



## HOUSE OF REPRESENTATIVES

H. No. 5525

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REVILLA, ABAYON, AND RELAMPAGOS, PER COMMITTEE REPORT  
No. 589

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### AN ACT MODERNIZING THE CUSTOMS AND TARIFF ADMINISTRATION

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

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#### TITLE I

#### PRELIMINARY PROVISIONS

#### CHAPTER 1

SECTION 100. *Short Title.* — This Act shall be known as the “Customs  
Modernization and Tariff Act (CMTA)”.

#### CHAPTER 2

#### GENERAL AND COMMON PROVISIONS

SEC. 101. *Declaration of Policy.* — It is hereby declared the policy of  
the State to protect and enhance government revenue, institute fair and

1 transparent customs and tariff management that will efficiently protect and  
2 enhance government revenue, and facilitate international trade, prevent and  
3 curtail any form of customs fraud and illegal acts, and modernize customs and  
4 tariff administration. Towards this end, the State shall:

5 (a) Develop and implement programs for the continuous enhancement  
6 of customs systems and processes that will harmonize customs procedures;

7 (b) Adopt clear and transparent customs rules, regulations, policies and  
8 procedures, consistent with international standards and customs best practices;

9 (c) Establish a regime of transparency of and accessibility to customs  
10 information, customs laws, rules, regulations, administrative policies,  
11 procedures and practices, in order to ensure informed, and diligent compliance  
12 with customs practices and procedures by stakeholders;

13 (d) Consult, coordinate and cooperate with other government agencies  
14 and the private sector in implementing and developing customs policy;

15 (e) Provide a fair and expeditious administrative and judicial appellate  
16 remedy for customs related grievances and matters; and

17 (f) Employ modern practices in customs administration and utilize  
18 information and communications technology in the implementation of customs  
19 functions.

20 SEC. 102. *Definition of Terms.* -- As used in this Act:

21 (a) *Abatement* refers to the reduction or diminution, in whole or in part,  
22 of duties and taxes where payment has not been made.

23 (b) *Actual or Outright exportation* refers to the customs procedure  
24 applicable to goods which, being in free circulation, leave the Philippine  
25 territory and are intended to remain permanently outside it;

26 (c) *Admission* refers to the act of bringing imported goods directly or  
27 through transit into a free zone;

(d) *Airway Bill (AWB)* refers to a transport document for airfreight used by airlines and international freight forwarders which specify the holder or consignee of the bill who has the right to claim delivery of the goods when they arrive at the port of destination. It is a contract of carriage that includes carrier conditions such as limits of liability and claims procedures. In addition, it contains transport instructions to airlines and carriers, a description of the goods, and applicable transportation charges;

(e) *Appeal* refers to the remedy by which a person who is aggrieved or adversely affected by any action, decision, order, or omission of the Bureau, seeks redress before the Bureau, the Secretary of Finance, or competent court, as the case may be;

(f) *Assessment* refers to the process of determining the amount of duties and taxes and other charges due on imported and exported goods;

(g) *Authorized Economic Operator (AEO)* refers to the importer, exporter, customs broker, forwarder, freight forwarder, transport provider, and any other entity duly accredited by the Bureau based on the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade, the Revised Kyoto Convention (RKC), the WCO Supply Chain Management Guidelines and the various national best practices to promote trade facilitation and to provide a seamless movement of goods across borders through secure international trade supply chains with the use of risk management and modern technology;

(h) *Bill of Lading (B/L)* refers to a transport document issued by shipping lines, carriers and international freight forwarders or non-vessel operating common carrier for water-borne freight. The holder or consignee of the bill has the right to claim delivery of the goods at the port of destination. It is a contract of carriage that includes carrier conditions such as limits of liability and claims procedures. In addition, it contains transport instructions

1 to shipping lines and carriers, a description of the goods, and applicable  
2 transportation charges;

3 (i) *Bureau* refers to the Bureau of Customs;

4 (j) *Carrier* refers to the person actually transporting goods or in charge  
5 of or responsible for the operation of the means of transport such as airlines,  
6 shipping lines, freight forwarders, cargo consolidators, non-vessel operating  
7 common carriers and other international transport operators;

8 (k) *Clearance* refers to the completion of customs and other  
9 government formalities necessary to allow goods to enter for consumption,  
10 warehousing, transit or transshipment, or to be exported or placed under  
11 another customs procedure;

12 (l) *Conditional importation* refers to the customs procedure known  
13 under the RKC as temporary admission in which certain goods can be brought  
14 into a customs territory conditionally relieved, totally or partially, from  
15 payment of import duties and taxes; such goods must be imported for a specific  
16 purpose and must be intended for re-exportation within a specified period and  
17 without having undergone any change except normal depreciation due to the  
18 use made of them.

19 (m) *Constructive import or export* refers to the movement of imported  
20 goods to and from a free zone and customs territory;

21 (n) *Customs broker* refers to any person who is a bona fide holder of a  
22 valid Certificate of Registration/Professional Identification Card issued by the  
23 Professional Regulatory Board and the Professional Regulation Commission  
24 pursuant to Republic Act No. 9280, otherwise known as the "Customs Brokers  
25 Act of 2004";

26 (o) *Customs office* refers to any customs administrative unit that is  
27 competent and authorized to perform all or any of the functions enumerated  
28 under customs and tariff laws;

1           (p) *Customs officer*, as distinguished from a clerk or employee, refers  
2 to a person whose duty, not being clerical or manual in nature, involves the  
3 exercise of discretion in performing the functions of the Bureau. It may also  
4 refer to an employee authorized to perform a specific functions of the Bureau  
5 as provided in this Act;

6           (q) *Entry* refers to the act, documentation and process of bringing  
7 imported goods into the customs territory, including goods coming from free  
8 zones;

9           (r) *Export declaration* refers to the act, documentation, and process of  
10 bringing goods out of Philippine territory;

11          (s) *Free zone* refers to special economic zones registered with the  
12 Philippine Economic Zone Authority (PEZA) under Republic Act No. 7916, as  
13 amended, duly chartered or legislated freeports Special Economic Zones and  
14 Freeports under Republic Act No. 7227, as amended by Republic Act No.  
15 9400, the Aurora Special Economic Zone under Republic Act No. 9490, the  
16 Cagayan Special Economic Zone and Freeport under Republic Act No. 7922,  
17 the Zamboanga City Special Economic Zone under Republic Act No. 7903,  
18 and Freeport Area of Bataan under Republic Act No. 9728 and such other  
19 freeports as established or created by law;

20          (t) *Goods* refer to articles, wares, merchandise and any other items  
21 which are subject of importation or exportation;

22          (u) *Goods declaration* refers to a statement made in the manner  
23 prescribed by the Bureau and other appropriate agencies, by which the persons  
24 concerned indicate the procedure to be observed in the application for the entry  
25 or admission of imported or exported goods and the particulars of which the  
26 customs administration shall require;

1           (v) *Importation* refers to the act of bringing in of goods from a foreign  
2 territory into Philippine territory, whether for consumption, warehousing, or  
3 admission as defined in this Act;

4           (w) *Freight forwarder* refers to a local entity that acts as a cargo  
5 intermediary and facilitates transport of goods on behalf of its client without  
6 assuming the role of a carrier, which can also perform other forwarding  
7 services, such as booking cargo space, negotiating freight rates, preparing  
8 documents, advancing freight payments, providing packing/crating, trucking  
9 and warehousing, engaging as an agent/representative of a foreign non-vessel  
10 operating as a common carrier/cargo consolidator named in a master bill of  
11 lading as consignee of a consolidated shipment, and other related undertakings;

12           (x) *Lodgement* refers to the registration of a goods declaration with the  
13 Bureau;

14           (y) *Non-Vessel Operating Common Carrier (NVOCC)* refers to an  
15 entity, which may or may not own or operate a vessel that provides a point-to-  
16 point service which may include several modes of transport and/or undertakes  
17 groupage of less container load (LCL) shipments and issues the corresponding  
18 transport document;

19           (z) *Outright smuggling* refers to an act of importing goods into the  
20 country without complete customs prescribed importation documents, or  
21 without being cleared by customs or other regulating government agencies, for  
22 the purpose of evading payment of prescribed taxes, duties and other  
23 government charges;

24           (aa) *Perishable goods* refer to goods liable to perish or goods that  
25 depreciate greatly in value while stored or which cannot be kept without great  
26 disproportionate expense;

1           (bb) *Port of entry* refers to a domestic port open to both domestic and  
2 international trade, including principal ports of entry and subports of entry. A  
3 principal port of entry is the chief port of entry of the Customs District wherein  
4 it is situated and is the permanent station of the District Collector of such port.  
5 Subports of entry are under the administrative jurisdiction of the District  
6 Collector of the principal port of entry of the Customs District. Port of entry as  
7 used in this Act shall include airport of entry;

8           (cc) *Port of discharge*, also called port of unloading, refers to a place  
9 where a vessel, ship, aircraft or train unloads its shipments, from where they  
10 will be dispatched to their respective consignees;

11           (dd) *Re-exportation* means exportation of goods which have been  
12 imported;

13           (ee) *Release of goods* refers to the action by the Bureau to permit  
14 goods undergoing clearance to be placed at the disposal of the party  
15 concerned;

16           (ff) *Refund* refers to the return, in whole or in part, of duties and taxes  
17 paid on goods;

18           (gg) *Security* refers to any form of guaranty, such as a surety bond,  
19 cash bond, standby letter of credit or irrevocable letter of credit, which ensures  
20 the satisfaction of an obligation to the Bureau;

21           (hh) *Smuggling* refers to the fraudulent act of importing any goods into  
22 the Philippines, or the act of assisting in receiving, concealing, buying, selling,  
23 disposing or transporting such goods, with full knowledge that the same has  
24 been fraudulently imported, or the fraudulent exportation of goods. Goods  
25 referred to under this definition shall be known as smuggled goods;

26           (ii) *Taxes* refer to all taxes, fees and charges imposed under this Act  
27 and the National Internal Revenue Code (NIRC), as amended, and collected by  
28 the Bureau;

(jj) *Technical smuggling* refers to an act of importing goods into the country by means of fraudulent, falsified or erroneous declaration, for the purpose of reducing or avoiding payment of prescribed taxes, duties and other misclassification of goods as to nature, quality or value; undervaluation of price, quality or weight; and misdeclaration of the kind of imported goods.

(kk) *Transit* refers to the customs procedure under which goods, in its original form, are transported under customs control from one customs office to another, or to a free zone;

(ll) *Transshipment* refers to the customs procedure under which goods are transferred under customs control from the importing means of transport to the exporting means of transport within the area of one customs office;

(mm) *Travelers* refers to any person who temporarily enters the territory of a country in which one does not normally resides (non-resident), or who leaves that territory, and any person who leaves the territory of a country in which one normally resides (departing resident) or who returns to that territory (returning resident); and

(nn) *Third party* refers to any person who deals directly with the Bureau, for and on behalf of another person, relating to the importation, exportation, movement or storage of goods.

SEC. 103. *When Importation Begins and Deemed Terminated.* – Importation begins when the carrying vessel or aircraft enters the Philippine territory with the intention to unload therein. Importation is deemed terminated when:

(a) The duties, taxes and other charges due upon the goods have been paid or secured to be paid at the port of entry unless the goods are free from duties, taxes and other charges, and legal permit for withdrawal has been granted; or



1 (b) In case the goods are deemed free of duties, taxes and other  
2 charges, the goods have legally left the jurisdiction of the Bureau.

3 SEC. 104. *When Duty and Tax is Due on Imported Goods.* – Except as  
4 otherwise provided for in this Act or in other laws, all goods, when imported  
5 into the Philippines, shall be subject to duty upon importation, including goods  
6 previously exported from the Philippines.

7 *Unpaid duties, taxes and other charges, shall incur legal interest of*  
8 *twenty percent (20%) per annum computed from the date of final assessment*  
9 *under Section 428 of this Act, when payment becomes due and demandable.*  
10 *The legal interest shall likewise accrue on any fine or penalty imposed.*

11 Upon payment of the duties, taxes and other charges, the Bureau shall  
12 issue the necessary receipt or document as proof of such payment.

13 SEC. 105. *Effective Date of Rate of Import Duty.* – Imported goods  
14 shall be subject to the import duty rates under the applicable tariff heading that  
15 are effective at the date of importation or upon withdrawal from the warehouse  
16 for consumption. In case of withdrawal from free zones for introduction to the  
17 customs territory, the duty rate at the time of withdrawal shall be applicable on  
18 the goods originally admitted, whether withdrawn in its original or advanced  
19 form.

20 SEC. 106. *Declarant.* – A declarant may be a consignee or a person  
21 who has the right to dispose of the goods. The declarant shall lodge a goods  
22 declaration with the Bureau and may be:

23 (a) The importer, being the holder of the bill of lading; or

24 (b) A customs broker acting under the authority from a holder of the  
25 bill; or

26 (c) A person duly empowered to act as agent or attorney-in-fact for  
27 each holder.

1           In case the consignee or the person who has the right to dispose of the  
2 goods is a juridical person, it may authorize a responsible officer of the  
3 company to **sign the goods declaration as declarant on its behalf.**

4           The declarations submitted to the Bureau shall be processed by the  
5 declarant or by a licensed customs broker.

6           **SEC. 107. *Rights and Responsibilities of the Declarant.*** – The declarant  
7 shall be responsible for the accuracy of the goods declaration and for the  
8 payment of all duties, taxes, and other charges due on the imported goods. The  
9 licensed customs broker shall likewise be responsible for the accuracy of the  
10 goods declaration but shall not be responsible for the payment of duties, taxes,  
11 and other charges due on the imported goods.

12           The declarant shall sign the goods declaration even when assisted by a  
13 licensed customs broker who shall likewise sign the goods declaration.

14           **SEC. 108. *Penalties for Errors in Goods Declaration.*** – The Bureau  
15 shall not impose substantial penalties for errors when such errors are  
16 inadvertent and there was no fraudulent intent or gross negligence in the  
17 commission thereof: *Provided, That, falsification or perjury charges may be*  
18 *filed against habitual delinquents.*

19           **SEC. 109. *Application of Information and Communications***  
20 ***Technology.*** – In accordance with international standards, the Bureau shall  
21 *utilize information and communications technology to enhance customs control*  
22 *and to support a cost-effective and efficient customs operations geared towards*  
23 *a paperless customs environment.*

24           The security of data and communication shall be in a manner that is  
25 consistent with applicable local and internationally accepted standards on  
26 information security.

1           The Bureau shall likewise include as part of its systems and processes, a  
2 disaster preparedness and recovery plan to ensure business continuity by  
3 maintaining its uptime goal for its electronic and online services.

4           For purposes of customs procedures, electronic documents, permits,  
5 licenses or certificates shall be acceptable and shall have the legal effect,  
6 validity or enforceability as any other document or legal writing: *Provided,*  
7 That when the prescribed requirements are duly complied with, the Bureau  
8 shall:

9           (a) Recognize the authenticity and reliability of electronic documents;

10          (b) Submit approval in the form of electronic date messages or  
11 electronic documents; and

12          (c) Require and/or accept payments and issue receipts acknowledging  
13 such payments through systems using electronic data messages or electronic  
14 documents.

15          The introduction and implementation of information and  
16 communications technology shall be undertaken with due consultation with  
17 directly affected parties and stakeholders.

18          SEC. 110. *Relationship Between the Bureau and Third Parties.* –  
19 Parties may transact business with the Bureau either directly or through a  
20 designated third party to act on their behalf.

21          The customs transactions directly transacted by a party shall not be  
22 treated less favorably or be subject to more stringent requirements than those  
23 transacted through a designated third party.

24          A designated third party shall have the same rights and obligations as  
25 the designating party when transacting business with the Bureau.

26          Subject to the provisions of existing laws, treaties, convention and  
27 international agreements, the Secretary of Finance shall make the necessary  
28 guidelines for the defined relationship of the Bureau and third parties.

1           SEC. 111. *Information of General Application.* – All laws, decisions,  
2   rulings, circulars, memoranda and orders shall be published in accordance with  
3   law.

4           To foster an informed compliance regime, the Bureau shall ensure that  
5   all relevant and available information of general application pertaining to  
6   customs operations and procedures which are not confidential or intended for  
7   the Bureau's internal use only, shall be readily accessible to any interested  
8   person.

9           Any new information, amendment or changes to customs law,  
10   administrative procedures or requirements, shall, as far as practicable, be made  
11   readily available prior to its effective date of implementation unless advance  
12   notice is precluded.

13          SEC. 112. *Information of a Specific Nature.* – The Bureau shall  
14   provide information, not otherwise confidential or for the Bureau's internal use  
15   only, relating to a specific matter as may be requested by an interested party  
16   for legitimate use.

17          The Bureau may require the payment of a reasonable fee in providing  
18   such information. The requested information shall be released within  
19   reasonable time from filing of the request and payment of the fee.

20          SEC. 113. *Decision and Ruling.* – The Bureau shall, consistent with  
21   Section 1600 of this Act, issue binding and advance decision and ruling at the  
22   request of an interested party on matters pertaining to importation or  
23   exportation of goods.

24          Upon written request of the interested party, the Bureau shall notify the  
25   party of its decision in writing within a period specified in this Act or by  
26   regulation. Should the decision be adverse to the requesting interested party,  
27   the reasons thereof shall be indicated and the party shall be advised of the  
28   party's right of appeal.

SEC. 114. *Right of Appeal, Forms and Ground.* – Any party adversely affected by a decision or omission of the Bureau pertaining to an importation, exportation, or any other legal claim shall have the right of appeal.

6 An appeal in writing shall be filed within the period prescribed in this  
7 Act or by regulation and shall specify the grounds thereof.

8       The Bureau may allow a reasonable time for the submission of  
9       supporting evidence to the appeal.

## TYPES OF IMPORTATION

SEC. 115. *Treatment of Importation.* – Imported goods shall be deemed “entered” in the Philippines for consumption when the goods declaration is electronically lodged, together with any required supporting documents, with the pertinent customs office.

16 SEC. 116. *Free Importation and Exportation.* --Unless otherwise  
17 provided by law or regulation, all goods may be freely imported into and  
18 exported from the Philippines without need for import and export permits,  
19 clearances or licenses.

SEC. 117. *Regulated Importation and Exportation.* – Goods which are subject to regulation shall be imported or exported only after securing the necessary import or export permits, clearances, licenses, and any other requirements prior to importation or exportation. In case of importation, submission of requirements after arrival of the goods but prior to release from customs custody, shall be allowed only in cases provided for by governing laws or regulations.

27 SEC. 118. *Prohibited Importation and Exportation.* -- The importation  
28 and exportation of the following goods are prohibited:

1 (a) Written or printed goods in any form containing any matter  
2 advocating or inciting treason, rebellion, insurrection, sedition against the  
3 Government of the Philippines, or forcible resistance to any law of the  
4 Philippines, or written or printed goods containing any threat to take the life of,  
5 or inflict bodily harm upon any person in the Philippines;

6 (b) Goods, instruments, drugs and substances designed, intended or  
7 adapted for producing unlawful abortion, or any printed matter which  
8 advertises, describes or gives direct or indirect information where, how or by  
9 whom unlawful abortion is committed;

10 (c) Written or printed goods, negatives or cinematographic film,  
11 photographs, engravings, lithographs, objects, paintings, drawings or other  
12 representation of an obscene or immoral character;

13 (d) Any goods manufactured in whole or in part of gold, silver or other  
14 precious metals or alloys and the stamp, brand or mark does not indicate the  
15 actual fineness of quality of the metals or alloys;

16 (e) Any adulterated or misbranded food or goods for human  
17 consumption or any adulterated or misbranded drug in violation of relevant  
18 laws and regulations;

19 (f) Infringing goods as defined under the Intellectual Property Code  
20 and related laws; and

21 (g) All other goods or parts thereof, which importation and exportation  
22 are explicitly prohibited by law or rules and regulations issued by the  
23 competent authority.

24 SEC. 119. *Restricted Importation and Exportation.* -- Except when  
25 authorized by law or regulation, the importation and exportation of the  
26 following restricted goods are prohibited:

27 (a) Dynamite, gunpowder, ammunitions and other explosives, firearms  
28 and weapons of war, or parts thereof;

(b) Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other goods when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof;

(c) Lottery and sweepstakes tickets, except advertisements thereof and lists of drawings therein.

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

(e) Opium pipes or parts thereof, of whatever material; and

(f) Any other goods which importation and exportation are restricted.

The restriction to import or export the above stated goods shall include the restriction on their transshipment.

#### CHAPTER 4

##### RELIEF CONSIGNMENT

SEC. 120. *Relief Consignment.* – Imported goods pursuant to Republic Act No. 10121, otherwise known as the Philippine Disaster Risk Reduction and Management Act of 2010 shall be given priority and shall be subjected to simplified customs procedure. The Department of Finance (DOF), Department of the Interior and Local Government (DILG), Department of Social Welfare and Development (DSWD), Department of Health (DOH), and Department of Public Works and Highways (DPWH), shall jointly issue the rules and regulations for the implementation of this provision.

1           SEC. 121. *Duty and Tax Treatment.* -- Relief consignment, as defined  
2 in Section 120 of this Act, imported during a state of calamity and intended for  
3 a specific calamity area for the use of the calamity victims therein, shall be  
4 exempt from duties and taxes.

5                                   TITLE II

6                                   BUREAU OF CUSTOMS

7                                   CHAPTER 1

8                                   GENERAL ADMINISTRATION

9           SEC. 200. *Chief Officials of the Bureau.* -- The Bureau shall be headed  
10 by a Commissioner and shall be assisted by at least four (4) but not more than  
11 six (6) Deputy Commissioners.

12           The Commissioner shall be appointed by the President of the  
13 Philippines.

14           On the other hand, the Deputy Commissioners shall be appointed by the  
15 Commissioner and shall come from the ranks of the Bureau of Customs.

16           SEC. 201. *Powers and Functions of the Commissioner.* -- The  
17 Commissioner shall have the following powers and functions:

18           (a) Exclusive and original jurisdiction to interpret the provisions of this  
19 Act, subject to review by the Secretary of Finance;

20           (b) Exercise any customs power, duties and functions, directly or  
21 indirectly;

22           (c) Review any action or decision of any customs officer performed  
23 pursuant to the provisions of this Act;

24           (d) Review and decide disputed assessments and other matters related  
25 thereto, subject to the exclusive appellate jurisdiction of the Court of Tax  
26 Appeals (CTA);



1 (e) Delegate the powers vested under this Act to any subordinate  
2 official with the rank equivalent to division chief or higher, except for the  
3 following powers and functions:

- 4 (i) Promulgation of rules and regulations;  
5 (ii) Issuance, revocation or modification of rulings; and  
6 (iii) Compromising or abating customs obligations.

7 (f) Assign or reassign any customs officer subject to the approval of  
8 the Secretary of Finance: *Provided, That District Collectors and other customs*  
9 *officers that perform assessment functions shall not remain in the same area of*  
10 *assignment for more than three (3) years; and*

11 (g) Perform all other duties and functions as may be necessary for the  
12 effective implementation of this Act and other customs related laws.

13 SEC. 202. *Functions of the Bureau.* – The Bureau shall exercise the  
14 following duties and functions:

15 (a) Assessment and collection of customs revenues from imported  
16 goods;

17 (b) Simplification and harmonization of customs procedures to  
18 facilitate movement of goods in international trade;

19 (c) Border control to prevent entry of smuggled goods;

20 (d) Prevention and suppression of smuggling and other customs fraud;

21 (e) Facilitation and security of international trade and commerce  
22 through an informed compliance program;

23 (f) Supervision and control over the entrance and clearance of vessels  
24 and aircraft engaged in foreign commerce;

25 (g) Supervision and control over the handling of foreign mails arriving  
26 in the Philippines;

1 (h) Supervision and control on all import and export cargoes, landed or  
2 stored in piers, airports, terminal facilities, including container yards and  
3 freight stations;

4 (i) Exercise of exclusive original jurisdiction over forfeiture cases  
5 under this Act; and

6 (j) Enforcement of this Act and all other laws, rules and regulations  
7 relating to tariff and customs administration.

8 SEC. 203. *Annual Report of the Commissioner.* – The Commissioner  
9 shall submit to the President, the Congress of the Philippines and the National  
10 Economic and Development Authority (NEDA) an annual report on the  
11 performance of the Bureau, on or before March 31 of the following year.

12 SEC. 204. *Promulgation of Rules and Regulations.* – The  
13 Commissioner, subject to the approval of the Secretary of Finance, shall  
14 promulgate rules and regulations for the enforcement of this Act. The  
15 Commissioner shall regularly prepare and publish an updated customs manual,  
16 and the rules, regulations and decisions of the Bureau. The Commissioner  
17 shall furnish the Congress of the Philippines, the NEDA and the Tariff  
18 Commission with electronic copies of department orders, administrative  
19 orders, circulars, and rules and regulations promulgated pursuant to this Act.

20 SEC. 205. *Copies of Goods Declaration.* – The Commissioner shall  
21 regularly furnish the NEDA, the Philippine Statistics Authority (PSA), the  
22 Bureau of Internal Revenue (BIR) and the Tariff Commission electronic copies  
23 of all customs goods declaration processed and cleared by the Bureau.

24 Upon request, the Tariff Commission shall have access to, and the right  
25 to be furnished with copies of liquidated goods declaration and other  
26 documents supporting the goods declaration as finally filed in the Commission  
27 on Audit (COA).

1 For this purpose, the Bureau shall maintain electronic records of goods  
2 declaration and other documents supporting the declaration.

## 3 CHAPTER 2

### 4 CUSTOMS DISTRICTS AND PORTS OF ENTRY

5 SEC. 206. *Customs Districts.* — For administrative purposes, the  
6 Philippines shall be divided into as many Customs Districts as necessary, the  
7 respective limits of which may be changed from time to time by the  
8 Commissioner, with the approval of the Secretary of Finance.

9 Each Customs District shall be supervised by one (1) District Collector,  
10 assisted by as many Deputy District Collectors as may be necessary. The  
11 choice of the location of a District Office, its business hours and the staffing  
12 pattern thereof, shall be based on the particular requirements of each district.

13 SEC. 207. *Ports of Entry.* — All ports of entry shall be under the  
14 supervision and control of a Customs District. A District Collector shall be  
15 assigned in the principal ports of entry while a Deputy District Collector may  
16 be assigned in other types of ports of entry.

17 The principal ports of entry shall be located in Aparri, San Fernando,  
18 Manila, Manila International Container Port, Ninoy Aquino International  
19 Airport, Subic, Clark, Batangas, Legaspi, Iloilo, Cebu, Tacloban, Surigao,  
20 Cagayan de Oro, Zamboanga, Davao, Limay and such other ports created  
21 pursuant to this Act.

22 For the effective enforcement of Bureau functions, sea port and airport  
23 authorities and private port and airport operators shall provide suitable  
24 facilities for examination areas and for other customs equipment free of charge.

25 SEC. 208. *Power of the President to Open and Close Any Port.* —  
26 Upon the recommendation of the Secretary of Finance, the President may open  
27 or close any port of entry. Upon closure of a port of entry, the existing

1 personnel shall be reassigned by the Commissioner, subject to the approval of  
2 the Secretary of Finance.

3       SEC. 209. *Assignment of Customs Officers and Employees to Other*  
4 *Duties.* – The Commissioner, with the approval of the Secretary of Finance,  
5 may assign any employee of the Bureau to any port, service, division or office  
6 of the Bureau within the Bureau's staffing pattern or organizational structure,  
7 or be assigned other duties: *Provided*, That such assignment shall not affect the  
8 employees' tenure of office nor result to change of status, demotion in rank  
9 and/or salary deduction.

10       SEC. 210. *Duties of the District Collector.* – The District Collector  
11 shall have the following duties in their assigned Customs District:

- 12       (1) Ensure entry of all imported goods at the customs office;
- 13       (2) Prevent importation and exportation of prohibited goods;
- 14       (3) Ensure legal compliance of regulated goods;
- 15       (4) Value and classify imported goods;
- 16       (5) Assess and collect duties, taxes and other charges on imported  
17 goods;
- 18       (6) Hold and dispose imported goods in accordance with this Act;
- 19       (7) Perform other necessary duties that may be assigned by the  
20 Commissioner for the effective implementation of this Act.

21       Subject to the supervision and control of the District Collector, the  
22 duties and functions of the District Collector may be delegated to the Deputy  
23 District Collector. The Deputy District Collector assigned to a sub-port shall  
24 be under the supervision and control of the District Collector of the  
25 corresponding principal port.

26       SEC. 211. *Temporary Succession of Deputy District Collector to*  
27 *Position of Acting District Collector.* – In the absence or disability of a  
28 District Collector or, in case of a vacancy, the Deputy District Collector shall

1 temporarily discharge the duties of the District Collector. The most senior  
2 Deputy District Collector in terms of items, and if of equal rank, length of  
3 service, shall automatically assume the position until such time that the  
4 disability or vacancy of the position no longer exists. Should there be no  
5 Deputy District Collector, the District Collector shall designate, in writing, a  
6 senior ranking officer to temporarily perform the duties of the District  
7 Collector. In case there are two (2) or more senior ranking officers with equal  
8 length of service, a drawing of lots shall be undertaken. The District Collector  
9 shall report the designation to the Commissioner within twenty-four (24) hours  
10 after the designation.

11 SEC. 212. *Records to be Kept by Customs Officers.* – District  
12 Collectors, Deputy District Collectors, and customs officers acting in such  
13 capacities must maintain permanent records of official transactions and turn-  
14 over all records and official papers to their respective successors or other  
15 authorized officials. The records shall be made available for inspection by  
16 other authorized officials of the Bureau.

17 If required, the District Collector shall affix on all documents and  
18 records requiring authentication the official dry seal of the Bureau.

19 SEC. 213. *Reports of the District Collector to the Commissioner.* – The  
20 District Collector shall report to the Commissioner any probable or initiated  
21 litigation within the Customs District and shall submit regular monthly reports  
22 on all district transactions.

### 23 CHAPTER 3

#### 24 EXERCISE OF POLICE AUTHORITY

25 SEC. 214. *Persons Exercising Police Authority.* – For the effective  
26 implementation of this Act, the following persons are authorized to effect  
27 search, seizure, and arrest:

1 (a) Officials of the Bureau, District Collectors, Deputy District  
2 Collectors, police officers, agents, inspectors and guards of the Bureau;

3 (b) Officers and members of the Armed Forces of the Philippines  
4 (AFP) and national law enforcement agencies;

5 (c) Officials of the BIR on all cases falling within the regular  
6 performance of their duties, when payment of internal revenue taxes is  
7 involved; and

8 (d) Officers of other government agencies.

9 All officers authorized by the Commissioner to exercise police authority  
10 shall at all times coordinate with the Commissioner.

11 For this purpose, mission orders shall clearly indicate the specific name  
12 of the officers tasked to carry out the mission and the tasks to be carried out.

13 Subject to the approval of the Secretary of Finance, the Commissioner  
14 shall define the scope, areas covered, procedures and conditions governing the  
15 exercise of such police authority including custody and responsibility for the  
16 seized goods. The rules and regulations to this effect shall be furnished the  
17 concerned government agencies and personnel for guidance and compliance.

