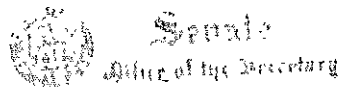


SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



13 JUL -4 AIO :20

SENATE

S. No. 456

NOTED BY:

Introduced by Senator Ralph G. Recto

### Explanatory Note

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

Experts who cooperated with The Arangkada Philippines Project stated that the BOC remains a corrupt agency involved in technical smuggling, leading to tens of billions in VAT and other revenue losses.<sup>[1]</sup>

At the Arangkada Philippines Forum held on February 26, 2013, former Finance Secretary Roberto de Ocampo said that the total value of smuggled commodities in the Philippines is estimated at almost \$20 Billion annually.<sup>[2]</sup>

The business sector considers smuggling as a major concern because it weakens the domestic market for manufacturers and for importers who pay duties and taxes. Experts said that for as long as smuggling provides better profits than manufacturing, the economy will be one of traders and smugglers rather than manufacturers.

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

Aptly entitled "Anti-Smuggling Act of 2013," this proposed legislation aims to make smuggling a much more serious offense by imposing a maximum penalty of life imprisonment if the amount of goods smuggled into the country exceeds P1 million, plus a fine in an amount equal to the appraised value plus fifty percent thereof. Graduated penalties are also imposed depending on the value of the goods illegally imported.

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

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


<sup>1</sup> The Arangkada Philippines Project (TAPP). The American Chamber of Commerce of the Philippines, Inc. (AmCham). "2013 Arangkada Philippines Second Anniversary Forum: Assessment of Year 2012"

<sup>2</sup> Rappler, Cai Ordinario. "PH loses \$20-B to smuggling each year, 26 February 2013" [http://www.rappler.com/business/22623-%E2%80%98ph-loses-\\$20-b-to-smuggling-each-year%E2%80%99](http://www.rappler.com/business/22623-%E2%80%98ph-loses-$20-b-to-smuggling-each-year%E2%80%99) (Accessed on 20 March 2013)

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

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

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




**RALPH G. RECTO**

'13 JUL -4 AIO :19

SENATE

S. No. 156

RECEIVED BY: 

Introduced by Senator Ralph G. Recto

AN ACT  
INSTITUTING REFORMS IN THE BUREAU OF CUSTOMS, INCREASING  
PENALTIES FOR SMUGGLING AND FOR OTHER PURPOSES, THEREBY  
AMENDING PRESIDENTIAL DECREE NO. 1464, OTHERWISE KNOWN AS THE  
TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED

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

1 SECTION 1. *Short Title.* – This Act shall be known and cited as the “*Anti-Smuggling*  
2 *Act of 2013.*”

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

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

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

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

14 (b) Cost of containers;

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

16 (d) The value, apportioned as appropriate, of the following  
17 goods and services: materials, components, parts and similar items  
18 incorporated in the imported goods; tools; dies; moulds and similar  
19 items used in the production of imported goods; materials  
20 consumed in the production of the imported goods; and  
21 engineering, development, artwork, design work and plans and  
22 sketches undertaken elsewhere than in the Philippines and  
23 necessary for the production of imported goods, where such goods  
24 and services are supplied directly or indirectly by the buyer free of

1 charge or at a reduced cost for use in connection with the  
2 production and sale for export of the imported goods;

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

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

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

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

14 (5) The cost of insurance.

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

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

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

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

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

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

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

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

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

1 (i) They are officers or directors of one another's  
2 businesses;

3 (ii) They are legally recognized partners in  
4 business;

5 (iii) There exists an employer-employee  
6 relationship between them;

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

10 (v) One of them directly or indirectly controls the  
11 other;

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

14 (vii) Together they directly or indirectly control a  
15 third person; or

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

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

24 THE TRANSACTION VALUE OF IMPORTED GOODS ABOVE SHALL  
25 BE ACCEPTED PROVIDED THAT:

26 1) THE SALE IS IN THE ORDINARY COURSE OF TRADE  
27 UNDER FULLY COMPETITIVE CONDITIONS;

28 2) THE SALE DOES NOT INVOLVE ANY ABNORMAL  
29 DISCOUNT OR REDUCTION FROM THE ORDINARY COMPETITIVE  
30 PRICE;

31 3) THE SALE DOES NOT INVOLVE SPECIAL DISCOUNTS  
32 LIMITED TO EXCLUSIVE AGENTS; AND

33 4) OBJECTIVE AND QUANTIFIABLE DATA EXIST WITH  
34 REGARD TO THE ADJUSTMENTS REQUIRED TO BE MADE, UNDER  
35 THE PROVISIONS OF SECTION 201 ABOVE, TO THE TRANSACTION  
36 VALUE.

37 "(B) Method Two. – Transaction Value of Identical Goods. – x x x

38 "(C) Method Three. – Transaction Value of Similar Goods. – x x x

1 “(D) *Method Four. – Deductive Value. – x x x*

2 “(1) x x x

3 “(2) The usual costs of transport and insurance and associated costs  
4 incurred within the Philippines; [and]

5 “(3) x x x

6 “(4) x x x

7 “x x x.”

8 “(E) *Method Five. – Computed Value. – x x x*

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

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

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

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

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

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

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

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

25 (6) Minimum customs values; or

26 (7) Arbitrary or fictitious values.

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

1 RELEASE OF THE IMPORTED GOODS: *PROVIDED, FURTHERMORE*, THAT THE  
2 PERMIT OR LICENSE OF THE SURETY COMPANY WHICH HAS AN  
3 OUTSTANDING LIABILITY OF THIRTY PERCENT (30%) OR MORE OF THE  
4 TOTAL DUE AND DEMANDABLE BONDS, AT ANY TIME, WITH THE BUREAU  
5 OF CUSTOMS, TO ISSUE SURETY BOND FOR CUSTOMS PURPOSES, SHALL BE  
6 CANCELLED: *PROVIDED, FINALLY*, THAT ANY SURETY COMPANY SHALL BE  
7 ELIGIBLE TO ISSUE CUSTOMS SURETY BOND ONLY AFTER  
8 DETERMINATION OF GOOD STANDING BY THE INSURANCE COMMISSION.

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

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

22 "REFERENCE INFORMATION OBTAINED FROM A VALUE DATA BASE  
23 APPROVED BY THE COMMISSIONER OF CUSTOMS, INCLUDING REVISION  
24 ORDERS, SHALL BE USED TO TEST THE TRUTHFULNESS AND ACCURACY  
25 OF A GIVEN VALUE DECLARATION. A VALUE DECLARATION WHICH FALLS  
26 OUTSIDE OF THE VALUE RANGE OF REVISION ORDERS SHALL TRIGGER A  
27 VALUATION QUERY ON THE APPLICABILITY OF THE METHOD OF  
28 VALUATION USED BY THE IMPORTER, IN WHICH CASE THE VALUATION  
29 ISSUE SHALL BE DECIDED BY THE VALUATION AND CLASSIFICATION  
30 REVIEW COMMITTEE (VCRC) ON THE APPROPRIATE METHOD OF  
31 VALUATION PRESCRIBED UNDER THIS SECTION. FOR PURPOSES OF THIS  
32 SECTION, A '*REVISION ORDER*' SHALL REFER TO THE DOCUMENT WHICH  
33 INDICATES THE LATEST VALUES OF A PRODUCT(S), WHICH SHALL BE  
34 APPLICABLE AND EFFECTIVE WITHIN THE PERIOD OF NINETY (90) DAYS  
35 FROM DATE OF ITS ISSUANCE BY THE BUREAU OF CUSTOMS, AFTER  
36 CONSULTATION WITH INDUSTRY REPRESENTATIVES. THESE REFERENCE  
37 INFORMATION SHALL BE IMMEDIATELY PUBLISHED BY THE BUREAU OF  
38 CUSTOMS IN ITS WEBSITE.

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

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

13            “*SEC. 607. Annual Report of Commissioner.* – The annual report of the  
14 Commissioner to the President shall, among other things, contain a compilation of the (a)  
15 quantity and value of the articles imported into the Philippines and the corresponding  
16 amount of customs duties, taxes and other charges assessed and collected on imported  
17 articles itemized in accordance with the tariff headings and subheadings as appearing in  
18 the liquidated customs entries provided for in this Code, (b) percentage collection of the  
19 peso value of imports, (c) quantity and value of conditionally-free importations, (d)  
20 customs valuation over and above letters of credit opened, (e) quantity and value of tax-  
21 free imports, and (f) the quantity and value of articles exported from the Philippines as  
22 well as the taxes and other charges assessed and collected on them for the preceding year.  
23 Copies of such annual report shall be furnished regularly to the Department of Finance,  
24 Tariff Commission, NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY,  
25 BANGKO SENTRAL NG PILIPINAS [Central Bank of the Philippines], Board of  
26 Investments, Department of Budget AND MANAGEMENT, and other economic  
27 agencies of the government, on or before December 30, of each year.”

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

31        **SEC. 4.** Section 609 of the Tariff And Customs Code Of The Philippines, as amended, is  
32 hereby further amended to read as follows:

33            “*SEC. 609. Commissioner to Furnish Copies of Collectors' Liquidated*  
34 *Duplicates.* – The Commissioner shall regularly furnish the NATIONAL ECONOMIC  
35 AND DEVELOPMENT AUTHORITY, the BANGKO SENTRAL NG PILIPINAS  
36 [Central Bank of the Philippines], the Tariff Commission, AND THE NATIONAL  
37 STATISTICS OFFICE, BOTH ELECTRONIC AND PAPER COPIES of each of all  
38 customs import/export entries as filed with the Bureau of Customs. The Tariff



1 Commission or its duly authorized agents shall have access to and the right to copy all the  
2 customs liquidated import entries and other documents appended thereto as finally filed  
3 in the Commission on Audit.

