary shall, without delay, notify the Secretary of
12 Finance and furnish him with a complete copy of the application, or
13 information in case the initiation is made on his own motion including its
14 annexes, if any. The Secretary of Finance shall immediately inform the
15 Commissioner of Customs regarding the filing and pendency of the
16 application or information and instruct him to gather and to furnish the
17 Secretary within five (5) days from receipt of the instructions of the
18 Secretary of Finance copies of all import entries and relevant documents
19 covering such allegedly dumped product, commodity or article which
20 entered the Philippines during the last twelve (12) months preceding the
21 date of application. The Commissioner of Customs shall also make such
22 similar additional reports on the number, volume, and value of the
23 importation of the allegedly dumped product, commodity or article to the
24 Secretary every ten (10) days thereafter.

25 "(d) **Notice to Exporting Member-Country.** - Upon receipt of a
26 properly documented application and before proceeding to initiate an
27 investigation, the Secretary shall notify the government of the exporting
28 country about the impending anti-dumping investigation. However, the

1 Secretary shall refrain from publicizing the application for the initiation of
2 the investigation before a decision has been made to initiate an
3 investigation.

4 **"(e) Notice to Concerned Parties and Submission of**
5 **Evidences.** - Within two (2) days from initiation of the investigation and
6 after having notified the exporting country, the Secretary shall identify all
7 interested parties, i.e., protestee-importer, exporter and/or foreign
8 producer, notify and require them to submit within thirty (30) days from
9 receipt of such notice evidences and information or reply to the
10 questionnaire to dispute the allegations contained in the application. At
11 this point, the respondent is given the opportunity to present evidences to
12 prove that he is not involved in dumping. He shall furnish them with a copy
13 of the application and its annexes subject to the requirement to protect
14 confidential information. The notice shall be deemed to have been
15 received five (5) days from the date on which it was sent to the respondent
16 or transmitted to the appropriate diplomatic representative of the exporting
17 member, or an official representative of the exporting territory. If the
18 respondent fails to submit his answer, he shall be declared in default, in
19 which case, the Secretary shall make such preliminary determination of
20 the case on the basis of the information available, among others, the facts
21 alleged in the petition and the supporting information and documents
22 supplied by the petitioner.

23 **"(f) Preliminary Determination.** - Not later than thirty (30)
24 working days from receipt of the answer of the respondent importer,
25 exporter, foreign producer, exporting member-country, and other
26 interested parties, the Secretary shall, on the basis of the application of
27 the aggrieved party and the answer of the respondent/s and their

1 respective supporting documents or information, make a preliminary
2 determination of the application for the imposition of an anti-dumping duty.

3 "In the preliminary determination, the Secretary shall essentially
4 determine the following:

5 "(1) Price difference between the export price and the
6 normal value of the article in question in the country of export or
7 origin;

8 "(2) The presence and extent of material injury or threat of
9 injury to the domestic industry producing like product or the material
10 retardation of the establishment of a domestic industry; and

11 "(3) The causal relationship between the allegedly
12 dumped product, commodity or article and the material injury or
13 threat of material injury to the affected domestic industry or material
14 retardation of the establishment of the domestic industry.

15 "The preliminary finding of the Secretary, together with the
16 records of the case shall, within three (3) days, be transmitted by
17 the Secretary to the Commission for its immediate formal
18 investigation. In case his preliminary finding is affirmative, the
19 burden of proof is shifted to the respondent to rebut the preliminary
20 finding. The Secretary shall immediately issue, through the
21 Secretary of Finance, written instructions to the Commissioner of
22 Customs to impose within three (3) days from receipt of instructions
23 a cash bond equal to the provisionally estimated anti-dumping duty
24 but not greater than the provisionally estimated margin of dumping
25 in addition to any other duties, taxes and charges imposed by law
26 on like articles. The cash bond shall be deposited with the

1 government depository bank and shall be held in trust for the
2 respondent. Moreover, the posting of the cash bond shall only be
3 required no sooner than sixty (60) days from the date of initiation of
4 the investigation. The date of initiation of the investigation is
5 deemed to be the date the Secretary publishes such notice in two
6 (2) newspapers of general circulation. The Secretary shall cause
7 such publication immediately after a decision to initiate the
8 investigation has been made. The provisional anti-dumping duty
9 may only be imposed for a four (4) month period which may be
10 extended to six (6) months upon request by the exporters
11 representing a significant percentage of the trade involved.
12 However, a provisional anti-dumping duty lower than the
13 provisionally estimated margin of dumping can be imposed for a
14 period of six (6) to nine (9) months, if it is deemed sufficient to
15 remove or prevent the material injury.

16 "(g) **Termination of Investigation.** - The Secretary or the
17 Commission as the case may be, shall motu proprio terminate the
18 investigation at any stage of the proceedings if the provisionally estimated
19 margin of dumping is less than two percent (2%) of export price or the
20 volume of dumped imports or injury is negligible. The volume of dumped
21 imports from a particular country shall normally be regarded as negligible
22 if it accounts for less than three percent (3%) of the imports of the like
23 article in the Philippines unless countries which individually account for
24 less than three percent (3%) of the imports of the like article in the
25 Philippines collectively account for more than seven percent (7%) of the
26 total imports of that article.

1 "(h) **Investigation of the Commission.** - Within three (3)
2 working days upon its receipt of the records of the case from the
3 Secretary, the Commission shall start the formal investigation and shall
4 accordingly notify in writing all parties on record and, in addition, give
5 public notice of the exact initial date, time and place of the formal
6 investigation through the publication of such particulars and a concise
7 summary of the petition in two (2) newspapers of general circulation.

8 "In the formal investigation, the Commission shall essentially
9 determine the following:

10 "(1) If the article in question is being imported into, or sold
11 in the Philippines at a price less than its normal value; and the
12 difference, if any, between the export price and the normal value of
13 the article;

14 "(2) The presence and extent of material injury or the
15 threat thereof to the domestic industry, or the material retardation of
16 the establishment of a domestic industry;

17 "(3) The existence of a casual relationship between the
18 allegedly dumped product, commodity or article and the material
19 injury or threat of material injury to the affected domestic industry,
20 or material retardation of the establishment of a domestic industry;

21 "(4) The anti-dumping duty to be imposed; and

22 "(5) The duration of the imposition of the anti-dumping
23 duty.

24 "The formal investigation shall be conducted in a summary manner.
25 No dilatory tactics or unnecessary or unjustified delays shall be allowed

1 and the technical rules of evidence used in regular court proceedings shall
2 not be applied.

3 "In case any and all of the parties on record fail to submit their
4 answers to questionnaires/position papers within the prescribed period,
5 the Commission shall base its findings on the best available information.

6 "The Commission shall complete the formal investigation and submit
7 a report of its findings, whether favorable or not, to the Secretary within
8 one hundred twenty (120) days from receipt of the records of the case:
9 Provided, however, That the Commission shall, before a final
10 determination is made, inform all the interested parties in writing of the
11 essential facts under consideration which form the basis for the decision to
12 apply definitive measures. Such disclosure should take place in sufficient
13 time for the parties to defend their interests.

14 "(i) **Determination of Material Injury or Threat Thereof.** - The
15 presence and extent of material injury to the domestic industry, as a result
16 of the dumped imports shall be determined on the basis of positive
17 evidence and shall require an objective examination of, but shall not be
18 limited to the following:

19 "(1) The rate of increase and amount of imports, either in
20 absolute terms or relative to production or consumption in the
21 domestic market;

22 "(2) The effect of the dumped imports on the price in the
23 domestic market for like product, commodity or article, that is,
24 whether there has been a significant price undercutting by the
25 dumped imports as compared with the price of like product,
26 commodity or article in the domestic market, or whether the effect

1 of such imports is otherwise to depress prices to a significant-
2 degree or prevent price increases, which otherwise would have
3 occurred, to a significant degree; and

4 "(3) The effect of the dumped imports on the domestic
5 producers or the resulting retardation of the establishment of a
6 domestic industry manufacturing like product, commodity or article,
7 including an evaluation of all relevant economic factors and indices
8 having a bearing on the state of the domestic industry concerned,
9 such as, but not limited to, actual or potential decline in output,
10 sales, market share, profits, productivity, return on investments, or
11 utilization of capacity; factors affecting domestic prices; the
12 magnitude of dumping; actual and potential negative effects on
13 cash flow, inventories, employment, wages, growth, and ability to
14 raise capital or investments.

15 "The extent of injury of the dumped imports to the domestic
16 industry shall be determined by the Secretary and the Commission
17 upon examination of all relevant evidence. Any known factors other
18 than the dumped imports which at the same time are injuring the
19 domestic industry shall also be examined and the injuries caused
20 by these factors must not be attributed to the dumped imports. The
21 relevant evidence may include, but shall not be limited to the
22 following:

23 "(1) The volume and value of imports not sold at dumping
24 prices;

25 "(2) Contraction in demand or changes in consumption
26 pattern;

1 "(3) Trade restrictive practices and competition between
2 foreign and domestic producers;

3 "(4) Developments in technology; and

4 "(5) Export performance and productivity of the domestic
5 industry.

6 "A determination of threat of material injury shall be based on
7 facts and not merely on allegation, conjecture or remote possibility.
8 The change in circumstances which will create a situation in which
9 the dumping will cause injury must be clearly foreseen and
10 imminent. In making a determination regarding the existence of a
11 threat of material injury, the following shall be considered, inter alia,
12 collectively:

13 "(1) A significant rate of increase of the dumped
14 imports in the domestic market indicating the likelihood of
15 substantially increased importation;

16 "(2) Sufficient freely disposable, or an imminent,
17 substantial increase in capacity of the exporter indicating the
18 likelihood of substantially increased dumped exports to the
19 domestic market, taking into account the availability of other
20 export markets to absorb any additional exports;

21 "(3) Whether imports are entering at prices that will
22 have a significant depressing or suppressing effect on
23 domestic prices and will likely increase demand for further
24 imports; and

1 "(4) Inventories of the product being investigated.

2 "**(j) Voluntary Price Undertaking** –Anti-dumping investigation
3 maybe suspended or terminated without the imposition of provisional
4 measures or anti-dumping duties upon receipt of the commission of a
5 satisfactory voluntary price undertaking executed by the exporter or
6 foreign producer under oath and accepted by the affected industry that he
7 will increase his price or will cease exporting to the Philippines at a
8 dumped price, thereby eliminating the material injury to the domestic
9 industry producing like product. Price increases under such undertakings
10 shall not be higher than necessary to eliminate the margin of dumping.

11 "A price undertaking shall be accepted only after a preliminary
12 affirmative determination of dumping and injury caused by such dumping
13 has been made. No price undertaking shall take effect unless it is
14 approved by the Secretary after a recommendation by the Commission.

15 "Even if the price undertaking is acceptable, the investigation shall
16 nevertheless be continued and completed by the Commission if the
17 exporter or foreign producer so desires or upon advice of the Secretary.
18 The undertaking shall automatically lapse in case of a negative finding. In
19 case of any affirmative finding, the undertaking shall continue, consistent
20 with the provisions of Article VI of the GATT 1994.

21 "**(k) Cumulation of Imports.** - When imports of products,
22 commodities or articles from more than one country are simultaneously
23 the subject of an anti-dumping investigation, the Secretary or the
24 Commission may cumulatively assess the effects of such imports only if
25 the Secretary and the Commission are convinced that:

26 "(1) The margin of dumping established in relation to the

1 imports from each country is more than de minimis as defined in
2 Subsection G;

3 "(2) The volume of such imports from each country is not
4 negligible, also as defined in Subsection G; and

5 "(3) A cumulative assessment of the effects of such
6 imports is warranted in the light of the conditions of competition
7 between the imported products, commodities or articles, and the
8 conditions of competition between the imported products and the
9 like domestic products, commodities or articles.

10 "(1) **Imposition of the Anti-Dumping Duty.** - The Secretary
11 shall, within ten (10) days from receipt of the affirmative final determination
12 by the Commission, issue a Department Order imposing an anti-dumping
13 duty on the imported product, commodity or article, unless he has earlier
14 accepted a price undertaking from the exporter or foreign producer. He
15 shall furnish the Secretary of Finance with the copy of the order and
16 request the latter to direct the Commissioner of Customs to collect within
17 three (3) days from receipt thereof the definitive anti-dumping duty.

18 "In case a cash bond has been filed, the same shall be applied to the
19 anti-dumping duty assessed. If the cash bond is in excess of the
20 anti-dumping duty assessed, the remainder shall be returned to the
21 importer immediately including interest earned, if any: Provided, That no
22 interest shall be payable by the government on the amount to be returned.
23 If the assessed anti-dumping duty is higher than the cash bond filed, the
24 difference shall not be collected.

25 "Upon determination of the anti-dumping duty, the Commissioner of
26 Customs shall submit to the Secretary, through the Secretary of Finance,

1 certified reports on the disposition of the cash bond and the amounts of
2 the anti-dumping duties collected.

3 "In case of a negative finding by the Commission, the Secretary shall
4 issue, after the lapse of the period for the petitioner to appeal to the Court
5 of Tax Appeals, through the Secretary of Finance, an order for the
6 Commissioner of Customs for the immediate release of the cash bond to
7 the importer. In addition, all the parties concerned shall also be properly
8 notified of the dismissal of the case.

9 "(m) **Period Subject to Anti-Dumping Duty.** - An anti-dumping
10 duty may be levied retroactively from the date the cash bond has been
11 imposed and onwards, where a final determination of injury is made, or in
12 the absence of provisional measures, a threat of injury has led to actual
13 injury. Where a determination of threat of injury or material retardation is
14 made, anti-dumping duties may be imposed only from the date of
15 determination thereof and any cash bond posted shall be released in an
16 expeditious manner. However, an anti-dumping duty may be levied on
17 products which were imported into the country not more than ninety (90)
18 days prior to the date of application of the cash bond, when the authorities
19 determine for the dumped product in question that:

20 "(1) There is a history of dumping which caused injury or
21 that the importer was, or should have been, aware that the exporter
22 practices dumping and that such dumping would cause injury; and

23 "(2) The injury is caused by massive dumped imports of a
24 product in a relatively short time which in light of the timing and the
25 volume of the dumped imports and other circumstances (such as
26 rapid build-up of inventories of the imported product) is likely to

1 seriously undermine the remedial effect of the definitive anti-
2 dumping duty to be applied: Provided, That the importers
3 concerned have been given an opportunity to comment.

4 "No duties shall be levied retroactively pursuant to herein
5 subsection on products entered for consumption prior to the date of
6 initiation of the investigation.

7 "(n) **Computation of Anti-Dumping Duty.** – If the normal value
8 of an article cannot be determined, the provisions for choosing alternative
9 normal value under Article VI of GATT 1994 shall apply.

10 "If possible, an individual margin of dumping shall be determined for
11 each known exporter or producer of the article under investigation. In
12 cases where the number of exporters, producers, importers or types of
13 products involved is so large as to make such determination impracticable,
14 the Secretary and the Commission may limit their examination either to a
15 reasonable number of interested parties or products by using samples
16 which are statistically valid on the basis of information available to them at
17 the time of the selection, or to the largest percentage of volume of exports
18 from the country in question which can reasonably be investigated.

19 "However, if a non-selected exporter or producer submits
20 information, the investigation must extend to that exporter or producer
21 unless this will prevent the timely completion of the investigation.

22 "New exporters or producers who have not exported to the
23 Philippines during the period of investigation will be subject to an
24 accelerated review. No anti-dumping duties shall be imposed during the
25 review. Cash bonds may be requested to ensure that in case of affirmative
26 findings, anti-dumping duties can be levied retroactively to the date of

1 initiation of the review.

2 "(o) **Duration and Review of the Anti-Dumping Duty.** - As a
3 general rule, the imposition of an antidumping duty shall remain in force
4 only as long as and to the extent necessary to counteract dumping which
5 is causing or threatening to cause material injury to the domestic industry
6 or material retardation of the establishment of such industry.

7 "However, the need for the continued imposition of the anti-dumping
8 duty may be reviewed by the Commission when warranted motu proprio,
9 or upon the direction of the Secretary, taking into consideration the need
10 to protect the existing domestic industry against dumping.

11 "Any interested party with substantial positive information may also
12 petition the Secretary for a review of the continued imposition of the
13 anti-dumping duty: Provided, That a reasonable period of time has
14 elapsed since the imposition of the anti-dumping duty. Interested parties
15 shall have the right to request the Secretary to examine: 1) whether the
16 continued imposition of the anti-dumping duty is necessary to offset
17 dumping; and 2) whether the injury would likely continue or recur if the
18 anti-dumping duty were removed or modified, or both.

19 "If the Commission determines that the anti-dumping duty is no
20 longer necessary or warranted, the Secretary shall, upon its
21 recommendation, issue a department order immediately terminating the
22 imposition of the anti-dumping duty. All parties concerned shall be notified
23 accordingly of such termination, including the Secretary of Finance and
24 the Commissioner of Customs.

25 "The duration of the definitive anti-dumping duty shall not exceed five
26 (5) years from the date of its imposition (or from the date of the most

1 recent review if that review has covered both dumping and injury) unless
2 the Commission has determined in a review initiated before that date on
3 their own initiative or upon a duly substantiated request made by or on
4 behalf of the domestic industry within a reasonable time period prior to the
5 termination date that the termination of the anti-dumping duty will likely
6 lead to the continuation or recurrence of dumping and injury.

7 "The provisions of this Section regarding evidence and procedures
8 shall apply to any review carried out under this Subsection and any such
9 review should be carried out expeditiously and should be conducted not
10 later than one hundred fifty (150) days from the date of initiation of such
11 review.

12 "(p) **Judicial Review.** - Any interested party in an anti-dumping
13 investigation who is adversely affected by a final ruling in connection with
14 the imposition of an anti-dumping duty may file with the Court of Tax
15 Appeals, a petition for the review of such ruling within thirty (30) days from
16 his receipt of notice of the final ruling: Provided, however, That the filing of
17 such petition for review shall not in any way stop, suspend, or otherwise
18 hold the imposition or collection, as the case may be, of the anti-dumping
19 duty on the imported product, commodity or article. The rules of procedure
20 of the court on the petition for review filed with the Court of Tax Appeals
21 shall be applied.

22 "(q) **Public Notices.** - The Secretary or the Commission shall
23 inform in writing all interested parties on record and, in addition, give
24 public notices by publishing in two (2) newspapers of general circulation
25 when:

- 1 "(1) Initiating an investigation;
- 2 "(2) Concluding or suspending investigation;
- 3 "(3) Making any preliminary or final determination
- 4 whether affirmative or negative;
- 5 "(4) Making a decision to accept or to terminate an
- 6 undertaking; and
- 7 "(5) Terminating a definitive anti-dumping duty.

8 The Secretary shall regularly submit to the Commissioner of Customs
9 a list of imported products susceptible to unfair trade practices. The
10 Commissioner of Customs is hereby mandated to submit to the Secretary
11 monthly reports covering importations of said products, including but not
12 limited to the following:

- 13 "(1) Commercial invoice;
- 14 "(2) Bill of lading;
- 15 "(3) Import entries; and
- 16 "(4) Pre-shipment reports.

17 "Failure to comply with the submission of such report as provided
18 herein shall hold the concerned officials liable and shall be punished with
19 a fine not exceeding the equivalent of six (6) months salary or suspension
20 not exceeding one (1) year.

21 "(s) **Definition of Terms.** - For purposes of this ACT, the
22 following definitions shall apply:

- 23 "(1) Anti-dumping duty refers to a special duty imposed on
- 24 the importation of a product, commodity or article of commerce into
- 25 the Philippines at less than its normal value when destined for
- 26 domestic consumption in the exporting country, which is the

1 difference between the export price and the normal value of such
2 product, commodity or article.

3 "(2) Export price refers to (1) the ex-factory price at the
4 point of sale for export; or (2) the F.O.B. price at the point of
5 shipment. In cases where (1) or (2) cannot be used, then the export
6 price may be constructed based on such reasonable basis as the
7 Secretary or the Commission may determine.

8 "(3) Normal value refers to a comparable price at the date
9 of sale of the like product, commodity or article in the ordinary
10 course of trade when destined for consumption in the country of
11 export.

12 "(4) Domestic industry refers to the domestic producers as
13 a whole of the like product or to those of them whose collective
14 output of the product constitutes a major proportion of the total
15 domestic production of that product, except when producers are
16 related to the exporters or importers or are themselves importers of
17 the allegedly dumped product, the term 'domestic industry' may be
18 interpreted as referring to the rest of the producers.

19 "(5) Dumped import product refers to any product,
20 commodity or article of commerce introduced into the Philippines at
21 an export price less than its normal value in the ordinary course of
22 trade, for the like product, commodity or article destined for
23 consumption in the exporting country, which is causing or is
24 threatening to cause material injury to a domestic industry, or
25 materially retarding the establishment of a domestic industry,
26 producing the like product.

1 "(6) Like product refers to a product which is identical or
2 alike in all respects to the product under consideration, or in the
3 absence of such a product, another product which, although not
4 alike in all respects, has characteristics closely resembling those of
5 the product under consideration.

6 "(7) Non-selected exporter or producer refers to an
7 exporter or producer who has not been initially chosen as among
8 the selected exporters or producers of the product under
9 investigation.

10 "(t) **Administrative Support.** - Upon the effectivity of this Act,
11 the Departments of Trade and Industry, Agriculture and the Tariff
12 Commission, shall ensure the efficient and effective implementation of this
13 ACT by creating a special unit within their agencies that will undertake the
14 functions relative to the disposition of antidumping cases. All anti-dumping
15 duties collected shall be earmarked for the strengthening of the
16 capabilities of these agencies to undertake their responsibilities under this
17 Act.

18 **SEC. 705. SAFEGUARD DUTY.** THE PROVISIONS OF R.A. 8800,
19 OTHERWISE KNOWN AS "AN ACT PROTECTING LOCAL INDUSTRIES BY
20 PROVIDING SAFEGUARD MEASURES TO BE UNDERTAKEN IN RESPONSE
21 TO INCREASED IMPORTS AND PROVIDING PENALTIES FOR VIOLATION
22 THEREOF", AND ITS IMPLEMENTING RULES SHALL BE APPLICABLE IN
23 THE ASSESSMENT AND COLLECTION BY THE BUREAU OF CUSTOMS OF
24 THE APPROPRIATE SAFEGUARD DUTY ON IMPORTED ARTICLES.

25 **SEC. 706. Countervailing Duty.** Whenever any product, commodity or
26 article of commerce is granted directly or indirectly by the government in the

1 country or origin or exportation, any kind or form of specific subsidy upon the
2 production, manufacture or exportation of such product, commodity or article,
3 and the importation of such subsidized product, commodity or article has caused
4 or threatens to cause material injury to a domestic industry or has materially
5 retarded the growth or prevents the establishment of a domestic industry as
6 determined by the Tariff Commission (hereinafter referred to as the
7 'Commission'), the Secretary of Trade and Industry, in the case of non-
8 agricultural product, commodity or article, or the Secretary of Agriculture, in the
9 case of agricultural product, commodity or article (both of whom are hereinafter
10 simply referred to as 'the Secretary,' as the case may be) shall issue a
11 department order imposing a countervailing duty equal to the ascertained amount
12 of the subsidy. The same levy shall be imposed on the like product, commodity
13 or article thereafter imported to the Philippines charges imposed by law on such
14 imported product, commodity or article.

15 (A) **Initiation of Action.** - A countervailing action may be initiated by
16 the following:

17 (1) Any person, whether natural or juridical, who has an interest
18 to protect, by filing a verified petition for the imposition of a countervailing
19 duty by or on behalf of the domestic industry;

20 (2) The Secretary of Trade and Industry or the Secretary of
21 Agriculture, as the case may be, in special circumstances where there is
22 sufficient evidence of an existence of a subsidy, injury and causal link.

23 (B) **Requirements.** - A petition shall be filed with the Secretary and
24 shall be accompanied by documents, if any, which are reasonably available to
25 the petitioner and which contain information supporting the facts that are
26 essential to establish the presence of the elements for the imposition of a
27 countervailing duty, and shall further state, among others:

1 (1) The domestic industry to which the petitioner belongs and
2 the particular domestic product, commodity or article or class of domestic
3 product, commodity or article being prejudiced;

4 (2) The number of persons employed, the total capital invested,
5 the production and sales volume, and the aggregate production capacity
6 of the domestic industry that has been materially injured or is threatened
7 to be materially injured or whose growth or establishment has been
8 materially retarded or prevented;

9 (3) The name and address of the known importer, exporter, or
10 foreign producer, the country of origin or export, the estimated aggregate
11 or cumulative quantity, the port and the date of arrival, the GOODS
12 declaration of the imported product, commodity or article, as well as the
13 nature, the extent and the estimated amount of the subsidy thereon; and

14 (4) Such other particulars, facts or allegations as are necessary
15 to justify the imposition of countervailing duty on the imported product,
16 commodity or article.

17 A petition for the imposition of a countervailing duty shall be considered
18 to have been made 'by or on behalf of the domestic industry' if it is supported
19 by those domestic producers whose collective output constitutes more than
20 fifty percent (50%) of the total production of the like product produced by that
21 portion of the domestic industry expressing either support for or opposition to
22 the application. However, an investigation shall be initiated only when
23 domestic producers supporting the application account for at least twenty-five
24 percent (25%) of the total production of the like product produced by the
25 domestic industry. In cases involving an exceptionally large number of
26 producers, degree of support or opposition may be determined by using
27 statistically valid sampling techniques or by consulting their representative
28 organizations.

1 Within ten (10) days from his receipt of the petition or information, the
2 Secretary shall review the accuracy and adequacy of the information or
3 evidence provided in the petition to determine whether there is sufficient basis
4 to justify the initiation of an investigation. If there is no sufficient basis to justify
5 the initiation of an investigation, the Secretary shall dismiss the petition and
6 shall properly notify the Secretary of Finance, the Commissioner of Customs
7 and other parties concerned regarding such dismissal. The Secretary shall
8 extend legal, technical and other assistance to the concerned domestic
9 producers and their organizations at all stages of the countervailing action.

10 **(C) Notice to the Secretary of Finance.** - Upon his receipt of the
11 petition, the Secretary shall, without delay, furnish the Secretary of Finance
12 with a summary of the essential facts of the petition, and request the latter to
13 immediately inform the Commissioner of Customs regarding such petition and
14 to instruct him to gather and secure all import entries covering such allegedly
15 subsidized product, commodity or article without liquidation. The
16 Commissioner of Customs shall submit to the Secretary a complete report on
17 the number, volume, and value of the importation of the allegedly subsidized
18 product, commodity or article within ten (10) days from his receipt of the
19 instruction from the Secretary of Finance, and to make similar additional
20 reports every ten (10) days thereafter.

21 **(D) Notice to and Answer of Interested Parties.** - Within five (5) days
22 from finding of the basis to initiate an investigation, the Secretary shall notify
23 all interested parties, and shall furnish them with a copy of the petition and its
24 annexes, if any. The interested parties shall, not later than thirty (30) days
25 from their receipt of the notice, submit their answer, including such relevant
26 evidence or information as is reasonably available to them to controvert the
27 allegations of the petition. If they fail to submit their answer, the Secretary
28 shall make such preliminary determination of the case on the basis of the
29 facts and/or information available.

1 The Secretary shall avoid, unless a decision has been made to initiate
2 an investigation, any publicizing of the petition. However, after receipt of a
3 properly documented petition and before proceeding to initiate an
4 investigation, he shall notify the government of the exporting country about
5 the impending investigation.

6 **(E) Preliminary Determination.** - Within twenty (20) days from his
7 receipt of the answer of the interested parties, the Secretary shall, on the
8 basis of the petition of the aggrieved party and the answer of such interested
9 parties and their respective supporting documents or information, make a
10 preliminary determination on whether or not a prima facie case exists for the
11 imposition of a provisional countervailing duty in the form of a cash bond
12 equal to the provisionally estimated amount of subsidy. Upon finding of a
13 prima facie case, the Secretary shall immediately issue, through the
14 Secretary of Finance, a written instruction to the Commissioner of Customs to
15 collect the cash bond, in addition to the corresponding ordinary duties, taxes
16 and other charges imposed by law on such product, commodity or article. The
17 posting of a cash bond shall be required not earlier than sixty (60) days from
18 the date of initiation of the investigation. The cash bond shall be deposited
19 with a government depository bank and shall be held in trust for the
20 respondent importer. The application of the cash bond shall not exceed four
21 (4) months.

22 The Secretary shall immediately transmit his preliminary findings
23 together with the records of the case to the Commission for its formal
24 investigation.

25 **(F) Termination of Investigation by the Secretary or the**
26 **Commission.** - The Secretary or the Commission, as the case may be, shall
27 motu proprio terminate the investigation at any stage of the proceedings if the

1 amount of subsidy is de minimis as defined in existing international trade
2 agreements of which the Republic of the Philippines is a party; or where the
3 volume of the subsidized imported product, commodity or article, actual or
4 potential, or the injury is negligible.

5 (G) **Formal Investigation by the Commission.** - Immediately upon its
6 receipt of the records of the case from the Secretary, the Commission shall
7 commence the formal investigation and shall accordingly notify in writing all
8 interested parties and, in addition, give public notice of such investigation in
9 two (2) newspapers of general circulation.

10 In the formal investigation, the Commission shall essentially determine:

11 (1) The nature and amount of the specific subsidy being enjoyed
12 by the imported product, commodity or article in question;

13 (2) The presence and extent of the material injury or the threat
14 thereof to, or the material retardation of the growth, or the prevention of
15 the establishment of, the affected domestic industry; and

16 (3) The existence of a causal relationship between the allegedly
17 subsidized imported product, commodity or article and the material injury
18 or threat thereof to, or the material retardation of the growth, or the
19 prevention of the establishment of, the affected domestic industry.

20 The Commission is hereby authorized to require any interested party to
21 allow it access to, or otherwise provide, necessary information to enable the
22 Commission to expedite the investigation. In case any interested party
23 refuses access to, or otherwise does not provide, necessary information
24 within a reasonable period of time or significantly impedes the investigation, a
25 final determination shall be made on the basis of the facts available.