18 All seizures pursuant to this section must be effected in accordance with  
19 the provisions on the conduct of seizure proceedings as provided for in  
20 Chapter 4, Title XII of this Act.

21 SEC. 215. *Place Where Authority May be Exercised.* -- All persons  
22 exercising police authority as described in the preceding section shall only  
23 exercise powers within customs premises as provided for in Section 302 of this  
24 Act and within the limits of the authority granted by the Commissioner.

25 Port and airport authorities in all ports of entry shall provide authorized  
26 customs officers with unhampered access to all premises within their  
27 administrative jurisdiction.

1           SEC. 216. *Exercise of Power of Seizure.* – Any person exercising police  
2 authority under this Act has the power and duty to seize any vessel, aircraft,  
3 cargo, goods, animal or any other movable property when the same is subject  
4 to forfeiture or when they are subject of a fine imposed under this Act.

5           SEC. 217. *Duty of Officer to Disclose Official Character.* – For the  
6 proper exercise of police authority, any authorized person shall disclose the  
7 nature of the authority upon being questioned at the time of exercise thereof  
8 shall exhibit the corresponding written authority issued by the Commissioner.

9           SEC. 218. *Authority to Require Assistance and Information.* – Any  
10 person exercising police authority may demand the assistance of and request  
11 information from the Philippine National Police (PNP), the Armed Forces of  
12 the Philippines (AFP) and other national law enforcement agency, when  
13 necessary to effect any search, seizure or arrest. It shall be the duty of any  
14 police officer and other national law enforcers to give such lawful assistance.

15           SEC. 219. *Authority to Enter Properties.* – Any person exercising  
16 police authority may, at any time, enter, pass through, and search any land,  
17 enclosure, warehouse, store, building or structure not principally used as a  
18 dwelling or house.

19           When a security personnel or any other employee lives in the  
20 warehouse, store, or any building, structure or enclosure that is used for storage  
21 of goods, it shall not be considered as a dwelling or house for purposes of this  
22 Act.

23           SEC. 220. *Authority to Search Dwelling or House.* – A dwelling or  
24 house may be entered and searched only upon warrant issued by a Judge of the  
25 Court or such other responsible officers as may be authorized, the sworn  
26 application thereon showing probable cause and particularly describing the  
27 place to be searched and things to be seized.

1           SEC. 221. *Authority to Search Vessels or Aircrafts and Persons or*  
2 *Goods Conveyed Therein.* – Any person exercising police authority under this  
3 Act may board, inspect, search and examine a vessel or aircraft and any  
4 container, trunk, package, box or envelope found on board, and physically  
5 search and examine any person thereon. In case of any probable violation of  
6 this Act, the person exercising police authority may seize the goods, vessel,  
7 aircraft, or any part thereof.

8           Such power to search includes removal of any false bottom, partition,  
9 bulkhead, or any other obstruction for the purpose of uncovering any  
10 concealed dutiable or forfeitable goods.

11          The proceeding herein authorized shall not give rise to any claim for  
12 damage caused to the goods, vessel or aircraft, unless there is gross negligence  
13 or abuse of authority in the exercise thereof.

14          SEC. 222. *Authority to Search Vehicles, Persons and Animals.* – Upon  
15 reasonable cause, any person exercising police authority may open and  
16 examine any box, trunk, envelope, or other container for purposes of  
17 determining the presence of dutiable or prohibited goods. This authority  
18 includes the search of receptacles used for the transport of human remains and  
19 dead animals. Such authority likewise includes the power to stop, search and  
20 examine any vehicle, person or animals suspected of holding or conveying  
21 dutiable or prohibited goods.

22          SEC. 223. *Authority to Search Persons Arriving From Foreign*  
23 *Countries.* – Travelers arriving from foreign countries may be subjected to  
24 search and detention by the customs officers. The dignity of the person under  
25 search and detention shall be respected at all times.



## TITLE III

## CUSTOMS JURISDICTION AND CUSTOMS CONTROL

## CHAPTER 1

## CUSTOMS JURISDICTION

SEC. 300. *Customs Jurisdiction.* – For the effective implementation of this Act, the Bureau shall exercise jurisdiction over all seas within Philippine territory and all coasts, ports, airports, harbors, bays, rivers and inland waters whether navigable or not from the sea.

The Bureau shall pursue imported goods subject to seizure during its transport by land, water and air and shall exercise jurisdiction as may be necessary for the effective enforcement of this Act. When a vessel or aircraft becomes subject to seizure for violation of this Act, a pursuit of such vessel or aircraft which began within the territorial waters or air space may continue beyond the same, and the vessel or aircraft may be seized in the high seas or international air space.

## CHAPTER 2

## CUSTOMS CONTROL

SEC. 301. *Control Over Goods.* – All goods, including means of transport, entering or leaving the customs territory, regardless of whether they are liable to duties and taxes, shall be subject to customs control to ensure compliance with this Act.

The Bureau shall seek to cooperate and conclude mutual administrative assistance agreements with other customs administrations to enhance customs control. The Bureau shall consult, coordinate, and cooperate with other government regulatory agencies, free zones authorities, and the customs stakeholders in general to enhance customs control.

1        SEC. 302. *Control Over Premises Used for Customs Purposes.* – The  
2 Bureau shall, for customs purposes, have exclusive control, direction and  
3 management of customs offices, facilities, warehouses, ports, airports,  
4 wharves, and other premises in the Customs Districts, in all cases without  
5 prejudice to the general police powers of the local government units (LGUs),  
6 the Philippine Coast Guard and of law enforcement agencies in the exercise of  
7 their respective functions.

8        SEC. 303. *Power of the President to Subject Premises to Customs*  
9 *Jurisdiction.* – The President may, by executive order, declare any public  
10 wharf, landing place, street or land, in any port of entry under the jurisdiction  
11 of the Bureau as may be necessary, for customs purposes.

12        SEC. 304. *Trespass or Obstruction of Customs Premises.* – No person  
13 shall enter or obstruct a customs office, warehouse, port, airport, wharf, or  
14 other premises under the control of the Bureau without prior authority,  
15 including the streets or alleys where these facilities are located.

16        SEC. 305. *Special Surveillance for the Protection of Customs Revenue*  
17 *and Prevention of Smuggling.* – The Bureau shall conduct surveillance on  
18 vessels or aircrafts entering Philippine territory, and on imported goods  
19 entering the customs office: *Provided, That* the function of the Philippine  
20 Coast Guard to prevent and suppress the illegal entry of these goods,  
21 smuggling and other forms of customs fraud and violations of maritime law,  
22 and its proper surveillance of vessels entering and/or leaving Philippine  
23 territory as provided for in Republic Act No. 9993, otherwise known as the  
24 “Philippine Coast Guard Law of 2009”, shall continue to be in force.

25        SEC. 306. *Temporary Storage of Goods.* – Subject to the rules and  
26 regulations to be issued by the Secretary of Finance, the Commissioner shall  
27 establish a system for temporary storage of imports prior to goods declaration.

## TITLE IV

## IMPORT CLEARANCE AND FORMALITIES

## CHAPTER I

## GOODS DECLARATION

SEC. 400. *Goods to be Imported through Customs Office.* – All goods imported into the Philippines shall be entered through a customs office at a port of entry, or may be admitted to a free zone as defined in this Act, as the case may be.

SEC. 401. *Importations Subject to Goods Declaration.* – Unless otherwise provided for in this Act, all imported goods shall be subject to the lodgement of a goods declaration. A goods declaration may be for consumption, for customs bonded warehousing, for admission, for conditional importation, or for customs transit.

SEC. 402. *Goods Declaration for Consumption.* – All goods declaration for consumption shall be cleared through a formal entry process except for the following goods which shall be cleared through an informal entry process:

(a) Goods of a commercial nature with Free on Board (FOB) or Free Carrier At (FCA) value of less than fifty thousand pesos (P50,000.00); and

(b) Personal and household effects or goods, not in commercial quantity, imported in a passenger's baggage or mail.

The Commissioner may adjust the value of goods of commercial nature that shall be cleared through an informal entry process.

All importations entered through a formal entry process shall be covered by a letter of credit or any verifiable commercial document evidencing payment or in cases where there is no sale for export, by any commercial document indicating the commercial value of the goods.

1           SEC. 403. *Provisional Goods Declaration.* – Where the declarant does  
2 not have all the information or supporting documents required to complete the  
3 goods declaration, the lodging of a provisional goods declaration may be  
4 allowed: *Provided*, That it substantially contains the necessary information  
5 required by the Bureau, and the declarant undertakes to complete the  
6 information or submit the supporting documents within forty-five (45) days  
7 from the filing of the provisional goods declaration, which period may be  
8 extended by the Bureau for another forty-five (45) days for valid reasons.

9           If the Bureau accepts a provisional goods declaration, the duty treatment  
10 of the goods shall not be different from that of goods with complete  
11 declaration.

12           Goods under a provisional goods declaration may be released upon  
13 posting of any security required equivalent to the amount that is disputed to  
14 ensure collection of applicable duties and taxes.

15           SEC. 404. *Owner of Imported Goods.* – All goods imported into the  
16 Philippines shall be deemed to be the property of the consignee or the holder  
17 of the bill of lading, airway bill or other equivalent transport document if duly  
18 endorsed by the consignee therein, or, if consigned to order, duly endorsed by  
19 the consignor. The underwriters of abandoned goods and the salvors of goods  
20 saved from wreck at sea, coast, or any area of the Philippines, may be regarded  
21 as the consignees.

22           SEC. 405. *Liability of Importer for Duties and Taxes.* – The liability  
23 for duties, taxes, fees, and other charges attached to importation constitutes a  
24 personal debt due and demandable against the importer in favor of the  
25 government and shall be discharged only upon payment of duties, taxes, fees,  
26 and other charges. It also constitutes a lien on the imported goods which may  
27 be enforced while such goods are under customs' custody.

1           SEC. 406. *Importations by the Government.* – Except those provided  
2 for in Section 900 of this Act, all importations by the government for its own  
3 use or that of its subordinate branches or instrumentalities, or corporations,  
4 agencies or instrumentalities owned or controlled by the government, shall be  
5 subject to the duties, taxes, fees, and other charges under this Act.

6           SEC. 407. *Goods Declaration and Period of Filing.* – As far as  
7 practicable, the format of the goods declaration shall conform with  
8 international standards. The data required in the goods declaration shall be  
9 limited to such particulars that are deemed necessary for the assessment and  
10 collection of duties and taxes, the compilation of statistics, and compliance  
11 with this Act. The Bureau shall require the electronic lodgement of the goods  
12 declaration.

13           The Bureau shall only require supporting documents necessary for  
14 customs control to ensure that all requirements of the law have been complied  
15 with. *Translation of supporting documents shall not be required except when*  
16 *necessary.*

17           Goods declaration must be lodged within fifteen (15) days from the date  
18 of discharge of the last package from the vessel or aircraft. The period to file  
19 the goods declaration may, upon request, be extended on valid grounds for  
20 another fifteen (15) days: *Provided,* That the request is made before the  
21 expiration of the original period within which to file the goods declaration:  
22 *Provided, however,* That the period of the lodgement of the goods declaration  
23 may be adjusted by the Commissioner.

24           SEC. 408. *Lodgement and Amendment of Goods Declaration.* – The  
25 Bureau shall permit the electronic lodging of the goods declaration at any  
26 designated customs office. The Bureau shall, for valid reason and under terms  
27 and conditions provided by regulation, permit the declarant to amend the goods  
28 declaration that has already been lodged: *Provided,* That the request to

1 amend the goods declaration, together with the intended amendments, must be  
2 received prior to final assessment or examination of the goods.

3 SEC. 409. *Advance Lodgement and Clearance.* – The Bureau may  
4 provide for the lodgement and clearance of goods declaration and supporting  
5 documents prior to the arrival of the goods under such terms and conditions as  
6 may be provided by rules and regulations to be promulgated under this Act.

7 SEC. 410. *Entry of Goods in Part for Consumption and in Part for*  
8 *Warehousing.* – Goods declaration covered by one bill of lading or airway bill  
9 over goods which are meant in part for consumption and in part for  
10 warehousing may be both entered simultaneously for release at the port of  
11 entry.

12 SEC. 411. *Contents of Goods Declaration.* – Goods declarations shall  
13 contain the names of the consignee; importing vessel or aircraft; port of  
14 departure and date of arrival; the number and marks of packages, or the  
15 quantity, if in bulk; the nature and correct commodity description of the goods  
16 contained therein; its value as set forth in a proper invoice; and such other  
17 information as may be required by rules and regulations.

18 SEC. 412. *Statements to be Provided in the Goods Declaration.* – No  
19 entry of imported goods shall be allowed unless the goods declaration has been  
20 lodged with the Bureau. The goods declaration shall, under penalties of  
21 falsification or perjury, contain the following statements:

22 (a) The invoice and goods declaration shall contain an accurate and  
23 faithful account of the prices paid or payable for the goods, and other  
24 adjustments to the price actually paid or payable, and that nothing has been  
25 omitted therefrom or concealed whereby the Government of the Republic of  
26 the Philippines might be defrauded of any part of the duties and taxes lawfully  
27 due on the goods; and

1           (b) To the best of the declarant's information and belief, all the  
2     invoices and bills of lading or airway bills relating to the goods are the only  
3     ones in existence relating to the importation in question, and that these  
4     documents are in the same state as when they were received by the declarant,  
5     and the declaration thereon are in all respects genuine and true.

6           Goods declaration shall be submitted electronically pursuant to  
7     Republic Act No. 8792, otherwise known as the "Electronic Commerce Act of  
8     2000". Such declarations when printed and certified by a competent customs  
9     officer as a faithful reproduction of the electronic submission shall be  
10    considered as actionable documents for purposes of prosecuting a declarant if  
11    the declarations are found to be fraudulent.

12          SEC. 413. *Description of Goods.* — Under such terms and conditions  
13    prescribed under the rules and regulations, the description of the goods in the  
14    goods declaration must be sufficient and specific in detail to enable the goods  
15    to be identified for valuation, statistical purposes, to be classified to the  
16    appropriate tariff subheading in the currency of the invoice, and in such other  
17    particulars necessary for the proper assessment and collection of duties and  
18    taxes. The quantity and values of each of the several classes of goods shall be  
19    separately declared according to their respective headings or subheadings and  
20    the totals of each heading or subheading shall be duly shown.

21          SEC. 414. *Commercial and Noncommercial Invoice.* — Commercial  
22    invoice of imported goods shall contain the following:

- 23           (a) The agreed price paid or to be paid for the goods;  
24           (b) The adjustments to the price paid or to be paid as defined in Section  
25    801(1) of this Act, if not yet included in the invoice;  
26           (c) The names of the buyer, seller, and the time and place of sale;  
27           (d) The port of entry;

1 (e) A sufficient description to enable the accurate identification of  
2 goods for tariff classification, customs valuation, and statistical purposes,  
3 indicating the correct commodity description, in customary term or commercial  
4 designation, the grade or quality, numbers, marks or symbols under which they  
5 are sold by the seller or manufacturer, together with the marks and number of  
6 packages in which the goods are packed;

7 (f) The quantities in the weights or measures of the goods shipped; and

8 (g) Any other fact deemed necessary for the proper examination,  
9 customs valuation, and tariff classification of the goods as may be prescribed  
10 by rules and regulations.

11 To the extent possible, the above requirements shall also apply to goods  
12 imported not covered by sale, such as goods on consignment or lease, samples,  
13 or donations covered by a consignment, *pro forma* invoice, or other  
14 noncommercial invoice.

15 SEC. 415. *Mode of Payment and Terms of Trade.* – Subject to existing  
16 laws and rules on foreign currency exchange, the internationally accepted  
17 standards and practices on the mode of payment or remittance covering import  
18 and export transactions, including standards developed by international trading  
19 bodies such as the International Chamber of Commerce (ICC), on trading  
20 terms, the International Commerce Terminology (INCOTERMS), and on  
21 international letters of credit such as the Uniform Customs and Practice for  
22 Documentary Credits (UCP), shall be recognized.

23 SEC. 416. *Forwarding of Cargo and Remains of Wrecked Vessel or*  
24 *Aircraft.* – When vessels or aircrafts are wrecked within the Philippines, the  
25 original owners or consignees of the cargo, or by its underwriters, in case of  
26 abandonment, may seek approval from the Bureau to forward the goods saved  
27 from the wreck to the ports of destination without going through the customs



office in the district in which the goods were cast ashore or unloaded. Upon approval, the goods may be forwarded with particular manifests and duly certified by a customs officer in charge of the goods.

The owner of the vessel or aircraft may be permitted to export the remains of the wreck upon proper examination and inspection. The remains of a wrecked vessel shall include not only its hull and rigging, but also all sea stores, goods and equipment such as sails, ropes and chain anchors.

SEC. 417. *Derelicts and Goods from Abandoned Wrecks.* -- Derelicts and all goods recovered from sea or from abandoned wrecks shall be under the jurisdiction of the port where the goods arrive, and shall be retained in the custody of the Bureau. If not claimed by the owner, underwriter or salvor, the same shall be deemed as property of the Government.

When such goods are brought into port by lighters or other craft, each vessel shall submit a manifest of their respective cargo.

The customs officer nearest the scene of the wreck shall take charge of the goods saved and shall give immediate notice to the District Collector or the nearest customs office.

In order to prevent any attempt to commit fraud, the District Collector shall be represented at the salvage of the cargo by customs officers who shall examine and receive the inventory made on the cargo.

Derelicts and goods salvaged from foreign vessels or aircrafts recovered from sea or wreck are *prima facie* dutiable and may be entered for consumption or warehousing. If claimed to be of Philippine production, and consequently conditionally duty-free, proof must be submitted as in ordinary cases of re-importation of goods. Foreign goods landed from a vessel or aircraft in distress is dutiable if sold or disposed of in the Philippines.

6 CHAPTER 2

8 SEC. 418. *Examination of Goods.* - Examination of goods, when  
9 required by the Bureau, shall be conducted immediately after the goods  
0 declaration has been lodged. Priority in the examination shall be given to live  
1 animals, perishable goods and other goods requiring immediate examination.

As a general rule, the Bureau may examine the goods in the presence of the declarant or an authorized representative. Examination of the goods in the absence of the declarant or authorized representative may be allowed in exceptional circumstance and for valid and justifiable grounds. The Bureau may require the declarant to be present or to be represented at the examination of the goods or to render any assistance necessary to facilitate the examination.

SEC. 419. *Conditions for Examination.* — Pursuant to internationally  
accepted standards, the Bureau may adopt non-intrusive examination of goods  
such as the use of x-ray machines.

1           Physical examination of the goods shall be conducted when:

2           (a) *It is directed by the Commissioner or the District Collector on*  
3 *account of a derogatory information;*

4           (b) *The goods are subject to an Alert Order issued by competent*  
5 *authority;*

6           (c) *The goods are electronically selected for physical examination;*

7           (d) *There are issues and controversies surrounding the goods*  
8 *declaration and the import clearance process; or*

9           (e) *The importer or declarant requests for the examination of the*  
10 *goods.*

11           The Commissioner or the District Collector may exempt from physical  
12 examination the goods of authorized economic operators or of those provided  
13 for under any existing trade facilitation program of the Bureau.

14           Physical examination, when required, shall be conducted in an  
15 expeditious manner.

16           SEC. 420. *Duties of Customs Officer Tasked to Examine the Imported*  
17 *Goods.* – In the examination, classification, and valuation of the goods, the  
18 customs officer shall:

19           (a) Determine whether the packages for examination and their contents  
20 are in accordance with the goods declaration, invoice and other pertinent  
21 documents;

22           (b) Take samples of the imported goods for examination or laboratory  
23 analysis when necessary;

24           (c) Issue a receipt for a sample taken and retained during examination;  
25 and

26           (d) Report whether the goods have been correctly declared as to  
27 quantity, measurement, weight, tariff classification and not imported contrary  
28 to law,

1 Failure on the part of the customs officer to perform the above duties  
2 shall be penalized according to Section 1531 of Title XV of this Act.

3 SEC. 421. *Customs Expenses Constituting Charges on Goods.* – The  
4 cost of examination shall be for the account of the importer or exporter. All  
5 expenses incurred by the Bureau for the handling or storage of goods and other  
6 necessary operations shall be chargeable against the goods, and shall constitute  
7 a lien thereon.

### 8 CHAPTER 3

#### 9 ASSESSMENT AND RELEASE

10 SEC. 422. *Determination of the De Minimis Value.* – No duties and  
11 taxes shall be collected on goods with an FOB or FCA value of five thousand  
12 pesos (P5,000.00) or below. The Secretary of Finance, upon recommendation  
13 of the Commissioner, may adjust the *de minimis* value as provided herein once  
14 every two (2) years after the effectivity of this Act.

15 SEC. 423. *Duty of Customs Officer Task to Assess Imported Goods.* –  
16 For purposes of assessing duties and taxes on imported goods, the customs  
17 officer shall classify, value, and determine the duties and taxes to be paid. The  
18 customs officer shall prepare and submit an assessment report as established  
19 under this Act.

20 SEC. 424. *Tentative Assessment of Goods Subject to Dispute*  
21 *Settlement.* – Assessment shall be deemed tentative if the duties and taxes  
22 initially assessed are disputed by the importer. The assessment shall be  
23 completed upon final readjustment based on the tariff ruling in case of  
24 classification dispute, or the final resolution of the protest case involving  
25 valuation, rules of origin, and other customs issues.

26 The District Collector may allow the release of importation under  
27 tentative assessment upon the posting of sufficient security to cover the  
28 applicable duties and taxes equivalent to the amount that is disputed.

1        **SEC. 425. *Tentative Assessment of Provisional Goods Declaration.*** –  
2        Assessment of a provisional goods declaration shall be deemed tentative and  
3        such assessment shall be completed upon final readjustment submission by the  
4        declarant of the additional information or documentation required to complete  
5        the declaration within the period provided in Section 403 of this Act.

6        **SEC. 426. *Readjustment of Appraisal, Classification or Return.*** – Such  
7        appraisal, classification or return as finally passed upon and approved or  
8        modified by the District Collector shall not be altered or modified in any  
9        manner, except:

10        (a) Within one (1) year after payment of the duties, upon issuance of  
11        statement of error in conformity with Section 1011 of this Act as approved by  
12        the District Collector;

13        (b) Within fifteen (15) days after such payment upon request for  
14        reappraisal or reclassification addressed to the Commissioner by the District  
15        Collector, if the appraisal or classification is deemed to be low;

16        (c) Upon request for reappraisal and/or reclassification, in the form of a  
17        timely protest addressed to the District Collector by the interested party if the  
18        latter should be dissatisfied with the appraisal or return; and

19        (d) Upon demand by the Commissioner after the completion of  
20        compliance audit in accordance with the provisions of this Act.

21        **SEC. 427. *Assessment of Duty on Less Than Entered Value.*** – Duty  
22        shall not be assessed in any case upon an amount less than the entered value,  
23        unless by direction of the Commissioner in cases when the importer certifies at  
24        the time of entry that the entered value is higher than the dutiable value and  
25        that the goods are so entered in order to meet increases made by the appraiser  
26        in similar cases then pending reappraisement; and the lower assessment shall  
27        be allowed only when the importer's contention is sustained by the final

1 decision, and shall appear that such action of the importer was taken in good  
2 faith after due diligence and inquiry.

3 SEC. 428. *Final Assessment.* -- Assessment shall be deemed final fifteen  
4 (15) days after receipt of the notice of assessment by the importer or  
5 consignee.

6 SEC. 429. *Period of Limitation.* -- In the absence of fraud and when the  
7 goods have been finally assessed and released, the assessment shall be  
8 conclusive upon all parties three (3) years from the date of final payment of  
9 duties, or upon completion of the post clearance audit.

10 SEC. 430. *Release of Goods After Payment of Duties and Taxes.* --  
11 Goods declared shall be released when duties, taxes and other lawful charges  
12 have been paid or secured and all the pertinent laws, rules and regulations have  
13 been complied with.

14 When the Bureau requires laboratory analysis of samples, detailed  
15 technical documents or expert advice, it may release the goods before the  
16 results of such examination are known after posting of sufficient security by  
17 the declarant.

18 SEC. 431. *Release of Goods to the Holder of Bill of Lading or Airway*  
19 *Bill.* -- Any customs officer who releases goods to the consignee or lawful  
20 holder of the bill of lading or airway bill shall not be liable for any defect or  
21 irregularity in its negotiation unless the customs officer has notice of the defect  
22 or irregularity.

23 SEC. 432. *Release of Goods Without Production of Bill of Lading or*  
24 *Airway Bill.* -- No customs officer shall release goods to any person without  
25 the submission of the bill of lading or airway bill covering the goods, except  
26 on written order of the carrier or agent of the vessel or aircraft, in which case  
27 neither the government nor the customs officer shall be held liable for any

1 damage arising from wrongful release of the goods: *Provided*, That when the  
 2 release of goods is made against such written order, the customs officer shall  
 3 require the submission of a copy of the bill.

4 *SEC. 433. Release of Goods Upon Order of Importer.* – An importer  
 5 may issue a written authorization for the release of goods stored in a  
 6 bonded warehouse to another person. Such authorization shall not relieve the  
 7 importer from liability for the duties, taxes and other charges due on the goods  
 8 unless the person to whom the release was authorized assumes such liability.

9 *SEC. 434. Withholding Release Pending Satisfaction of Lien.* – When  
 10 the District Collector is duly notified through a lawful order of a competent  
 11 court of a lien for freight, lighterage or general average upon any imported  
 12 goods, the District Collector shall withhold the release of the goods unless the  
 13 claim has been paid or secured. In case of disagreement, the District Collector  
 14 may release the goods after payment of the freight and lighterage due on the  
 15 quantity or weight landed as actually determined.

16 *SEC. 435. Fine or Surcharge on Goods.* – Goods subject to any fine  
 17 or surcharge shall be released only after the payment of the fine or surcharge.

#### 18 CHAPTER 4

#### 19 SPECIAL PROCEDURES

20 *SEC. 436. Traveler and Passenger Baggage.* – The Bureau shall  
 21 provide simplified customs procedure for traveler and baggage processing  
 22 based on international agreements and customs best practices.

23 Travelers shall be permitted to export goods for commercial purposes,  
 24 subject to compliance with the necessary export formalities and payment of  
 25 export duties, taxes, and charges, if any.

26 *SEC. 437. Postal Item or Mail.* – Postal item or mail shall include  
 27 letter-post and parcels, as described in international practices and agreements  
 28 such as the Acts of the Universal Postal Union (AUPU) currently in force.

1 A simplified procedure shall be used in the clearance of postal item or  
2 mail, including the collection of the applicable duties and taxes on such items  
3 or goods.

4 When all the information required by the customs are available in the  
5 special declaration form for postal items as provided in the AUPU or similar  
6 international agreements, the special declaration form and supporting  
7 documents shall be the goods declaration. However, a separate goods  
8 declaration shall be required for the following:

9 (a) Goods whose value fall within the level that the Commissioner has  
10 determined to be taxable and thus must be covered by a goods declaration;

11 (b) Prohibited and regulated goods;

12 (c) Goods, the exportation of which must be certified; and

13 (d) Imported goods under a customs procedure other than for  
14 consumption.

15 SEC. 438. *Express Shipment.* – The Bureau shall provide simplified  
16 customs procedures based on international standards and customs best  
17 practices for air shipments considered as time-sensitive and requiring  
18 pre-arrival clearance. Express shipments of accredited air express cargo  
19 operators may be released prior to the payment of the duty, tax, and other  
20 charges upon posting of a sufficient security.

## 21 TITLE V

### 22 EXPORT CLEARANCE AND FORMALITIES

#### 23 CHAPTER 1

#### 24 EXPORT CLEARANCE AND DECLARATION

25 SEC. 500. *Export Goods Declaration.* – All goods exported from the  
26 Philippines, whether subject to export duty or not, shall be declared through a  
27 competent customs office through an export goods declaration duly signed  
28 electronically or otherwise by the party making the declaration.



1       The description of the goods in the export declaration must contain  
2       sufficient and specific information for statistical purposes as well as for the  
3       proper valuation and classification of the goods.

4       SEC. 501. *Export Product to Conform to Standard Grades.* -- If  
5       applicable, products shall conform to export standard grades established by the  
6       government. The packaging of the said goods shall likewise be labeled and  
7       marked in accordance with related laws and regulations. Export permits may  
8       not be granted for goods violating the aforementioned requirements.

9       SEC. 502. *Rules of Origin.* -- Pursuant to the applicable rules of origin,  
10      the Bureau or any other designated government agency may determine the  
11      origin of goods for export and, if appropriate, issue the corresponding  
12      certificates of origin. However, the exporter may adopt a self-certification  
13      system: *Provided*, That it is duly accredited by the Bureau or any other  
14      authorized government agencies.

## 15                                   TITLE VI

### 16                                   ADVANCE CUSTOMS CLEARANCE

#### 17                                   CHAPTER I

### 18                                   ADVANCE CUSTOMS CLEARANCE

19      SEC. 600. *Program.* -- The Bureau will establish and implement a  
20      voluntary program on advance customs clearance and control on containerized  
21      cargoes. Containerized cargoes carried on vessels shall be subject to inspection  
22      at the country of origin by a Committee for Accreditation of Cargo Surveying  
23      Companies (CACSC) accredited professional third party Accredited Cargo  
24      Surveying Company (ACSC) with global network of operations, offices and  
25      laboratories.

26      SEC. 601. *Load Port Survey Report.* -- The ACSC shall issue a Load  
27      Port Survey Report (LPSR) which shall determine primarily, but not limited

1 to, goods description, weight, quality, and quantity. In compliance to the  
2 Philippines' commitment to the World Trade Organization (WTO), the ACSC  
3 shall not render customs valuation and tariff classification opinions. The LPSR  
4 may include cargo value and tariff code as declared by the exporter or importer  
5 for every transaction documents like sales invoice and bill of lading.

6 *SEC. 602. Treatment of Cargoes that had Undergone Load Port*  
7 *Survey.* – Importers that had voluntarily undergone Load Port Survey (LPS)  
8 under the advance customs clearance and control on containerized cargo  
9 program shall be granted the following advance import clearance incentives:

10 (a) All cargoes covered by an LPSR shall be automatically exempted  
11 from physical and x-ray inspection, except in the following instances:

12 (i) The LPSR and/or container security seal has been tampered or  
13 showed signs that the same has been tampered;

14 (ii) The shipment is the subject of an alert order under Section 1211 of  
15 this Act;

16 (iii) The importer disagrees with the findings of the LPSR and requests  
17 that a Discharge Port Survey (DPS) be conducted in the presence of customs  
18 officers;

19 (iv) If the Commissioner or District Collector has derogatory  
20 information against the shipment; and

21 (v) If the LPS was conducted by a non-accredited cargo surveyor.

22 (b) Any importer shall be allowed to lodge goods declaration and pay  
23 the duties, taxes and other charges prior to arrival of the cargo subject of  
24 LPSR. After verification of the LPSR and arrival of the cargo, the same shall  
25 be released.