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

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

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

16 “SEC. 709. *Authority of the Collector to Remit Duties.* – A Collector shall [have  
17 discretionary authority to] remit the assessment and collection of customs duties, taxes  
18 and other charges when the aggregate amount of such duties, taxes, and other charges is  
19 [less than ten] FIVE HUNDRED pesos (P500.00) OR MORE, and he may dispense with  
20 the seizure of articles of less than [ten] FIVE HUNDRED pesos (P500.00) in value  
21 except in cases of prohibited importations or the habitual or the intentional violation of  
22 the tariff and customs laws.”

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

25 “PART 3. – AUDIT, TRANSPARENCY AND ACCOUNTABILITY

26 . “SEC. 713. UPON THE RECOMMENDATION BY THE BUREAU OF  
27 CUSTOMS OR PETITION DULY MADE BY THE LOCAL INDUSTRY, THE  
28 COMMISSION ON AUDIT (COA) SHALL CONDUCT THE CORRESPONDING  
29 POST ENTRY AUDIT ON THE OPERATIONAL PROCESSES, COLLECTION AND  
30 FINANCIAL REPORTING, FISCAL AND PERSONNEL PERFORMANCE, SYSTEM  
31 EFFICIENCY, INTERNAL CONTROL, INFORMATION AND COMMUNICATION  
32 FLOW, FRAUDULENT AND ILLEGAL PRACTICES, AND SUCH OTHER AREAS  
33 AS MAY BE NECESSARY FOR THE EFFECTIVE OPERATION OF THE BUREAU  
34 OF CUSTOMS AND ITS ATTACHED AGENCIES.

35 *PROVIDED,* THAT THE PRIVATE AUDITING FIRM SHALL BE  
36 DISQUALIFIED FROM CONDUCTING A POST ENTRY ON IMPORTERS WHERE  
37 ITS CLIENT HAS DIRECT OR INDIRECT BUSINESS INTEREST ON THE  
38 ARTICLES OR PRODUCTS SUBJECT MATTER OF THE AUDIT: *PROVIDED,*

1        *FURTHER*, THAT THE FEES TO BE PAID TO THE PRIVATE AUDITING FIRMS  
2        SHALL BE ON CONTINGENT BASIS EQUIVALENT TO 20% OF ITS POSITIVE  
3        FINDINGS.

4                IN THE CONDUCT OF ITS AUDIT AND INVESTIGATIONS, THE  
5        COMMISSION ON AUDIT SHALL HAVE THE AUTHORITY TO REQUIRE THE  
6        PRODUCTION OF DOCUMENTS AND REQUIRE BUREAU PERSONNEL TO  
7        RESPOND TO ITS INQUIRIES. FOR THIS PURPOSE, IT MAY ISSUE *SUBPOENA*  
8        *DUCES TECUM* AND *AD TESTIFICANDUM*. ANY PERSON WHO SHALL REFUSE  
9        TO ABIDE BY THE *SUBPOENA* SO ISSUED MAY BE HELD LIABLE FOR  
10        CONTEMPT.”

11                “SEC. 714. ON THE BASIS OF THE AUDIT CONDUCTED PURSUANT TO  
12        THE PRECEDING SECTIONS, THE RECOMMENDATIONS MADE BY THE COA  
13        SHALL HAVE PERSUASIVE WEIGHT AND SHALL BE PROMPTLY ACTED  
14        UPON BY THE COMMISSIONER WHO SHALL LIKEWISE HAVE THE  
15        AUTHORITY TO ORDER THE CONDUCT OF INVESTIGATIONS FOR THE  
16        PURPOSE OF INITIATING PROSECUTION OF FRAUD AND OTHER GRAFT AND  
17        CORRUPT PRACTICES IN THE BUREAU, AND SHALL RECOMMEND TO THE  
18        OMBUDSMAN THE FILING OF APPROPRIATE CRIMINAL CASES AGAINST  
19        THE ERRING PERSONNEL, AND TO IMPOSE ADMINISTRATIVE SANCTIONS.”

20                “SEC. 715. THE COMMISSION ON AUDIT SHALL SUBMIT AN ANNUAL  
21        REPORT TO THE COMMISSIONER, THE SECRETARY OF FINANCE, THE  
22        OFFICE OF THE PRESIDENT, AND THE CONGRESS, STATING THE RESULT OF  
23        ITS INSPECTIONS AND AUDITS. THE REPORT SHALL CONTAIN ALL THE  
24        NECESSARY DATA WHICH LED TO ITS RECOMMENDATIONS AND  
25        FINDINGS, AND SHALL BE MADE AVAILABLE TO THE PUBLIC THROUGH  
26        ELECTRONIC AND NON-ELECTRONIC MEANS, UNLESS NON-DISCLOSURE IS  
27        WARRANTED BY NATIONAL SECURITY.”

28        **SEC. 8.** A new section to be known as Section 1001-A is hereby inserted after Section  
29        1001 of the Tariff and Customs Code of the Philippines, as amended, which shall read as  
30        follows:

31                “SEC. 1001-A. *TRANSMISSION OF ELECTRONIC COPY OF*  
32        *MANIFEST/STOWAGE PLAN PRIOR TO ARRIVAL* – AN ELECTRONIC COPY OF  
33        THE CARGO AND PASSENGER MANIFEST AS WELL AS THE STOWAGE PLAN  
34        OF THE VESSEL ENGAGED IN FOREIGN TRADE SHALL BE TRANSMITTED TO  
35        THE BUREAU OF CUSTOMS, DEPARTMENT OF TRADE AND INDUSTRY AND  
36        DEPARTMENT OF AGRICULTURE AT LEAST TWELVE (12) HOURS FOR  
37        OCEAN GOING VESSELS AND TWO (2) HOURS FROM DEPARTURE FOR  
38        AIRLINES PRIOR TO THEIR ARRIVAL IN THE PORT OF ENTRY: *PROVIDED*,

1 THAT IF THE VESSEL IS AN AIRCRAFT, THE MANIFEST SHALL BE  
2 ELECTRONICALLY TRANSMITTED TO THE BUREAU OF CUSTOMS,  
3 DEPARTMENT OF TRADE AND INDUSTRY, AND DEPARTMENT OF  
4 AGRICULTURE AT LEAST ONE (1) HOUR PRIOR TO THE AIRCRAFT'S  
5 ARRIVAL IN THE PORT OF ENTRY."

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

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

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

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

25 "A cargo manifest shall in no case be changed or altered after entry of the vessel,  
26 except by means of an amendment by the master, consignee or agent thereof, under oath,  
27 and attached to the original manifest: *Provided, however,* That after the invoice and/or  
28 entry covering an importation have been received and recorded [in the office of the  
29 appraiser] EITHER MANUALLY OR ELECTRONICALLY IN THE BUREAU OF  
30 CUSTOMS OR HAD BEEN LOGGED IN ITS COMPUTER SYSTEM, no amendment  
31 of the manifest shall be allowed, except when it is obvious that a clerical error or any  
32 discrepancy has been committed in the preparation of the manifest, without any  
33 fraudulent intent, discovery of which would not have been made until after examination  
34 has been completed. PRIOR TO RELEASE OF THE CARGO, THE VERACITY OF  
35 THE AMENDMENT SHALL BE EXAMINED BY THE COLLECTOR OF CUSTOMS  
36 FOR THE PURPOSE OF INVOKING PENAL PROVISION UNDER SECTIONS 2503  
37 AND 3602 OF THIS CODE."

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

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

11           “WITHIN THREE (3) DAYS FROM RECEIPT OF THE CARGO MANIFEST  
12 FROM THE MASTER OF THE VESSEL, THE COLLECTOR SHALL POST COPIES  
13 THEREOF AT A CUSTOMS BULLETIN BOARD FOR TWO (2) CONSECUTIVE  
14 WEEKS.”

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

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

20           “WITHIN FIVE (5) DAYS FROM THE ACTUAL DISCHARGE OF A  
21 VESSEL, BUT IN ANY CASE NOT LATER THAN FIFTEEN (15) DAYS FROM THE  
22 DATE OF THE VESSEL’S DEPARTURE FROM THE PHILIPPINES, THE PARTY  
23 WHO APPLIED FOR FOREIGN TRANSSHIPMENT SUCH AS THE SHIPPING  
24 COMPANY OR AGENT, TRANSSHIPMENT OPERATOR OR THE OWNER OF  
25 THE GOODS SHALL SUBMIT TO THE BUREAU OF CUSTOMS AND/OR TO THE  
26 BUREAU OF INTERNAL REVENUE, A CERTIFICATE OF DISCHARGE FROM  
27 THE FOREIGN PORT OF DISCHARGE OR DESTINATION. THE CERTIFICATE  
28 OF DISCHARGE SHALL CERTIFY THAT THE GOODS TRANSSHIPPED FROM  
29 THE PHILIPPINES WERE DISCHARGED AT THE PORT OF DESTINATION AND  
30 RECEIVED BY THE CONSIGNEE NAMED IN THE MANIFEST. THE  
31 CERTIFICATE OF DISCHARGE SHALL BE ISSUED BY THE CUSTOMS OR PORT  
32 OFFICIALS AT THE FOREIGN PORT OF DESTINATION: *PROVIDED*, THAT IF  
33 THE SAID CERTIFICATE IS IN A FOREIGN LANGUAGE OTHER THAN  
34 ENGLISH, IT SHALL BE ACCOMPANIED BY AN ENGLISH TRANSLATION  
35 DULY AUTHENTICATED BY A PHILIPPINE COMMERCIAL ATTACHE OR  
36 CONSUL. THE CERTIFICATE OF DISCHARGE TO BE SUBMITTED TO THE  
37 BUREAU OF CUSTOMS AND/OR BUREAU OF INTERNAL REVENUE SHALL BE  
38 ACCOMPANIED BY A COPY OF THE INWARD FOREIGN MANIFEST

