

15 SEP 28 P 1:21

SENATE

S. No. 2968

RECEIVED BY: *[Signature]*

(in substitution of SB Nos. 168, 442, 456, 741, 882, 2348, 2373 and 2913  
taking into consideration P.S. Res. Nos. 444, 1339, 1533, 1534, 1536, 1537,  
1538, 1539, 1549 and 1581)

---

Prepared by the Committee on Ways and Means with Senators Osmeña III,  
Escudero, Recto, Ejercito-Estrada, Poe, Aquino IV, Defensor-Santiago, A.P.  
Cayetano, Binay, JV Ejercito and Angara as authors

---

**AN ACT**

**MODERNIZING THE CUSTOMS AND TARIFF ADMINISTRATION**

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

**TITLE I**

**PRELIMINARY PROVISIONS**

**CHAPTER 1**

**SHORT TITLE**

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

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

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

3 (c) Establish a regime of transparency of and accessibility to customs  
4 information, customs laws, rules, regulations, administrative policies, procedures  
5 and practices, in order to ensure informed, and diligent compliance with customs  
6 practices and procedures by stakeholders;

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

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

11 (f) Employ modern practices in customs administration and utilize  
12 information and communications technology in the implementation of customs  
13 functions; and

14 g) Reform Tax Administration by hiring and maintaining competent and  
15 professional customs officials and personnel to enforce the Customs and Tariff  
16 Law.

17 **SEC. 102. *Definition of Terms.*** – As used in this Act:

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

20 (b) *Actual or Outright Exportation* refers to the customs procedure  
21 applicable to goods which, being in free circulation, leave the Philippine territory  
22 and are intended to remain permanently outside it;

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

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

1 instructions to airlines and carriers, a description of the goods, and applicable  
2 transportation charges;

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

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

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

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

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

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

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

5 (l) *Commission* refers to the Tariff Commission.

6 (m) *Conditional Importation* refers to the customs procedure known under  
7 the Revised Kyoto Convention (RKC) as temporary admission in which certain  
8 goods can be brought into a customs territory conditionally relieved totally or  
9 partially from payment of import duties and taxes; such goods must be imported  
10 for a specific purpose and must be intended for re-exportation within a specified  
11 period and without having undergone any change except normal depreciation  
12 due to the use made of them.

13 (n) *Constructive Import or Export* refers to the movement of imported or  
14 exported goods to and from a free zone and customs territory;

15 (o) *Customs Broker* refers to any person who is a *bona fide* holder of a  
16 valid Certificate of Registration/Professional Identification Card issued by the  
17 Professional Regulatory Board and Professional Regulation Commission  
18 pursuant to Republic Act No. 9280, otherwise known as the "Customs Broker Act  
19 of 2004;"

20 (p) *Customs Office* refers to any customs administrative unit that is  
21 competent and authorized to perform all or any of the functions enumerated  
22 under customs and tariff laws;

23 (q) *Customs Officer*, as distinguished from a *clerk* or *employee*, refers to a  
24 person whose duty, not being clerical or manual in nature, involves the exercise  
25 of discretion in performing the function of the Bureau. It may also refer to an  
26 employee authorized to perform a specific function of the Bureau as provided in  
27 this Act;

28 (r) *Customs Territory* refers to areas in the Philippines where customs  
29 and tariff laws may be enforced.

1           (s) *Entry* refers to the act, documentation and process of bringing  
2 imported goods into the customs territory, including goods coming from free  
3 zones;

4           (t) *Export Declaration* refers to the act, documentation, and process of  
5 bringing goods out of Philippine territory;

6           (u) *Flexible Clause* refers to the power of the President upon  
7 recommendation of the NEDA (1) to increase, reduce or remove existing  
8 protective tariff rates of import duty, but in no case be higher than 100% ad  
9 valorem, (2) to establish import quota or to ban importation of any commodity as  
10 maybe necessary, (3) to impose additional duty on all import not exceeding 10%  
11 ad valorem whenever necessary.

12           (v) *Foreign Exporter* refers to one whose name appears on documentation  
13 attesting to the export of the product to the Philippines regardless of the  
14 manufacturer's name in the invoice.

15           (w) *Free Zone* refers to special economic zones registered with the  
16 Philippine Economic Zone Authority (PEZA) under Republic Act No. 7916, as  
17 amended, duly chartered or legislated freeports Special Economic Zones and  
18 Freeports such as Clark Freeport Zone, Poro Point Freeport Zone, John Hay  
19 Special Economic Zone and Subic Bay Freeport Zone under Republic Act No.  
20 7227 as amended by Republic Act No. 9400, the Aurora Special Economic Zone  
21 under Republic Act No. 9490, the Cagayan Special Economic Zone and Freeport  
22 under Republic Act No. 7922, the Zamboanga City Special Economic Zone  
23 under Republic Act No. 7903, and Freeport Area of Bataan under Republic Act  
24 No. 9728 and such other freeports as established or maybe created by law;

25           (x) *Goods* refer to articles, wares, merchandise and any other items which  
26 are subject of importation or exportation;

27           (y) *Goods declaration* refers to a statement made in the manner  
28 prescribed by the Bureau and other appropriate agencies, by which the persons  
29 concerned indicates the procedure to be observed in the application for the entry

1 or admission of imported or exported goods and the particulars of which the  
2 customs administration shall require;

3 (z) *Importation* refers to the act of bringing in of goods from a foreign  
4 territory into Philippine territory, whether for consumption, warehousing, or  
5 admission as defined in this Act.

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

14 (bb) *Jurisdictional Waters* refers to the power and rights of the Bureau of  
15 Customs in exercising supervision and police authority over all seas within the  
16 jurisdiction of the Philippine territory and over all coasts, ports, airports, harbors,  
17 bays, rivers and inland waters whether navigable or not from the sea.

18 (cc) *Lodgement* refers to the registration of a goods declaration with the  
19 Bureau;

20 (dd) *Non-Vessel Operating Common Carrier (NVOCC)* refers to an entity,  
21 which may or may not own or operate a vessel that provides a point-to-point  
22 service which may include several modes of transport and/or undertakes group  
23 age of less container load (LCL) shipments and issues the corresponding  
24 transport document;

25 (ee) *Outright Smuggling* refers to an act of importing goods into the  
26 country without complete customs prescribed importation documents, or without  
27 being cleared by customs or other regulatory government agencies, for the  
28 purpose of evading payment of prescribed taxes, duties and other government  
29 charges.

