


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

7 SEP -4 P3:06

SENATE

RECEIVED BY: 

S. NO. **1533**

Introduced by Senator FRANCIS G. ESCUDERO

EXPLANATORY NOTE

This piece of legislation principally seeks to address the perennial problem of smuggling in the Bureau of Customs (BOC) by amending the pertinent provisions of the Tariff and Customs Code or Presidential Decree No. 1464. Hence, the name: "Anti-Smuggling Act of 2007."

This bill proposes, among others, the creation of a new office, the Deputy Commissioner for Audit and Transparency, to ensure, as it obviously suggests, openness and accountability in the collection and anti-smuggling efforts of the BOC. It is given considerable powers to ascertain availability of all customs records pertaining to appraisal, valuation, assessment, classification and collection, and an unhampered audit and review of said records. Such powers include, among others, the authority to issue subpoenas and to hold those who defy such subpoenas in contempt.

The Deputy Commissioner for Audit and Transparency is nonetheless required to coordinate and submit annual reports to the Commissioner of the BOC, the Commission on Audit (COA), the National Economic and Development Authority (NEDA), the Department of Finance (DOF), the Bangko Sentral ng Pilipinas (BSP), Board of Investments (BOI) and the Department of Budget and Management (DBM).

It also prescribes a new set of stringent requirements for surety companies and bonded warehouses doing business in the BOC. Surety companies are given the threshold amount of 30% of the total due and demandable bonds as the minimum liability in the BOC with which it can no longer issue bonds in favor of the BOC and be subjected to cancellation of its permit or license.

In the case of bonded warehouses entities and locators, which include even those operating under the charter of the Philippine Economic Zone Authority (PEZA), the Subic Bay Metropolitan Authority (SBMA), and other freeports and ecozones, their paid-up capital and net assets are to be made equivalent to the value of goods of unliquidated entries stored in their respective warehouses.

Customs officials tasked to examine and appraised the value of goods is to be mandated to certify such under oath. Moreover, a valuation library,

updated at all times, is to be used as reference and basis for examination and appraisal.

To put further emphasis on valuation, a Valuation and Classification Review Committee is established as a statutory body in which the private sector may sit as a member. All valuation and classification issues are to pass through this Committee for review to ensure its genuineness and integrity.

Lastly, smuggling is made a graver offense in this proposed legislation by applying graduated penalties depending on the form of smuggling committed and the value of the goods concerned. It provides as maximum the penalty of life imprisonment for smuggling if the value of the goods unlawfully imported exceeds Php1,000,000.00.

In the light of the foregoing, and if only to establish an effective system of addressing smuggling and corruption in the BOC, immediate passage of this bill is sincerely sought.


A handwritten signature in black ink, consisting of a stylized 'F' and 'E' followed by a horizontal line.

FRANCIS G. ESCUDERO

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

7 SEP -4 P3:26

SENATE
S. NO. **1533**

RECEIVED BY: 

Introduced by Senator FRANCIS G. ESCUDERO

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

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

1 **SECTION 1. Short Title.** - This Act shall be known and cited as the "Anti-
2 *Smuggling Act of 2007.*"

3 **SEC. 2.** Section 201, Title II, Part 1 of the Tariff and Customs Code of the
4 Philippines, as amended, is hereby further amended by inserting after the third and
5 second to the last paragraphs thereof the following provisions to read as follows:

6 "SEC. 201. *Basis of Dutiable Value.* -

7 "xxx.

8 "If in the course of determining the dutiable value of the imported
9 goods, it becomes necessary to delay the final determination of such
10 dutiable value, the importer shall nevertheless be able to secure the
11 release of the imported goods upon filing of a sufficient guarantee in
12 the form of a LETTER OF CREDIT, surety bond, a deposit, cash, or
13 some other appropriate instrument in an amount equivalent to the
14 imposable duties and taxes [on] FOR WHICH the imported goods [in
15 question] may be liable: *Provided, however,* That goods, the
16 importation of which is prohibited by law shall not be released under
17 any circumstances whatsoever: *PROVIDED, FURTHER, THAT*

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

16 THE BOC SHALL ACCEPT GUARANTEES IN THE FORM OF
17 SURETY BONDS EXCLUSIVELY ISSUED BY SURETY COMPANIES,
18 INCLUDING GSIS, WHO ARE MEMBERS OF A BOC APPROVED
19 CONSORTIUM.

20 "Nothing in this Section x x x.

21 "REFERENCE INFORMATION OBTAINED FROM A VALUE
22 DATA BASE APPROVED BY THE COMMISSIONER, INCLUDING
23 REVISION ORDERS, SHALL BE USED TO TEST THE
24 TRUTHFULNESS AND ACCURACY OF A GIVEN VALUE
25 DECLARATION. A VALUE DECLARATION WHICH FALLS
26 OUTSIDE OF THE VALUE RANGE OF REVISION ORDERS SHALL
27 TRIGGER A VALUATION QUERY ON THE APPLICABILITY OF
28 THE METHOD OF VALUATION USED BY THE IMPORTER, IN

1 WHICH CASE THE VALUATION ISSUE SHALL BE DECIDED BY
2 THE VALUATION AND CLASSIFICATION REVIEW COMMITTEE
3 (VCRC) ON THE APPROPRIATE METHOD OF VALUATION
4 PRESCRIBED UNDER THIS SECTION. FOR PURPOSES OF THIS
5 SECTION, A REVISION ORDER SHALL REFER TO THE
6 DOCUMENT WHICH INDICATES THE LATEST VALUES OF A
7 PRODUCT(S), WHICH SHALL BE APPLICABLE AND EFFECTIVE
8 WITHIN THE PERIOD OF NINETY (90) DAYS FROM DATE OF ITS
9 ISSUANCE BY THE BUREAU OF CUSTOMS, AFTER
10 CONSULTATION WITH INDUSTRY REPRESENTATIVES.

11 "THE VCRC SHALL REVIEW AND DECIDE ON THE
12 APPLICABILITY OF THE METHOD OF VALUATION USED OR
13 DECLARED BY THE IMPORTER IN THE IMPORT ENTRY.

14 "If, after receiving further information x x x."

15 **SEC. 3.** Section 601 of the Tariff and Customs Code of the Philippines, as
16 amended, is hereby further amended to read as follows:

17 "SEC. 601. *Chief Officials of the Bureau of Customs.* – The Bureau of
18 Customs shall have one chief and FIVE [four] assistant chiefs, to be
19 known respectively as the Commissioner of Customs (hereinafter
20 known as the Commissioner) and FIVE (5) Deputy Commissioners of
21 Customs, each one to head (a) Customs Revenue and Collection
22 Monitoring Group; (b) Customs Assessment and Operations
23 Coordinating Group; (c) Intelligence and Enforcement Group; (d)
24 Internal Administration Group; AND (D) AUDIT AND
25 TRANSPARENCY GROUP, who shall each receive an annual
26 compensation in accordance with the rates prescribed by existing law.
27 The Commissioner AND DEPUTY COMMISSIONER FOR AUDIT
28 AND TRANSPARENCY SHALL BE DIRECTLY APPOINTED BY

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

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

9 SEC. 4. Section 607 of the Tariff and Customs Code of the Philippines, as
10 amended, is hereby further amended to read as follows:

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

1 Department of Budget, and other economic agencies of the
2 government, on or before December 30, of each year.

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

6 **SEC. 5.** Section 609 of the TCCP, as amended, is hereby further amended to
7 read as follows:

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

22 **SEC. 6.** Section 701 of the Tariff and Customs Code of the Philippines, as
23 amended, is hereby further amended to read as follows:

24 "SEC. 701. *Collection Districts and Ports of Entry Thereof.* - For
25 administrative purposes, the Philippines shall be divided into as
26 many collection districts as necessary, the respective limits of which
27 may be changed from time to time by the Commissioner of Customs
28 upon approval of the Secretary of Finance. The principal ports of entry

1 for the respective collection districts shall be Manila, Ninoy Aquino
 2 International Airport, Cebu, Iloilo, Davao, Tacloban, Zamboanga,
 3 Cagayan de Oro, Surigao, Legaspi, Batangas, San Fernando, Subic and
 4 Manila International Container Port: *PROVIDED, THAT THE*
 5 *IMPORTATION OF ARTICLES THAT DO NOT PASS THROUGH*
 6 *THE PORTS OF ENTRY SHALL BE CONSIDERED AS UNLAWFUL*
 7 *IMPORTATION PUNISHABLE UNDER SECTION 3601 OF THIS*
 8 *CODE.*

9 **SEC. 7.** Section 709 of the TCCP, as amended, is hereby further amended to
 10 read as follows:

11 *“SEC. 709. Authority of the Collector to Remit Duties. – A Collector*
 12 *shall have discretionary authority to remit the assessment and collection*
 13 *of customs duties, taxes and other charges when the aggregate amount*
 14 *of such duties, taxes, and other charges is less than FIVE THOUSAND*
 15 *PESOS (P5,000.00), and he may dispense with the seizure of articles of*
 16 *less than FIVE THOUSAND PESOS (P5,000.00) in value except in cases*
 17 *of prohibited importations or the habitual or the intentional violation of*
 18 *the tariff and customs laws.”*

19 **SEC. 8.** A new Part 3 shall be inserted starting with Section 713, after Section
 20 712 of the Tariff and Customs Code of the Philippines, as amended, which shall read
 21 as follows:

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

23 **“SEC. 713. THE DEPUTY COMMISSIONER FOR AUDIT AND**
 24 **TRANSPARENCY SHALL CONDUCT, IN COORDINATION WITH**
 25 **THE COMMISSION ON AUDIT, A BUREAU-WIDE AUDIT ON THE**
 26 **OPERATIONAL PROCESSES, COLLECTION AND FINANCIAL**
 27 **REPORTING, FISCAL AND PERSONNEL PERFORMANCE,**
 28 **SYSTEM EFFICIENCY, INTERNAL CONTROL, INFORMATION**

1 AND COMMUNICATION FLOW, FRAUDULENT AND ILLEGAL
2 PRACTICES, AND SUCH OTHER AREAS AS MAY BE NECESSARY
3 FOR THE EFFECTIVE OPERATION OF THE BUREAU AND ITS
4 ATTACHED AGENCIES.

5 "SEC. 714. THE APPROPRIATIONS FOR THE BUREAU OF
6 CUSTOMS SHALL PROVIDE AN ITEM OF EXPENSE FOR AUDIT
7 AS CONTEMPLATED UNDER THIS ACT, INCLUDING A
8 PROVISION FOR AN INDEPENDENT AUDIT OF THE BUREAU BY
9 A QUALIFIED PRIVATE COMPANY OR INSTITUTION, WHICH
10 SHALL BE CONDUCTED ANNUALLY, OR IN SUCH FREQUENCY
11 AS MAY BE DETERMINED BY THE DEPUTY COMMISSIONER FOR
12 AUDIT AND TRANSPARENCY UPON APPROVAL OF THE
13 COMMISSIONER.

14 "SEC. 715. ON THE BASIS OF THE AUDIT CONDUCTED
15 PURSUANT TO THE PRECEDING SECTIONS, THE DEPUTY
16 COMMISSIONER FOR AUDIT AND TRANSPARENCY SHALL
17 HAVE THE AUTHORITY TO FORMULATE AND RECOMMEND
18 POLICIES TO THE COMMISSIONER TO ADDRESS THE
19 IDENTIFIED PROBLEMS AND DEFICIENCIES. UNLESS THERE IS
20 REASONABLE DOUBT ON THE VALIDITY OF THE SAID AUDIT,
21 THE RECOMMENDATIONS SHALL HAVE PERSUASIVE WEIGHT
22 AND SHALL BE PROMPTLY ACTED UPON BY THE
23 COMMISSIONER.

24 "THE DEPUTY COMMISSIONER SHALL LIKEWISE HAVE
25 THE AUTHORITY TO CONDUCT INVESTIGATIONS FOR THE
26 PURPOSE OF INITIATING PROSECUTION OF FRAUD AND
27 OTHER GRAFT AND CORRUPT PRACTICES IN THE BUREAU,
28 AND SHALL RECOMMEND TO THE OMBUDSMAN THE FILING

1 OF APPROPRIATE CRIMINAL CASES AGAINST THE ERRING
2 PERSONNEL, AND TO THE COMMISSIONER THE IMPOSITION
3 OF ADMINISTRATIVE SANCTIONS.

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

13 **SEC. 9.** A new section to be known as Section 1001-A is hereby inserted after
14 Section 1001 of the Tariff and Customs Code of the Philippines, as amended, which
15 shall read as follows:

16 "SEC. 1001-A. TRANSMISSION OF ELECTRONIC COPY OF
17 *MANIFEST PRIOR TO ARRIVAL - AN ELECTRONIC COPY OF THE*
18 *CARGO AND PASSENGER MANIFEST OF THE VESSEL ENGAGED*
19 *IN FOREIGN TRADE SHALL BE TRANSMITTED TO THE BUREAU*
20 *OF CUSTOMS AT LEAST TWELVE (12) HOURS FOR OCEAN*
21 *GOING VESSELS AND TWO (2) HOURS FROM DEPARTURE FOR*
22 *AIRLINES PRIOR TO THEIR ARRIVAL IN THE PORT OF ENTRY;*
23 *PROVIDED, THAT IF THE VESSEL IS AN AIRCRAFT, THE*
24 *MANIFEST SHALL BE ELECTRONICALLY TRANSMITTED TO THE*
25 *BUREAU OF CUSTOMS AT LEAST ONE (1) HOUR PRIOR TO THE*
26 *AIRCRAFT'S ARRIVAL IN THE PORT OF ENTRY."*

27 **SEC. 10.** Section 1005 of the Tariff and Customs Code of the Philippines,
28 as amended, is hereby further amended to read as follows:

1 “SEC. 1005. *Manifest Required of Vessel from Foreign Port.* – x x x.

2 “All of the cargo intended x x x.

3 “A TRUE AND COMPLETE COPY OF THE CARGO MANIFEST
4 AND BILL OF LADING SHALL BE SENT UPON ARRIVAL TO THE
5 BUREAU OF CUSTOMS AND THE PHILIPPINE PORTS
6 AUTHORITY WITHIN FORTY-EIGHT (48) HOURS AFTER RECEIPT
7 THEREOF BY THE MASTER OF THE VESSEL.

8 “A cargo manifest shall in no case be changed or altered after entry
9 of the vessel, except by means of an amendment by the master,
10 consignee or agent thereof, under oath, and attached to the original
11 manifest: *Provided, however,* That after the invoice and/or entry
12 covering an importation have been received and recorded [in the
13 office of the appraiser] EITHER MANUALLY OR
14 ELECTRONICALLY IN THE BUREAU OF CUSTOMS OR HAD
15 BEEN LOGGED IN ITS COMPUTER SYSTEM, no amendment of the
16 manifest shall be allowed, except when it is obvious that a clerical
17 error or any discrepancy has been committed in the preparation of the
18 manifest, without any fraudulent intent, discovery of which would
19 not have been made until after examination has been completed.
20 PRIOR TO RELEASE OF THE CARGO, THE VERACITY OF THE
21 AMENDMENT SHALL BE EXAMINED BY THE COMMISSIONER
22 OF CUSTOMS FOR THE PURPOSE OF INVOKING PENAL
23 PROVISION UNDER SECTIONS 2503 AND 3602 OF THIS CODE.”

24 SEC. 11. Section 1007 of the Tariff and Customs Code of the Philippines, as
25 amended, is hereby further amended to read as follows:

26 “SEC. 1007. *Manifest for Commission on Audit and Collector.* – *Papers*
27 *to be Deposited with Consul.* – Immediately after the arrival of a vessel
28 from a foreign port, the master shall deliver or mail to the Chairman,

1 Commission on Audit, Manila, a copy of the cargo manifest properly
 2 indorsed by the boarding officer, and UPON ARRIVAL, he shall
 3 present to the Collector the original copy of the cargo manifest and,
 4 for inspection, the ship's register or other document in lieu thereof,
 5 together with the clearance and other papers granted to the vessel at
 6 the port of departure for the Philippines.

7 "WITHIN THREE DAYS FROM RECEIPT OF THE CARGO
 8 MANIFEST FROM THE MASTER, THE COLLECTOR SHALL POST
 9 COPIES THEREOF AT A CUSTOMS BULLETIN BOARD FOR TWO
 10 CONSECUTIVE WEEKS."

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

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

24 **SEC. 13.** Section 1008 of the Tariff and Customs Code of the Philippines, as
 25 amended, is hereby further amended to read as follows:

26 "SEC. 1008. *Transit Cargo AND FOREIGN TRANSHIPMENT*
 27 *OF GOODS. -* When transit cargo x x x.