1 SUBMITTED TO, RECEIVED BY, AND PROPERLY STAMPED BY THE  
2 CUSTOMS AUTHORITIES AT THE PORT OF DESTINATION.

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

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

20 "SEC 1204. *Liability of Importer for Duties.* – Unless relieved by laws or  
21 regulations, the liability for duties, taxes, fees and other charges attaching on importation  
22 constitutes a personal debt from the importer to the government which can be discharged  
23 only by payment in full of all duties, taxes, fees and other charges legally accruing. It  
24 constitutes a lien upon the articles imported which may be enforced while such articles  
25 are in custody or subject to the control of the government. AS USED IN THIS CODE,  
26 OTHER CHARGES SHALL INCLUDE LIENS OF GOVERNMENT REGULATORY  
27 AGENCIES."

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

30 "SEC. 1025. *Export Product to Conform to Standard Grades AND EXPORT*  
31 *MARKING REQUIREMENTS.* – A Collector shall not permit products for which standard  
32 grades OR "EXPORT ONLY" OR "FOR EXPORT" MARKING REQUIREMENTS  
33 have been established by the government THROUGH LAWS OR REGULATIONS to be  
34 laden aboard a vessel clearing for a foreign port, unless the shipment conforms to the  
35 requirements of law OR REGULATION relative to the shipment of such products:  
36 *PROVIDED, HOWEVER,* THAT EXPORT OF PRODUCTS MARKED "NOT FOR  
37 EXPORT" SHALL BE PROHIBITED, AND THAT LABELS OR MARKS

1 INDICATING "PLACE OF SALE" OF THE PRODUCT OR "NOT FOR EXPORT"  
2 MARKINGS SHALL NOT BE CHANGED, TAMPERED OR CONCEALED.

3 "GOODS INTENDED FOR EXPORT WHICH DO NOT COMPLY WITH  
4 STANDARD GRADES, EXPORT MARKING REQUIREMENTS, OR WHOSE "NOT  
5 FOR EXPORT" OR "PLACE OF SALE" LABELS HAVE BEEN CHANGED,  
6 TAMPERED OR CONCEALED SHALL BE DISPOSED OF IN ACCORDANCE  
7 WITH THIS CODE, EXCEPT THROUGH EXPORTATION."

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

10 "SEC. 1210. *Disposition of Imported Articles Remaining on Vessel After Time for*  
11 *Unloading.* – Imported articles remaining on board any vessel after the expiration of the  
12 said period for discharge and not reported for transshipment to another port, may be  
13 unladen by customs authorities and stored at the vessel's expense.

14 "Unless prevented by causes beyond the vessel's control, such as port congestion,  
15 strikes, riots, or civil commotions, failure of vessel's gear, bad weather, and similar  
16 causes, articles so stored shall be entered within [thirty] FIFTEEN ([30]15) days, which  
17 shall not be extendible, from the date of discharge of the last package from the vessel or  
18 aircraft and shall be claimed within fifteen (15) days, which shall likewise not be  
19 extendible from the date of posting of the notice to claim in conspicuous places in the  
20 Bureau of Customs. If not entered or not claimed, it shall be disposed of in accordance  
21 with the provisions of this Code."

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

24 "SEC. 1212. *IMPORT PERMIT/IMPORT AUTHORITY FOR AGRICULTURAL*  
25 *PRODUCTS.* – IMPORTED AGRICULTURAL PRODUCTS MUST BE COVERED  
26 BY A VALID IMPORT OR QUARANTINE PERMIT ISSUED BY THE  
27 DEPARTMENT OF AGRICULTURE OR ITS CONCERNED BUREAU PRIOR TO  
28 IMPORTATION INTO THE PHILIPPINES. NO AGRICULTURAL PRODUCTS  
29 MUST BE ACCEPTED FOR LOADING AND/OR TRANSPORT BY A VESSEL OR  
30 AIRCRAFT INTO THE COUNTRY IF THESE AGRICULTURAL PRODUCTS HAVE  
31 NOT BEEN AUTHORIZED THROUGH AN IMPORT PERMIT OR IMPORT  
32 AUTHORITY ISSUED BY THE DEPARTMENT OF AGRICULTURE PRIOR TO  
33 SHIPMENT. THE SAME AGRICULTURAL PRODUCTS MUST BE SHIPPED  
34 BACK TO THE COUNTRY OF ORIGIN BY THE IMPORTER/ CONSIGNEE  
35 THROUGH THE SAME CARRIER THAT LOADED/TRANSPORTED, OR  
36 BROUGHT IN THE PRODUCTS: *PROVIDED*, THAT ANY IMPORTED  
37 AGRICULTURAL PRODUCT THAT WAS ISSUED AN IMPORT PERMIT OR  
38 IMPORT AUTHORITY AFTER ENTRY INTO THE PHILIPPINES, WHEN SUCH

1 IMPORT PERMIT/AUTHORITY IS REQUIRED PRIOR TO IMPORTATION OF  
2 SUBJECT AGRICULTURAL PRODUCT, SHALL BE CONSIDERED AS  
3 SMUGGLED ARTICLE AND SHALL BE DISPOSED OF IN THE MANNER  
4 PROVIDED FOR IN SECTION 2602 OF THIS CODE.”

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

7 “SEC. 1302. *Import Entries.* – All imported articles, except importations  
8 admitted free of duty under Subsection “k”, Section one hundred and five of this Code,  
9 shall be subject to a formal or informal entry. Articles of a commercial nature intended  
10 for sale, barter or hire, the dutiable value of which is Two thousand pesos (P2,000.00) or  
11 less, and personal and household effects or articles, not in commercial quantity, imported  
12 in passenger’s baggage, mail or otherwise, for personal use, shall be cleared on an  
13 informal entry whenever duty, tax or other charges are collectible.

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

17 “A formal entry may be for immediate consumption, or under irrevocable  
18 domestic letter of credit, bank guarantee or bond for:

19 “(a) Placing the article in customs bonded warehouse;

20 “(b) Constructive warehousing and immediate transportation to other ports  
21 of the Philippines upon proper examination and appraisal; or

22 “(c) Constructive warehousing and immediate exportation.

23 “FOR PURPOSES HERETO, ALL IMPORT ENTRIES SHALL EXPLICITLY  
24 AND CLEARLY INDICATE THE NAME OF THE WAREHOUSE WHERE THE  
25 IMPORTED ARTICLES WILL BE PLACED OR DEPOSITED, AND THE NAME OF  
26 THE IMPORTER OR CONSIGNEE.

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

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

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

33 “SEC. 1313. *Information Furnished on Classification and Value.* –

34 a. As to classification OF AN ARTICLE AND TRADE FACILITATION –  
35 [When an article imported or intended to be imported id not specifically classified  
36 in this Code, the interested party, importer or foreign exporter may submit to the  
37 Tariff Commission a sample together with a full description of its component  
38 materials and uses, and request it in writing to indicate the heading under which

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

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

27 “SEC. 1401. *Conditions for Examination.* — x x x

28 “(1) x x x

29 “x x x

30 “(5) The importer disagrees with the findings as contained in the government  
31 surveyor's report;

32 “(6) The articles are imported through air freight where the Commissioner or  
33 Collector has knowledge that there is a variance between the declared and true quantity,  
34 measurement, weight, and tariff classification; OR

35 “(7) THE PRODUCT DESCRIPTION OF THE SHIPMENT IS NOT IN  
36 ACCORDANCE WITH THE EXISTING HARMONIZED SYSTEMS CODE.”



1           **SEC. 19.** A new section to be known as Section 1401-A is hereby inserted after Section  
2 1401 of the Tariff and Customs Code of the Philippines, as amended, which shall read as  
3 follows:

4           “SEC. 1401-A. *VALUATION LIBRARY.* – THE COMMISSIONER SHALL  
5 ENSURE THAT THERE SHALL BE A VALUATION LIBRARY, WHICH SHALL BE  
6 KEPT UP TO DATE AND MAINTAINED USING THE BEST AVAILABLE  
7 TECHNOLOGY. THE VALUATION LIBRARY SHALL BE MADE READILY  
8 AVAILABLE TO THE PUBLIC.”