1           (ff) *Perishable Goods* refers to goods liable to perish or goods that  
2 depreciate greatly in value while stored or which cannot be kept without great  
3 disproportionate expense, which may be proceeded to, advertised and sold at  
4 auction upon notice if deemed reasonable;

5           (gg) *Port of Entry* refers to a domestic port open to both domestic and  
6 international trade, including principal ports of entry and subports of entry. A  
7 principal port of entry is the chief port of entry of the Customs District wherein it is  
8 situated and is the permanent station of the District Officer of such port. Subports  
9 of entry are under the administrative jurisdiction of the District Officer of the  
10 principal port of entry of the Customs District. Port of entry as used in this Act  
11 shall include airport of entry;

12           (hh) *Port of Discharge*, also called port of unloading, refers to a place  
13 where a vessel, ship, aircraft or train unloads its shipments, from where they will  
14 be dispatched to their respective consignees;

15           (ii) *Re-exportation* means exportation of goods which have been imported;

16           (jj) *Release of goods* refers to the action by the Bureau to permit goods  
17 undergoing clearance to be placed at the disposal of the party concerned;

18           (kk) *Refund* refers to the return, in whole or in part, of duties and taxes  
19 paid on goods;

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

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

1           (nn) *Taxes* refer to all taxes, fees and charges imposed under this Act and  
2 the National Internal Revenue Code (NIRC), as amended, and collected by the  
3 Bureau;

4           (oo) *Technical Smuggling* refers to the act of importing goods into the  
5 country by means of fraudulent, falsified or erroneous declaration of the goods to  
6 its nature, kind, quality, quantity or weight, for the purpose of reducing or  
7 avoiding payment of prescribed taxes, duties and other charges;

8           (pp) *Tentative Release* refers to a case where the assessment is disputed  
9 and pending review importer may put up a cash bond equivalent to the duties  
10 and taxes and obtain release of the goods.

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

14           (rr) *Transshipment* refers to the customs procedure under which goods  
15 are transferred under customs control from the importing means of transport to  
16 the exporting means of transport within the area of one Customs office, which is  
17 the office of both importation and exportation;

18           (ss) *Travelers* refers to any person who temporarily enters the territory of  
19 a country in which he or she does not normally resides (non-resident), or who  
20 leaves that territory, and any person who leaves the territory of a country in  
21 which he or she normally resides (departing resident) or who returns to that  
22 territory (returning resident);

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

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



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

5 (b) in case the goods are deemed free of duties, taxes and other  
6 charges, the goods have legally left the jurisdiction of the Bureau.

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

11 Duties, taxes and other charges shall be paid prior to release of goods  
12 from customs custody which shall not in any case exceed fifteen (15) days from  
13 receipt of notice of final assessment. In case of withdrawal from the free zone of  
14 goods intended for consumption in the customs territory, duties, taxes, and other  
15 charges shall be paid prior to entry of the goods into the customs territory. In the  
16 case of highly compliant and low-risk importers or exporters, the Bureau may  
17 allow the deferred payment of duties and taxes for a period of not less than  
18 fourteen (14) days but not exceeding thirty (30) days. The government or any of  
19 its instrumentalities or agencies may avail of the deferred payment system for its  
20 importations, subject to the terms and conditions specified by the corresponding  
21 rules and regulation to be jointly issued by the Department of Finance (DOF) and  
22 the Department of Budget and Management (DBM).

23 Unpaid duties, taxes and other charges, shall incur legal interest of twenty  
24 percent (20%) per annum computed from the date of final assessment under  
25 Section 429, when payment becomes due and demandable. The legal interest  
26 shall likewise accrue on any fine or penalty imposed.

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

1 In case of deferred payment, the Bureau may initiate legal action for the  
2 collection of unpaid duties, taxes and other charges within three (3) years from  
3 its due date.

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

10 In case of goods sold at customs public auction, the duty rates at the date  
11 of the auction shall apply for purposes of implementing Section 1142 (a).

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

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

16 (b) the exporter, being the owner of the goods to be shipped out; or

17 (c) a customs broker acting under the authority of the importer or from a  
18 holder of the bill.

19 In case the consignee or the person who has the right to dispose of the  
20 goods is a juridical person, it may authorize a responsible officer of the company  
21 to sign the goods declaration as declarant in its behalf.

22 The import declarations submitted to the Bureau shall be processed by  
23 the declarant or by a licensed customs broker: *Provided*, That in case of export,  
24 the export declaration shall be signed by the exporter or, at his option, delegate  
25 the signing and processing of the document to his designated customs broker or  
26 authorized representative as provided in RA 9280, as amended.

27 **SEC. 107. *Rights and Responsibilities of the Declarant.*** – The  
28 declarant shall be responsible for the accuracy of the goods declaration and for  
29 the payment of all duties, taxes, and other charges due on the imported goods.

1 The licensed customs broker shall likewise be responsible for the accuracy of the  
2 goods declaration but shall not be responsible for the payment of duties, taxes  
3 and other charges due on the imported goods.

4 The declarant shall sign the goods declaration, even when assisted by a  
5 licensed customs broker, who shall likewise sign the goods declaration.

6 **SEC. 108. Penalties for Errors in Goods Declaration.** – The Bureau  
7 shall not impose substantial penalties for errors when such errors are inadvertent  
8 and there was no fraudulent intent or gross negligence in the Commission  
9 thereof: *Provided*, That, in order to discourage repetition of such errors, a penalty  
10 may be imposed but shall not be excessive.

11 **SEC. 109. Application of Information and Communications**  
12 **Technology.** – In accordance with international standards, the Bureau shall  
13 utilize information and communications technology to enhance customs control  
14 and to support a cost-effective and efficient customs operations geared towards  
15 a paperless customs environment.

16 The security of data and communication shall be in a manner that is  
17 consistent with applicable local and internationally accepted standards on  
18 information security.

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

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

- 26 (a) recognize the authenticity and reliability of electronic documents;
- 27 (b) submit approval in the form of electronic data messages or electronic
- 28 documents; and

1 (c) require and/or accept payments and issue receipts acknowledging  
2 such payments through systems using electronic data messages or electronic  
3 documents.

4 The introduction and implementation of information and communications  
5 technology shall be undertaken with due consultation with directly affected  
6 parties and stakeholders.