26 *SEC. 603. Voluntary to Mandatory Program.* – The Commissioner may  
27 recommend the mandatory implementation of the program after conducting a  
28 public hearing and issuance of necessary implementing rules and regulations.

## TITLE VII

## CUSTOMS TRANSIT AND TRANSSHIPMENT

## CHAPTER I

## CUSTOMS TRANSIT

SEC. 700. *Customs Transit in the Customs Territory.* -- Customs transit within the customs territory shall be allowed for goods except those intended for consumption, to be transported as follows:

(a) From port of entry to another port of entry as exit point for outright exportation;

(b) From port of entry to another port of entry or inland customs office;

(c) From inland customs office to a port of entry as exit point for outright exportation; and

(d) From one inland customs office to another port of entry or inland customs office.

A transit permit is required for goods transported under customs transit. However, transfer of goods in customs transit from one means of transport to another shall be allowed: *Provided*, That any customs seal or fastening is not broken or tampered.

The party responsible for the compliance of the obligations imposed on customs transit shall ensure that the goods are presented intact and in due course at the customs office of destination. Failure to comply with the aforementioned obligations or likewise failure to follow a prescribed itinerary or period for delivery of the goods may immediately subject the goods to corresponding duties, taxes, and other applicable fines, penalties, and surcharges.

SEC. 701. *Duty and Tax on Goods Intended for Transit.* -- Transit goods admitted for storage in a customs bonded warehouse, or for outright exportation at the port of destination or inland customs office, shall not be

1 subject to the payment of duties and taxes at the port of discharge: *Provided*,  
 2 That any conditions and security required by the Bureau are complied with.

3 Goods for consumption and intended for customs transit shall be subject  
 4 to payment of duties and taxes at the port of discharge.

5 SEC. 702. *Carrier's Security.* – Carriers that transport imported goods  
 6 that shall be placed under customs transit from a port of arrival to other ports,  
 7 shall post a general transportation security amounting to at least fifty thousand  
 8 pesos (P50,000.00). Such security shall ensure the complete and immediate  
 9 delivery of goods to the customs officer at the port of destination, and the  
 10 payment of pertinent customs charges and expenses and other transfer costs.  
 11 The amount of the security may be adjusted by the Commissioner, upon  
 12 approval of the Secretary of Finance.

## 13 CHAPTER 2

### 14 CUSTOMS TRANSSHIPMENT

15 SEC. 703. *Customs Transshipment.* – Goods admitted for transshipment  
 16 shall not be subject to the payment of duties and taxes: *Provided*, That the  
 17 goods declaration for customs transshipment particularly indicates such nature  
 18 of the goods, duly supported by commercial or transport documents or  
 19 evidence as required by the Bureau.

20 Goods for transshipment must be exported from the Philippines within  
 21 thirty (30) days from arrival thereof. The Commissioner may allow an  
 22 extension of such period after the establishment of valid reasons.

23 SEC. 704. *Goods Entered for Immediate Re-Exportation.* – Where an  
 24 intent of re-exportation of the goods is shown by the bill of lading, invoice,  
 25 manifest, or other satisfactory evidence, the whole or a part of a bill  
 26 comprising not less than one (1) package may be entered for immediate  
 27 re-exportation under security. The District Collector shall designate the vessel

1 or aircraft in which the goods are loaded constructively as a warehouse to  
2 facilitate the direct transfer of the goods to the exporting vessel or aircraft.

3 Unless it shall appear in the bill of lading, invoice, manifest, or other  
4 satisfactory evidence, that goods arriving in the Philippines are destined for  
5 transshipment, no exportation thereof will be permitted except under entry for  
6 immediate re-exportation under sufficient security in an amount equal to the  
7 ascertained duties, taxes and other charges.

8 Upon the re-exportation of goods, and the production of proof of  
9 landing beyond the limits of the Philippines, the security shall be released.

## 10 TITLE VIII

### 11 IMPORT DUTY AND TAX

#### 12 CHAPTER I

##### 13 BASIS OF VALUATION

14 SEC. 800. *Sequential Application of Valuation Methods.* – Imported  
15 goods shall be valued in accordance with the provisions of Section 801 of this  
16 Act whenever the conditions prescribed therein are fulfilled.

17 Where the customs value cannot be determined under the provisions of  
18 Section 801 of this Act, it is to be determined by proceeding sequentially  
19 through the succeeding sections hereof to the first such section under which the  
20 customs value can be determined. Except as provided in Section 804 of this  
21 Act, it is only when the customs value cannot be determined under the  
22 provisions of a particular section that the provisions of the next section in the  
23 sequence can be used.

24 If the importer does not request that the order of Sections 804 and 805  
25 of this Act be reversed, the normal order of the sequence is to be followed. If  
26 the importer so request but it is impossible to determine the customs value  
27 under Section 805, the customs value shall be determined under Section 804 of  
28 this Act.

1           When the customs value cannot be determined under Sections 801  
2 through 805, it may be determined under Section 806 of this Act.

3           SEC. 801. *Transaction Value System – Method One.* – The transaction  
4 value shall be the price actually paid or payable for the goods when sold for  
5 export to the Philippines adjusted in accordance with the provisions of this  
6 section: *Provided, That:*

7           (a) There are no restrictions as to the disposition or use of the goods by  
8 the buyer other than restrictions which:

- 9           (i) Are imposed or required by law or by Philippine authorities;  
10          (ii) Limit the geographical area in which the goods may be resold; or  
11          (iii) *Do not substantially affect the value of the goods;*

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

14          (c) The buyer and the seller are not related, or where the buyer and  
15 the seller are related, that the transaction value is acceptable for customs  
16 purposes under the provisions hereof.

17          For purposes of this Act, persons shall be deemed related only if:

- 18          (i) They are officers or directors of one another's business;  
19          (ii) They are legally recognized partners in business;  
20          (iii) There exists an employer-employee relationship between them;  
21          (iv) Any person directly or indirectly owns, controls or holds five  
22 percent (5%) or more of the outstanding voting stock or shares of both seller  
23 and buyer;  
24          (v) One of them directly or indirectly controls the other;  
25          (vi) Both of them are directly or indirectly controlled by a third person;  
26          (vii) Together they directly or indirectly control a third person; or  
27          (viii) They are members of the same family, including those related by  
28 affinity or consanguinity up to the fourth civil degree.

1           Persons who are associated in business with one another in that one is  
2     the sole agent, sole distributor or sole concessionaire, however described, of  
3     the other shall be deemed to be related for the purposes of this Act if they fall  
4     within any of the eight (8) cases cited in the preceding paragraph.

5           In a sale between related persons, the transaction value shall be  
6     accepted as basis for customs valuation whenever the importer demonstrates  
7     that such value closely approximates one of the following occurring at or about  
8     the same time:

9           (a) The transaction value in sales to unrelated buyers of identical or  
10    similar goods for export to the same country of importation;

11          (b) The customs value of identical or similar goods as determined  
12    under the provisions of Section 804 of this Act; or

13          (c) The customs value of identical or similar goods are determined  
14    under the provisions of Section 805 of this Act.

15          In determining the transaction value, the following shall be added to the  
16    price actually paid or payable for the imported goods:

17          (1) To the extent that they are incurred by the buyer but are not  
18    included in the price actually paid or payable for the imported goods:

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

20           (b) Cost of containers;

21           (c) Cost of packing, whether for labor or materials;

22           (d) Value, apportioned as appropriate, of the following goods and  
23    services: materials, components, parts and similar items incorporated in the  
24    imported goods; tools; dies; moulds and similar items used in the production of  
25    imported goods; materials consumed in the production of the imported goods;  
26    and engineering, development, artwork, design work and plans and sketches  
27    undertaken elsewhere than in the Philippines and necessary for the production  
28    of imported goods, where such goods and services are supplied directly or

indirectly by the buyer free of charge or at a reduced cost for use in connection with the production and sale for export of the imported goods; and

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

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

(3) Cost of transport of the imported goods from the port of exportation to the port of entry in the Philippines;

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

(5) Cost of insurance.

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

SEC. 802. *Transaction Value of Identical Goods – Method Two.* --

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

If, in applying this section, more than one transaction value of identical goods are found, the lowest value shall be used to determine the customs value.

SEC. 803. *Transaction Value of Similar Goods – Method Three.* --

Where the dutiable value cannot be determined under the preceding method, the dutiable value shall be the transaction value of similar goods sold for



export to the Philippines and exported at or about the same time as the goods being valued. "Similar goods" mean goods which, although not alike in all respects, have like characteristics and similar component materials which enable them to perform the same functions and to be commercially interchangeable. The quality of the goods, its reputation and the existence of a trademark shall be among the factors to be considered in determining whether goods are similar.

If, in applying this section, more than one transaction value of identical goods are found, the lowest value shall be used to determine the customs value.

SEC. 804. *Deductive Value – Method Four.* – Where the dutiable value cannot be determined under the preceding method, the dutiable value shall be the deductive value unless otherwise requested by the importer as provided in Section 800. The deductive value which shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the Philippines, in the same condition as when imported, in the greatest aggregate quantity, at or about the time of the importation of the goods being valued, to persons not related to the persons from whom they buy such goods, subject to deductions for the following:

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

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

(3) Where appropriate, the costs of: (i) transport of the imported goods from the port of exportation to the port of entry in the Philippines; (ii) loading, unloading and handling charges associated with the transport of the imported goods from the country of exportation to the port of entry in the Philippines; and (iii) insurance; and

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

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

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

19          SEC. 805. *Computed Value – Method Five.* – Where the dutiable value  
20 cannot be determined under the preceding method, the dutiable value shall be  
21 the computed value of the sum of:

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

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

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

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

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

7           The Bureau shall not require or compel any person not residing in the  
8 Philippines to produce for examination, or to allow access to, any account  
9 or other record for the purpose of determining a computed value. However,  
10 information supplied by the producer of the goods for the purpose of  
11 determining the customs value may be verified in another country with the  
12 agreement of the producer, provided said producer will give sufficient advance  
13 notice to the government of the country in question and the latter does not  
14 object to the investigation.

15           SEC. 806. *Fallback Value – Method Six.* – If the dutiable value cannot  
16 be determined under the preceding methods described above, it shall be  
17 determined by using other reasonable means and on the basis of data available  
18 in the Philippines. If the importer so requests, the importer shall be informed  
19 in writing of the dutiable value determined under Method Six and the method  
20 used to determine such value.

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

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

24           (2) A system that provides for the acceptance, for customs purposes, of  
25 the higher of two alternative values;

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

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

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

6           (6) Minimum customs values; or

7           (7) Arbitrary or fictitious values.

8           SEC. 807. *Ascertainment of the Accuracy of the Declared Value.* --

9 Nothing in this section shall be construed as restricting or calling into question  
10 the right of the Bureau to ascertain the truth or accuracy of any statement,  
11 document or declaration presented for customs valuation purposes. When a  
12 declaration has been presented and when the Bureau has reason to doubt the  
13 truth or accuracy of the particulars or of documents produced in support of  
14 such declaration, it may ask the importer to provide further explanation,  
15 including documents or other evidence, that the declared value represents the  
16 total amount actually paid or payable for the imported goods, adjusted in  
17 accordance with the provisions of Section 801 of this Act.

18           If, after receiving further information, or in the absence of a response,  
19 the Bureau still has reasonable doubts about the truth or accuracy of the  
20 declared value, it may deem that the customs value of the imported goods  
21 cannot be determined under Method One, without prejudice to an importer's  
22 right to appeal pursuant to Section 1204 of this Act. Before taking a final  
23 decision, the District Collector shall communicate to the importer, in writing if  
24 requested, the grounds for doubting the truth or accuracy of the particulars or  
25 documents produced and give the importer a reasonable opportunity to  
26 respond. When a final decision is made, the Bureau shall communicate its  
27 decision and the grounds therefor in writing.

## SPECIAL DUTIES AND TRADE REMEDY MEASURES

**SEC. 809. Government's Right of Compulsory Acquisition.** – In order to protect government revenues against undervaluation of goods, the Commissioner may, *motu proprio* or upon the recommendation of the District Collector, acquire imported goods under question for a price equal to their declared customs value plus any duties already paid on the goods, payment for which shall be made within ten (10) working days from issuance of a warrant signed by the Commissioner for the acquisition of such goods.

An importer who is dissatisfied with a decision of the Commissioner of Customs pertaining to this section may, within twenty (20) working days after the date on which notice of the decision is given, appeal to the Secretary of Finance and thereafter if still dissatisfied, to the Court of Tax Appeals as provided for in Section 1237 of this Act.

Where no appeal is made by the importer, or upon reaffirmation of the Commissioner's decision during the appeals process, the Bureau or its agents shall sell the acquired goods pursuant to existing laws and regulations.

Nothing in this section limits or affects any other powers of the Bureau with respect to the disposition of the goods or any liability of the importer or any other person with respect to an offense committed in the importation of the goods.

1           **SEC. 810. *Marking of Imported Goods and Containers.* –**

2           **(a) Marking of Goods.** – Except as hereinafter provided, all goods of  
3 foreign origin imported into the Philippines or their containers, as provided in  
4 subsection (b) hereof shall be conspicuously marked in any official language of  
5 the Philippines as legibly, indelibly and permanently as the nature of the goods  
6 or container will permit, and in such manner as to indicate to an ultimate  
7 purchaser in the Philippines the name of the country of origin, of the goods.  
8 Pursuant thereto, the Commissioner shall, with the approval of the Secretary of  
9 Finance:

10           **(1)** Determine the character of words and phrases or abbreviation  
11 thereof which shall be acceptable as indicating the country of origin, and  
12 prescribe any reasonable method of marking, whether by printing, stenciling,  
13 stamping, branding, labeling or by any other reasonable method, and in a  
14 conspicuous place on the goods or container where the marking shall appear;

15           **(2)** Require the addition of other words or symbols which may be  
16 appropriate to prevent deception or mistake as to the origin of the goods or as  
17 to the origin of any other goods with which such imported goods is usually  
18 combined subsequent to importation but before delivery to an ultimate  
19 purchaser; and

20           **(3)** *Authorize the exception* of any goods from the requirements of  
21 marking if:

22           **(i)** Such goods are incapable of being marked;

23           **(ii)** Such goods cannot be marked prior to shipment to the Philippines  
24 without injury;

25           **(iii)** Such goods cannot be marked prior to shipment to the Philippines,  
26 except at an expense economically prohibitive of their importation;

1           (iv) The marking of a container of such goods will reasonably indicate  
2 the origin of such goods;

3           (v) Such goods are crude substances;

4           (vi) Such goods are imported for use by the importer and not intended  
5 for sale in their imported or any other form;

6           (vii) Such goods are to be processed in the Philippines by the importer  
7 or for the importer's account other than for the purpose of concealing the  
8 origin of such goods and in such manner that any mark contemplated by this  
9 section would necessarily be obliterated, destroyed, or permanently concealed;

10          (viii) An ultimate purchaser, by reason of the character of such goods  
11 or by reason of the circumstances of their importation, must necessarily know  
12 the country of origin of such goods even though they are not marked to  
13 indicate their origin;

14          (ix) Such goods were produced more than twenty (20) years prior to  
15 their importation into the Philippines; or

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

20          (b) Marking of Containers. — Whenever goods are exempt under  
21 paragraph (3) of subsection (a) of this section from the requirements of  
22 marking, the immediate container, if any, of such goods, or such other  
23 container or containers of such goods, shall be marked in such manner as to  
24 indicate to an ultimate purchaser in the Philippines the name of the country of  
25 origin of such goods in any official language of the Philippines, subject to all  
26 provisions of this section, including the same exceptions as are applicable to  
27 goods under paragraph (3) of subsection (a).

1           (c) Fine for Failure to Mark. – If at the time of importation any good or  
2 its container, as provided in subsection (b) hereof, is not marked in accordance  
3 with the requirements of this section, there shall be levied, collected, and paid  
4 upon such good a marking duty of five percent (5%) of dutiable value, which  
5 shall be deemed to have accrued at the time of importation.

6           (d) Release/Withheld Until Marked. – No imported goods held in  
7 customs custody for inspection, examination, or assessment shall be released  
8 until such goods or their containers shall have been marked in accordance with  
9 the requirements of this section, and until the amount of duty estimated to be  
10 payable under subsection (c) of this section shall have been deposited.

11          (e) The failure or refusal of the owner or importer to mark the goods as  
12 herein required within a period of thirty (30) days after due notice shall  
13 constitute as an act of abandonment of said goods and their disposition shall be  
14 governed by the provisions of this Act relative to abandonment of imported  
15 goods.

16          SEC. 811. *Dumping Duty.* – The provisions of Republic Act No. 8752,  
17 otherwise known as the “Anti-Dumping Act of 1999” are hereby adopted.

18          SEC. 812. *Safeguard Duty.* – The provisions of Republic Act No. 8800,  
19 otherwise known as the “Safeguard Measures Act” are hereby adopted.

20          SEC. 813. *Countervailing Duty.* – The provisions of Republic Act No.  
21 8751, entitled “An Act Strengthening the Mechanisms for the Imposition of  
22 Countervailing Duties on Imported Subsidized Products, Commodities or  
23 Articles of Commerce in Order to Protect Domestic Industries from Unfair  
24 Trade Competition, Amending for the Purpose Section 302, Part 2, Title II,  
25 Book I of Presidential Decree No. 1464, Otherwise Known as the Tariff and  
26 Customs Code of the Philippines, as Amended” are hereby adopted.



1        SEC. 814. *Discrimination by Foreign Countries.* – Without prejudice to  
2        the Philippine commitment in any ratified international agreements or treaty,  
3        the following recourse shall be applicable in case of discrimination by foreign  
4        countries:

5        (a) *When the President finds that the public interest will be served*  
6        *thereby, the President shall, by proclamation, specify and declare new or*  
7        *additional duties in an amount not exceeding one hundred percent (100%) ad*  
8        *valorem upon goods wholly or in part the growth or product of, or imported in*  
9        *a vessel of any foreign country whenever the President shall find as a fact that*  
10       *such country:*

11       (1) Imposes, directly or indirectly, upon the disposition or  
12       transportation in transit or through re-exportation from such country of any  
13       goods wholly or in part the growth or product of the Philippines, any  
14       unreasonable charge, exaction, regulation or limitation which is not equally  
15       enforced upon the like goods of every foreign country; or

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

22       (b) If at any time the President shall find it to be a fact that any foreign  
23       country has not only discriminated against the commerce of the Philippines, as  
24       aforesaid, but has, after the issuance of a proclamation as authorized in  
25       subsection (a) of this section, maintained or increased its said discrimination  
26       against the commerce of the Philippines, the President is hereby authorized, if  
27       deemed consistent with the interests of the Philippines and of public interest, to  
28       issue a further proclamation directing that such product of said country or such

1 goods imported in their vessels be excluded from importation into the  
2 Philippines.

3 (c) Any proclamation issued by the President under this section shall, if  
4 the President deems it consistent with the interest of the Philippines, extend to  
5 the whole of any foreign country or may be confined to any subdivision or  
6 subdivisions thereof: *Provided*, That the President may, whenever the public  
7 interests require, suspend, revoke, supplement or amend any such  
8 proclamation.

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

19 (e) It shall be the duty of the Commission to ascertain and at all times  
20 be informed whether any of the discriminations against the commerce of the  
21 Philippines enumerated in subsections (a) and (b) of this section are practiced  
22 by any country; and if and when such discriminatory acts are disclosed, it shall  
23 be the duty of the Commission to bring the matter to the attention of the  
24 President, and to recommend measures to address such discriminatory acts.

25 (f) The Secretary of Finance shall make such rules and regulations as  
26 are necessary for the execution of a proclamation that the President may issue  
27 in accordance with the provisions of this section.

## TITLE IX

## TAX AND DUTY DEFERMENT, PREFERENCE AND EXEMPTION

## CHAPTER 1

## CONDITIONALLY FREE IMPORTATION

SEC. 900. *Conditionally Free Importation.* — The following goods shall be exempt from the payment of import duties upon compliance with the formalities prescribed in the regulations which shall be promulgated by the Commissioner with the approval of the Secretary of Finance: *Provided*, That goods sold, bartered, hired or used for purposes other than what they were intended for and without prior payment of the duty, tax, or other charges which would have been due and payable at the time of entry if the goods had been entered without the benefit of this section, shall be subject to forfeiture and the importation shall constitute a fraudulent practice against customs laws: *Provided, however*, That a sale pursuant to a judicial order or in liquidation of the estate of a deceased person shall not be subject to the preceding proviso, without prejudice to the payment of duties, taxes, and other charges: *Provided, further*, That the President may, upon the recommendation of the Secretary of Finance, suspend, disallow or completely withdraw, in whole or in part, any conditionally free importation under this section:

(a) Aquatic products such as fishes, crustaceans, mollusks, marine animals, seaweeds, fish oil, roe, caught or gathered by fishing vessels of Philippine registry: *Provided*, That they are imported in such vessels or in crafts attached thereto: *Provided, however*, That they have not been landed in any foreign territory or, if so landed, that they have been landed solely for transshipment without having been advanced in condition;

(b) Equipment for use in the salvage of vessels or aircrafts, not available locally, upon identification and the giving of a security in an amount equal to one hundred percent (100%) the ascertained duties, taxes, and other

1 charges thereon, conditioned for the exportation thereof or payment of  
2 corresponding duties, taxes, and other charges within six (6) months from the  
3 date of acceptance of the goods declaration: *Provided*, That the District  
4 Collector may extend the time for exportation or payment of duties, taxes, and  
5 other charges for a term not exceeding six (6) months from the expiration of  
6 the original period;

7 (c) Cost of repairs, excluding the value of the goods used, made in  
8 foreign countries upon vessels or aircraft documented, registered or licensed in  
9 the Philippines, upon proof satisfactory to the District Collector:

10 (1) That adequate facilities for such repairs are not afforded in the  
11 Philippines; or

12 (2) That such vessels or aircrafts, while in the regular course of their  
13 voyage or flight, were compelled by stress of weather or other casualty to put  
14 into a foreign port to make such repairs in order to secure the safety,  
15 seaworthiness, or airworthiness of the vessels or aircrafts to enable them to  
16 reach their port of destination;

17 (d) Goods brought into the Philippines for repair, processing or  
18 reconditioning to be re-exported upon completion of the repair, processing or  
19 reconditioning: *Provided*, That the District Collector shall require security  
20 equal to one hundred percent (100%) of the duties, taxes, and other charges  
21 thereon, conditioned for the exportation thereof or payment of the  
22 corresponding duties, taxes, and other charges within six (6) months from the  
23 date of acceptance of the goods declaration;

24 (e) Medals, badges, cups, and other small goods bestowed as trophies  
25 or prizes, or those received or accepted as honorary distinction;

26 (f) Personal and household effects belonging to residents of the  
27 Philippines returning from abroad including jewelry, precious stones, and other  
28 goods of luxury which were formally declared and listed before departure and

1 identified under oath before the District Collector when exported from the  
2 Philippines by such returning residents upon their departure therefrom or  
3 during their stay abroad; personal and household effects including wearing  
4 apparels, goods of personal adornment except luxury items, toilet goods,  
5 instruments related to one's profession and analogous personal or household  
6 effects, excluding vehicles, watercrafts, aircrafts and animals purchased in  
7 foreign countries by residents of the Philippines which were necessary,  
8 appropriate, and normally used for their comfort and convenience during their  
9 stay abroad, accompanying them on their return, or arriving within a  
10 reasonable time which, barring unforeseen and fortuitous events, in no case  
11 shall exceed sixty (60) days after the owner's return: *Provided*, That the  
12 personal and household effects shall neither be in commercial quantities nor  
13 intended for barter, sale or for hire and that the total dutiable value of which  
14 shall not exceed one hundred fifty thousand pesos (P150,000.00): *Provided*,  
15 *however*, That the returning resident has not previously availed of the privilege  
16 under this section within three hundred sixty-five (365) days prior to returning  
17 resident's arrival: *Provided, further*, That any amount in excess of one  
18 hundred fifty thousand pesos (P150,000.00) shall be subject to the  
19 corresponding duties and taxes under this Act. For purposes of this section,  
20 the phrase "returning residents" refers to Filipino nationals who have stayed in  
21 a foreign country for a period of at least six (6) months.

22 In addition to the privileges granted under the immediately preceding  
23 paragraph, returning overseas Filipino workers (OFWs) shall have the  
24 privilege to bring in, duty free, home appliances and other durables, limited to  
25 one of every kind once in a given calendar year accompanying them on their  
26 return, or arriving within a reasonable time which, barring unforeseen and  
27 fortuitous events, in no case shall exceed sixty (60) days after every returning  
28 OFW's return upon presentation of their original passport at the port of entry:

*Provided*, That any amount in excess of one hundred fifty thousand pesos (P150,000.00) for personal and household effects or of the number of duty-free appliances as provided for under this section, shall be subject to the corresponding duties provided for under this Act. As used in this section:

(1) Overseas Filipino workers (OFWs) refers to holders of valid passports duly issued by the Department of Foreign Affairs (DFA) and certified by the Department of Labor and Employment (DOLE) or the Philippine Overseas Employment Administration (POEA) for overseas employment purposes. They cover all nationals working in a foreign country under employment contracts including Middle East contract workers, entertainers, domestic helpers, regardless of their employment status in the foreign country; and

(2) Calendar Year refers to the period from January 1 to December 31;

(g) Wearing apparel, goods of personal adornment, toilet goods, portable tools and instruments, theatrical costumes and similar effects accompanying travelers, or tourists, or arriving within a reasonable time before or after their arrival in the Philippines, which are necessary and appropriate for the wear and use of such persons according to the nature of the journey, their comfort and convenience: *Provided*, That this exemption shall not apply to goods intended for other persons or for barter, sale or hire: *Provided*, however, That the District Collector may require either a written commitment or a security in an amount equal to one hundred percent (100%) the ascertained duties, taxes, and other charges conditioned for the exportation thereof or payment of the corresponding duties, taxes, and other charges within three (3) months from the date of acceptance of the goods declaration: *Provided*, further, That the District Collector may extend the time for exportation or payment of duties, taxes, and other charges for a term not exceeding three (3) months from the expiration of the original period.

1           Personal and household effects and vehicles belonging to foreign  
2 consultants and experts hired by, or rendering service to, the government, and  
3 their staff or personnel and families accompanying them or arriving within a  
4 reasonable time before or after their arrival in the Philippines, in quantities and  
5 of the kind necessary and suitable to the profession, rank or position of the  
6 person importing them, for their own use and not for barter, sale or hire:  
7 *Provided*, That the District Collector may require either a written commitment  
8 or a security in an amount equal to one hundred percent (100%) the ascertained  
9 duties, taxes, and other charges upon the goods classified under this subsection  
10 conditioned for the exportation thereof or payment of the corresponding duties,  
11 taxes and other charges within three (3) months after the expiration of their  
12 term or contract: *Provided, however*, That the District Collector may extend  
13 the time for exportation or payment of duties, taxes, and other charges for a  
14 term not exceeding three (3) months from the expiration of the original period;

15           (h) Professional instruments and implements, tools of trade, occupation  
16 or employment, wearing apparel, domestic animals, and personal and  
17 household effects belonging to persons coming to settle in the Philippines or  
18 Filipinos or their families and descendants who are now residents or citizens of  
19 other countries, such parties hereinafter referred to as overseas Filipinos, in  
20 quantities and of the class suitable to the profession, rank or position of the  
21 persons importing them, for their own use and not for barter or sale,  
22 accompanying such persons, or arriving within a reasonable time. The District  
23 Collector may, upon the production of satisfactory evidence that such persons  
24 are actually coming to settle in the Philippines and that the goods are brought  
25 from their former place of abode, exempt such goods from the payment of  
26 customs duties and taxes: *Provided*, That vehicles, vessels, aircrafts,  
27 machineries and other similar goods for use in manufacture, shall not fall

1 within this classification and shall therefore be subject to customs duties, taxes,  
2 and other charges;

3 (i) Goods used exclusively for public entertainment, and for display in  
4 public expositions, or for exhibition or competition for prizes, and devices for  
5 projecting pictures and parts and appurtenances thereof, upon identification,  
6 examination, and appraisal and the giving of a security in an amount equal to  
7 one hundred percent (100%) of the ascertained duties, taxes, and other charges  
8 thereon, conditioned for the exportation thereof or payment of the  
9 corresponding duties, taxes, and other charges within three (3) months from the  
10 date of acceptance of the goods declaration: *Provided*, That the District  
11 Collector may extend the time for exportation or payment of duties, taxes, and  
12 other charges for a term not exceeding three (3) months from the expiration of  
13 the original period; and technical and scientific films when imported by  
14 technical, cultural and scientific institutions, and not to be exhibited for profit:  
15 *Provided, further*, That if any of the films is exhibited for profit, the proceeds  
16 therefrom shall be subject to confiscation, in addition to the penalty provided  
17 under this Act;

18 (j) Goods brought by foreign film producers directly and exclusively  
19 used for making or recording motion picture films on location in the  
20 Philippines, upon their identification, examination and appraisal and the giving  
21 of a security in an amount equal to one hundred percent (100%) of the  
22 ascertained duties, taxes, and other charges thereon; conditioned for the  
23 exportation thereof or payment of the corresponding duties, taxes, and other  
24 charges within three (3) months from the date of acceptance of the goods  
25 declaration, unless extended by the District Collector for another three (3)  
26 months; photographic and cinematographic films, underdeveloped, exposed  
27 outside the Philippines by resident Filipino citizens or by producing companies  
28 of Philippine registry where the principal actors and artists employed for the



1 production are Filipinos, upon affidavit by the importer and identification that  
2 such exposed films are the same films previously exported from the  
3 Philippines. As used in this paragraph, the terms "actors" and "artists" include  
4 the persons operating the photographic camera or other photographic and  
5 sound recording apparatus by which the film is made;

6 (k) Importations for the official use of foreign embassies, legations and  
7 other agencies of foreign governments: *Provided*, That those foreign countries  
8 accord like privileges to corresponding agencies of the Philippines. Goods  
9 imported for the personal or family use of the members and attachés of foreign  
10 embassies, legations, consular officers and other representatives of foreign  
11 governments: *Provided, however*, That such privilege shall be accorded under  
12 special agreements between the Philippines and the countries which they  
13 represent: *Provided, further*, That the privilege may be granted only upon  
14 specific instructions of the Secretary of Finance pursuant to an official request  
15 of the DFA on behalf of members or attachés of foreign embassies, legations,  
16 or consular officers and other representatives of foreign governments;

17 (l) Imported goods donated to or for the account of the Philippine  
18 government or any duly registered relief organization, not operated for profit,  
19 for free distribution among the needy, upon certification by the DSWD or the  
20 DepED, as the case may be;

21 (m) Containers, holders and other similar receptacles of any material  
22 including kraft paper bags for locally manufactured cement for export,  
23 including corrugated boxes for bananas, mangoes, pineapples and other fresh  
24 fruits for export, except other containers made of paper, paperboard and textile  
25 fabrics which are of such character as to be readily identifiable and/or reusable  
26 for shipment or transportation of goods shall be delivered to the importer  
27 thereof upon identification, examination and appraisal and the giving of a  
28 security in an amount equal to one hundred percent (100%) of the ascertained

1 duties, taxes, and other charges within six (6) months from the date of  
2 acceptance of the goods declaration;

3 (n) Supplies which are necessary for the reasonable requirements of the  
4 vessel or aircraft in its voyage or flight outside the Philippines, including goods  
5 transferred from a bonded warehouse in any Customs District to any vessel or  
6 aircraft engaged in foreign trade, for use or consumption of the passengers or  
7 its crew on board such vessel or aircraft as sea or air stores; or goods  
8 purchased abroad for sale on board a vessel or aircraft as saloon stores or air  
9 store supplies: *Provided*, That any surplus or excess of such vessel or aircraft  
10 supplies arriving from foreign ports or airports shall be dutiable;

11 (o) Goods and salvage from vessels recovered after a period of two (2)  
12 years from the date of filing the marine protest or the time when the vessel was  
13 wrecked or abandoned, or parts of a foreign vessel or its equipment, wrecked  
14 or abandoned in Philippine waters or elsewhere: *Provided*, That goods and  
15 salvage recovered within the said period of two (2) years shall be dutiable;

16 (p) Coffins or urns containing human remains, bones or ashes, used  
17 personal and household effects (not merchandise) of the deceased person,  
18 except vehicles, the dutiable value of which does not exceed one hundred fifty  
19 thousand pesos (P150,000.00), upon identification as such;

20 (q) Samples of the kind, in such quantity and of such dimension or  
21 construction as to render them unsaleable or of no commercial value; models  
22 not adapted for practical use; and samples of medicines, properly marked  
23 "sample-sale punishable by law", for the purpose of introducing new goods in  
24 the Philippine market and imported only once in a quantity sufficient for such  
25 purpose by a person duly registered and identified to be engaged in that trade:  
26 *Provided*, That importations under this subsection shall be previously  
27 authorized by the Secretary of Finance: *Provided, however*, That importation  
28 of sample medicines shall have been previously authorized by the Secretary of

1 Health, and that such samples are new medicines not available in the  
2 Philippines: *Provided, further,* That samples not previously authorized or  
3 properly marked in accordance with this section shall be levied the  
4 corresponding tariff duty.