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

11           “Sec. 1403. *Duties of Customs Officer Tasked to Examine, Classify and Appraise*  
12 *Imported Articles.* - The customs officer tasked to examine, classify, and appraise  
13 imported articles shall determine whether the packages designated for examination and  
14 their contents are in accordance with the declaration in the entry, invoice and other  
15 pertinent documents and shall make a return in such a manner to indicate whether the  
16 articles have been truly and correctly declared in the entry as regard their quantity,  
17 measurement, weight, and tariff classification and not imported contrary to law.  
18 SUBJECT TO THE GUIDELINES TO BE ISSUED BY THE COMMISSIONER WITH  
19 THE APPROVAL OF THE SECRETARY OF FINANCE, THE CUSTOMS OFFICER  
20 [He] shall TAKE A REPRESENTATIVE [submit] sample OF THE IMPORTED  
21 ARTICLE IN THE PRESENCE OF THE IMPORTER, CONSIGNEE OR THEIR  
22 REPRESENTATIVES to BE SUBMITTED TO the CUSTOMS laboratory OR TO THE  
23 LABORATORY OF THE APPROPRIATE GOVERNMENT REGULATORY  
24 AGENCY for analysis when feasible to do so [and] OR when such analysis is necessary  
25 for the proper classification, appraisal and/or admission into the Philippines of imported  
26 articles. THE CUSTOMS OFFICER SHALL TAKE INTO ACCOUNT THE RESULT  
27 OF THE ANALYSIS IN THE CLASSIFICATION, APPRAISAL AND/OR  
28 ADMISSION INTO THE PHILIPPINES OF THE IMPORTED ARTICLE. !

29           “Likewise, the customs officer shall determine the unit of quantity in which they  
30 are usually bought and sold and appraise the imported articles in accordance with Section  
31 201 of this Code.

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

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

36           “SEC. 1704. *Abatement or Refund of Duties on Articles Lost or Destroyed After*  
37 *Arrival.* – x x x

38                   “a. x x x

1 "x x x

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

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

9 "SEC. 1801. *Abandonment, Kinds and Effects of.* – An imported article is  
10 deemed abandoned under any of the following circumstances:

11 "a. When the owner, importer, consignee of the imported article  
12 expressly signifies in writing to the Collector of Customs his intention to  
13 abandon; or

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

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

1 FORWARDERS, CONSOLIDATORS, BREAK BULK AGENTS AND THEIR  
2 AGENTS AND SUB-AGENTS AND ARRASTRE CONTRACTORS TO  
3 COMPLY HEREWITH SHALL CONSTITUTE A GROUND FOR THE  
4 SUSPENSION OF THEIR LICENSES OR AUTHORITY TO ENGAGE IN  
5 THEIR RESPECTIVE LINE OF ACTIVITIES IN THE IMPORTATION  
6 OPERATIONS OR WHEN THERE IS A WRITTEN DENIAL OF  
7 OWNERSHIP FROM THE PERSON INDICATED ON THE MANIFEST OR  
8 BILL OF LADING AS THE OWNER, IMPORTER, OR CONSIGNEE OF THE  
9 IMPORTED ARTICLE.

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

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

15 "SEC. 1802. *Abandonment of Imported Articles.* – An abandoned article shall ipso  
16 facto be deemed the property of the Government. ALL ABANDONED ARTICLES  
17 SHALL BE AUTOMATICALLY SUBJECT TO AUCTION AND SHALL IN NO  
18 CASE BE SUBJECT TO SETTLEMENT OR COMPROMISE.

19 "AN UPDATED LISTING OF ALL ABANDONED SHIPMENTS  
20 SCHEDULED FOR AUCTION SHALL BE POSTED ON THE OFFICIAL WEBSITE  
21 OF THE BUREAU OF CUSTOMS AND AT THE MAIN ENTRANCE OF CUSTOMS  
22 HOUSES.

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

26 "Any official or employee of the Bureau of Customs or of other government  
27 agencies who, having knowledge of the existence of an abandoned article or having  
28 control or custody of such abandoned article, fails to report to the Collector within  
29 twenty-four (24) hours from the time the article is deemed abandoned shall be punished  
30 with the penalties prescribed in Paragraph 1, Section 3604 of this Code." (RA 7651, June  
31 4, 1993)

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

34 "SEC. 1901. *Establishment and Supervision of Warehouses.* – When the business  
35 of the port requires such facilities, the Collector, subject to the approval of the  
36 Commissioner, shall designate and establish INDUSTRY SPECIFIC warehouses for use  
37 as public and private bonded warehouses, sheds or yards, or for other special purposes.  
38 ALL SUCH WAREHOUSES SHALL BE ACCREDITED BY AN ACCREDITATION

1 COMMITTEE WHICH SHALL BE COMPOSED OF THE SECRETARY OF TRADE  
2 AND INDUSTRY, AS CHAIR THEREOF, AND ONE REPRESENTATIVE EACH  
3 FROM THE INDUSTRY ASSOCIATION OR INDUSTRY SECTOR AFFECTED,  
4 AND THE INDUSTRY ASSOCIATION SOUGHT TO BE SERVICED BY THE  
5 CUSTOMS BONDED WAREHOUSE.

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

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

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

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

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

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

26 "SEC. 1903. *Bonded Warehouses.* – Application for the establishment of bonded  
27 warehouses must be made in writing and filed with the Collector, describing the  
28 premises, the location, and capacity of the same, the purpose for which the building is to  
29 be used, AND THE INDUSTRY TO WHICH IT BELONGS. THE APPLICATION  
30 SHALL LIKEWISE BE ACCOMPANIED BY VERIFIED COPIES OF DOCUMENTS  
31 INDICATING THE OWNERSHIP AND THE FINANCIAL CAPACITY OF THE  
32 BONDED WAREHOUSE.

33 "Upon receipt of such application, the Collector shall cause an examination of the  
34 premises, with reference particularly to its location, construction and means provided for  
35 the safekeeping of articles. THE COLLECTOR SHALL LIKEWISE DETERMINE THE  
36 OWNERSHIP OF THE APPLICANT BONDED WAREHOUSE OR TO VERIFY IF  
37 OWNERS OF A BONDED WAREHOUSE WHICH HAD BEEN CLOSED DUE TO  
38 ITS NON-COMPLIANCE WITH CUSTOMS LAWS and REGULATIONS WHICH

1 HAVE ANY INTEREST THEREIN. [i]f THE APPLICATION IS found satisfactory,  
2 [he] THE COLLECTOR may authorize its establishment, and accept a bond for its  
3 operation and maintenance. The operator of such bonded warehouse shall pay an annual  
4 supervision fee in an amount to be fixed by the Commissioner. The bonded warehouse  
5 officers and other employees thereof shall be regular customs employees who shall be  
6 appointed in accordance with the Civil Service Law, rules and regulations.

7 "THE PAID-UP CAPITAL AND NET ASSETS OF THE BONDED  
8 WAREHOUSE SHALL BE SET AT AN AMOUNT DETERMINED BY THE  
9 COMMISSIONER AS SUFFICIENT TO COVER THE TAX AND DUTIES OF  
10 GOODS OF UNLIQUIDATED ENTRIES WHICH SHALL BE STORED THEREIN  
11 AT ANY GIVEN TIME. OTHERWISE, THE APPLICATION SHALL NOT BE  
12 GRANTED, AND AN AUTHORITY ALREADY GRANTED SHALL BE REVOKED.

13 "THESE REQUIREMENTS SHALL LIKEWISE EXTEND TO REGISTERED  
14 LOCATORS OPERATING UNDER THE CHARTERS OF THE PHILIPPINE  
15 ECONOMIC ZONE AUTHORITY, THE SUBIC BAY METROPOLITAN AUTHORITY,  
16 AND OTHER FREEPORTS AND ECOZONES."

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

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

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

30 "SEC. 1905. *Discontinuance of Warehouses.* – The use of any warehouse may be  
31 discontinued by the Collector at any time when conditions so warrant, or in the case of a  
32 private warehouse, upon receipt of written request to that effect from the operator thereof  
33 of the premises, provided all the requirements of the law and regulations have been  
34 complied with by said operator. A LEGITIMATE INDUSTRY GROUP MAY  
35 LIKEWISE RECOMMEND TO THE COLLECTOR THE DISCONTINUANCE OF  
36 THE BONDED WAREHOUSE ON GROUNDS OF NON-COMPLIANCE WITH THE  
37 REQUIREMENTS OF LAW AND REGULATIONS. When the dutiable article is stored  
38 in such premises, the same must be removed at the risk and expense of the operator and

1 the premises shall not be relinquished, nor discontinuance of its use authorized, until a  
2 careful examination of the account of the warehouse shall have been made.  
3 Discontinuance of any warehouse shall be effective upon official notice and approval  
4 thereof by the Collector.”

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

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

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

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

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

31 “SEC. 1908. *Limit to Period of Storage in Bonded Warehouse.* – Articles duly  
32 entered for warehousing may remain in bonded warehouses for a maximum period of  
33 [one year] SIX (6) MONTHS, EXTENDIBLE FOR ANOTHER THREE (3) MONTHS  
34 from the time of RECEIPT OF THE WAREHOUSE. Articles not withdrawn at the  
35 expiration of the prescribed period shall be DEEMED ABANDONED AND SUBJECT  
36 TO DISPOSITION IN ACCORDANCE WITH THE PROVISIONS OF THIS CODE.  
37 EMBROIDERY AND SHIPBUILDING INDUSTRIES MAY STORE THEIR

1 IMPORTS IN THE CUSTOMS BONDED WAREHOUSE FOR A PERIOD OF  
2 TWENTY-FOUR (24) MONTHS.

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

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

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

17 "SEC. 1910. *ACTS DEEMED AS SMUGGLING PUNISHABLE UNDER*  
18 *SECTIONS 3601 AND 3602 OF THIS CODE.* – THE FOLLOWING SHALL BE  
19 DEEMED AS ACTS OF SMUGGLING WHICH SHALL BE PUNISHABLE UNDER  
20 SECTIONS 3601 AND 3602 OF THIS CODE:

21 "(A) BREAKING OF CUSTOMS SEALS OR UNAUTHORIZED  
22 REMOVAL OF ARTICLES FROM BONDED WAREHOUSES;

23 "(B) SUBMISSION OF INCORRECT OR FALSE INFORMATION BY  
24 THE BONDED WAREHOUSE;

25 "(C) WAREHOUSING OF THE FOLLOWING SHIPMENTS:

26 "1. FINISHED ARTICLES, EXCEPT IN THE TEXTILE AND  
27 GARMENTS INDUSTRIES AND SEMI-CONDUCTOR AND  
28 ELECTRONICS INDUSTRIES. – FINISHED ARTICLES, AS USED IN  
29 THIS SECTION, SHALL REFER TO SCIENTIFICALLY OR  
30 TECHNOLOGICALLY PROCESSED ARTICLES IN FINAL STATE  
31 SUCH THAT NO OTHER PRODUCT CAN BE MANUFACTURED  
32 THEREFROM UNLESS ITS PRINCIPAL CHARACTER IS FIRST  
33 DESTROYED.