7 **SEC. 110. *Relationship Between the Bureau and Third Parties.*** –

8 Parties may transact business with the Bureau either directly or through a  
9 designated third party to act on their behalf.

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

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

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

18 **SEC. 111. *Information of General Application.*** – All laws, decisions,

19 rulings, circulars, memoranda and orders shall be published in accordance with  
20 law.

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

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

1           **SEC. 112. Information of a Specific Nature.** – The Bureau shall  
2 provide information, not otherwise confidential or for the Bureau’s internal use  
3 only, relating to a specific matter as may be requested by an interested party for  
4 legitimate use.

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

8           **SEC. 113. Decision and Ruling.** – The Bureau shall, consistent with  
9 Section 1502 of this Act, issue binding and advance decision and ruling at the  
10 request of an interested party on matters pertaining to importation or exportation  
11 of goods.

12           Upon written request of the interested party, the Bureau shall notify the  
13 party of its decision in writing within a period specified in this Act or by regulation.  
14 Should the decision be adverse to the requesting interested party, the reasons  
15 thereof shall be indicated and the party shall be advised of the party’s right of  
16 appeal.

17           The ruling and decision shall be issued by the Bureau within 30 days from  
18 the submission of the necessary documents and information.

19           **SEC. 114. Right of Appeal, Forms and Ground.** – Any party  
20 adversely affected by a decision or omission of the Bureau pertaining to an  
21 importation, exportation, or any other legal claim shall have the right of appeal  
22 within thirty (30) days from receipt of the questioned decision or order.

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

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## CHAPTER 3

### 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.

**SEC. 116. *Free Importation and Exportation.*** – Unless otherwise provided by law or regulation, all goods may be freely imported into and exported from the Philippines without need for import and export permits, 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 only be allowed only in cases provided for by governing laws or regulations.

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

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

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

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

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

7 (e) Any adulterated or misbranded food or goods for human consumption  
8 or any adulterated or misbranded drug in violation of relevant laws and  
9 regulations;

10 (f) Infringing goods as defined under the intellectual property code and  
11 related laws; and

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

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

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

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

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

27 (d) Marijuana, opium, poppies, coca leaves, heroin or other narcotics or  
28 synthetic drugs which are or may hereafter be declared habit forming by the  
29 President of the Philippines, or any compound, manufactured salt, derivative, or

1 preparation thereof, except when imported by the government of the Philippines  
2 or any person duly authorized by the Dangerous Drugs Board, for medicinal  
3 purposes;

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

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

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

## 8 CHAPTER 4

### 9 RELIEF CONSIGNMENT

10 **SEC. 120. *Relief Consignment.*** – Goods such as food, medicine,  
11 equipment and materials for shelter, donated or leased to government institutions  
12 and accredited private entities for free distribution to or use of victims of  
13 calamities shall be treated and entered as relief consignment.

14 Upon declaration of a state of calamity, clearance of relief consignment  
15 shall be a matter of priority and subject to a simplified customs procedure. the  
16 Bureau shall provide for:

17 (a) Lodging of a simplified goods declaration or of a provisional or  
18 incomplete goods declaration subject to completion of the declaration within a  
19 specified period;

20 (b) Lodging, registering and checking of the goods declaration and  
21 supporting documents prior to the arrival of the goods, and their release upon  
22 arrival;

23 (c) Clearance beyond the designated hours of business or away from  
24 customs offices and waiver of any corresponding charges; and

25 (d) Examination and/or sampling of goods only in exceptional  
26 circumstances.

27 The DOF and the Department of Social Welfare and Development  
28 (DSWD) shall jointly issue the rules and regulations for the implementation of this  
29 provision.





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

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

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

9 (a) Assessment and collection of customs revenues from imported goods  
10 and other dues, fees, charges, fines and penalties accruing under this Act;

11 (b) Simplification and harmonization of customs procedures to facilitate  
12 movement of goods in international trade; Border control to prevent entry of  
13 smuggled goods;

14 (c) Prevention and suppression of smuggling and other customs fraud;

15 (d) Facilitation and security of international trade and commerce through  
16 an informed compliance program;

17 (e) Supervision and control over the entrance and clearance of vessels  
18 and aircraft engaged in foreign commerce;

19 (f) Supervision and control over the handling of foreign mails arriving in  
20 the Philippines for the purpose of collecting revenues and prevent the entry of  
21 contraband;

22 (g) Supervision and control on all import and export cargoes, landed or  
23 stored in piers, airports, terminal facilities, including container yards and freight  
24 stations;

25 (h) Exercise of exclusive original jurisdiction over forfeiture cases under  
26 this Act; and

27 (i) Enforcement of this Act and all other laws, rules and regulations  
28 relating to tariff and customs administration.



1 the location of a District Office, its business hours and the staffing pattern  
2 thereof, shall be based on the particular requirements of each district.

3 **SEC. 207. Ports of Entry.** – All ports of entry shall be under the  
4 supervision and control of a Customs District. A District Officer shall be assigned  
5 in the principal ports of entry while a Deputy District Officer may be assigned in  
6 other types of ports of entry.

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

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

15 **SEC. 208. Power of the President to Open and Close Any Port.** –  
16 Upon the recommendation of the Secretary of Finance, the President may open  
17 or close any port of entry. Upon closure of a port of entry, the existing personnel  
18 shall be reassigned by the Commissioner, subject to the approval of the  
19 Secretary of Finance.

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

27 **SEC. 210. Duties of the District Officer.**—The District Officer shall have  
28 the following duties in their assigned Customs District:

- 29 (1) ensure entry of all imported goods at the customs office;

- 1 (2) prevent importation and exportation of prohibited goods;
- 2 (3) ensure legal compliance of regulated goods and facilitate the flow of
- 3 legitimate trade;
- 4 (4) value and classify imported goods;
- 5 (5) assess and collect duties, taxes and other charges on imported goods;
- 6 (6) hold and dispose imported goods in accordance with this Act;
- 7 (7) prevent smuggling and other customs fraud; and
- 8 (8) perform other necessary duties that may be assigned by the
- 9 Commissioner for the effective implementation of this Act.

10 Subject to the supervision and control of the District Officer, the duties and  
11 functions of the District Officer may be delegated to the Deputy District Officer.  
12 The Deputy District Officer assigned to a sub-port shall be under the supervision  
13 and control of the District Officer of the corresponding principal port.