26 *The formal investigation shall be conducted in a summary manner. No*
27 *dilatory tactics nor unnecessary or unjustified delays shall be allowed, and the*
28 *technical rules of evidence shall not be applied strictly.*

1 **(H) Determination of the Existence of Subsidy.** - A subsidy is
2 deemed to exist:

3 (1) When the government or any public body in the country of
4 origin or export of the imported product, commodity or article extends
5 financial contribution to the producer, manufacturer or exporter of such
6 product, commodity or article in the form of:

7 (a) Direct transfer of funds such as grants, loans or equity
8 infusion; or

9 (b) Potential direct transfer of funds or assumption of
10 liabilities such as loan guarantees; or

11 (c) Foregone or uncollected government revenue that is
12 otherwise due from the producer, manufacturer or exporter of the
13 product, commodity or article: Provided, That the exemption of any
14 exported product, commodity or article from duty or tax imposed on
15 like product, commodity or article when destined for consumption in
16 the country of origin and/or export or the refunding of such duty or
17 tax, shall not be deemed to constitute a grant of a subsidy:
18 Provided, further, That should a product, commodity or article be
19 allowed drawback by the country of origin or export, only the
20 ascertained or estimated amount by which the total amount of
21 duties and/or internal revenue taxes was discounted or reduced, if
22 any, shall constitute a subsidy; or

23 (d) Provision of goods or services other than general
24 infrastructure; or

25 (e) Purchases of goods from the producer, manufacturer
26 or exporter; or

27 (f) Payments to a funding mechanism; or

1 (g) Other financial contributions to a private body to carry
2 out one or more of the activities mentioned in subparagraphs (a) to
3 (0 above; or

4 (h). Direct or indirect income or price support; and

5 (i) When there is a benefit conferred.

6 (l) **Determination of Specific Subsidy.** - In the determination of
7 whether or not a subsidy is specific, the following principles shall apply:

8 (1) Where the government or any public body in the country of
9 origin or export of the imported product, commodity or article
10 explicitly limits access to a subsidy to certain enterprises, such
11 subsidy shall be specific;

12 (2) Where such government or public body through a law or
13 regulation establishes objective criteria and conditions governing
14 the eligibility for, and the amount of, a subsidy, specificity shall not
15 exist: Provided, That the eligibility is automatic and that such
16 criteria or conditions are strictly adhered to. Objective criteria shall
17 mean those which are neutral, do not favor certain enterprises over
18 others, and are economic in nature and horizontal in application,
19 such as number of employees or size of enterprise;

20 (3) In case a subsidy appears to be non-specific according to
21 subparagraphs (1) and (2) above, but there are reasons to believe
22 that the subsidy may in fact be specific, factors that may be
23 considered are: use of a subsidy program by a limited number of
24 certain enterprises for a relatively longer period; granting of
25 disproportionately large amounts of subsidy to certain enterprises;
26 and exercise of wide and unwarranted discretion for granting a
27 subsidy; and

1 (4) A subsidy which is limited to certain enterprises located
2 within a designated geographical region within the territory of the
3 government or public body in the country of origin or export shall be
4 specific.

5 (J) **Determination of Injury.** - The presence and extent of material
6 injury or threat thereof to a domestic industry, or the material retardation of
7 the growth, or the prevention of the establishment of a nascent enterprise
8 because of the subsidized imports, shall be determined by the Secretary or
9 the Commission, as the case may be, on the basis of positive evidence and
10 shall require an objective examination of:

11 (1) The volume of the subsidized imports, that is, whether
12 there has been a significant increase either absolute or relative to
13 production or consumption in the domestic market;

14 (2) The effect of the subsidized imports on prices in the
15 domestic market for the like product, commodity or article, that is,
16 whether there has been a significant price undercutting, or whether
17 the effect of such imports is otherwise to depress prices to a
18 significant degree or to prevent price increases, which otherwise
19 would have occurred to a significant degree;

20 (3) The effect of the subsidized imports on the domestic
21 producers of the like product, commodity or article, including an
22 evaluation of all relevant economic factors and indices having a
23 bearing on the state of the domestic industry concerned, such as,
24 but not limited to, actual and potential decline in output, sales,
25 market share, profits, productivity, return on investments, or
26 utilization of capacity; factors affecting domestic prices; actual or
27 potential negative effects on the cash flow, inventories,

1 employment, wages, growth, ability to raise capital or investments
2 and, in the case of agriculture, whether there has been an
3 increased burden on the support programs of the national
4 government; and

5 (4) Factors other than the subsidized imports which at
6 the same time are injuring the domestic industry, such as: volumes
7 and prices of non-subsidized imports of the product, commodity or
8 article in question; contraction in demand or changes in the
9 patterns of consumption; trade restrictive practices of and
10 competition between the foreign and domestic producers;
11 developments in technology and the export performance and
12 productivity of the domestic industry.

13 In determining threat of material injury, the Secretary or the
14 Commission, as the case may be, shall decide on the basis of facts
15 and not merely allegation, conjecture or remote possibility. The
16 change in circumstances which would create a situation in which
17 the subsidized imports would cause injury should be clearly
18 foreseen and imminent considering such relevant factors as:

19 (1) Nature of the subsidy in question and the trade effects
20 likely to arise therefrom;

21 (2) Significant rate of increase of subsidized imports into
22 the domestic market indicating the likelihood of substantially
23 increased importations;

24 (3) Sufficient freely disposable, or an imminent
25 substantial increase in, capacity of the exporter of such subsidized
26 imported product, commodity or article indicating the likelihood of
27 substantially increased subsidized imports to the domestic market,

1 taking into account the availability of other markets to absorb the
2 additional exports;

3 (4) Whether these subsidized imports are entering at
4 prices that will have a significant depressing or suppressing effect
5 on domestic prices, and will likely increase demand for further
6 imports; and

7 (5) Inventories of the product, commodity or article being
8 investigated.

9 In the case where the effect of the subsidized import will
10 materially retard the growth or prevent the establishment of a
11 domestic industry, information on employment, capital investments,
12 production and sales, and production capacity of said domestic
13 industry can be augmented or substituted by showing through a
14 factual study, report or other data that an industry which has
15 potential to grow domestically is adversely affected by the
16 subsidized import. For this purpose, the Department of Trade and
17 Industry for non-agricultural products, and the Department of
18 Agriculture for agricultural products, shall conduct continuing
19 studies to identify and determine the specific industries, whether
20 locally existing or not, which have the potential to grow or to be
21 established domestically and whose growth or establishment will be
22 retarded or prevented by a subsidized import.

23 (K) **Cumulation of Imports.** - When imports of products, commodities
24 or articles from more than one (1) country are simultaneously the subject of
25 an investigation for the imposition of a countervailing duty, the Secretary or
26 the Commission, as the case may be, may cumulatively assess the effects of
27 such imports only if:

1 (1) The amount of subsidization established in relation to the
2 imports from each country is more than de minimis as defined in
3 existing international trade agreements of which the Republic of the
4 Philippines is a party;

5 (2) The volume of such imports from each country is not
6 negligible; and

7 (3) A cumulative assessment of the effects of such imports is
8 warranted in the light of the conditions of competition between the
9 imported products, commodities or articles, and the conditions of
10 competition between the imported products, commodities or articles
11 and the like domestic products, commodities or articles.

12 (L) **Public Notices and Consultation Proceedings.** - The Secretary
13 or the Commission, as the case may be, shall make public notices and
14 conduct consultation with the government of the exporting country when:

15 (1) Initiating an investigation;

16 (2) Concluding or suspending an investigation;

17 (3) Making a preliminary or final determination;

18 (4) Making a decision to accept an undertaking or the
19 termination of an undertaking; and

20 (5) Terminating a definitive countervailing duty.

21 (M) **Voluntary Undertaking.** - When there is an offer from any exporter
22 of subsidized imports to revise its price, or where the government of the
23 exporting country agrees to eliminate or limit the subsidy or take other
24 measures to that effect, the Commission shall determine if the offer is
25 acceptable and make the necessary recommendation to the Secretary. If the
26 undertaking is accepted, the Secretary may advise the Commission to
27 terminate, suspend or continue the investigation. The Secretary may also

1 advise the Commission to continue its investigation upon the request of the
2 government of the exporting country. The voluntary undertaking shall lapse if
3 there is a negative finding of the presence of a subsidy or material injury. In
4 the event of a positive finding of subsidization and material injury, the
5 undertaking will continue, consistent with its terms and the provisions of this
6 section.

7 **(N) Final Determination and Submission of Report by the**
8 **Commission.** - The Commission shall complete the formal investigation and
9 submit a report of its findings to the Secretary within one hundred twenty
10 (120) days from receipt of the records of the case: Provided, however, That it
11 shall, before a final determination is made, inform all the interested parties of
12 the essential facts under consideration which form the basis for the decision
13 to impose a countervailing duty. Such disclosure should take place in
14 sufficient time for the parties to defend their interests.

15 **(O) Imposition of Countervailing Duty.** - The Secretary shall, within
16 ten (10) days from his receipt of an affirmative final determination by the
17 Commission, issue a department order imposing the countervailing duty on
18 the subsidized imported product, commodity or article. He shall furnish the
19 Secretary of Finance with the copy of the order and request the latter to direct
20 the Commissioner of Customs to cause the countervailing duty to be levied,
21 collected and paid, in addition to any other duties, taxes and charges imposed
22 by law on such product, commodity or article.

23 In case of an affirmative final determination by the Commission, the cash
24 bond shall be applied to the countervailing duty assessed. If the cash bond is
25 in excess of the countervailing duty assessed, the remainder shall be
26 returned to the importer immediately: Provided, That no interest shall be
27 payable by the government on the amount to be returned. If the cash bond is

1 less than the countervailing duty assessed, the difference shall not be
2 collected.

3 If the order of the Secretary is unfavorable to the petitioner, the
4 Secretary shall, after the lapse of the period for appeal to the Court of Tax
5 Appeals, issue through the Secretary of Finance a department order for the
6 immediate release of the cash bond to the importer.

7 **(P) Duration and Review of Countervailing Duty.** – As a general
8 rule, any imposition of countervailing duty shall remain in force only as long
9 as and to the extent necessary to counteract a subsidization which is causing
10 or threatening to cause material injury. However, the need for the continued
11 imposition of the countervailing duty may be reviewed by the Commission
12 when warranted, motu proprio or upon direction of the Secretary.

13 Any interested party may also petition the Secretary for a review of the
14 continued imposition of the countervailing duty: Provided, That at least six (6)
15 months have elapsed since the imposition of the countervailing duty, and
16 upon submission of positive information substantiating the need for a review.
17 Interested parties may request the Secretary to examine: (1) whether the
18 continued imposition of the countervailing duty is necessary to offset the
19 subsidization; and/or (2) whether the injury will likely continue or recur if the
20 countervailing duty is removed or modified.

21 If the Commission determines that the countervailing duty is no longer
22 necessary or warranted, the Secretary shall, upon its recommendation,
23 immediately issue a department order terminating the imposition of the
24 countervailing duty and shall notify all parties concerned, including the
25 Commissioner of Customs through the Secretary of Finance, of such
26 termination.

1 Notwithstanding the provisions of the preceding paragraphs of this
2 subsection, any countervailing duty shall be terminated on a date not later
3 than five (5) years from the date of its imposition (or from the date of the most
4 recent review if that review has covered both subsidization and material
5 injury), unless the Commission has determined, in a review initiated at least
6 six (6) months prior to the termination date upon the direction of the Secretary
7 or upon a duly substantiated request by or on behalf of the domestic industry,
8 that the termination of the countervailing duty will likely lead to the
9 continuation or recurrence of the subsidization and material injury.

10 The procedure and evidence governing the disposition of the petition for
11 the imposition of countervailing duty shall equally apply to any review carried
12 out under this subsection. Such review shall be carried out expeditiously and
13 shall be concluded not later than ninety (90) days from the date of the
14 initiation of such a review.

15 (Q) **Judicial Review.** - Any interested party who is adversely affected
16 by the department order of the Secretary on the imposition of the
17 countervailing duty may file with the Court of Tax Appeals a petition for review
18 of such order within thirty (30) days from his receipt of notice thereof.
19 Provided, however, That the filing of such petition for review shall not in any
20 way stop, suspend or otherwise toll the imposition and collection of the
21 countervailing duty on the imported product, commodity or article.

22 The petition for review shall comply with the same requirements, follow
23 the same rules of procedure, and be subject to the same disposition as in
24 appeals in connection with adverse rulings on tax matters to the Court of Tax
25 Appeals.

26 (R) **Definition of Terms.** - For purposes of this subsection, the term:

1 (1) 'Domestic industry' shall refer to the domestic producers as a whole
2 of the like product, commodity or article or to those of them whose collective
3 output of the product, commodity or article constitutes a major proportion of
4 the total domestic production of those products, except that when producers
5 are related to the exporters or importers or are themselves importers of the
6 allegedly subsidized product or a like product from other countries, the term
7 'domestic industry' may be interpreted as referring to the rest of the
8 producers. In case the market in the Philippines is divided into two or more
9 competitive markets, the term 'domestic industry' shall refer to the producers
10 within each market although their production does not constitute a significant
11 portion of the total domestic industry: Provided, That there is a concentration
12 of subsidized imports into such a separate market: and Provided, further, That
13 the subsidized imports are causing injury to the producers of all or almost all
14 of the production within such market.

15 (2) 'Interested parties' shall include:

16 (a) An exporter or foreign producer or the importer of a product
17 subject to investigation, or the government of the exporting country or a
18 trade or business association a majority of the members of which are
19 producers, exporters or importers of such product;

20 (b) A producer of the like product in the Philippines or a trade
21 and business association a majority of the members of which produce the
22 like product in the Philippines; and

23 (c) Labor unions that are representative of the industry or
24 coalitions of producers and/or labor unions.

25 (3) 'Like product' shall mean a product, commodity or article which is
26 identical, i.e., alike in all respects to the product, commodity or article or in the
27 absence of such product, commodity or article, another product, commodity
28 or article which, although not alike in all respects, has characteristics closely

1 resembling those of the imported product, commodity or article under
2 consideration.

3 (S) **An inter-agency committee** composed of the Secretaries of Trade
4 and Industry, Agriculture, and Finance, the Chairman of the Tariff
5 Commission, and the Commissioner of Customs shall promulgate all rules
6 and regulations necessary for the effective implementation of this section.”

7 **SEC. 707. *Special Duty – Discrimination by Foreign Countries.***

8 a. The President, when he finds that the public interest will be served
9 thereby, shall by proclamation specify and declare new or additional duties in
10 an amount not exceeding one hundred (100) per cent ad valorem upon
11 articles wholly or in part the growth or product of, or imported in a vessel of,
12 any foreign country whenever he shall find as a fact that such country --

13 1. Imposes, directly or indirectly, upon the disposition or
14 transportation in transit through or re-exportation from such country
15 of any article wholly or in part the growth or product of the
16 Philippines, any unreasonable charge, exaction, regulation or
17 limitation which is not equally enforced upon the like articles of
18 every foreign country; or

19 2. Discriminates in fact against the commerce of the
20 Philippines, directly or indirectly, by law or administrative regulation
21 or practice, by or in respect to any customs, tonnage, or port duty,
22 fee, charge, exaction, classification, regulation, condition, restriction
23 or prohibition, in such manner as to place the commerce of the
24 Philippines at a disadvantage compared with the commerce of any
25 foreign country.

26 b. If at any time the President shall find it to be a fact that any foreign
27 country has not only discriminated against the commerce of the Philippines,
28 as aforesaid, but has, after the issuance of a proclamation as authorized in

1 subsection "a" of this section, maintained or increased its said discrimination
2 against the commerce of the Philippines, the President is hereby authorized,
3 if he deems it consistent with the interests of the Philippines, to issue a further
4 proclamation directing that such product of said country or such article
5 imported in its vessels as he shall deem consistent with the public interests,
6 shall be excluded from importation into the Philippines.

7 c. Any proclamation issued by the President under this section shall, if
8 he deems it consistent with the interest of the Philippines, extend to the whole
9 of any foreign country or may be confined to any subdivision or subdivisions
10 thereof; and the President shall, whenever he deems the public interests
11 require, suspend, revoke, supplement or amend any such proclamation.

12 d. All articles imported contrary to the provisions of this section shall
13 be forfeited to the Government of the Philippines and shall be liable to be
14 seized, prosecuted and condemned in like manner and under the same
15 regulations, restrictions and provisions as may from time to time be
16 established for the recovery, collection, distribution and remission or forfeiture
17 to the government by the tariff and customs laws. Whenever the provision of
18 this section shall be applicable to importations into the Philippines of articles
19 wholly or in part the growth or product of any foreign country, they shall be
20 applicable thereto, whether such articles are imported directly or indirectly.

21 e. It shall be the duty of the Commission to ascertain and at all times
22 to be informed whether any of the discriminations against the commerce of
23 the Philippines enumerated in subsections "a" and "b" of this section are
24 practiced by any country; and if and when such discriminatory acts are
25 disclosed, it shall be the duty of the Commission to bring the matter to the
26 attention of the President, together with recommendations.

27 f. The Secretary of Finance shall make such rules and regulations as
28 are necessary for the execution of such proclamation as the President may

1 issue in accordance with the provisions of this section.

2 **TITLE 8. TAX AND DUTY DEFERMENT, PREFERENCE AND**
3 **EXEMPTION**

4 **CHAPTER 1. CONDITIONALLY FREE IMPORTATION**

5 **SEC. 800. *Conditionally-Free Importation.*** The following articles shall be
6 exempt from the payment of import duties upon compliance with the formalities
7 prescribed in the regulations which shall be promulgated by the Commissioner of
8 Customs with the approval of the Secretary of Finance; Provided, That any article
9 sold, bartered, hired or used for purposes other than that they were intended for
10 without prior payment of the duty, tax or other charges which would have been
11 due and payable at the time of entry if the article had been entered without the
12 benefit of this section, shall be subject to forfeiture and the importation shall
13 constitute a fraudulent practice against customs laws; Provided, further, That a
14 sale pursuant to a judicial order or in liquidation of the estate of a deceased
15 person shall not be subject to the preceding proviso, without prejudice to the
16 payment of duties, taxes and other charges; Provided, finally, That the President
17 may upon recommendation of the Secretary of Finance, suspend, disallow or
18 completely withdraw, in whole or in part, any of the conditionally-free importation
19 under this section:

20 a. Aquatic products (e.g., fishes, crustaceans, mollusks, marine
21 animals, seaweeds, fish oil, roe), caught or gathered by fishing vessels of
22 Philippine registry: Provided, That they are imported in such vessels or in
23 crafts attached thereto: And provided, further, That they have not been landed
24 in any foreign territory or, if so landed, they have been landed solely for
25 transshipment without having been advanced in condition;

26 b. Equipment for use in the salvage of vessels or aircrafts, not
27 available locally, upon identification and the giving of a bond in an amount

1 equal to ONE HUNDRED PERCENT the ascertained duties, taxes and other
2 charges thereon, conditioned for the exportation thereof or payment of
3 corresponding duties, taxes and other charges within six (6) months from the
4 date of acceptance of the import entry: Provided, That the Collector of
5 Customs may extend the time for exportation or payment of duties, taxes and
6 other charges for a term not exceeding six (6) months from the expiration of
7 the original period;

8 c. Cost of repairs, excluding the value of the article used, made in
9 foreign countries upon vessels or aircraft documented, registered or licensed
10 in the Philippines, upon proof satisfactory to the Collector of Customs (1) that
11 adequate facilities for such repairs are not afforded in the Philippines, or (2)
12 that such vessels or aircrafts, while in the regular course of her voyage or
13 flight, was compelled by stress of weather or other casualty to put into a
14 foreign port to make such & repairs in order to secure the safety,
15 seaworthiness or airworthiness of the vessel or aircraft to enable her to reach
16 her port of destination;

17 d. Articles brought into the Philippines for repair, processing or
18 reconditioning to be re-exported upon completion of the repair, processing or
19 reconditioning: Provided, That the Collector of Customs shall require the
20 giving of a bond in an amount equal ONE HUNDRED PERCENT the
21 ascertained duties, taxes and other charges thereon, conditioned for the
22 exportation thereof or payment of the corresponding duties, taxes and other
23 charges within six (6) months from the date of acceptance of the GOODS
24 DECLARATION;

25 e. Medals, badges, cups and other small articles bestowed as
26 trophies or prizes, or those received or accepted as honorary distinction;

27 f. Personal and household effects belonging to residents of the
28 Philippines returning from abroad including jewelry, precious stones and other

1 articles of luxury which were formally declared and listed before departure
2 and identified under oath before the Collector of Customs when exported from
3 the Philippines by such returning residents upon their departure therefrom or
4 during their stay abroad; personal and household effects including wearing
5 apparel, articles of personal adornment (except luxury items), toilet articles,
6 instruments related to one's profession and analogous personal or household
7 effects, excluding vehicles, watercrafts, aircrafts, and animals purchased in
8 foreign countries by residents of the Philippines which were necessary,
9 appropriate and normally used for their comfort and convenience during their
10 stay abroad, accompanying them on their return, or arriving within a
11 reasonable time which, barring unforeseen and fortuitous events, in no case
12 shall exceed sixty (60) days after the owner's return: Provided, That the
13 personal and household effects shall neither be in commercial quantities nor
14 intended for barter, sale or for hire and that the total dutiable value of which
15 shall not exceed FIFTY Thousand Pesos (P50,000.00): Provided further,
16 That the returning resident has not previously availed of the privilege under
17 this section within three hundred sixty-five (365) days prior to his arrival:
18 Provided, finally, That a fifty per cent (50%) ad valorem duty across the board
19 shall be levied and collected on the personal and household effects (except
20 luxury items) in excess of FIFTY Thousand Pesos (50,000.00). For purposes
21 of this section, the phrase "returning residents" shall refer to nationals who
22 have stayed in a foreign country for a period of at least six (6) months.

23 f-1. In addition to the privilege granted under the immediately preceding
24 paragraph, returning overseas contract workers shall have the privilege to
25 bring in, duty and tax free, used home appliances, limited to one of every kind
26 once in a given calendar year accompanying them on their return, or arriving
27 within a reasonable time which, barring unforeseen and fortuitous events, in
28 no case shall exceed sixty (60) days after the owner's return upon
29 presentation of their original passport at the Port of Entry: Provided, That any

1 excess of FIFTY Thousand Pesos (P50,000.00) for personal and household
2 effects and/or of the number of duty and tax-free appliances as provided for
3 under this section, shall be subject to the corresponding duties and taxes
4 provided under this Code. For purposes of this section, the following
5 words/phrases shall be understood to mean: (a) Overseas Contract Workers
6 – Holders of Valid passports duly issued by the Department of Foreign Affairs
7 and Certified by the Department of Labor and Employment/Philippine
8 Overseas Employment Agency for overseas employment purposes. It covers
9 all nationals working in a foreign country under employment contracts
10 including Middle East Contract Workers, entertainers, domestic helpers,
11 regardless of their employment status in the foreign country. (b) Calendar
12 Year – shall cover the period from January 1 to December 31.

13 g. Wearing apparel, articles of personal adornment, toilet articles,
14 portable tools and instrument. theatrical costumes and similar effects
15 accompanying travelers, or tourists, or arriving within a reasonable time
16 before or after their arrival in the Philippines, which are necessary and
17 appropriate for the wear and use of such persons according to the nature of
18 the journey, their comfort and convenience: Provided, That this exemption
19 shall not apply to articles intended for other persons or for barter, sale or hire:
20 Provided, further, That the Collector of Customs may, in his discretion, require
21 either a written commitment or a bond in an amount equal to ONE HUNDRED
22 PERCENT (100%) the ascertained duties, taxes and other charges
23 conditioned for the exportation thereof or payment of the corresponding
24 duties, taxes and other charges within three (3) months from the date of
25 acceptance of the GOODS DECLARATION: And Provided, finally, That the
26 Collector of Customs may extend the time for exportation or payment of
27 duties, taxes and other charges for a term not exceeding three (3) months
28 from the expiration of the original period;

1 g-1. Personal and household effects and vehicles belonging to foreign
2 consultants and experts hired by, and/or rendering service to, the
3 government, and their staff or personnel and families, accompanying them or
4 arriving within a reasonable time before or after their arrival in the Philippines,
5 in quantities and of the kind necessary and suitable to the profession, rank or
6 position of the person importing them, for their own use and not for barter,
7 sale or hire provided that, the Collector of Customs may in his discretion
8 require either a written commitment or a bond in an amount equal to ONE
9 HUNDRED PERCENT the ascertained duties, taxes and other charges upon
10 the articles classified under this subsection; conditioned for the exportation
11 thereof or payment of the corresponding duties, taxes and other charges
12 within six (6) months after the expiration of their term or contract; And
13 Provided, finally, That the Collector of Customs may extend the time for
14 exportation or payment of duties, taxes and other charges for term not
15 exceeding six (6) months from the expiration of the original period;

16 h. Professional instruments and implements, tools of trade,
17 occupation or employment, wearing apparel, domestic animals, and personal
18 and household effects belonging to persons coming to settle in the Philippines
19 or Filipinos and/or their families and descendants who are now residents or
20 citizens of other countries, such parties hereinafter referred to as Overseas
21 Filipinos, in quantities and of the class suitable to the profession, rank or
22 position of the persons importing them, for their own use and not for barter or
23 sale, accompanying such persons, or arriving within a reasonable time, in the
24 discretion of the Collector of Customs, before or after the arrival of their
25 owners, which shall not be later than February 28, 1979 upon the production
26 of evidence satisfactory to the Collector of Customs that such persons are
27 actually coming to settle in the Philippines, that change of residence was
28 bona fide and that the privilege of free entry was never granted to them
29 before or that such person qualifies under the provisions of Letters of

1 Instructions 105, 163 and 210, and that the articles are brought from their
2 former place of abode, shall be exempt from the payment of customs, duties
3 and taxes: Provided, That vehicles, vessels, aircrafts, machineries and other
4 similar articles for use in manufacture, shall not be classified hereunder;

5 i. Articles used exclusively for public entertainment, and for display in
6 public expositions, or for exhibition or competition for prizes, and devices for
7 projecting pictures and parts and appurtenances thereof, upon identification,
8 examination, and appraisal and the giving of a bond in an amount equal to
9 ONE HUNDRED PERCENT (100%) the ascertained duties, taxes and other
10 charges thereon, conditioned for exportation thereof or payment of the
11 corresponding duties, taxes and other charges within six (6) months from the
12 date of acceptance of the GOODS DECLARATION; Provided, That the
13 Collector of Customs may extend the time for exportation or payment of
14 duties, taxes and other charges for a term not exceeding six (6) months from
15 the expiration of the original period; and technical and scientific films when
16 imported by technical, cultural and scientific institutions, and not to be
17 exhibited for profit: Provided, further, That if any of the said films is exhibited
18 for profit, the proceeds therefrom shall be subject to confiscation, in addition
19 to the penalty provided under Section 1535 as amended, of this ACT;

20 j. Articles brought by foreign film producers directly and exclusively
21 used for making or recording motion picture films on location in the
22 Philippines, upon their identification, examination and appraisal and the giving
23 of a bond in an amount equal to ONE HUNDRED PERCENT (100%) the
24 ascertained duties, taxes and other charges thereon, conditioned for
25 exportation thereof or payment of the corresponding duties, taxes and other
26 charges within six (6) months from the date of acceptance of the GOODS
27 DECLARATION, unless extended by the Collector of Customs for another six
28 (6) months; photographic and cinematographic films, underdeveloped,

1 exposed outside the Philippines by resident Filipino citizens or by producing
2 companies of Philippine registry where the principal actors and artists
3 employed for the production are Filipinos, upon affidavit by the importer and
4 identification that such exposed films are the same films previously exported
5 from the Philippines as used in this paragraph, the terms "actors" and "artists"
6 include the persons operating the photographic camera or other photographic
7 and sound recording apparatus by which the film is made;

8 k. Importations for the official use of foreign embassies, legations, and
9 other agencies of foreign governments: Provided, that those foreign countries
10 accord like privileges to corresponding agencies of the Philippines.

11 Articles imported for the personal or family use of the members and
12 attaches of foreign embassies, legations, consular officers and other
13 representatives of foreign governments: Provided, That such privilege shall
14 be accorded under special agreements between the Philippines and the
15 countries which they represent: And provided, further, That the privilege may
16 be granted only upon specific instructions of the Secretary of Finance in each
17 instance which be issued only upon request of the Department of Foreign
18 Affairs;

19 l. Imported articles donated to, or for the account of, any duly
20 registered relief organization, not operated for profit, for free distribution
21 among the needy, upon certification by the Department of Social WELFARE
22 and Development (DSWD) or the Department of Education (DepEd), as the
23 case may be;

24 m. Containers, holders and other similar receptacles of any material
25 including kraft paper bags for locally manufactured cement for export,
26 including corrugated boxes for bananas, pineapples and other fresh fruits for
27 export, except other containers made of paper, paperboard and textile fabrics,
28 which are of such character as to be readily identifiable and/or reusable for

1 shipment or transportation of goods shall be delivered to the importer thereof
2 upon identification examination and appraisal and the giving of a bond in an
3 amount equal to ONE HUNDRED PERCENT the ascertained duties, taxes
4 and other charges within six (6) months from the date of acceptance of the
5 import entry;

6 n. Supplies which are necessary for the reasonable requirements of
7 the vessel or aircraft in her voyage or flight outside the Philippines, including
8 articles transferred from a bonded warehouse in any collection district to any
9 vessel or aircraft engaged in foreign trade, for use or consumption of the
10 passengers or its crew on board such vessel or aircrafts as sea or air stores;
11 or article purchased abroad for sale on board a vessel or aircraft as saloon
12 stores or air store supplies Provided, that any surplus or excess of such
13 vessel or aircraft supplies arriving from foreign ports or airports shall be
14 dutiable;

15 o. Articles and salvage from vessels recovered after a period of two
16 (2) years from the date of filling the marine protest or the time when the
17 vessel was wrecked or abandoned, or parts of a foreign vessel or her
18 equipment, wrecked or abandoned in Philippine waters or elsewhere:
19 Provided that articles and salvage recovered within the said period of two (2)
20 years shall be dutiable;

21 p. Coffins or urns containing human remain, bones or ashes, used
22 personal and household effects (not merchandise) of the deceased person,
23 except vehicles, the value of which does not exceed FIFTY Thousand Pesos
24 (P50,000), upon identification as such;

25 q. Samples of the kind, in such quantity and of such dimension or
26 construction as to render them unsalable or of no appreciable commercial
27 value; models not adapted for practical use; and samples of medicines,
28 properly marked "sample-sale punishable by law", for the purpose of

1 introducing a new article in the Philippine market and imported only once in a
2 quantity sufficient for such purpose by a person duly registered and identified
3 to be engaged in that trade: Provided, that importations under this subsection
4 shall be previously authorized by the Secretary of Finance: Provided,
5 however, that importation of sample medicine shall be previously authorized
6 by the Secretary of Health that such samples are new medicines not available
7 in the Philippines: Provided, finally, that samples not previously authorized
8 and/or properly marked in accordance with this section shall be levied the
9 corresponding tariff duty.