5 Commercial samples, except those that are not readily and easily  
6 identifiable as in the case of precious and semi-precious stones, cut or uncut,  
7 and jewelry set with precious or semi-precious stones, the value of any single  
8 importation of which does not exceed fifty thousand pesos (P50,000.00) upon  
9 the giving of a security in an amount equal to the ascertained duties, taxes, and  
10 other charges thereon, conditioned for the exportation of said samples within  
11 three (3) months from the date of the acceptance of the goods declaration or in  
12 default thereof, the payment of the corresponding duties, taxes, and other  
13 charges: *Provided,* That if the value of any single consignment of such  
14 commercial samples exceeds fifty thousand pesos (P50,000.00), the importer  
15 thereof may select any portion of the same not exceeding in value of fifty  
16 thousand pesos (P50,000.00) for entry under the provision of this subsection,  
17 and the excess of the consignment may be entered in bond, or for consumption,  
18 as the importer may elect;

19 (r) Animals, except race horses, and plants for scientific, experimental  
20 propagation or breeding, and for other botanical, zoological and national  
21 defense purposes: *Provided,* That no live trees, shoots, plants, moss and bulbs,  
22 tubers and seeds for propagation purposes may be imported under this section,  
23 except by order of the government or other duly authorized institutions:  
24 *Provided, however,* That the free entry of animals for breeding purposes shall  
25 be restricted to animals of recognized breed, duly registered in the record or  
26 registry established for that breed, and certified as such by the Bureau of  
27 Animal Industry (BAI): *Provided, further,* That the certification of such  
28 record, and pedigree of such animal duly authenticated by the proper custodian

1 of such record or registry, shall be submitted to the District Collector, together  
2 with the affidavit of the owner or importer that such animal is the animal  
3 described in said certificate of record and pedigree: *Provided, finally*, That the  
4 animals and plants are certified by the NEDA as necessary for economic  
5 development;

6 (s) Economic, technical, vocational, scientific, philosophical, historical  
7 and cultural books or publications, and religious books like bibles, missals,  
8 prayer books, the Koran, Ahadith and other religious books of similar nature  
9 and extracts therefrom, hymnal and hymns for religious uses: *Provided*, That  
10 those which may have already been imported but are yet to be released by the  
11 Bureau at the effectivity of this Act may still enjoy the privilege herein  
12 provided upon certification by the DepED that such imported books and/or  
13 publications are for economic, technical, vocational, scientific, philosophical,  
14 historical or cultural purposes or that the same are educational, scientific or  
15 cultural materials covered by the International Agreement on Importation of  
16 Educational Scientific and Cultural Materials signed by the President of the  
17 Philippines on August 2, 1952, or other agreements binding upon the  
18 Philippines. Educational, scientific and cultural materials covered by  
19 international agreements or commitments binding upon the Philippine  
20 government so certified by the DepED.

21 (t) Philippine goods previously exported from the Philippines and  
22 returned without having been advanced in value or improved in condition by  
23 any process of manufacturing or other means, and upon which no drawback or  
24 bounty has been allowed, including instruments and implements, tools of trade,  
25 machinery and equipment, used abroad by Filipino citizens in the pursuit of  
26 their business, occupation or profession; foreign goods previously imported  
27 when returned after having been exported and loaned for use temporarily  
28 abroad solely for exhibition, testing and experimentation, for scientific or

1 educational purposes; and foreign containers previously imported which have  
2 been used in packing exported Philippine goods and returned empty if  
3 imported by or for the account of the person or institution who exported them  
4 from the Philippines and not for sale, barter or hire subject to identification:  
5 *Provided, That* Philippine goods falling under this subsection upon which  
6 drawback or bounty have been allowed shall, upon re-importation thereof, be  
7 subject to a duty under this subsection equal to the amount of such drawback  
8 or bounty;

9 (u) Aircraft, equipment and machinery, spare parts, commissary and  
10 catering supplies, aviation gas, fuel and oil, whether crude or refined except  
11 when directly or indirectly used for domestic operations, and such other goods  
12 or supplies imported by and for the use of scheduled airlines operating under  
13 congressional franchise: *Provided, That* such goods or supplies are not locally  
14 available in reasonable quantity, quality and price and are necessary or  
15 incidental to the proper operation of the scheduled airline importing the same;

16 (v) Machineries, equipment, tools for production, plans to convert  
17 mineral ores into saleable form, spare parts, supplies, materials, accessories,  
18 explosives, chemicals, and transportation and communications facilities  
19 imported by and for the use of new mines and old mines which resume  
20 operations, when certified to as such by the Secretary of the Department of  
21 Environment and Natural Resources (DENR), upon the recommendation of the  
22 Director of Mines and Geosciences Bureau, for a period ending five (5) years  
23 from the first date of actual commercial production of saleable mineral  
24 products: *Provided, That* such goods are not locally available in reasonable  
25 quantity, quality and price and are necessary or incidental in the proper  
26 operation of the mine; and aircrafts imported by agro-industrial companies to  
27 be used by them in their agriculture and industrial operations or activities,  
28 spare parts and accessories thereof, when certified to as such by the Secretary

1 of the Department of Agriculture (DA) or the Secretary of the Department of  
2 Trade and Industry (DTI), as the case may be;

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

9 (x) Goods exported from the Philippines for repair, processing or  
10 reconditioning without having been advanced in value, and subsequently  
11 reimported in its original form and in the same state: *Provided*, That in case the  
12 reimported goods advanced in value, whether or not in their original state, the  
13 value added shall be subject to the applicable duty rate of the tariff heading of  
14 the reimported goods; and

15 (y) Trailer chassis when imported by shipping companies for their  
16 exclusive use in handling containerized cargo, upon posting a security in an  
17 amount equal to one hundred percent (100%) the ascertained duties, taxes, and  
18 other charges due thereon to cover a period of one (1) year from the date of  
19 acceptance of the entry, which period, for meritorious reasons, may be  
20 extended by the Commissioner from year to year, subject to the following  
21 conditions:

22 (1) That they shall be properly identified and registered with the Land  
23 Transportation Office (LTO);

24 (2) That they shall be subject to customs supervision fee to be fixed by  
25 the District Collector and subject to the approval of the Commissioner;

26 (3) That they shall be deposited in the customs zone when not in use;  
27 and

1           (4) That upon the expiration of the period prescribed above, duties and  
2       taxes shall be paid unless otherwise reexported.

3           (z) Any officer or employee of the DFA, including any attaché, civil or  
4       military or member of the staff assigned to a Philippine diplomatic mission  
5       abroad by the Department or any similar officer or employee of other  
6       departments assigned to any Philippine consular office abroad, or any AFP  
7       military personnel accorded assimilated diplomatic rank or on duty abroad who  
8       is returning from a regular assignment abroad, for reassignment to the home  
9       office, or who dies, resigns, or is retired from the service, after the approval of  
10      this Act, shall be exempt from the payment of all duties and taxes on personal  
11      and household effects, including one (1) motor car which must have been  
12      ordered or purchased prior to the receipt by the mission or consulate of the  
13      order of recall, and which must be registered in the name of the officer or  
14      employee: *Provided*, That this exemption shall apply only to the value of the  
15      motor car and to the aggregate assessed value of the personal and household  
16      effects, the latter not to exceed thirty percent (30%) of the total amount  
17      received by the officer or employee in salary and allowances during the latest  
18      assignment abroad, but not to exceed four (4) years: *Provided, however*, That  
19      this exemption shall not be availed of more than once every four (4) years:  
20      *Provided, further*, That the officer or employee concerned must have served  
21      abroad for not less than two (2) years.

22           The provisions of general and special laws, to the contrary  
23      notwithstanding, including those granting franchises, there shall be no  
24      exemption whatsoever from the payment of customs duties except as provided  
25      for in this Act; those granted to government agencies, instrumentalities or  
26      government-owned or -controlled corporations with existing contracts,  
27      commitments, agreements, or obligations with foreign countries requiring such  
28      exemption; those granted to international institutions, associations or

1 organizations entitled to exemption pursuant to agreements or special laws; and  
 2 those that may be granted by the President upon prior recommendation of the  
 3 NEDA in the interest of national economic development.

4 Upon the recommendation of the Commissioner, the Secretary of  
 5 Finance may adjust the amount subject to exemption from duties provided in  
 6 paragraphs (f), (p), and (q) of this section.

## 7 CHAPTER 2

### 8 CUSTOMS WAREHOUSES

9 SEC. 901. *Establishment and Supervision of Warehouses.* – When the  
 10 business of the port requires such facilities, the District Collector, subject to  
 11 the approval of the Commissioner, shall designate and establish warehouses for  
 12 use as public and private bonded warehouses, yards, or for other special  
 13 purposes. All such warehouses and premises shall be subject to the supervision  
 14 of the District Collector who shall impose such conditions as may be deemed  
 15 necessary for the protection of the revenue and of the goods stored therein.

16 Subject to consultation with the NEDA and the DTI, and based on  
 17 prevailing economic circumstances, the Secretary of Finance may, upon the  
 18 recommendation of the Commissioner, create or dissolve certain types of  
 19 warehouses.

20 SEC. 902. *Types of Customs Bonded Warehouses (CBWs).* – Customs  
 21 bonded warehouses shall include:

- 22 (a) Public bonded warehouse;
- 23 (b) Private bonded warehouse;
- 24 (c) Manufacturing bonded warehouse.
- 25 (d) Industry-specific customs bonded warehouse; and
- 26 (e) Common customs bonded warehouse.

27 SEC. 903. *Types of Customs Facilities and Warehouses (CFWs).* –  
 28 Customs facilities and warehouses shall include:



- 1 (a) Container yard;
- 2 (b) Container freight station;
- 3 (c) Seaport warehouses; and
- 4 (d) Airport warehouses.

5 SEC. 904. *Application for Operation of a Customs Warehouse.* –  
6 Application for the establishment of CBW and CFW shall be filed with the  
7 District Collector where the CBW or CFW is located, describing the premises,  
8 location, capacity and purpose thereof.

9 Upon receipt of such application, the District Collector shall examine  
10 the premises of such proposed warehouse, particularly its location,  
11 construction and storage facilities. The District Collector with the approval of  
12 the Commissioner may authorize the establishment of customs warehouses, and  
13 accept the required security for its operation and maintenance. The operator of  
14 such CBW and CFW shall pay an annual supervision fee, as determined by the  
15 Commissioner.

16 SEC. 905. *Responsibility of Operators.* – The operator of a CBW or  
17 CFW shall comply with the customs requirements on establishment, security,  
18 suitability and management, including stock-keeping and accounting of the  
19 goods, of the CBW or CFW.

20 The operator of a CBW or CFW shall allow authorized representatives  
21 of the Bureau access to the premises at any time, and to all documents, books  
22 and records of accounts pertaining to the operations of the CBW or CFW.

23 In case of loss of the goods stored in a CBW or CFW, the operator shall  
24 be liable for the payment of duties and taxes due thereof. The government  
25 assumes no legal responsibility over the safekeeping of goods stored in any  
26 customs warehouse, yard or premises.

27 Goods imported under Section 120 of this Act shall be store free of  
28 charge.

1           SEC. 906. *Customs Control Over CBWs and CFWs.* – The Bureau  
2 shall, for customs purposes, exercise control, direction and management over  
3 CBWs and CFWs pursuant to Section 302, likewise over the goods thereat  
4 pursuant to Section 301 of this Act.

5           SEC. 907. *Discontinuance of CBW and CFW.* – The use of any CBW  
6 and CFW may be discontinued by the District Collector when conditions so  
7 warrant, or upon receipt of a written request from the operator thereof:  
8 *Provided*, That all the requirements of the laws and regulations have been  
9 complied with by said operator. Where dutiable goods are stored in such  
10 premises, the same must be removed at the risk and expense of the operator:  
11 *Provided, however*, That the premises shall not be relinquished, and its use  
12 shall not be discontinued until after a careful examination of the account of the  
13 warehouse shall have been made. Discontinuance of the use of any warehouse  
14 shall be effective upon approval thereof by the District Collector who shall,  
15 within ten (10) days, inform the Commissioner of such action in writing.

16           SEC. 908. *Warehousing Security on Goods Stored in CBWs.* – For  
17 goods declared in the entry for warehousing in CBWs, the District Collector  
18 shall require the importer to post a sufficient security equivalent to the  
19 computed duties, taxes, and other charges, conditioned upon the withdrawal of  
20 the goods within the period prescribed by Section 911 of this Act or the  
21 payment of duties, taxes, and other charges, and compliance with all  
22 importation requirements.

23           SEC. 909. *Withdrawal of Goods from CBWs.* – Imported goods shall be  
24 withdrawn from the CBWs when the goods declaration is electronically  
25 lodged, together with any related document required by any provision of this  
26 Act and other regulations.

27           Goods entered under sufficient security as provided in Section 1607  
28 may be withdrawn at any time for consumption, for transit, or for exportation.

1 The withdrawal must be made by the CBW operator or its duly authorized  
2 representative.

3 SEC. 910. *Release of Goods from CFWs.* – Imported goods shall be  
4 released when the goods declaration is electronically lodged, together with any  
5 related document required by any provision of this Act and other regulations.  
6 All goods entered into the CFWs shall be subject to the filing of a goods  
7 declaration within the period specified under Section 407 of this Act.

8 SEC. 911. *Period of Storage in CBWs.* – Goods entered for  
9 warehousing may remain in a CBW for a maximum period of one (1) year  
10 from the time of its arrival thereat. For perishable goods, the storage period  
11 shall be three (3) months from the date of arrival, extendible for valid reasons,  
12 and upon written request, to another three (3) months. Goods not withdrawn at  
13 the expiration of the prescribed period shall be deemed as property of the  
14 government and shall be disposed of in accordance with this Act.

15 The Commissioner shall, in consultation with the Secretary of Trade and  
16 Industry, establish a reasonable storage period limit beyond one (1) year for  
17 bonded goods for manufacturing and intended for export, the processing into  
18 finished products of which requires a longer period based on industry standard  
19 and practice, subject to the approval of the Secretary of Finance.

20 SEC. 912. *Exemption from Duty of Goods in CBWs.* – Goods duly  
21 entered for warehousing in CBWs shall be exempt from duty and tax within the  
22 allowed period for storage unless withdrawn for consumption, exportation or  
23 transit to another freezone or another CBW, in which case, such withdrawal  
24 will be subject to the applicable rules and regulations on the liquidation of the  
25 warehousing entry.

26 SEC. 913. *Records to be kept by CBW Operators.* – An account shall  
27 be kept by the Bureau of all goods delivered to a CBW, and a report shall be  
28 made by the CBW operator containing a detailed statement of all imported

1 goods entered and withdrawn from the CBW. The Bureau shall specify the  
2 format of the report and may require electronic submission.

3 All documents, books, and records of accounts concerning the operation  
4 of any CBW shall, upon demand, be made available to the District Collector or  
5 the representative of the District Collector for examination or audit. For record  
6 purposes, all documents shall be kept for three (3) years.

### 7 CHAPTER 3

#### 8 FREE ZONES

9 SEC. 914. *When Goods are Admitted and Withdrawn.* – Imported  
10 goods shall be admitted into a free zone when the goods declaration, together  
11 with required documents as required by existing laws and regulations, are  
12 electronically lodged with the Bureau and other relevant government  
13 authorities at the time of admission.

14 Imported goods shall be withdrawn from the free zone for entry to the  
15 customs territory when the goods declaration is electronically lodged, together  
16 with required documents at the time of the withdrawal from the free zone.

17 SEC. 915. *Exemption from Duty of Goods in Free Zones.* – Unless  
18 otherwise provided by law and in accordance with the respective laws, rules  
19 and regulations of the free zone authorities, goods admitted into a free zone  
20 shall not be subject to duty and tax.

21 SEC. 916. *Movement of Goods Into and From Free Zones.* – The entry  
22 of goods into a free zone, whether directly or through the customs territory,  
23 shall be covered by the necessary goods declaration for admission or transit.  
24 Withdrawal from the free zone into the customs territory shall be covered by  
25 the necessary goods declaration for consumption or warehousing.

26 Transfer of goods from one free zone into another free zone shall  
27 likewise be covered by the necessary transit permit.

5 SEC. 917. *Coordination with Free Zone Authority.* -- To ensure  
6 compliance with customs laws and regulations, the Bureau shall coordinate  
7 with the governing authority of the zone. For this purpose, to ensure  
8 consistency and harmony in the formulation and implementation of customs  
9 policies affecting the free zone, the Commissioner shall sit as an *ex officio*  
10 member of the board of directors of all free zone authorities.

## STORES

13 SEC. 918. *Stores for Consumption.* – Stores for consumption shall  
14 include:

15 (a) Goods intended for use by the passengers and the crew on board  
16 vessels, aircrafts, or trains, whether or not sold; and

(b) Goods necessary for the operation and maintenance of vessels, aircrafts, or trains including fuel and lubricants but excluding spare parts and equipment which are either on board upon arrival or are taken on board during the stay in the customs territory of vessels, aircrafts, or trains used, or intended to be used, in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration.

SEC. 919. *Stores to be Taken Away.* — For purposes of this Chapter, “stores to be taken away” means goods for sale to the passengers and the crew of vessels, aircrafts, or trains with a view to being landed, which are either on board upon arrival or are taken on board during the stay in the customs territory of vessels, aircrafts, or trains used, or intended to be used, in

1 international traffic for the transport of persons for remuneration or for the  
2 industrial or commercial transport of goods, whether or not for remuneration.

3 SEC. 920. *Exemption from Duties and Taxes of Stores.* – Customs  
4 treatment of stores should apply uniformly, regardless of the country of  
5 registration or ownership of vessels, aircrafts, or trains. Stores which are  
6 carried in a vessel, aircrafts, or train arriving in the customs territory shall be  
7 exempted from import duties and taxes provided that they remain on board.  
8 Stores for consumption by the passengers and the crew imported as provisions  
9 on international express vessels, aircrafts, or trains shall be exempted from  
10 import duties and taxes: *Provided, That:*

11 (a) Such goods are purchased only in the countries crossed by the  
12 international vessels and aircrafts in question; and

13 (b) Any duties and taxes chargeable on such goods in the country  
14 where they were purchased are paid.

15 Stores necessary for the operation and maintenance of vessels, aircrafts,  
16 or trains which are on board these means of transport shall be exempted from  
17 import duties and taxes: *Provided, That* they remain on board while these  
18 means of transport are in the customs territory.

19 The Bureau shall allow the issue of stores for use on board during the  
20 stay of a vessel in the customs territory in such quantities as the customs  
21 authority deems reasonable with due regard to the number of the passengers  
22 and the crew and to the length of the stay of the vessel in the customs territory.  
23 The Bureau should allow the issue of stores for use on board by the crew while  
24 the vessel is undergoing repairs in a dock or shipyard: *Provided, That* the  
25 duration of stay in a dock or shipyard is considered to be reasonable.

26 When an aircraft is to land at one or more airports in the customs  
27 territory, the Bureau should allow the issuance of stores for consumption on

board both during the stay of the aircraft at such intermediate airports and during its flight between such airports.

The Bureau shall require a carrier to take appropriate measures to prevent any unauthorized use of the stores including sealing of the stores, when necessary. It shall require the removal of stores from the vessel, aircraft, or trains for storage elsewhere during its stay in the customs territory only when the Bureau considers it necessary.

Vessels, aircrafts, or trains which depart for an ultimate foreign destination shall be entitled to take on board, exempted from duties and taxes, the following:

(1) Stores in such quantities as the Bureau deems reasonable with due regard to the number of the passengers and the crew, to the length of the voyage or flight, and to any quantity of such stores already on board; and

(2) Stores necessary for the operation and maintenance of a vessel, aircraft, or train, in such quantities as are deemed reasonable for operation and maintenance during the voyage or flight, after due regard of the quantity of such stores already on board. Replenishment of stores that are exempted from duties and taxes shall be allowed for vessels, aircrafts, or trains which have arrived in the customs territory, and which need to replenish their stores for the journey to their final destination in the customs territory, subject to the same conditions provided in this Chapter.

SEC. 921. *Goods Declaration for Stores.* — When a declaration concerning stores on board vessels arriving in the customs territory is required by the Bureau, the information required shall be kept to the minimum and as may be necessary for customs control.

The quantities of stores which are supplied to vessels during its stay in the customs territory should be recorded on the required goods declaration concerning stores.





1 or indirectly, in the same form or after processing, to electric utilities for the  
2 generation of electric power and for the manufacture of city gas, a refund or  
3 tax credit shall be allowed not exceeding fifty percent (50%) of the duty  
4 imposed by law upon such oils, which shall be paid or credited under such  
5 rules and regulations as may be prescribed by the Commissioner with the  
6 approval of the Secretary of Finance.

7 (c) On Goods Made from Imported Materials. – Upon exportation of  
8 goods manufactured or produced in the Philippines, including the packing,  
9 covering, putting up, marking or labeling thereof either in whole or in part of  
10 the imported materials for which duties have been paid, a refund or tax credit  
11 shall be allowed for the duties paid on the imported materials so used including  
12 the packing, covering, putting up, marking or labeling thereof, subject to the  
13 following conditions:

14 (1) The actual use of the imported materials in the production of  
15 manufacture of the goods exported with their quantity, value, and amount of  
16 duties paid thereon, should be established satisfactorily;

17 (2) The duties refunded or credited shall not exceed one hundred  
18 percent (100%) of duties paid on the imported materials used;

19 (3) There is no determination by the NEDA of the requirement for  
20 certification on non-availability of locally-produced or manufactured  
21 competitive substitutes for the imported materials used at the time of  
22 importation;

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

26 (5) When two or more products result from the use of the same  
27 imported materials, an apportionment shall be made on its equitable basis; and

(6) For every application of a drawback, there shall be paid to and collected by the Bureau as filing, processing and supervision fees equivalent to one half (1/2) of one percent (1%) of the amount claimed.

SEC. 1001. *Payment of Drawbacks.* – Eligible claims for refund or tax credit shall be paid or granted by the Bureau to claimants within sixty (60) days after receipt of properly accomplished claims: *Provided*, That a registered enterprise under Republic Act No. 5186, otherwise known as the Investment Incentives Act, or Republic Act No. 6135, otherwise known as the “Export Incentives Act of 1970”, which has previously enjoyed tax credits based on customs duties paid on imported raw materials and supplies, shall not be entitled to a drawback under this section with respect to the same importation subsequently processed and reexported.

The Secretary of Finance may, upon the recommendation of the Commissioner, promulgate rules and regulations allowing partial payments of drawbacks pursuant to this section.

SEC. 1002. *Prescription of Drawback Claim.* – A claim and application for a drawback shall prescribe if it is not filed within one (1) year from the date of importation in case of Section 900, paragraphs (a) and (b) and within one (1) year from the date of exportation in the case of Section 900, paragraph (c), subject to such rules and regulations as may be issued by the Commissioner, upon approval of the Secretary of Finance.

## CHAPTER 2

### REFUND AND ABATEMENT

SEC. 1003. *Refund of Duties and Taxes.* – Refund shall be granted where it is established that duties and taxes have been overcharged as a result of an error in the assessment or goods declaration.

Where permission is given by the Bureau for goods originally declared for a customs procedure with payment of duties and taxes to be placed under

1 another customs procedure, a refund shall be made of any duties and taxes  
2 charged in excess of the amount due under the new procedure, subject to such  
3 regulation issued for the purpose.

4 A refund shall not be granted if the amount of duties and taxes involved  
5 is less than five thousand pesos (P5,000.00): *Provided*, That the Secretary of  
6 Finance, in consultation with the Commissioner, may change the minimum  
7 amount specified in this Act, taking into account such factors as inflation or  
8 deflation.

9 SEC. 1004. *Abatement of Duties and Taxes.* – When goods have not yet  
10 been released for consumption or have been placed under another customs  
11 procedure: *Provided*, That no other offense or violation has been committed,  
12 the declarant shall neither be required to pay the duties and taxes nor be  
13 entitled to refund thereof in any of the following cases:

14 (a) When, at the request of the declarant, the goods are abandoned, or  
15 as determined by the Bureau, the goods are destroyed or rendered  
16 commercially valueless while under customs control. Any cost herein incurred  
17 shall be borne by the declarant;

18 (b) When goods are destroyed or irrecoverably lost by accident or *force*  
19 *majeure*. The remaining waste or scrap after destruction, if taken into  
20 consumption, shall be subject to the duties and taxes that would be applicable  
21 on such waste or scrap if imported in same state; and

22 (c) When there are shortages due to the nature of the goods.

23 SEC. 1005. *Abatement for Damage Incurred During Voyage.* – Except  
24 as otherwise provided, no abatement of duties shall be made on account of  
25 damage incurred or deterioration suffered during the voyage of importation;  
26 and duties will be assessed on the actual quantity imported as determined by  
27 the customs officers concerned.

1        SEC. 1006. *Abatement or Refund of Duty on Missing Package.* – When  
 2 any package or packages appearing on the manifest or bill of lading are  
 3 missing, an abatement or refund of the duty shall be made if it is certified by  
 4 the importer or consignee, under pain of penalty for falsification or perjury,  
 5 and upon production of proof satisfactory to the collector concerned, that the  
 6 package or packages in question have not been unlawfully imported into the  
 7 Philippines.

8        SEC. 1007. *Abatement or Refund for Deficiency in Contents of*  
 9 *Packages.* – If, upon opening of any package, a deficiency in the quantity of  
 10 the goods is found to exist based upon the invoice, such deficiency shall be  
 11 certified, under pain of penalty for falsification or perjury, by the customs  
 12 officers concerned and upon the production of proof showing that the shortage  
 13 occurred before the arrival of the goods in the Philippines. Upon sufficient  
 14 proof thereof, the proper abatement or refund of the duty shall be made.

15        SEC. 1008. *Abatement or Refund of Duties on Goods Lost or Destroyed*  
 16 *After Arrival.* – The Bureau may abate or refund the amount of duties accruing  
 17 or paid on any goods that have been lost due to injury, theft, destruction  
 18 through fire or through any other causes, upon satisfactory proof of the same,  
 19 under any of the following circumstances:

20        (a) While within the territory of any port of entry, prior to unloading  
 21 under the Bureau's supervision;

22        (b) While remaining in customs custody after unloading;

23        (c) While in transit from the port of entry to any port in the Philippines;

24        and

25        (d) While released under sufficient security for export except in case of  
 26 loss by theft.

27        SEC. 1009. *Abatement of Duty on Dead or Injured Animals.* – Where it  
 28 is certified, under pain of penalty for falsification or perjury, and upon

1 production of proof satisfactory to the Bureau that an animal subject of  
2 importation dies or suffers injury before arrival, or while in customs custody,  
3 the duty due thereon shall be abated: *Provided*, That its carcass on board or in  
4 customs custody is removed in the manner required by the Bureau and at the  
5 expense of the importer.

6 SEC. 1010. *Investigation Required in Case of Abatements and Refunds.*

7 — The customs officer concerned shall, in all cases of abatement or refund of  
8 duties, submit an examination report as to any fact discovered which indicates  
9 any discrepancy and cause the corresponding adjustment on the goods  
10 declaration: *Provided*, That no abatement or refund of duties, taxes, and other  
11 charges shall be allowed on goods lost or destroyed in bonded public or private  
12 warehouses outside the customs zone.

13 SEC. 1011. *Refund Arising from Correction of Errors.* — Manifest  
14 clerical errors made on an invoice or entry, errors in return of weight, measure  
15 and gauge, when duly certified to under penalties of falsification or perjury by  
16 the surveyor or examining officer when there are such officers at the port, and  
17 errors in the distribution of charges on invoices not involving any question of  
18 law and certified to under penalties of falsification or perjury by the examining  
19 customs officer, may be corrected in the computation of duties, if such errors  
20 are discovered before the payments of duties, or if discovered within one (1)  
21 year after release from customs custody of imported goods upon written  
22 request and notice of error from the importer, or upon statement of error  
23 certified by the District Collector.

24 For the purpose of correcting errors specified in the next preceding  
25 paragraph, the Bureau is authorized to make refunds within the statutory time  
26 limit.

1           SEC. 1012. *Claims for Refund.* -- All claims and application for refund  
2 of duties shall be made in writing and forwarded to the Bureau within six (6)  
3 months from the date of payment of duties and taxes.

4           If, as a result of the refund of customs duties, a corresponding refund of  
5 internal revenue taxes on the same importation becomes due, the Bureau shall  
6 cause the refund of internal revenue taxes in favor of the importer after  
7 issuance of a certification from the Commissioner of Internal Revenue, when  
8 applicable.

9           The importer may file an appeal of a denial of a claim for refund or  
10 abatement, whether it is a full or partial denial, with the Commissioner within  
11 thirty (30) days from the date of the receipt of the denial. The Commissioner  
12 shall render a decision within thirty (30) days from the receipt of all the  
13 necessary documents supporting the application. Within thirty (30) days from  
14 receipt of the decision of the Commissioner, the case may also be appealed to  
15 the Court of Tax Appeals (CTA).