1 "WITHIN FIVE DAYS FROM THE ACTUAL DISCHARGE OF A
2 VESSEL, BUT IN ANY CASE NOT LATER THAN FIFTEEN (15)
3 DAYS FROM THE DATE OF THE VESSEL'S DEPARTURE FROM
4 THE PHILIPPINES, THE PARTY WHO APPLIED FOR FOREIGN
5 TRANSSHIPMENT SUCH AS THE SHIPPING COMPANY OR
6 AGENT, TRANSSHIPMENT OPERATOR OR THE OWNER OF THE
7 GOODS SHALL SUBMIT TO THE BUREAU OF CUSTOMS AND/OR
8 TO THE BUREAU OF INTERNAL REVENUE, A CERTIFICATE OF
9 DISCHARGE FROM THE FOREIGN PORT OF DISCHARGE OR
10 DESTINATION. THE CERTIFICATE OF DISCHARGE SHALL
11 CERTIFY THAT THE GOODS TRANSSHIPPED FROM THE
12 PHILIPPINES WERE DISCHARGED AT THE PORT OF
13 DESTINATION AND RECEIVED BY THE CONSIGNEE NAMED IN
14 THE MANIFEST. THE CERTIFICATE OF DISCHARGE SHALL BE
15 ISSUED BY THE CUSTOMS OR PORT OFFICIALS AT THE
16 FOREIGN PORT OF DESTINATION: PROVIDED, THAT IF THE
17 SAID CERTIFICATE IS IN A FOREIGN LANGUAGE OTHER THAN
18 ENGLISH, IT SHALL BE ACCOMPANIED BY AN ENGLISH
19 TRANSLATION DULY AUTHENTICATED BY A PHILIPPINE
20 COMMERCIAL ATTACHE OR CONSUL. THE CERTIFICATE OF
21 DISCHARGE TO BE SUBMITTED TO THE BUREAU OF CUSTOMS
22 AND/OR BUREAU OF INTERNAL REVENUE SHALL BE
23 ACCOMPANIED BY A COPY OF THE INWARD FOREIGN
24 MANIFEST SUBMITTED TO, RECEIVED BY, AND PROPERLY
25 STAMPED BY THE CUSTOMS AUTHORITIES AT THE PORT OF
26 DESTINATION.

27 "FAILURE TO SUBMIT THE CERTIFICATE OF DISCHARGE
28 AND THE INWARD FOREIGN MANIFEST AS REQUIRED

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

18 **SEC. 14.** Section 1025 of the Tariff and Customs Code of the Philippines, as
19 amended, is hereby further amended to read as follows:

20 "SEC. 1025. *Export Product to Conform to Standard Grades AND*
21 *EXPORT MARKING REQUIREMENTS.* - A Collector shall not permit
22 products for which standard grades OR "EXPORT ONLY" OR "FOR
23 EXPORT" MARKING REQUIREMENTS have been established by the
24 government THROUGH LAWS OR REGULATIONS to be laden
25 aboard a vessel clearing for a foreign port, unless the shipment
26 conforms to the requirements of law OR REGULATION relative to the
27 shipment of such products: *PROVIDED, HOWEVER, THAT EXPORT*
28 OF PRODUCTS MARKED "NOT FOR EXPORT" SHALL BE

1 PROHIBITED, AND THAT LABELS OR MARKS INDICATING
2 "PLACE OF SALE" OF THE PRODUCT OR "NOT FOR EXPORT"
3 MARKINGS SHALL NOT BE CHANGED, TAMPERED OR
4 CONCEALED.

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

11 **SEC. 15.** Section 1210 of the Tariff and Customs Code of the Philippines, as
12 amended, is hereby further amended to read as follows:

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

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

1 **SEC. 16.** A new section, to be known as Section 1212, is hereby inserted in
2 the Tariff and Customs Code of the Philippines, as amended, to read as follows:

3 “SEC. 1212. *IMPORT PERMIT/IMPORT AUTHORITY FOR*
4 *AGRICULTURAL PRODUCTS. - IMPORTED AGRICULTURAL*
5 *PRODUCTS MUST BE COVERED BY A VALID IMPORT OR*
6 *QUARANTINE PERMIT ISSUED BY THE DEPARTMENT OF*
7 *AGRICULTURE OR ITS CONCERNED BUREAU PRIOR TO*
8 *IMPORTATION INTO THE PHILIPPINES. NO AGRICULTURAL*
9 *PRODUCTS MUST BE ACCEPTED FOR LOADING AND/OR*
10 *TRANSPORT BY A VESSEL OR AIRCRAFT INTO THE COUNTRY IF*
11 *THESE AGRICULTURAL PRODUCTS HAVE NOT BEEN*
12 *AUTHORIZED THROUGH AN IMPORT PERMIT OR IMPORT*
13 *AUTHORITY ISSUED BY THE DEPARTMENT OF AGRICULTURE*
14 *PRIOR TO SHIPMENT. THE SAME AGRICULTURAL PRODUCTS*
15 *MUST BE SHIPPED BACK TO THE COUNTRY OF ORIGIN BY THE*
16 *IMPORTER/CONSIGNEE THROUGH THE SAME CARRIER THAT*
17 *LOADED/TRANSPORTED, OR BROUGHT IN THE PRODUCTS:*
18 *PROVIDED, THAT ANY IMPORTED AGRICULTURAL PRODUCT*
19 *THAT WAS ISSUED AN IMPORT PERMIT OR IMPORT*
20 *AUTHORITY AFTER ENTRY INTO THE PHILIPPINES, WHEN*
21 *SUCH IMPORT PERMIT/AUTHORITY IS REQUIRED PRIOR TO*
22 *IMPORTATION OF SUBJECT AGRICULTURAL PRODUCT, SHALL*
23 *BE CONSIDERED AS SMUGGLED ARTICLE AND SHALL BE*
24 *DISPOSED OF IN THE MANNER PROVIDED FOR IN SECTION*
25 *2602 OF THIS CODE.”*

26 **SEC. 17.** Section 1302 of the Tariff and Customs Code of the Philippines, as
27 amended, is hereby further amended to read as follows:

28 “SEC. 1302. *Import Entries. - x x x.*

1 “The Commissioner may, x x x.

2 “A formal entry may be x x x:

3 “(a) x x x;

4 “(b) x x x; or

5 “(c) x x x.

6 “FOR PURPOSES HERETO, ALL IMPORT ENTRIES SHALL
7 EXPLICITLY AND CLEARLY INDICATE THE NAME OF THE
8 CUSTOMS BONDED WAREHOUSE WHERE THE IMPORTED
9 ARTICLES WILL BE PLACED OR DEPOSITED, AND THE NAME
10 OF THE IMPORTER OR CONSIGNEE.

11 “Import entries under irrevocable x x x.

12 “All importations entered x x x.”

13 **SEC. 18.** A new section to be known as section 1401-A is hereby inserted
14 after Section 1401 of the Tariff and Customs Code of the Philippines, as amended,
15 which shall read as follows:

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

22 **SEC. 19.** Section 1403 of the Tariff and Customs Code of the Philippines, as
23 amended, is hereby further amended to read as follows:

24 “SEC. 1403. *Duties of Customs Officer Tasked to Examine, Classify,*
25 *and Appraise Imported Articles.* – The customs officer tasked to examine,
26 classify, and appraise imported articles shall determine whether the
27 packages designated for examination and their contents are in
28 accordance with the declaration in the entry, invoice, and other

1 pertinent documents and shall make a return in such a manner to
 2 indicate whether the articles have been truly and correctly declared in
 3 the entry as regard their quantity, measurement, weight, and tariff
 4 classification and not imported contrary to law. THE CUSTOMS
 5 OFFICER SHALL LIKEWISE CERTIFY UNDER OATH IN THE
 6 RETURN THAT HE USED THE VALUATION LIBRARY IN
 7 CLASSIFYING AND APPRAISING THE IMPORTED ARTICLES. He
 8 shall ALSO submit a sample to the laboratory for analysis when
 9 feasible to do so and when such analysis is necessary for the proper
 10 classification, appraisal, and/or admission into the Philippines of
 11 imported articles.

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

15 “Failure on the part of the customs officer to comply with his
 16 duties shall subject him to the penalties prescribed under 3604 of this
 17 Code.”

18 **SEC. 20.** Section 1409 of the Tariff and Customs Code of the Philippines, as
 19 amended, is hereby further amended to read as follows:

20 “SEC. 1409. *[Employment and Compensation of Persons to Assist*
 21 *in Appraisal or Classification of Articles.]* VALUATION AND
 22 CLASSIFICATION REVIEW COMMITTEE (VCRC). - [When
 23 necessary, the Collector may request two disinterested persons versed
 24 in the matter to assist the appraiser in appraising or ascertaining
 25 dutiable value of any article. Persons so employed shall be paid
 26 compensation in an amount to be determined by the Commissioner,
 27 not exceeding fifty pesos (P50.00) for each day of such service.]
 28 GENUINE VALUATION AND CLASSIFICATION ISSUES SHALL BE

1 COURSED THROUGH A VALUATION AND CLASSIFICATION
 2 REVIEW COMMITTEE (VCRC) DIRECTLY UNDER THE
 3 CHAIRMANSHIP OF THE RESPECTIVE DISTRICT COLLECTOR OF
 4 CUSTOMS.