10 Commercial samples, except those that are not readily and easily
11 identifiable (e.g., precious and semi-precious stones, cut or uncut, and jewelry
12 set with precious or semi-precious stones), the value of any single importation
13 of which does not exceed FIFTY thousand pesos (P50,000) upon the giving
14 of a bond in an amount equal to the ascertained duties, taxes and other
15 charges thereon, conditioned for the exportation of said samples within six (6)
16 months from the date of the acceptance of the GOODS DECLARATION or in
17 default thereof, the payment of the corresponding duties, taxes and other
18 charges. If the value of any single consignment of such commercial samples
19 exceeds FIFTY thousand pesos (P50,000), the importer thereof may select
20 any portion of same not exceeding in value of FIFTY thousand pesos
21 (P50,000) for entry under the provision of this subsection, and the excess of
22 the *consignment* may be entered in bond, or for consumption, as the importer
23 may elect;

24 r. Animals (except race horses), and plants for scientific,
25 experimental, propagation, botanical, breeding, zoological and national
26 defense purposes: Provided, that no live trees, shoots, plants, moss, and
27 bulbs, tubers and seeds for propagation purposes may be imported under this
28 section, except by order of the Government or other duly authorized

1 institutions: Provided, further, that the free entry of animals for breeding
2 purposes shall be restricted to animals of recognized breed. duly registered in
3 the book of record established for that breed, certified as such by the Bureau
4 of Animal Industry: Provided, furthermore, that certificate of such record, and
5 pedigree of such animal duly authenticated by the proper custodian of such
6 book of record, shall be produced and submitted to the Collector of Customs,
7 together with affidavit of the owner or importer, that such animal is the animal
8 described in said certificate of record and pedigree: And provided, finally, that
9 the animals and plants are certified by the National Economic and
10 Development Authority as necessary for economic development;

11 s. Economic, technical, vocational, scientific, philosophical, historical,
12 and cultural books and/or publications: Provided, that those which may have
13 already been imported but pending release by the Bureau of Customs at the
14 effectivity of this ACT may still enjoy the privilege herein provided upon
15 certification by the Department of Education that such imported books and/or
16 publications are for economic, technical, vocational, scientific, philosophical,
17 historical or cultural purposes or that the same are educational, scientific or
18 cultural materials covered by the International Agreement on Importation of
19 Educational Scientific and Cultural Materials signed by the President of the
20 Philippines on August 2, 1952, or other agreements binding upon the
21 Philippines.

22 Educational, scientific and cultural materials covered by international
23 agreements or commitments binding upon the Philippine Government so
24 certified by the Department of Education.

25 Bibles, missals, prayer books, Koran, Ahadith and other religious books
26 of similar nature and extracts therefrom, hymnal and hymns for religious uses;

27 t. Philippine articles previously exported from the Philippines and
28 returned without having been advanced in value or improved in condition by

1 any process of manufacture or other means, and upon which no drawback or
2 bounty has been allowed, including instruments and implements, tools of
3 trade, machinery and equipment, used abroad by Filipino citizens in the
4 pursuit of their business, occupation or profession; and foreign articles
5 previously imported when returned after having been exported and loaned for
6 use temporarily abroad solely for exhibition, testing and experimentation, for
7 scientific or educational purposes; and foreign containers previously imported
8 which have been used in packing exported Philippine articles and returned
9 empty if imported by or for the account of the person or institution who
10 exported them from the Philippines and not for sale, barter or hire subject to
11 identification: Provided, that any Philippine article falling under this subsection
12 upon which drawback or bounty has been allowed shall, upon re-importation
13 thereof, be subject to a duty under this subsection equal to the amount of
14 such drawback or bounty;

15 u. Aircraft, equipment and machinery, spare parts commissary and
16 catering supplies, aviation gas, fuel and oil, whether crude or refined, and
17 such other articles or supplies imported by and for the use of scheduled
18 airlines operating under Congressional franchise: Provided, that such articles
19 or supplies are not locally available in reasonable quantity, quality and price
20 and are necessary or incidental for the proper operation of the scheduled
21 airline importing the same;

22 v. Machineries, equipment, tools for production, plants to convert
23 mineral ores into saleable form, spare parts, supplies, materials, accessories,
24 explosives, chemicals, and transportation and communication facilities
25 imported by and for the use of new mines and old mines which resume
26 operations, when certified to as such by the Secretary of Agriculture and
27 Natural Resources upon the recommendation of the Director of Mines, for a
28 period ending five (5) years from the first date of actual commercial

1 production of saleable mineral products: Provided, that such articles are not
2 locally available in reasonable quantity, quality and price and are necessary
3 or incidental in the proper operation of the mine; and aircrafts imported by
4 agro-industrial companies to be used by them in their agriculture and
5 industrial operations or activities, spare parts and accessories thereof;

6 w. Spare parts of vessels or aircraft of foreign registry engaged in
7 foreign trade when brought into the Philippines exclusively as replacements
8 or for the emergency repair thereof, upon proof satisfactory to the Collector of
9 Customs that such spare parts shall be utilized to secure the safety,
10 seaworthiness or airworthiness of the vessel or aircraft, to enable it to
11 continue its voyage or flight;

12 x. Articles of easy identification exported from the Philippines for
13 repair, PROCESSING OR RECONDITIONING and subsequently reimported
14 upon proof satisfactory to the Collector of Customs that such articles is not
15 capable of being repaired, PROCESSED OR RECONDITIONED locally:
16 Provided, That A THIRTY PERCENT AD VALOREM SHALL BE IMPOSED
17 ON the cost of repair, PROCESSING OR RECONDITIONING ON such
18 article.

19 y. Trailer chassis when imported by shipping companies for their
20 exclusive use in handling containerized cargo, upon posting a bond in an
21 amount equal to ONE HUNDRED PERCENT the ascertained duties, taxes
22 and other charges due thereon to cover a period of one year from the date of
23 acceptance of the entry, which period for meritorious reasons may, be
24 extended by the Commissioner of Customs from year to year, subject to the
25 following conditions:

26 a. That they shall be properly identified and registered with the
27 Land Transportation OFFICE;

1 b. That they shall be subject to customs supervision fee to be
2 fixed by the Collector of Customs and subject to the approval of the
3 Commissioner of Customs;

4 c. That they shall be deposited in the Customs zone when not
5 in use; and

6 d. That upon the expiration of the period prescribed above,
7 duties and taxes shall be paid unless otherwise re-exported.

8 The provisions of Sec. 105 of Presidential Decree No. 34, dated October
9 27, 1972, to the contrary notwithstanding any officer or employee of the
10 Department of Foreign Affairs, including any attache, civil or military or
11 member of his staff assigned to a Philippine diplomatic mission abroad by his
12 *Department or any similar officer or employee assigned to a Philippine*
13 consular office abroad, or any personnel of the Reparations Mission in Tokyo
14 or AFP military personnel detailed with SEATO or any AFP military personnel
15 accorded assimilated diplomatic rank or duty abroad who is returning from a
16 regular assignment abroad, for reassignment to his Home office, or who dies,
17 resigns, or is retired from the service, after the approval of this Decree, shall
18 be exempt from the payment of all duties and taxes on his personal and
19 household effects, including one motor car which must have been ordered or
20 purchased prior to the receipt by the mission or consulate of his order of
21 recall, and which must be registered in his name: Provided, however, That
22 this exemption shall apply only to the value of the motor car and to the
23 aggregate assessed value of said personal and household effects the latter
24 not to exceed thirty per centum (30%) of the total amount received by such
25 officer or employee in salary and allowances during his latest assignment
26 abroad but not to exceed four years; Provided, further, That this exemption
27 shall not be availed of oftener than once every four years; And, Provided,
28 finally, That the officer or employee concerned must have served abroad for

1 not less than two years.

2 The provisions of general and special laws, including those granting
3 franchises, to the contrary notwithstanding, there shall be no exemptions
4 whatsoever from the payment of customs duties except those provided for in this
5 Code; those granted to government agencies, instrumentalities or
6 government-owned or controlled corporations with existing contracts,
7 commitments, agreements, or obligations (requiring such exemption) with foreign
8 countries; international institutions, associations or organizations entitled to
9 exemption pursuant to agreements or special laws; and those that may be
10 granted by the President upon prior recommendation of the National Economic
11 and Development Authority in the interest of national economic development.

12 **CHAPTER 2. CUSTOMS BONDED WAREHOUSE**

13 **SEC. 801. *Establishment and Supervision of Warehouses.*** When the
14 business of the port requires such facilities, the Collector subject to the approval
15 of the Commissioner shall designate and establish warehouses for use as public
16 and private bonded warehouses, sheds or yards, or for other special purposes.
17 All such warehouses and premises shall be subject to the supervision of the
18 Collector, who shall impose such conditions as may be deemed necessary for
19 the protection of the revenue and of the articles stored therein.

20 **SEC. 802. *Types of Warehouses.*** Warehouses may be classified as
21 follows:

- 22 1. Public Bonded Warehouse
- 23 2. Private Bonded Warehouse
- 24 3. Manufacturing Bonded Warehouse
- 25 4. INDUSTRY-SPECIFIC CUSTOMS BONDED WAREHOUSE
- 26 5. Common CUSTOMS BONDED WAREHOUSE
- 27 6. CONTAINER YARD/CONTAINER FREIGHT STATION

1 Subject to consultation with NEDA and DTI, and oversight by Congress, and
2 based on prevailing economic circumstance, the Commissioner may create other
3 types of warehouses.

4 **SEC. 803. *Responsibility of Operators.*** The operators of bonded
5 warehouse in case of loss of the imported articles stored shall be liable for the
6 payment of duties and taxes due thereon. The government assumes no legal
7 responsibility in respect to the safekeeping of articles stored in any customs
8 warehouses, sheds, yards or premises.

9 **SEC. 804. *Establishment of Bonded Warehouses.*** Application for the
10 establishment of bonded warehouse must be made in writing and filed with the
11 Collector, describing the premises, the location, and capacity of the same, and
12 the purpose for which the building is to be used.

13 Upon receipt of such application, the Collector shall cause an examination
14 of the premises, with reference particularly to its location, construction and
15 means provided for the safekeeping of articles and if found satisfactory, he may
16 authorize its establishment, and accept a bond for its operation and
17 maintenance. The operator of such bonded warehouse shall pay an annual
18 supervision fee in an amount to be fixed by the Commissioner. The bonded
19 warehouse officers and other employees thereof shall be regular employees who
20 shall be appointed in accordance with the Civil Service Law, rules and
21 regulations.

22 **SEC. 805. *Irrevocable Domestic Letter of Credit or Bank Guarantee or***
23 ***Warehousing Bond.*** After articles declared in the entry for warehousing shall
24 have been examined and the duties, taxes and other charges shall have been
25 determined, the Collector shall require from the importer, an irrevocable letter of
26 credit, bank guarantee or bond equivalent to the amount of such duties, taxes
27 and other charges conditioned upon the withdrawal of the articles within the

1 period prescribed by Section 808 of this ACT and for payment of any duties,
2 taxes and other charges to which the articles shall be then subject and upon
3 compliance with all legal requirements regarding their importation.

4 **SEC. 806. *Discontinuance of Warehouses.*** The use of any warehouse
5 may be discontinued by the Collector at any time when conditions so warrant, or,
6 in case of private warehouse, upon receipt of written request to that effect from
7 the operator thereof of the premises, provided all the requirements of the law and
8 regulations have been complied with by said operator. Where the dutiable article
9 is stored in such premises, the same must be removed at the risk and expense of
10 the operator and the premises shall not be relinquished, nor discontinuance of its
11 use authorized, until after a careful examination of the account of the warehouse
12 shall have been made. Discontinuance of any warehouse shall be effective upon
13 official notice and approval thereof by the Collector.

14 **SEC. 807. *Withdrawal of Articles from Bonded Warehouse.*** Articles
15 entered under irrevocable domestic letter of credit, bank guarantee or bond may
16 be withdrawn at any time for consumption for transportation to another port, for
17 exportation or for delivery on board a vessel or aircraft engaged in foreign trade
18 for use on board such vessel or aircraft as sea stores or aircraft stores after
19 liquidation of the entry. The withdrawal must be made by a person or firm duly
20 authorized by the former, whose authority must appear in writing upon the face of
21 the withdrawal entry.

22 **SEC. 808. *Period of Storage in Bonded Warehouse.*** Articles duly
23 entered for warehousing may remain in bonded warehouses for a MAXIMUM
24 period of one year from the time of arrival at the port of entry. FOR PERISHABLE
25 ARTICLES AS DEFINED BY REGULATION, THE STORAGE PERIOD SHALL
26 BE THREE (3) MONTHS FROM DATE OF ARRIVAL, EXTENDIBLE UPON
27 WRITTEN REQUEST TO ANOTHER THREE (3) MONTHS FOR VALID

1 REASONS Articles not withdrawn at the expiration of the prescribed period shall
2 be DEEMED AS ABANDONED AS PROVIDED UNDER SECTION 1029 OF
3 THIS ACT.

4 HOWEVER, THE COMMISSIONER OF CUSTOMS SHALL, IN
5 CONSULTATION WITH THE SECRETARY OF TRADE AND INDUSTRY,
6 ESTABLISH A REASONABLE STORAGE PERIOD LIMIT BEYOND ONE YEAR
7 FOR BONDED ARTICLES FOR MANUFACTURING FOR EXPORT THE
8 PROCESSING INTO FINISHED PRODUCTS OF WHICH REQUIRES A
9 LONGER PERIOD BASED ON INDUSTRY STANDARD AND PRACTICE,
10 SUBJECT TO THE APPROVAL OF THE SECRETARY OF FINANCE.

11 **SEC. 809. *Establishment of Bonded Manufacturing Warehouses.*** All
12 articles manufactured in whole or in part of imported materials, and intended for
13 exportation without being charged with duty, shall, in order to be so
14 manufactured and exported, be made and manufactured in bonded
15 manufacturing warehouses under such rules and regulations as the
16 Commissioner of Customs with the approval of the Secretary of Finance, shall
17 prescribe: Provided, That the manufacturer of such articles shall first file a
18 satisfactory bond for the faithful observance of all laws, rules and regulations
19 applicable thereto.

20 **SEC. 810. *Exemption from Duty.***

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

26 b. Any imported material used in the manufacture of such articles, and
27 any package, covering, brand and label used in putting up the same may,
28 under the regulation prescribed by the Commissioner, with the approval of the

1 Secretary of Finance, be conveyed without the payment of duty into any
2 bonded manufacturing warehouse, and imported articles may, under the
3 aforesaid regulations, be transferred without the payment of duty from any
4 bonded warehouse into any bonded manufacturing warehouse, or to duly
5 accredited sub-contractors of manufacturers who shall process the same into
6 finished products for exports and deliver such finished products back to the
7 bonded manufacturing warehouse, therefrom to be exported; but this privilege
8 shall not be held to apply to implements, machinery or apparatus to be used
9 in the construction or repair of any bonded manufacturing warehouse:
10 Provided, however, That the materials transferred or conveyed into any
11 bonded manufacturing warehouse shall be used in the manufacture of articles
12 for exportation within a period of ONE (1) YEAR OR SUCH STORAGE
13 PERIOD AS MAY BE ESTABLISHED PURSUANT TO SECTION 808 OF
14 THIS ACT, from date of such transfer or conveyance into the bonded
15 manufacturing warehouse, which period may for VALID reasons be further
16 extended for not more than three (3) months by the Commissioner. Materials
17 not used in the manufacture of articles for exportation within the prescribed
18 period shall pay the corresponding duties: Provided, further, That the
19 operation of embroidery and apparel firms shall continue to be governed by
20 Republic Act Numbered Thirty-one hundred and thirty-seven.

21 **SEC. 811. Procedure for Withdrawal.** Articles received into such bonded
22 manufacturing warehouse or articles manufactured therein may be withdrawn or
23 removed therefrom for direct shipment and for immediate exportation in bond
24 under the supervision of the proper customs officer, who shall certify to such
25 shipment and exportation, or lading for immediate exportation as the case may
26 be, describing the articles by their mark or otherwise, the quantity, the date of
27 exportation, in the name of the vessel of aircraft: Provided, That the waste and
28 by-products incident to the process of manufacture in said bonded warehouse

1 may be withdrawn for domestic consumption upon payment of duty equal to the
2 duty which would be assessed and collected pursuant to law as if such waste or
3 by-products were imported from a foreign country: Provided, further, That all
4 waste materials may be disposed under government supervision. All labor
5 performed and services rendered under these provisions shall be under the
6 supervision of a proper customs officer and at the expense of the manufacturer

7 **SEC. 812. Verification by the Commissioner.** A careful account shall be
8 kept by the Collector of all articles delivered by him to any bonded manufacturing
9 warehouse, and a sworn monthly return, verified by the customs officer-in-
10 charge, shall be made by the manufacturer containing a detailed statement of all
11 imported articles used by him in the manufacture of the exported articles.

12 All documents, books and records of accounts concerning the operation of
13 any bonded manufacturing warehouse shall, upon demand, be made available to
14 the Collector or his representative for examination and/or audit.

15 Before commencing business the operator of any bonded manufacturing
16 warehouse shall file with the Commissioner a list of all the articles intended to be
17 manufactured in such warehouse, and state the formula of manufacture and the
18 names and quantities of the ingredients to be used therein.

19 **CHAPTER 3. FREE ZONES (PEZA ZONES AND FREEPORT ZONES)**

20 **SEC. 813. FREE ZONES.** UNLESS OTHERWISE PROVIDED BY LAW,
21 FREE ZONES, SUCH AS SPECIAL ECONOMIC ZONES REGISTERED WITH
22 PEZA UNDER R.A. NO. 7916, DULY CHARTERED OR LEGISLATED
23 FREEPORTS UNDER R.A. NO. 9400, THE CAGAYAN SPECIAL ECONOMIC
24 ZONE AND FREEPORT, R.A. NO. 7922; AND THE ZAMBOANGA CITY
25 SPECIAL ECONOMIC ZONE, R.A. NO. 7903, AND SUCH OTHER

1 FREEPORTS AS MAY HEREINAFTER BE ESTABLISHED OR CREATED BY
2 LAW, SHALL NOT BE SUBJECT TO DUTY AND TAX.

3 ENTRY INTO SUCH FREE ZONES, WHETHER DIRECTLY OR
4 THROUGH THE CUSTOMS TERRITORY, SHALL BE COVERED BY THE
5 NECESSARY TRANSIT PERMIT AND WITHDRAWAL FROM FREE ZONES
6 INTO THE CUSTOMS TERRITORY SHALL BE COVERED BY THE
7 NECESSARY GOODS DECLARATION FOR CONSUMPTION OR FOR
8 WAREHOUSING.

9 TRANSFER OF ARTICLES FROM ONE FREE ZONE INTO ANOTHER
10 FREE ZONE SHALL LIKEWISE BE COVERED BY THE NECESSARY TRANSIT
11 PERMIT.

12 CHAPTER 4. STORES

13 SEC. 814. STORES FOR CONSUMPTION. " STORES FOR
14 CONSUMPTION" MEAN :

15 (A) ARTICLES INTENDED FOR CONSUMPTION BY THE PASSENGERS
16 AND THE CREW ON BOARD VESSELS OR AIRCRAFT, WHETHER OR NOT
17 SOLD; AND

18 (B) ARTICLES NECESSARY FOR THE OPERATION AND MAINTENANCE
19 OF VESSELS OR AIRCRAFT INCLUDING FUEL AND LUBRICANTS BUT
20 EXCLUDING SPARE PARTS AND EQUIPMENT; WHICH ARE EITHER ON
21 BOARD UPON ARRIVAL OR ARE TAKEN ON BOARD DURING THE STAY IN
22 THE CUSTOMS TERRITORY OF VESSELS OR AIRCRAFT USED, OR
23 INTENDED TO BE USED, IN INTERNATIONAL TRAFFIC FOR THE
24 TRANSPORT OF PERSONS FOR REMUNERATION OR FOR THE
25 INDUSTRIAL OR COMMERCIAL TRANSPORT OF GOODS, WHETHER OR
26 NOT FOR REMUNERATION.

1 **SEC. 815. STORES TO BE TAKEN AWAY.** "STORES TO BE TAKEN
2 AWAY" MEAN ARTICLES FOR SALE TO THE PASSENGERS AND THE CREW
3 OF VESSELS AND AIRCRAFT WITH A VIEW TO BEING LANDED, WHICH
4 ARE EITHER ON BOARD UPON ARRIVAL OR ARE TAKEN ON BOARD
5 DURING THE STAY IN THE CUSTOMS TERRITORY OF VESSELS AND
6 AIRCRAFT USED, OR INTENDED TO BE USED, IN INTERNATIONAL
7 TRAFFIC FOR THE TRANSPORT OF PERSONS FOR REMUNERATION OR
8 FOR THE INDUSTRIAL OR COMMERCIAL TRANSPORT OF GOODS,
9 WHETHER OR NOT FOR REMUNERATION.

10 **SEC. 816. EXEMPTION FROM DUTIES AND TAXES OF STORES.**
11 CUSTOMS TREATMENT OF STORES SHOULD APPLY EQUALLY,
12 REGARDLESS OF THE COUNTRY OF REGISTRATION OR OWNERSHIP OF
13 VESSELS, AIRCRAFT. STORES WHICH ARE CARRIED IN A VESSEL OR
14 AIRCRAFT ARRIVING IN THE CUSTOMS TERRITORY SHALL BE EXEMPTED
15 FROM IMPORT DUTIES AND TAXES PROVIDED THAT THEY REMAIN ON
16 BOARD. STORES FOR CONSUMPTION BY THE PASSENGERS AND THE
17 CREW IMPORTED AS PROVISIONS ON INTERNATIONAL EXPRESS
18 VESSELS OR AIRCRAFTS SHOULD BE EXEMPTED FROM IMPORT DUTIES
19 AND TAXES PROVIDED THAT:

20 A. SUCH GOODS ARE PURCHASED ONLY IN THE COUNTRIES
21 CROSSED BY THE INTERNATIONAL VESSELS AND AIRCRAFTS IN
22 QUESTION; AND

23 B. ANY DUTIES AND TAXES CHARGEABLE ON SUCH GOODS IN THE
24 COUNTRY WHERE THEY WERE PURCHASED ARE PAID.

25 STORES FOR CONSUMPTION NECESSARY FOR THE OPERATION
26 AND MAINTENANCE OF VESSELS AND AIRCRAFT WHICH ARE ON BOARD
27 THESE MEANS OF TRANSPORT ARRIVING IN THE CUSTOMS TERRITORY

1 SHALL BE EXEMPTED FROM IMPORT DUTIES AND TAXES PROVIDED
2 THAT THEY REMAIN ON BOARD WHILE THESE MEANS OF TRANSPORT
3 ARE IN THE CUSTOMS TERRITORY.

4 CUSTOMS SHALL ALLOW THE ISSUE OF STORES FOR
5 CONSUMPTION ON BOARD DURING THE STAY OF A VESSEL IN THE
6 CUSTOMS TERRITORY IN SUCH QUANTITIES AS THE CUSTOMS DEEM
7 REASONABLE HAVING REGARD TO THE NUMBER OF THE PASSENGERS
8 AND THE CREW AND TO THE LENGTH OF THE STAY OF THE VESSEL IN
9 THE CUSTOMS TERRITORY. CUSTOMS SHOULD ALLOW THE ISSUE OF
10 STORES FOR CONSUMPTION ON BOARD BY THE CREW WHILE THE
11 VESSEL IS UNDERGOING REPAIRS IN A DOCK OR SHIPYARD, PROVIDED
12 THAT THE STAY IN A DOCK OR SHIPYARD IS CONSIDERED TO BE OF
13 REASONABLE DURATION.

14 WHEN AN AIRCRAFT IS TO LAND AT ONE OR MORE AIRPORTS IN
15 THE CUSTOMS TERRITORY, CUSTOMS SHOULD ALLOW THE ISSUE OF
16 STORES FOR CONSUMPTION ON BOARD BOTH DURING THE STAY OF
17 THE AIRCRAFT AT SUCH INTERMEDIATE AIRPORTS AND DURING ITS
18 FLIGHT BETWEEN SUCH AIRPORTS.

19 CUSTOMS SHALL REQUIRE THE CARRIER TO TAKE APPROPRIATE
20 MEASURES TO PREVENT ANY UNAUTHORIZED USE OF THE STORES
21 INCLUDING SEALING OF THE STORES, WHEN NECESSARY. THE
22 CUSTOMS SHALL REQUIRE THE REMOVAL OF STORES FROM THE
23 VESSEL OR AIRCRAFT FOR STORAGE ELSEWHERE DURING THEIR STAY
24 IN THE CUSTOMS TERRITORY ONLY WHEN THEY CONSIDER IT
25 NECESSARY.

1 VESSELS AND AIRCRAFT WHICH DEPART FOR AN ULTIMATE
2 FOREIGN DESTINATION SHALL BE ENTITLED TO TAKE ON BOARD,
3 EXEMPTED FROM DUTIES AND TAXES:

4 A. STORES IN SUCH QUANTITIES AS THE CUSTOMS
5 DEEM REASONABLE HAVING REGARD TO THE NUMBER OF THE
6 PASSENGERS AND THE CREW, TO THE LENGTH OF THE VOYAGE
7 OR FLIGHT AND TO ANY QUANTITIES OF SUCH STORES ALREADY
8 ON BOARD; AND

9 B. STORES FOR CONSUMPTION NECESSARY FOR THEIR
10 OPERATION AND MAINTENANCE, IN SUCH QUANTITIES AS ARE
11 DEEMED REASONABLE FOR OPERATION AND MAINTENANCE
12 DURING THE VOYAGE OR FLIGHT HAVING REGARD ALSO TO ANY
13 QUANTITIES OF SUCH STORES ALREADY ON BOARD.

14 REPLENISHMENT OF STORES EXEMPTED FROM DUTIES AND TAXES
15 SHALL BE ALLOWED FOR VESSELS AND AIRCRAFT WHICH HAVE
16 ARRIVED IN THE CUSTOMS TERRITORY AND WHICH NEED TO
17 REPLENISH THEIR STORES FOR THE JOURNEY TO THEIR FINAL
18 DESTINATION IN THE CUSTOMS TERRITORY. THE CUSTOMS SHALL
19 ALLOW STORES FOR CONSUMPTION SUPPLIED TO VESSELS AND
20 AIRCRAFT DURING THEIR STAY IN THE CUSTOMS TERRITORY TO BE
21 ISSUED UNDER THE SAME CONDITIONS AS ARE APPLICABLE IN THIS
22 CHAPTER TO STORES FOR CONSUMPTION HELD ON BOARD ARRIVING
23 VESSELS AND AIRCRAFT.

24 **SEC. 817. GOODS DECLARATION FOR STORES.** WHEN A
25 DECLARATION CONCERNING STORES ON BOARD VESSELS ARRIVING IN
26 THE CUSTOMS TERRITORY IS REQUIRED BY THE CUSTOMS, THE

1 INFORMATION REQUIRED SHALL BE KEPT TO THE MINIMUM NECESSARY
2 FOR THE PURPOSES OF CUSTOMS CONTROL.

3 THE QUANTITIES OF STORES WHICH ARE ALLOWED BY THE
4 CUSTOMS TO BE ISSUED FROM THE STORES HELD ON BOARD SHOULD
5 BE RECORDED ON THE DECLARATION CONCERNING STORES
6 PRODUCED TO THE CUSTOMS UPON ARRIVAL OF THE VESSEL IN THE
7 CUSTOMS TERRITORY AND NO SEPARATE FORM SHOULD BE REQUIRED
8 TO BE LODGED WITH THE CUSTOMS IN RESPECT THEREOF. THE
9 QUANTITIES OF STORES WHICH ARE SUPPLIED TO VESSELS DURING
10 THEIR STAY IN THE CUSTOMS TERRITORY SHOULD BE RECORDED ON
11 ANY DECLARATION CONCERNING STORES WHICH HAS BEEN REQUIRED
12 BY CUSTOMS.

13 CUSTOMS SHALL NOT REQUIRE THE PRESENTATION OF A
14 SEPARATE DECLARATION OF STORES REMAINING ON BOARD AIRCRAFT.
15 NO SEPARATE DECLARATION CONCERNING STORES SHOULD BE
16 REQUIRED UPON DEPARTURE OF VESSELS FROM THE CUSTOMS
17 TERRITORY. WHEN A DECLARATION IS REQUIRED CONCERNING
18 STORES TAKEN ON BOARD VESSELS OR AIRCRAFT UPON DEPARTURE
19 FROM THE CUSTOMS TERRITORY, THE INFORMATION REQUIRED SHALL
20 BE KEPT TO THE MINIMUM NECESSARY FOR THE PURPOSE OF
21 CUSTOMS CONTROL.

22 STORES ON BOARD VESSELS AND AIRCRAFT HAVING ARRIVED IN
23 THE CUSTOMS TERRITORY SHALL BE ALLOWED:

24 A. TO BE CLEARED FOR HOME USE OR TO BE PLACED
25 UNDER ANOTHER CUSTOMS PROCEDURE, SUBJECT TO

1 COMPLIANCE WITH THE CONDITIONS AND FORMALITIES
2 APPLICABLE IN EACH CASE; OR

3 B. SUBJECT TO PRIOR AUTHORIZATION BY THE
4 CUSTOMS, TO BE TRANSFERRED RESPECTIVELY TO OTHER
5 VESSELS OR AIRCRAFT IN INTERNATIONAL TRAFFIC.

6 **TITLE 9. DRAWBACK AND REFUND**

7 **CHAPTER 1. DRAWBACK**

8 **SEC. 900. *Basis of Duty Drawback.***

9 1. On Fuel Used for Propulsion of Vessels. - On all fuel imported into
10 the Philippines used for propulsion of vessels engaged in trade with foreign
11 countries, or in the coastwise trade, a refund or tax credit shall be allowed not
12 exceeding ninety-nine (99) per cent of the duty imposed by law upon such
13 fuel, which shall be paid or credited under such rules and regulations as
14 maybe prescribed by the Commissioner of Customs with the approval of the
15 Secretary of Finance.