14 **SEC. 211. Authority of the District Officer to Hold the Delivery or**  
15 **Release of Imported Goods.** – Except for government importation, the District  
16 Officer shall hold the delivery of imported or consigned goods to an importer with  
17 an outstanding and demandable account with the Bureau. Upon due notice to the  
18 importer, the District Officer may sell the goods or any portion thereof to cover  
19 the payment of the outstanding account. However, the importer may settle the  
20 overdue obligation prior to the sale. The goods shall be released and delivered to  
21 the importer only after payment of the duties, taxes, and other charges.

22 **SEC. 212. Temporary Succession of Deputy District Officer to**  
23 **Position of Acting District Officer.** – In the absence or disability of a District  
24 Officer or, in case of a vacancy, the Deputy District Officer shall temporarily  
25 discharge the duties of the District Officer. Should there be no Deputy District  
26 Officer, the District Officer shall designate, in writing, a senior ranking officer to  
27 temporarily perform the duties of the District Officer. In case there are two or  
28 more senior ranking officers with equal length of service, a drawing of lots shall

1 be undertaken. The District Officer shall report the designation to the  
2 Commissioner within twenty-four (24) hours after the designation.

3 **SEC. 213. *Records to be Kept by Customs Officers.*** – District  
4 Officers, Deputy District Officers, and customs officers acting in such capacities  
5 must maintain permanent records of official transactions and turn-over all records  
6 and official papers to their respective successors or other authorized officials.  
7 The records shall be made available for inspection by other authorized officials of  
8 the Bureau.

9 If required, the District Officer shall affix on all documents and records  
10 requiring authentication the official dry seal of the Bureau.

11 **SEC. 214. *Reports of the District Officer to the Commissioner.*** –  
12 The District Officer shall report to the Commissioner any probable or initiated  
13 litigation within the Customs District and shall submit regular monthly reports on  
14 all district transactions.

### 15 **CHAPTER 3**

#### 16 **EXERCISE OF POLICE AUTHORITY**

17 **SEC. 215. *Persons Exercising Police Authority.*** – For the effective  
18 implementation of this Act, the following persons are authorized to effect search,  
19 seizure, and arrest:

20 (a) Officials of the Bureau, District Officers, Deputy District Officers, police  
21 officers, agents, inspectors and guards of the Bureau;

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

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

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

1 Goods/articles seized by deputized officers pursuant to this Section shall  
2 be physically turned-over immediately to the Bureau, unless provided under  
3 existing laws, rules and regulations.

4 For this purpose, mission orders shall clearly indicate the specific name  
5 carrying out the mission and the tasks to be carried out.

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

11 All seizures pursuant to this Section must be effected in accordance with  
12 the provisions on the conduct of seizure proceedings provided for in Chapters 3  
13 and 4 of Title XI of this Act.

14 **SEC. 216. *Place Where Authority May be Exercised.*** – All persons  
15 conferred with powers in the preceding section may exercise the same at any  
16 place within the jurisdiction of the Bureau of Customs.

17 The Bureau of Customs shall exercise police authority in all areas defined  
18 in Section 300 of this Act. Port authorities shall provide authorized customs  
19 *officials with unhampered access to all premises of the customs zone within their*  
20 administrative jurisdiction.

21 The Bureau of Customs may exercise oversight police authority in  
22 economic or free port zone subject to proper coordination with the governing  
23 authority of the zone. For this purpose, to ensure consistency and harmony in  
24 the formulation and implementation of customs policies affecting the zone, the  
25 Commissioner of Customs shall sit as an *ex-officio* member of the board of  
26 directors of all economic or freeport zone authorities.

27 **SEC. 217. *Exercise of Power of Seizure.*** – Any person exercising  
28 police authority under this Act has the power and duty to seize any vessel,

1 aircraft, cargo, goods, animal or any other movable property when the same is  
2 subject to forfeiture or when they are subject of a fine imposed under this Act.

3 **SEC. 218. *Duty of Officer to Disclose Official Character.*** – For the  
4 proper exercise of police authority, any authorized person shall disclose the  
5 nature of the authority upon being questioned at the time of exercise thereof shall  
6 exhibit the corresponding written authority issued by the Commissioner.

7 **SEC. 219. *Authority to Require Assistance and Information.*** – Any  
8 person exercising police authority may demand the assistance of and request  
9 information from the Philippine National Police (PNP), Armed Forces of the  
10 Philippines (AFP) and other national law enforcement agency, when necessary  
11 to effect any search, seizure or arrest. It shall be the duty of any police officer  
12 and other national law enforcers to give such lawful assistance.

13 **SEC. 220. *Authority to Enter Properties.*** – Any person exercising  
14 police authority may at any time enter, pass through, and search any land,  
15 enclosure, warehouse, store, building or structure not principally used as a  
16 dwelling or house.

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

20 **SEC. 221. *Authority to Search Dwelling House.*** – A dwelling or house  
21 may be entered and searched only upon warrant issued by a Judge of the Court  
22 or such other responsible officers as may be authorized, the sworn application  
23 thereon showing probable cause and particularly describing the place to be  
24 searched and things to be seized.

25 **SEC. 222. *Authority to Search Vessels or Aircrafts and Persons or***  
26 ***Goods Conveyed Therein.*** – Any person exercising police authority under this  
27 Act may board, inspect, search and examine a vessel or aircraft and any  
28 container, trunk, package, box or envelope found on board, and physically  
29 search and examine any person thereon. In case of any probable violation of this



1 Act, the person exercising police authority may seize the goods, vessel, aircraft,  
2 or any part thereof.

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

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

9 **SEC. 223. Authority to Search Vehicles, Other Carriers, Persons**  
10 **and Animals.** – Upon reasonable cause, any person exercising police authority  
11 may open and examine any box, trunk, envelope, or other container for purposes  
12 of determining the presence of dutiable or prohibited goods. This authority  
13 includes the search of receptacles used for the transport of human remains and  
14 dead animals. Such authority likewise includes the power to stop, search and  
15 examine any vehicle or carrier, person or animals suspected of holding or  
16 conveying dutiable or prohibited goods.

17 **SEC. 224. Authority to Search Persons Arriving From Foreign**  
18 **Countries.** – Travelers arriving from foreign countries may be subjected to  
19 search and detention by the customs officers. The dignity of the person under  
20 search and detention shall be respected at all times.