5 "AMONG THE MEMBERS OF THE VCRC, ONE SHALL COME
 6 FROM AMONG THE RECOMMENDEES OF THE DEPARTMENT
 7 OF TRADE AND INDUSTRY AND THE DEPARTMENT OF
 8 AGRICULTURE AND THE TARIFF COMMISSION, AS THE CASE
 9 MAY BE, AND ONE MEMBER SHALL COME FROM THE PRIVATE
 10 SECTOR REPRESENTING THE INDUSTRY SECTOR AFFECTED."

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

13 "SEC. 1704. *Abatement or Refund of Duties on Articles Lost or*
 14 *Destroyed After Arrival. -*

15 "x x x:

16 "d. While released under irrevocable domestic letter of credit, bank
 17 guarantee or bond for export except in case of loss by theft:
 18 PROVIDED, THAT NO ABATEMENT OR REFUND SHALL BE
 19 MADE WHEN THE THEFT OCCURS IN BONDED WAREHOUSES
 20 OUTSIDE OF THE CUSTOMS ZONE."

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

23 "SEC. 1801. *Abandonment, Kinds and Effects of. -* An imported
 24 article is deemed abandoned x x x:

25 "a. When the owner, importer x x x; or

26 "b. When the owner, importer, consignee or interested party after
 27 due notice, fails to file an entry x x x. ALL SHIPPING LINES,
 28 SHIPPING COMPANIES, FREIGHT FORWARDERS,

1 CONSOLIDATORS, BREAK BULK AGENTS AND THEIR AGENTS
2 AND SUB-AGENTS AND ARRASTRE CONTRACTORS ARE
3 REQUIRED TO STATE IN BOLD, PROMINENT AND
4 COMPREHENSIBLE CHARACTERS THE PHRASE 'CUSTOMS LAW
5 REQUIRES THE FILING OF ENTRY WITHIN THIRTY (30) DAYS
6 FROM THE DATE OF DISCHARGE OF THE LAST PACKAGE FROM
7 THE VESSEL, OTHERWISE, THE CARGO MAY BE DEEMED
8 ABANDONED AND TO BE FORFEITED IN FAVOR OF THE
9 GOVERNMENT AND SHALL BE DISPOSED OF IN ACCORDANCE
10 WITH THIS CODE' IN EACH AND EVERY NOTICE OF ARRIVAL
11 TO THE OWNERS, IMPORTERS, CONSIGNEES OR OTHER
12 INTERESTED PARTIES. THE SAME SHALL SERVE TO SATISFY
13 THE DUE NOTICE REQUIREMENT REFERRED TO IN
14 PARAGRAPH (B) HEREOF, IN WHICH CASE THE OWNER,
15 IMPORTER OR CONSIGNEE OF THE IMPORTATION SHALL
16 HAVE A PERIOD OF THIRTY (30) DAYS, WHICH SHALL NOT BE
17 EXTENDIBLE, FROM THE DATE OF DISCHARGE OF THE LAST
18 PACKAGE FROM THE VESSEL WITHIN WHICH TO FILE THE
19 APPROPRIATE ENTRY. FAILURE ON THE PART OF THE
20 SHIPPING LINES, SHIPPING COMPANIES, FREIGHT
21 FORWARDERS, CONSOLIDATORS, BREAK BULK AGENTS AND
22 THEIR AGENTS AND SUB-AGENTS AND ARRASTRE
23 CONTRACTORS TO COMPLY HEREWITH SHALL CONSTITUTE A
24 GROUND FOR THE SUSPENSION OF THEIR LICENSES OR
25 AUTHORITY TO ENGAGE IN THEIR RESPECTIVE LINE OF
26 ACTIVITIES IN THE IMPORTATION OPERATIONS.

27 "Any person who abandons x x x."

1 **SEC. 23.** Section 1801 of the TCCP, as amended, is hereby further amended
2 to read as follows:

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

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

8 b. When the owner, importer, consignee or interested party after
9 due notice, fails to file an entry within thirty (30) days, which shall not
10 be extendible, from the date of discharge of the last package from the
11 vessel or aircraft, or having filed such entry, fails to claim his
12 importation within fifteen (15) days, which shall not likewise be
13 extendible, from the date of posting of the notice to claim such
14 importation; OR WHEN THERE IS WRITTEN DENIAL OF
15 OWNERSHIP FROM THE PERSON INDICATED ON THE
16 MANIFEST OR BILL OF LADING AS THE OWNER, IMPORTER, OR
17 CONSIGNEE OF THE IMPORTED ARTICLE.

18 “Any person who abandons an article or who fails to claim his
19 importation as provided for in the preceding paragraph shall be
20 deemed to have renounced all his interests and property rights
21 therein.”

22 **SEC. 24.** Section 1802 of the Tariff and Customs Code of the Philippines, as
23 amended, is hereby further amended to read as follows:

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

1 “AN UPDATED LISTING OF ALL ABANDONED SHIPMENTS
2 SCHEDULED FOR AUCTION SHALL BE POSTED ON THE
3 OFFICIAL WEBSITE OF THE BUREAU OF CUSTOMS AND AT THE
4 MAIN ENTRANCE OF CUSTOMS HOUSES.

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

9 “Any official or employee of the Bureau of Customs or of other
10 government agencies who, having knowledge of the existence of an
11 abandoned article or having control or custody of such abandoned
12 article, fails to report to the Collector within twenty-four (24) hours
13 from the time the article is deemed abandoned shall be punished with
14 the penalties prescribed in Paragraph 1, Section 3604 of this Code (RA
15 7651, June 4, 1993).”

16 **SEC. 25.** Section 1901 of the Tariff and Customs Code of the Philippines, as
17 amended, is hereby further amended to read as follows:

18 “SEC. 1901. *Establishment and Supervision of Warehouses.* – When
19 the business of the port requires such facilities, the Collector, subject
20 to the approval of the Commissioner, shall designate and establish
21 warehouses for use as public and private bonded warehouses, sheds
22 or yards, or for other special purposes. ALL SUCH WAREHOUSES
23 SHALL BE ACCREDITED BY AN ACCREDITATION COMMITTEE
24 WHICH SHALL BE COMPOSED OF THE SECRETARY OF TRADE
25 AND INDUSTRY, AS CHAIR THEREOF, AND ONE
26 REPRESENTATIVE EACH FROM THE INDUSTRY ASSOCIATION
27 OR INDUSTRY SECTOR AFFECTED AND THE INDUSTRY

1 ASSOCIATION SOUGHT TO BE SERVICED BY THE CUSTOMS
2 BONDED WAREHOUSE.

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

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

12 “SEC. 1901. *Establishment and Supervision of Warehouses.* – When the
13 business of the port requires such facilities, the Collector, subject to
14 the approval of the Commissioner, shall designate and establish
15 INDUSTRY-SPECIFIC warehouses for use as public and private
16 bonded warehouses, sheds or yards, or for other special purposes.

17 “All such warehouses and premises shall be subject to the
18 supervision of the Collector, who shall impose such conditions as may
19 be deemed necessary for the protection of the revenue and of the
20 articles stored therein.”

21 **SEC. 27.** Section 1902 of the Tariff and Customs Code of the Philippines, as
22 amended, is hereby further amended to read as follows:

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

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

1 "THE OPERATORS OF THE BONDED WAREHOUSES SHALL,
2 FOR LEGITIMATE PURPOSES, MAKE AVAILABLE TO THE
3 PUBLIC AN INVENTORY OF ALL ARTICLES STORED THEREIN.
4 FAILURE TO DO SO IS A MANDATORY GROUND FOR THE
5 REVOCATION OF LICENSE TO OPERATE A BONDED
6 WAREHOUSE."

7 **SEC. 28.** Section 1903 of the Tariff and Customs Code of the Philippines, as
8 amended, is hereby further amended to read as follows:

9 "SEC. 1903. *Bonded Warehouses.* - Application for the establishment
10 of bonded warehouses must be made in writing and filed with the
11 Collector, describing the premises, the location, and capacity of the
12 same, the purpose for which the building is to be used, AND THE
13 INDUSTRY TO WHICH IT BELONGS. THE APPLICATION SHALL
14 LIKEWISE BE ACCOMPANIED BY VERIFIED COPIES OF
15 DOCUMENTS INDICATING THE OWNERSHIP AND THE
16 FINANCIAL CAPACITY OF THE BONDED WAREHOUSE.