16 2. On Petroleum Oils and Oils Obtained from Bituminous Minerals,
17 Crude Eventually Used for Generation of Electric Power and for the
18 Manufacture of City Gas. - On petroleum oils and oils obtained from
19 bituminous materials, crude oils imported by non-electric utilities, sold directly
20 or indirectly, in the same form or after processing, to electric utilities for the
21 generation of electric power and for the manufacture of city gas, a refund or
22 tax credit shall be allowed not exceeding fifty per cent (50%) of the duty
23 imposed by law upon such oils, which shall be paid or credited under such
24 rules and regulations as may be prescribed by the Commissioner of Customs
25 with the approval of the Secretary of Finance.

26 3. On Articles made from Imported Materials. - Upon exportation of
27 articles manufactured or produced in the Philippines, including the packing,

1 covering, putting up, marking or labeling thereof either in whole or in part of
2 imported materials for which duties have been paid, refund or tax credit shall
3 be allowed for the duties paid on the imported materials so used including the
4 packing, covering, putting up, marking or labeling thereof, subject to the
5 following conditions:

6 (1) The actual use of the imported materials in the production
7 of manufacture of the article exported with their quantity, value, and
8 amount of duties paid thereon, having been established;

9 (2) The duties refunded or credited shall not exceed one
10 hundred (100) percent of duties paid on the imported materials
11 used;

12 (3) There is no determination by the National Economic
13 and Development Authority of the requirement for certification on
14 non-availability of locally-produced or manufactured competitive
15 substitutes for the imported materials used at the time of
16 importation:

17 (4) The exportation shall be made within one (1) year
18 after the importation of materials used and claim of refund or tax
19 credit shall be filed within six (6) months from the date of
20 exportation;

21 (5) When two or more products result from the use of the
22 same imported materials, an apportionment shall be made on its
23 equitable basis.

24 4. For every application of a drawback, there shall be paid to and
25 collected by the Bureau of Customs as filing, processing and supervision fees
26 the sum of Five Hundred Pesos (500.00) which amount may be increased or
27 decreased when the need arises by the Secretary of Finance upon the
28 recommendation of the Commissioner of Customs.

1 damage incurred or deterioration suffered during the voyage of importation; and
2 duties will be assessed on the actual quantity imported, as shown by the return of
3 weighers, gauges, measurers, examiners or appraisers, as the case may be.

4 **SEC. 903. *Abatement or Refund of Duty on Missing Package.*** When
5 any package or packages appearing on the manifest or bill of lading are missing,
6 an abatement or refund of the duty thereon and shall be made if it is certified,
7 under penalties of falsification or perjury, by the importer or consignee, and upon
8 production of proof satisfactory to the Collector that the package or packages in
9 question have not been imported in to the Philippines contrary to law.

10 **SEC. 904. *Abatement or Refund for Deficiency in Contents of***
11 ***Packages.*** If, upon opening any package, a deficiency or absence of any article
12 or of part of the contents thereof as called for by the invoice shall be found to
13 exist, such deficiency shall be certified, under penalties of falsification or perjury,
14 to the Collector by the examiner and appraiser; and upon the production of proof
15 satisfactory to the Collector showing that the shortage occurred before the arrival
16 of the article in the Philippines, the proper abatement or refund of the duty shall
17 be made.

18 **SEC. 905. *Abatement or Refund of Duties on Articles Lost or***
19 ***Destroyed After Arrival.*** A Collector may abate or refund the amount of duties
20 accruing or paid, and may likewise make a corresponding allowance on the
21 irrevocable domestic letter of credit, bank guarantee, or the entry bond or other
22 document upon satisfactory proof of injury, destruction, or loss by theft, fire or
23 other causes of any article as follows:

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

26 b. While remaining in customs custody after unloading;

1 c. While in transit under irrevocable domestic letter of credit, bank
2 guarantee or bond with formal entry in accordance with Section 401 from the
3 port of entry to any port in the Philippines;

4 d. While released under irrevocable domestic letter of credit, bank
5 guarantee or bond for export except in case of loss by theft.

6 **SEC. 906. ABATEMENT AND REFUND OF DEFECTIVE ARTICLES.**

7 UNDER SAFETY GUIDELINES TO BE SET BY THE COMMISSIONER OF
8 CUSTOMS WITH THE APPROVAL OF THE SECRETARY OF FINANCE,
9 REFUND SHALL BE GRANTED IN RESPECT OF IMPORTED OR EXPORTED
10 GOODS WHICH ARE FOUND TO HAVE BEEN DEFECTIVE OR OTHERWISE
11 NOT IN ACCORDANCE WITH THE AGREED SPECIFICATIONS AT THE TIME
12 OF IMPORTATION OR EXPORTATION AND ARE RETURNED EITHER TO
13 THE SUPPLIER OR TO ANOTHER PERSON DESIGNATED BY THE
14 SUPPLIER, SUBJECT TO THE FOLLOWING CONDITIONS:

15 (1) THE GOODS HAVE NOT BEEN WORKED, REPAIRED OR
16 USED IN THE COUNTRY OF IMPORTATION, AND ARE RE-EXPORTED
17 WITHIN A REASONABLE TIME;

18 (2) THE GOODS HAVE NOT BEEN WORKED, REPAIRED OR
19 USED IN THE COUNTRY TO WHICH THEY WERE EXPORTED, AND
20 ARE RE-IMPORTED WITHIN A REASONABLE TIME.

21 USE OF THE GOODS SHALL, HOWEVER, NOT HINDER THE REFUND
22 IF SUCH USE WAS INDISPENSABLE TO DISCOVER THE DEFECTS OR
23 OTHER CIRCUMSTANCES WHICH CAUSED THE REEXPORTATION OR RE-
24 IMPORTATION OF THE GOODS.

25 AS AN ALTERNATIVE TO RE-EXPORTATION OR RE-IMPORTATION,
26 THE GOODS MAY BE EXPRESSLY ABANDONED OR DESTROYED OR
27 RENDERED COMMERCIALY VALUELESS UNDER CUSTOMS CONTROL,

1 AS THE CUSTOMS MAY DECIDE. SUCH ABANDONMENT OR
2 DESTRUCTION SHALL NOT ENTAIL ANY COST TO THE CUSTOMS.

3 **SEC. 907. *Abatement of Duty on Dead or Injured Animals.*** Where it is
4 certified, under penalties of falsification or perjury, and upon production of proof
5 satisfactory to the Collector that an animal which is the subject of importation
6 dies or suffers injury before arrival, or while in customs custody, the duty shall be
7 correspondingly abated by him, provide the carcass of any dead animal
8 remaining on board or in customs custody be removed in the manner required by
9 the Collector and at the expense of the importer.

10 **SEC. 908. *Investigation Required in Case of Abatements and Refunds.***
11 The Collector shall, in all cases of allowances, abatements, or refunds of duties,
12 cause an examination or report in writing to be made as to any fact discovered
13 during such examination which tends to account for the discrepancy or difference
14 and cause the corresponding adjustment to be made on the GOODS
15 DECLARATION: Provided, That no abatement or refund of duties, taxes and
16 other charges shall be allowed on articles lost or destroyed in public or private
17 warehouses outside customs zone.

18 **SEC. 909. *Correction of Errors. - Refund of Excess Payments.*** Manifest
19 clerical errors made in an invoice or entry, errors in return of weight, measure
20 and gauge, when duly certified to, under penalties of falsification or perjury, by
21 the surveyor or examining official (when there are such officials at the port), and
22 errors in the distribution of charges on invoices not involving any question of law
23 and certified to, under penalties of falsification or perjury, by the examining
24 official, may be corrected in the computation of duties, if such errors be
25 discovered before the payments of duties, or if discovered within one year after
26 the final liquidation, upon written request and notice of error from the importer, or
27 upon statement of error certified by the Collector.

1 For the purpose of correcting errors specified in the next preceding
2 paragraph the Collector is authorized to reliquidate entries and collect additional
3 charges, or to make refunds on statement of errors within the statutory time limit.

4 **SEC. 910. *Claim for Refund of Duties and Taxes.*** All claims for refund of
5 duties shall be made in writing and forwarded to the Collector to whom such
6 duties are paid, who upon receipt of such claim, shall verify the same by the
7 records of his Office, and if found to be correct and in accordance with law, shall
8 certify the same to the Commissioner with his recommendation together with all
9 necessary papers and documents. Upon receipt by the Commissioner of such
10 certified claim he shall cause the same to be paid if found correct.

11 ALL CLAIMS AND APPLICATION FOR REFUND UNDER THIS CHAPTER
12 SHALL PRESCRIBE IF THE PROPERLY ACCOMPLISHED CLAIM IS NOT
13 FILED WITHIN ONE (1) YEAR FROM DATE OF IMPORTATION.

14 TITLE 10. ADMINISTRATIVE AND JUDICIAL PROCEDURES

15 CHAPTER 1. EXERCISE OF POLICE AUTHORITY

16 **SEC. 1000. *Persons Having Police Authority.*** For the enforcement of the
17 tariff and customs laws, the following persons are authorized to effect searches,
18 seizures and arrests conformably with the provisions of said laws.

19 a. Officials of the Bureau of Customs, district collectors, deputy
20 collectors, police officers, agents, inspectors and guards of the Bureau of
21 Customs;

22 b. Officers and members of the Armed Forces of the Philippines and
23 national law enforcement agencies when authorized by the Commissioner;

24 c. Officials of the Bureau of Internal Revenue on all cases falling
25 within the regular performance of their duties, when the payment of internal
26 revenue taxes is involved;

1 d. Officers generally empowered by law to effect arrests and execute
2 processes of courts, when acting under the direction of the Collector;

3 e. OFFICERS OF OTHER GOVERNMENT AGENCIES DULY
4 DEPUTIZED BY THE COMMISSIONER OF CUSTOMS.

5 ALL OFFICERS AUTHORIZED OR DEPUTIZED BY THE COMMISSIONER
6 TO EXERCISE POLICE AUTHORITY SHALL AT ALL TIMES COORDINATE
7 WITH THE LATTER.

8 In order to avoid conflicts, and insure coordination among these persons
9 having authority to effect searches, seizures and arrests for the effective
10 enforcement of, and conformably with CUSTOMS AND tariff laws, the Secretary
11 of Finance, shall, subject to the approval of the President of the Philippines,
12 define the scope, areas covered, procedures and conditions governing the
13 exercise of such police authority including custody and responsibility for the
14 goods seized. The rules and regulations to this effect shall be furnished to all the
15 government agencies and personnel concerned for their guidance and
16 compliance, and shall be published in a newspaper of general circulation.

17 **SEC. 1001. *Place Where Authority May be Exercised.*** All persons
18 conferred with powers in the preceding section may exercise the same at any
19 place within the jurisdiction of the Bureau of Customs.

20 THE BUREAU OF CUSTOMS SHALL EXERCISE POLICE AUTHORITY IN
21 ALL AREAS DEFINED IN SECTION 300 OF THIS ACT. PORT AUTHORITIES
22 SHALL PROVIDE AUTHORIZED CUSTOMS OFFICIALS WITH UNHAMPERED
23 ACCESS TO ALL PREMISES OF THE CUSTOMS ZONE WITHIN THEIR
24 ADMINISTRATIVE JURISDICTION.

25 THE BUREAU OF CUSTOMS MAY EXERCISE OVERSIGHT POLICE
26 AUTHORITY IN ECONOMIC OR FREE PORT ZONE SUBJECT TO PROPER
27 COORDINATION WITH THE GOVERNING AUTHORITY OF THE ZONE. FOR
28 THIS PURPOSE, TO ENSURE CONSISTENCY AND HARMONY IN THE

1 FORMULATION AND IMPLEMENTATION OF CUSTOMS POLICIES
2 AFFECTING THE ZONE, THE COMMISSIONER OF CUSTOMS SHALL SIT
3 AS AN EX-OFFICIO MEMBER OF THE BOARD OF DIRECTORS OF ALL
4 ECONOMIC OR FREEPORT ZONE AUTHORITIES.

5 **SEC. 1002. *Exercise of Power of Seizure and Arrest.*** It shall be within
6 the power of a customs official or person authorized as aforesaid, and it shall be
7 his duty, to make seizure of any vessel, aircraft, cargo, article, animal or other
8 movable property, when the same is subject to forfeiture or liable for any fine
9 imposed under tariff and customs laws, rules and regulations, such power to be
10 exercised in conformity with the law and the provisions of this Code: Provided,
11 that the powers of the Bureau of Fisheries and Aquatic Resources to make
12 arrests, searches and seizures as provided in Section Four paragraphs "G" and
13 "I" of Republic Act numbered Thirty-five hundred and twelve, and the Philippine
14 Coast guard under Republic Act numbered Fifty-one hundred and seventy-three
15 shall continue to be in force and effect.

16 **SEC.1003. *Duty of Officer or Official to Disclose Official Character.*** It
17 shall be the duty of any person exercising authority as aforesaid, upon being
18 questioned at the time of the exercise thereof, to make known his official
19 character as an officer or official of the Government, and if his authority is derived
20 from special authorization in writing to exhibit the same for inspection, if
21 demanded.

22 **SEC. 1004. *Authority to Require Assistance AND INFORMATION.*** Any
23 person exercising police authority under the customs and tariff laws may demand
24 assistance AND/OR REQUEST INFORMATION FROM any PHILIPPINE
25 NATIONAL POLICE AFP, AND OTHER NATIONAL LAW ENFORCEMENT
26 AGENCY PERSONNEL when such assistance AND/OR INFORMATION shall be
27 necessary to effect any search, seizure or arrest which may be lawfully made or

1 attempted by him. It shall be the duty of any PERSON upon whom such request
2 is made to give such lawful assistance in the matter as may be required.

3 **SEC. 1005. *Right of CUSTOMS Police Officer to Enter Inclosure.*** For
4 the more effective discharge of his official duties, any person exercising the
5 powers herein conferred, may at any time enter, pass through, or search any
6 land or inclosure or any warehouse, store or other building, not being
7 PRINCIPALLY USED AS a dwelling house.

8 A warehouse, store or other building or inclosure used for the keeping or
9 storage of article does not become a dwelling house within the meaning hereof
10 merely by reason of the fact that the person as watchman lives in the place, nor
11 will the fact that his family stays there with him alter the case.

12 **SEC. 1006. *Search of Dwelling House.*** A dwelling house may be entered
13 and searched only upon warrant issued by a COMPETENT Court upon sworn
14 application showing probable cause and particularly describing the place to be
15 searched and person or thing to be seized.

16 **SEC. 1007. *Right to Search Vessels or Aircrafts and Persons or***
17 ***Articles Conveyed Therein.*** It shall be lawful for any official or person
18 exercising police authority under the provisions of this ACT to board any vessel
19 or aircraft within the limits of any collection district, and to inspect, search and
20 examine said vessel or aircraft and any trunk, package, box or envelope on
21 board, and to search any person on board the said vessel or aircraft if under way,
22 to use all necessary force to compel compliance; and if it shall appear that any
23 breach or violation of the customs and tariff laws of the Philippines has been
24 committed, whereby or in consequence of which such vessels or aircrafts, or the
25 article, or any part thereof, on board of or imported by such vessel or aircraft, is
26 liable to forfeiture to make seizure of the same or any part thereof.

1 The power of search hereinabove given shall extend to the removal of any
2 false bottom, partition, bulkhead or other obstruction, so far as may be necessary
3 to enable the officer to discover whether any dutiable or forfeitable articles may
4 be concealed therein.

5 No proceeding herein shall give rise to any claim for the damage thereby
6 caused to article or vessel or aircraft.

7 **SEC. 1008. *Right to Search Vehicles, ANIMALS and Persons.*** It shall
8 also be lawful for exercising authority as aforesaid to open and examine any box,
9 trunk, envelope or other container, wherever found when he has reasonable
10 cause to suspect the presence therein of dutiable or prohibited article introduced
11 into the Philippines contrary to law, and likewise to stop, search and examine any
12 vehicle, ANIMAL or person reasonably suspected of holding or conveying such
13 article as aforesaid.

14 **SEC. 1009. *Search of Persons Arriving From Foreign Countries.***
15 PERSONAL SEARCHES OF TRAVELERS FOR PURPOSES OF CUSTOMS
16 CONTROL SHALL BE CARRIED OUT ONLY WHEN THERE ARE
17 REASONABLE GROUNDS TO SUSPECT THE COMMISSION OF
18 SMUGGLING OR OTHER CUSTOMS AND RELATED OFFENCES.

19 THE EXAMINATION AND SEARCH OF PERSONS SHALL BE
20 CONDUCTED BY PERSONS OF THE SAME GENDER.

21 **SEC. 1010. *POWER TO INSPECT AND VISIT.*** The Commissioner of
22 Customs and DISTRICT Collector of Customs and/or any other customs officer,
23 with the prior authorization in writing by the Commissioner, may demand
24 evidence of payment of duties and taxes on foreign articles openly offered for
25 sale, or kept in storage, and if no such evidence can be produced, such articles
26 may be seized and subjected to forfeiture proceedings: Provided, however, that
27 during such proceedings the person or entity for whom such articles have been

1 seized shall be given the opportunity to prove or show the source of such articles
2 and the payment of duties and taxes thereon. PROVIDED FURTHER, THAT
3 WHEN THE WARRANT OF SEIZURE AND DETENTION HAS BEEN ISSUED
4 AND SUBSEQUENT DOCUMENTS EVIDENCING PROPER PAYMENT
5 PRESENTED WERE FOUND TO BE AUTHENTIC AND IN ORDER, THE
6 DISTRICT COLLECTOR SHALL, UPON MOTION, QUASH OR RECALL THE
7 WARRANT AND CAUSE THE IMMEDIATE RELEASE OF THE ARTICLES
8 SEIZED SUBJECT TO CLEARANCE BY THE COMMISSIONER, PROVIDED
9 THAT THE RELEASE THEREOF IS NOT CONTRARY TO LAW.

10 **CHAPTER 2. PAYMENT UNDER PROTEST**

11 **SEC. 1011. *Protest and Payment Upon Protest in Civil Matters.*** When
12 a ruling or decision of the Collector is made whereby liability for duties, taxes,
13 fees or other charges are determined, except the fixing of fines in seizure cases,
14 the party adversely affected may protest such ruling or decision by presenting to
15 the Collector at the time when payment of the amount claimed to be due the
16 government is made, or within (15) days thereafter, a written protest setting forth
17 his objection to the ruling or decision in question with the reason's therefore. No
18 protest shall be considered unless payment of the amount due after final
19 ASSESSMENT has first been made and the corresponding docket fee, as
20 provided for in Section 1400.

21 **SEC. 1012. *Protest Exclusive Remedy in Protestable Case.*** In all cases
22 subject to protest, the interested party who desires to have the action of the
23 Collector reviewed, shall make a protest, otherwise the action of the Collector
24 shall be final and conclusive against him, except as to matters collectible for
25 manifest error in the manner prescribed in Section 909 hereof.

26 **SEC. 1013. *Form and Scope of Protest.*** Every protest shall be filed in
27 accordance with the prescribed rules and regulations promulgated under this

1 section and shall point out the particular decision or ruling of the Collector to
2 which exception is taken or objection made, and shall indicate with reasonable
3 precision the particular ground or grounds upon which the protesting party bases
4 his claim for relief. The scope of a protest shall be limited to the subject matter of
5 a single adjustment or other independent transaction, but any number of issue
6 may be raised in a protest with reference to the particular item or items
7 constituting the subject matter of the protest.

8 **SEC. 1014. *Samples to be Furnished by Protesting Parties*** If the nature
9 of the articles permit, importers filing protests involving questions of fact must,
10 upon demand, supply the Collector with samples of the articles which are the
11 subject matter of the protest. Such samples shall be verified by the customs
12 official who made the classification against which the protests are filed.

13 **CHAPTER 3. SEIZURE AND FORFEITURE**

14 **SEC. 1015. *Warrant for Detention of Property-Cash Bond.*** THE
15 COLLECTOR OF CUSTOMS SHALL HAVE THE EXCLUSIVE AUTHORITY TO
16 ISSUE A WARRANT FOR THE DETENTION OF THE PROPERTY UPON
17 DETERMINATION OF PROBABLE CAUSE AS PROVIDED FOR IN THIS ACT.
18 IN ALL SEIZURE PROCEEDINGS, the Collector MAY , UPON MOTION BY THE
19 IMPORTER OR CONSIGNEE, AND with the approval of the Commissioner of
20 Customs, ALLOW THE RELEASE OF SEIZED ARTICLES FOR LEGITIMATE
21 USE UNDER CASH BOND OR SUFFICIENT SECURITY in the amount to be
22 fixed by him, conditioned upon the payment of the appraised value of the article
23 and/or any fine, expenses and costs which may be adjudged in the case;
24 Provided, that there is no prima facie evidence of fraud in the importation of the
25 articles:, provided further, that the articles the importation of which is prohibited
26 by law shall not be released under any circumstance whatsoever. Provided
27 finally, That nothing in this section shall be construed as relieving the owner or

1 importer from any criminal liability which may arise from any violation of law
2 committed in connection with the importation of the article (R.A. 7651, June 04,
3 1993).

4 **SEC. 1016. Report of Seizure to Commissioner and Chairman,**
5 **Commission on Audit.** When a seizure is made for any cause, the Collector of
6 the district wherein the seizures is effected shall immediately make report thereof
7 to the Commissioner and Chairman of the Commission on Audit.

8 **SEC. 1017. Notification to Owner or Importer.** The Collector shall give the
9 owner or importer of the property or his agent a written notice of the seizure and
10 shall give him an opportunity to be heard in reference to the delinquency which
11 was the occasion of such seizure.

12 For the purpose of giving such notice and of all other proceedings in the
13 matter of such seizure, the importer, consignee or person holding the bill of
14 lading shall be deemed to be the "owner" of the article included in the bill.

15 For the same purpose, "agent" shall be deemed to include not only any
16 agent in fact of the owner of the seized property but also any person having
17 responsible possession of the property at the time of the seizure, if the owner or
18 his agent in fact is unknown or cannot be reached.

19 **SEC. 1018. Notification to Unknown Owner.** Notice to an unknown owner
20 shall be effected by posting for fifteen days in the public corridor of the
21 customhouse of the district in which the seizure was made, and, in the discretion
22 of the Commissioner, by publication in a newspaper or by such other means as
23 he shall consider desirable.

24 **SEC. 1019. Description, VALUATION and Classification of Seized**
25 **Property.** The Collector shall also cause a list and particular description and/or
26 classification of the property seized to be prepared and a VALUATION of the

1 same, like, or similar article at its wholesale value in the local market in the usual
2 wholesale quantities in the ordinary course of trade to be made by at least two
3 appraisers .

4 **SEC. 1020. Proceedings in Case of Property Belonging to Unknown**
5 **Parties.** If, within fifteen days after the notification prescribed in Section 1018 of
6 this ACT, no owner or agent can be found or appears before the Collector, the
7 latter shall declare the property forfeited IN FAVOR OF the government to be
8 sold at auction OR DISPOSED OF in accordance with law.

9 **SEC. 1021. Settlement of Case by Payment of Fine or Redemption of**
10 **Forfeited Property.** Subject to approval of the Commissioner, the district
11 collector may, while the case is still pending, except when there is fraud, accept
12 the settlement of any seizure case provided that the owner, importer, exporter, or
13 consignee or his agent shall offer to pay to the collector a fine imposed by him
14 upon the property, or in case of forfeiture, the owner, exporter, importer or
15 consignee or his agent shall offer to pay for ONE HUNDRED FIFTY PERCENT
16 (150%) OF THE LANDED COST of the seized article. The Commissioner may
17 accept the settlement of any seizure case on appeal in the same manner.

18 Upon payment of the fine as determined by the district collector which shall
19 be in amount EQUIVALENT TO THIRTY (30%) OF THE landed cost of the
20 seized imported article, the property shall be forthwith released and all liabilities
21 which may or might attach to the property by virtue of the offence which was the
22 occasion of the seizure and all liability which might have been incurred under any
23 SECURITY given by the owner or agent in respect to such property shall
24 thereupon be deemed to be discharged.

25 Settlement of any seizure case by payment of the fine or redemption of
26 forfeited property shall not be allowed in any case where the importation is

1 absolutely prohibited or where the release of the property would be contrary to
2 law.

3 **SEC. 1022. *Seizure of Vessel or Aircraft for Delinquency of Owner or***
4 ***Officer.*** When the owner, agent, master, pilot in command or other responsible
5 officer of any vessel or aircraft becomes liable to be fined under the tariff and
6 customs laws on account of a delinquency in the discharge of a duty imposed
7 upon him with reference to the said vessel or aircraft, the vessel or aircraft itself
8 may be seized and subjected in an administrative proceeding for the satisfaction
9 of the fine for which such person would have been liable.

10 **SEC. 1023. *DETERMINATION OF PROBABLE CAUSE AND Burden of***
11 ***Proof in Seizure and/or Forfeiture PROCEEDINGS.*** NO WARRANT OF
12 SEIZURE AND DETENTION SHALL BE ISSUED WITHOUT PRIOR
13 DETERMINATION BY THE COLLECTOR OF CUSTOMS OF PROBABLE
14 CAUSE FOR THE INSTITUTION OF SEIZURE PROCEEDINGS AND THAT
15 SUCH SEIZURE AND/OR FORFEITURE WAS MADE UNDER THE
16 CIRCUMSTANCES AND IN THE MANNER DESCRIBED IN THIS ACT;
17 PROVIDED THAT, IN ALL PROCEEDINGS TAKEN FOR THE SEIZURE AND
18 FORFEITURE OF ANY VESSEL, VEHICLE, AIRCRAFT, ANIMALS OR
19 ARTICLES UNDER THIS ACT, THE BURDEN OF PROOF SHALL LIE UPON
20 THE CLAIMANT.

21 **Sec. 1024. *RULES AND REGULATIONS ON SEIZURES AND***
22 ***FORFEITURES.*** THE COMMISSIONER OF CUSTOMS SHALL PROMULGATE
23 RULES AND REGULATIONS GOVERNING THE CONDUCT OF SEIZURE AND
24 FORFEITURE PROCEEDINGS UNDER THE PRECEDING SECTIONS OF
25 THIS CHAPTER.

1 **CHAPTER 4. DECISION IN PROTEST AND SEIZURE CASES; APPEAL**

2 **SEC. 1025. *Decision or Action of Collector in Protest and Seizure***

3 **Cases.** When a protest in proper form is presented in a case where protest is
4 required, the Collector shall issue an order for hearing within fifteen (15) days
5 from receipt of the protest and hear the matter thus presented. Upon the
6 termination of the hearing, the Collector shall render a decision within thirty (30)
7 days, and if the protest is sustained, in whole or in part, he shall make the
8 appropriate order, the entry reliquidated IF NECESSARY.

9 In seizure cases, the Collector, after a hearing shall in writing make a
10 declaration of forfeiture or fix the amount of the fine or take such other action as
11 may be proper.

12 **SEC. 1026. *Review of Commissioner.*** The person aggrieved by the
13 decision of Collector in any matter presented upon protest or by his action in any
14 case of seizure may, within fifteen (15) days after notification in writing by the
15 Collector of his actions or decisions, file a written notice to the Collector with a
16 copy furnished to the Commissioner of his intention to appeal the action or
17 decision of the Collector to the Commissioner. Thereupon the Collector shall
18 forthwith transmit all the records of proceedings to the Commissioner, who shall
19 approve, modify or reverse the action or decision of the Collector and take such
20 steps and make such orders as may be necessary to give effect to his decision:
21 Provided, That when an appeal is filed beyond the period herein prescribed, the
22 same shall be deemed dismissed.

23 If in any seizure proceedings involving imported articles whose appraised
24 value is Two Million pesos (P2,000,000) or more, the Collector renders AFTER
25 THE TERMINATION OF THE PROCEEDING, a decision adverse to the
26 Government, such decision shall be automatically reviewed by the Commissioner
27 and the records of the case elevated within five (5) days from the promulgation of

1 the decision of the Collector The Commissioner shall REVIEW a decision on the
2 automatic appeal within thirty (30) days from receipt of the records of the case by
3 the Commissioner who shall uphold, modify, or reverse the action or decision of
4 the collector. WHEN no decision is rendered within the thirty (30)-day review
5 period, the decision of the Collector under automatic review, shall be deemed
6 upheld and shall become final and executory.

7 **SEC. 1027. Notice of Decision of Commissioner.** Notice of the decision
8 of the Commissioner shall be given to the party by whom the case was brought
9 before him for review, and in seizure cases such notice shall be effected by
10 personal service if practicable.

11 **CHAPTER 5. ABANDONMENT**

12 **SEC. 1028. Abandonment, Kinds and Effects of.** An imported article is
13 deemed abandoned under any of the following circumstances:

14 a. When the owner, importer, consignee of the imported article
15 expressly signifies in writing to the Collector of Customs his intention to
16 abandon; or

17 b. When the owner, importer, consignee or interested party
18 after due notice BY PERSONAL SERVICE, fails to file an entry within
19 thirty (30) days from the date of discharge of the last package from the
20 vessel or aircraft, or having filed such entry, fails to claim his importation
21 within fifteen (15) days, from the date of posting of the notice to claim such
22 importation; OR

23 c. WHEN BONDED ARTICLES OTHER THAN FOR
24 MANUFACTURING FOR EXPORT ARE NOT WITHDRAWN WITHIN THE
25 STORAGE PERIOD PRESCRIBED IN SECTION 808 OF THIS ACT.

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

4 THE PERIOD TO FILE THE GOODS DECLARATION OR CLAIM THE
5 GOODS MAY UPON WRITTEN REQUEST, BE EXTENDED ON VALID
6 GROUNDS FOR FIFTEEN (15) DAYS; PROVIDED, THAT THE REQUEST IS
7 MADE BEFORE THE EXPIRATION OF THE ORIGINAL PERIOD WITHIN
8 WHICH TO FILE THE GOODS DECLARATION OR CLAIM THE GOODS, AS
9 THE CASE MAY BE.

10 **SEC. 1029. *Abandonment of Imported Articles.*** An abandoned article
11 shall ipso facto be deemed the property of the Government and shall be
12 disposed of in accordance with the provisions of this Code. Nothing in this
13 section shall be construed as relieving the owner or importer from any criminal
14 liability which may arise from any violation of law committed in connection with
15 the importation of the abandoned article.

16 Any official or employee of the Bureau of Customs or of other government
17 agencies having knowledge of the existence of an abandoned article or having
18 control or custody of such abandoned article, fails to report to the Collector within
19 twenty-four (24) hours from the time the article is deemed abandoned shall be
20 punished with the penalties prescribed in TITLE 14 of this ACT.