## 16                                   TITLE XI

### 17                                   POST CLEARANCE AUDIT

18           SEC. 1100. *Audit and Examination of Records.* -- Within three (3)  
19 years from the date of final payment of duties and taxes or customs clearance,  
20 as the case may be, the Bureau may conduct an audit examination, inspection,  
21 verification, and investigation of records pertaining to any goods declaration,  
22 which shall include statements, declarations, documents, and electronically  
23 generated or machine readable data, for the purpose of ascertaining the  
24 correctness of the goods declaration and determining the liability of the  
25 importer for duties, taxes, and other charges, including any fine or penalty, to  
26 ensure compliance with this Act.

27           SEC. 1101. *Scope of the Audit.* -- The audit of importers shall be  
28 conducted when firms are selected by a computer-aided risk management

1 system, the parameters of which are to be based on objective and quantifiable  
2 data, subject to the approval of the Secretary of Finance upon the  
3 recommendation of the Commissioner. The criteria for selecting firms to be  
4 audited shall include:

5 (a) Relative magnitude of customs revenue to be generated from the  
6 firm;

7 (b) The rates of duties of the firm's imports;

8 (c) The compliance track records of the firm; and

9 (d) An assessment of the risk to revenue of the firm's import activities.

10 SEC 1102. *Access to Records.* – Any authorized officer of the Bureau  
11 shall be given by the importer and customs broker full and free access to the  
12 premises where the records are kept to conduct audit examination, inspection,  
13 verification, and investigation of those records relevant to such investigation or  
14 inquiry.

15 A copy of any document certified by or on behalf of the importer is  
16 admissible in evidence in all courts as if it were the original copy.

17 A customs officer is not entitled to enter the premises under this section  
18 unless, before so doing, the officer produces to the person occupying or  
19 apparently in charge of the premises written evidence of the fact of being duly  
20 authorized. The person occupying or apparently in charge of the premises  
21 entered by an officer shall provide the officer with all reasonable facilities and  
22 assistance for the effective exercise of the officer's authority under this section.

23 Unless otherwise provided herein or in other provisions of law, the  
24 Bureau may, in case of disobedience, invoke the aid of the proper regional trial  
25 court within whose jurisdiction the matter falls. The court may punish  
26 contumacy or refusal as contempt. In addition, the fact that the importer or  
27 customs broker denies the authorized customs officer full and free access to  
28 importation records during the conduct of a post clearance audit shall create a

1 presumption of inaccuracy in the transaction value declared for their imported  
2 goods and constitute grounds for the Bureau to conduct a reassessment of such  
3 goods.

4 In addition, the imposition of the appropriate criminal sanctions  
5 provided under this Act and other administrative sanctions may be  
6 concurrently invoked against contumacious importers, including the suspension  
7 of the delivery or release of their imported goods.

8 SEC. 1103. *Requirement to Keep Records.* – (a) All importers are  
9 required to keep at their principal place of business, in the manner prescribed  
10 by regulations to be issued by the Commissioner and for a period of three (3)  
11 years from the date of final payment of duties and taxes or customs clearance,  
12 as the case may be, all records pertaining to the ordinary course of business  
13 and to any activity or information contained in the records required by this title  
14 in connection with any such activity.

15 (b) For purposes of the post clearance audit and Section 1100, the term  
16 importer shall include the following:

17 (1) Importer of record or consignee, owner or declarant, or a party  
18 who:

19 (i) imports goods into the Philippines or withdraws such goods into the  
20 Philippine customs territory for consumption or warehousing; files a claim  
21 for refund or drawback; or transports or stores such goods carried or held  
22 under security; or

23 (ii) Knowingly causes the importation or transportation or storage of  
24 imported goods referred to above, or the filing of refund or drawback claim.

25 (2) An agent of any party described in paragraph (1); or

26 (3) A person whose activities require the filing of a goods declaration.



1 (c) A person ordering imported goods from a local importer or supplier  
2 in a domestic transaction shall be exempted from requirements imposed by this  
3 section unless:

4 (1) The terms and conditions of the importation are controlled by the  
5 person placing the order; or

6 (2) The circumstances and nature of the relationship between the  
7 person placing the order and the importer or supplier are such that the former  
8 may be considered as the beneficial or true owner of the imported goods; or

9 (3) The person placing the order had prior knowledge that they will be  
10 used in the manufacture or production of the imported goods.

11 All customs brokers and all other parties engaged in customs clearance  
12 and processing are required to keep at the principal place of business, in the  
13 manner prescribed by regulations to be issued by the Commissioner and for a  
14 period of three (3) years from the date of filing of the goods declaration, copies  
15 of the abovementioned records covering the transactions handled.

16 Locators or persons authorized to bring imported goods into free zones,  
17 such as the special economic zones and free ports, are required to keep subject  
18 records of all its activities, including in whole or in part, records on imported  
19 goods withdrawn from said zones into the customs territory.

20 Failure on the part of the importer or customs broker to keep the records  
21 required by this Act constitutes a waiver of this right to contest the results of  
22 the audit based on records kept by the bureau.

23 SEC. 1104. *Power of the Commissioner to Obtain Information and*  
24 *Issue Summons.* -- For the effective implementation of the post clearance audit  
25 functions of the Bureau, the Commissioner is hereby authorized to:

26 (a) Obtain on a regular basis from any person, in addition to the person  
27 who is the subject of a post clearance audit or investigation, or from any office  
28 or officer of the national and local governments, government agencies and

1 instrumentalities, including the Bangko Sentral ng Pilipinas (BSP) and  
2 government-owned or -controlled corporations (GOCCs), any information such  
3 as costs and volume of production, receipts or sales and gross incomes of  
4 taxpayers, and the names, addresses, and financial statements of corporations,  
5 regional operating headquarters of multinational companies, joint accounts,  
6 associations, joint ventures or consortia and registered partnerships, and their  
7 members, whose business operations or activities are directly or indirectly  
8 involved in the importation or exportation of imported goods or products  
9 manufactured from imported component materials;

10 (b) Summon the person liable for duties and taxes or required to file an  
11 entry, or any officer or employee of such person, or any person having  
12 possession, custody, or care of the books of accounts and other accounting  
13 records containing entries relating to the business of the person liable for duties  
14 and taxes, or any other person, to appear before the Commissioner or the duly  
15 authorized representative at a time and place specified in the summons and to  
16 produce such books, papers, records, or other data, and to give testimony;

17 (c) Take such testimony of the person concerned, under oath, as may  
18 be relevant or material to such inquiry; or

19 (d) Obtain information from banks or other financial institutions on  
20 commercial documents and records pertaining specifically to payments  
21 relevant to import transaction.

22 The provisions of the foregoing paragraphs notwithstanding, nothing in  
23 this section shall be construed as granting the Commissioner the authority to  
24 inquire into bank deposits of persons or entities mentioned in this Title.

25 *SEC. 1105. Failure to Pay Correct Duties and Taxes on Imported*  
26 *Goods.* – Any person who, after being subjected to post clearance audit and  
27 examination as provided in Section 1100 of this Act, is found to have incurred  
28 deficiencies in duties and taxes paid for imported goods, shall be penalized

1 according to two (2) degrees of culpability subject to any mitigating,  
2 aggravating, or extraordinary factors that are clearly established by available  
3 evidence as described hereunder:

4 (a) Negligence. -- When a deficiency results from an offender's failure,  
5 through an act or acts of omission or commission, to exercise reasonable care  
6 and competence in ensuring that a statement made is correct, the offender shall  
7 be charged for committing negligence, and, if found guilty shall be penalized  
8 with a fine equivalent to one hundred twenty-five percent (125%) of the  
9 revenue loss; and

10 (b) Fraud. -- When the material false statement or act in connection  
11 with the transaction was committed or omitted knowingly, voluntarily and  
12 intentionally, as established by clear and convincing evidence, the offender  
13 who is charged for committing fraud and is found guilty thereof, shall be  
14 penalized with a fine equivalent to six (6) times of the revenue loss and/or  
15 imprisonment of not less than two (2) years, but not more than eight (8) years.

16 The decision of the Commissioner, upon proper hearing, to impose  
17 penalties as prescribed in this section may be appealed in accordance with  
18 Section 1204 of this Act.

19 SEC. 1106. *Records to be Kept by the Bureau.* -- The Bureau shall keep  
20 a database of importer and broker profiles which shall include a record of audit  
21 results and the following information and papers:

22 (a) Articles of Incorporation;

23 (b) The company structure, which shall include, but not be limited to,  
24 incorporators and board of directors, key officers, and organizational structure;

25 (c) Key importations;

26 (d) Privileges enjoyed;

27 (e) Penalties; and

28 (f) Risk categories.

1           The Bureau shall furnish the BIR and the DOF a copy of the final audit  
2 results within thirty (30) days from the issuance thereof.

3                                   TITLE XII

4                                   ADMINISTRATIVE AND JUDICIAL PROCEDURES

5                                   CHAPTER 1

6                                   ADVANCE RULING AND DISPUTE SETTLEMENT

7           SEC. 1200. *Decision or Action by Collector in Protest and Seizure*

8 *Cases.* -- When a protest in proper form is presented in a case where protest is  
9 required, the District Collector shall issue an order for hearing within fifteen  
10 (15) days from receipt of the protest and hear the matter thus presented. Upon  
11 the termination of the hearing the District Collector shall render a decision  
12 within thirty (30) days, and if the protest is sustained, in whole or in part, he  
13 shall make the appropriate order, the entry liquidated necessary. In seizure  
14 cases, the District Collector, after a hearing, shall in writing make a declaration  
15 of forfeiture or fix the amount of the fine or take such other action as may be  
16 proper;

17           The person aggrieved by the decision or action of the District Collector  
18 in any matter presented upon protest or by his action in any case of seizure  
19 may, within fifteen (15) days after notification on writing by the District  
20 Collector of his actions or decisions, give written notice to the District  
21 Collector and one (1) copy furnished to the Commissioner of his desire to have  
22 the matter reviewed by the Commissioner. Thereupon, the District Collector  
23 shall forthwith transmit all the records of the proceedings to the Commissioner,  
24 who shall approve, modify or reverse the action or decision of the District  
25 Collector and take such steps and make such orders as may be necessary to  
26 give effect to his decision.

27           SEC. 1201. *Valuation Ruling.* -- An importer or exporter may file a  
28 written application for an advance valuation ruling on the proper application of

1 a specific method on customs valuation of specific goods as prescribed in Title  
2 VIII, Chapter 1 of this Act.

3 The application for a valuation ruling shall be filed with the  
4 Commissioner who shall issue a ruling within thirty (30) days from submission  
5 of the application form and supporting documents as may be required by rules  
6 and regulations.

7 When the valuation method of goods not subject of an application for  
8 advance valuation ruling or the declared customs value is in dispute, the matter  
9 shall be resolved in accordance with Section 1206 of this Act on "Protest".

10 SEC. 1202. *Ruling on the Rules of Origin.* – An importer or exporter  
11 may file a written application for a ruling on whether the goods qualify as  
12 originating under the rules of origin of the applicable preferential trade  
13 agreement. The application for an advance ruling on origin shall be filed with  
14 the Commissioner who shall act on the application within thirty (30) days from  
15 receipt of the application and supporting documents as may be required by  
16 rules and regulations.

17 When the declared origin of the goods, not subject of a request for  
18 advance ruling on origin, is in dispute, the matter shall be resolved in  
19 accordance with Section 1206 of this Act on "Protest".

20 SEC. 1203. *Conditions for Application and Effect of Advance Ruling.* –  
21 An application for an advance ruling shall cover only one (1) product or item.  
22 The application for advance ruling shall be filed at least ninety (90) days  
23 before the importation or exportation of the product or item, as the case may  
24 be.

25 SEC. 1204. *Administrative and Judicial Appeals.* – An aggrieved party  
26 may, within thirty (30) days from receipt of an adverse ruling or decision,  
27 appeal the same to the CTA without prejudice to the authority of the Secretary

1 of Finance to review decisions adverse to the government in accordance with  
2 Section 1228 of this Act.

3 SEC. 1205. *Implementing Rules and Regulations.* -- The Secretary of  
4 Finance, upon the recommendation of the Bureau and the Tariff Commission,  
5 shall promulgate rules and regulations to implement the preceding provisions  
6 on advance ruling.

## 7 CHAPTER 2

### 8 PROTEST

9 SEC. 1206. *Protest.* -- When a ruling or decision of the District  
10 Collector or customs officer involving goods with valuation, rules of origin,  
11 and other customs issues is made, except the fixing of fines in seizure cases,  
12 the party adversely affected may appeal by way of protest against such ruling  
13 or decision by presenting to the Commissioner at the time when payment of the  
14 amount claimed to be due the government is made, or within fifteen (15) days  
15 thereafter, a written protest setting forth the objection to the ruling or decision  
16 in question with the reasons therefore.

17 Subject to the approval of the Secretary of Finance, the Commissioner  
18 shall provide such rules and regulations as to the requirement for payment or  
19 nonpayment of the disputed amount and in case of nonpayment, the release of  
20 the importation under protest upon posting of sufficient guarantee.

21 SEC. 1207. *Protest Exclusive Remedy in Protestable Case.* -- In all  
22 cases subject to protest, the interested party who desires to have the action of  
23 the District Collector reviewed, shall file a protest as provided in Section 1206  
24 of this Act, otherwise the action of the District Collector shall be final and  
25 conclusive.

26 SEC. 1208. *Form and Scope of Protest.* -- A protest shall be filed in  
27 accordance with the prescribed rules and regulations promulgated under this  
28 section. It shall point out the particular decision or ruling of the District

1 Collector for which protest is being made, and shall indicate the particular  
2 ground or grounds upon which the protesting party bases the claim for relief.  
3 The scope of a protest shall be limited to the particular goods subject of a  
4 goods declaration, but any number of issues may be raised in a protest with  
5 reference to the goods declaration constituting the subject matter of the protest.

6 SEC. 1209. *Samples to be Furnished by Protesting Parties.* – If the  
7 nature of the goods permit, importers filing protests involving questions of fact  
8 must, upon demand, present to the Commissioner samples of the goods which  
9 are the subject matter of the protest. The samples of the goods shall be verified  
10 by the customs officer who made the classification against which the protests  
11 are filed.

12 SEC. 1210. *Decision in Protest.* – When a protest is filed in proper  
13 form, the Commissioner shall render a decision within thirty (30) days from  
14 receipt of the protest. In case the protest is sustained, in whole or in part, the  
15 appropriate order shall be made, and the entry reassessed, if necessary.

### 16 CHAPTER 3

#### 17 ALERT ORDERS

18 SEC. 1211. *Alert Orders.* – Alert orders are written orders issued by  
19 customs officers as authorized by the Commissioner on the basis of derogatory  
20 information regarding possible noncompliance with this Act. An alert order  
21 will result in the suspension of the processing of the goods declaration and the  
22 conduct of physical or non-intrusive inspection of the goods within three (3)  
23 days or, in case of perishable goods, two (2) days from issuance of the order.  
24 Within forty-eight (48) hours or, in the case of perishable goods, within  
25 twenty-four (24) hours from inspection, the alerting officer shall recommend  
26 the issuance of a warrant of seizure or release of the goods by the District  
27 Collector concerned.

1 Derogatory information shall indicate the violations and other necessary  
2 specifics thereof. For this purpose, the following shall not be considered  
3 derogatory information:

4 (a) General allegations of undervaluation;

5 (b) General allegations of misclassification without providing the  
6 appropriate tariff heading and duty of the shipment to be alerted;

7 (c) General allegations of over quantity without indicating the source  
8 of information supporting the allegation;

9 (d) General allegations of misdeclaration in the entry without indicating  
10 the suspected actual contents thereof; and

11 (e) General allegations of importations contrary to law without  
12 indicating the specific law or rule to be violated.

13 An alert order may be issued only after lodgement of the goods  
14 declaration and prior to the release of goods from customs custody. Under no  
15 circumstances shall the suspension of the processing of goods declaration be  
16 allowed except through an alert order issued by an authorized customs officer.

17 The costs of the physical inspection shall be borne by the Bureau:  
18 *Provided*, That such cost shall be reimbursed by the owner prior to the release  
19 of the goods if the physical inspection results to the assessment of additional  
20 duties or taxes or the issuance of a warrant of seizure.

21 The Commissioner shall be notified of the recommendation by the  
22 alerting officer within twenty-four (24) hours from the issuance of the alert  
23 order. Alert orders shall be dated and assigned a unique reference number in  
24 series which shall be the basis for reporting to and monitoring by the  
25 Commissioner and the Secretary of Finance.

26 The Bureau shall create a central clearing house for alert orders and  
27 shall submit reports quarterly on the status thereof.



1           SEC. 1212. *Alert Orders on Perishable Goods.* – When the subject of  
2 the alert order are perishable goods, the Bureau shall attach to the  
3 recommendation a certificate stating that the goods are perishable.

4           SEC. 1213. *Authority of Collector in Lifting Alert Orders.* – In addition  
5 to the powers, duties and functions of a District Collector shall also exercise  
6 the power and authority to order the lifting of alert orders when the District  
7 Collector is convinced that the alert order is unnecessary and intended merely  
8 for harassment. When such authority is exercised by the District Collector, the  
9 alerting units shall be furnished with a copy of decision stating the reasons  
10 thereof. The alerting unit may elevate the matter to the Commissioner for a  
11 post-release review by the Commissioner of the incident, or raise the matter  
12 during a regular enforcement and intelligence summit.

13           An enforcement and intelligence summit, to be chaired by the  
14 Commissioner shall be regularly conducted with the goal of evaluating the  
15 performance of the various customs officers authorized to issue alerts, and  
16 calibrating existing rules and regulations to make the system more targeted,  
17 precise and effective.

18           Customs officers authorized to issue alerts may be subjected to  
19 administrative sanctions if a review of the alert orders issued on their behest  
20 clearly illustrates and in violation of existing laws, rules and regulations.

## 21                                   CHAPTER 4

### 22                                   SEIZURE AND FORFEITURE

23           SEC. 1214. *Property Subject to Seizure and Forfeiture.* – Property that  
24 shall be subject to seizure and forfeiture include:

25           (a) Any vehicle, vessel, or aircraft, including cargo, which shall be  
26 used unlawfully in the importation or exportation of goods or in conveying or  
27 transporting smuggled goods in commercial quantities into or from any  
28 Philippine port or place. The mere carrying or holding on board of smuggled

1 goods in commercial quantities shall subject such vehicle, vessel, aircraft, or  
2 any other craft to forfeiture: *Provided*, That the vehicle, vessel, or aircraft, or  
3 any other craft is not used as a common carrier which has been chartered or  
4 leased for purposes of conveying or transporting persons or cargo;

5 (b) Any vessel engaging in the coastwise trade which shall have on  
6 board goods of foreign growth, produce, or manufacture in excess of the  
7 amount necessary for sea stores, without such goods having been properly  
8 entered or legally imported;

9 (c) Any vessel or aircraft into which shall be transferred cargo  
10 unloaded contrary to law prior to the arrival of the importing vessel or aircraft  
11 at the port of destination;

12 (d) Any part of the cargo, stores, or supplies of a vessel or aircraft  
13 arriving from a foreign port which is unloaded before arrival at the vessel's or  
14 aircraft's port of destination and without authority from the customs officer;  
15 but such cargo, ship, or aircraft stores and supplies shall not be forfeited if such  
16 unloading was due to accident, stress of weather, or other necessity and is  
17 subsequently approved by the District Collector;

18 (e) Goods which are fraudulently concealed in or removed contrary to  
19 law from any public or private warehouse, container yard, or container freight  
20 station under customs supervision;

21 (f) Goods, the importation or exportation of which are effected or  
22 attempted contrary to law, or any goods of prohibited importation or  
23 exportation, and all other goods which, in the opinion of the District Collector,  
24 have been used, are or were entered to be used as instruments in the  
25 importation or the exportation of the former;

26 (g) Unmanifested goods found on any vessel or aircraft if manifest  
27 therefor is required;

1           (h) Sea stores or aircraft stores adjudged by the District Collector to be  
2   excessive, when the duties and taxes assessed by the District Collector thereon  
3   are not paid or secured forthwith upon assessment of the same;

4           (i) Any package of imported goods which is found upon examination  
5   to contain goods not specified in the invoice or goods declaration including all  
6   other packages purportedly containing imported goods similar to those  
7   declared in the invoice or goods declaration to be the contents of the  
8   misdeclared package;

9           (j) Boxes, cases, trunks, envelopes, and other containers of whatever  
10   character used as receptacle or as device to conceal goods which are subject to  
11   forfeiture under this Act or which are so designed as to conceal the character of  
12   such goods;

13          (k) Any conveyance actually used for the transport of goods subject to  
14   forfeiture under this Act, with its equipage or trappings, and any vehicle  
15   similarly used, together with its equipment and appurtenances. The mere  
16   conveyance of smuggled goods by such transport vehicle shall be sufficient  
17   cause for the outright seizure and confiscation of such transport vehicle but the  
18   forfeiture shall not be effected if it is established that the owner of the means of  
19   conveyance used as aforesaid, is engaged as common carrier and not chartered  
20   or leased, or that the agent in charge thereof at the time has no knowledge of  
21   the unlawful act; and

22          (l) Goods sought to be imported or exported:

23           (1) Without going through a customs office, whether the act was  
24   consummated, frustrated, or attempted;

25           (2) Found in the baggage of a person arriving from abroad and  
26   undeclared by such person;

27           (3) Through a false declaration or affidavit executed by the owner,  
28   importer, exporter, or consignee concerning the importation of such goods;

(4) On the strength of a false invoice or other document executed by the owner, importer, exporter, or consignee concerning the importation or exportation of such goods; or

(5) Through any other practice or device contrary to law by means of which such goods entered through a customs office to the prejudice of the government.

SEC. 1215. *Properties Not Subject to Forfeiture in the Absence of Prima Facie Evidence.* — The forfeiture of the vehicle, vessel, or aircraft shall not be effected if it is established that the owner thereof or the agent in charge of the means of conveyance used as aforesaid has no knowledge of or participation in the unlawful act: *Provided*, That a *prima facie* presumption shall exist against the vehicle, vessel, or aircraft under any of the following circumstances:

(a) If the conveyance has been used for smuggling before;

(b) If the owner is not in the business for which the conveyance is generally used; and

(c) If the owner is not financially in a position to own such conveyance.

SEC. 1216. *Conditions Affecting Forfeiture of Goods.* — The forfeiture shall be effected only when and while the goods are in the custody or within the jurisdiction of customs officers, or in the possession or custody of or subject to the control of the importer, exporter, original owner, consignee, agent of another person effecting the importation, entry or exportation in question, or in the possession or custody of or subject to the control of persons who shall receive, conceal, buy, sell, or transport the same, or aid in any such acts, with knowledge that the goods were imported, or were the subject of an attempt at importation or exportation contrary to law.

SEC. 1217. *Seizure or Release of Goods.* — The District Collector shall issue an order of release or a warrant of seizure within forty-eight (48) hours,

1 or twenty-four (24) hours in case of perishable goods, upon the  
2 recommendation of the alerting officer or any other customs officer. The  
3 District Collector shall immediately make a report of such seizure or release to  
4 the Commissioner.

5 SEC. 1218. *Warrant of Seizure or Release.* -- The District Collector  
6 shall have the authority to issue a warrant of seizure of the goods upon  
7 determination of the existence or nonexistence of probable cause as provided  
8 for in this Act.

9 The Bureau's Legal Service, through the Prosecution and Litigation  
10 Division (PLD), shall review the recommendation of the existence or  
11 nonexistence of probable cause for the issuance of warrant of seizure or  
12 release. The PLD shall submit its findings and recommendations to the  
13 Director of the Legal Service within forty-eight (48) hours or, within  
14 twenty-four (24) hours in case of perishable goods, from the receipt of such  
15 report. On the basis thereof, the Director of the Legal Service shall  
16 immediately recommend to the District Collector the issuance or nonissuance  
17 of a warrant of seizure or release.

18 In case of conflict on the recommendations of the Legal Service and the  
19 District Collector, the Commissioner shall automatically review the case. The  
20 District Collector may, within twenty-four (24) hours, submit the records to the  
21 Office of the Commissioner who shall render decision within five (5) days  
22 from receipt of the records.

23 In the event that the goods are released, when no additional taxes and  
24 duties are due, and in the absence of fraud, negligence or errors, additional  
25 expenses incurred by the importer during the forfeiture proceedings shall be  
26 charged to the Forfeiture fund under Section 1251 of this Act.

27 Prior to the final resolution of forfeiture proceedings, the District  
28 Collector may, with prior notice to the Commissioner and upon motion by the

1 importer or consignee, allow the release of seized goods under cash bond or  
2 sufficient security equivalent to the landed cost of the goods and any fine,  
3 expenses, and costs which may be adjudged, subject to the following:

4 (1) There is no *prima facie* evidence of fraud in the importation of the  
5 goods;

6 (2) The goods shall not be released when the importation is prohibited  
7 by law; and

8 (3) The release of the goods under this section shall not be construed as  
9 relieving the owner or importer from any criminal liability which may arise  
10 from any violation of this Act or other laws.

11 SEC. 1219. *Disposition of Goods Liable to Deterioration.*

12 – Perishable goods shall be deposited in any appropriate bonded warehouse;  
13 and, if not immediately entered for export or for transportation from the vessel  
14 or aircraft in which imported or entered for consumption and the duties and  
15 taxes paid thereon, such goods may be sold at auction, after such public notice,  
16 not exceeding three (3) days, as the necessities of the case permit. When  
17 seizure shall be made of property which, in the opinion of the Collector, is  
18 liable to perish or be wasted or to depreciate greatly in value by keeping, or  
19 which cannot be kept without great disproportionate expense, whether such  
20 property consists of live animals or of any goods, the appraiser shall so certify  
21 in his appraisal, then the Collector may proceed to advertise and sell the same  
22 at auction when deemed reasonable. The same disposition may be made of any  
23 warehoused goods when in the opinion of the Collector it is likely that the cost  
24 of depreciation, damage, leakage, or other causes, may so reduce its value as to  
25 be insufficient to pay the duties, taxes, and other charges due thereon, should  
26 be permitted to be so kept and be subjected to sale in the usual course.

27 SEC. 1220. *Service of Warrant of Seizure.* – The District Collector  
28 shall cause the service of the warrant of seizure to the owner or importer of the

1 goods or the authorized representative thereof. The owner or importer shall be  
2 given an opportunity to be heard during the forfeiture proceedings.

3 For the purpose of serving the warrant, the importer, consignee, or  
4 person holding the bill of lading or airway bill shall be deemed the "owner" of  
5 the goods. For the same purpose, "authorized representative" shall include any  
6 agent of the owner, and if the owner or the agent is unknown, any person  
7 having possession of the goods at the time of the seizure.

8 Service of warrant to an unknown owner shall be effected by posting the  
9 warrant for fifteen (15) days in a public place at the concerned district, and by  
10 electronic or printed publication.

11 SEC. 1221. *Description, Classification, and Valuation of Seized Goods.*

12 -- The District Collector shall cause the preparation of a list and particular  
13 description, classification, and valuation of the goods seized and valuation of  
14 identical or similar goods.

15 SEC. 1222. *Proceedings in Case of Property Belonging to Unknown*  
16 *Parties.* -- If, within fifteen (15) days after service of warrant, no owner or  
17 agent can be found or appears before the District Collector, the seized goods  
18 shall be forfeited *ipso facto* in favor of the government to be disposed of in  
19 accordance with this Act.

20 SEC. 1223. *Seizure of Vessel or Aircraft for Delinquency of Owner or*  
21 *Officer.* -- When the owner, agent, master, pilot in command or other  
22 responsible officer of any vessel or aircraft becomes liable for any violation of  
23 this Act, the vessel or aircraft may be seized and subjected to forfeiture  
24 proceedings for the settlement of any fine or penalty for which such person is  
25 liable. In determining whether or not to seize a vessel or aircraft, the Bureau  
26 shall take into account the amount of fine or penalty in relation to the  
27 commercial impact that may be caused to international trade by the seizure or  
28 detention as well as the value of the vessel or aircraft.

1           SEC. 1224. *Burden of Proof in Forfeiture Proceedings.* – In all  
2 proceedings taken for the seizure and/or forfeiture of any vessel, vehicle,  
3 aircraft, beast, or goods under this Act, the burden of proof shall lie upon the  
4 claimant: *Provided*, That probable cause shall be first shown for the institution  
5 of such proceedings and that seizure and/or forfeiture was made under the  
6 circumstances and in the manner described in the preceding sections of this  
7 Act.

8           SEC. 1225. *Settlement by Payment of Fine or Redemption of Goods.*  
9 – Subject to the approval of the Commissioner, the District Collector may  
10 allow the settlement by payment of fine or the redemption of goods, during the  
11 course of the forfeiture proceeding. However, the Commissioner may accept  
12 the settlement by redemption of any forfeiture case on appeal. No settlement  
13 by payment of fine shall be allowed when there is fraud or when the  
14 discrepancy in duty and tax to be paid between what is determined and what is  
15 declared amounts to more than thirty percent (30%).

16           In case of settlement by payment of fine, the owner, importer, exporter,  
17 or consignee or agent shall offer to pay a fine equivalent to thirty percent  
18 (30%) of the landed cost of the seized goods. In case of settlement by  
19 redemption, the owner, importer, exporter, or consignee or agent shall offer to  
20 pay the redeemed value equivalent to one hundred percent (100%) of the  
21 landed cost.

22           Upon payment of the fine or payment of the redeemed value, the goods  
23 shall be released and all liabilities which may attach to the goods shall be  
24 discharged without prejudice to the filing of administrative or criminal case.

25           Settlement of any seizure case by payment of the fine or redemption of  
26 forfeited goods shall not be allowed when the importation is prohibited or the  
27 release of the goods is contrary to law.





1 decision of the Commissioner, or of the District Collector under review, as the  
 2 case may be, shall be automatically elevated within five (5) days for review by  
 3 the Secretary of Finance. The decision issued by the Secretary of Finance,  
 4 whether or not a decision was rendered by the Commissioner within thirty (30)  
 5 days, or within ten (10) days in the case of perishable goods, from receipt of  
 6 the records, shall be final upon the Bureau.

7 SEC. 1229. *Automatic Review by the Secretary of Finance in Other*  
 8 *Cases.* — In cases not involving protest or forfeiture, the Commissioner shall  
 9 automatically review any decision by the District Collector that is adverse to  
 10 the government. The records of the case shall be elevated to the Commissioner  
 11 within five (5) days from the promulgation of the decision. The Commissioner  
 12 shall decide on the automatic review within thirty (30) days from receipt of the  
 13 records, or within ten (10) days in the case of perishable goods. When no  
 14 decision is rendered within the prescribed period or when any decision  
 15 rendered by the Commissioner is adverse to the government, the records of the  
 16 case under review shall be automatically elevated within five (5) days for the  
 17 review of the Secretary of Finance. The decision issued by the Secretary of  
 18 Finance, whether or not a decision was rendered by the Commissioner within  
 19 thirty (30) days from receipt of the records, or within ten (10) days in the case  
 20 of perishable goods, shall be final upon the Bureau.