21 **SEC. 225. Power to Inspect and Visit.** – The Commissioner or any  
22 customs officer who is authorized in writing by the Commissioner, may demand  
23 evidence of payment of duties and taxes on imported goods openly for sale or  
24 kept in storage. In the event that the interested party fails to produce such  
25 evidence within fifteen (15) days, the goods may be seized and subjected to  
26 forfeiture proceedings: *Provided,* That during the proceedings the interested  
27 party shall be given the opportunity to prove or show the source of the goods and  
28 the payment of duties and taxes thereon: *Provided, further,* That when the  
29 warrant of seizure has been issued but subsequent documents presented

1 evidencing proper payment are found to be authentic and in order, the District  
2 Officer shall, within fifteen (15) days from the receipt of the motion to quash or  
3 recall the warrant, shall cause the immediate release of the goods seized,  
4 subject to clearance by the Commissioner: *Provided, furthermore,* That the  
5 release thereof shall not be contrary to law.

### 6 TITLE III

## 7 CUSTOMS JURISDICTION AND CUSTOMS CONTROL

### 8 CHAPTER 1

#### 9 CUSTOMS JURISDICTION

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

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

### 21 CHAPTER 2

#### 22 CUSTOMS CONTROL

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

27 In the application of customs control, the Bureau shall use audit-based  
28 controls and risk management systems and adopt a compliance measurement  
29 strategy to support risk management.

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

6           **SEC. 302. *Enforcement of Port Regulation of Bureau of Quarantine.*** -

7 Customs officials and employees shall cooperate with the quarantine authorities  
8 in the enforcement of the port quarantine regulations promulgated by the Bureau  
9 of Quarantine and shall give effect to the same in so far as connected with  
10 matters of shipping and navigation.

11           **SEC. 303. *Control Over Premises Used for Customs Purposes.*** -

12 The Bureau shall, for customs purposes, have exclusive control, direction and  
13 management of customs offices, facilities, warehouses, ports, airports, wharves,  
14 and other premises in the Customs Districts, in all cases without prejudice to the  
15 general police powers of the local government units (LGUs), the Philippine Coast  
16 Guard and of law enforcement agencies in the exercise of their respective  
17 functions.

18           **SEC. 304. *Power of the President to Subject Premises to Customs***

19 ***Jurisdiction.*** - The President may, by executive order, declare any public  
20 wharf, landing place, street or land, in any port of entry under the jurisdiction of  
21 the Bureau as may be necessary, for customs purposes.

22           **SEC. 305. *Trespass or Obstruction of Customs Premises.*** - No

23 person shall enter or obstruct a customs office, warehouse, port, airport, wharf,  
24 or other premises under the control of the Bureau without prior authority,  
25 including the streets or alleys where these facilities are located.

26           **SEC. 306. *Special Surveillance for the Protection of Customs***

27 ***Revenue and Prevention of Smuggling.*** - The Bureau shall conduct  
28 surveillance on vessels or aircrafts entering Philippine territory and on imported  
29 goods entering the customs office: *Provided*, That the function of the Philippine

1 Coast Guard to prevent and suppress the illegal entry of these goods, smuggling  
2 and other forms of customs fraud and violations of maritime law and its proper  
3 surveillance of vessels entering and/or leaving Philippine territory as provided in  
4 Republic Act No. 9993, otherwise known as the "Philippine Coast Guard Law of  
5 2009," shall continue to be in force.

6 **SEC. 307. *Temporary Storage Of Goods.*** – Subject to the rules and  
7 regulations to be issued by the Secretary of Finance, the Commissioner shall  
8 establish a system for temporary storage of imports prior to goods declaration.

#### 9 TITLE IV

### 10 IMPORT CLEARANCE AND FORMALITIES

#### 11 CHAPTER 1

### 12 GOODS DECLARATION

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

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

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

25 (a) Goods of a commercial nature with free on board (FOB) or free carrier  
26 at (FCA) value of less than Fifty Thousand Pesos (P50,000.00); and

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

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

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

7           **SEC. 403. *Provisional Goods Declaration.*** - Where the declarant does  
8 not have all the information or supporting documents required to complete the  
9 goods declaration, the lodging of a provisional goods declaration may be  
10 allowed: *Provided*, that it substantially contains the necessary information  
11 required by the Bureau and the declarant undertakes to complete the information  
12 or submit the supporting documents within forty-five (45) days from the filing of  
13 the provisional goods declaration, which period may be extended by the bureau  
14 for another forty-five (45) days for valid reasons.

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

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

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

27           **SEC. 405. *Liability of Importer for Duties and Taxes.*** – The liability  
28 for duties, taxes, fees, and other charges attached to importation constitutes a  
29 personal debt due and demandable against the importer in favor of the

1 government and shall be discharged only upon payment of duties, taxes, fees,  
2 and other charges. It also constitutes a lien on the imported goods which may be  
3 enforced while such goods are under customs' custody.

4 **SEC. 406. *Importations by the Government.*** – Except those provided  
5 for in Section 800 of this Act, all importations by the government for its own use  
6 or that of its subordinate branches or instrumentalities, or corporations, agencies  
7 or instrumentalities owned or controlled by the government, shall be subject to  
8 the duties, taxes, fees, and other charges under this Act.

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

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

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

26 **SEC. 408. *Lodgement and Amendment Goods Declaration.*** – The  
27 Bureau shall permit the electronic lodging of the goods declaration at any  
28 designated customs office. The Bureau shall, for valid reason and under terms  
29 and conditions provided by regulation, permit the declarant to amend the goods

1 declaration that has already been lodged: *Provided*, that the request to amend  
2 the goods declaration, together with the intended amendments, must be received  
3 prior to final assessment or examination of the goods.

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

8 **SEC. 410. *Entry of Goods in Part for Consumption and in Part for***  
9 ***Warehousing.*** – Goods declaration covered by one bill of lading or airway bill  
10 over goods which are meant in part for consumption and in part for warehousing  
11 may be both entered simultaneously for release at the port of 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, port of destination and date of arrival, the number and marks of  
15 packages, or the quantity, if in bulk, the nature and correct commodity  
16 description of the goods contained therein, its value as set forth in a proper  
17 invoice, and such other information as may be required by rules and regulation.