17 "Upon receipt of such application, the Collector shall cause an
18 examination of the premises, with reference particularly to its location,
19 construction and means provided for the safekeeping of articles. THE
20 COLLECTOR SHALL LIKEWISE DETERMINE THE OWNERSHIP
21 OF THE APPLICANT BONDED WAREHOUSE TO VERIFY
22 OWNERS OF A BONDED WAREHOUSE WHICH HAD BEEN
23 CLOSED DUE TO ITS NON-COMPLIANCE WITH CUSTOMS LAWS
24 and REGULATIONS HAS ANY INTEREST THEREIN. if THE
25 APPLICATION IS found satisfactory, [he] THE COLLECTOR may
26 authorize its establishment, and accept a bond for its operation and
27 maintenance. The operator of such bonded warehouse shall pay an
28 annual supervision fee in an amount to be fixed by the Commissioner.

1 The bonded warehouse officers and other employees thereof shall be
2 regular customs employees who shall be appointed in accordance
3 with the Civil Service Law, rules and regulations.

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

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

16 **SEC. 29.** A new section to be known as Section 1903-A is hereby inserted
17 *after Section 1903 of the TCCP, as amended, which shall read as follows:*

18 "SEC. 1903-A. REGULAR AUDIT OF BONDED WAREHOUSE. A
19 REGULAR AUDIT OF ALL BONDED WAREHOUSES SHALL BE
20 CONDUCTED BY THE COLLECTOR, WHICH AUDIT SHALL BE
21 SUBJECT TO AUTOMATIC REVIEW BY THE DEPUTY
22 COMMISSIONER FOR AUDIT AND TRANSPARENCY. UPON
23 PETITION OF AN INTERESTED PARTY, A SECOND AUDIT MAY
24 BE CONDUCTED BY THE DEPUTY COMMISSIONER OR AN
25 INDEPENDENT AUDIT MAY BE MADE UPON THE INSTANCE OF
26 THE PETITIONING PARTY IN COORDINATION WITH THE
27 DEPUTY COMMISSIONER."

28 **SEC. 30.** Section 1904 of the Tariff and Customs Code of the Philippines, as

1 amended, is hereby amended to read as follows:

2 “SEC. 1904. *Irrevocable Domestic Letter of Credit or Bank Guarantee.*
3 *[or Warehousing Bond]* – After articles declared in the entry for
4 warehousing shall have been examined and the duties, taxes and
5 other charges shall have been determined, the Collector shall require
6 from the importer an irrevocable domestic letter of credit OR bank
7 guarantee [or bond] equivalent to the amount of such duties, taxes
8 and other charges conditioned upon the withdrawal of articles within
9 the period prescribed by Section nineteen hundred and eight of this
10 Code and for payment of any duties, taxes and other charges to which
11 the articles shall be then subject and upon compliance with all legal
12 requirements regarding their importation.”

13 **SEC. 31.** Section 1905 of the Tariff and Customs Code of the Philippines, as
14 amended, is hereby further amended to read as follows:

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

1 Discontinuance of any warehouse shall be effective upon official
2 notice and approval thereof by the Collector.”

3 SEC. 32. Section 1906 of the Tariff and Customs Code of the Philippines, as
4 amended, is hereby further amended to read as follows:

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

14 SEC. 33. Section 1907 of the Tariff and Customs Code of the Philippines, as
15 amended, is hereby further amended to read as follows:

16 “SEC. 1907. *Withdrawal of Articles from Bonded Warehouse.* -
17 Articles entered under irrevocable domestic letter of credit OR bank
18 guarantee [or bond] may be withdrawn at any time for consumption,
19 for transportation to another port, for exportation or for delivery on
20 board a vessel or aircraft engaged in foreign trade for use on board
21 such vessel or aircraft as sea stores or aircraft stores after liquidation
22 of the entry. The withdrawal must be made by a person or firm duly
23 authorized by the former, whose authority must appear in writing
24 upon the face of the withdrawal entry.”

25 “PROOF MUST BE SHOWN THAT THE ORDER TO IMPORT
26 THE SUBJECT ARTICLES HAS BEEN CANCELLED: PROVIDED,
27 FURTHER, THAT THE ARTICLES TO BE WITHDRAWN DO NOT

1 AMOUNT TO MORE THAN FIFTY PERCENT (50%) OF THE TOTAL
2 INVENTORY OF THE BONDED WAREHOUSE.

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

7 **SEC. 34.** Section 1908 of the TCCP, as amended, is hereby further amended
8 to read as follows:

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

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

1 UPON LIQUIDATION, AND SHALL PROMPTLY SEND NOTICE TO
2 THE INTERESTED PARTIES.”

3 SEC. 35. A new Section, to be known as Section 1910, is hereby inserted
4 in Part 1, Title V, Book II of the Tariff and Customs Code of the Philippines, as
5 amended, to read as follows:

6 “SEC. 1910. ACTS DEEMED AS SMUGGLING PUNISHABLE
7 UNDER SECTIONS 3601 AND 3602 OF THIS CODE. - THE
8 FOLLOWING SHALL BE DEEMED AS ACTS OF SMUGGLING
9 WHICH SHALL BE PUNISHABLE UNDER SECTIONS 3601 AND
10 3602 OF THIS CODE:

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

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

15 “(C) WAREHOUSING OF THE FOLLOWING SHIPMENTS:

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

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

27 “3. PROHIBITED ARTICLES AND REGULATED ARTICLES
28 WITHOUT THE CORRESPONDING CLEARANCE AND/OR

1 IMPORT AUTHORITY DULY ISSUED BY A COMPETENT
2 AUTHORITY.

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

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

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

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

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

22 **SEC. 36.** A new Section, to be known as Section 1911, is hereby inserted in
23 Part 1, Title V, Book II of the Tariff and Customs Code of the Philippines, as
24 amended, to read as follows:

25 "SEC. 1911. VERIFICATION OF RECORDS KEPT IN
26 CUSTOMS BONDED WAREHOUSES. - A CAREFUL ACCOUNT
27 SHALL BE KEPT BY THE COLLECTOR OF ALL ARTICLES
28 DELIVERED TO ANY BONDED WAREHOUSE, AND A SWORN

1 MONTHLY RETURN, DULY VERIFIED BY THE CUSTOMS
2 OFFICIAL IN CHARGE, SHALL BE MADE BY THE BONDED
3 WAREHOUSE CONTAINING A DETAILED STATEMENT OF ALL
4 IMPORTED ARTICLES STORED THEREIN.

5 "ALL DOCUMENTS, BOOKS AND RECORDS OF ACCOUNTS
6 CONCERNING THE OPERATION OF ANY BONDED
7 WAREHOUSE SHALL, UPON DEMAND OF THE SECRETARY OF
8 FINANCE, BE MADE AVAILABLE TO THE COLLECTOR OR HIS
9 REPRESENTATIVE OR THE INDUSTRY ASSOCIATION OR
10 INDUSTRY SECTOR AFFECTED AND SOUGHT TO BE SERVICED
11 BY THE BONDED WAREHOUSE, FOR PURPOSES OF
12 EXAMINATION AND/OR AUDIT."

13 SEC. 37. Section 2001 of the TCCP, as amended, is hereby further amended to
14 read as follows:

15 "SEC. 2001. *Establishment of Bonded Manufacturing Warehouses.* --
16 All articles manufactured in whole or in part of imported materials,
17 and intended for exportation without being charged with duty, shall,
18 in order to be so manufactured and exported, be made and
19 manufactured in manufacturing warehouses under such rules and
20 regulations as the Commissioner of Customs with the approval of the
21 Secretary of Finance, shall prescribe: *Provided*, That the manufacturer
22 of such articles shall first file a satisfactory bond for the faithful
23 observance of all laws, rules and regulations applicable thereto:
24 *PROVIDED, FURTHER, THAT BONDED MANUFACTURING*
25 *WAREHOUSES SHALL LIKEWISE BE SUBJECT TO THE*
26 *PROVISIONS UNDER TITLE V, PART 1 OF THIS CODE, AS*
27 *AMENDED: PROVIDED, FINALLY, THAT THESE REQUIREMENTS*
28 *SHALL EXTEND TO REGISTERED LOCATORS OPERATING*

1 UNDER THE CHARTERS OF THE PHILIPPINE ECONOMIC ZONE
2 AUTHORITY (PEZA), THE SUBIC BAY METROPOLITAN
3 AUTHORITY (SBMA), AND OTHER FREEPORTS AND
4 ECOZONES.”

5 SEC. 38. Section 2002 of the Tariff and Customs Code of the Philippines, as
6 amended, is hereby further amended to read as follows:

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

8 a. x x x

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

1 manufacture of articles for exportation within the prescribed period
 2 shall pay the corresponding duties: *Provided, further,* That the
 3 operation of embroidery and apparel firms shall continue to be
 4 governed by Republic Act Numbered Thirty-one hundred and thirty-
 5 seven."