## 21 CHAPTER 6

### 22 ABANDONMENT

23 SEC. 1230. *Abandonment, Kinds and Effects of.* — Imported goods are  
 24 deemed abandoned under any of the following circumstances:

25 (a) When the owner, importer, or consignee of the imported goods  
 26 expressly signifies in writing to the District Collector the intention to abandon  
 27 the same; or

1 (b) When the owner, importer, consignee, or interested party fails to  
2 file an entry within the prescribed period as provided in Section 407 of this  
3 Act: *Provided*, That the term entry shall include provisional or incomplete  
4 goods declaration deemed valid by the Bureau as provided in Section 403 of  
5 this Act. For this purpose, it is the duty of the District Collector to post a list  
6 of all packages discharged and their consignees, whether electronically or  
7 physically, in the District Office, or send a notice to the consignee within five  
8 (5) days from the date of discharge; or

9 (c) Having filed such entry, an owner, importer, consignee or interested  
10 party fails to pay the assessed duties, taxes, and other charges thereon, or, if the  
11 regulated goods failed to comply with Section 117 of this Act, within fifteen  
12 (15) days from the date of final assessment: *Provided*, That if such regulated  
13 goods are subject of an Alert Order and the assessed duties, taxes, and other  
14 charges thereof are not paid within fifteen (15) days from notification by the  
15 Bureau of the resolution of the Alert Order, the same shall also be deemed  
16 abandoned; or

17 (d) Having paid the assessed duties, taxes, and other charges, the  
18 owner, importer, consignee or interested party fails to claim the goods within  
19 ten (10) days. For this purpose, the arrastre or warehouse operator shall report  
20 the unclaimed goods to the District Collector for disposition pursuant to the  
21 provisions of this Act.

22 The due notice requirement under this section may be provided by the  
23 Bureau through electronic notice: *Provided*, That for non-regular importers,  
24 notification shall be by registered mail or personal service. For this purpose,  
25 the accreditation of importers, exporters, and other third parties shall include  
26 provision for mandatory receipt of electronic notices.

27 SEC. 1231. *Treatment and Disposition of Abandoned Goods.* --  
28 Expressly abandoned goods under paragraph (a) of Section 1230 of this Act

1 shall *ipso facto* be deemed the property of the government and shall be  
2 disposed of in accordance with the provisions of this Act.

3 If the Bureau has not disposed of the abandoned goods, the owner or  
4 importer of goods impliedly abandoned may, at any time within thirty (30)  
5 days after the lapse of the prescribed period to file the declaration, reclaim the  
6 goods provided that all legal requirements have been complied with and the  
7 corresponding duties, taxes, and other charges as well as expenses incurred  
8 have been paid before the release of the goods from customs custody.

9 When the Bureau sells goods which have been impliedly abandoned,  
10 although no offense has been discovered, the proceeds of the sale, after  
11 deduction of any duty and tax and all other charges and expenses incurred as  
12 provided in Section 1243 of this Act, shall be turned over to those persons  
13 entitled to receive them or, when this is not possible, held at their disposal for a  
14 specified period. After the lapse of the specified period, the balance shall be  
15 transferred to the Forfeiture Fund as provided in Section 1251 of this Act.

## 16 CHAPTER 7

### 17 OTHER ADMINISTRATIVE PROCEEDINGS

18 SEC. 1232. *Authority of the Commissioner to Make Compromise.* –  
19 Subject to the approval of the Secretary of Finance, the Commissioner may  
20 compromise any administrative case arising under this Act involving the  
21 imposition of fines and surcharges, including those arising from the conduct of  
22 a post clearance audit, unless otherwise specified by law.

23 Cases involving forfeiture proceedings shall, however, not be subject to  
24 any compromise.

## 25 CHAPTER 8

### 26 CIVIL REMEDIES FOR THE COLLECTION OF DUTIES AND TAXES

27 SEC. 1233. *Remedies for the Collection of Duties, Taxes, Fines,*  
28 *Surcharges, Interests, and Other Charges.* – The civil remedies for the

1 collection of import duties, taxes, fees, or charges resulting from the conduct of  
2 a post clearance audit shall be obtained by:

3 (a) Distraint of goods, chattels, or effects, and other personal property  
4 of whatever character, including stocks and other securities, debts, credits,  
5 bank accounts, and interest in and rights to personal property, and by levy upon  
6 real property and interest in rights to real property; and

7 (b) By civil or criminal action.

8 Either or both of these remedies may be pursued at the discretion of the  
9 Bureau: *Provided*, That the remedies of distraint and levy shall not be allowed  
10 when the amount of duties and taxes involved is not more than ten thousand  
11 pesos (P10,000.00).

12 The Bureau shall advance the amounts needed to defray costs of  
13 collection by means of civil or criminal action, including the preservation or  
14 transportation of personal property distrained and the advertisement and sale  
15 thereof, as well as of real property and improvements thereon.

16 SEC. 1234. *Constructive Distraint of the Property.* – To safeguard the  
17 interest of the government, the Commissioner may place under constructive  
18 distraint the property of a delinquent importer who, in the opinion of the  
19 Commissioner, is retiring from any business subject to duty and tax, or is  
20 intending to leave the Philippines, or to remove the property therefrom, or to  
21 hide or conceal the property, or to perform any act tending to obstruct the  
22 proceedings for collecting the duty and tax due, or which may be due.

23 The constructive distraint of personal property shall be effected by  
24 requiring the importer or any person in possession or control of such property  
25 to sign a receipt covering the property, to obligate to preserve the distrained  
26 property on the state and condition at the time of the government's seizure of  
27 the same, and not to dispose of the same in any manner whatsoever, without  
28 the express authority of the Commissioner.

1        In case the importer or the person in possession and control of the  
 2        property sought to be placed under constructive distraint refuses or fails to sign  
 3        the receipt herein referred to, the customs officer effecting the constructive  
 4        distraint shall proceed to prepare a list of such property and, in the presence of  
 5        two (2) witnesses, leave a copy thereof in the premises where the property  
 6        distrained is located, after which the said property shall be deemed to have  
 7        been placed under constructive distraint.

8        SEC. 1235. *Summary Remedies.* — (a) Distraint of Personal Property. —  
 9        Upon the failure of the person owing any delinquent duty, tax, and other  
 10        charges to pay at the time required, the Commissioner shall seize and distraint  
 11        the goods, chattels or effects, and the personal property, including stocks and  
 12        other securities, debts, credits, bank accounts, and interests in and rights to  
 13        personal property of such persons, in sufficient quantity to satisfy the duty, tax,  
 14        or other charges and the expenses of the distraint and the cost of the  
 15        subsequent sale.

16        A report on the distraint shall, within ten (10) days from receipt of the  
 17        warrant, be submitted by the Commissioner to the Secretary of Finance:  
 18        *Provided,* That the Commissioner shall have the power to lift such order of  
 19        distraint subject to the rules and regulations promulgated pursuant to this Act.

20        (b) Levy on Real Property. — After the expiration of the period within  
 21        which to pay the duty, tax, and other charges as prescribed in this section, real  
 22        property may be levied upon, before, simultaneously, or after the distraint of  
 23        personal property belonging to the importer. To this end, the Commissioner or  
 24        the duly authorized representative shall prepare a duly authenticated certificate  
 25        showing the name of the importer and the amounts of the duty, tax and penalty  
 26        due. The certificate shall operate with the force of a legal execution throughout  
 27        the Philippines.

8 In case the warrant of levy on real property is not issued before or  
9 simultaneously with the warrant of distraint on personal property, and the  
10 personal property of the importer is not sufficient to satisfy the duty and tax  
11 due, the Commissioner or a duly authorized representative shall, within thirty  
12 (30) days after execution of the distraint, proceed with the levy on the real  
13 property of the importer.

14           Within ten (10) days after receipt of the warrant, a report on any levy  
15 shall be submitted by the levying officer to the Commissioner: *Provided*, That  
16 the Commissioner may lift such warrants of levy issued, subject to the rules  
17 and regulations promulgated pursuant to this Act.

## 19 JUDICIAL PROCEEDINGS

SEC. 1236. *Supervision and Control Over Criminal and Civil Proceedings.* ~ Civil and criminal actions and proceedings instituted on behalf of the government under the authority of this Act or other laws enforced by the Bureau shall be brought in the name of the Government of the Philippines and shall be prosecuted and handled by the Bureau with the assistance of the Department of Justice (DOJ): *Provided, That the determination of the existence of probable cause and the subsequent filing of any criminal or civil case with the proper court against violators of this Act shall exclusively belong to the DOJ: Provided, however, That no civil or*

1 criminal action for the recovery of duties or the enforcement of any fine,  
2 penalty or forfeiture under this Act shall be filed in court without the approval  
3 of the Commissioner.

4 SEC. 1237. *Review by the CTA.* – Unless otherwise provided in this  
5 Act or by any other law, the party aggrieved by the ruling or decision of the  
6 Commissioner may appeal to the CTA, in the manner and within the period  
7 prescribed by law and regulations. Decisions of the Secretary of Finance when  
8 required by this Act, may likewise be appealed to the CTA.

9 Unless an appeal is made to the CTA in the manner and within the  
10 period prescribed by law and regulations, the ruling or decision of the  
11 Commissioner or the Secretary of Finance shall be final and executory.

12 SEC. 1238. *Exclusive Jurisdiction of the Bureau.* – Jurisdiction over  
13 goods shall be exclusive to the Bureau, or the Secretary of Finance, when  
14 under review by the latter, subject to the proceedings described in this title.

15 Except for the CTA, no court may issue any order or decision until all  
16 the remedies for administrative appeal have been exhausted.

## 17 CHAPTER 10

### 18 DISPOSITION OF PROPERTY IN CUSTOMS CUSTODY

19 SEC. 1239. *Goods Subject to Disposition.* – Goods in customs custody  
20 that are in the following conditions and status shall be subject to disposition:

- 21 (a) Abandoned goods;
- 22 (b) Goods entered under warehousing entry but not withdrawn, or those  
23 whose duties and taxes have not been paid within the period described under  
24 Section 911 of this Act;
- 25 (c) Forfeited goods, other than prohibited goods; and
- 26 (d) Goods subject to a valid lien for customs duties, taxes, and other  
27 charges collectible by the Bureau, after the expiration of the period allowed for  
28 payment thereof.



1           SEC. 1240. *Place of Disposition of Goods.* -- Upon the order of the  
2 District Collector, goods may be sold or otherwise disposed of at the port  
3 where the goods are located, unless the Commissioner shall direct its transfer  
4 to another port.

5           SEC. 1241. *Mode of Disposition.* -- The goods subject to disposition  
6 may be donated to another government agency or declared for official use of  
7 the Bureau, after approval of the Secretary of Finance, or sold at a public  
8 auction within thirty (30) days after a ten (10)-day notice posted at a public  
9 place at the port where the goods are located, and published electronically or in  
10 a newspaper of general circulation.

11           For purposes of donating the goods as above described, goods suitable  
12 for shelter or consisting of foodstuffs, clothing materials or medicines may be  
13 donated to the DSWD.

14           SEC. 1242. *Disqualification to Participate in Auction Sale.* -- No  
15 customs officer or employee shall be allowed to bid directly or indirectly, in  
16 any customs auction.

17           SEC. 1243. *Disposition of Proceeds.* -- The following expenses and  
18 obligations shall be paid from the proceeds of the sale in the order provided:

- 19           (a) Customs duties, except in the case of forfeited goods;
- 20           (b) Taxes and other charges due the government;
- 21           (c) Government storage charges;
- 22           (d) Expenses for the appraisal, advertisement, and sale of auctioned  
23 goods;
- 24           (e) Arrastre and private storage charges and demurrage charges; and
- 25           (f) Freight, lighterage or general average, on the voyage of  
26 importation, of which due notice shall have been given to the District  
27 Collector.

1       The Commissioner is authorized to determine the maximum charges to  
2       be recovered by private entities concerned under subsections (e) and (f) of this  
3       section.

4       SEC. 1244. *Disposition of Perishable Goods.* – Perishable goods  
5       described, when certified as such by the Bureau, may be sold at a public  
6       auction within five (5) days, after a three (3)-day notice.

7       The Bureau shall proceed to advertise and sell the same at auction upon  
8       notice as shall deemed to be reasonable.

9       SEC. 1245. *Disposition of Goods Injurious to Public Health.* – Goods  
10      in the custody of the Bureau which, in the opinion of the District Office are  
11      injurious to public health, shall be seized. The District Collector shall, if the  
12      matter is not disposable under the provisions relating to food and drugs,  
13      appoint three (3) members to constitute a Board to examine the goods. The  
14      Board shall be composed of one (1) representative from either the Department  
15      of Health (DOH) or other appropriate government agency or the local  
16      government unit (LGU) concerned, and two (2) representatives from the  
17      Bureau. If the goods are found to be injurious to public health, the Board shall  
18      report this to the District Collector who shall order its destruction in an  
19      appropriate manner or order its reexportation in accordance with this Act.

20      The District Collector shall immediately coordinate with the health and  
21      quarantine officers at the port of entry for the disposition of goods injurious to  
22      public health.

23      SEC. 1246. *Disposition of Prohibited Goods.* – Prohibited goods as  
24      provided in Section 118 of this Act except paragraph (d) thereof, which shall  
25      be turned over to the Bangko Sentral ng Pilipinas (BSP), shall be turned over  
26      to the appropriate agency for destruction.

27      SEC. 1247. *Disposition of Restricted Goods.* – Restricted goods as  
28      described in Section 119 of this Act shall be disposed as follows:

1           (a) Dynamite, gunpowder, ammunitions and other explosives, firearms  
2 and weapons of war, and parts thereof shall be turned over to the Armed  
3 Forces of the Philippines (AFP);

4           (b) Roulette wheels, gambling outfits, loaded dice, marked cards,  
5 machines, apparatus or mechanical devices used in gambling or the distribution  
6 of money, cigars, cigarettes, or other goods when such distribution is  
7 dependent on chance, including jackpot and pinball machines or similar  
8 contrivances, or parts thereof shall be turned over to the Philippine Amusement  
9 and Gaming Corporation (PAGCOR);

10          (c) Lottery and sweepstakes tickets, except advertisements thereof, and  
11 lists of drawings therein shall be turned over to the PAGCOR.

12          (d) Marijuana, opium, poppies, coca leaves, heroin, or other narcotics  
13 or synthetic drugs which are or may hereafter be declared habit forming by the  
14 President of the Philippines, or any compound, manufactured salt, derivative,  
15 or preparation thereof, shall be turned over to the Dangerous Drugs Board  
16 (DDB);

17          (e) Opium pipes and parts thereof, of whatever material, shall be turned  
18 over to the DDB; and

19          (f) All other restricted goods which are highly dangerous to be kept or  
20 handled shall be destroyed. Otherwise, the restricted goods shall be turned over  
21 to the proper government agency for appropriate handling.

22          SEC. 1248. *Disposition of Regulated Goods.* – Regulated goods shall  
23 be turned over and disposed of in a manner to be determined by the  
24 appropriate regulatory agency.

25          SEC. 1249. *Disposition of Unsold Goods for Want of Bidders.* –  
26 Goods subject to sale at public auction by the Bureau shall be sold at a price  
27 not less than the landed cost of the goods adjusted for normal depreciation.

1           Goods which remain unsold after at least two (2) public biddings either  
2   due to the lack of bidders or the lack of an acceptable bid, may be donated to  
3   another government agency or declared for official use of the Bureau. If the  
4   goods are not suitable either for official use or donation, these may be subject  
5   to reexport as government property or sold through a negotiated sale. In case  
6   of negotiated sale, the same shall be subject to the approval of the Secretary of  
7   Finance and executed in the presence of a representative of the COA.

8           SEC. 1250. *Disposition of Smuggled Goods.* – Smuggled goods, when  
9   forfeited, shall be disposed of as provided in Section 1241 of this Act.

10          SEC. 1251. *Forfeiture Fund.* – All proceeds from public auction sales  
11   after deduction of the charges as provided in Section 1243 of this Act shall be  
12   deposited in an account to be known as Forfeiture Fund.

13          The Fund shall be in the name of and shall be managed by the Bureau  
14   which is hereby authorized, subject to the usual government accounting rules  
15   and regulations, to utilize it for the following purposes:

16          (a) To outsource, subject to the rules on government procurement  
17   established by law, the management of the inventory, safekeeping, maintenance  
18   and sale of goods enumerated in Section 1239 of this Act, to private service  
19   providers: *Provided*, That the Bureau shall retain jurisdictional control and  
20   supervision over these goods as well as the operations of the service provider  
21   so contracted;

22          (b) To facilitate customs seizure proceedings under Section 1218 of  
23   this Act, and customs abandonment and forfeiture proceedings and the  
24   disposition of goods under Section 1239 of this Act, and particularly those to  
25   be disposed of other than through public sale;

26          (c) To enhance customs intelligence and enforcement capability to  
27   prevent smuggling; and

(d) To support the modernization program and other operational efficiency and trade facilitation initiatives of the Bureau.

The DOF and the DBM shall, upon the recommendation of the Bureau, issue a joint regulation to implement the provisions of this section.

SEC. 1252. *Fraud Investigation and Prosecution.* -- No criminal case for violation of this title shall be instituted without the approval of the Commissioner or the District Collector pursuant to the succeeding paragraph.

The Bureau shall have the power to investigate and institute smuggling cases committed within its jurisdiction: *Provided*, That in case of inquest, the same may be instituted by the apprehending customs officers.

### TITLE XIII

#### THIRD PARTIES

#### CHAPTER 1

##### CUSTOMS BROKERS AND SERVICE PROVIDERS

SEC. 1300. *Customs Brokers and Other Service Providers.* -- Upon the recommendation of the Commissioner, the Secretary of Finance shall issue the necessary rules and regulations for the registration of customs brokers and the accreditation of other customs service providers to ensure compliance with this Act and the rules and regulations that shall be promulgated to implement it.

#### CHAPTER 2

##### CARRIERS, VESSELS, AND AIRCRAFTS

SEC. 1301. *Ports Open to Vessels and Aircrafts Engaged in Foreign Trade.* -- Vessels and aircrafts engaged in foreign trade shall visit designated ports of entry only except as otherwise especially allowed by law. Every vessel or aircraft arriving within a Customs District of the Philippines from a foreign port shall dock at the designated port of entry and shall be subject to the authority of the District Collector of the port while within its jurisdiction.

1        SEC. 1302. *Control of Customs Officer Over Boarding or Leaving of*  
2        *Incoming Vessel and Over Other Vessel Approaching the Former.* -- Upon  
3        the arrival in port of any vessel engaged in foreign trade, it shall be unlawful  
4        for any person, except the pilot, consul, quarantine officers, customs officers,  
5        or other duly authorized persons, to board or leave the vessel without  
6        permission of the customs officer concerned. It shall likewise be unlawful for  
7        any tugboat, rowboat, or other craft to go alongside such vessel and for any  
8        person so authorized to board the vessel to take any unauthorized person to  
9        board the same, or allow loitering near or alongside such vessel. Unauthorized  
10       tugboats and other vessels shall keep away from such vessel engaged in foreign  
11       trade at a distance of not less than fifty (50) meters.

12       SEC. 1303. *Documents to be Produced by the Master Upon Entry of*  
13       *Vessel.* -- Upon entry of a vessel engaged in foreign trade, the master thereof  
14       shall present the following certified documents to the customs boarding  
15       officers:

- 16       (a) The vessel's general declaration;  
17       (b) The original manifest of all cargoes destined for the port, to be  
18       returned with the endorsement of the boarding officers;  
19       (c) Three (3) copies of the original manifest, one of which, upon  
20       certification by the boarding officer as to the correctness of the copy, shall be  
21       returned to the master;  
22       (d) A copy of the cargo stowage plan;  
23       (e) Two (2) copies of the store list;  
24       (f) One (1) copy of the passengers list;  
25       (g) One (1) copy of the crew list;  
26       (h) The original copy of all through cargo manifest, for deposit with the  
27       customs officer who has jurisdiction over the vessel while in port;

(i) The passengers manifest containing the names of all aliens, in conformity with the requirements of the immigration laws in force in the Philippines;

(j) One (1) copy of the original duplicate of fully accomplished bill of lading;

(k) The shipping goods and register of the vessel of Philippine registry; and

(l) Such other related documents.

SEC. 1304. *Manifest Required of Vessel from Foreign Port.* — Every vessel from a foreign port must have on board a complete manifest of all its cargoes.

All cargoes intended to be landed at a port in the Philippines must be described in separate manifests for each port of call. Each manifest shall include the port of departure and the port of delivery with the marks, numbers, quantity, and description of the packages and the names of the consignees. Every vessel from a foreign port must have on board complete manifests of passengers and baggages, in the prescribed form, setting forth the destination and all particulars required by immigration laws. Every vessel shall present to the proper customs officers upon arrival in ports of the Philippines a complete list of all sea stores then on board. If the vessel does not carry cargo or passengers, the manifest must show that no cargo or passenger is carried from the port of departure to the port of destination in the Philippines.

A true and complete copy of the cargo manifest shall be electronically sent in advance by the shipping company, NVOCC, freight forwarder, cargo consolidator, or their agents within the cut-off period as may be determined by the Bureau before the arrival of the carrying vessel at the port of entry. Upon arrival of the carrying vessel, the shipping company, NVOCC, freight forwarder, cargo consolidator, or their agents shall provide two (2) hard copies

1 of the cargo manifest to the Bureau in case the port of entry is either the Port of  
2 Manila (PoM) or the Manila International Container Port (MICP), and one (1)  
3 copy only in the case of the other ports of entry.

4 A cargo manifest shall in no case be changed or altered after entry of  
5 vessel, except by means of an amendment, under oath, by the master,  
6 consignee or agent thereof, which shall be attached to the original manifest:  
7 *Provided*, That after the invoice and/or entry covering an importation has been  
8 received and recorded in the office of the appraiser, no amendment of the  
9 manifest shall be allowed, except when it is obvious that a clerical error or any  
10 other discrepancy has been committed in the preparation of the manifest,  
11 without any fraudulent intent, the discovery of which would not have been  
12 made until after examination of the importation has been completed.

13 SEC. 1305. *Translation of Manifest.* – The cargo manifest and each  
14 copy thereof shall be accompanied by a translation in English, if originally  
15 written in another language.

16 SEC. 1306. *Manifests for the Commission on Audit and District*  
17 *Collector.* – Upon arrival of a vessel from a foreign port, the Bureau shall  
18 provide electronic copies of the manifest to the Chairperson of the COA. The  
19 master shall immediately present to the District Collector the original copy of  
20 the cargo manifest properly endorsed by the boarding officer, and for  
21 inspection, the ship's register, or other documents in lieu thereof, together with  
22 the clearance and other papers granted to the vessel at the port of departure for  
23 the Philippines.

24 SEC. 1307. *Production of Philippine Crew.* – The master of a  
25 Philippine vessel returning from abroad shall produce the entire crew listed in  
26 the vessel's shipping crew manifest. If any member is missing, the master shall  
27 produce proof satisfactory to the District Collector that the member has died,  
28 or absconded, has been forcibly impressed into another service, or has been



1 discharged. In case of discharge in a foreign country, the master shall produce  
2 a certificate from the consul, vice consul, or consular agent of the Philippines  
3 there residing, showing that such discharge was effected with the consent of the  
4 aforesaid representative of the Philippines.

5 SEC. 1308. *Record of Arrival and Entry of Vessels and Aircraft.* — A  
6 record shall be made and kept open to public inspection in every Customs  
7 District of the date of arrival and entry of all vessels and aircraft.

8 SEC. 1309. *Arrest of Vessel or Aircraft Departing Before Entry Made.*  
9 — When a vessel or aircraft arriving within the limits of a Customs District  
10 from a foreign port departs or attempts to depart before entry shall have been  
11 made, not being thereunto compelled by stress of weather, duress of enemies,  
12 or other necessity, the District Collector of the port may cause the arrest and  
13 bring back such vessel or aircraft to the most convenient port with assistance of  
14 other concerned agencies.

15 SEC. 1310. *Discharge of Ballast.* — When not brought to port as  
16 goods, ballast of no commercial value may be discharged upon permit granted  
17 by the District Collector for the purpose.

18 SEC. 1311. *Time of Unloading Cargo.* — Unloading of cargo from a  
19 vessel or aircraft from a foreign port during official nonworking hours shall be  
20 allowed subject to payment of service fees by shipping lines, airlines, or other  
21 interested parties at rates prescribed by the Commissioner.

22 SEC. 1312. *Entrance of Vessel Through Necessity.* — When a vessel  
23 from a foreign port is compelled, by stress of weather or other necessity to put  
24 into any port other than that of its destination, the master, within twenty-four  
25 (24) hours after its arrival, shall make a protest under oath setting forth the  
26 causes or circumstances of such necessity. This protest, if not made before the  
27 District Collector, must be produced and lodged with the District Collector.

1           Within the same time, the master shall make a report to the District  
2   Collector if any part of the cargo was unloaded from necessity or lost by  
3   casualty before arrival, and produce sufficient proof to the District Collector of  
4   such necessity or casualty before the latter who shall give the approval thereto  
5   and the unloading shall be deemed to have been lawfully effected.

6           SEC. 1313. *Unloading of Vessel in Port from Necessity.* – If a  
7   situation arises where the unloading of the vessel is required pending sojourn  
8   in port, the District Collector shall, upon sufficient proof of the necessity, grant  
9   a permit therefore, and the goods shall be unloaded and stored under the  
10  supervision of customs officers.

11          At the request of the master of the vessel or the owner thereof, the  
12  District Collector may grant permission to enter the port and pay duties, taxes,  
13  and other charges on, and dispose of, such part of the cargo as may be  
14  perishable in nature or as may be necessary to defray the expenses attending  
15  the vessel.

16          Upon departure, the cargo, or a part thereof, may be reloaded on board  
17  the vessel, and the vessel may proceed with the same to its destination, subject  
18  only to the charge for storing and safekeeping of the goods and the fees for  
19  entrance and clearance. No port charges shall be collected on vessels entering  
20  through stress of weather, duress or other urgent necessities.

21          SEC. 1314. *Entry and Clearance of Vessels of a Foreign Government.*  
22  – The entry and clearance of transport or supply ship of a foreign government  
23  shall be in accordance with the agreement by and between the Philippines and  
24  the foreign government.

25          SEC. 1315. *Clearance of Vessel for Foreign Port.* – Before a  
26  clearance shall be granted to any vessel bound to a foreign port, the master or  
27  the agent thereof shall present to the District Collector the following properly  
28  authenticated documents:

1 (a) A bill of health from the quarantine officer or officer of the public  
2 health service in the port;

3 (b) Three (3) copies of the manifest of export cargo, one of which,  
4 upon certification by the customs officer as to the correctness of the copy, shall  
5 be returned to the master;

6 (c) Two (2) copies of the passengers list, showing alien and other  
7 passengers;

8 (d) The register and shipping goods, if the vessel is of Philippine  
9 registry;

10 (e) Clearance issued by the last port of entry; and

11 (f) A certificate from the Philippine Postal Corporation to the effect  
12 that it received timely notice of the sailing of the vessel: *Provided*, That the  
13 District Collector shall not permit any vessel to sail for a foreign port if the  
14 master or agent thereof refuses to receive bags of mail delivered to the same by  
15 the Philippine Postal Corporation for transport upon reasonable compensation.  
16 In case the Postmaster General and the master or agent do not come to an  
17 agreement concerning the amount of the compensation to be paid for the  
18 carriage of the mail, the matter shall be submitted for decision to a Board of  
19 Referees to be composed of three (3) members appointed, respectively, by the  
20 Philippine Postal Corporation, the agency of the company to which the vessel  
21 concerned belongs, and the Bureau, who shall fix a reasonable rate of  
22 compensation.

23 SEC. 1316. *Detention of Warlike Vessel Containing Arms and*  
24 *Munitions.* — District Collectors shall report to the proper authorities or detain  
25 any vessel of commercial registry manifestly built for warlike purposes and  
26 about to depart from the Philippines with a cargo consisting principally of arms  
27 and munitions of war, when the number of men shipped on board or other  
28 circumstances render it probable that such vessel is intended to be employed

1 by the owner or owners to cruise or commit hostilities upon the subjects,  
2 citizens, or property of any foreign principality or state, or of any colony,  
3 district, or people with whom the Philippines is at peace, until the decision of  
4 the President of the Philippines is rendered thereon, or until the owner or  
5 owners shall give a security, in double the value of the vessel and cargo, that it  
6 will not be so employed, if in the discretion of the District Collector such  
7 security will prevent the violation of the provisions of this section.

8 SEC. 1317. *Oath of Master of Departing Vessel.* – The master of a  
9 departing vessel shall state under oath that:

10 (a) All cargoes conveyed on the vessel, destined for the Philippines,  
11 have been duly discharged or accounted for;

12 (b) A true copy of the outgoing cargo manifest has been furnished to  
13 the Bureau;

14 (c) No letters or packets, not enclosed in properly stamped envelope  
15 sufficient to cover postage, have been received or will be conveyed, except  
16 those relating to the vessel; and that all mails placed on board the vessel before  
17 its last clearance from the Philippines have been delivered at the proper foreign  
18 port; and

19 (d) If clearing without passenger, the vessel will not carry upon the  
20 instant voyage, from the Philippine port, any passenger of any class, or other  
21 person not entered upon the ship's declaration.

22 SEC. 1318. *Extension of Time for Clearance.* – At the time of  
23 clearance, the master of a departing vessel shall be required to indicate the time  
24 of intended departure, and if the vessel should remain in port forty-eight (48)  
25 hours after the time indicated, the master shall report to the District Collector  
26 for an extension of time of departure, and without such extension the original  
27 clearance shall be nullified.

1           SEC. 1319. *Advance Notice of Aircraft Arrival.* – (a) Nonscheduled  
2 Arrivals. – Before an aircraft comes into any area in the Philippines from any  
3 place outside thereof, a timely notice of the intended flight shall be furnished to  
4 the District Collector or other customs officer-in-charge at or nearest the  
5 intended place of first landing, and to the quarantine and immigration officers-  
6 in-charge at or nearest such place of landing. If dependable facilities for  
7 giving notice are not available before departure, the use of any radio  
8 equipment shall be appropriate as long as it will result in the giving of  
9 adequate and timely notice of the aircraft's approach, otherwise landing shall  
10 be made at a place equipped with navigational facilities. If, upon landing in  
11 any area, the government officers have not arrived, the pilot-in-command shall  
12 hold the aircraft and any baggage and goods thereon intact and keep the  
13 passengers and crew members in a segregated place until the inspecting  
14 officers arrive.

15           (b) Scheduled Arrivals. – Such advance notice will not be required in  
16 the case of an airline arriving in accordance with the regular schedule filed  
17 with the District Collector for the Customs District in which the place of first  
18 landing area is situated, and also with the quarantine and immigration  
19 officers-in-charge of such place.