34 "2. ARTICLES NOT DECLARED IN THE IMPORT ENTRIES  
35 OR IN EXCESS OF THE VOLUME AND QUANTITY ALLOWED  
36 UNDER THE LICENSE OF THE CUSTOMS BONDED WAREHOUSE.

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

4                   “(D) UNAUTHORIZED TRANSFERS FROM THE CUSTOMS ZONE  
5                   OF WAREHOUSING ARTICLES IMPORTED BY THE BONDED  
6                   WAREHOUSE.

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

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

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

18                  “IMPORTATIONS MADE IN VIOLATION OF THE ABOVE  
19                  PROVISIONS IN THIS SECTION SHALL *IPSO FACTO* BE FORFEITED IN  
20                  FAVOR OF THE GOVERNMENT TO BE DISPOSED OF PURSUANT TO  
21                  THE PROVISIONS OF THIS CODE.”

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

24                  “SEC. 1911. *VERIFICATION OF RECORDS KEPT IN CUSTOMS BONDED*  
25                  *WAREHOUSES.* – A CAREFUL ACCOUNT SHALL BE KEPT BY THE  
26                  COLLECTOR OF ALL ARTICLES DELIVERED TO ANY BONDED WAREHOUSE,  
27                  AND A SWORN MONTHLY RETURN, DULY VERIFIED BY THE CUSTOMS  
28                  OFFICIAL, IN CHARGE, SHALL BE MADE BY THE BONDED WAREHOUSE  
29                  CONTAINING A DETAILED STATEMENT OF ALL IMPORTED ARTICLES  
30                  STORED THEREIN.

31                  “ALL DOCUMENTS, BOOKS AND RECORDS OF ACCOUNTS  
32                  CONCERNING THE OPERATION OF ANY BONDED WAREHOUSE SHALL,  
33                  UPON DEMAND OF THE SECRETARY OF FINANCE, BE MADE AVAILABLE TO  
34                  THE COLLECTOR OR HIS REPRESENTATIVE OR THE INDUSTRY  
35                  ASSOCIATION OR INDUSTRY SECTOR AFFECTED AND SOUGHT TO BE  
36                  SERVICED BY THE BONDED WAREHOUSE, FOR PURPOSES OF  
37                  EXAMINATION AND/OR AUDIT.”



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

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

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

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

20           “a. x x x

21           “b. Any imported material used in the manufacture of such articles, and any  
22 package, covering, brand and label used in putting up the same may, under the regulation  
23 prescribed by the Commissioner, with the approval of the Secretary of Finance, be  
24 conveyed without the payment of duty into any bonded manufacturing warehouse, and  
25 imported articles may, under the aforesaid regulations, be transferred without the  
26 payment of duty from any bonded warehouse into any bonded manufacturing  
27 warehouse, or to duly accredited sub-contractors of manufacturers who shall process the  
28 same into finished products for exports and deliver such finished products back to the  
29 bonded manufacturing warehouse, therefrom to be exported; but this privilege shall not  
30 be held to apply to implements, machinery or apparatus to be used in the construction or  
31 repair of any bonded manufacturing warehouse: *PROVIDED, HOWEVER*, THAT THE  
32 IMPORTED MATERIAL TRANSFERRED OR CONVEYED INTO ANY BONDED  
33 WAREHOUSE OR DIRECTLY INTO ANY MANUFACTURING BONDED  
34 WAREHOUSE, PRIOR TO ITS UNLOADING, SO AS NOT TO BE SUBJECT TO  
35 THE PAYMENT OF DUTY, SHALL BE SO MARKED, INDICATED AND  
36 IDENTIFIED WITH THE LETTERS “CBW” PRINTED BOLDLY, LEGIBLY,  
37 INDELIBLY, AND PERMANENTLY ON THE COVERING OF THE PACKAGE OR  
38 SACK OF THE IMPORTED MATERIAL, SUBJECT TO THE LIMITATIONS

1 MENTIONED IN SUBPARAGRAPHS A, B, C, D AND H OF PARAGRAPH 3,  
2 SECTION 303 OF THIS CODE: *Provided, [however] FURTHER*, That the materials  
3 transferred or conveyed into any bonded manufacturing warehouse shall be used in the  
4 manufacture of articles for exportation within a period of [nine (9) months] THIRTY (30)  
5 DAYS from date of such transfer or conveyance into the bonded manufacturing  
6 warehouse, which period may for sufficient reasons be further extended for not more than  
7 [three (3) months] THIRTY (30) DAYS by the Commissioner. Materials not used in the  
8 manufacture of articles for exportation within the prescribed period shall pay the  
9 corresponding duties REFUNDABLE UPON PROOF OF LIQUIDATION OF THE  
10 IMPORTED ARTICLES AFTER EXPORTATION: *Provided, [further] FINALLY*, That  
11 the operation of embroidery and apparel firms shall continue to be governed by Republic  
12 Act Numbered Thirty-one hundred and thirty-seven.”

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

15 “SEC. 2003. *Procedure for Withdrawal.* – Articles received into such bonded  
16 manufacturing warehouse or articles manufactured therein may be withdrawn or removed  
17 therefrom for direct shipment and for immediate exportation in bond under the  
18 supervision of the proper customs officer, who shall certify to such shipment and  
19 exportation, or lading for immediate exportation as the case may be, describing the  
20 articles by their mark or otherwise, the quantity, the date of exportation, in the name of  
21 the vessel or aircraft: *Provided*, That the waste and by-products incident to the process of  
22 manufacture in said bonded warehouse may be withdrawn for domestic consumption  
23 upon payment of duty equal to the duty which would be assessed and collected pursuant  
24 to law if such waste or by-products were imported from a foreign country: *Provided,*  
25 *further*, That all waste materials may be [disposed] DESTROYED under government  
26 supervision. All labor performed and services rendered under these provisions shall be  
27 under the supervision of a proper customs official and at the expense of the manufacturer.

28 “VIOLATION OF THE FOREGOING PROVISION SHALL BE DEEMED AS  
29 SMUGGLING WHICH SHALL BE PUNISHABLE UNDER SECTIONS 3601 AND  
30 3602 OF THIS CODE.

31 “THE ARTICLES SUBJECT OF THE VIOLATION SHALL *IPSO FACTO* BE  
32 FORFEITED IN FAVOR OF THE GOVERNMENT TO BE DISPOSED OF  
33 PURSUANT TO THE PROVISIONS OF THIS CODE.”

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

36 “SEC. 2005. *Bonded Smelting Warehouses.* – The plants of manufacturers  
37 engaged in smelting or refining, or both, of ores and crude metals, may, upon the filing of  
38 CASH bonds, be designated as bonded smelting warehouses. Ores or crude metals may

1 be removed from the vessel or aircraft in which imported, or from a bonded warehouse,  
2 into a bonded smelting warehouse without the payment of duties thereon, and there  
3 smelted or refined, or both, together with ores or crude metals of home or foreign  
4 productions: *Provided*, That the CASH BOND SHALL BE IN a sum equal in amount to  
5 the regular duties which would have been payable on such ores and crude metals if  
6 entered for consumption at the time of their importation, and the several charges against  
7 such bond shall be cancelled upon the exportation or delivery to bonded manufacturing  
8 warehouse established under section twenty hundred and one hereof of a quantity of the  
9 same kind of metal equal to the quantity of metal contained in such ores or crude metals,  
10 due allowance being made of the smelter wastage as ascertained from time by the  
11 Commissioner: *Provided, further*, That the said metals so producible or any portion  
12 thereof, may be withdrawn for RE-EXPORTATION UPON PROOF THAT THE  
13 ORDER TO IMPORT THE SUBJECT METALS HAS BEEN CANCELLED AND  
14 THAT THE METALS TO BE WITHDRAWN DO NOT AMOUNT TO MORE THAN  
15 FIFTY PERCENT (50%) OF THE TOTAL INVENTORY OF THE BONDED  
16 SMELTING WAREHOUSE: *Provided, further*, That on the arrival of the ores or crude  
17 metals at such establishments they shall be sampled and assayed according to commercial  
18 methods under the supervision of proper government officials: *Provided, further*, That  
19 all labor performed and services rendered pursuant to this section shall be under the  
20 supervision of the proper customs official and at the expenses of the manufacturer:  
21 *Provided, further*, That all regulations for carrying out the provisions of this section shall  
22 be prescribed by the Commissioner with the approval of the department head: *Provided*,  
23 *FURTHER*, That the several charges against the bond of any smelting warehouse  
24 established under the provisions of this section may be cancelled upon the exportation or  
25 transfer to a bonded manufacturing warehouse from any bonded smelting warehouse  
26 established under this section of a quantity of the same kind of metal, in excess of that  
27 covered by open bonds, equal to the amount of metal producible from the smelting or  
28 refining, or both, of the dutiable metal contained in the imported ores or crude metals,  
29 due allowance being made of the smelter wastage as ascertained from time to time by the  
30 Commissioner with the approval of the department head: *PROVIDED, FINALLY*, THAT  
31 BONDED SMELTING WAREHOUSES SHALL LIKEWISE BE SUBJECT TO THE  
32 PROVISIONS UNDER TITLE V, PART 1 OF THIS CODE, AS AMENDED.”