21 **SEC. 1030. *Disposition of Imported Articles Remaining on Vessel***
22 ***After Time for Unlading.*** Imported articles remaining on board any vessel after
23 the expiration of the said period for discharge, and not reported for transshipment
24 to another port, may be unladen by the customs authorities and stored at the
25 vessel's expense.

1 Unless prevented by causes beyond the vessel's control, such as port
2 congestion, strikes, riots or civil commotions, failure of vessel's gear, bad
3 weather, and similar causes, articles so stored shall be entered within thirty (30)
4 days, from the date of discharge of the last ARTICLE/package/CONTAINER from
5 the vessel or aircraft and shall be claimed within fifteen (15) days from the date of
6 posting of the notice to claim in conspicuous places in the Bureau of Customs. If
7 not entered or not claimed, it shall be disposed of in accordance with the
8 provisions of this code.

9 THE PERIOD TO FILE THE GOODS DECLARATION MAY, UPON
10 WRITTEN REQUEST, BE EXTENDED ON VALID GROUNDS FOR ANOTHER
11 FIFTEEN (15) DAYS PROVIDED THE REQUEST IS FILED PRIOR TO THE
12 EXPIRATION OF THE ORIGINAL PERIOD PRESCRIBED IN THIS SECTION.

13 CHAPTER 6. OTHER ADMINISTRATIVE PROCEEDINGS

14 **SEC. 1031. Authority of Commissioner to make Compromise.** The
15 Commissioner of Customs may compromise any case arising under this Code or
16 other laws or part of laws enforced by the Bureau of Customs involving the
17 COLLECTION of DUTIES AND TAXES, IMPOSITION OF fines, surcharges and
18 forfeitures unless otherwise specified by law.

19 CHAPTER 7. CIVIL REMEDIES FOR COLLECTION OF DUTIES AND 20 TAXES

21 **SEC. 1032. REMEDIES FOR THE COLLECTION OF DUTIES, TAXES,**
22 **FINE, SURCHARGES INCLUDING DAMAGES, INTEREST AND OTHER**
23 **CHARGES OF DELINQUENT IMPORTERS.** THE CIVIL REMEDIES FOR THE
24 COLLECTION OF IMPORT DUTIES, TAXES, FEES OR CHARGES, AND ANY
25 INCREMENT THERETO RESULTING FROM DELINQUENCY SHALL BE:

26 (A) BY DISTRAINT OF GOODS, CHATTELS, OR EFFECTS, AND OTHER

1 PERSONAL PROPERTY OF WHATEVER CHARACTER, INCLUDING STOCKS
2 AND OTHER SECURITIES, DEBTS, CREDITS, BANK ACCOUNTS AND
3 INTEREST IN AND RIGHTS TO PERSONAL PROPERTY, AND BY LEVY
4 UPON REAL PROPERTY AND INTEREST IN RIGHTS TO REAL PROPERTY;
5 AND

6 (B) BY CIVIL OR CRIMINAL ACTION.

7 EITHER OF THESE REMEDIES OR BOTH SIMULTANEOUSLY MAY BE
8 PURSUED IN THE DISCRETION OF THE AUTHORITIES CHARGED WITH
9 THE COLLECTION OF SUCH TAXES: *PROVIDED, HOWEVER,* THAT THE
10 REMEDIES OF DISTRAINT AND LEVY SHALL NOT BE AVAILED OF WHERE
11 THE AMOUNT OF DUTIES AND TAX INVOLVED IS NOT MORE THAN TEN
12 THOUSAND PESOS (P10,000).

13 THE BUREAU OF CUSTOMS SHALL ADVANCE THE AMOUNTS
14 NEEDED TO DEFRAY COSTS OF COLLECTION BY MEANS OF CIVIL OR
15 CRIMINAL ACTION, INCLUDING THE PRESERVATION OR
16 TRANSPORTATION OF PERSONAL PROPERTY DISTRAINED AND THE
17 ADVERTISEMENT AND SALE THEREOF, AS WELL AS OF REAL PROPERTY
18 AND IMPROVEMENTS THEREON.

19 **SEC. 1033. CONSTRUCTIVE DISTRAINT OF THE PROPERTY.** TO
20 SAFEGUARD THE INTEREST OF THE GOVERNMENT, THE COMMISSIONER
21 OF CUSTOMS MAY PLACE UNDER CONSTRUCTIVE DISTRAINT THE
22 PROPERTY OF A DELINQUENT IMPORTER TAXPAYER WHO, IN HIS
23 OPINION, IS RETIRING FROM ANY BUSINESS SUBJECT TO DUTY AND
24 TAX, OR IS INTENDING TO LEAVE THE PHILIPPINES OR TO REMOVE HIS
25 PROPERTY THEREFROM OR TO HIDE OR CONCEAL HIS PROPERTY OR
26 TO PERFORM ANY ACT TENDING TO OBSTRUCT THE PROCEEDINGS FOR
27 COLLECTING THE DUTY AND TAX DUE OR WHICH MAY BE DUE FROM
28 HIM.

1 THE CONSTRUCTIVE DISTRRAINT OF PERSONAL PROPERTY SHALL
2 BE EFFECTED BY REQUIRING THE TAXPAYER OR ANY PERSON HAVING
3 POSSESSION OR CONTROL OF SUCH PROPERTY TO SIGN A RECEIPT
4 COVERING THE PROPERTY DISTRAINED AND OBLIGATE HIMSELF TO
5 PRESERVE THE SAME INTACT AND UNALTERED AND NOT TO DISPOSE
6 OF THE SAME IN ANY MANNER WHATSOEVER, WITHOUT THE EXPRESS
7 AUTHORITY OF THE COMMISSIONER.

8 IN CASE THE TAXPAYER OR THE PERSON HAVING THE POSSESSION
9 AND CONTROL OF THE PROPERTY SOUGHT TO BE PLACED UNDER
10 CONSTRUCTIVE DISTRRAINT REFUSES OR FAILS TO SIGN THE RECEIPT
11 HEREIN REFERRED TO, THE REVENUE OFFICER EFFECTING THE
12 CONSTRUCTIVE DISTRRAINT SHALL PROCEED TO PREPARE A LIST OF
13 SUCH PROPERTY AND, IN THE PRESENCE OF TWO (2) WITNESSES,
14 LEAVE A COPY THEREOF IN THE PREMISES WHERE THE PROPERTY
15 DISTRAINED IS LOCATED, AFTER WHICH THE SAID PROPERTY SHALL BE
16 DEEMED TO HAVE BEEN PLACED UNDER CONSTRUCTIVE DISTRRAINT.

17 **SEC. 1034. SUMMARY REMEDIES.**

18 (A) DISTRRAINT OF PERSONAL PROPERTY. - UPON THE FAILURE OF
19 THE PERSON OWING ANY DELINQUENT DUTY AND TAX OR DELINQUENT
20 REVENUE TO PAY THE SAME AT THE TIME REQUIRED, THE
21 COMMISSIONER OF CUSTOMS SHALL SEIZE AND DISTRRAINT ANY
22 GOODS, CHATTELS OR EFFECTS, AND THE PERSONAL PROPERTY,
23 INCLUDING STOCKS AND OTHER SECURITIES, DEBTS, CREDITS, BANK
24 ACCOUNTS, AND INTERESTS IN AND RIGHTS TO PERSONAL PROPERTY
25 OF SUCH PERSONS ;IN SUFFICIENT QUANTITY TO SATISFY THE DUTY,
26 TAX, OR CHARGE, TOGETHER WITH ANY INCREMENT THERETO
27 INCIDENT TO DELINQUENCY, AND THE EXPENSES OF THE DISTRRAINT
28 AND THE COST OF THE SUBSEQUENT SALE.

1 A REPORT ON THE DISTRAINT SHALL, WITHIN TEN (10) DAYS FROM
2 RECEIPT OF THE WARRANT, BE SUBMITTED BY THE DISTRAINING
3 OFFICER TO THE COMMISSIONER OF CUSTOMS: *PROVIDED*, THAT THE
4 COMMISSIONER OR HIS DULY AUTHORIZED REPRESENTATIVE SHALL,
5 SUBJECT TO RULES AND REGULATIONS PROMULGATED BY THE
6 SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE
7 COMMISSIONER, HAVE THE POWER TO LIFT SUCH ORDER OF
8 DISTRAINT.

9 (B) *LEVY ON REAL PROPERTY.* - AFTER THE EXPIRATION OF THE
10 TIME REQUIRED TO PAY THE DELINQUENT DUTY AND TAX OR
11 DELINQUENT REVENUE AS PRESCRIBED IN THIS SECTION, REAL
12 PROPERTY MAY BE LEVIED UPON, BEFORE SIMULTANEOUSLY OR AFTER
13 THE DISTRAINT OF PERSONAL PROPERTY BELONGING TO THE
14 DELINQUENT TAXPAYER TO THIS END, THE COMMISSIONER OF
15 CUSTOMS OR HIS DULY AUTHORIZED REPRESENTATIVE SHALL
16 PREPARE A DULY AUTHENTICATED CERTIFICATE SHOWING THE NAME
17 OF THE TAXPAYER AND THE AMOUNTS OF THE DUTY AND TAX AND
18 PENALTY DUE FROM HIM. SAID CERTIFICATE SHALL OPERATE WITH THE
19 FORCE OF A LEGAL EXECUTION THROUGHOUT THE PHILIPPINES.

20 LEVY SHALL BE EFFECTED BY WRITING UPON SAID CERTIFICATE A
21 DESCRIPTION OF THE PROPERTY UPON WHICH LEVY IS MADE. AT THE
22 SAME TIME, WRITTEN NOTICE OF THE LEVY SHALL BE MAILED TO OR
23 SERVED UPON THE REGISTER OF DEEDS FOR THE PROVINCE OR CITY
24 WHERE THE PROPERTY IS LOCATED AND UPON THE DELINQUENT
25 TAXPAYER, OR IF HE BE ABSENT FROM THE PHILIPPINES, TO HIS AGENT
26 OR THE MANAGER OF THE BUSINESS IN RESPECT TO WHICH THE
27 LIABILITY AROSE, OR IF THERE BE NONE, TO THE OCCUPANT OF THE
28 PROPERTY IN QUESTION.

1 IN CASE THE WARRANT OF LEVY ON REAL PROPERTY IS NOT
2 ISSUED BEFORE OR SIMULTANEOUSLY WITH THE WARRANT OF
3 DISTRAINT ON PERSONAL PROPERTY, AND THE PERSONAL PROPERTY
4 OF THE TAXPAYER IS NOT SUFFICIENT TO SATISFY HIS DUTY AND TAX
5 DELINQUENCY, THE COMMISSIONER OF CUSTOMS OR HIS DULY
6 AUTHORIZED REPRESENTATIVE SHALL, WITHIN THIRTY (30) DAYS AFTER
7 EXECUTION OF THE DISTRAINT, PROCEED WITH THE LEVY ON THE
8 TAXPAYER'S REAL PROPERTY.

9 WITHIN TEN (10) DAYS AFTER RECEIPT OF THE WARRANT, A
10 REPORT ON ANY LEVY SHALL BE SUBMITTED BY THE LEVYING OFFICER
11 TO THE COMMISSIONER: *PROVIDED, HOWEVER,* THAT THE
12 COMMISSIONER OR HIS DULY AUTHORIZED REPRESENTATIVE, SUBJECT
13 TO RULES AND REGULATIONS PROMULGATED BY THE SECRETARY OF
14 FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER, SHALL
15 HAVE THE AUTHORITY TO LIFT WARRANTS OF LEVY ISSUED IN
16 ACCORDANCE WITH THE PROVISIONS HEREOF.

17 UPON RECOMMENDATION OF THE COMMISSIONER OF CUSTOMS,
18 THE SECRETARY OF FINANCE SHALL ISSUE THE NECESSARY RULES
19 AND REGULATIONS FOR THE EXERCISE OF THE SUMMARY REMEDIES
20 PROVIDED IN THE HEREIN SECTION.

21 **CHAPTER 8. JUDICIAL PROCEEDINGS**

22 **SEC. 1035. *Supervision and Control Over Criminal and Civil***
23 ***Proceedings.*** Civil and criminal actions and proceedings instituted in behalf of
24 the government under the authority of this ACT or other law enforced by the
25 Bureau shall be brought in the name of the government of the Philippines and
26 shall be conducted by customs officers but no civil action for the recovery of
27 duties or the enforcement of any fine, penalty or forfeiture OR CRIMINAL
28 ACTION FOR VIOLATIONS under this ACT shall be filed in court without the

1 approval of the Commissioner WITHOUT PREJUDICE TO SECTION 1200 OF
2 THIS ACT.

3 **SEC. 1036. *Review by Court of Tax Appeals.*** The party aggrieved by the
4 ruling of the Commissioner in any matter brought before him upon protest or by
5 his action or ruling in any case of seizure may appeal to the Court of Tax
6 Appeals, in the manner and within the period prescribed by law and regulations.

7 Unless an appeal is made to the Court of Tax Appeals in the manner and
8 within the period prescribe by laws and regulations, the action or ruling of the
9 Commissioner shall be final and conclusive.

10 **CHAPTER 9. DISPOSITION OF PROPERTY IN CUSTOMS CUSTODY**

11 **SEC. 1037. *Property Subject to Sale.*** Property in customs custody shall
12 be subject to sale under the conditions hereinafter provided:

- 13 a. Abandoned articles;
- 14 b. Articles entered under warehousing entry not withdrawn nor
15 the duties and taxes paid thereon within the period described under
16 Section 808 of this ACT;
- 17 c. Seized property, other than contraband, after liability to sale
18 shall have been established by proper administrative or judicial
19 proceedings in conformity with the provisions of this ACT; and
- 20 d. Any article subject to a valid lien for customs duties, taxes or
21 other charges collectible by the Bureau of Customs, after the expiration of
22 the period allowed for the satisfaction of the same. (R.A. 7651, June
23 04,1993)

24 **SEC. 1038. *Place of Sale or Other Disposition of Property.*** Property
25 within the purview of this Part of this ACT shall be sold, or otherwise disposed of,
26 upon the order of the Collector of the port where the property in question is

1 found, unless the Commissioner shall direct its conveyance for such purpose to
2 some other port.

3 **SEC. 1039. *Mode of Sale.*** In the absence of any special provision, subject
4 to the provisions of Section 1038 above provided, property subject to sale by the
5 customs authorities shall be sold at public auction within thirty (30) days after ten
6 (10) days notice of such sale shall have been conspicuously posted at port and
7 such other advertisement as may appear to the Collector to be advisable in the
8 particular case.

9 **SEC. 1040. *Disposition of Proceeds.*** The following charges shall be paid
10 from the proceeds of the in the order named:

- 11 a. Expenses of appraisal, advertisement and sale
- 12 b. Duties except in the case of abandoned and forfeited
13 articles.
- 14 c. Taxes and other charges due the Government.
- 15 d. Government storage charges.
- 16 e. Arrastre and private storage charges.
- 17 f. Freight, lighterage or general average, on the voyage of
18 importation, of which due notice shall have been given to the
19 Collector.

20 **SEC. 1041. *Disposition of Surplus from the Proceeds of Sale of***
21 ***Abandoned or Forfeited or Acquired Articles.*** Except in the case of the sale of
22 abandoned or forfeited articles, and articles which are not claimed by payment of
23 duties, taxes and other charges and compliance with all legal requirements within
24 the prescribed period, any surplus remaining after the satisfaction of all unlawful
25 charges as aforesaid shall be retained by the Collector for ten (10) days subject
26 to the call of the owner.

1 Upon failure of the owner to claim such surplus within this period, the
2 Collector shall deposit such amount in THE FORFEITURE FUND CREATED
3 UNDER THIS ACT.

4 In all such cases the Collector shall report fully his action in the matter,
5 together with all the particulars, to the Commissioner and to the Chairman on
6 Audit.

7 **SEC. 1042. *Disposition of Articles Liable to Deterioration.*** Perishable
8 articles shall be deposited in any appropriate bonded warehouse; and, if not
9 immediately entered for export or for transportation from the vessel or aircraft in
10 which imported or entered for consumption and the duties and taxes paid
11 thereon, such articles may be sold at auction, after such public notice, not
12 exceeding three days, as the necessities of the case permit.

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

19 The same disposition may be made of any warehoused articles when the
20 opinion of the Collector it is likely that the cost of depreciation, damage, leakage,
21 or other causes, may so reduce its value as to be insufficient to pay the duties,
22 taxes and other charges due thereon, if should be permitted to be so kept and be
23 subjected to sale in the usual course.

24 **SEC. 1043. *Disposition of Articles Unfit for Use or Sale or Injurious to***
25 ***Public Health.*** When any article, which in the opinion of the Collector, is a
26 menace to public health, is seized or otherwise comes into the custody of the

1 Bureau of Customs, the Collector of the port shall, if the matter is not disposable
2 under the provisions relating to food and drugs, appoint a board of three
3 members to examine the article. Whenever possible, one member shall be a
4 representative of the Department of Health or of local health officer, and the two
5 others shall be responsible officials of the Bureau of Customs at least one of
6 whom shall be an appraiser. Such board shall examine said article, and if the
7 same is found a be unfit or a menace to the public health, the board shall so
8 report in writing to the Collector, who shall forthwith order its destruction in such
9 manner as the case may require.

10 Health authorities at port of entry shall collaborate with the collectors in such
11 matters with reasonable dispatch.

12 **SEC. 1044. *Disposition of Contraband.*** Article of prohibited importation or
13 exportation, known as contraband, shall, in the absence of special provision, be
14 dealt with as follows:

15 a. Dynamite, gunpowder, ammunition and other explosives,
16 firearms and weapons of war and parts thereof, shall be turned over to the
17 Armed Forces of the Philippines;

18 b. If the article in question is highly dangerous to be kept or
19 handled, it shall forthwith be destroyed;

20 c. Contraband coin or bullion, foreign currencies and
21 negotiable instruments shall accrue to the Stabilization Fund of the
22 BANGKO SENTRAL NG PILIPINAS subject to the payment of the
23 expenses incident to seizure, including the reward to the informer, if any;

24 d. Other contraband of commercial value and capable of
25 legitimate use may be sold under such restrictions as will insure its use for
26 legitimate purposes only; but if the thing is unfit for use or the Collector is

1 of the opinion that, if sold, it would be used for unlawful purposes, it shall
2 be destroyed in such manner as the Collector shall direct.

3 **SEC. 1045. *Disposition of Unsold Articles for Want of Bidders.*** Articles
4 subject to sale at public auction by Customs authorities shall be sold at a price
5 not less than the wholesale value or price in the domestic market of these or
6 similar articles in the usual wholesale quantities and in the ordinary course of
7 trade as determined in accordance with Section 1019 of this ACT.

8 When any article remains unsold in at least two public biddings for want of
9 bidders or for the lack of an acceptable bid, and the article is perishable and/or
10 suitable for official use, then the Collector shall report the matter immediately to
11 the Commissioner of Customs who may, subject to the approval of the Secretary
12 of Finance, authorize the official use of that article by the Bureau of Customs to
13 promote the intensive collection of taxes and/or to help prevent or suppress
14 smuggling and other frauds upon the Customs, and if the article is not suitable for
15 such use, then it may be channeled to the official use of other offices of the
16 National Government. If the article is suitable for shelter or consists of foodstuffs,
17 clothing materials or medicines then that article shall be given to government
18 charitable institutions through the Department of Social Services and
19 Development.

20 If the article offered for sale is not suitable either for official use or charity,
21 then the same may be reexported as government property through the
22 Department of Trade or any other government entity through barter or sale. If the
23 article cannot be disposed of as provided above, the Collector shall report the
24 matter immediately to the Commissioner who may, subject to the approval of the
25 Secretary of Finance, dispose of the article to the best advantage of the
26 government in a negotiated private sale which shall be consummated in the

1 presence of a representative of the Commission on Audit, in the manner provided
2 for by this ACT.

3 **SEC. 1046. *Treatment of Dangerous Explosives.*** Gunpowder or other
4 dangerous or explosive substances, including firecrackers, shall not be deposited
5 in a bonded warehouse, and when not entered for immediate use, transportation
6 or export, shall be subject to such disposition, in the discretion of the
7 Commissioner of Customs, consistent with public safety. Expenses incurred in
8 such disposition shall constitute a lien on the articles and a charge against the
9 owner.

10 **SEC. 1047. *Disposition of Smuggled Articles.*** Smuggled articles, after
11 liability to seizure or forfeiture shall have been established by proper
12 administrative or judicial proceedings in conformity with the provisions of this
13 ACT, shall be disposed of as provided for in Section 1046: Provided, That articles
14 whose importation is prohibited under Section 132 sub -paragraphs b, c, d, e
15 and j shall, upon order to the Collector in writing, be burned or destroyed, in such
16 manner as the case may require as to render them absolutely worthless, in the
17 presence of a representative each from the Commission on Audit,
18 DEPARTMENT of Justice, Bureau of Customs, and if possible, any
19 representative of the private sector.

20 **SEC. 1048. FORFEITURE FUND.** ALL THE NET PROCEEDS OF SALE
21 OF ARTICLES ENUMERATED IN SECTION 1038 OF THIS ACT EXCEPT
22 PARAGRAPH (A) ON IMPLIED ABANDONMENT SHALL BE DEPOSITED IN
23 AN ACCOUNT TO BE KNOWN AS FORFEITURE FUND IN CASE OF SALE
24 OF GOODS THAT ARE IMPLIEDLY ABANDONED, ONLY THE PORTION OF
25 THE PROCEEDS PERTAINING TO DUTIES AND TAXES AND OTHER
26 CHARGES DUE ON THE ARTICLES SHALL ALSO BE DEPOSITED IN SAID
27 FUND. THE FUND SHALL BE IN THE NAME OF AND TO BE MANAGED BY

1 THE BUREAU OF CUSTOMS WHICH IS HEREBY AUTHORIZED, SUBJECT
2 TO THE USUAL GOVERNMENT ACCOUNTING RULES AND REGULATIONS,
3 TO UTILIZE THE SAME FOR THE FOLLOWING PURPOSES:

4 1. TO OUTSOURCE, SUBJECT TO THE RULES ON
5 GOVERNMENT PROCUREMENT ESTABLISHED BY LAW, THE
6 MANAGEMENT OF THE INVENTORY, SAFEKEEPING,
7 MAINTENANCE, AND SALE OF ARTICLES ENUMERATED IN
8 SECTION 1039 OF THIS ACT TO PRIVATE SERVICE PROVIDERS;
9 PROVIDED, THAT THE BUREAU OF CUSTOMS SHALL RETAIN
10 JURISDICTIONAL CONTROL AND SUPERVISION OVER THESE
11 ARTICLES AS WELL AS THE OPERATIONS OF THE SERVICE
12 PROVIDER SO CONTRACTED;

13 2. TO FACILITATE CUSTOMS ABANDONMENT AND
14 SEIZURE AND FORFEITURE PROCEEDINGS AND THE
15 DISPOSITION OF ABANDONED AND FORFEITED ARTICLES,
16 PARTICULARLY THOSE TO BE DISPOSED OF OTHER THAN
17 THROUGH PUBLIC SALE;

18 3. TO ENHANCE CUSTOMS INTELLIGENCE AND
19 ENFORCEMENT CAPABILITY TO PREVENT SMUGGLING;

20 4. TO SUPPORT THE COMPUTERIZATION PROGRAM AND
21 OTHER OPERATIONAL EFFICIENCY AND TRADE FACILITATION
22 INITIATIVES OF THE BUREAU OF CUSTOMS

23 THE DEPARTMENT OF FINANCE AND THE DEPARTMENT OF BUDGET
24 MANAGEMENT SHALL, UPON THE RECOMMENDATION OF THE BUREAU
25 OF CUSTOMS, ISSUE A JOINT REGULATION TO IMPLEMENT THE
26 PROVISIONS OF THIS ACT.

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TITLE 11. POST CLEARANCE AUDIT

SEC. 1100. Requirement to Keep Records. All importers are required to keep at their principal place of business, in the manner prescribed by regulations to be issued by the Commissioner of customs and for a period of three (3) years from the date of importation, all records WHICH:

A) PERTAIN TO ANY SUCH ACTIVITY, OR TO THE INFORMATION CONTAINED IN THE RECORDS REQUIRED BY THIS TITLE IN CONNECTION WITH ANY SUCH ACTIVITY; AND

B) ARE NORMALLY KEPT IN THE ORDINARY COURSE OF BUSINESS.

FOR THE PURPOSES OF THE POST ENTRY AUDIT AND SECTION 1103 OF THIS TITLE, THE TERM "IMPORTER" INCLUDES THE FOLLOWING:

A) IMPORTER-OF-RECORD OR CONSIGNEE, OWNER/DECLARANT, OR OTHER PARTY WHO —

1) IMPORTS ARTICLES INTO THE PHILIPPINES OR WITHDRAWS SUCH ARTICLES INTO THE PHILIPPINE CUSTOMS TERRITORY FOR CONSUMPTION OR WAREHOUSING; , FILES A CLAIM FOR REFUND OR DRAWBACK;, OR TRANSPORTS OR STORES SUCH ARTICLES CARRIED OR HELD UNDER BOND, OR

2) KNOWINGLY CAUSES THE IMPORTATION OR TRANSPORTATION OR STORAGE OF IMPORTED ARTICLES REFERRED TO ABOVE, OR THE FILING OF REFUND OR DRAWBACK CLAIM. ;

B) AGENT OF ANY PARTY DESCRIBED IN PARAGRAPH (1); OR

C) PERSON WHOSE ACTIVITIES REQUIRE THE FILING OF A GOODS DECLARATION

1 PERSON ORDERING IMPORTED ARTICLES FROM A LOCAL
2 IMPORTER/SUPPLIER IN A DOMESTIC TRANSACTION SHALL BE
3 EXEMPTED FROM THIS SECTION UNLESS - -

4 A) THE TERMS AND CONDITIONS OF THE IMPORTATION
5 ARE CONTROLLED BY THE PERSON PLACING THE ORDER; OR

6 B) THE CIRCUMSTANCES AND NATURE OF THE
7 RELATIONSHIP BETWEEN THE PERSON PLACING THE ORDER AND
8 THE IMPORTER/SUPPLIER ARE SUCH THAT THE FORMER MAY BE
9 CONSIDERED AS THE BENEFICIAL OR TRUE OWNER OF THE
10 IMPORTED ARTICLES; OR

11 C) ASSISTS WERE FURNISHED BY THE PERSON PLACING
12 THE ORDER WITH KNOWLEDGE THAT THEY WILL BE USED IN THE
13 MANUFACTURE OR PRODUCTION OF THE IMPORTED ARTICLES.

14 All CUSTOMS brokers are required to keep at their principal place of
15 business, in the manner prescribed by regulations to be issued by the
16 Commissioner of Customs and for a period of three (3) years from the date of
17 importation copies of the above mentioned records covering transactions that
18 they handle and all other parties engaged in customs clearance and processing.

19 LOCATORS OR PERSONS AUTHORIZED TO BRING IMPORTED
20 ARTICES INTO FREE ZONES, SUCH AS THE SPECIAL ECONOMIC ZONES
21 AND FREE PORTS, ARE REQUIRED TO KEEP SUBJECT RECORDS TO THE
22 EXTENT THAT THEIR ACTIVITIES INCLUDE IN WHOLE OR IN PART THE
23 WITHDRAWAL OF IMPORTED ARTICLES FROM SAID ZONES INTO THE
24 CUSTOMS TERRITORY.

25 **SEC. 1101. *Compliance Audit or Examination of Records.*** The
26 importer/customs broker shall allow any customs officer authorized by the
27 Bureau of Customs to enter during office hours any premises or place where the
28 records referred to in the preceding section are kept to conduct audit

1 examination, inspection, verification and/or investigation of those records
2 DESCRIBED IN THE AUDIT NOTICE WITH REASONABLE SPECIFICITY,
3 WHICH MAY BE RELEVANT TO SUCH INVESTIGATION OR INQUIRY. For
4 this purpose, a duly authorized officer shall have full and free access to all
5 records (WHICH FOR PURPOSES OF THIS SECTION INCLUDE, BUT ARE
6 NOT LIMITED TO, STATEMENTS, DECLARATIONS, DOCUMENTS AND
7 ELECTRONICALLY GENERATED OR MACHINE READABLE DATA) for the
8 purpose of ASCERTAINING THE CORRECTNESS OF THE DECLARATION IN
9 THE IMPORT ENTRY AND DETERMINING THE LIABILITY OF THE
10 IMPORTER FOR DUTIES, TAXES, AND OTHER CHARGES, INCLUDING ANY
11 FINE/S AND/OR PENALTY/IES, OR OTHERWISE FOR ENSURING
12 COMPLIANCE WITH CUSTOMS AND TARIFF LAWS.

13 A copy of any such document certified by or on behalf of the importer is
14 admissible in evidence in all courts as if it were the original.

15 An authorized customs officer is not entitled to enter any premises under
16 this section unless, before so doing, the officer produces to the person occupying
17 or apparently in charge of the premises written evidence of the fact that he or she
18 is an authorized officer. The person occupying or apparently in charge of the
19 premises entered by an officer shall provide the officer with all reasonable
20 facilities and assistance for the effective exercise of powers under this section.

21 Unless otherwise provided herein or in other provisions of law, the Bureau
22 of Customs may, in case of disobedience, invoke the aid of the proper regional
23 trial court within whose jurisdiction the matter falls. The court may punish
24 contumacy or refusal as contempt. In addition, the fact that the importer/broker
25 denies the authorized customs officer full and free access to importation records
26 during the conduct of a post-entry audit shall create a presumption of inaccuracy

1 in the transaction value declared for their imported goods and constitute grounds
2 for the Bureau of Customs to conduct a re-assessment of such goods.

3 This is without prejudice to the criminal sanctions imposed by this ACT and
4 administrative sanctions that the Bureau of Customs may impose against
5 contumacious importers under existing laws and regulations including the
6 authority to hold delivery or release of their imported articles.