20           SEC. 1320. *Landing at International Airport of Entry.* – Except in  
21 case of emergency or forced landings, aircraft arriving in the Philippines from  
22 any foreign port or place shall make the first landing at an international airport  
23 of entry, unless permission to land elsewhere other than at an international  
24 airport of entry is first obtained from the Commissioner. In such cases, the  
25 owner, operator, or person in charge of the aircraft shall pay the expenses  
26 incurred in inspecting the aircraft, goods, passengers, and baggages carried  
27 thereon, and such aircraft shall be subject to the authority of the District  
28 Collector at the airport while within its jurisdiction.

1           Should an emergency or forced landing be made by an aircraft coming  
2 into the Philippines at a place outside the jurisdiction of the latter, the  
3 pilot-in-command shall not allow goods, baggages, passengers, or crew  
4 members to be removed or to depart from the landing place without permission  
5 of a customs officer, unless such removal or departure is necessary for  
6 purposes of safety, communication with customs officers, or preservation of  
7 life, health, or property. As soon as practicable, the pilot-in-command, or a  
8 member of the crew-in-charge, or the owner of the aircraft, shall communicate  
9 with the customs officer at the intended place of first landing or at the nearest  
10 international airport or other customs port of entry in the area and make a full  
11 report of the circumstances of the flight and of the emergency or forced  
12 landing.

13           SEC. 1321. *Report of Arrival and Entry of Aircraft.* – The  
14 pilot-in-command of any aircraft arriving from a foreign port or place shall  
15 immediately report its arrival to the District Collector at the airport of entry or  
16 to the customs officer detailed to meet the aircraft at the place of first landing.  
17 Upon arrival, such aircraft shall be boarded by a quarantine officer, and after  
18 *pratique* or health clearance is granted, shall be boarded by a customs officer;  
19 subsequently no person shall be permitted to board or leave the aircraft without  
20 the permission of the customs officer. The pilot-in-command or any other  
21 authorized agent of the owner or operator of the aircraft shall make the  
22 necessary entry. No such aircraft shall, without previous permission from the  
23 District Collector, depart from the place of first landing or discharge goods,  
24 passengers, or baggages.

25           SEC. 1322. *Documents Required in Making Entry for Aircraft.* – (a)  
26 For the purpose of making entry, there shall be presented to the boarding  
27 customs officer four (4) copies of a general declaration which shall contain the

1 following data, unless any of such data is otherwise presented on a separate  
2 official form:

3 (1) Name of owner or operator of aircraft, registration marks and  
4 nationality of aircraft, and flight number of identification;

5 (2) Points of clearance and entry, and date of arrival;

6 (3) Health and customs clearance at the last airport of departure;

7 (4) Itinerary of aircraft, including information as to airport of origin  
8 and departure dates;

9 (5) Names and nationality of crew members;

10 (6) Passengers manifest showing places of embarkation and  
11 destination;

12 (7) Cargo manifest showing information as to airway bill number, the  
13 number of packages related to each airway bill number, nature of goods,  
14 destination, and gross weight, together with a copy of each airway bill securely  
15 attached thereto;

16 (8) Store list; and

17 (9) Such other documents as may be required by the Bureau.

18 (b) The general declaration shall be written in English and duly signed  
19 by the pilot-in-command or operator of the aircraft, or the authorized agent.  
20 The section on health, however, shall be signed only by the pilot-in-command  
21 or when necessary, by a crew member when the general declaration itself has  
22 been signed by a non-crew member. If the aircraft does not carry cargoes or  
23 passengers, such facts must be shown in the manifest.

24 (c) A cargo manifest shall in no case be changed or altered after entry  
25 of the aircraft, except by means of an amendment by the pilot-in-command or  
26 authorized agent thereof, under oath, and attached to the original manifest:  
27 *Provided*, That after the invoice and/or entry covering an importation have  
28 been received and recorded in the office of the appraiser, no amendment shall

1 be allowed except when it is obvious that a clerical error or any other  
2 discrepancy has been committed without any fraudulent intent in the  
3 preparation of the manifest, the discovery of which could not have been made  
4 until after complete examination of the importation.

5 SEC. 1323. *Manifest for the COA and District Collector.* -- Upon  
6 arrival of an aircraft from a foreign port, the Bureau shall provide electronic  
7 copies of the manifest to the Chairperson of the COA. The master shall  
8 immediately present to the District Collector the original copy of the cargo  
9 manifests properly endorsed by the boarding officer, and for inspection, the  
10 aircraft's register or other documents in lieu thereof, together with the  
11 clearance and other papers granted to the aircraft at the port of departure for  
12 the Philippines.

13 SEC. 1324. *Clearance of Aircraft for Foreign Port.* -- (a) Any aircraft  
14 bound to a foreign port shall, before departure, be granted clearance by the  
15 Commissioner at an airport of entry where such aircraft has been authorized to  
16 make its landing.

17 (b) Before clearance shall be granted to an aircraft bound to a foreign  
18 port, there shall be presented to the District Collector or to the customs officer  
19 detailed at the place of departure four (4) copies of a general declaration  
20 signed by the pilot-in-command or authorized agent of an aircraft which shall  
21 contain the following data:

22 (1) Name of owner or operator of aircraft, registration marks and  
23 nationality of aircraft, and flight number of identification;

24 (2) Port of clearance, data thereof and destination;

25 (3) Health and customs clearance;

26 (4) Itinerary of aircraft, including information as to airport of  
27 destination and departure date;

28 (5) Names and nationality of crew members;



1 (6) Passengers manifest showing places of destination;

2 (7) Export cargo manifest showing information as to airway bill  
3 number, the number of packages related to each airway bill number, nature of  
4 goods, destination, and gross weight, together with a copy of each airway bill  
5 securely attached thereto; and

6 (8) Store list showing stores loaded.

7 SEC. 1325. *Oath of Person-in-Charge of Departing Aircraft.* — The  
8 pilot-in-command or authorized agent of such departing aircraft shall also  
9 state under oath to the effect that:

10 (a) All cargoes conveyed on the aircraft destined to the Philippines  
11 have been duly discharged and accounted for; and

12 (b) The aircraft has not received nor will convey any letter or packet  
13 not enclosed in properly stamped envelope sufficient to cover postage, except  
14 those relating to the cargo of the aircraft, and that there was delivery to the  
15 proper foreign port of all mails placed on board said aircraft before clearance  
16 from the Philippines.

17 If an aircraft is cleared to depart without passengers, the aircraft shall  
18 not carry any passenger thereon.

19 A record shall be made and kept open to public inspection in every  
20 customs office at an airport of entry of the dates of arrival and entry of all  
21 aircraft.

## 22 CHAPTER 3

### 23 OTHER THIRD PARTIES

24 SEC. 1326. *Supervision and Regulation of Third Parties.* — Third  
25 parties transacting with the Bureau on behalf of importers and consignees  
26 shall be treated equally as true importers or consignees.

27 Third parties transacting with the Bureau shall be liable for acts  
28 committed in violation of this Act and related laws.

## 13 AUTHORIZED ECONOMIC OPERATORS (AEO)

15 The Bureau shall promulgate the necessary procedures and requirements for  
16 the compliance of AEOs. For AEOs who have displayed diligence in  
17 complying with the rules and the submission of official customs requirements,  
18 and have satisfactorily managed their commercial records, the Bureau shall  
19 extend the following incentives:

- (a) Release of the goods upon provision of the minimum information necessary to identify the goods and permit the subsequent completion of the final goods declaration;
- (b) Grant of clearance of the goods at the declarant's premises or another place authorized by the Bureau; and
- (c) Other special procedures such as:
- (i) Allowing a single goods declaration for all imports or exports in a given period where goods are imported or exported frequently by the same person;

1 (ii) Use of commercial records to self-assess their duty and tax  
2 liability and, where appropriate, to ensure compliance with other customs  
3 requirements; and

4 (iii) Allowing the lodgement of goods declaration by means of an entry  
5 in the records by the authorized person to be supported subsequently by a  
6 supplementary goods declaration.

7 SEC. 1328. *Trade Facility for AEO.* -- The Secretary of Finance shall,  
8 upon the recommendation of the Commissioner, issue the necessary rules:

9 (a) To supervise and regulate the conduct and operations of the AEOs,  
10 consistent with international best practices, the World Customs Organization  
11 (WCO) framework of standards to secure and facilitate global trade, and other  
12 international conventions and agreements; and

13 (b) To develop trade facilitation programs for AEOs and other  
14 authorized persons consistent with international best practices and international  
15 conventions and agreements.

#### 16 TITLE XIV

#### 17 CUSTOMS FEES AND CHARGES

18 SEC. 1400. *Customs Dues, Fees, and Charges.* -- For services  
19 rendered and documents issued by the Bureau, dues, fees, and charges shall be  
20 collected as may be provided under existing regulations issued by the Secretary  
21 of Finance, upon the recommendation of the Commissioner.

22 SEC. 1401. *General Provision on the Authority to Increase or Decrease*  
23 *Dues, Fees, and Charges.* -- The Secretary of Finance may, upon the  
24 recommendation of the Commissioner, increase or decrease the dues, fees, and  
25 charges collectible by the Bureau to protect the interest of the government.

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TITLE XV  
OFFENSES AND PENALTIES  
CHAPTER 1

CRIMES AND OTHER OFFENSES

SEC. 1500. *Misdeclaration, Misclassification, or Undervaluation in Goods Declaration.* — Misdeclaration as to quantity, quality, description, weight, or measurement of the goods, or misclassification through insufficient or wrong description of the goods or use of wrong tariff heading resulting in a discrepancy in duty and tax to be paid between what is legally determined upon assessment and what is declared, shall be subject to a surcharge equivalent to two hundred fifty percent (250%) of the duty and tax due. No surcharge shall be imposed when the discrepancy in duty is less than ten percent (10%), or when the declared tariff heading is rejected in a formal customs dispute settlement process involving difficult or highly technical question of tariff classification, or when the tariff classification declaration relied on an official government ruling.

There is undervaluation when: (a) the declared value fails to disclose in full the price actually paid or payable or any dutiable adjustment to the price actually paid or payable; or (b) when an incorrect valuation method is used or the valuation rules are not properly observed, resulting in a discrepancy in duty and tax to be paid between what is legally determined as the correct value against the declared value. When the undervaluation is established without need to go through the formal dispute settlement process provided for in this Act, a surcharge shall be imposed equivalent to two hundred fifty percent (250%) of the duty and tax due. No surcharge shall be imposed when the discrepancy in duty is less than ten percent (10%), or the declared value is rejected as a result of an official ruling or decision under the customs dispute

1 settlement process involving difficult or highly technical question relating to  
2 the application of customs valuation rules.

3 A discrepancy in duty and tax to be paid between what is legally  
4 determined and what is declared amounting to more than thirty percent (30%)  
5 shall constitute a *prima facie* evidence of fraud.

6 When the misdeclaration, misclassification, or undervaluation is  
7 intentional or fraudulent, such as when a false or altered document is submitted  
8 or when false statements or information are knowingly made, a surcharge shall  
9 be imposed equivalent to five hundred percent (500%) of the duty and tax due  
10 and that the goods shall be subject to seizure regardless of the amount of the  
11 discrepancy without prejudice to the application of fines or penalties provided  
12 for under Section 1501 of this Act against the importer and other person or  
13 persons who willfully participated in the fraudulent act.

14 SEC. 1501. *Unlawful Importation or Exportation.* — Any person who  
15 shall fraudulently import or export or bring into or outside of the Philippines  
16 any goods, or assist in so doing, contrary to law, or shall receive, conceal, buy,  
17 sell, or in any manner facilitate the transportation, concealment, or sale of such  
18 goods after importation, or shall commit technical smuggling as defined in this  
19 Act shall be penalized by:

20 (a) Imprisonment of not less than thirty (30) days and one (1) day but  
21 not more than six (6) months, or a fine of not less than twenty-five thousand  
22 pesos (P25,000.00) but not more than seventy-five thousand pesos  
23 (P75,000.00), or both, if the value to be determined in the manner prescribed  
24 under this Act, including duties and taxes, of the goods unlawfully imported  
25 does not exceed two hundred fifty thousand pesos (P250,000.00);

26 (b) Imprisonment of not less than six (6) months and one (1) day but  
27 not more than one (1) year, or a fine of not less than seventy-five thousand  
28 pesos (P75,000.00) but not more than one hundred fifty thousand pesos

1 (P150,000.00), or both, if the value of the goods unlawfully imported, to be  
2 determined in the manner prescribed under this Act, including duties and taxes,  
3 exceeds two hundred fifty thousand pesos (P250,000.00) but not more than  
4 five hundred thousand pesos (P500,000.00);

5 (c) Imprisonment of not less than one (1) year and one (1) day but not  
6 more than three (3) years, or a fine of not less than one hundred fifty thousand  
7 pesos (P150,000.00) but not more than three hundred thousand pesos  
8 (P300,000.00), or both, if the appraised value of the goods unlawfully  
9 imported, to be determined in the manner prescribed under this Act, including  
10 duties and taxes, exceeds five hundred thousand pesos (P500,000.00) but not  
11 more than one million pesos (P1,000,000.00);

12 (d) Imprisonment of not less than three (3) years and one (1) day but  
13 not more than six (6) years, or a fine of not less than three hundred thousand  
14 pesos (P300,000.00) but not more than one million five hundred thousand  
15 pesos (P1,500,000.00), or both, if the appraised value of the goods unlawfully  
16 imported, to be determined in the manner prescribed under this Act, including  
17 duties and taxes, exceeds one million pesos (P1,000,000.00) but not more than  
18 five million pesos (P5,000,000.00);

19 (e) Imprisonment of not less than six (6) years and one (1) day but not  
20 more than twelve (12) years, or a fine of not less than one million five hundred  
21 thousand pesos (P1,500,000.00) but not more than fifteen million pesos  
22 (P15,000,000.00), or both, if the appraised value of the goods unlawfully  
23 imported, to be determined in the manner prescribed under this Act, including  
24 duties and taxes, exceeds five million pesos (P5,000,000.00) but not more than  
25 fifty million pesos (P50,000,000.00);

26 (f) Imprisonment of not less than twelve (12) years and one (1) day but  
27 not more than twenty (20) years, or a fine of not less than fifteen million pesos  
28 (P15,000,000.00) but not more than fifty million pesos (P50,000,000.00), or

1 both, if the appraised value of the goods unlawfully imported, to be determined  
2 in the manner prescribed under this Act, including duties and taxes, exceeds  
3 fifty million pesos (P50,000,000.00) but not more than two hundred million  
4 pesos (P200,000,000.00).

5 (g) If the appraised value of the goods unlawfully imported, to be  
6 determined in the manner prescribed under this Act, including duties and taxes,  
7 exceeds two hundred million pesos (P200,000,000.00) or if the aggregate  
8 amount of the appraised values of goods which are the subject of unlawful  
9 importation committed in more than one instance, including duties and taxes,  
10 exceeds two hundred million pesos (P200,000,000.00), the same shall be  
11 deemed a heinous crime and shall be punishable with a penalty of *reclusion*  
12 *perpetua* and a fine of not less than fifty million pesos (P50,000,000.00); and

13 (h) The penalty of *prision mayor* shall be imposed when the crime of  
14 serious physical injuries shall have been committed, and the penalty of  
15 *reclusion perpetua* shall be imposed when the crime of homicide shall have  
16 been committed by reason or on the occasion of the unlawful importation.

17 In applying the above scale of penalties, an offender who is an alien  
18 shall be deported without further proceedings after serving the sentence. If the  
19 offender is a public officer or employee, the penalty which is the next higher in  
20 degree shall be imposed in addition to the penalty of perpetual disqualification  
21 from public office, and disqualification to vote and to participate in any public  
22 election. If the offender fails to pay the fine, subsidiary imprisonment shall be  
23 served.

24 When, upon trial for violation of this section, the defendant is shown to  
25 have had possession of the goods in question, possession shall be deemed  
26 sufficient evidence to authorize conviction unless the defendant shall explain  
27 the possession to the satisfaction of the court: *Provided*, That each act of  
28 unlawful importation or exportation shall be deemed a separate offense:

1 *Provided, however,* That payment of the tax due after apprehension shall not  
2 constitute a valid defense in any prosecution under this section: *Provided,*  
3 *further,* That outright smuggling shall also be punishable under this section:  
4 *Provided, finally,* That the rights and privileges provided in this Act for the  
5 importers, consignees, exporters, service providers, third parties and other  
6 third parties who committed this offense shall be revoked.

7 SEC. 1502. *Failure or Refusal of Party to Give Evidence or Submit*  
8 *Documents for Assessment.* – When the owner, importer or consignee of any  
9 imported goods, or the agent of either, fails or refuses, upon lawful demand in  
10 writing by any customs officer to appear, lawfully depose, or submit to  
11 examination or to answer any material question or refuses to produce records,  
12 accounts or invoices in possession pertaining to the value, classification or  
13 disposition of the goods in question and deemed material in assessing the  
14 same, the District Collector shall assess a surcharge of twenty percent (20%)  
15 on the dutiable value of the goods which is the subject of the importation.

16 SEC. 1503. *Other Fraudulent Practices Against Customs Revenue.* –  
17 Any person who makes or attempts to make any entry of imported or exported  
18 goods by means of any false or fraudulent statement, document or practice or  
19 knowingly and willfully files any false or fraudulent claim for payment of  
20 drawback or refund of duties shall, for each act, be punished in accordance  
21 with the penalties prescribed in Section 1501 of this Act.

22 SEC. 1504. *Failure to Declare Baggage.* – Whenever dutiable goods  
23 are not declared by any person arriving within the Philippines, such goods shall  
24 be seized and the person may obtain release of such goods, if not imported  
25 contrary to any law upon payment of a surcharge equivalent to thirty percent  
26 (30%) of the landed cost of such goods, in addition to all duties, taxes, and  
27 other charges due. Nothing in this section shall preclude the filing of criminal  
28 action against the offender.



1           SEC. 1505. *Vessel, Seacraft, or Aircraft Departing Before Undergoing*  
2   *Customs Formalities.* – Any vessel, seacraft, or aircraft arriving within the  
3   limits of a Customs District from a foreign port which departs before  
4   undergoing customs formalities, without being compelled to do so by stress of  
5   weather, pursuit or duress of enemies, or other necessity, shall be liable for a  
6   fine of not less than one hundred thousand pesos (P100,000.00) but not more  
7   than three hundred thousand pesos (P300,000.00).

8           SEC. 1506. *Obstruction to Boarding Officer.* – If the master or  
9   pilot-in-command or any member of the complement of any vessel or aircraft  
10   arriving at the Philippine port obstructs or hinders any officer from lawfully  
11   going on board such vessel or aircraft for the purpose of enforcing this Act, or  
12   intentionally causes any officer to be so obstructed or hindered, the vessel or  
13   aircraft shall be liable for a fine of not less than one hundred thousand pesos  
14   (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

15          SEC. 1507. *Unlawful Boarding or Leaving of Vessel or Aircraft.* – If,  
16   upon arrival at the Philippine port, any master of a vessel or pilot-in-command  
17   of an aircraft engaged in a foreign trade permits any person to board or leave  
18   the vessel or aircraft without the permission of the customs officer-in-charge,  
19   the owner or operator of such vessel or aircraft shall be liable for a fine of not  
20   less than one hundred thousand pesos (P100,000.00) but not more than three  
21   hundred thousand pesos (P300,000.00).

22          SEC. 1508. *Unloading of Cargo Before Arrival at Port of Entry.* – If,  
23   upon the arrival within the limits of any Customs District of the Philippines of  
24   any vessel or aircraft engaged in foreign trade, the master or pilot-in-command  
25   thereof permits any part of the cargo to be unloaded before arrival at the port  
26   of entry, and without authority from a proper customs officer, the owner,  
27   operator, or agent of such vessel or aircraft shall be liable for a fine of not less  
28   five hundred thousand pesos (P500,000.00) but not more than two million

1 pesos (P2,000,000.00): *Provided*, That no fine shall accrue upon satisfactory  
2 proof to the proper District Collector that the unloading was rendered  
3 necessary by stress of weather, accident or other necessity: *Provided, however*,  
4 That the fine imposed herein shall be without prejudice to the application of  
5 fines or penalties provided under Section 1501 of this Act.

6 SEC. 1509. *Unloading of Cargo at Improper Time or Place After*  
7 *Arrival.* – The owner or operator of any vessel or aircraft from which cargo is  
8 discharged upon arrival in the Philippines at a time or place other than that  
9 designated by the District Collector, shall be liable for a fine of not less one  
10 hundred thousand pesos (P100,000.00) but not more than three hundred  
11 thousand pesos (P300,000.00): *Provided*, That no fine shall accrue upon  
12 satisfactory proof to the proper District Collector that the unloading was  
13 rendered necessary by stress of weather, accident or other necessity.

14 SEC. 1510. *Failure to Exhibit or Deposit Documents.* – When the  
15 master of a vessel or pilot-in-command of an aircraft engaged in foreign trade  
16 fails to submit to the District Collector at the time of entry of the vessel or  
17 aircraft the register or other documents in lieu thereof, together with the  
18 clearance and other documents granted by the customs officers to the vessel or  
19 aircraft at the last foreign port of departure, or fails to exhibit any certificate or  
20 other documents required to be then exhibited, the owner or operator of such  
21 vessel or aircraft shall be liable for a fine of not less than one hundred  
22 thousand pesos (P100,000.00) but not more than three hundred thousand pesos  
23 (P300,000.00).

24 SEC. 1511. *Bringing of Unmanifested Arms, Explosives or War*  
25 *Equipment.* – The owner, operator, or agent of a vessel or aircraft arriving at a  
26 port in the Philippines bearing cargo consisting of firearms, gunpowder,  
27 cartridges, dynamite or any other explosives, munitions or war equipment not  
28 contained in the manifest of the vessel or aircraft, or which are concealed on

1 board, shall be liable for a fine of not less than five hundred thousand pesos  
2 (P500,000.00) but not more than one million pesos (P1,000,000.00).

3 SEC. 1512. *Failure to Supply Advance and Requisite Manifests.* –  
4 Failure to transmit the electronic manifest within the time as may be prescribed  
5 by the Bureau prior to arrival of the carrying vessel or aircraft at the port of  
6 entry shall make the owner, operator, or agent of the vessel or aircraft be liable  
7 for a fine of not less than one hundred thousand pesos (P100,000.00) but not  
8 more than three hundred thousand pesos (P300,000.00).

9 If the transit time from port of origin to port of entry is at least  
10 seventy-two (72) hours, the shipping or forwarding agent of the carrier or the  
11 vessel who fails to submit the manifest at least twenty-four (24) hours before  
12 entry shall likewise be liable for a fine of not less than one hundred thousand  
13 pesos (P100,000.00) but not more than three hundred thousand pesos  
14 (P300,000.00).

15 SEC. 1513. *Disappearance of Manifested Goods.* – When any package  
16 or goods mentioned in the manifest meant to be unloaded at the port of  
17 destination is not unloaded upon the arrival of the vessel or aircraft, its agent  
18 shall be liable for a fine of not less than one hundred thousand pesos  
19 (P100,000.00) but not more than three hundred thousand pesos (P300,000.00)  
20 unless the disappearance of the package or the goods in question was not due  
21 to the negligence of the master of the vessel or pilot-in-command of an aircraft  
22 and is explained to the satisfaction of the District Collector.

23 The owner, operator, or agent of a vessel or aircraft shall be liable for  
24 the payment of the same fine when a package or goods listed in the manifest  
25 does not tally materially in character or otherwise with the description thereof  
26 in the manifest.

27 SEC. 1514. *Discrepancy Between Actual and Declared Weight of*  
28 *Manifested Goods.* – If the gross weight of goods or package described in the

1 manifest or bill of lading exceeds the declared weight by more than ten percent  
2 (10%), and such discrepancy was due to the negligence of the master or pilot-  
3 in-command, the owner or employee of the vessel or aircraft shall be liable for  
4 a fine of not more than twenty percent (20%) of the value of the package or  
5 goods in respect to which the deficiency exists, may be imposed upon the  
6 owner, operator or agent of the importing vessel or aircraft.

7       SEC. 1515. *Discrepancy with the Master's or Pilot's-in-Command*  
8 *Report.* -- When a vessel or aircraft arriving from a foreign port is compelled  
9 by necessity to unload in another port other than the port of entry and  
10 permission is granted by the District Collector for the unloading of the vessel  
11 or aircraft or the delivery of any part of the cargo, and it shall be found that  
12 there is discrepancy between the cargo unloaded and the report of the master  
13 or the pilot-in-command and such discrepancy is not satisfactorily explained,  
14 the owner, operator or agent of the vessel or aircraft shall be liable for a fine of  
15 not less than one hundred thousand pesos (P100,000.00) but not more than  
16 three hundred thousand pesos (P300,000.00).

17       SEC. 1516. *Failure to Report Fraud.* -- A master, pilot-in-command or  
18 other officer, owner or agent of any vessel or aircraft trading with or within the  
19 Philippines who has knowledge of the commission of fraud that shall result in  
20 the loss or diminution of customs revenue but fails to report all information  
21 relative thereto to the District Collector shall be penalized with imprisonment  
22 of not less six (6) months and one (1) day but not more than one (1) year and  
23 shall be liable for a fine of not less than one hundred thousand pesos  
24 (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).  
25 If the offender is a foreigner, the offender shall be deported after serving the  
26 sentence. If the offender is a public officer or employee, the offender shall  
27 suffer additional penalty of perpetual disqualification to hold public office, to  
28 vote and to participate in any election. All the benefits due from service in the

1 government, including the separation and retirement benefits, shall be  
2 forfeited.

3 SEC. 1517. *False Statement of Vessel's or Aircraft's Destination.* --

4 When the master or pilot-in-command of a vessel or aircraft loaded with goods  
5 shall make a false statement as to the next destination of such vessel or aircraft  
6 when that information is required by a customs officer, the owner or operator  
7 of such vessel or aircraft shall be liable for a fine of not less than one hundred  
8 thousand pesos (P100,000.00) but not more than three hundred thousand pesos  
9 (P300,000.00). The arrival of a vessel or aircraft at a different port other than  
10 the one it had been originally authorized and cleared for without having been  
11 impelled to do so by necessity, shall be *prima facie* proof that the original  
12 statement of the actual destination of the vessel or aircraft was false.

13 SEC. 1518. *Affixing Seals.* -- Any person who, without authority,

14 affixes or attaches a customs seal, fastening, or any mark, or fastening  
15 purporting to be a customs seal, to any vessel, aircraft, vehicle, warehouse, or  
16 package, shall be penalized with imprisonment of not less than six (6) months  
17 and one (1) day but not more than one (1) year, and shall be liable for a fine of  
18 not less than one hundred thousand pesos (P100,000.00) but not more than  
19 three hundred thousand pesos (P300,000.00). If the offender is an alien, the  
20 offender shall be deported after serving the sentence. If the offender is a  
21 public officer or employee, the offender shall suffer an additional penalty of  
22 perpetual disqualification to hold public office and disqualification from  
23 exercising the right to vote and to participate in any election.

24 SEC. 1519. *Breaking of Seal Placed by Customs Officers.* -- If any seal

25 placed by a customs officer upon any vessel or aircraft or compartment thereof,  
26 or upon any box, trunk or other package of goods on board is broken, the  
27 owner, operator, or agent of the vessel or aircraft shall be liable for a fine of

1 not less than one hundred thousand pesos (P100,000.00) but not more than  
2 three hundred thousand pesos (P300,000.00) for each broken or destroyed seal.

3 *SEC. 1520. Breaking of Lock or Fastening Placed by Customs Officers.*

4 – If any lock or other fastening device placed by a customs officer upon any  
5 hatch door, or other means of communication in the hold of a vessel or aircraft,  
6 or other part thereof for the security of the same during night time, is  
7 unlawfully opened, broken or removed, or if any of the goods contained in the  
8 hold or in the other compartments so secured is clandestinely abstracted and  
9 landed, the owner, operator, or agent of the vessel or aircraft shall be liable for  
10 a fine of not less than one hundred thousand pesos (P100,000.00) but not more  
11 than three hundred thousand pesos (P300,000.00).

12 *SEC. 1521. Removal, Breakage, and Alteration of Marks.* – Any

13 person who, without authority, willfully removes, breaks, injures, or defaces or  
14 alters any customs seal or other fastening or mark placed upon any vessel,  
15 vehicles, on land, sea or air, warehouse or package containing merchandise or  
16 baggage in bond or in customs custody, shall be punished with the penalty  
17 prescribed in Section 1520 hereof.

18 *SEC. 1522. Unauthorized Withdrawal of Imported Goods from Bonded*

19 *Warehouse.* – Any person who causes the unauthorized withdrawal of imported  
20 goods stored from a CBW shall be liable for payment of a surcharge of fifty  
21 percent (50%) of duties, taxes, customs fees, and charges, found to be due and  
22 unpaid. The amount of surcharge shall be added to the duties, taxes, and  
23 charges due on the goods withdrawn. If the delinquency lasts for more than  
24 one (1) year, the surcharge shall be increased by twenty-five percent (25%) of  
25 the unpaid duties and taxes annually.

26 *SEC. 1523. Removing or Repacking Goods in Warehouse.* – Any

27 person who fraudulently conceals, removes, or repacks merchandise in any  
28 warehouse or fraudulently alters, defaces, or obliterates any mark or numbers

1 placed upon packages deposited in such warehouse, or shall aid or abet any  
2 such acts, shall be punished with the penalties prescribed in Section 1518  
3 hereof.

4 Merchandise so concealed, removed, or repacked, or packages upon  
5 *which marks, numbers or the values thereof have been so altered, defaced, or*  
6 *obliterated shall be forfeited in favor of the government.*

7 SEC. 1524. *Removing Goods from Customs Custody.* — Any person  
8 who enters any warehouse, or any vehicle loaded with or containing  
9 merchandise with intent to unlawfully remove therefrom any merchandise or  
10 baggage in such vessel, vehicle or warehouse or otherwise in customs custody  
11 or control, or any person who receives or transports any merchandise or  
12 baggage unlawfully removed from any such vessel, vehicle or warehouse, or  
13 shall aid or abet such removal, shall suffer the penalties provided in Section  
14 1501 hereof.

15 SEC. 1525. *Failure to Pay Duties, Taxes, and Other Charges.* — For  
16 failure to pay the duties, taxes, and other charges of an assessment within  
17 fifteen (15) days from date of final assessment, a surcharge of ten percent  
18 (10%) of the total assessed amount or balance thereon shall be added and  
19 collected, which surcharge shall be increased to twenty-five percent (25%) if  
20 the delinquency lasts for more than one (1) year.

21 SEC. 1526. *Breach of Security.* — Upon breach of security required to  
22 be filed under this Act, the District Collector, subject to the approval of the  
23 Commissioner, may accept in satisfaction thereof a smaller sum than that  
24 mentioned in the penalty clause of the security, but in no case less than the  
25 amount necessary to indemnify the government for the damage occasioned by  
26 such breach.