6 **SEC. 39.** Section 2003 of the Tariff and Customs Code of the Philippines, as
 7 amended, is hereby further amended to read as follows:

8 "SEC. 2003. *Procedure for Withdrawal.* - Articles received into
 9 such bonded manufacturing warehouse x x x: *Provided, further,* That
 10 all waste materials may be [disposed] DESTROYED under
 11 government supervision. All labor performed and services rendered
 12 under these provisions shall be under the supervision of a proper
 13 customs official and at the expense of the manufacturer.

14 "VIOLATION OF THE FOREGOING PROVISION SHALL BE
 15 DEEMED AS SMUGGLING WHICH SHALL BE PUNISHABLE
 16 UNDER SECTIONS 3601 AND 3602 OF THIS CODE.

17 "THE ARTICLES SUBJECT OF THE VIOLATION SHALL *IPSO*
 18 *FACTO* BE FORFEITED IN FAVOR OF THE GOVERNMENT TO BE
 19 DISPOSED OF PURSUANT TO THE PROVISIONS OF THIS CODE."

20 **SEC. 40.** Section 2317 of the Tariff and Customs Code of the Philippines, as
 21 amended, is hereby further amended to read as follows:

22 "SEC. 2317. *Government's Right of Compulsory Acquisition.* - In
 23 order to protect the government revenues against the undervaluation
 24 of goods x x x.

25 "ANY INDUSTRY ASSOCIATION OR INDUSTRY SECTOR MAY
 26 LIKEWISE POST A LETTER OF CREDIT, SURETY BOND OR SOME
 27 OTHER APPROPRIATE INSTRUMENT IN FAVOR OF THE
 28 BUREAU IN THE AMOUNT EQUAL TO TWO HUNDRED

1 PERCENT (200%) OF THE DECLARED CUSTOMS VALUE OF THE
2 GOODS UNDER QUESTION, PLUS ANY DUTIES, TAXES, FEES OR
3 OTHER CHARGES WHICH HAVE ALREADY BEEN PAID
4 THEREON, IN WHICH CASE THE COMMISSIONER OF CUSTOMS
5 SHALL ACQUIRE SUCH IMPORTED GOODS, PAYMENT FOR
6 WHICH SHALL BE MADE WITHIN TEN (10) WORKING DAYS
7 FROM THE ISSUANCE OF A WARRANT SIGNED BY THE
8 COMMISSIONER OF CUSTOMS FOR THE ACQUISITION OF SUCH
9 GOODS: *PROVIDED*, THAT THE PROVISIONS OF SECTION 201 OF
10 THIS CODE SHALL APPLY IN THE CASE OF SURETY BONDS
11 AND SURETY COMPANIES.

12 "An importer who is dissatisfied x x x.

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

24 "Nothing in this Section limits x x x."

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

27 "SEC. 2503. *Undervaluation, Misclassification and Misdeclaration in*
28 *Entry.* - When the dutiable value of the imported articles shall be so

1 declared and entered that the duties, based on the declaration of the
2 importer on the face of the entry would be less by ten percent (10%)
3 than should be legally collected, or when the imported articles shall be
4 so described and entered that the duties based on the importer's
5 description on the face of the entry would be less by ten percent (10%)
6 than should be legally collected based on the tariff classification, or
7 when the dutiable weight, measurement or quantity of imported
8 articles is found upon examination to exceed by ten percent (10%) or
9 more than the entered weight, measurement or quantity, a surcharge
10 shall be collected from the importer in an amount of not less than the
11 difference between the full duty and the estimated duty based upon
12 the declaration of the importer, nor more than twice of such
13 difference: *Provided*, That an undervaluation, MISCLASSIFICATION,
14 misdeclaration in weight, measurement or quantity of more than
15 thirty percent (30%) between the value, weight, measurement or
16 quantity declared in the entry, and the actual value, weight, quantity,
17 or measurement shall constitute a *prima facie* evidence of fraud
18 penalized under Section 2530 AND SECTION 3602 of this Code:
19 *Provided, further*, That any UNDERVALUED, misdeclared,
20 MISCLASSIFIED or undeclared imported articles/items found upon
21 examination shall *ipso facto* be forfeited in favor of the Government to
22 be disposed of pursuant to the provisions of this Code: *PROVIDED*,
23 *FURTHERMORE*, THAT THE LICENSE, PERMIT AND THE
24 BUSINESS NAME OF THE SUBJECT IMPORTER SHALL BE
25 DEEMED AUTOMATICALLY REVOKED.

26 "THE PROVISIONS OF THIS SECTION SHALL LIKEWISE
27 APPLY WHEN IMPORTED ARTICLES THAT CONTAIN A
28 PRINCIPAL INGREDIENT TO WHICH A HIGHER TARIFF IS

1 PRESCRIBED, DECLARED, DESCRIBED AND ENTERED SUCH
 2 THAT THE DUTIES BASED ON THE IMPORTER'S DECLARATION
 3 ON THE FACE OF THE ENTRY WOULD BE LESS BY TEN
 4 PERCENT (10%) OR MORE THAN WHAT SHOULD BE LEGALLY
 5 COLLECTED BASED ON THE HIGHER TARIFF CLASSIFICATION:
 6 PROVIDED, THAT THE AMOUNT OF SAID INGREDIENT IN THE
 7 IMPORTED ARTICLES REACHES THE THRESHOLD CONTENT
 8 PRESCRIBED IN SAID HIGHER CLASSIFICATION.

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

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

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

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

27 "SEC. 2601. *[Property Subject to Sale]* *PROPERTY UNDER*
 28 *CUSTOMS CUSTODY SUBJECT TO DISPOSITION.* - *Property in*

1 customs custody THAT shall be subject to [sale under the conditions]
2 THE MODES OF DISPOSITION AS provided FOR IN SECTION 2602
3 HEREOF. x x x.”

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

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

13 “(A) WHEN SUBJECT PROPERTY HAS EXPORT POTENTIAL,
14 THE SAME SHALL BE EXPORTED THROUGH A GOVERNMENT
15 ENTITY WHICH SHALL BE DESIGNATED TO PERFORM SAID
16 TASK;

17 “(B) WHEN THE PROPERTY IS NOT EXPORTED, AND UPON
18 RECOMMENDATION OF THE COMMISSIONER OF CUSTOMS,
19 THE SECRETARY OF FINANCE MAY AUTHORIZE THE OFFICIAL
20 USE OF THE ARTICLES TO PROMOTE THE INTENSIVE
21 COLLECTION OF TAXES AND/OR TO HELP PREVENT OR
22 SUPPRESS SMUGGLING AND OTHER FRAUDS UPON THE
23 CUSTOMS;

24 “(C) WHEN THE ARTICLE IS NOT SUITABLE FOR
25 EXPORTATION OR FOR USE AGAINST SMUGGLING OR OTHER
26 FRAUDS UPON CUSTOMS, THEN IT MAY BE CHANNLED TO
27 THE OFFICIAL USE OF OTHER OFFICES OF THE NATIONAL
28 GOVERNMENT; AND

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

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

1 THE UPKEEP AND TRANSPORTATION OF SUBJECT ARTICLE
2 SHALL BE BORNE BY THE RECIPIENT GOVERNMENT AGENCY:
3 PROVIDED, FINALLY, THAT IF SUBJECT ARTICLE CANNOT BE
4 EXPORTED THROUGH THE GOVERNMENT ENTITY
5 DESIGNATED FOR THE PURPOSE OR IS NOT SUITABLE EITHER
6 FOR OFFICIAL USE OR CHARITY, THE SAME SHALL BE BURNED
7 OR DESTROYED IN SUCH MANNER AS THE CASE MAY
8 REQUIRE AS TO RENDER THEM ABSOLUTELY WORTHLESS, IN
9 THE PRESENCE OF A REPRESENTATIVE EACH FROM THE
10 COMMISSION ON AUDIT, THE DEPARTMENT OF JUSTICE, THE
11 BUREAU OF CUSTOMS, AND FROM THE PRIVATE SECTOR.”

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

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

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

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

28 “(C) STORAGE CHARGES;

1 “(D) ARRASTRE CHARGES; AND

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

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

6 “SEC. 2604. *[Disqualification to Participate in Auction Sale]*
7 DISPOSITION OF SURPLUS FROM THE PROCEEDS OF
8 EXPORTATION OF PROPERTY WITHIN THE PURVIEW OF THIS
9 PART OF THIS CODE. – [No customs official or employee shall be
10 allowed to bid directly or indirectly, in any customs auction.] ANY
11 SURPLUS REMAINING AFTER THE SATISFACTION OF ALL
12 LAWFUL CHARGES AS PROVIDED FOR IN SECTION 2603 OF
13 THIS CODE SHALL BE DEPOSITED IN A SPECIAL TRUST FUND
14 WHICH SHALL BE USED SOLELY FOR THE PURPOSE OF
15 FINANCING THE COMPULSORY ACQUISITION OF IMPORTED
16 GOODS BY THE GOVERNMENT AS PROVIDED FOR IN SECTION
17 2317 OF THIS CODE.”