7 **SEC. 1102. POWER OF THE COMMISSIONER TO OBTAIN**
8 **INFORMATION AND ISSUE SUMMONS.** FOR THE EFFECTIVE
9 IMPLEMENTATION OF THE POST ENTRY AUDIT FUNCTIONS OF THE
10 BUREAU OF CUSTOMS, THE COMMISSIONER OF CUSTOMS IS HEREBY
11 AUTHORIZED:

12 A) TO OBTAIN ON A REGULAR BASIS FROM ANY PERSON IN
13 ADDITION TO THE PERSON WHO IS THE SUBJECT OF A POST
14 CLEARANCE AUDIT OR INVESTIGATION, OR FROM ANY OFFICE OR
15 OFFICER OF THE NATIONAL AND LOCAL GOVERNMENTS, GOVERNMENT
16 AGENCIES AND INSTRUMENTALITIES, INCLUDING THE BANGKO SENTRAL
17 NG PILIPINAS AND GOVERNMENT-OWNED OR -CONTROLLED
18 CORPORATIONS, ANY INFORMATION SUCH AS, BUT NOT LIMITED TO,
19 COSTS AND VOLUME OF PRODUCTION, RECEIPTS OR SALES AND
20 GROSS INCOMES OF TAXPAYERS, AND THE NAMES, ADDRESSES, AND
21 FINANCIAL STATEMENTS OF CORPORATIONS, REGIONAL OPERATING
22 HEADQUARTERS OF MULTINATIONAL COMPANIES, JOINT ACCOUNTS,
23 ASSOCIATIONS, JOINT VENTURES OR CONSORTIA AND REGISTERED
24 PARTNERSHIPS, AND THEIR MEMBERS, WHOSE BUSINESS OPERATIONS
25 OR ACTIVITIES ARE DIRECTLY OR INDIRECTLY INVOLVED IN THE
26 IMPORTATION AND/OR EXPORTATION OF IMPORTED ARTICLES OR

1 PRODUCTS MANUFACTURED FROM IMPORTED COMPONENT
2 MATERIALS;

3 B) TO SUMMON THE PERSON LIABLE FOR DUTIES AND TAXES
4 OR REQUIRED TO FILE AN ENTRY, OR ANY OFFICER OR EMPLOYEE OF
5 SUCH PERSON, OR ANY PERSON HAVING POSSESSION, CUSTODY, OR
6 CARE OF THE BOOKS OF ACCOUNTS AND OTHER ACCOUNTING
7 RECORDS CONTAINING ENTRIES RELATING TO THE BUSINESS OF THE
8 PERSON LIABLE FOR DUTIES AND TAXES, OR ANY OTHER PERSON, TO
9 APPEAR BEFORE THE COMMISSIONER OR HIS DULY AUTHORIZED
10 REPRESENTATIVE AT A TIME AND PLACE SPECIFIED IN THE SUMMONS
11 AND TO PRODUCE SUCH BOOKS, PAPERS, RECORDS, OR OTHER DATA,
12 AND TO GIVE TESTIMONY;

13 C) TO TAKE SUCH TESTIMONY OF THE PERSON CONCERNED,
14 UNDER OATH, AS MAY BE RELEVANT OR MATERIAL TO SUCH INQUIRY.

15 D) To obtain information from banks or other financial institutions on
16 commercial documents and records pertaining specifically to payments relevant
17 to import transaction.

18 THE PROVISIONS OF THE FOREGOING PARAGRAPHS
19 NOTWITHSTANDING, NOTHING IN THIS SECTION SHALL BE CONSTRUED
20 AS GRANTING THE COMMISSIONER THE AUTHORITY TO INQUIRE INTO
21 BANK DEPOSITS OF PERSONS OR ENTITES MENTIONED IN THIS TITLE.

22 **SEC. 1103. *Failure to Pay Correct Duties and Taxes on Imported***
23 ***Goods.*** Any person who, after being subjected to post entry audit and
24 examination as provided in Section 1101 hereof, is found to have incurred
25 deficiencies in duties and taxes paid for imported goods, shall be penalized
26 according to TWO (2) degrees of culpability subject to any mitigating,
27 aggravating or extraordinary factors that are clearly established by the available
28 evidence:

1 (a) Negligence - When a deficiency results from an offender's failure,
2 through an act or acts of omission or commission, to exercise reasonable
3 care and competence to ensure that a statement made is correct, it shall be
4 determined to be negligent and punishable by a fine equivalent to FIFTY
5 PERCENT (50%) not less than one-half (1/2) but not more than two (2) times
6 the revenue loss] THE DEFICIENCY IN DUTIES, TAXES, AND OTHER
7 CHARGES.

8 (b) Fraud - When the material false statement or act in connection with
9 the transaction was committed or omitted knowingly, voluntarily and
10 intentionally, as established by clear and convincing evidence, it shall be
11 determined to be fraudulent and be punishable by a fine equivalent to ONE
12 HUNDRED PERCENT (100%) OF THE LANDED COST OF EVERY
13 IMPORTATION FOUND TO HAVE FRAUDULENT DEFICIENCIES IN
14 DUTIES AND TAXES and imprisonment of not less than two (2) years but
15 not more than eight (8) years.

16 The decision of the Commissioner of Customs, upon proper hearing, to
17 impose penalties as prescribed in this Section may be appealed in accordance
18 with Section 1037 hereof.

19 **SEC. 1104. *Records to be Kept by Customs.*** The Bureau of Customs
20 shall likewise keep a record of audit results in a database of importer and broker
21 profiles, to include but not be limited to:

22 (a) Articles of Incorporation;

23 (b) The company structure, which shall include but not be limited to:

- 24 1. Incorporators and Board of Directors;
- 25 2. Key officers; and
- 26 3. Organizational structure;

- 1 (c) Key importations;
- 2 (d) Privileges enjoyed;
- 3 (e) Penalties; and
- 4 (f) Risk category (ies).

5 **TITLE 12. CUSTOMS FRAUD**

6 **SEC. 1200. FRAUD INVESTIGATION AND PROSECUTION.** NO
7 CRIMINAL CASE FOR VIOLATION OF THIS TITLE SHALL BE INSTITUTED
8 WITHOUT THE APPROVAL OF THE COMMISSIONER OF CUSTOMS OR THE
9 DISTRICT COLLECTOR OF CUSTOMS PURSUANT TO THE SUCCEEDING
10 PARAGRAPH.

11 THE DISTRICT COLLECTOR SHALL HAVE THE POWER TO
12 INVESTIGATE AND INSTITUTE SMUGGLING CASES COMMITTED WITHIN
13 HIS JURISDICTION PROVIDED THAT IN CASE OF INQUEST, THE SAME
14 MAY BE INSTITUTED BY THE APPREHENDING CUSTOMS OFFICERS.

15 **TITLE 13. THIRD PARTIES**

16 **CHAPTER 1. CUSTOMS BROKERS**

17 **SEC. 1300. *Practice of Customs Broker Profession.*** UPON
18 RECOMMENDATION OF THE COMMISSIONER OF CUSTOMS, THE
19 SECRETARY OF FINANCE SHALL ISSUE THE NECESSARY RULES AND
20 REGULATIONS FOR THE ACCREDITATION OF CUSTOMS BROKERS AND
21 FOR ENSURING THEIR COMPLIANCE WITH CUSTOMS LAWS, RULES AND
22 REGULATIONS.

23 **CHAPTER 2. CARRIERS, VESSELS AND AIRCRAFTS**

24 **SEC. 1301. *Ports Open to Vessels AND AIRCRAFTS Engaged in***
25 ***Foreign Trade - Duty of Vessel to Make Entry.*** Vessels and aircrafts engaged
26 in the foreign trade shall touch at ports of entry only, except as otherwise

1 specially allowed; and every such vessel OR AIRCRAFT arriving within a
2 customs collection district of the Philippines from a foreign port make entry at the
3 port of entry for such district and shall be subject to the authority of the Collector
4 of the port while within his jurisdiction.

5 **SEC. 1302. Control of Customs Official Over Boarding or Leaving of**
6 ***Incoming Vessel and Over Other Vessel Approaching the Former*** Upon the
7 arrival in port of any vessel engaged in foreign trade, it shall be unlawful for any
8 person (except the pilot, consul, quarantine officials, custom officials or other duly
9 authorized persons) to board or leave the vessel without permission of the
10 customs official in charge; and it shall likewise be unlawful for any tugboat,
11 rowboat or other craft to go along side and take any person aboard such vessel
12 or take any person therefrom, except as aforesaid, or loiter near or along side
13 such vessel. Unauthorized tugboats, and other vessels shall keep away from
14 such vessel engaged in foreign trade at a distance of not less than fifty meters.

15 **SEC. 1303. Quarantine Certificate for Incoming Vessel or Aircraft.**
16 Entry of a vessel or aircraft from a foreign port or place outside of the Philippines
17 shall not be permitted until it has obtained a quarantine certificate issued by the
18 Bureau of Quarantine.

19 **SEC. 1304. Documents to be Produced by the Master Upon Entry of**
20 ***Vessel.*** For the purpose making entry of a vessel engaged in foreign trade, the
21 master thereof shall present the following document duly certified by him, to the
22 customs boarding officials:

- 23 a. THE VESSEL'S GENERAL DECLARATION
24 b. The original manifest of all cargo destined for the port, to be
25 returned with the indorsement of the boarding officials;

- 1 c. Three (3) copies of the same manifest, one of which, upon
2 certification by the boarding official as to the correctness of the copy, shall
3 be returned to the master;
- 4 d. A copy of the cargo storage plan;
- 5 e. Two (2) copies of store list;
- 6 f. One (1) copy of passenger list;
- 7 g. One (1) copy of the crew list,
- 8 h. The original of all through cargo manifest, for deposit, while
9 in port, with customs official in charge of the vessel;
- 10 i. A passenger manifest of all aliens, in conformity with the
11 requirements of the immigration laws in force in the Philippines,
- 12 j. One (1) copy of the original duplicate of bills of lading fully
13 accomplished;
- 14 k. The shipping articles and register of the vessel of Philippine
15 registry.
- 16 l. AND SUCH OTHER RELATED DOCUMENTS.

17 **SEC. 1305. *Manifest Required of Vessel from Foreign Port.*** Every vessel
18 from a foreign port must have on board a complete manifest of all her cargo.

19 All of the cargo intended to be landed at a port in the Philippines must be
20 described in separate manifests for each port of call therein. Each manifest shall
21 include the port of departure and the port of delivery with the marks, numbers,
22 quantity and description of the packages and the names of the consignees
23 thereof. Every vessel from a foreign port must have on board complete manifests
24 of passengers and their baggage, in the prescribed form, setting forth their
25 destination and all particulars required by immigration laws, and every such
26 vessel shall have prepared for presentation to the proper customs official upon
27 arrival in ports of the Philippines a complete list of all sea stores then on board. If

1 the vessel does not carry cargo or passengers, the manifest must show that no
2 cargo or passenger, as the case may be, is carried from the port of departure to
3 the port of destination in the Philippines.

4 A cargo manifest shall in no case be changed or altered after entry of
5 vessel, except by means of an amendment by the master, consignee or agent
6 thereof, under oath, and attached to the original manifest: Provided, however,
7 That after the invoice and/or entry covering an importation have been received
8 and recorded in the office of the appraiser, no amendment of the manifest shall
9 be allowed, except when it is obvious that a clerical error or any other
10 discrepancy has been committed in the preparation of the manifest, without any
11 fraudulent intent, discovery of which would not have been made until after
12 examination of the importation has been completed.

13 **SEC. 1306. *Translation of Manifest.*** The cargo manifest and each copy
14 thereof shall be accompanied by a translation IN ENGLISH, if originally written in
15 another language.

16 **SEC. 1307. *Manifests for Commission on Audit and Collector.*** Papers
17 to be Deposited with Consul. - Immediately after the arrival of a vessel from a
18 foreign port, the master shall deliver or mail to the Chairman, Commission on
19 Audit, Manila, a copy of the cargo manifests properly indorsed by the boarding
20 officer, and the master shall immediately present to the Collector the original
21 copy of the cargo manifests properly endorsed by the boarding officer, and, for
22 inspection, the ship's register or other documents in lieu thereof, together with the
23 clearance and other papers granted to the vessel at the port of departure for the
24 Philippines.

1 **SEC. 1308. *Transit Cargo.*** When, transit cargo from a foreign port or other
2 local ports is forwarded from the port of importation separate manifest, in
3 triplicate, shall be presented by each carrier.

4 **SEC. 1309. *Clearance of Foreign Vessels To and From Coastwise***
5 ***Ports.*** Passengers or articles arriving from abroad upon a foreign vessel may be
6 carried by the same vessel through any port of entry to the port of destination in
7 the Philippines or articles intended for export may be carried in a foreign vessel
8 through a Philippine port.

9 Upon such reasonable condition as he may impose, the Commissioner may
10 clear foreign vessels for any port and authorize the conveyance therein of either
11 articles or passengers brought from abroad upon such vessels; and he may
12 likewise, upon such conditions as he may impose, allow a foreign vessel to take
13 cargo and passengers at any port and convey the same, upon such vessel to a
14 foreign port.

15 **SEC. 1310. *Production of Philippine Crew.*** The master of a Philippine
16 vessel returning from abroad shall produce the entire crew listed in the vessel's
17 shipping articles; and if any member be missing, the master shall produce proof
18 satisfactory to the Collector that such member has died, absconded, has been
19 forcibly impressed into other service, or has been discharged, and in case of
20 discharge in a foreign country, he shall produce a certificate from the consul,
21 vice- consul or consular agent of the Philippines there residing, showing that
22 such discharge was effected with the consent of the representative of the
23 Philippines aforesaid.

24 **SEC. 1311. *Record of Arrival and Entry of Vessels.*** A record shall be
25 made and kept open to public inspection in every customhouse of the date of
26 arrival and entry of all vessels.

1 **SEC. 1312. *Arrest of Vessel Departing Before Entry Made.*** When a
2 vessel arriving within the limits of a collection district from a foreign port departs
3 or attempts to depart before entry shall have been made, not being thereunto
4 compelled by stress of weather, duress of enemies, or other necessity, the
5 Collector of the port may arrest and bring back such vessel to the most
6 convenient port WITH ASSISTANCE OF OTHER CONCERNED AGENCIES.

7 **SEC. 1313. *Discharge of Ballast.*** When not brought to port as article,
8 ballast of no commercial value may be discharged upon permit granted by the
9 Collector for such purpose.

10 **SEC. 1314. *Time of Unlading Cargo.*** Articles brought in a vessel from a
11 foreign port shall be unladen only during regular working hours or regular work
12 days. Unlading at any other time or day may or be done upon authority of the
13 Collector conditioned on the payment of losses and overtime pay by the
14 interested parties.

15 **SEC. 1315. *Entrance of Vessel Through Necessity.*** When a vessel from
16 a foreign port is compelled, by stress of weather or other necessity to put into any
17 other port than that of her destination, the master within twenty-four hours after
18 her arrival, shall make protest under oath setting forth the causes or
19 circumstances of such necessity. This protest, if not made before the Collector,
20 must be produced to him, and a copy thereof lodged with him.

21 Within the same time, the master shall make a report to the Collector if any
22 part of the cargo was unladen from necessity or lost by casualty before arrival,
23 and such fact should be made to appear by sufficient proof to the Collector who
24 shall give his approval thereto and the unlading shall be deemed to have been
25 lawfully effected.

1 **SEC. 1316. *Unlading of Vessel in Port from Necessity.*** If the situation is
2 such as to require the unlading of the vessel pending sojourn in port, the
3 Collector shall, upon sufficient proof of the necessity, grant a permit therefore,
4 and the articles shall be unladen and stored under the supervision of the customs
5 authorities.

6 At the request of the master of the vessel or the owner thereof, the Collector
7 may grant permission to enter and pay duties, taxes and other charges on, and
8 dispose of, such a part of the cargo as may be perishable nature or as may be
9 necessary to defray the expenses attending the vessel.

10 Upon departure, the cargo, or a residue thereof, may be reladen on board
11 the vessel, and the vessel may proceed with the same to her destination, subject
12 only to the charge for storing and safekeeping of the articles and the fees for
13 entrance and clearance.

14 No port charges shall be collected on vessels entering through stress of
15 weather or other causes above described.

16 **SEC. 1317. *Entry and Clearance of Vessels of a Foreign Government.***

17 The entry and clearance transport or supply ship of a foreign government shall
18 be in accordance with the agreement by and between the Philippines and the
19 foreign government.

20 **SEC. 1318. *Clearance of Vessel for Foreign Port.*** Before a clearance
21 shall be granted to any vessel bound to a foreign port, the master, or the agent
22 thereof, shall present to the Collector the following properly authenticated
23 documents:

24 a. A bill of health from the quarantine official or official of the
25 public health service in the port

1 b. Three copies of the manifest of export cargo, one of which,
2 upon certification by the customs official as to the correctness of the copy,
3 shall be returned to the master.

4 c. Two copies of the passenger list, showing alien and other
5 passengers.

6 d. The register and shipping articles, if the vessel is of
7 Philippine registry.

8 e. CLEARANCE OF LAST PORT OF ENTRY.

9 f. A certificate of the Bureau of Posts to the effect that it received
10 timely notice of the sailing of the Vessel: Provided, That the Collector shall
11 not permit any vessel to sail for a foreign port if the master or agent
12 thereof refuses to receive bags of mail delivered to the same by the
13 Bureau of Posts for transportation for a reasonable compensation, In case
14 the Director of Posts and said master or agent do not come to an
15 agreement concerning the amount of the compensation to be paid for the
16 carriage of the mail, the matter shall be submitted for decision to a Board
17 of Referees composed of three members appointed, respectively, by the
18 Bureau of Posts, the agency of the company to which the vessel
19 concerned belongs, and the Bureau of Customs, which board shall fix a
20 reasonable rate of compensation

21 **SEC. 1319. Detention of Warlike Vessel Containing Arms and**
22 **Munitions.** Collectors shall REPORT TO THE PROPER AUTHORITIES OR
23 detain any vessel of commercial registry manifestly built for warlike purposes and
24 about to depart from the Philippines with a cargo consisting principally of arms
25 and munitions of war, when the number of men shipped on board or other
26 circumstances render it probable that such vessel is intended to be employed by
27 the owner or owners to cruise or commit hostilities upon the subjects, citizens, or
28 property of any foreign prince or state, or of any colony, district, or people with

1 whom the Philippines is at peace, until the decision of the President of the
2 Philippines be had thereon, or until the owner or owners shall give bond or
3 security, in double the value of the vessel and cargo, that she will not be so
4 employed, if in the discretion of the Collector such bond will prevent the violation
5 of the provisions of this section.

6 **SEC. 1320. *Manifest of Export Cargo to be Delivered to Chairman,***
7 ***Commission on Audit.*** The master shall, prior to departure, deliver mail to the
8 Chairman, Commission on Audit, Manila, the returned copy of the manifest of
9 export cargo.

10 **SEC. 1321. *Oath of Master of Departing Vessel*** The master of such
11 departing vessel shall state under oath to the effect:

12 a. That all cargo conveyed on said vessel, with destination to
13 the Philippines, has been duly discharged or accounted for.

14 b. That he has mailed or delivered to the Chairman,
15 Commission on Audit a true copy of the outgoing cargo manifest.

16 c. That he has not received and will not convey any letters or
17 packets not, enclosed in properly stamped envelope sufficient to cover
18 postage, except those relating to the vessel, and that he has delivered at
19 the proper foreign port all mails placed on board his vessel before her last
20 clearance from the Philippines.

21 d. That if clearing without passenger, the vessel will not carry
22 upon the instant voyage, from the Philippine port, any passenger of any
23 class, or other person not entered upon the ship's declaration.

24 **SEC. 1322. *Extension of Time for Clearance.*** At the time of clearance,
25 the master of a departing vessel shall be required to indicate the time of intended
26 departure, and if the vessel should remain in port forty-eight hours after the time
27 indicated the master shall report to the Collector for an extension of time of

1 departure, and without such extension the original clearance shall be
2 NULLIFIED.

3 **SEC. 1323. *Advance Notice of Arrival.***

4 (a) Non-scheduled Arrivals. - Before an aircraft comes into any area in the
5 Philippines from any place outside thereof, a timely notice of the intended flight
6 shall be furnished to the Collector or other customs officer in charge at or nearest
7 the intended place of first landing such area, and to the quarantine and
8 immigration officers in charge at or nearest such place of landing. If dependable
9 facilities for giving notice are not available before departure, any radio equipment
10 of the PLACE shall be used if this will result in the giving of adequate and timely
11 notice during its approach, otherwise landing shall be made at a place where the
12 necessary facilities do exist before coming into any area in Philippines. If, upon
13 landing in any area, the government officers have not arrived, the pilot-in-
14 command shall hold the aircraft and any baggage and article thereon intact and
15 keep the passengers and crew members in a segregated place until the
16 inspecting officers arrive.

17 (b) Scheduled Arrivals - Such advance notice will not be required in the
18 case of scheduled airline arriving in accordance with the regular schedule filed
19 with the Collector for the Customs district in which the place of first landing in the
20 area is situated, and also with the Quarantine and immigration officials in charge
21 of such place.

22 **SEC. 1324. *Landing at International Airport of Entry.*** Except in the case
23 of emergency or forced landings, aircraft arriving in the Philippines from any
24 foreign port or place shall make the first landing at an international airport of
25 entry, unless permission to land elsewhere than at an international airport of
26 entry is first obtained from the Commissioner. In such cases, the owner,
27 operator, or person in charge of the aircraft shall pay the expenses incurred in

1 inspecting the aircraft, articles, passengers and baggage carried thereon, and
2 such aircraft shall be subject to the authority of the Collector at the airport while
3 within his jurisdiction.

4 Should an emergency or forced landing be made by an aircraft coming into
5 the Philippines from place outside thereof, the pilot-in-command shall not allow
6 any article, baggage, passenger or crew member to be removed or to depart
7 from the landing place without permission of a customs officer, unless such
8 removal or departure is necessary for purposes of safety, communication with
9 customs authorities, or preservation of life, health or property. As soon as
10 practicable, the pilot -in-command, or a member of the crew in charge, or the
11 owner of the aircraft, shall communicate with the custom officer at the intended
12 place of first landing or at the nearest international airport or other customs port
13 of entry in the area and make a full report of the circumstances of the flight and of
14 the emergency or forced landing.

15 **SEC. 1325. Report of Arrival and Entry OF AIRCRAFT.** The pilot -in -
16 command of any aircraft arriving from a foreign port or place shall immediately
17 report his arrival to the Collector at the airport of entry or to the customs officer
18 detailed to meet the aircraft at the place of first landing. Such aircraft upon arrival
19 shall be boarded by quarantine officer and after pratique (HEALTH
20 CLEARANCE) is granted shall be boarded by customs officer, and no person
21 shall permitted to board or leave the aircraft without the permission of the
22 customs officer-in-charge.

23 The pilot-in-command or any other authorized agent of the owner or
24 operator of the aircraft shall make the necessary entry. No such aircraft shall,
25 without previous permission therefor from the collector, depart from the place of
26 first landing or discharge articles, passengers or baggage.

1 **SEC. 1326. Documents Required in Making Entry FOR AIRCRAFT.**

2 a. For the purpose of making entry, there shall be presented to
3 the customs boarding officer four copies of a general declaration which
4 shall contain the following data, unless any of such data is otherwise
5 presented on a separate official form:

6 1. Name of owner or operator of aircraft, registration
7 marks and nationality of aircraft, and flight number of identification;

8
9 2. Points of clearance and entry, and date of arrival;

10 3. Health and customs clearance at the last airport of
11 departure;

12 4. Itinerary of aircraft, including information as to airport
13 of origin and departure dates;

14 5. Names and nationality of crew members;

15 6. Passenger manifest showing places of embarkation
16 and destination;

17 7. Cargo manifest showing information as to airway bill
18 number, the number of packages related to each airway bill
19 number, nature of goods, destination, and gross weight, together
20 with a copy of each airwaybill securely attached thereto, and

21 8. Store list.

22 9. AND SUCH OTHER DOCUMENTS AS MAYBE
23 REQUIRED BY CUSTOMS.

24 b. The general declaration shall be written in English and duly
25 signed by the pilot-in-command or operator of the aircraft, or the
26 authorized agent. The Health Section thereon, however, shall be signed
27 only by the pilot-in-command or when necessary, by a crew member when

1 the general declaration itself has been signed by a non-crew member. If
2 the aircraft does not carry cargo or passengers such facts must be shown
3 in the manifests

4 c. Cargo manifest shall in no case be changed or altered after
5 entry of the aircraft, except by means of an amendment by the pilot-in-
6 command or authorized agent thereof, under oath, and attached to the
7 original manifest: Provided, however, That after the invoice and/or entry
8 covering an importation have been received and recorded in the office of
9 the appraiser, no amendment shall be allowed except when it is obvious
10 that a clerical error or any other discrepancy has been committed without
11 any fraudulent intent in the preparation of the manifest, discovery of which
12 could not have been made until after examination of the importation has
13 been completed.

14 **-SEC. 1327. Manifest for Commission on Audit.** The pilot-in-command or
15 authorized agent of an aircraft, upon arrival from a foreign port, shall deliver or
16 mail to the Chairman, Commission on Audit, a copy of the general declaration
17 properly indorsed by the customs Boarding Officer.

18 **SEC. 1328. Clearance of Aircraft for Foreign Port.**

19 a. Any aircraft bound to a foreign port shall, before departure,
20 clear at an airport of entry or at the same place where such aircraft has
21 been authorized to make its landing by the Commissioner.

22 b. Before clearance shall be granted to an aircraft bound to a
23 foreign port, there shall be presented to the Collector or to the customs
24 officer detailed at the place of departure four copies of a general
25 declaration signed by the pilot-in-command or authorized agent of an
26 aircraft which shall contain the following data:

- 1 1. Name of owner or operator of aircraft, registration marks and
2 nationality of aircraft, and flight number of identification;
- 3 2. Point of clearance, data thereof and destination';
- 4 3. Health and customs clearance,
- 5 4. Itinerary of aircraft, including information as to airport of
6 destination and departure date;
- 7 5. Names and nationality of crew members;
- 8 6. Passenger manifest showing place of destination;
- 9 7. Export cargo manifest showing information as to airwaybill
10 number, the number of packages related to each airwaybill number,
11 nature of goods, destination, and gross weight, together with a copy of
12 each airwaybill securely attached thereto; and
- 13 8. Store list showing stores laden.

14 **SEC. 1329. Oath of Person in Charge of Departing Aircraft.** The pilot-in-
15 command or authorized agent of such departing aircraft shall also state under
16 oath to the effect that:

- 17 a. All cargo conveyed on said aircraft destined to the
18 Philippines has been duly discharged and accounted for.
- 19 b. He has not received nor will convey any letter or packet not
20 enclosed in properly stamped envelope sufficient to cover postage, except
21 those relating to the cargo of the aircraft, and that he has delivered to the
22 proper foreign port all mails placed on board said aircraft before clearance
23 from the Philippines.

24 If clearing without passengers, the aircraft will not carry upon departure any
25 passenger.

1 A record shall be made and kept open to public inspection in every
2 customhouse at an airport of entry of the dates of arrival and entry of all aircrafts.

3 **CHAPTER 3. OTHER THIRD PARTIES**

4 **SEC. 1330. SUPERVISION AND REGULATION OF THIRD PARTIES.**

5 THIRD PARTIES TRANSACTING WITH CUSTOMS IN BEHALF OF
6 IMPORTERS AND CONSIGNEES SHALL BE TREATED EQUALLY AS IF THEY
7 ARE THEMSELVES THE IMPORTERS OR CONSIGNEES.

8 THIRD PARTIES TRANSACTING WITH CUSTOMS SHALL BE LIABLE
9 FOR ACTS COMMITTED IN VIOLATION OF THIS ACT AND RELATED LAWS.

10 UPON RECOMMENDATION OF THE COMMISSIONER OF CUSTOMS,
11 THE SECRETARY OF FINANCE SHALL ISSUE RULES AND REGULATIONS
12 FOR THE BUREAU OF CUSTOMS TO SUPERVISE AND REGULATE ALL
13 THIRD PARTIES DEALING DIRECTLY WITH THE BUREAU FOR AND IN
14 BEHALF OF ANOTHER PERSON IN RELATION TO THE IMPORTATION ,
15 EXPORTATION, MOVEMENT, STORAGE AND CLEARANCE OF GOODS.
16 THIRD PARTIES AS PROVIDED IN THIS SECTION MAY REFER TO, AMONG
17 OTHERS, LOGISTICS PROVIDERS, IMPORTERS, EXPORTERS, CUSTOMS
18 BROKERS, CARRIERS, AIRLINES, SHIPPING LINES, SHIPPING AGENTS,
19 FORWARDERS, CONSOLIDATORS, PORT AND TERMINAL OPERATORS,
20 AND WAREHOUSE OPERATOR. THE RULES AND REGULATIONS SHALL
21 PROVIDE FOR SPECIFIC CONDITIONS WHEN THIRD PARTIES MAY OR
22 MAY NOT DIRECTLY TRANSACT WITH CUSTOMS AND SHALL PROVIDE A
23 WRITTEN NOTICE IN CASE SUCH THIRD PARTIES ARE, FOR VALID
24 REASONS, BARRED FROM TRANSACTING WITH CUSTOMS.

1 FOUND AND THAT AS DECLARED SHALL BE IMPOSED. NO SURCHARGE
2 SHALL BE IMPOSED WHEN THE DISCREPANCY IN DUTY IS LESS THAN
3 TEN PERCENT (10%).

4 MISCLASSIFICATION OCCURS WHEN THE AN INCORRECT TARIFF
5 HEADING IS USED RESULTING IN A DISCREPANCY IN DUTY BY TEN
6 PERCENT (10%) OR MORE BUT NOT EXCEEDING THIRTY PERCENT (30%).
7 IN CASE OF MISCLASSIFICATION, A SURCHARGE EQUIVALENT TO ONE
8 HUNDRED PERCENT (100%) OF THE DIFFERENCE BETWEEN THE FULL
9 DUTY AS FOUND AND THAT AS DECLARED SHALL BE IMPOSED. NO
10 SURCHARGE SHALL BE IMPOSED WHEN THE DISCREPANCY IN DUTY IS
11 LESS THAN TEN PERCENT (10%); OR WHEN THE THE DECLARED TARIFF
12 HEADING IS REJECTED IN A FORMAL CUSTOMS DISPUTE SETTLEMENT
13 PROCESS INVOLVING DIFFICULT OR HIGHLY TECHNICAL QUESTION OF
14 TARIFF CLASSIFICATION; OR WHEN THE TARIFF CLASSIFICATION
15 DECLARATION RELIED ON AN OFFICIAL GOVERNMENT RULING OR
16 INFORMATION.