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

35 “SEC. 2007. BUREAU OF CUSTOMS AND BUREAU OF INTERNAL  
36 REVENUE DIRECT RECORD LINKAGE. - TO ASSURE THE PROPER  
37 COORDINATION OF THEIR RESPECTIVE AUDIT AS WELL AS IN THE  
38 INVESTIGATION AND PROSECUTION OF TAX AND DUTY RELATED CASES, A

1 REAL-TIME LINKAGE VIA COMPUTER OF THE RECORDS OF BOTH THE  
2 BUREAU OF CUSTOMS AND THE BUREAU OF INTERNAL REVENUE SHALL  
3 BE IMMEDIATELY MADE.”

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

6 “SEC. 2317. *Government’s Right of Compulsory Acquisition.* – In order to  
7 protect the government revenues against the undervaluation of goods subject to *ad*  
8 *valorem* duty, the Commissioner of Customs may acquire imported goods under question  
9 for a price equal to their declared customs value plus any duties already paid on the  
10 goods, payment for which shall be made within ten (10) working days from issuance of a  
11 warrant signed by the Commissioner of Customs for the acquisition of such goods.

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

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

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

1 "Nothing in this Section limits or affects any other powers of the Bureau of  
2 Customs with respect to the disposition of the goods or any liability of the importer or  
3 any other person with respect to an offense committed in the importation of the goods."

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

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

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

26 "SEC. 2503. *Undervaluation, Misclassification and Misdeclaration in Entry.* –  
27 When the dutiable value of the imported articles shall be so declared and entered that the  
28 duties, based on the declaration of the importer on the face of the entry would be less by  
29 ten percent (10%) than should be legally collected, or when the imported articles shall be  
30 so described and entered that the duties based on the importer's description on the face of  
31 the entry would be less by ten percent (10%) than should be legally collected based on  
32 the tariff classification, or when the dutiable weight, measurement or quantity of  
33 imported articles is found upon examination to exceed by ten percent (10%) or more than  
34 the entered weight, measurement or quantity, a surcharge shall be collected from the  
35 importer in an amount of not less than the difference between the full duty and the  
36 estimated duty based upon the declaration of the importer, nor more than twice of such  
37 difference: *Provided*, That an undervaluation, MISCLASSIFICATION, misdeclaration in  
38 weight, measurement or quantity of more than thirty percent (30%) between the value,

1 weight, measurement or quantity declared in the entry, and the actual value, weight,  
2 quantity, or measurement shall constitute a *prima facie* evidence of fraud penalized under  
3 Section 2530 AND SECTION 3602 of this Code: *Provided, further,* That any  
4 UNDERVALUED, misdeclared, MISCLASSIFIED or undeclared imported articles/items  
5 found upon examination shall *ipso facto* be forfeited in favor of the Government to be  
6 disposed of pursuant to the provisions of this Code: *PROVIDED, FURTHERMORE,*  
7 THAT THE LICENSE, PERMIT AND THE BUSINESS NAME OF THE SUBJECT  
8 IMPORTER MAY BE REVOKED AFTER DUE PROCESS.

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

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

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

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

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

28 “a. Abandoned articles;

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

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

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

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

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

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

12           “(B) WHEN THE PROPERTY IS NOT EXPORTED, AND UPON  
13 RECOMMENDATION OF THE COMMISSIONER OF CUSTOMS, THE  
14 SECRETARY OF FINANCE MAY AUTHORIZE THE OFFICIAL USE OF THE  
15 ARTICLES TO PROMOTE THE INTENSIVE COLLECTION OF TAXES AND/OR  
16 TO HELP PREVENT OR SUPPRESS SMUGGLING AND OTHER FRAUDS UPON  
17 THE CUSTOMS;

18           “(C) WHEN THE ARTICLE IS NOT SUITABLE FOR EXPORTATION OR  
19 FOR USE AGAINST SMUGGLING OR OTHER FRAUDS UPON CUSTOMS, THEN  
20 IT MAY BE CHanneled TO THE OFFICIAL USE OF OTHER OFFICES OF THE  
21 NATIONAL GOVERNMENT; AND

22           “(D) IF THE ARTICLE IS SUITABLE FOR SHELTER OR CONSISTS OF  
23 FOODSTUFFS OR CLOTHING MATERIALS, THEN THAT ARTICLE MAY BE  
24 GIVEN TO THE APPROPRIATE GOVERNMENT AGENCY; *PROVIDED*, THAT  
25 THIS AGENCY USES THIS ONLY FOR OFFICIAL PURPOSE, OR FOR CHARITY.

26           “THE COST OF EXPORTATION OF SUBJECT PROPERTY UNDER THIS  
27 SECTION, INCLUDING ALL ATTENDANT COSTS THERETO, SHALL BE  
28 SHOULDERED BY THE IMPORTER/CONSIGNEE WHO UNLAWFULLY  
29 BROUGHT IN THE IMPORTED ARTICLE, AND/OR THE BROKER THEREOF, AS  
30 THE CASE MAY BE; WHEN BOTH THE IMPORTER/CONSIGNEE WHO  
31 UNLAWFULLY BROUGHT IN THE IMPORTED ARTICLE AND THE BROKER  
32 CAN NOT BE LOCATED THEN THE GOVERNMENT ENTITY WHICH IS  
33 DESIGNATED TO EXPORT SUBJECT PROPERTY SHALL SHOULDER THE COST  
34 OF EXPORTATION: *PROVIDED*, THAT ARTICLES TO BE EXPORTED UNDER  
35 THIS SECTION SHALL BE TRANSFERRED BY THE BUREAU OF CUSTOMS TO  
36 THE GOVERNMENT ENTITY THAT IS MANDATED TO EXPORT THE  
37 ARTICLES WITHIN FIFTEEN (15) DAYS FROM THE TIME THE FORFEITURE  
38 HAS BECOME FINAL AND EXECUTORY: *PROVIDED, FURTHER*, THAT

1 ARTICLES THAT ARE CHanneled OR AUTHORIZED FOR OFFICIAL USE OR  
2 FOR CHARITABLE PURPOSES BY GOVERNMENT ENTITIES SHALL NOT BE  
3 SOLD NOR EXCHANGED IN ANY MANNER WHATSOEVER FOR OTHER  
4 ARTICLES: *PROVIDED, FURTHERMORE*, THAT THE COST OF HANDLING,  
5 STORAGE, TRANSPORTATION AND OTHER CHARGES INCIDENTAL TO THE  
6 UPKEEP AND TRANSPORTATION OF SUBJECT ARTICLE SHALL BE BORNE  
7 BY THE RECIPIENT GOVERNMENT AGENCY: *PROVIDED, FINALLY*, THAT IF  
8 SUBJECT ARTICLE CANNOT BE EXPORTED THROUGH THE GOVERNMENT  
9 ENTITY DESIGNATED FOR THE PURPOSE OR IS NOT SUITABLE EITHER FOR  
10 OFFICIAL USE OR CHARITY, THE SAME SHALL BE BURNED OR DESTROYED  
11 IN SUCH MANNER AS THE CASE MAY REQUIRE AS TO RENDER THEM  
12 ABSOLUTELY WORTHLESS, IN THE PRESENCE OF A REPRESENTATIVE  
13 EACH FROM THE COMMISSION ON AUDIT, THE DEPARTMENT OF JUSTICE,  
14 THE BUREAU OF CUSTOMS, AND FROM THE PRIVATE SECTOR.”

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

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

25 “(A) EXPORTATION EXPENSES INCURRED BY THE GOVERNMENT  
26 ENTITY DESIGNATED FOR THE PURPOSE;

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

29 “(C) STORAGE CHARGES;

30 “(D) ARRASTRE CHARGES; AND

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

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

35 “SEC. 2604. [*Disqualification to Participate in Auction Sale*] *DISPOSITION*  
36 *OF SURPLUS FROM THE PROCEEDS OF EXPORTATION OF PROPERTY WITHIN*



1        *THE PURVIEW OF THIS PART OF THIS CODE.* – [No customs official or employee  
2 shall be allowed to bid directly or indirectly, in any customs auction.] ANY SURPLUS  
3 REMAINING AFTER THE SATISFACTION OF ALL LAWFUL CHARGES AS  
4 PROVIDED FOR IN SECTION 2603 OF THIS CODE SHALL BE DEPOSITED IN A  
5 SPECIAL TRUST FUND WHICH SHALL BE USED SOLELY FOR THE PURPOSE  
6 OF FINANCING THE COMPULSORY ACQUISITION OF IMPORTED GOODS BY  
7 THE GOVERNMENT AS PROVIDED FOR IN SECTION 2317 OF THIS CODE.”

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

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

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

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

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

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

34            “*SEC. 2610. Disposition of Unsold Articles of Want of Bidders.* – Articles subject  
35 to sale at public auction by customs authorities shall be sold at a price not less than the  
36 wholesale value price in the domestic market of these or similar articles in the usual  
37 wholesale quantities and in the ordinary course of trade as determined in accordance with  
38 section twenty-three hundred and five of this code.