18 **SEC. 412. *Statements to be Provided in the Goods Declaration.*** –  
19 No entry of imported goods shall be allowed unless the goods declaration has  
20 been 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 contain an accurate and faithful  
23 account of the prices paid or payable for the goods, and other adjustments to the  
24 price actually paid or payable, and that nothing has been omitted therefrom or  
25 concealed whereby the government of the Republic of the Philippines might be  
26 defrauded of any part of the duties and taxes lawfully due on the goods; and

27 (b) To the best of the declarant's information and belief, all the invoices  
28 and bills of lading or airway bills relating to the goods are the only ones in  
29 existence relating to the importation in question, and that these documents are

1 in the same state as when they were received by the declarant, and the  
2 declaration thereon are in all respects genuine and true.

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

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

18 **SEC. 414. *Commercial and Non-commercial Invoice.*** – Commercial  
19 invoice of imported goods shall contain the following:

- 20 (a) the agreed price paid or to be paid for the goods;
- 21 (b) the adjustments to the price paid or to be paid as defined in Section  
22 701 (1) of this Act, if not yet included in the invoice;
- 23 (c) the names of the buyer, seller, and the time and place of sale;
- 24 (d) the port of entry;
- 25 (e) a sufficient description to enable the accurate identification of goods  
26 for tariff classification, customs valuation, and statistical purposes, indicating the  
27 correct commodity description, in customary term or commercial designation,  
28 the grade or quality, numbers, marks or symbols under which they are sold by



1 the seller or manufacturer, together with the marks and number of packages in  
2 which the goods are packed;

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

4 (g) any other fact deemed necessary for the proper examination, customs  
5 valuation, and tariff classification of the goods as may be prescribed by rules and  
6 regulation

7 To the extent possible, the above requirements shall also apply to goods  
8 imported not covered by sale, such as goods on consignment or lease, samples,  
9 or donations, covered by a consignment, pro-forma invoice, or other non-  
10 commercial invoice.

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

19 **SEC. 416. *Examination of Samples.*** – Customs officers shall see to it  
20 that representative samples taken during examination shall be properly receipted  
21 for and retained within a reasonable period of time. The quantity and value of  
22 the samples taken shall be noted in the specified box of the import entry or  
23 electronic form. Such samples shall be duly labeled as will definitely identify them  
24 with the importation for which they are taken.

25 **SEC. 417. *Forwarding of Cargo and Remains of Wrecked Vessel or***  
26 ***Aircraft.*** – When vessels or aircrafts are wrecked within the Philippines, the  
27 original owners or consignees of the cargo, or by its underwriters, in case of  
28 abandonment, may seek approval from the Bureau to forward the goods saved  
29 from the wreck to the ports of destination without going through the customs

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

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

8 **SEC. 418. Derelicts and Goods from Abandoned Wrecks.** –  
9 Derelicts and all goods recovered from sea or from abandoned wrecks shall be  
10 under the jurisdiction of the port where the goods arrive, and shall be retained in  
11 the custody of the Bureau. If not claimed by the owner, underwriter or salvor, the  
12 same shall be deemed as property of the government.

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

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

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

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

27 Before any goods taken from a recent wreck are admitted to the customs  
28 territory, the same shall be appraised, and the owner or importer shall have the  
29 same right to appeal as in ordinary importation.

1 No part of a Philippine vessel or aircraft or its equipment, wrecked either  
2 in Philippine or foreign waters, shall be subject to duty.

## 3 CHAPTER 2

### 4 EXAMINATION OF GOODS

5 **SEC. 419. Examination of Goods.** – Examination of goods, when  
6 required by the Bureau, shall be conducted immediately after the goods  
7 declaration has been lodged. Priority in the examination shall be given to live  
8 animals, perishable goods and other goods requiring immediate examination.

9 Whenever necessary, a system of coordination and joint examination of  
10 goods shall be established by the Bureau and other regulatory agencies under  
11 existing laws and regulations.

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

18 The Bureau shall take samples of the goods only when needed to  
19 establish the tariff description and value of goods declared, or to ensure  
20 compliance with this Act. Samples drawn shall be as minimal as possible.

21 **SEC. 420. Conditions for Examination.** – Pursuant to internationally  
22 accepted standards, the Bureau may adopt non-intrusive examination of goods,  
23 such as the use of x-ray machines.

24 Physical examination of the goods shall be conducted when:

- 25 (a) it is directed by the Commissioner on account of a derogatory  
26 information;
- 27 (b) the goods are subject to an Alert Order issued by competent authority;
- 28 (c) the goods are electronically selected for physical examination;

1 (d) there are issues and controversies surrounding the goods declaration  
2 and the import clearance process; or

3 (e) the importer or declarant requests for the examination of the goods.

4 The Commissioner may exempt from physical examination the goods of  
5 authorized economic operators or of those provided for under any existing trade  
6 facilitation program of the Bureau.

7 Physical examination, when required, shall be conducted in an  
8 expeditious manner.

9 **SEC. 421. Duties of Customs Officer Tasked to Examine the**  
10 **Imported Goods.** – In the examination, classification, and valuation of the  
11 goods, the customs officer shall:

12 (a) determine whether the packages for examination and their contents  
13 are in accordance with the goods declaration, invoice and other pertinent  
14 documents;

15 (b) take samples of the imported goods for examination or laboratory  
16 analysis when necessary;

17 (c) issue a receipt for a sample taken and retained during examination;

18 (d) report whether the goods have been correctly declared as to quantity,  
19 measurement, weight, tariff classification and not imported contrary to law.

20 Failure on the part of the customs officer to perform the above duties shall  
21 be penalized according to Section 1431 of Title XIV of this Act.

22 **SEC. 422. Customs Expenses Constituting Charges on Goods.** –  
23 The cost of examination shall be for the account of the importer or exporter. All  
24 expenses incurred by the Bureau for the handling or storage of goods and other  
25 necessary operations shall be chargeable against the goods, and shall constitute  
26 a lien thereon.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## CHAPTER 3

### ASSESSMENT AND RELEASE

**SEC. 423. *Determination of the De Minimis Value.*** – No duties and taxes shall be collected on goods with an FOB or FCA value of Ten Thousand Pesos (P10,000.00) or below. The Secretary of Finance, upon recommendation of the Commissioner shall review and adjust the *de minimis* value as provided herein, every three (3) years after the effectivity of this Act. The value hereinstated shall be adjusted to its present value using the Consumer Price Index (CPI), as published by the Philippine Statistics Authority (PSA).