17 A DISCREPANCY IN MISDECLARATION OR IN MISCLASSIFICATION
18 MENTIONED ABOVE OF MORE THAN THIRTY PERCENT (30%) SHALL
19 CONSTITUTE A PRIMA FACIE EVIDENCE OF FRAUD PENALIZED UNDER
20 SECTION 1200 OF THIS ACT; PROVIDED, THAT ANY UNDECLARED
21 ARTICLES/ITEMS SHALL IPSO FACTO BE FORFEITED IN FAVOR OF THE
22 GOVERNMENT TO BE DISPOSED OF PURSUANT TO THE PROVISIONS OF
23 THIS ACT.

24 WHEN THE MISDECLARATION OR MISCLASSIFICATION IS
25 INTENTIONAL OR FRAUDULENT, THE ARTICLES SHALL BE SUBJECT TO
26 SEIZURE AND FORFEITURE PROCEEDINGS REGARDLESS OF THE
27 AMOUNT OF THE DISCREPANCY WITHOUT PREJUDICE TO THE

1 APPLICATION OF PENAL PROVISIONS UNDER SECTION 1526 OF THIS ACT
2 AGAINST THE IMPORTER AND/OR OTHER PERSON OR PERSONS WHO
3 WILFULLY PARTICIPATED IN THE FRAUDULENT ACT.

4 WHEN THE DISCREPANCY MENTIONED IN THE FOREGOING IS
5 ESTABLISHED DURING POST ENTRY AUDIT, THE PERTINENT
6 PROVISIONS OF TITLE 11 OF THIS ACT ON POST ENTRY AUDIT SHALL
7 GOVERN.

8 THERE IS UNDERVALUATION WHEN (A) THE CUSTOMS VALUE
9 DECLARATION IN THE IMPORT ENTRY FAILS TO DISCLOSE IN FULL THE
10 PRICE ACTUALLY PAID OR PAYABLE AND/OR ANY DUTIABLE
11 ADJUSTMENT TO THE PRICE ACTUALLY PAID OR PAYABLE FOR THE
12 IMPORTED ARTICLES; OR, (B) WHEN IT USES AN INCORRECT VALUATION
13 METHOD OR OTHERWISE HAS NOT PROPERLY OBSERVED THE
14 VALUATION RULES UNDER THE TRANSACTION VALUE SYSTEM,
15 RESULTING IN A DISCREPANCY IN DUTY BETWEEN THE CORRECT
16 TRANSACTION VALUE UNDER THE APPLICABLE METHOD AND THAT AS
17 DECLARED.

18 WHEN THE UNDERVALUATION IS ESTABLISHED WITHOUT NEED TO
19 GO THROUGH THE FORMAL DISPUTE SETTLEMENT PROCESS REQUIRED
20 UNDER THE TRANSACTION VALUE SYSTEM PROVIDED FOR IN THIS ACT,
21 A SURCHARGE SHALL BE IMPOSED IN AN AMOUNT EQUAL TO ONE
22 HUNDRED PERCENT(100%) OF THE DIFFERENCE BETWEEN THE FULL
23 DUTY AS ESTABLISHED AND THAT AS DECLARED. NO SURCHARGE
24 SHALL BE IMPOSED WHEN THE DISCREPANCY IN DUTY IS LESS HAN TEN
25 PERCENT (10%); OR THE DECLARED VALUE IS REJECTED AS A RESULT
26 OF AN OFFICIAL RULING OR DECISION UNDER THE CUSTOMS DISPUTE
27 SETTLEMENT PROCESS INVOLVING DIFFICULT OR HIGHLY TECHNICAL

1 QUESTION RELATING TO THE APPLICATION OF CUSTOMS VALUATION
2 RULES; OR THE VALUE DECLARATION RELIED UPON AN OFFICIAL
3 GOVERNMENT RULING OR INFORMATION.

4 WHEN THE UNDERVALUATION IS ATTENDED WITH FRAUD, SUCH AS
5 WHEN A FALSE INVOICE OR FAKE OR ALTERED DOCUMENT
6 SUPPORTING THE DECLARED CUSTOMS VALUE IS SUBMITTED, OR
7 OTHERWISE A FALSE STATEMENT OR INFORMATION IS KNOWINGLY
8 MADE, AND IS UNCOVERED AT THE TIME CUSTOMS STILL HAS PHYSICAL
9 CUSTODY OF OR CONTROL OVER THE IMPORTED ARTICLES, THE SAME
10 SHALL BE SUBJECT TO SEIZURE AND FORFEITURE PROCEEDINGS,
11 WITHOUT PREJUDICE TO THE APPLICATION OF THE PENAL PROVISIONS
12 UNDER SECTION 1526 OF THIS ACT AGAINST THE IMPORTER AND/OR
13 OTHER PERSON OR PERSONS WHO WILFULLY PARTICIPATED IN THE
14 FRAUDULENT ACT.

15 WHEN THE UNDERVALUATION, FRAUDULENT OR NOT, IS
16 ESTABLISHED DURING POST ENTRY AUDIT, THE PERTINENT
17 PROVISIONS OF TITLE 11 OF THIS ACT ON POST ENTRY AUDIT SHALL
18 GOVERN.

19 **SEC. 1503. *Failure or Refusal of Party to Give Evidence or Submit***
20 ***Documents for Examination.*** When the owner, importer or consignee of any
21 imported articles, or the agent of either, fails or refuses, upon lawful demand in
22 writing by any customs official to appear, make oath or submit himself to
23 examination or to answer any material question or refuses to produce records,
24 accounts or invoices in his possession pertaining to the value, classification or
25 disposition of the article in question and deemed material in appraising the
26 same, the Collector shall assess a surcharge of twenty per centum (20%) ad
27 valorem on the article which is the subject of the importation.

1 **SEC. 1504. Failure to Declare Baggage.** Whenever any dutiable article is
2 found in the baggage of any person arriving within in the Philippines which is not
3 included in the baggage declaration, such article shall be seized and the person
4 in whose baggage it is found may obtain release of such article, if not imported
5 contrary to any law upon payment of THRICE THE appraised value of such
6 article plus all duties, taxes and other charges due thereon unless it shall be
7 established to the satisfaction of the Collector that the failure to mention or
8 declare such dutiable article was without fraud.

9 Nothing in this section shall preclude the bringing of criminal action against
10 the offender.

11 **SEC. 1505. Breach of Bond.** Upon breach of bond required to be filed
12 under the tariff and customs laws, the Collector subject to the approval of the
13 Commissioner may accept in satisfaction thereof a smaller sum than that
14 mentioned in the penalty clause of the bond, but in no case less than the amount
15 necessary to indemnify the Government for the damage occasioned by such
16 breach.

17 **SEC. 1506. Vessel, SEACRAFT or Aircraft Departing Before Entry**
18 **Made.** Any vessel, SEACRAFT or aircraft arriving within the limits of a collection
19 district from a foreign port which departs before the entry is made, without being
20 compelled to do so by stress of weather, pursuit or duress of enemies, or other
21 necessity, shall be fined in the sum not NOT LESS THAN THIRTY THOUSAND
22 PESOS (P30,000) BUT NOT MORE THAN ONE HUNDRED THOUSAND
23 PESOS (P100,000).

24 **SEC. 1507. Obstruction to Boarding Official.** If the master or pilot-in-
25 command or any member of the complement of any vessel or aircraft arriving at
26 the Philippine port obstructs or hinders any official from lawfully going on board
27 such vessel or aircraft for the purpose of enforcing the customs and tariff laws, or
28 intentionally causes any such official to be so obstructed or hindered, the vessel

1 or aircraft shall be fined in a sum not LESS THAN THIRTY THOUSAND PESOS
2 (P30,000) BUT NOT MORE THAN ONE HUNDRED THOUSAND PESOS
3 (P100,000).

4 **SEC. 1508. *Unlawful Boarding or Leaving of Vessel or Aircraft.*** If upon
5 arrival at the Philippine port, any master of a vessel or pilot-in-command of an
6 aircraft engaged in a foreign trade permits any person to board or leave the
7 vessel or aircraft without the permission of the customs official in charge, such
8 vessel or aircraft shall be fined in a sum not LESS THAN THIRTY THOUSAND
9 PESOS(P30,000) BUT NOT MORE THAN ONE HUNDRED THOUSAND
10 PESOS (P100,000).

11 **SEC. 1509. *Failure to Deliver or Receive Mail.*** If the master of a vessel or
12 the pilot-in-command of an aircraft arriving at the Philippine port fails or refuses
13 to deliver to the postmaster of the nearest post office, as required by law or
14 contract, all mail matters on board such vessel or aircraft and destined for the
15 particular port, the vessel or aircraft shall be fined in a sum not exceeding one
16 thousand pesos (P1,000)

17 When any vessel or aircraft which is required by law or contract to carry mail
18 matter departs from a port or place where mail should be received, without giving
19 the postmaster or other postal official a reasonable opportunity to deliver to the
20 vessel or aircraft or its proper officer or agent, any mail matter addressed to or
21 destined for the port or place to which the vessel or aircraft is bound, such vessel
22 or aircraft shall be fined in a sum not LESS THAN THIRTY THOUSAND PESOS
23 (P30,000) BUT NOT MORE THAT ONE HUNDRED THOUSAND PESOS
24 (P100,000).

25 **SEC. 1510. *Unlading of Cargo Before Arrival at Port of Destination.*** If,
26 upon the arrival within the limits of any collection district of the Philippines of any
27 vessel or aircraft engaged in foreign trade, the master or pilot-in-command

1 thereof permits any part of the cargo to be unladen before her arrival at her port
2 of destination, and without authority from a proper customs official, such vessel
3 or aircraft shall be fined a sum not less than thirty thousand pesos (P30,000.00)
4 but not exceeding one hundred thousand pesos (P100,000.00), provided that no
5 fine shall accrue, upon satisfactory proof to the proper collector that the unloading
6 was rendered necessary by stress of weather, accident or other necessity.

7 **SEC. 1511. *Unloading of Cargo at Improper Time or Place After Arrival.***

8 Any vessel or aircraft, which after arrival at her port of destination in the
9 Philippines, discharges cargo at any time or place other than that designated by
10 the Collector shall be fined in a sum not less than thirty thousand pesos
11 (P30,000.00) and not exceeding one hundred thousand pesos (P100,000.00),
12 provided that no fine shall accrue upon satisfactory proof to the proper collector
13 that the unloading was rendered necessary by stress of weather, accident or other
14 necessity.

15 **SEC. 1512 *Failure to Exhibit or Deposit Documents.*** When the master of
16 a vessel or pilot-in-command of an aircraft engaged in foreign trade fails to
17 exhibit to the Collector at the time of entry of his vessel or aircraft the register or
18 other paper in lieu thereof, together with the clearance and other papers granted
19 by the customs officials to his vessel or aircraft at the last foreign port of
20 departure, or fails to exhibit any certificate or other documents required to be
21 then exhibited, such vessel or aircraft shall be fined in a sum not LESS THAN
22 THIRTY THOUSAND PESOS (P30,000) BUT NOT MORE THAN ONE
23 HUNDRED THOUSAND PESOS (P100,000).

24 Such vessel shall be liable for the payment of the aforesaid fine if the
25 master, within forty eight hours, after arrival, shall fail to deliver to the proper
26 consular officer of his nation such document as are required by law to be

1 deposited with him, or, if after having made such deposit, the master shall fail to
2 produce to the Collector the required evidence that the same has been effected.

3 **SEC. 1513. *Bringing of Unmanifested Arms, Explosives or War***
4 ***Equipment.*** Any vessel or aircraft arriving at a port in the Philippines having
5 firearms, gunpowder, cartridges, dynamite or any other explosives, munitions or
6 equipment of war concealed on board the vessel or not contained in the manifest
7 of the vessel or aircraft, shall be fined a sum of not less than ONE HUNDRED
8 THOUSAND PESOS (P100,000) BUT NOT MORE THAN FIVE HUNDRED
9 THOUSAND PESOS (P500,000.00).

10 **SEC. 1514. *Failure to Supply ADVANCE AND Requisite Manifests.*** If
11 any vessel or aircraft enters or departs from port of entry without submitting the
12 proper manifests to the customs authorities, or shall enter or depart conveying
13 unmanifested cargo other than as stated in the next preceding section hereof,
14 such vessel or aircraft shall be fined in a sum not less than THIRTY thousand
15 pesos (P30,000.00) but not exceeding FIFTY thousand pesos (P50,000.00).

16 IF THE TRANSIT TIME FROM PORT OF ORIGIN TO PORT OF ENTRY IS
17 AT LEAST SEVENTY TWO (72) HOURS, THE SHIPPING/FORWARDING
18 AGENT OF THE CARRIER OR THE VESSEL WHO FAILS TO SUBMIT
19 MANIFEST AT LEAST TWENTY FOUR (24) HOURS BEFORE ENTRY SHALL
20 LIKEWISE BE FINED IN A SUM OF NOT LESS THAN THIRTY THOUSAND
21 PESOS (P30,000) BUT NO EXCEEDING FIFTY THOUSAND PESOS (P50,000).

22 The same fine shall be imposed upon any arriving or departing vessel or
23 aircraft if the master or pilot-in-command shall fail to deliver or mail to the
24 Commission on Audit a true copy of the manifest of the incoming or outgoing
25 cargo, as required by law.

1 **SEC. 1515.- *Disappearance of Manifested Article.*** When any package or
2 article mentioned in the manifest IS NOT UNLADEN AT THE PORT OF
3 DESTINATION upon the arrival of the vessel or aircraft THE LATTER'S AGENT
4 shall be fined in a sum not exceeding TWENTY thousand pesos (P20,000.00)
5 unless the disappearance of the package or article in question was not due to the
6 negligence of the master of the vessel or pilot-in-command of an aircraft and
7 explained to the satisfaction of the Collector.

8 The vessel or aircraft shall be liable for the payment of the same fine when
9 a package or article listed in the manifest does not tally materially in character or
10 otherwise with the description thereof in the manifest.

11 **SEC. 1516. *Discrepancy Between Actual and Declared Weight of***
12 ***Manifested Article.*** If the gross weight of any article or package described in the
13 manifest exceeds by more than twenty (20) percent the gross weight as declared
14 in the manifest or bill of lading thereof, and the Collector shall be of the opinion
15 that such discrepancy was due to the carelessness or incompetency of the
16 master or pilot-in-command, owner or employee of the vessel or aircraft, a fine of
17 not more than fifteen (15) percentum of he value of the package or article in
18 respect to which the deficiency exists, may be imposed upon the importing
19 vessel or aircraft.

20 **SEC. 1517. *Delivery of Cargo Not Agreeing with the Master's or Pilot's***
21 ***in Command Report.*** When a vessel or aircraft arriving from a foreign port is
22 compelled by necessity to put into another port than the port of her destination
23 and permission is granted by the Collector for the unloading of the vessel or
24 aircraft or the delivery of any part of her cargo and it shall be found that the
25 delivery of the cargo does not agree with the master's or the pilot's in command
26 report, and the discrepancy is not satisfactory explained, the vessel or aircraft

1 shall be fined in a sum not LESS THAN THIRTY THOUSAND PESOS (P30,000)
2 BUT NOT LESS THAN ONE HUNDRED THOUSAND PESOS (P100,000).

3 **SEC. 1518. *Breaking of Seal Placed by Customs Officials.*** If any seal
4 place by a customs official upon any vessel or aircraft or compartment thereof, or
5 upon any box, trunk or other package of article on board any vessel or aircraft
6 shall be fined a sum not LESS THAN FIFTY THOUSAND PESOS (P50,000) for
7 each seal so broken or destroyed.

8 **SEC. 1519. *Breaking of Lock or Fastening Placed by Customs***
9 ***Officials.*** If any lock or other fastening device place by a customs official upon
10 any hatch door, or other means of communication with the hold of a vessel or
11 aircraft, or other part thereof, for the security of the same during the night time,
12 shall be unlawfully opened, broken or removed, or if any of the articles contained
13 in the hold or in the other compartments so secured shall be clandestinely
14 abstracted and landed, the vessel or aircraft shall be fined in a sum not LESS
15 THAN THIRTY THOUSAND PESOS (P30,000) BUT NOT MORE THAN ONE
16 HUNDRED THOUSAND PESOS.

17 **SEC. 1520. *Disappearance of Trunk or Package Specially Noted by***
18 ***Customs Official.*** When any box, trunk or other package of article is found by a
19 customs official on any incoming vessel or aircraft separate from the rest of the
20 cargo or in any unusual or improper place on such vessel or aircraft and the
21 same shall be noted by him, with proper description, and the attention of the
22 master or pilot-in-command or other responsible officer of the vessel or aircraft is
23 called thereto, the vessel or aircraft shall be fined in a sum not LESS THAN
24 THIRTY THOUSAND PESOS (P30,000) for every such package which may
25 subsequently be missing and unaccounted for upon the arrival of the vessel or
26 aircraft at the port of entry.

1 **SEC. 1521. False Statement of Vessel's or Aircraft's Destination.** When
2 the master or pilot-in-command of a vessel or aircraft laden with articles shall
3 make a false statement as to the next destination of such vessel or aircraft when
4 information concerning the same is required of him by a customs official, such
5 vessel or aircraft shall be fined in a sum not LESS THAN THIRTY THOUSAND
6 PESOS(P30,000) BUT NOT ONE THAN ONE HUNDRED THOUSAND
7 PESOS(P100,000); and the circumstances that a vessel or aircraft after clearing
8 for a certain port of destination goes to some other port, not being impelled to do
9 so by necessity, shall be prima facie proof that the original statement of the
10 vessel's or aircraft's actual destination was false.

11 **SEC. 1522. Other Offenses.** A vessel shall be fined in an amount hereafter
12 fixed for:

13 1. Anchoring at any dock, pier, wharf, quay, or bulkhead
14 without rat guards, FIVE THOUSAND PESOS (P5,000) for coastwise
15 vessels, and TEN thousand pesos (P10,000.00) for overseas vessels;

16 2. Dumping garbage or slops over the sides within three miles
17 from the nearest coastline, one HUNDRED thousand pesos
18 (P100,000.00);

19 3. Dumping or causing to spread crude oil, kerosene or
20 gasoline in the bay or at the piers within three miles from the nearest
21 coastline, one HUNDRED thousand pesos (P100,000.00) for each
22 offence;

23 4. Loading gasoline at a place other than that designated by
24 the regulations, one HUNDRED thousand pesos (P100,000.00) for each
25 offence;

26 5. Causing the emission and spread of harmful gas, fumes and
27 chemicals, TWO thousand THOUSAND pesos (P200,000.00) for each
28 offence.

1 **SEC. 1523. *Property Subject to Forfeiture Under THIS ACT.*** Any vehicle,
2 vessel or aircraft, cargo, article and other objects shall, under the following
3 conditions be subjected to forfeiture:

4 a. Any vehicle, vessel or aircraft, including cargo, which shall
5 be used unlawfully in the importation or exportation of articles or in
6 conveying and/or transporting contraband or smuggled articles in
7 commercial quantities into or from any Philippine port or place. The mere
8 carrying or holding on board of contraband or smuggled articles in
9 commercial quantities shall subject such vessel, vehicle, aircraft, or any
10 other craft to forfeiture: Provided, That the vessel, or aircraft or any other
11 craft is not used as duly authorized common carrier and as such a carrier
12 it is not chartered or leased;

13 b. Any vessel engaging in the coastwise which shall have on
14 board any article of foreign growth, produce, or manufacture in excess of
15 the amount necessary for sea stores, without such article having been
16 properly entered or legally imported;

17 c. Any vessel or aircraft into which shall be transferred cargo
18 unladen contrary to law prior to the arrival of the importing vessel or
19 aircraft at her port of destination;

20 d. Any part of the cargo, stores or supplies of a vessel or
21 aircraft arriving from a foreign port which is unladen before arrival at the
22 vessel's or aircraft's port of destination and without authority from the
23 customs officials; but such cargo, ship or aircraft stores and supplies shall
24 not be forfeited if such unloading was due to accident, stress of weather or
25 other necessity and is subsequently approved by the Collector;

26 e. Any article which is fraudulently concealed in or removed
27 contrary to law from any public or private warehouse, container yard or
28 container freight station under customs supervision;

1 f. Any article the importation or exportation of which is effected or
2 attempted contrary to law, or any article of prohibited importation or
3 exportation, and all other articles which, in the opinion of the Collector,
4 have been used, are or were entered to be used as instruments in the
5 importation or the exportation of the former;

6 g. Unmanifested article found on any vessel or aircraft if
7 manifest therefore is required;

8 h. Sea stores or aircraft stores adjudged by the Collector to be
9 excessive, when the duties assessed by the Collector thereon are not paid
10 or secured forthwith upon assessment of the same;

11 i. Any package of imported article which is found by the examining
12 official to contain any article not specified in the invoice or entry, including
13 all other packages purportedly containing imported articles similar to those
14 declared in the invoice or entry to be the contents of the misdeclared
15 package; Provided, That the Collector is of the opinion that the
16 misdeclaration was contrary to law;

17 j. Boxes, cases, trunks, envelopes and other containers of whatever
18 character used as receptacle or as device to conceal article which is itself
19 subject to forfeiture under the tariff and customs laws or which is so
20 designed as to conceal the character of such articles;

21 k. Any conveyance actually being used for the transport of
22 articles subject to forfeiture under the CUSTOMS AND tariff laws, with its
23 equipage or trappings, and any vehicle similarly used, together with its
24 equipage and appurtenances including the beast, steam or other motive
25 power drawing or propelling the same. The mere conveyance of
26 contraband or smuggled articles by such beast or vehicle shall be
27 sufficient cause for the outright seizure and confiscation of such beast or
28 vehicle but the forfeiture shall not be effected if it is established that the

1 owner of the means of conveyance used as aforesaid, is engaged as
2 common carrier and not chartered or leased, or his agent in charge
3 thereof at the time, has no knowledge of the unlawful act;

4 I. Any article sought to be imported or exported:

5 (1) Without going through a customhouse, whether the act was
6 consummated, frustrated or attempted;

7 (2) By failure to mention to a customs official, articles found in
8 the baggage of a person arriving from abroad;

9 (3) On the strength of a false declaration or affidavit executed by
10 the owner, importer, exporter or consignee concerning the importation of
11 such article;

12 (4) On the strength of a false invoice or other document
13 executed by the owner, importer, exporter or consignee concerning the
14 importation or exportation of such article; and

15 (5) Through any other practice or device contrary to law by
16 means of which such articles was entered through a customhouse to the
17 prejudice of the government.

18 **SEC. 1524. Properties Not Subject to Forfeiture in the Absence of**
19 **Prima Facie Evidence.** The forfeiture of the vehicle, vessel, or aircraft shall not
20 be effected if it is established that the owner thereof or his agent in charge of the
21 means of conveyance used as aforesaid has no knowledge of or participation in
22 the unlawful act: Provided, however, That a prima facie presumption shall exist
23 against the vessel, vehicle or aircraft under any of the following circumstances:

24 a. If the conveyance has been used for smuggling before;

1 b. If the owner is not in the business for which the conveyance
2 is generally used; and

3 c. If the owner is not financially in a position to own such
4 conveyance.

5 **SEC. 1525. *Conditions Affecting Forfeiture of Article.*** The forfeiture shall
6 be effected only when and while the article is in the custody or within the
7 jurisdiction of the customs authorities or in the hands or subject to the control of
8 the importer, exporter, original owner, consignee, agent of other person effecting
9 the importation, entry or exportation in question, or in the hands or subject to the
10 control of some persons who shall receive, conceal, buy, sell or transport the
11 same or aid in any such acts, with knowledge that the article was imported, or
12 was the subject of an attempt at importation or exportation, contrary to law.

13 **SEC. 1526. *Unlawful Importation OR EXPORTATION.*** Any person who
14 shall fraudulently import or EXPORT OR bring into OR OUT OF the Philippines,
15 or assist in so doing, any article, contrary to law, or shall receive, conceal, buy,
16 sell, or in any manner facilitate the transportation, concealment, or sale of such
17 article after importation, knowing the same to have been imported contrary to
18 law, shall be guilty of smuggling and shall be punished with:

19 1. A fine of not less than TWENTY THOUSAND pesos
20 (P20,000) nor more than FIFTY THOUSAND PESOS (P50,000) and
21 imprisonment of six (6) MONTHS BUT NOT MORE THAN twelve (12)
22 MONTHS ; if the value, to be determined in the manner prescribed under
23 this Code, including duties and taxes, of the article unlawfully imported
24 does not exceed ONE HUNDRED THOUSAND PESOS (P100,000).

25 2. A fine of not less than FIFTY THOUSAND pesos (P50,000)
26 nor more than ONE HUNDRED THOUSAND pesos (P100,000) and
27 imprisonment of not less than TWELVE (12) MONTHS and one (1) day

1 nor more than SIX (6) years, if the value, to be determined in the manner
2 prescribed under this Act , including duties and taxes, of the article
3 unlawfully imported exceeds ONE HUNDRED THOUSAND PESOS
4 (P100,000) but does not exceed ONE MILLION PESOS(P1,000,000);

5 3. A fine of not less than ONE HUNDRED THOUSAND PESOS
6 (P100,000) nor more than FIVE HUNDRED THOUSAND PESOS
7 (P500,000) and imprisonment of not less than SIX (6) YEARS and one
8 day nor more than twelve years, if the appraised value to be determined in
9 the manner prescribed under this Code, including duties and taxes, of the
10 article unlawfully imported exceeds ONE MILLION PESOS (P1,000,000).

11 4. The penalty of imprisonment may or shall be imposed when
12 the crime of serious physical injuries shall have been committed and the
13 penalty of reclusion perpetua to death shall be imposed when the crime of
14 homicide shall have been committed by reason or on the occasion of the
15 unlawful importation. HOWEVER ,IF THE SMUGGLED ARTICLES IS
16 ANTI SOCIAL GOODS, THE PENALTY IMPOSABLE IS SIX (6) YEARS
17 AND ONE (1) DAY IMPRISONMENT.

18 In applying the above scale of penalties, if the offender is an alien and the
19 prescribed penalty is not death, he shall be deported after serving the sentence
20 without further proceedings for deportation. If the offender is a government
21 official or employee, the penalty shall be the maximum as hereinabove prescribe
22 and the offender shall suffer an additional penalty of perpetual disqualification
23 from public office, to vote and to participate in any public election.

24 When, upon trial for violation of this section, the defendant is shown to have
25 had possession of the article in question, possession shall be deemed sufficient
26 evidence to authorize conviction unless the defendant shall explain the
27 possession to the satisfaction of the court: Provided, however, That payment of

1 the tax due after apprehension shall not constitute a valid defense in any
2 prosecution under this section.

3 **SEC. 1527. *Various Fraudulent Practices Against Customs Revenue.***

4 Any person who makes or attempts to make any entry of imported or exported
5 article by means of any false or fraudulent invoice, declaration, affidavit, letter,
6 paper or by any means of any false statement, written or verbal, or by any means
7 of any false or fraudulent practice whatsoever, or knowingly effects any entry of
8 goods, wares or merchandise, at less than true weight or measures thereof or
9 upon a false classification as to quality or value, or by the payment of less than
10 the amount legally due, or knowingly and willfully files any false or fraudulent
11 entry or claim for the payment of drawback or refund of duties upon the
12 exportation of merchandise, or makes or files any affidavit abstract, record,
13 certificate or other document, with a view to securing the payment to himself or
14 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
16 willful act or omission shall, for each offence, be punished in accordance with the
17 penalties prescribed in the preceding section.

18 **SEC. 1528. *Failure to Report Fraud.*** Any master, pilot-in-command or
19 other officer, owner or agent of any vessel or aircraft trading with or within the
20 Philippines and any employee of the Bureau of Customs who, having cognizance
21 of any fraud on the customs revenue, shall fail to report all information relative
22 thereto to the Collector as by law required, shall be punished by a fine of not
23 more than THIRTY thousand pesos and imprisonment for not more than one
24 year. If the offender is an alien, he shall be deported after serving the sentence. If
25 the offender is a public official or employee, he shall suffer additional penalty of
26 perpetual disqualification to hold public office, to vote and to participate, in any
27 election.

1 **SEC. 1529. Statutory Offenses of Officials and Employees.** Every
2 official, agent or employee of the Bureau or of any other agency of the
3 government charged with the enforcement of the provisions of this Code, who is
4 guilty of any delinquency herein below indicated shall be punished with a fine of
5 not less than THIRTY thousand pesos (P30,000) nor more than ONE
6 HUNDRED thousand pesos (P100,000) and imprisonment for not less than one
7 (1) year nor more than ten (10) years and perpetual disqualification to hold public
8 office, to vote and to participate in any public election:

9 (a) Those guilty of extortion or willful oppression under color of
10 law.

11 (b) Those who knowingly demand other or greater sums than
12 are authorized by law or receive any fee, compensation, or reward except
13 as by law prescribed, for the performance of any duty.

14 (c) Those who willfully neglect to give receipts, as required by
15 law for any sum collection in the performance of duty, or who willfully
16 neglect to perform any of the duties enjoined by law.

17 (d) Those who conspire or collude with another or others to
18 defraud the customs revenue or otherwise violate the law.

19 (e) Those who willfully make opportunity for any person to
20 defraud the customs revenue or who do or fail to do any act with intent to
21 enable any person to defraud said revenue.

22 (f) Those who negligently or designedly permit the violation of
23 the law by any other person.

24 (g) Those who make or sign any false entry or entries in any
25 book, or make or sign any false certificate or return in any case where the
26 law requires the making by them of such entry certificate or return.

27 (h) Those who, having knowledge or information of a violation of
28 the CUSTOMS AND Tariff Law or any fraud committed on the revenue

1 collectible by the Bureau, fail to report such knowledge or information to
2 their superior official or to report as otherwise required by law.

3 (i) Those who, without the authority of law, demand or accept
4 or attempt to collect directly or indirectly as payment or otherwise, any
5 sum of money or other thing of value for the compromise, adjustment, or
6 settlement of any charge or complaint for any violation or alleged violation
7 of law. or

8 (j) Those who, without authority of law, disclose confidential
9 information gained during any investigation or audit, or use such
10 information for personal gain or to the detriment of the government, the
11 Bureau or third parties.(R.A. 9135, April 27, 2001)

12 **SEC. 1530. Concealment or Destruction of Evidence of Fraud.** Any
13 person who willfully conceals or destroys, any invoice, book or paper relating to
14 any article liable to duty after an inspection thereof has been demanded by the
15 Collector of any collection district or at any time conceals or destroys any such
16 invoice, book or paper for the purpose of suppressing any evidence of fraud
17 therein contained, shall be punished with a fine of not more than ONE
18 HUNDRED thousand pesos (P100,000) and imprisonment for not more than
19 two years.