18 **SEC. 47.** Section 2612 of the Tariff and Customs Code of the Philippines, as
19 amended, is hereby further amended to read as follows:

20 “SEC. 2612. *Disposition of Smuggled Articles.* – Smuggled articles,
21 after liability to seizure or forfeiture shall have been established by
22 proper administrative [or judicial] proceedings in conformity with the
23 provisions of this Code, shall be disposed of as provided for in Section
24 2602 hereof: *Provided,* That articles whose importation is prohibited
25 under Section One Hundred [Two] ONE, sub-paragraphs b, c, d, e,
26 and j shall upon order to the Collector in writing, be burned or
27 destroyed, in such manner as the case may require as to render them
28 absolutely worthless, in the presence of a representative each from the

1 Commission on Audit, [Ministry] DEPARTMENT of Justice, Bureau of
2 Customs, and if possible, any representative of the private sector.”

3 **SEC. 48.** Section 3519 of the Tariff and Customs Code of the Philippines, as
4 amended, is hereby further amended to read as follows:

5 “SEC. 3519. *Words and Phrases Defined.* – x x x:

6 “x x x.

7 “FOREIGN TRANSSHIPMENT’ SHALL REFER TO THE
8 TRANSPORT OF GOODS FROM A FOREIGN COUNTRY INTO THE
9 PORT OF MANILA FOR SHIPMENT TO A FOREIGN
10 DESTINATION WITHOUT INTRODUCING THE SAME INTO THE
11 PHILIPPINE CUSTOMS TERRITORY, PROVIDED THE SAME IS
12 COVERED BY A CERTIFICATE OF DISCHARGE.

13 “x x x.

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

25 **SEC. 49.** Section 3601 of the Tariff and Customs Code of the Philippines, as
26 amended, is hereby further amended to read as follows:

27 “SEC. 3601. *SMUGGLING.* – Any person who shall
28 fraudulently import or bring into the Philippines, or assist in so doing,

1 any article, contrary to law, SHALL BE GUILTY OF SMUGGLING
2 AND SHALL BE PUNISHABLE AS HEREIN PROVIDED. ANY
3 PERSON [or] WHO shall receive, conceal, buy, sell, or in any manner
4 facilitate the transportation, concealment, or sale of such article after
5 importation, knowing the same to have been imported contrary to
6 law, shall be DEEMED guilty of smuggling and shall LIKEWISE be
7 [punished with] PUNISHABLE AS HEREIN PROVIDED: ANY
8 IMPORTATION WHICH IS NOT COVERED BY A LETTER OF
9 CREDIT AND/OR PERMIT FROM THE BANGKO SENTRAL NG
10 PILIPINAS TO IMPORT SAID PRODUCT, SHALL BE CONSIDERED
11 AS ILLEGALLY IMPORTED AND SHALL BE DISPOSED OF IN THE
12 MANNER AS PROVIDED FOR IN SECTION 2602 OF THIS CODE.

13 1. A fine IN AN AMOUNT EQUAL TO THE APPRAISED
14 VALUE PLUS FIFTY PERCENT (50%) THEREOF and imprisonment
15 of not less than six months and one day nor more than four years, if
16 the appraised value, to be determined in the manner prescribed under
17 this Code, including duties and taxes, of the article unlawfully
18 imported exceeds FIVE THOUSAND PESOS (P5,000.00) but does not
19 exceed fifty thousand pesos (P50,000.00);

20 2. A fine IN AN AMOUNT EQUAL TO THE APPRAISED VALUE
21 PLUS FIFTY PERCENT (50%) THEREOF and imprisonment of not
22 less than FOUR YEARS and one day nor more than eight years, if the
23 appraised value, to be determined in the manner prescribed under
24 this Code, including duties and taxes, of the article unlawfully
25 imported is more than FIFTY thousand pesos (P50,000.00) but does
26 not exceed one hundred fifty thousand pesos (P150,000.00);

27 3. A FINE IN AN AMOUNT EQUAL TO THE APPRAISED
28 VALUE PLUS FIFTY PERCENT (50%) THEREOF AND

1 IMPRISONMENT OF NOT LESS THAN EIGHT YEARS AND ONE
2 DAY NOR MORE THAN TWELVE YEARS, IF THE APPRAISED
3 VALUE, TO BE DETERMINED IN THE MANNER PRESCRIBED
4 UNDER THIS CODE, INCLUDING DUTIES AND TAXES, OF THE
5 ARTICLE UNLAWFULLY IMPORTED EXCEEDS ONE HUNDRED
6 FIFTY THOUSAND PESOS (P150,000.00) BUT DOES NOT EXCEED
7 TWO HUNDRED FIFTY THOUSAND PESOS (P250,000.00);

8 4. A FINE IN AN AMOUNT EQUAL TO THE APPRAISED
9 VALUE PLUS FIFTY PERCENT (50%) THEREOF AND
10 IMPRISONMENT OF NOT LESS THAN TWELVE YEARS AND ONE
11 DAY NOR MORE THAN FIFTEEN YEARS, IF THE APPRAISED
12 VALUE, TO BE DETERMINED IN THE MANNER PRESCRIBED
13 UNDER THIS CODE, INCLUDING DUTIES AND TAXES, OF THE
14 ARTICLE UNLAWFULLY IMPORTED EXCEEDS TWO HUNDRED
15 FIFTY THOUSAND PESOS (P250,000.00) BUT DOES NOT EXCEED
16 FIVE HUNDRED THOUSAND PESOS (P500,000.00);

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

26 6. A FINE IN AN AMOUNT EQUAL TO THE APPRAISED
27 VALUE PLUS FIFTY PERCENT (50%) THEREOF AND LIFE
28 IMPRISONMENT, IF THE APPRAISED VALUE, TO BE

1 DETERMINED IN THE MANNER PRESCRIBED UNDER THIS
2 CODE, INCLUDING DUTIES AND TAXES, OF THE ARTICLE
3 UNLAWFULLY IMPORTED EXCEEDS ONE MILLION PESOS
4 (P1,000,000.00);

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

10 "In applying the above scale of penalties, if the offender is an alien
11 and the prescribed penalty is not death, he shall be deported after
12 serving the sentence without further proceedings for deportation. If
13 the offender is a government official or employee, the penalty shall be
14 a maximum as hereinabove prescribed and the offender shall suffer
15 and additional penalty of perpetual disqualification from public
16 office, to vote and to participate in any public election. HE SHALL
17 ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS
18 SERVICE IN THE GOVERNMENT, INCLUDING THE FORFEITURE
19 OF HIS SEPARATION AND RETIREMENT BENEFITS. (*Enrile*
20 *amendment*)

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

1 SEC. 50. Section 3602 of the Tariff and Customs Code of the Philippines, as
2 amended, is hereby further amended to read as follows:

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

22 “1. A FINE OF NOT LESS THAN THREE HUNDRED
23 THOUSAND PESOS (P300,000.00) NOR MORE THAN FIVE
24 HUNDRED THOUSAND PESOS (P500,000.00) AND
25 IMPRISONMENT OF *PRISION CORRECIONAL*, IF THE
26 DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT
27 OR QUANTITY DECLARED IN THE ENTRY AND THE TRUE AND
28 ACTUAL VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF

1 THE ARTICLE UNLAWFULLY IMPORTED DOES NOT EXCEED
2 ONE HUNDRED THOUSAND PESOS (P100,000.00);

3 "2. A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND
4 PESOS (P500,000.00) NOR MORE THAN EIGHT HUNDRED
5 THOUSAND PESOS (P800,000.00) AND IMPRISONMENT OF
6 *PRISION MAYOR*, IF THE DIFFERENCE BETWEEN THE VALUE,
7 WEIGHT, MEASUREMENT OR QUANTITY DECLARED IN THE
8 ENTRY AND THE TRUE AND ACTUAL VALUE, WEIGHT,
9 QUANTITY OR MEASUREMENT OF THE ARTICLE UNLAWFULLY
10 IMPORTED EXCEEDS ONE HUNDRED THOUSAND PESOS
11 (P100,000.00) BUT DOES NOT EXCEED ONE MILLION PESOS
12 (P1,000,000.00);

13 "3. A FINE OF NOT LESS THAN EIGHT HUNDRED
14 THOUSAND PESOS (P800,000.00) NOR MORE THAN ONE
15 MILLION PESOS (P1,000,000.00) AND IMPRISONMENT OF
16 *RECLUSION TEMPORAL*, IF THE DIFFERENCE BETWEEN THE
17 VALUE, WEIGHT, MEASUREMENT OR QUANTITY DECLARED IN
18 THE ENTRY AND THE TRUE AND ACTUAL VALUE, WEIGHT,
19 QUANTITY OR MEASUREMENT OF THE ARTICLE UNLAWFULLY
20 IMPORTED EXCEEDS ONE MILLION PESOS (P1,000,000.00) BUT
21 DOES NOT EXCEED FIVE MILLION PESOS (P5,000,000.00);