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

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

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

24 "SEC. 2612. *Disposition of Smuggled Articles.* –

25 "Smuggled articles, after liability to seizure or forfeiture shall have been  
26 established by proper administrative [or judicial] proceedings in conformity with  
27 the provisions of this Code, shall be disposed of as provided for in section twenty-  
28 six hundred and ten: *PROVIDED*, THAT SENSITIVE ARTICLES SO  
29 CONSIDERED BY THE PHILIPPINES UNDER LAWS, REGULATIONS OR  
30 EXISTING INTERNATIONAL AGREEMENTS SHALL BE DISPOSED  
31 ACCORDING TO THE RECOMMENDATIONS, RULES OR ORDERS SET  
32 BY THE APPROPRIATE REGULATORY AGENCY: *Provided, FURTHER*,  
33 That articles whose importations is prohibited under Section One hundred two  
34 sub-paragraphs b, c, d, e and j shall upon order to the Collector in writing, be  
35 burned or destroyed, in such manner as the case may require as to render them  
36 absolutely worthless, in the presence of a representative each from the  
37 Commission on Audit, Ministry of Justice, Bureau of Customs, and if possible,  
38 any representative of the private sector.

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

3           “SEC. 3513. *Reward to Persons Instrumental in the Discovery and Seizure of or*  
4 *Recovery of Revenue on Smuggled Goods and Successful Prosecution of Offenders.* – The  
5 provisions of general and special laws to the contrary notwithstanding, a cash reward  
6 equivalent to twenty per centum (20%) of the [fair market value of] REVENUE  
7 RECOVERED FROM the [smuggled and] SEIZED OR confiscated goods shall be given  
8 to the officers and men and informers who are instrumental in the discovery and seizure  
9 of such goods [in accordance with the rules and regulations to be issued by the Secretary  
10 of Finance.]: *PROVIDED*, THAT IN CASE OF SUCCESSFUL PROSECUTION OF  
11 SMUGGLERS OR SEIZURE AND FORFEITURE CASES, THE AMOUNT  
12 EQUIVALENT TO TEN PER CENTUM (10%) THEREOF SHALL BE GIVEN TO  
13 BUREAU OF CUSTOMS LAWYER/S WHO ACTIVELY PROSECUTED THE CASE  
14 THAT RESULTED IN THE RECOVERY OF REVENUE, SURCHARGES, AND  
15 FEES, OR IMPOSITION OF FINE OR PENALTY OR OFFER OF COMPROMISE BY  
16 THE OFFENDER, OR CONVICTION OF THE OFFENDER: *PROVIDED, FURTHER*,  
17 THAT IN CASE OF CONVICTION, WHERE THE PENALTY IS INCAPABLE OF  
18 PECUNIARY ESTIMATION, THE AMOUNT OF REWARD SHALL BE  
19 EQUIVALENT TO TWENTY PER CENTUM (20%) OF THE CIVIL LIABILITY  
20 INCLUDING FINES, PENALTIES AND SURCHARGES IMPOSED BY THE  
21 COURT: *PROVIDED, FINALLY*, THAT WHERE NO CIVIL LIABILITY IS  
22 AWARDED BY THE COURT, THE SUM OF P250,000.00 OR P500,000.00 SHALL  
23 BE GRANTED WHERE THE CASE IS RESOLVED WITH FINALITY IN THE  
24 TRIAL COURT OR THE APPELLATE COURTS, RESPECTIVELY.”

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

27           “SEC. 3519. *Words and Phrases Defined.* – As used in this Code:

28           “Foreign Port” means a port or place outside the jurisdiction of the Philippines.

29           “FOREIGN TRANSSHIPMENT” SHALL REFER TO THE TRANSPORT OF  
30 GOODS FROM A FOREIGN COUNTRY INTO THE PHILIPPINES FOR SHIPMENT  
31 TO A FOREIGN DESTINATION WITHOUT INTRODUCING THE SAME INTO THE  
32 PHILIPPINE CUSTOMS TERRITORY.

33           “Port of Entry” is a domestic port open to both foreign and coastwise trade. The  
34 term includes principal ports of entry and subports of entry. A “principal port of entry” is  
35 the chief port of entry of the collection district wherein it is situated and is the permanent  
36 station of the Collector of such port. Subports of entry are under the administrative  
37 jurisdiction of the Collector of the principal port of entry of the district. Whenever the  
38 term “Port of Entry” is used herein, it shall include “airport of entry”.

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

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

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

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

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

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

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

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

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

22 "Secretary" or "Department head" refers, unless otherwise specified, to the  
23 Secretary of Finance.

24 "Commission" refers to the Tariff Commission.

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

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

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

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

1 "TECHNICAL SMUGGLING" IS AN ACT OF ANY PERSON WHO MAKES  
2 OR ATTEMPTS TO MAKE ENTRY OF IMPORTED OR EXPORTED ARTICLE BY  
3 MEANS OF ANY FALSE OR FRAUDULENT INVOICE, DECLARATION,  
4 AFFIDAVIT, LETTER, PAPER OR BY ANY MEANS OF ANY FALSE  
5 STATEMENT, WRITTEN OR VERBAL, OR BY ANY MEANS OF ANY FALSE OR  
6 FRAUDULENT PRACTICE WHATSOEVER, OR EFFECTS ANY ENTRY OF  
7 GOODS, WARES OR MERCHANDISE, AT LESS THAN THE TRUE WEIGHT OR  
8 MEASURES THEREOF OR UPON A FALSE CLASSIFICATION AS TO QUALITY  
9 OR VALUE, OR BY THE PAYMENT OF LESS THAN THE AMOUNT LEGALLY  
10 DUE, OR FILES ANY FALSE OR FRAUDULENT ENTRY OR CLAIM FOR THE  
11 PAYMENT OF DRAWBACK OR REFUND OF DUTIES UPON THE  
12 EXPORTATION OF MERCHANDISE, OR MAKES OR FILES ANY AFFIDAVIT,  
13 ABSTRACT, RECORD, CERTIFICATE OR OTHER DOCUMENT, WITH A VIEW  
14 TO SECURING THE PAYMENT TO HIMSELF OR OTHERS OF ANY  
15 DRAWBACK, ALLOWANCE, OR REFUND OF DUTIES ON THE EXPORTATION  
16 OF MERCHANDISE, GREATER THAN THAT LEGALLY DUE THEREON, OR  
17 WHO SHALL BE GUILTY OF ANY ACT OF OMISSION SHALL, FOR EACH  
18 OFFENSE, BE PUNISHABLE UNDER THIS CODE."

19 "Contrabands" are articles of prohibited importation or exportation.

20 "Duly Registered" as used in this Act, refers to a person, natural or juridical,  
21 which is registered with the proper government agencies, such as the DEPARTMENT  
22 OF TRADE AND INDUSTRY [Bureau of Commerce], Securities and Exchange  
23 Commission, [NACIDA], Board of Investments, DEPARTMENT OF ENERGY [Export  
24 Incentives Board or Oil Commission] as now or may hereafter be required by law." (RA  
25 9135, April 27, 2001)

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

28 "SEC. 3601. [Unlawful Importation] SMUGGLING. – (1) Any person who  
29 shall fraudulently import or bring into the Philippines, or assist in so doing, any article,  
30 contrary to law, SHALL BE GUILTY OF SMUGGLING AND SHALL BE  
31 PUNISHABLE AS HEREIN PROVIDED, (2) ANY PERSON [or] WHO shall receive,  
32 conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of  
33 such article after importation, knowing the same to have been imported contrary to law,  
34 shall be DEEMED guilty of smuggling and shall LIKEWISE be [punished with]  
35 PUNISHABLE AS HEREIN PROVIDED, (3) ANY IMPORTATION OF ARTICLES  
36 THAT DO NOT PASS THROUGH THE PORTS OF ENTRY SHALL BE  
37 CONSIDERED AS UNLAWFUL IMPORTATION PUNISHABLE UNDER SECTION  
38 3601 OF THIS CODE, AND (4) ANY IMPORTATION WHICH IS NOT COVERED

1 BY A LETTER OF CREDIT AND/OR PERMIT FROM THE BANGKO SENTRAL NG  
2 PILIPINAS TO IMPORT SAID PRODUCT, SHALL BE CONSIDERED AS  
3 ILLEGALLY IMPORTED AND SHALL BE DISPOSED OF IN THE MANNER AS  
4 PROVIDED FOR IN SECTION 2602 OF THIS CODE.

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

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

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

29 4. A fine [of not less than eight thousand pesos nor more than ten thousand  
30 pesos] IN AN AMOUNT EQUAL TO THE APPRAISED VALUE PLUS FIFTY  
31 PERCENT (50%) THEREOF and imprisonment of not less than [eight]  
32 TWELVE years and one day nor more than [twelve] FIFTEEN years, if the  
33 appraised value, to be determined in the manner prescribed under this Code,  
34 including duties and taxes, of the article unlawfully imported exceeds [one] TWO  
35 hundred fifty thousand pesos (P250,000.00) BUT DOES NOT EXCEED FIVE  
36 HUNDRED THOUSAND PESOS (P500,000.00);

37 5. A FINE IN AN AMOUNT EQUAL TO THE APPRAISED VALUE  
38 PLUS FIFTY PERCENT (50%) THEREOF AND IMPRISONMENT OF NOT

1 LESS THAN FIFTEEN YEARS AND ONE DAY NOR MORE THAN  
2 TWENTY YEARS, IF THE APPRAISED VALUE, TO BE DETERMINED IN  
3 THE MANNER PRESCRIBED UNDER THIS CODE, INCLUDING DUTIES  
4 AND TAXES, OF THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS  
5 FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT DOES NOT  
6 EXCEED ONE MILLION PESOS (P1,000,000.00);

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

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

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 without  
20 further proceedings for deportation. If the offender is a government official or employee,  
21 the penalty shall be a maximum as hereinabove prescribed and the offender shall suffer  
22 and additional penalty of perpetual disqualification from public office, to vote and to  
23 participate in any public election. HE SHALL ALSO LOSE ALL THE BENEFITS DUE  
24 HIM AS A RESULT OF HIS SERVICE IN THE GOVERNMENT, INCLUDING THE  
25 FORFEITURE OF HIS SEPARATION AND RETIREMENT BENEFITS.