**SEC. 424. *Duty of Customs Officer Task to Assess Imported Goods.*** – For purposes of assessing duties and taxes on imported goods, the customs officer shall classify, value, and determine the duties and taxes to be paid. The customs officer shall prepare and submit an assessment report as established under this Act.

**SEC. 425. *Tentative Assessment of Goods Subject to Dispute Settlement.*** – Assessment shall be deemed tentative if the duties and taxes initially assessed are disputed by the importer. The assessment shall be completed upon final readjustment based on the tariff ruling in case of classification dispute, or the final resolution of the protest case involving valuation, rules of origin, and other customs issues.

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

**SEC. 426. *Tentative Assessment of Provisional Goods Declaration.*** – Assessment of a provisional goods declaration shall be deemed tentative and such assessment shall be completed upon final readjustment upon submission by the declarant of the additional information or documentation required to complete the declaration within the period provided in Section 403.

1           **SEC. 427. *Readjustment of Appraisal, Classification or Return.*** –

2   Such appraisal, classification return as finally passed upon and approved or  
3   modified by the district officer shall not be altered or modified in any manner,  
4   except:

5           (a) Within one year after payment of the duties, upon statement of error in  
6   conformity with Section 912 as approved by the District Officer;

7           (b) Within fifteen (15) days after such payment upon request for  
8   reappraisal or reclassification addressed to the commissioner by the District  
9   Officer, if the appraisal or classification is deemed to be low;

10          (c) Upon request for reappraisal and/or reclassification, in the form of a  
11   timely protest addressed to the district officer by the interested party if the latter  
12   should be dissatisfied with the appraisal or return;

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

15           **SEC. 428. *Assessment of Duty on Less Than Entered Value.*** – Duty  
16   shall not be assessed in any case upon an amount less than the entered value,  
17   unless by direction of the commissioner in cases when the importer certifies at the  
18   time of entry that the entered value is higher than the dutiable value and that the  
19   goods are so entered in order to meet increases made by the appraiser in similar  
20   cases then pending re-appraisal; and the lower assessment shall be allowed  
21   only when the importer's contention is sustained by the final decision, and shall  
22   appear that such action of the importer was taken in good faith after due  
23   diligence and inquiry.

24           **SEC. 429. *Final Assessment.*** – Assessment shall be deemed final fifteen  
25   (15) days after receipt of the notice of assessment by the importer or consignee.

26           **SEC. 430. *Period of Limitation.*** – In the absence of fraud and when  
27   the goods have been finally assessed and released, the assessment shall be  
28   conclusive upon all parties three (3) years from the date of final payment of  
29   duties, or upon completion of the post clearance audit.

1           **SEC. 431.    Release of Goods after Payment of Duties and Taxes. –**  
2 Goods declared shall be released when duties and taxes and other lawful  
3 charges have been paid or secured and all the pertinent laws, rules and  
4 regulations have been complied with.

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

9           **SEC. 432.    Release of Goods to the Holder of Bill of Lading or**  
10 **Airway Bill. –** Any customs officer who releases goods to the consignee or  
11 lawful holder of the bill of lading or airway bill shall not be liable for any defect or  
12 irregularity in its negotiation unless the customs officer has notice of the defect or  
13 irregularity.

14           **SEC. 433.    Release of Goods Without Production of Bill of Lading**  
15 **or Airway Bill. –** No customs officer shall release goods to any person without  
16 the submission of the bill of lading or airway bill covering the goods, except on  
17 written order of the carrier or agent of the vessel or aircraft, in which case neither  
18 the government nor the customs officer shall be held liable for any damage  
19 arising from wrongful release of the goods: *Provided*, That when the release of  
20 goods is made against such written order, the customs officer shall require the  
21 submission of a copy of the bill.

22           **SEC. 434.    Release of Goods Upon Order of Importer. –** An  
23 importer may issue a written authorization for the release of goods stored in a  
24 bonded warehouse to another person. Such authorization shall not relieve the  
25 importer from liability for the duties, taxes and other charges due on the goods  
26 unless the person to whom the release was authorized assumes such liability.

27           **SEC. 435.    Withholding Release Pending Satisfaction of Lien. –**  
28 When the District Officer is duly notified through a lawful order of a competent  
29 court of a lien for freight, lighterage or general average upon any imported

1 goods, the District Officer shall withhold the release of the goods unless the  
2 claim has been paid or secured. In case of disagreement, the district officer may  
3 release the goods after payment of the freight and lighterage due on the quantity  
4 or weight landed as actually determined.

5 **SEC. 436. *Fine or Surcharge on Goods.*** – Goods subject to any fine  
6 or surcharge shall be released only after the payment of the fine or surcharge.

#### 7 **CHAPTER 4**

#### 8 **SPECIAL PROCEDURES**

9 **SEC. 437. *Traveler And Passenger Baggage.*** – The Bureau shall  
10 provide simplified customs procedure for traveler and baggage processing based  
11 on international agreements and customs best practices.

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

15 **SEC. 438. *Postal Item Or Mail.*** – Postal item or mail shall include  
16 letter-post and parcels, as described in international practices and agreements,  
17 such as the Acts of the Universal Postal Union (AUPU), currently in force.

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

21 When all the information required by the customs are available in the  
22 special declaration form for postal items as provided in the AUPU or similar  
23 international agreements, the special declaration form and supporting documents  
24 shall be the goods declaration. However, a separate goods declaration shall be  
25 required for the following:

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

28 (b) Prohibited and regulated goods;

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



1 (d) Imported goods under a customs procedure other than for  
2 consumption.

3 **SEC. 439. *Express Shipment.*** – The Bureau shall provide simplified  
4 customs procedures based on international standards and customs best  
5 practices for air shipments considered as time-sensitive and requiring pre-arrival  
6 clearance. Express shipments of accredited air express cargo operators may be  
7 released prior to the payment of the duty, tax, and other charges upon posting of  
8 a sufficient security.

9 **TITLE V**

10 **EXPORT CLEARANCE AND FORMALITIES**

11 **CHAPTER 1**

12 **EXPORT CLEARANCE AND DECLARATION**

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

17 The description of the goods in the export declaration must contain  
18 sufficient and specific information for statistical purposes and as well as for the  
19 proper valuation and classification of the goods.