22 "4. A FINE OF NOT LESS THAN ONE MILLION PESOS
23 (P1,000,000.00) NOR MORE THAN TWO MILLION PESOS
24 (P2,000,000.00) AND IMPRISONMENT OF *RECLUSION PERPETUA*,
25 IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT,
26 MEASUREMENT OR QUANTITY DECLARED IN THE ENTRY AND
27 THE TRUE AND ACTUAL VALUE, WEIGHT, QUANTITY OR

1 MEASUREMENT OF THE ARTICLE UNLAWFULLY IMPORTED
2 EXCEEDS FIVE MILLION PESOS (P5,000,000.00).

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

16 **SEC. 51.** Section 3603 of the Tariff and Customs Code of the Philippines, as
17 amended, is hereby further amended to read as follows:

18 "SEC. 3603. *Failure to Report Fraud.* - Any master, pilot in command
19 or other officer, owner or agent of any vessel or aircraft trading with
20 or within the Philippines and any employee of the Bureau of Customs
21 who, having cognizance of any fraud on the customs revenue, shall
22 fail to report all information relative thereto to the Collector as by law
23 required, shall be punished by a fine of not LESS THAN ONE
24 HUNDRED THOUSAND PESOS (P100,000.00) BUT NOT MORE
25 THAN ONE MILLION PESOS (P1,000,000.00) AND IMPRISONMENT
26 OF NOT LESS THAN EIGHT YEARS BUT NOT MORE THAN
27 TWELVE YEARS. If the offender is an alien, he shall be deported after
28 serving the sentence. If the offender is a public official or employee, he

1 shall suffer additional penalty of perpetual disqualification to hold
 2 public office, to vote and to participate in any election. HE SHALL
 3 ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS
 4 SERVICE IN THE GOVERNMENT, INCLUDING THE FORFEITURE
 5 OF HIS SEPARATION AND RETIREMENT BENEFITS." (*Enrile*
 6 *amendment*)

7 **SEC. 52.** Section 3604 of the Tariff and Customs Code of the Philippines, as
 8 amended, is hereby further amended to read as follows:

9 "SEC. 3604. *Statutory Offenses of Officials and Employees.* - Every
 10 official, agent or employee of the Bureau or any agency of the
 11 government charged with the enforcement of the provisions of this
 12 Code, who is guilty of any delinquency herein below indicated shall
 13 be punished with a fine of not LESS THAN ONE HUNDRED
 14 THOUSAND PESOS (P100,000.00) BUT NOT MORE THAN ONE
 15 MILLION PESOS (P1,000,000.00) AND IMPRISONMENT OF NOT
 16 LESS THAN EIGHT YEARS BUT NOT MORE THAN TWELVE
 17 YEARS and perpetual disqualification to hold public office, to vote
 18 and to participate in any public office election. HE SHALL ALSO
 19 LOSE ALL THE BENEFITS DUE HIM AS A RESULT OF HIS
 20 SERVICE IN THE GOVERNMENT, INCLUDING THE FORFEITURE
 21 OF HIS SEPARATION AND RETIREMENT BENEFITS: (*Enrile*
 22 *amendment*)

23 "(a) x x x.

24 "x x x."

25 **SEC. 53.** Section 3605 of the Tariff and Customs Code of the Philippines, as
 26 amended, is hereby further amended to read as follows:

27 "SEC. 3605. *Concealment or Destruction of Evidence of Fraud.* - Any
 28 person who willfully conceals or destroys any invoice, book or paper

1 relating to any article liable to duty after an inspection thereof has
2 been demanded by the Collector of any collection district or at any
3 time conceals or destroys any such invoice, book or paper for the
4 purpose of suppressing any evidence of fraud therein contained, shall
5 be punished with a fine of not LESS THAN ONE HUNDRED
6 THOUSAND PESOS (P100,000.00) BUT NOT MORE THAN ONE
7 MILLION PESOS (P1,000,000.00) AND IMPRISONMENT OF NOT
8 LESS THAN EIGHT YEARS BUT NOT MORE THAN TWELVE
9 YEARS.”

10 **SEC. 54.** Section 3606 of the Tariff and Customs Code of the Philippines, as
11 amended, is hereby further amended to read as follows:

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

27 **SEC. 55.** Section 3610 of the Tariff and Customs Code of the Philippines, as
28 amended, is hereby further amended to read as follows:

1 “SEC. 3610. *Failure to Keep Importation Records and Give Full*
2 *Access to Customs Officers.* – Any person who fails to keep all the
3 records of importations and/or books of accounts, business and
4 computer systems and all customs commercial data in the manner
5 prescribed in Part 2, Section 3514 of this Title shall be punished with a
6 fine of not less than [One hundred thousand pesos (P100,000.00)]
7 TWO HUNDRED THOUSAND PESOS (P200,000.00) but not more
8 than [Two hundred thousand pesos (P200,000.00)] FIVE HUNDRED
9 THOUSAND PESOS (P500,000.00) [and/or] AND imprisonment of
10 not less than [two (2)] FOUR (4) years and one day but not more than
11 [six (6)] EIGHT (8) years. This penalty shall likewise be imposed
12 against importers/brokers who deny an authorized customs officer
13 full and free access to such records, books of accounts, business and
14 computer systems, and all customs commercial data including
15 payment records. This is without prejudice to the administrative
16 sanctions that the Bureau of Customs may impose against
17 contumacious importers under existing laws and regulations
18 including the authority to hold delivery or release of their imported
19 articles.”

20 SEC. 56. Section 3612 of the Tariff and Customs Code of the Philippines, as
21 amended, is hereby further amended to read as follows:

22 “SEC. 3612. *Violations of Tariff and Customs Laws and Regulations in*
23 *General.* – Any person who violates a provision of this Code or
24 regulations pursuant thereto, for which delinquency no specific
25 penalty is provided, shall be punished by a fine of not LESS THAN
26 TWENTY THOUSAND PESOS (P20,000.00) BUT NOT more than one
27 HUNDRED thousand pesos (P100,000.00) [or] AND by imprisonment
28 for not LESS THAN TWO YEARS AND ONE DAY BUT NOT more

1 than [one] FIVE yearS[, or both]. If the offender is an alien, he shall be
 2 deported after serving the sentence and if the offender is a public
 3 official or employee, he shall suffer disqualification to hold public
 4 office, to vote and participate in any public election for ten years. HE
 5 SHALL ALSO LOSE ALL THE BENEFITS DUE HIM AS A RESULT
 6 OF HIS SERVICE IN THE GOVERNMENT, INCLUDING THE
 7 FORFEITURE OF HIS SEPARATION AND RETIREMENT
 8 BENEFITS." (*Enrile amendment*)

9 SEC. 57. A new section, to be known as Section 3613, is hereby inserted to
 10 the Tariff and Customs Code of the Philippines, as amended, to read as follows:

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

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

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

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

10 **SEC. 58. *Transitory Provision.*** – All existing customs bonded warehouses
11 established under Section 1901 of the *Tariff and Customs Code of the Philippines*, as
12 amended, shall have one year from approval of the law to convert themselves to
13 manufacturing customs bonded warehouses under Section 2001 of the Code or
14 register themselves in special economic zones or freeports. After the lapse of the one
15 year period, any importation by these customs bonded warehouses shall be treated
16 as regular importations to be covered by ordinary consumption entries only, unless
17 such customs bonded warehouse in the meantime has transferred to a special
18 economic zone or PEZA zone, which in such case the said importation shall be
19 treated as a PEZA shipment.

20 **SEC. 59. *Separability Clause.*** – If any provision of this Act is subsequently
21 declared unconstitutional, the validity of the remaining provisions hereof shall
22 remain in full force and effect.

23 **SEC. 60. *Rules and Regulations.*** – The Secretary of Finance shall, upon the
24 recommendation of the Commissioner of Customs, promulgate the necessary rules
25 and regulations for the effective implementation of this Act.

26 **SEC. 61. *Repealing Clause.*** – Sections 2605, 2606, 2607 and 2610 of the *Tariff*
27 and *Customs Code of the Philippines*, as amended, are hereby repealed. All laws,

1 decrees, executive orders, rules and regulations and other issuances or parts thereof
2 which are inconsistent with this Act are hereby repealed or modified accordingly.

3 **SEC. 62. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
4 publication in any two (2) newspapers of general circulation.

Approved,

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