27 SEC. 1527. *Failure to Keep Importation Records and Full Access to*  
28 *Customs Officers.* — Any person who fails to keep all the records of

1 importations or books of accounts, business and computer systems and all  
2 customs commercial data in the manner prescribed in this Act, shall be  
3 punished with imprisonment of not less than three (3) years and one (1) day but  
4 not more than six (6) years and a fine of one million pesos (P1,000,000.00).  
5 This penalty shall likewise be imposed against importers and brokers who deny  
6 an authorized customs officer full and free access to such records, books of  
7 accounts, business and computer systems, and all customs commercial data  
8 including payment records, without prejudice to the imposition of the  
9 administrative sanctions by the Bureau against contumacious importers,  
10 including the authority to hold delivery or release of their imported goods.

11       SEC. 1528. *Concealment or Destruction of Evidence of Fraud.* – Any  
12 person who willfully conceals or destroys any invoice, book, or document  
13 relating to any goods liable to duty after an inspection thereof has been  
14 demanded by the District Collector or at any time conceals or destroys any  
15 such invoice, book, or document for the purpose of suppressing any evidence  
16 of fraud therein contained, shall be penalized with imprisonment of not less  
17 than three (3) years and one (1) day but not more than six (6) years and shall  
18 be liable for a fine of not less than three hundred thousand pesos  
19 (P300,000.00) but not more than one million pesos (P1,000,000.00).

20       SEC. 1529. *Other Offenses.* – The owner or operator of a vessel,  
21 aircraft or train shall be fined for the following acts:

22       (a) For anchoring at any dock, pier, wharf, quay, or bulkhead other  
23 than a port of entry, a fine of not less than five hundred thousand pesos  
24 (P500,000.00) but not more than one million pesos (P1,000,000.00) for  
25 overseas vessels;

26       (b) For dumping of garbage or slops over the sides of the vessel within  
27 three (3) miles from the nearest coastline, a fine of not less than one million  
28 pesos (P1,000,000.00) but not more than ten million pesos (P10,000,000.00);



1 (c) For dumping or causing to spread crude oil, kerosene, or gasoline in  
2 the bay or at the piers within three (3) miles from the nearest coastline, a fine  
3 of not less than one million pesos (P1,000,000.00) but not more than ten  
4 million pesos (P10,000,000.00) for each offense;

5 (d) For loading gasoline or any other petroleum products at a place  
6 other than that designated by the regulations, a fine of not less than five  
7 hundred thousand pesos (P500,000.00) but not more than one million pesos  
8 (P1,000,000.00) for each offense;

9 (e) For causing the emission and spread of harmful gas, fumes and  
10 chemicals, a fine of not less than one million pesos (P1,000,000.00) but not  
11 more than ten million pesos (P10,000,000.00) for each offense; and

12 (f) For transporting hazardous wastes, radioactive wastes and other  
13 toxic substances as provided under the Basel Convention and Republic Act No.  
14 6969, otherwise known as the "Toxic Substances and Hazardous and Nuclear  
15 Wastes Control Act of 1990", forfeiture of the vessel in favor of the  
16 government.

17 The fines imposed herein shall be without prejudice to the application of  
18 fines or penalties provided under special laws and regulations.

19 SEC. 1530. *Violations of this Act and Rules and Regulations in*  
20 *General.* — Any person who violates any other provision of this Act or the  
21 rules and regulations issued pursuant thereto, shall be penalized with  
22 imprisonment of not less than thirty (30) days and one (1) day but not more  
23 than one (1) year, or be liable for a fine of not less than one hundred thousand  
24 pesos (P100,000.00) but not more than three hundred thousand pesos  
25 (P300,000.00), or both. If the offender is an alien, the offender shall be  
26 deported after serving the sentence. If the offender is a public officer or  
27 employee, the offender shall be disqualified from holding public office, from

1 exercising the right to vote and to participate in any public election for ten (10)  
2 years.

## 3 CHAPTER 2

### 4 PENALTIES IMPOSED UPON BUREAU EMPLOYEES

5 SEC. 1531. *Statutory Offenses of Officers and Employees.* – Every  
6 officer, agent, or employee of the Bureau or of any other agency of the  
7 government charged with the enforcement of the provisions of this Act, who  
8 shall be found guilty of any delinquency as described below shall be penalized  
9 with imprisonment of not less than six (6) years and one (1) day  
10 but not more than twelve (12) years, and perpetual disqualification to hold  
11 public office, from exercising the right to vote and to participate in any public  
12 election, and a fine of not less than five hundred thousand pesos  
13 (P500,000.00), but not more than one million pesos (P1,000,000.00):

14 (a) Extortion or willful oppression under color of law;

15 (b) Knowingly demanding other or sums greater than that authorized by  
16 law, or receive any fee, compensation, or reward except as prescribed by law,  
17 for the performance of any duty;

18 (c) Willfully neglecting to give receipts, as required by law, for any  
19 sum collected in the performance of duty, or who willfully neglect to perform  
20 any of the duties enjoined by law;

21 (d) Conspiring or colluding with another or others to defraud the  
22 customs revenue or otherwise violate the law;

23 (e) Providing an opportunity for any person to defraud the government  
24 of customs revenue, or failing to do any act with the intent to enable any  
25 person to defraud the government of customs revenue;

26 (f) Negligently or designedly permitting the violation of the law by any  
27 other person;

1 (g) Making or signing for any false entry or entries in any book,  
2 making or signing any false certificate or return in any case where the law  
3 requires the making by them of such entry certificate or return;

4 (h) Failing to report knowledge or information to their superior officer  
5 about an act or acts of fraud committed in revenue collection as required by  
6 law;

7 (i) Demanding or accepting or attempting, without authority, to collect  
8 directly or indirectly as payment or otherwise, any sum of money or other thing  
9 of value for the compromise, adjustment, or settlement of any charge or  
10 complaint for any violation or alleged violation of law; and

11 (j) Unlawfully disclosing confidential information gained during any  
12 investigation or audit, or using such information for personal gain or to the  
13 detriment of the government, the Bureau, or third parties.

14 All the benefits due from service in the government, including  
15 separation and retirement benefits, of an officer, agent, or employee of the  
16 Bureau or of any other agency of the government charged with the enforcement  
17 of the provisions of this Act found guilty of the foregoing violations shall be  
18 forfeited.

19 SEC. 1532. *Failure to Report Fraud.* – Any employee of the Bureau  
20 who has knowledge of any fraud committed against the government pertaining  
21 to customs revenue, and who fails to report all information relative thereto to  
22 the District Collector, shall be penalized with imprisonment of not less than six  
23 (6) years and one (1) day but not more than twelve (12) years and a fine of not  
24 less than five hundred thousand pesos (P500,000.00) but not more than one  
25 million pesos (P1,000,000.00). The offender shall suffer the additional penalty  
26 of perpetual disqualification to hold public office, to vote and to participate in  
27 any election. All the benefits of the offender due from service in the  
28 government, including separation and retirement benefits, shall be forfeited.



1           SEC. 1603. *Duty of District Collector to Report Rulings to the*  
2   *Commissioner.* — When any new or unsettled question shall be determined by  
3   a District Collector, and if the matter is not otherwise appealed for review in  
4   the ordinary course, the District Collector shall notify the Commissioner of the  
5   decision and submit an adequate statement of the facts involved.

6           SEC. 1604. *Application of Established Ruling or Decision.* — A ruling  
7   or decision of the Commissioner which determines the construction or  
8   application of any provision of law imposing customs duties and taxes, and  
9   which changes any existing established valuation, classification, rules of origin  
10   and other customs rules, interpretation or practice shall not take effect until  
11   thirty (30) days after public notice shall have been given in the form of a  
12   published decision. When the ruling or decision favors the taxpayers, it shall  
13   become effective immediately.

14          SEC. 1605. *Authority of Official to Administer Oaths and Take*  
15   *Testimony.* — The Commissioner, District Collectors and their deputies, and  
16   other customs employees especially deputized by the District Collector shall  
17   have authority to administer oaths and take testimony in connection with any  
18   matter within the jurisdiction of the Bureau and, in connection therewith, may  
19   require the production of relevant papers, documents, books and records in  
20   accordance with law.

21          SEC. 1606. *General Security.* — In cases where securities are required  
22   to be given under the provisions of the customs and tariff laws, the District  
23   Collector, instead of requiring separate special security where transactions of a  
24   particular party are numerous, may accept general security extending over such  
25   periods of time and covering such transactions of the party in question as may  
26   be satisfactory to the District Collector.

1           SEC. 1607. *Security.* — The Bureau shall prescribe the forms and  
2 amount of security required to guarantee the payment of duties and taxes and  
3 other obligations provided for in this Act.

4           Any party required to provide security shall have the option to choose  
5 from any form of security prescribed by the Bureau. The Bureau may not  
6 require security if it is satisfied that an obligation to the Bureau will be  
7 fulfilled, but shall require and accept a general security from declarants who  
8 regularly declare goods at different offices in the customs territory under such  
9 terms and conditions as may be determined by the Commissioner.

10          The required amount of security shall be the lowest possible and shall  
11 not exceed the amount of imposable duties, taxes, and charges.

12          When the obligation under which the security was required has been  
13 satisfied, the security shall be discharged immediately.

14          SEC. 1608. *Customs Service Fees.* — Customs personnel may be  
15 assigned by a District Collector to render overtime work and other customs  
16 services and shall be paid for such services by the Bureau according to service  
17 fees fixed by the Commissioner and approved by the Secretary of Finance.  
18 The Bureau may charge additional customs service fees, when applicable,  
19 subject to the rates prescribed under existing rules and regulations.

20          SEC. 1609. *Testimony in Writing.* — When testimony is taken in any  
21 proceeding or matter under the authority of the Bureau, either party may  
22 require that the testimony shall be made in writing, and when so taken, the  
23 written testimony shall be filed in the Office of the District Collector and to be  
24 preserved for use or reference until final decision.

25          SEC. 1610. *District Collector Not Liable with Respect to Ruling in*  
26 *Customs Cases.* — Every District Collector or other officials of the Bureau  
27 shall not be in any way personally liable on account of any official ruling or  
28 decision as to which the person claiming to be aggrieved has the right to obtain

1 either an administrative or judicial review. Except for misdelivery of goods, a  
2 District Collector may not, in the absence of abuse of authority, be liable to  
3 any person for any loss occasioned either by the official act or the acts of the  
4 subordinates.

5 SEC. 1611. *Interest Prohibited to be Held by Customs Employees.* –  
6 Any person employed under the authority of the government in the assessment  
7 of duties, taxes, fees, and other charges in connection with imports or exports,  
8 shall not own, either in whole or in part, any vessel or aircraft or act as  
9 attorney, agent or consignee for the owner of any vessel or aircraft or of any  
10 cargo loaded on board the vessel or aircraft; and shall not import or be  
11 involved, directly or indirectly, in the importation of any goods for sale into the  
12 Philippines.

13 SEC. 1612. *Reward to Persons Instrumental in the Actual Collection of*  
14 *Additional Revenues Arising from the Discovery of Violations of this Act.* – A  
15 cash reward equivalent to twenty percent (20%) of the actual proceeds from  
16 the sale of smuggled goods and confiscated goods or actual collection of  
17 additional revenues shall be given to the customs and non-customs informers  
18 or whistleblowers who are instrumental in the collection of additional revenues  
19 arising from the discovery of violations of this Act in accordance with the rules  
20 and regulations to be issued by the Secretary of Finance.

21 SEC. 1613. *Outsourcing of Non-Sovereign Customs Functions to*  
22 *Private Entities.* – Subject to the approval of the Secretary of Finance, the  
23 Bureau may outsource any of its non-sovereign and ancillary function to a  
24 qualified and competent private entity in accordance with government rules on  
25 service procurement.

26 SEC. 1614. *International Standards and Best Practices.* – The Bureau  
27 shall adopt international standards and best practices in customs administration  
28 laid down by international agreement or convention pertaining to trade

1 facilitation, supply chain security, and related matters, whether or not the  
2 Philippines is a signatory to such international agreement or convention.

3 TITLE XVII

4 TARIFF ADMINISTRATION AND POLICY

5 CHAPTER 1

6 TARIFF COMMISSION

7 SEC. 1700. *Chief Officials of the Tariff Commission and*  
8 *Qualifications.* – The officials of the Tariff Commission shall consist of a  
9 Chairperson and two (2) Commissioners to be appointed by the President of  
10 the Philippines. The Chairperson and the Commissioners shall be natural-born  
11 citizens of the Philippines, of good moral character and proven integrity, and  
12 who, by experience and academic training, possess the necessary qualifications  
13 requisite for developing expert knowledge of tariff problems. During their  
14 terms of office, the Chairperson and the Commissioners shall not engage in the  
15 practice of any profession, or intervene directly or indirectly in the  
16 management or control of any private enterprise which may, in any way, be  
17 affected by the functions of their office. They shall not be, directly or  
18 indirectly, financially interested in any contract with the government, or any  
19 subdivision or instrumentality thereof.

20 SEC. 1701. *Appointment and Compensation of Officials and*  
21 *Employees.* – All employees of the Commission shall be appointed by the  
22 Chairperson in accordance with civil service law except as the private  
23 secretaries to the offices of the Chairperson, Commissioners and Executive  
24 Director.

25 SEC. 1702. *Official Seal.* – The Commission is authorized to adopt an  
26 official seal.

27 SEC. 1703. *Functions of the Commission.* – The Commission shall  
28 exercise the functions to investigate the following:



1 (a) The administration of, and the fiscal and industrial effects of, this  
2 Act and other related laws of this country currently in force or to be enacted;

3 (b) The relation between the rates of duty on raw materials and  
4 finished or partly finished products;

5 (c) The effects of *ad valorem* and specific duties and of compound  
6 specific and *ad valorem* duties;

7 (d) All questions relative to the arrangement of schedules and  
8 classification of goods in several sections of this Act;

9 (e) The tariff relations between the Philippines and foreign countries,  
10 commercial treaties, preferential provisions, economic alliances, the effect of  
11 export bounties and preferential transportation rates;

12 (f) The volume of importations compared with domestic production  
13 and consumption;

14 (g) Conditions, causes and effects relating to competition of foreign  
15 industries with those of the Philippines', including dumping and cost of  
16 production;

17 (h) The operation and implementation of this Act, including its relation  
18 to the national revenues, its effect upon the industries and labor of the country,  
19 and to submit reports of its investigations as herein provided; and

20 (i) The nature and composition, and the classification of goods  
21 according to tariff commodity classification and heading number for customs  
22 revenue and other related purposes which information shall be furnished the  
23 NEDA, the Board of Investments (BOI), the BSP, and the Secretary of  
24 Finance.

25 SEC. 1704. *Assistance to the President and Congress of the*  
26 *Philippines.* – In order to provide the President and the Congress with the  
27 necessary information and assistance regarding matters relating to tariff and  
28 tariff-related concerns, it shall be the duty of the Commission to:

1           (a) Ascertain conversion costs and costs of production in the principal  
2     growing, producing, or manufacturing centers of the Philippines, whenever  
3     practicable;

4           (b) Ascertain conversion costs and costs of production in the principal  
5     growing, producing, or manufacturing centers of foreign countries of goods  
6     imported into the Philippines whenever such conversion costs or costs of  
7     production are necessary for comparison with those in the Philippines;

8           (c) Select and describe representative goods imported into the  
9     Philippines similar to, or comparable with, those locally produced; select and  
10    describe goods of the Philippines similar to, or comparable with, such  
11    imported goods; and obtain and file samples of goods so selected whenever  
12    advisable;

13          (d) Ascertain import costs of such representative goods so selected;

14          (e) Ascertain the selling prices of the grower, producer, or  
15     manufacturer in the principal growing, producing, or manufacturing centers of  
16     the Philippines, of local goods and, in addition, to ascertain all other facts  
17     which will show the difference in, or which affect competition between, goods  
18     of the Philippines and those imported in the principal markets of the  
19     Philippines;

20          (f) Ascertain conversion costs and costs of production including effects  
21     of tariff modifications or import restrictions on prices in the principal growing,  
22     producing, or manufacturing centers of the Philippines, whenever practicable;  
23     and

24          (g) Submit annual reports to the President and the Congress of the  
25     Philippines, a copy of which shall be furnished the NEDA, the BSP, the DOF,  
26     and the BOI.

27           SEC. 1705. *Reports of the Commission.* – The Commission shall place  
28     at the disposal of the President and any Member of the Congress of the

1     Philippines all information at its command. It shall conduct such investigation  
2     and submit reports as may be required by the President and the Congress of the  
3     Philippines. It shall likewise report to the President and Congress on the first  
4     Monday of December of each year and hereafter, a statement of methods  
5     adopted and a summary of all reports made during the year.

6             The Commission or its duly authorized representative shall have access  
7     to any document, paper or record, pertinent to the subject matter under  
8     investigation, in the possession of any person, firm, co-partnership,  
9     corporation, or association engaged in the production, importation, or  
10    distribution of goods under investigation, and shall have power to summon  
11    witnesses, take testimony, administer oaths, and to issue subpoena *duces tecum*  
12    requiring the production of books, papers, or documents relating to the matter  
13    under investigation. The Commission may also request the views,  
14    recommendations, and assistance of any government office, agency, or  
15    instrumentality who shall be expected to cooperate fully with the Commission.

16            SEC. 1706. *Sworn and Verified Statements.* – The Commission may  
17    order the taking of sworn statements at any stage of any proceeding or  
18    investigation before it. The sworn statements must be made before a person  
19    authorized to administer oaths.

20            The Commission is authorized to require any importer, grower,  
21    producer, manufacturer or seller to file with the Commission a statement, under  
22    oath, giving the selling prices in the Philippines of goods imported, grown,  
23    produced, fabricated or manufactured by such person.

24            SEC. 1707. *Implementing Rules and Regulations.* – The Commission  
25    shall promulgate and adopt such rules and regulations as may be necessary to  
26    carry out the provisions of this Act.

## CHAPTER 2

## FLEXIBLE TARIFF

SEC. 1708. *Flexible Clause.* – (a) In the interest of the general welfare and national security, and subject to the limitations prescribed under this Act, the President, upon the recommendation of the NEDA, is hereby empowered to:

(1) Increase, reduce, or remove existing protective rates of import duty including any necessary change in classification. The existing rates may be increased or decreased to any level, in one or several stages, but in no case shall the increased rate of import duty be higher than a maximum of one hundred percent (100%) *ad valorem*;

(2) Establish import quotas or ban imports of any commodity, as may be necessary; and

(3) Impose an additional duty on all imports not exceeding ten percent (10%) *ad valorem* whenever necessary: *Provided*, That upon periodic investigations by the Tariff Commission and recommendation of the NEDA, the President may cause a gradual reduction of protection levels granted in Section 1611 of this Act, including those subsequently granted pursuant to this section.

(b) Before any recommendation is submitted to the President by the NEDA pursuant to the provisions of this section, except in the imposition of an additional duty not exceeding ten percent (10%) *ad valorem*, the Commission shall conduct an investigation and shall hold public hearings wherein interested parties shall be afforded reasonable opportunity to be present, to produce evidence and to be heard. The Commission shall also hear the views and recommendations of any government office, agency, or instrumentality. The Commission shall submit its findings and recommendations to the NEDA within thirty (30) days after the termination of the public hearings.

(c) The power of the President to increase or decrease rates of import duty within the limits fixed in subsection (a) shall include the authority to modify the form of duty. In modifying the form of duty, the corresponding *ad valorem* or specific equivalents of the duty with respect to imports from the principal competing foreign country for the most recent representative period shall be used as basis.

(d) Any order issued by the President pursuant to the provisions of this section shall take effect thirty (30) days after promulgation, except in the imposition of additional duty not exceeding ten percent (10%) *ad valorem* which shall take effect at the discretion of the President.

(e) The power delegated to the President as provided for in this Section shall be exercised only when Congress is not in session.

(f) The power herein delegated may be withdrawn or terminated by Congress through a joint resolution.

The NEDA shall promulgate rules and regulations necessary to carry out the provisions of this section.

SEC. 1709. *Promotion of Foreign Trade.* – (a) For the purpose of expanding foreign markets for Philippine products as a means of assisting in the economic development of the country, in overcoming domestic unemployment, in increasing the purchasing power of the Philippine peso, and in establishing and maintaining better relations between the Philippines and other countries, the President, shall, from time to time:

(1) Enter into trade agreements with foreign governments or instrumentalities thereof; and

(2) Modify import duties, including any necessary change in classification and other import restrictions as are required or appropriate to carry out and promote foreign trade with other countries: *Provided*, That in modifying import duties or fixing import quota, the requirements prescribed in

1 subsection (a) of Section 1708 hereof shall be observed: *Provided, however,*  
2 *That any modification in import duties and the fixing of import quotas pursuant*  
3 *to the agreement on the ASEAN Trade in Goods Agreement (ATIGA) and*  
4 *other trade agreements, shall not be subject to the limitations of the aforesaid*  
5 *subsection (a) of Section 1708 hereof.*

6 (b) The duties and other import restrictions as modified in subsection  
7 (a) of this section, shall apply to goods which are the growth, produce, or  
8 manufacture of the specific country, whether imported directly or indirectly,  
9 with which the Philippines has entered into a trade agreement: *Provided, That*  
10 *the President may suspend the application of any concession to goods which*  
11 *are the growth, produce, or manufactured product of the specific country*  
12 *because of acts or policies which tend to defeat the purposes set in this section,*  
13 *including the operations of international cartels; and the duties and other*  
14 *import restrictions as negotiated shall be in force and effect from and after such*  
15 *time as specified in the order.*

16 (c) Nothing in this section shall be construed to give any authority to  
17 cancel or reduce in any manner the indebtedness of any foreign country to the  
18 Philippines or any claim of the Philippines against any foreign country.

19 (d) Before any trade agreement is concluded with any foreign  
20 government or instrumentality thereof, reasonable public notice of the intention  
21 to negotiate an agreement with such government or instrumentality shall be  
22 given in order that interested persons may have an opportunity to present their  
23 views to the Commission. The Commission shall seek information and advice  
24 from the Department of Agriculture (DA), the DENR, the DTI, the DOT, the  
25 BSP, the DFA, the BOI, and from such other sources as it may deem  
26 appropriate.

27 (e) In advising the President on a trade agreement entered into by the  
28 Philippines, the following shall be observed:

1           (1) The Commission shall determine whether or not the domestic  
2 industry has suffered or is being threatened with injury and whether or not the  
3 wholesale prices at which the domestic products are sold are reasonable, taking  
4 into account the cost of raw materials, labor, overhead, a fair return on  
5 investment, and the overall efficiency of the industry;

6           (2) The NEDA shall evaluate the report of the Commission and submit  
7 recommendations to the President; and

8           (3) Upon receipt of the report of the findings and recommendations of  
9 the NEDA, the President may prescribe adjustments in the rates of import  
10 duties, withdraw, modify or suspend, in whole or in part, any concession under  
11 any trade agreement, establish import quota, or institute such other import  
12 restrictions as the NEDA recommends to be necessary in order to fully protect  
13 domestic industry and the consumers, subject to the condition that the  
14 wholesale prices of the domestic products shall be reduced to, or maintained at,  
15 the level recommended by the NEDA unless, for good cause shown, an  
16 increase thereof, as recommended by the NEDA, is authorized by the  
17 President. Should increases be made without such authority, the NEDA shall  
18 immediately notify the President who shall allow the importation of competing  
19 products in such quantities as to protect the public from the unauthorized  
20 increase in wholesale prices.

21           (f) This section shall not prevent the effectivity of any executive  
22 agreement or any future preferential trade agreement with any foreign country.

23           (g) The NEDA and the Commission shall promulgate such reasonable  
24 procedures, rules and regulations as they may deem necessary to execute their  
25 respective functions under this section.

## CHAPTER 3

## TARIFF NOMENCLATURE AND RATE OF DUTY

SEC. 1710. *General Rules for the Interpretation (GRI)*. – The classification of goods and its tariff nomenclature as provided pursuant to this Act shall be governed by the following principles:

(1) The titles of sections, chapters and subchapters are provided for easy reference only. For legal purposes, classification shall be determined according to the terms of the headings and any relative section or chapter notes and, provided such headings or notes do not otherwise require, according to the following provisions:

(2) (a) Any reference in a heading to the goods shall be taken to include reference to the same in their incomplete or unfinished form or state: *Provided*, That the incomplete or unfinished goods have the essential character, as presented, of the complete or finished goods. It shall also be taken to include a reference to the same in their complete or finished form or state, or falling to be classified as complete or finished by virtue of this Rule, presented unassembled or disassembled;

(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule (b);

(3) When by application of Rule (a)(2) or for any other reason, goods are *prima facie* classifiable under two (2) or more headings, classification shall be effected as follows:



1           (a) The heading which provides the most specific description shall be  
2 preferred to headings providing a more general description. However, when  
3 two (2) or more headings each refer to part only of the materials or substances  
4 contained in mixed or composite goods or to part only of the items in a set put  
5 up for retail sale, those headings are to be regarded as equally specific in  
6 relation to those goods, even if one of them gives a more complete or precise  
7 description of the goods;

8           (b) Mixtures, composite goods consisting of different materials or  
9 made up of different components, and goods put up in sets for retail sale,  
10 which cannot be classified by reference to (b)(1), shall be classified as if it  
11 consists of the material or component which gives to its essential character,  
12 insofar as this criterion is applicable; and

13           (c) When goods cannot be classified by reference to (b)(1) or (b)(2), it  
14 shall be classified under the heading which occurs last in numerical order  
15 among those which equally merit consideration;

16           (4) Goods which cannot be classified in accordance with the preceding  
17 Rules shall be classified under the heading appropriate to the goods to which it  
18 is most akin;

19           (5) In addition to the foregoing provisions, the following rules shall  
20 apply with respect to the goods referred to:

21           (a) Camera cases, musical instrument cases, gun cases, drawing  
22 instrument cases, necklace cases and similar containers, especially shaped or  
23 fitted to contain a specific goods or set of goods, suitable for long-term use and  
24 presented with the goods for which it is intended, shall be classified with such  
25 goods of the kind normally sold. This rule shall not apply, however, to  
26 containers which give the whole its essential character; and

27           (b) Subject to the provisions of Rule (d)(1) above, packing materials  
28 and packing containers presented with the goods therein shall be classified

1 with the goods normally used for packing such goods. However, this provision  
2 does not apply when such packing materials or packing containers are clearly  
3 suitable for repetitive use; and

4 (6) For legal purposes, the classification of goods in subheadings shall  
5 be determined according to the terms of those subheadings and any related  
6 subheading notes and, *mutatis mutandis*, to the above stated rules: *Provided*,  
7 That only subheadings at the same level are comparable. For the purposes of  
8 the rule, the relative section and chapter notes also apply, unless the context  
9 otherwise requires.

10 SEC. 1711. *Tariff Nomenclature and Rates of Import Duty.* – The  
11 provisions of Section 104 of Presidential Decree No. 1464, otherwise known  
12 as the Tariff and Customs Code of the Philippines of 1978, as amended,  
13 specifically providing for the tariff sections, chapters, headings and  
14 subheadings and the rates of import duty, shall still apply. There shall be  
15 levied, collected and paid upon all imported goods the rates of duty indicated  
16 thereon except as otherwise specifically provided for in this Act: *Provided*,  
17 That the maximum rate shall not exceed one hundred percent (100%)  
18 *ad valorem*.

19 (a) The rates of duty provided or subsequently fixed pursuant to  
20 Sections 1708 and 1709 of this Act shall be subject to periodic investigation by  
21 the Tariff Commission and may be revised by the President, upon the  
22 recommendation of the NEDA.

23 (b) The rates of duty provided shall apply to all products, whether  
24 imported directly or indirectly, of all foreign countries, which do not  
25 discriminate against Philippine export products. An additional one hundred  
26 percent (100%) across-the-board duty shall be levied on the products of any  
27 foreign country which discriminates against Philippine export products.

1           SEC. 1712. *Tariff Nomenclature and Rates of Export Duty.* – The  
2 provisions of Section 514 of Presidential Decree No. 1464, otherwise known  
3 as the Tariff and Customs Code of the Philippines of 1978, as amended,  
4 specifically providing for the export products subject to duty and rates, shall  
5 still apply.

## 6                                   TITLE XVIII

### 7                           CONGRESSIONAL OVERSIGHT COMMITTEE

8           SEC. 1800. *Congressional Oversight Committee.* – The Congressional  
9 Customs and Tariff Oversight Committee, herein referred to as the Committee,  
10 is hereby constituted in accordance with the provisions of this Act. The  
11 Committee shall be composed of the Chairpersons of the Committee on Ways  
12 and Means of the Senate and House of Representatives and four (4) additional  
13 members from each House, to be designated by the Senate President and the  
14 Speaker of the House of Representatives, respectively. The Committee shall,  
15 among others, in aid of legislation:

- 16           (a) Monitor and ensure the proper implementation of this Act;
- 17           (b) Review the collection performance of the Bureau; and
- 18           (c) Review the implementation of the programs of the Bureau.

19           In furtherance of the hereinabove cited objectives, the Committee shall  
20 require the Bureau to submit all pertinent information which includes:

- 21           (1) Industry audits;
- 22           (2) Collection performance data; and
- 23           (3) Status report on criminal actions initiated against persons.

## 24                                   TITLE XIX

### 25                           FINAL PROVISIONS

26           SEC. 1900. *Implementing Rules and Regulations.* – The Secretary of  
27 Finance shall, upon the recommendation of the Commissioner, promulgate the  
28 necessary rules and regulations for the effective implementation of this Act.

1        SEC. 1901. *Transitory Provisions.* – All suits, proceedings, or  
2 prosecutions whether civil or criminal, for causes arising or acts done or  
3 committed prior to the effectivity of this Act, shall commence and be  
4 prosecuted within the same time in the same manner and with the same effect  
5 as if this Act had not been enacted, and all rights acquired, offenses committed,  
6 and penalties or forfeitures or liabilities waived prior to the said effectivity  
7 shall not be affected thereby.

8        SEC. 1902. *Repealing Clause.* – Except for Section 104 on Rates of  
9 Import Duty, and Section 514 on Export Products Subject to Duty and Rates  
10 which shall remain valid and effective and shall supplement this Act, all other  
11 sections of Presidential Decree No. 1464, otherwise known as the Tariff and  
12 Customs Code of the Philippines of 1978, as amended, and Presidential Decree  
13 No. 1853 which require any applicant for letter of credit covering imports to  
14 deposit the full amount of duties due on the importation, are hereby expressly  
15 repealed. All other laws, acts, presidential decrees, executive orders, rules and  
16 regulations or parts thereof inconsistent with the provisions of this Act are  
17 hereby expressly repealed, amended or modified accordingly.

18        SEC. 1903. *Separability Clause.* – If any provision of this Act is  
19 declared invalid or unconstitutional, the remaining provisions or parts shall  
20 remain in full force and effect.

21        SEC. 1904. *Effectivity.* – This Act shall take effect fifteen (15) days  
22 after its publication in the *Official Gazette* or in two (2) newspapers of general  
23 circulation.

Approved,