20 **SEC. 1531. Affixing Seals.** Any person who, without authority affixes or
21 attaches a customs seal, fastening, or mark or any seal, fastening or mark
22 purporting to be a customs seal, fastening or mark to any vessel, vehicle on land,
23 sea or air, warehouse, or package, shall be punished with a fine of not more than
24 FIFTY thousand pesos or imprisonment of not more than TWO years, or both. If
25 the offender is an alien, he shall be deported after serving the sentence; and if he
26 is a public official or employee, he shall suffer an additional penalty of perpetual
27 disqualification to hold public office, to vote and participate in any election.

1 **SEC. 1532. *Removal, Breakage, Alteration of Marks.*** Any person who
2 without authority, willfully removes, breaks, injures, or defaces or alters any
3 customs seal or other fastening or mark placed upon any vessel, vehicles, on
4 land, sea or air, warehouse or package containing merchandise or baggage in
5 bond or in customs custody, shall be punished with the penalty prescribed in
6 Section 1518 hereof.

7 **SEC. 1533. *Removing or Repacking Goods in Warehouse.*** Any person
8 who fraudulently conceals, removes, or repacks merchandise in any warehouse
9 or fraudulently alters, defaces or obliterates any marks or numbers placed upon
10 packages deposited in such warehouse, or shall aid or abet in any such acts or
11 omission, shall be punished with the penalties prescribed in Section 1531 hereof.

12 Merchandise so concealed, removed, or repacked, or packages upon which
13 marks or numbers have been so altered, defaced or obliterated, or the value
14 thereof, shall be forfeited to the government.

15 **SEC. 1534. *Removing Goods from Customs Custody.*** Any person who
16 maliciously enters any warehouse, or any vehicle laden with or containing
17 merchandise with intent unlawfully to remove therefrom any merchandise or
18 baggage in such vessels, vehicle or warehouse or otherwise in customs custody
19 or control, or any person who receives or transports any merchandise or
20 baggage unlawfully removed from any such vessel, vehicle or warehouse, or
21 shall aid or abet such removal, shall suffer the penalties provided in Section 1531
22 hereof.

23 **SEC. 1535. *Failure to Keep Importation Records and Full Access to***
24 ***Customs Officers.*** Any person who fails to keep all the records of importations
25 and/or books of accounts, business and computer systems and all customs
26 commercial data in the manner prescribed in Part 2, Section 3514 of this Title
27 shall be punished with a fine of not less than One hundred thousand pesos

1 (P100,000) but not more than Two hundred thousand pesos (P200,000) and/or
2 imprisonment of not less than two (2) years and one day but not more than six
3 (6) years. This penalty shall likewise be imposed against importers/brokers who
4 deny an authorized customs officer full and free access to such records, books of
5 accounts, business and computer systems, and all customs commercial data
6 including payment records. This is without prejudice to the administrative
7 sanctions that the Bureau of Customs may impose against the contumacious
8 importers under existing laws and regulations including the authority to hold
9 delivery or release of their imported articles.

10 **SEC. 1536. *Violations of CUSTOMS AND Tariff Laws and Regulations***
11 ***in General.*** Any person who violates a provision of this ACT or regulations
12 pursuant thereto, for which delinquency no specific penalty is provided, shall be
13 punished by a fine of not more than THIRTY thousand pesos or by imprisonment
14 for not more than one year, or both. If the offender is an alien he shall be
15 deported after serving the sentence and if the offender is a public official or
16 employee, he shall suffer disqualification to hold public office, to vote and
17 participate in any public election for ten years. (RA 9135, April 27, 2001)

18 **TITLE 16. MISCELLANEOUS PROVISIONS**

19 **SEC. 1600. *INFORMATION, DECISIONS AND RULINGS.*** THE BUREAU
20 **OF CUSTOMS SHALL ENSURE THAT ALL INFORMATION OF GENERAL**
21 **APPLICATION PERTAINING TO CUSTOMS, INCLUDING REVISIONS OR**
22 **AMENDMENTS THERETO, SHALL BE AVAILABLE TO THE GENERAL**
23 **PUBLIC.**

24 **SEC. 1601. *Duty of Collector to Report Rulings to Commissioner.*** When
25 any new or unsettled question shall be determined by a collector, he shall, if the
26 matter is not otherwise appealed for, review in the ordinary course, notify the

1 Commissioner of his decision and submit an adequate statement of the facts
2 involved.

3 **SEC. 1602. *Application of Established Ruling or Decision.*** A ruling or
4 decision of the Commissioner of Customs which determines the construction or
5 application of any provision of law imposing customs duties and which changes
6 any existing established classification, interpretation or practice shall not take
7 effect until after thirty days public notice shall be given in the form of a published
8 customs tariff decision. When such ruling or decision favors the taxpayers, it shall
9 become effective immediately.

10 **SEC. 1603. *Authority of Official to Administer Oaths and Take***
11 ***Testimony.*** The Commissioner, Collectors and their deputies, and other customs
12 employees especially deputized by the Collector shall have authority to
13 administer oaths and take testimony in connection with any matter within the
14 jurisdiction of the Bureau of Customs and in connection therewith may require
15 the production of relevant papers, documents, books and records in accordance
16 with law.

17 **SEC. 1604. *General Bonds.*** In cases where bonds are required to be given
18 under the provisions of the customs and tariff laws, the Collector, instead of
19 requiring separate special bonds where transactions of a particular party are
20 numerous, may accept general bonds extending over such periods of time and
21 covering such transactions of the party in question as shall be satisfactory to said
22 Collector.

23 **SEC. 1605. *Assignment of Customs Employees to Overtime Work.***
24 Customs employees may be assigned by a Collector to do overtime work at rates
25 fixed by the Commissioner of Customs when the service rendered is to be paid
26 for by importers, shippers or other persons served. The rates to be fixed shall not
27 be less than that prescribed by law to be paid to employees of private enterprise.

1 **SEC. 1606. *Reduction of Testimony to Writing.*** When testimony is taken
2 in any proceeding or matter under the authority of the Bureau of Customs, either
3 party may require that the same be reduced to writing, and when so taken it shall
4 be filed in the Office of the Collector and preserved for use or reference until final
5 decision.

6 **SEC. 1607. *Collector Not Liable in Respect to Ruling in Customs***
7 **Cases.** No Collector or other official of customs shall be in any way personally
8 liable for or an account of any official ruling or decision as to which the person
9 claiming to be aggrieved has the right to obtain either an administrative or judicial
10 review, and except for misdelivery of articles a Collector shall not, in the absence
11 of abuse of authority, be liable to any person for a loss occasioned either by his
12 own official act or the acts of his subordinates.

13 **SEC. 1608. *Interest Prohibited to be Held by Customs Employees.*** No
14 person employed under the authority of the government in the collection of
15 duties, taxes, fees and other charges in connection with imports and/or exports,
16 shall own, either in whole or in part, any vessel or aircraft or act as attorney,
17 agent or consignee for the owner of any vessel or aircraft or of any cargo laden
18 on board the same nor shall any such person import or be concerned, directly or
19 indirectly, in the importation of any article for sale into the Philippines.

20 **SEC. 1609. *Reward to Persons Instrumental in the ACTUAL***
21 **COLLECTION OF ADDITIONAL REVENUES ARISING FROM THE *Discovery***
22 ***OF VIOLATIONS OF CUSTOMS AND TARIFF LAWS.*** The provisions of
23 general and special laws to the contrary notwithstanding, a cash reward
24 equivalent to twenty per centum (20%) of the ACTUAL PROCEEDS FROM THE
25 SALE OF SMUGGLED ARTICLES AND CONFISCATED GOODS OR ACTUAL
26 COLLECTION OF ADDITIONAL REVENUES shall be given to the NON-
27 CUSTOMS informers who are instrumental in the COLLECTION OF

1 ADDITIONAL REVENUES ARISING FROM THE DISCOVERY OF VIOLATIONS
2 OF CUSTOMS AND TARIFF LAWS in accordance with the rules and
3 regulations to be issued by the Secretary of Finance.

4 **SEC. 1610. *OUTSOURCING OF NON-SOVEREIGN CUSTOMS***
5 ***FUNCTIONS TO PRIVATE ENTITIES.*** SUBJECT TO THE APPROVAL OF
6 SECRETARY OF FINANCE, CUSTOMS MAY OUTSOURCE ANY OF ITS NON-
7 SOVEREIGN AND/OR ANCILIARY FUNCTION TO QUALIFIED AND
8 COMPETENT PRIVATE ENTITIES IN ACCORDANCE WITH GOVERNMENT
9 RULES ON SERVICE PROCUREMENT.

10 **SEC. 1611. *INTERNATIONAL STANDARDS AND BEST PRACTICES.***
11 THE BUREAU OF CUSTOMS MAY ADOPT INTERNATIONAL STANDARDS
12 AND BEST PRACTICES IN CUSTOMS ADMINISTRATION LAID DOWN BY
13 INTERNATIONAL AGREEMENT OR CONVENTION PERTAINING TO TRADE
14 FACILITATION, SUPPLY CHAIN SECURITY, AND RELATED MATTERS,
15 WHETHER OR NOT THE PHILIPPINES IS SIGNATORY TO SUCH
16 INTERNATIONAL AGREEMENT OR CONVENTION.

17 **TITLE 17. TARIFF ADMINISTRATION AND POLICY**

18 **CHAPTER 1. TARIFF COMMISSION**

19 **SEC. 1700. *Chief Officials of the Tariff Commission AND THEIR***
20 ***QUALIFICATIONS.*** The Officials of the Tariff Commission shall be the Chairman
21 and two (2) Member Commissioners to be appointed by the President of the
22 Philippines. No person shall be eligible for appointment as Chairman and Tariff
23 Commissioners unless they are natural-born citizens of the Philippines, of good
24 moral character and proven integrity, and who by experience and academic
25 training are possessed of qualifications requisite for developing expert knowledge
26 of tariff problems. They shall not, during their tenure in office, engage in the

1 practice of any profession, or intervene directly or indirectly in the management
2 or control of any private enterprise which may, in any way, be affected by the
3 functions of their office nor shall be, directly or indirectly, financially interested in
4 any contract with the Government, or any subdivision or instrumentality thereof.

5 **SEC. 1701. *Appointment and Compensation of Officials and***
6 ***Employees.*** All employees of the Commission shall be appointed by the
7 Chairman in accordance with the Civil Service Law except the private secretaries
8 to the Chairman, Commissioners and Executive Director.

9 The Tariff Commission shall be reorganized in accordance with the
10 requirements of its reorganized functions and responsibilities. The Chairman of
11 the Commission, subject to the approval of the Director-General of the National
12 Economic and Development Authority, shall determine the new
13 positions-designations and salary scales of the officials and employees of the
14 Commission by taking into account the degree of responsibilities of each
15 position: Provided, That the Office of Compensation and Position Classification
16 shall be furnished a copy of the new plantilla of positions incorporating the new
17 designations to be automatically included in its manual of positions: Provided,
18 further, That the reorganization shall not in any way affect whatever benefits the
19 officials and employees of the Commission are allowed under existing law and/or
20 authority.

21 **SEC. 1702. *Official Seal.*** The Commission is authorized to adopt an official
22 seal.

23 **SEC. 1703. *Functions of the Commission.*** The Commission shall
24 investigate –

25 (a) the administration of, and the fiscal and industrial effects of, the
26 **CUSTOMS AND TARIFF** laws of this country now in force or which may
27 hereafter be enacted;

1 (b) the relations between the rates of duty on raw materials and the
2 finished or partly finished products;

3 (c) the effects of *ad valorem* and *specific duties* and of compound
4 specific and *ad valorem* duties;

5 (d) all questions relative to the arrangement of schedules and
6 classification of articles in the several sections of the *tariff law*;

7 (e) the tariff relations between the Philippines and foreign countries,
8 commercial treaties, preferential provisions, economic alliances, the effect of
9 export bounties and preferential transportation rates;

10 (f) the volume of importations compared with domestic production and
11 consumption;

12 (g) conditions, causes and effects relating to competition of foreign
13 industries with those of the Philippines, including dumping and cost of
14 production;

15 (h) in general, to investigate the operation of customs and tariff laws,
16 including their relation to the national revenues, their effect upon the
17 industries and labor of the country, and to submit reports of its investigations
18 as hereinafter provided; and

19 (i) the nature and composition of, and the classification of, articles
20 according to tariff commodity classification and heading number for customs
21 revenue and other related purposes which shall be furnished to NEDA, Board
22 of Investments, BANGKO SENTRAL NG PILIPINAS, and Secretary of
23 Finance.

24 **SEC. 1704. Assistance to the President and Congress of the Philippines.**

25 In order that the President and the Congress may secure information and
26 assistance, it shall be the duty of the Commission to –

27 (a) Ascertain conversion costs and costs of production in the principal
28 growing, producing or manufacturing centers of the Philippines, whenever
29 practicable;

1 (b) Ascertain conversion costs and costs of production in the principal
2 growing, producing or manufacturing centers of foreign countries of articles
3 imported into the Philippines whenever such conversion costs or costs of
4 production are necessary for comparison with those in the Philippines;

5 (c) Select and describe representative articles imported into the
6 Philippines similar to, or comparable with, those locally produced; select and
7 describe articles of the Philippines similar to, or comparable with, such
8 imported article; and obtain and file samples of articles so selected whenever
9 advisable;

10 (d) Ascertain import costs of such representative articles so selected;

11 (e) Ascertain the grower's, producer's or manufacturers selling prices
12 in the principal growing, producing or manufacturing centers of the
13 Philippines, of the articles of the Philippines, so selected,

14 (f) Ascertain all other facts which will show the difference in, or which
15 affect competition between, articles of the Philippines and those imported in
16 the principal markets of the Philippines;

17 (g) Ascertain conversion costs and costs of production including effects
18 of tariff modifications or import restrictions on prices in the principal growing,
19 producing or manufacturing centers of the Philippines, whenever practicable;
20 and

21 (h) Submit annual reports of these to the President of the Philippines,
22 copy of which shall be furnished to the NEDA, BANGKO SENTRAL NG
23 PILIPINAS, Department of Finance and the Board of Investments.

24 **SEC. 1705. Reports of the Commission.** The Commission shall place
25 at the disposal of the President and any member of the Congress of the
26 Philippines or its member thereof all information at its command; shall make such
27 investigation and report as may be required by the President and the Congress
28 of the Philippines and shall report to the President and Congress on the first

1 Monday of December of each year hereafter a statement of methods adopted
2 and a summary of all reports made during the year.

3 The Commission or its duly authorized representative shall have access to
4 any document, paper or record, pertinent to the subject matter under
5 investigation, in the possession of any person, firm, co-partnership, corporation
6 or association engaged in the production, importation or distribution of any article
7 under investigation, and shall have power to summon witnesses, take testimony,
8 administer oaths, and to issue subpoena duces tecum requiring the production of
9 books, papers or documents relating to the matter under investigation. The
10 Commission may also request the views, recommendations and/or assistance of
11 any government office, agency or instrumentality, and such office, agency or
12 instrumentality shall cooperate fully with the Commission.

13 **SEC. 1706. *Sworn and Verified Statements.*** The Commission may order
14 the taking of sworn statements at any stage of any proceeding or investigation
15 before it. Such sworn statements may be taken before any person having power
16 to administer oaths.

17 The Commission is authorized to require any importer, grower, producer,
18 manufacturer or seller to file with the Commission a statement, under oath, giving
19 his selling prices in the Philippines of any article imported, grown, produced,
20 fabricated or manufactured by him.

21 **SEC. 1707. *Rules and Regulations of the Commission.*** The
22 Commission shall adopt and promulgate such rules and regulations as may be
23 necessary to carry out the provisions of this ACT.

24 **CHAPTER 2. FLEXIBLE TARIFF**

25 **SEC. 1708. *Flexible Clause.*** In the interest of national economy, general
26 welfare and/or national security, and subject to the limitations herein prescribed,
27 the President, upon recommendation of the National Economic and Development

1 Authority (hereinafter referred to as NEDA), is hereby empowered: (1) to
2 increase, reduce or remove existing protective rates of import duty (including any
3 necessary change in classification). The existing rates may be increased or
4 decreased to any level, in one or several stages but in no case shall the
5 increased rate of import duty be higher than a maximum of one hundred (100)
6 percent ad valorem; (2) to establish import quota or to ban imports of any
7 commodity, as may be necessary; and (3) to impose an additional duty on all
8 imports not exceeding ten (10) percent ad valorem whenever necessary:
9 Provided : That upon periodic investigations by the Tariff Commission and
10 recommendation of the NEDA, the President may cause a gradual reduction of
11 protection levels granted in Section 1711 of this ACT, including those
12 subsequently granted pursuant to this section.

13 a. Before any recommendation is submitted to the President by the
14 NEDA pursuant to the provisions of this section, except in the imposition of an
15 additional duty not exceeding ten (10) per cent ad valorem, the Commission
16 shall conduct an investigation in the course of which they shall hold public
17 hearings wherein interested parties shall be afforded reasonable opportunity
18 to be present, produce evidence and to be heard. The Commission shall also
19 hear the views and recommendations of any government office, agency or
20 instrumentality concerned. The Commission shall submit their findings and
21 recommendations to the NEDA within thirty (30) days after the termination of
22 the public hearings.

23 b. The power of the President to increase or decrease rates of import
24 duty within the limits fixed in subsection "a" shall include the authority to
25 modify the form of duty. In modifying the form of duty, the corresponding ad
26 valorem or specific equivalents of the duty with respect to imports from the
27 principal competing foreign country for the most recent representative period
28 shall be used as bases.

1 c. The Commissioner of Customs shall regularly furnish the
2 Commission a copy of all customs import entries as filed in the Bureau of
3 Customs. The Commission or its duly authorized representatives shall have
4 access to, and the right to copy all liquidated customs import entries and
5 other documents appended thereto as finally filed in the Commission on
6 Audit.

7 d. The NEDA shall promulgate rules and regulations necessary to
8 carry out the provisions of this section.

9 e. Any Order issued by the President pursuant to the provisions of this
10 section shall take effect thirty (30) days after promulgation, except in the,
11 imposition of additional duty not exceeding ten (10) per cent ad valorem
12 which shall take effect at the discretion of the President.

13 **SEC. 1709. *Promotion of Foreign Trade.***

14 a. For the purpose of expanding foreign markets for Philippine
15 products as a means of assistance in the economic development of the
16 country, in overcoming domestic unemployment, in increasing the purchasing
17 power of the Philippine peso, and in establishing and maintaining better
18 relations between the Philippines and other countries, the President, is
19 authorized from time to time:

20 (1) To enter into trade agreements with foreign governments or
21 instrumentalities thereof; and

22 (2) To modify import duties (including any necessary change in
23 classification) and other import restrictions, as are required or appropriate
24 to carry out and promote foreign trade with other countries: Provided,
25 however, That in modifying import duties or fixing import quota the
26 requirements prescribed in subsection "a" of Section 1708 shall be
27 observed: Provided, further, That any modification of import duties and
28 any fixing of import quotas made pursuant to the agreement on ASEAN

1 Preferential Trading Arrangements ratified on August 1, 1977 shall not be
2 subject to the limitations of aforesaid section "a" of Section 1708.

3 b. The duties and other import restrictions as modified in subsection
4 "a" above, shall apply to articles which are the growth, produce or
5 manufacture of the specific country, whether imported directly or indirectly,
6 with which the Philippines has entered into a trade agreement: Provided, That
7 the President may suspend the application of any concession to articles
8 which are the growth, produce or manufacture of such country because of
9 acts (including the operations of international cartels) or policies which in his
10 opinion tend to defeat the purposes set in this section; and the duties and
11 other import restrictions as negotiated shall be in force and effect from and
12 after such time as specified in the Order.

13 c. Nothing in this section shall be construed to give any authority to
14 cancel or reduce in any manner any of the indebtedness of any foreign
15 country to the Philippines or any claim of the Philippines against any foreign
16 country.

17 d. Before any trade agreement is concluded with any foreign
18 government or instrumentality thereof, reasonable public notice of the
19 intention to negotiate an agreement with such government or instrumentality
20 shall be given in order that any interested person may have an opportunity to
21 present his views to the Commission which shall seek information and advice
22 from the Department of Agriculture, Department of ENVIRONMENT AND
23 Natural Resources, Department of Trade and Industry, Department of
24 Tourism, the BANGKO SENTRAL NG PILIPINAS, the Department of Foreign
25 Affairs, the Board of Investments and from such other sources as it may
26 deem appropriate.

27 e. (1) In advising the President, as a result of the trade agreement
28 entered into, the Commission shall determine whether the domestic industry

1 has suffered or is being threatened with injury and whether the wholesale
2 prices at which the domestic products are sold are reasonable, taking into
3 account the cost of raw materials, labor, overhead, a fair return on
4 investment, and the overall efficiency of the industry.

5 (2) The NEDA shall evaluate the report of the Commission and
6 submit recommendations to the President.

7 (3) Upon receipt of the report of the findings and
8 recommendations of the NEDA, the President may prescribe such
9 adjustments in the rates of import duties, withdraw, modify or suspend,
10 in whole or in part, any concession under any trade agreement,
11 establish import quota, or institute such other import restrictions as the
12 NEDA recommends to be necessary in order to fully protect domestic
13 industry and the consumers, subject to the condition that the wholesale
14 prices of the domestic products concerned shall be reduced to, or
15 maintained at, the level recommended by the NEDA unless for good
16 cause shown, an increase thereof, as recommended by the NEDA, is
17 authorized by the President. Should increases be made without such
18 authority, the NEDA shall immediately notify the President, who shall
19 allow the importation of competing products in such quantities as to
20 protect the public from the unauthorized increase in wholesale prices.

21 f. This section shall not prevent the effectivity of any executive
22 agreement or any future preferential trade agreement with any foreign
23 country.

24 g. The NEDA and the Commission are authorized to promulgate such
25 reasonable procedure, rules and regulations as they may deem necessary to
26 execute their respective functions under this section.

1 **CHAPTER 3. TARIFF NOMENCLATURE AND RATE OF DUTY**

2 **SEC. 1710. *General Rules for the Interpretation (GRI)*.** THE classification
3 of goods and its TARIFF nomenclature AS PROVIDED PURSUANT TO THIS
4 ACT shall be governed by the following principles:

5 1. The titles of Sections, Chapters and Sub-Chapters are provided for
6 ease of reference only; for legal purposes, classification shall be determined
7 according to the terms of the headings and any relative Section or Chapter
8 Notes and, provided such headings or Notes do not otherwise require,
9 according to the following provisions.

10 2. (a) Any reference in a heading to an article shall be taken to
11 include a reference to that article incomplete or unfinished, provided that, as
12 presented, the incomplete or unfinished article has the essential character of
13 the complete or finished article. It shall also be taken to include a reference to
14 that article complete or finished (or falling to be classified as complete or
15 finished by virtue of this Rule), presented unassembled or disassembled.

16 (b) Any reference in a heading to a material or substance shall be
17 taken to include a reference to mixtures or combinations of that material or
18 substance with other materials or substances. Any reference to goods of a
19 given material or substance shall be taken to include a reference to goods
20 consisting wholly or partly of such material or substance. The classification of
21 goods consisting of more than one material or substance shall be according
22 to the principles of Rule 3.

23 3. When by application of Rule 2 (b) or for any other reason, goods
24 are, prima facie, classifiable under two or more headings, classification shall
25 be effected as follows:

26 a. The heading which provides the most specific description
27 shall be preferred to headings providing a more general description.
28 However, when two or more headings each refer to part only of the

1 materials or substances contained in mixed or composite goods or to part
2 only of the items in a set put up for retail sale, those headings are to be
3 regarded as equally specific in relation to those goods, even if one of them
4 gives a more complete or precise description of the goods.

5 b. Mixtures, composite goods consisting of different materials
6 or made up of different components, and goods put up in sets for retail
7 sale, which cannot be classified by reference to 3(a), shall be classified as
8 if they consisted of the material or component which gives them their
9 essential character, insofar as this criterion is applicable.

10 c. When goods cannot be classified by reference to 3(a) or
11 3(b), they shall be classified under the heading which occurs last in
12 numerical order among those which equally merit consideration.

13 4. Goods which cannot be classified in accordance with the above
14 Rules shall be classified under the heading appropriate to the goods to which
15 they are most akin.

16 5. In addition to the foregoing provisions, the following Rules shall
17 apply in respect of the goods referred to therein:

18 a. Camera cases, musical instrument cases, gun cases, drawing
19 instrument cases, necklace cases and similar containers, specially shaped
20 or fitted to contain a specific article or set of articles, suitable for long-term
21 use and presented with the articles for which they are intended, shall be
22 classified with such articles when of a kind normally sold therewith. The
23 Rule does not, however, apply to containers which give the whole its
24 essential character;

25 b. Subject to the provisions of the Rule 5 (a) above, packing materials
26 and packing containers presented with the goods therein shall be classified
27 with the goods if they are of a kind normally used for packing such goods.
28 However, this provision does not apply when such packing materials or

1 packing containers are clearly suitable for repetitive use.

2 6. For legal purposes, the classification of goods in the subheadings
3 of a heading shall be determined according to the terms of those subheadings
4 and any related Subheading Notes and, mutatis mutandis, to the above
5 Rules, on the understanding that only subheadings at the same level are
6 comparable. For the purposes of the Rule the relative Section and Chapter
7 Notes also apply, unless the context otherwise requires.

8 **SEC. 1711. TARIFF NOMENCLATURE AND Rates of Import Duty.** THE
9 PRESIDENT SHALL ISSUE OF AN EXECUTIVE ORDER PRESCRIBING OR
10 AMENDING the Tariff Sections, Chapters, headings and subheadings and the
11 rate of import duty AS ORIGINALLY PROVIDED UNDER PRESIDENTIAL
12 DECREE NO.1464, OTHERWISE KNOWN AS THE TARIFF AND CUSTOMS
13 CODE OF THE PHILIPPINES, AS AMENDED, AND BASED ON THE
14 HARMONIZED SYSTEM, THE AHTN AND OTHER INTERNATIONAL
15 AGREEMENT, AND CONSISTENT WITH SECTION 1708 OF THIS ACT.

16 **SEC. 1712. TARIFF NOMENCLATURE AND RATES OF Export Duty.**
17 THE PRESIDENT SHALL ISSUE OF AN EXECUTIVE ORDER PRESCRIBING
18 the Tariff Sections, Chapters, headings and subheadings and the rate of
19 EXPORT duty BASED ON THE HARMONIZED SYSTEM, THE AHTN AND
20 OTHER INTERNATIONAL AGREEMENT, AND CONSISTENT WITH SECTION
21 1608 OF THIS ACT.

22 The President, upon recommendation of the National Economic and
23 Development Authority, may subject any of the EXPORT products to ANY RATE
24 OF EXPORT DUTY. In the exercise of this authority the President shall take into
25 account: (1) the policy of encouraging domestic processing; (2) the prevailing
26 prices of export products in the world market; (3) the advantages obtained by
27 export products from international agreements to which the Philippines is a

1 signatory; (4) the preferential treatment granted to our export products by foreign
2 governments; and (5) the need to meet domestic consumption requirements.

3 **SEC. 1713. *Rules and Regulations.*** The Commissioner of Customs shall
4 promulgate the rules and regulations necessary for the implementation of this
5 Chapter, subject to the approval of the Secretary of Finance.

6 **TITLE 18. CONGRESSIONAL OVERSIGHT COMMITTEE**

7 **SEC. 1800. CONGRESSIONAL OVERSIGHT COMMITTEE.** A
8 CONGRESSIONAL OVERSIGHT COMMITTEE, HEREINAFTER REFERRED
9 TO AS THE COMMITTEE, IS HEREBY CONSTITUTED IN ACCORDANCE
10 WITH THE PROVISIONS OF THIS ACT. THE COMMITTEE SHALL BE
11 COMPOSED OF THE CHAIRMEN OF THE COMMITTEE ON WAYS AND
12 MEANS OF THE SENATE AND HOUSE REPRESENTATIVES AND FOUR (4)
13 ADDITIONAL MEMBERS FROM EACH HOUSE, TO BE DESIGNATED BY THE
14 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE SENATE
15 PRESIDENT, RESPECTIVELY.

16 THE COMMITTEE SHALL, AMONG OTHERS, IN AID OF LEGISLATION:

17 (1) MONITOR AND ENSURE THE PROPER IMPLEMENTATION OF
18 CTMA;

19 (2) REVIEW THE COLLECTION PERFORMANCE OF THE BUREAU OF
20 CUSTOMS; AND

21 (3) REVIEW THE IMPLEMENTATION OF THE PROGRAMS OF THE
22 BUREAU OF CUSTOMS.

23 IN FURTHERANCE OF THE HEREINABOVE CITED OBJECTIVES, THE
24 COMMITTEE IS EMPOWERED TO REQUIRE OF THE BUREAU OF
25 CUSTOMS THE SUBMISSION OF ALL PERTINENT INFORMATION,
26 INCLUDING BUT NOT LIMITED TO: INDUSTRY AUDITS; COLLECTION

1 PERFORMANCE DATA; STATUS REPORT ON CRIMINAL ACTIONS
2 INITIATED AGAINST PERSONS.

3 **TITLE 19. FINAL PROVISIONS**

4 **SEC. 1900. *Repealing Clause.*** Presidential Decree No. 1464, otherwise
5 known as the Tariff of Customs Code of the Philippines, as amended, is hereby
6 expressly repealed. All other laws, acts, presidential decrees, executive orders,
7 rules and regulations or part thereof, in conflict or inconsistent with the provisions
8 of this Act, are hereby expressly repealed.

9 **SEC. 1901. *Transitory Provisions.*** All suits, proceedings or prosecutions
10 whether civil or criminal, for causes arising or acts done or committed prior to the
11 effectivity of this Act, shall be commenced and/or prosecuted within the same
12 time in the same manner and with the same effect as if this Act had not been
13 enacted and all rights acquired, offences committed and penalties forfeitures or
14 liabilities waived prior to the said effectivity shall not be affected thereby

15 **SEC. 1902. *Separability Clause.*** If any part or parts of this Act should for
16 any reason be held to be invalid or unconstitutional, the remaining parts thereof
17 shall remain in full force and effect

18 **SEC. 1903. *Effectivity Date.*** This Act shall take effect fifteen (15) days
19 following its complete publication in the Official Gazette or in any two (2)
20 newspapers of general circulation, whichever comes earlier.

21 Approved,