26 "When, upon trial for violation of this section, the defendant is shown to have had  
27 possession of the article in question, possession shall be deemed sufficient evidence to  
28 authorize conviction unless the defendant shall explain the possession to the satisfaction  
29 of the court: *Provided, however,* That payment of the tax due after apprehension shall not  
30 constitute a valid defense in any prosecution under this section."

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

33 "SEC. 3602. *Various Fraudulent Practices Against Customs Revenue.* – Any  
34 person who makes or attempts to make entry of imported or exported article by means of  
35 any false or fraudulent invoice, declaration, affidavit, letter, paper or by any means of any  
36 false statement, written or verbal, or by any means of any false or fraudulent practice  
37 whatsoever, or [knowingly] effects any entry of goods, wares or merchandise, at less than  
38 the true weight or measures thereof or upon a false classification as to quality or value, or

1 by the payment of less than the amount legally due, or [knowingly and willfully] files any  
2 false or fraudulent entry or claim for the payment of drawback or refund of duties upon  
3 the exportation of merchandise, or makes or files any affidavit, abstract, record,  
4 certificate or other document, with a view to securing the payment to himself or others of  
5 any drawback, allowance, or refund of duties on the exportation of merchandise, greater  
6 than that legally due thereon, or who shall be guilty of any [willful] act of omission shall,  
7 for each offense, BE GUILTY OF TECHNICAL SMUGGLING AND SHALL be  
8 [punished in accordance with the penalties prescribed in the preceding section]  
9 PUNISHABLE AS FOLLOWS:

10 "1. A FINE OF NOT LESS THAN THREE HUNDRED THOUSAND  
11 PESOS (P300,000.00) NOR MORE THAN FIVE HUNDRED THOUSAND  
12 PESOS (P500,000.00) AND IMPRISONMENT OF *PRISION CORRECCIONAL*,  
13 IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT  
14 OR QUANTITY DECLARED IN THE ENTRY AND THE TRUE AND  
15 ACTUAL VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF THE  
16 ARTICLE UNLAWFULLY IMPORTED DOES NOT EXCEED ONE  
17 HUNDRED THOUSAND PESOS (P100,000.00);

18 "2. A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND  
19 PESOS (P500,000.00) NOR MORE THAN EIGHT HUNDRED THOUSAND  
20 PESOS (P800,000.00) AND IMPRISONMENT OF *PRISION MAYOR*, IF THE  
21 DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT OR  
22 QUANTITY DECLARED IN THE ENTRY AND THE TRUE AND ACTUAL  
23 VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF THE ARTICLE  
24 UNLAWFULLY IMPORTED EXCEEDS ONE HUNDRED THOUSAND  
25 PESOS (P100,000.00) BUT DOES NOT EXCEED ONE MILLION PESOS  
26 (P1,000,000.00);

27 "3. A FINE OF NOT LESS THAN EIGHT HUNDRED THOUSAND  
28 PESOS (P800,000.00) NOR MORE THAN ONE MILLION PESOS  
29 (P1,000,000.00) AND IMPRISONMENT OF *RECLUSION TEMPORAL*, IF THE  
30 DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT OR  
31 QUANTITY DECLARED IN THE ENTRY AND THE TRUE AND ACTUAL  
32 VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF THE ARTICLE  
33 UNLAWFULLY IMPORTED EXCEEDS ONE MILLION PESOS  
34 (P1,000,000.00) BUT DOES NOT EXCEED FIVE MILLION PESOS  
35 (P5,000,000.00);

36 "4. A FINE OF NOT LESS THAN ONE MILLION PESOS  
37 (P1,000,000.00) NOR MORE THAN TWO MILLION PESOS (P2,000,000.00)  
38 AND IMPRISONMENT OF *RECLUSION PERPETUA*, IF THE DIFFERENCE



1 BETWEEN THE VALUE, WEIGHT, MEASUREMENT OR QUANTITY  
2 DECLARED IN THE ENTRY AND THE TRUE AND ACTUAL VALUE,  
3 WEIGHT, QUANTITY OR MEASUREMENT OF THE ARTICLE  
4 UNLAWFULLY IMPORTED EXCEEDS FIVE MILLION PESOS  
5 (P5,000,000.00).

6 "IN APPLYING THE ABOVE SCALE OF PENALTIES, IF THE OFFENDER  
7 IS AN ALIEN, HE SHALL BE DEPORTED AFTER SERVING THE SENTENCE  
8 WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION. IF THE OFFENDER  
9 IS A GOVERNMENT OFFICIAL OR EMPLOYEE, THE PENALTY IN ITS  
10 MAXIMUM PERIOD SHALL BE IMPOSED IN ADDITION TO THE PENALTY OF  
11 PERPETUAL DISQUALIFICATION FROM PUBLIC OFFICE, TO VOTE AND TO  
12 PARTICIPATE IN ANY PUBLIC ELECTION. IF THE OFFENDER FAILS TO PAY  
13 THE FINE, HE SHALL SUFFER SUBSIDIARY IMPRISONMENT. HE SHALL  
14 ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS SERVICE IN  
15 THE GOVERNMENT, INCLUDING THE FORFEITURE OF HIS SEPARATION  
16 AND RETIREMENT BENEFITS."

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

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

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

34 "SEC. 3604. *Statutory Offenses of Officials and Employees.* – Every official,  
35 agent or employee of the Bureau or any agency of the government charged with the  
36 enforcement of the provisions of this Code, who is guilty of any delinquency herein  
37 below indicated shall be punished with a fine of not less than [five] ONE HUNDRED  
38 thousand pesos (P100,000.00) [nor] BUT NOT more than [Fifty thousand] ONE

1 MILLION pesos (P1,000,000.00) and imprisonment [for] OF not less than [one] EIGHT  
2 yearS [nor] BUT NOT more than [ten] TWELVE years and perpetual disqualification to  
3 hold public office, to vote and to participate in any public office election. HE SHALL  
4 ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS SERVICE IN  
5 THE GOVERNMENT, INCLUDING THE FORFEITURE OF HIS SEPARATION  
6 AND RETIREMENT BENEFITS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28           “SEC. 3610. *Failure to Keep Importation Records and Give Full Access to*  
29 *Customs Officers.* – Any person who fails to keep all the records of importations and/or  
30 books of accounts, business and computer systems and all customs commercial data in  
31 the manner prescribed in Part 2, Section 3514 of this Title shall be punished with a fine of  
32 not less than [One] TWO hundred thousand pesos (P [1]200,000.00) but not more than  
33 [Two] FIVE hundred thousand pesos (P [2]500,000.00) and[/or] imprisonment of not less  
34 than [two] FOUR ([2]4) years and one day but not more than [six] EIGHT ([6]8) years.  
35 This penalty shall likewise be imposed against importers/brokers who deny an authorized  
36 customs officer full and free access to such records, books of accounts, business and  
37 computer systems, and all customs commercial data including payment records. This is  
38 without prejudice to the administrative sanctions that the Bureau of Customs may impose

1 against contumacious importers under existing laws and regulations including the  
2 authority to hold delivery or release of their imported articles.”

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

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

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

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

31 “THE DECISION OF THE SECRETARY OF FINANCE, UPON THE  
32 RECOMMENDATION OF THE COMMISSIONER OF CUSTOMS, UNDER THIS  
33 SECTION SHALL BE FINAL AND UNAPPEALABLE.

34 “NO COURT, EXCEPT THE COURT OF TAX APPEALS AND THE  
35 SUPREME COURT, SHALL ISSUE ANY TEMPORARY RESTRAINING ORDER  
36 OR ANY INJUNCTIVE RELIEF AGAINST THE SEIZURE, FORFEITURE OR  
37 DISPOSITION OF THE SUBJECT ARTICLES COVERED BY THIS SECTION.

1           “THE OWNER OR OPERATOR OF ANY SEIZED VESSEL OR AIRCRAFT  
2 UNDER THIS SECTION SHALL BE BLACKLISTED FROM OPERATING AND/OR  
3 FROM ENGAGING IN TRADE IN THE PHILIPPINES.”

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

13           **SEC. 62. *Implementing Rules and Regulations.*** – The Secretary of Finance shall, upon  
14 the recommendation of the Commissioner of Customs and meaningful consultation of the local  
15 industry, promulgate the necessary rules and regulations for the effective implementation of this  
16 Act.

17           **SEC. 63. *Separability Clause.*** – If any provision of this Act is subsequently declared  
18 unconstitutional, the validity of the remaining provisions hereof shall remain in full force and  
19 effect.

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

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

25           **SEC. 67. *Effectivity.*** – This Act shall take effect fifteen (15) days from the date of  
26 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,