20 **SEC. 501. *Export Product to Conform to Standard Grades.*** – If  
21 applicable, products shall conform to export standard grades established by the  
22 government. The packaging of the said goods shall likewise be labeled and  
23 marked in accordance with related laws and regulations. Export permits may not  
24 be granted for goods violating the aforementioned requirements.

25 **SEC. 502. *Lodgement and Processing of Export Declaration.*** The  
26 Bureau of Customs shall promulgate rules and regulations to allow manual and  
27 electronic lodgement and processing of the export declaration.

28 **SEC. 503. *Rules of Origin.*** - Pursuant to the applicable rules of origin,  
29 the Bureau or any other designated government agency may determine the

1 origin of goods for export and, if appropriate, issue the corresponding certificates  
2 of origin. However, the exporter may adopt a self-certification system, provided  
3 that it is duly accredited by the Bureau or any other authorized government  
4 agencies.

## 5 TITLE VI

### 6 CUSTOMS TRANSIT AND TRANSSHIPMENT

#### 7 CHAPTER 1

#### 8 CUSTOMS TRANSIT

9 **SEC. 600. *Customs Transit in the Customs Territory.*** – Customs  
10 transit within the customs territory shall be allowed for goods except those  
11 intended for consumption, to be transported as follows:

12 (a) from port of entry to another port of entry as exit point for outright  
13 exportation;

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

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

17 (d) from one port of entry or inland customs office to another port of entry  
18 or inland customs office.

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

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



1 nature of the goods, duly supported by commercial or transport documents or  
2 evidence as required by the Bureau.

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

6 **SEC. 605. Goods Entered for Immediate Re-Exportation.** – Where an  
7 intent of re-exportation of the goods is shown by the bill of lading, invoice,  
8 manifest, or other satisfactory evidence, the whole or a part of a bill comprising  
9 not less than one package may be entered for immediate re-exportation under  
10 security. The District Officer shall designate the vessel or aircraft in which the  
11 goods are loaded constructively as a warehouse to facilitate the direct transfer of  
12 the goods to the exporting vessel or aircraft.

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

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

## 20 TITLE VII

### 21 IMPORT DUTY AND TAX

#### 22 CHAPTER 1

#### 23 BASIS OF VALUATION

24 **SEC. 700. Sequential Application of Valuation Methods.** – Imported  
25 goods shall be valued in accordance with the provisions of Section 701  
26 whenever the conditions prescribed therein are fulfilled.

27 Where the customs value cannot be determined under the provisions of  
28 Section 701, it is to be determined by proceeding sequentially through the  
29 succeeding Sections to the first such Section under which the customs value can

1 be determined. except as provided in Section 704, it is only when the customs  
2 value cannot be determined under the provisions of a particular section that the  
3 provisions of the next section in the sequence can be used.

4 If the importer does not request that the order of Sections 704 and 705 be  
5 reversed, the normal order of the sequence is to be followed. If the importer so  
6 request but it is impossible to determine the customs value under Section 705,  
7 the customs value shall be determined under Section 704.

8 When the customs value cannot be determined under Sections 701  
9 through 705, it may be determined under Section 706.

10 **SEC. 701. Transaction Value System—Method One.** – The transaction  
11 value shall be the price actually paid or payable for the goods when sold for  
12 export to the Philippines adjusted in accordance with the provisions of this  
13 Section: *Provided, That:*

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

16 (i) are imposed or required by law or by Philippine authorities;

17 (ii) limit the geographical area in which the goods may be resold; or

18 (iii) do not substantially affect the value of the goods;

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

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

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

25 (i) they are officers or directors of one another's business;

26 (ii) they are legally recognized partners in business;

27 (iii) there exists an employer-employee relationship between them;

28 (iv) any person directly or indirectly owns, controls or holds five percent  
29 (5%) or more of the outstanding voting stock or shares of both seller and buyer;

- 1 (v) one of them directly or indirectly controls the other;
- 2 (vi) both of them are directly or indirectly controlled by a third person;
- 3 (vii) together they directly or indirectly control a third person; or
- 4 (viii) they are members of the same family, including those related by
- 5 affinity or consanguinity up to the fourth civil degree.

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

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

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

16 (b) the customs value of identical or similar goods as determined under  
17 provisions of Section 704; or

18 (c) the customs value of identical or similar goods are determined under  
19 the provisions of Section 705.

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

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

24 (a) commissions and brokerage fees except buying commissions;

25 (b) cost of containers;

26 (c) cost of packing, whether for labor or materials;

27 (d) value, apportioned as appropriate, of the following goods and services:  
28 materials, components, parts and similar items incorporated in the imported  
29 goods; tools; dies; moulds and similar items used in the production of imported

1 goods; materials consumed in the production of the imported goods; and  
2 engineering, development, artwork, design work and plans and sketches  
3 undertaken elsewhere than in the Philippines and necessary for the production of  
4 imported goods, where such goods and services are supplied directly or  
5 indirectly by the buyer free of charge or at a reduced cost for use in connection  
6 with the production and sale for export of the imported goods; and

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

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

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

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

17 (5) cost of insurance.

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

20 **SEC. 702. *Transaction Value of Identical Goods – Method Two.*** –

21 Where the dutiable value cannot be determined under method one, the dutiable  
22 value shall be the transaction value of identical goods sold for export to the  
23 Philippines and exported at or about the same time as the goods being valued.

24 “Identical goods” mean goods which are the same in all respects, including  
25 physical characteristics, quality and reputation. Minor differences in appearances  
26 shall not preclude goods otherwise conforming to the definition from being  
27 regarded as identical.

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

4 **SEC. 703. *Transaction Value of Similar Goods – Method Three.*** –

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

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

16 **SEC. 704. *Deductive Value – Method Four.*** – Where the dutiable

17 value cannot be determined under the preceding method, the dutiable value shall  
18 be the deductive value unless otherwise requested by the importer as provided in  
19 Section 700. The deductive value which shall be based on the unit price at which  
20 the imported goods or identical or similar imported goods are sold in the  
21 Philippines, in the same condition as when imported, in the greatest aggregate  
22 quantity, at or about the time of the importation of the goods being valued, to  
23 persons not related to the persons from whom they buy such goods, subject to  
24 deductions for the following:

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

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



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

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

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

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

24 **SEC. 705. Computed Value – Method Five.** – Where the dutiable  
25 value cannot be determined under the preceding method, the dutiable value shall  
26 be the computed value of the sum of:

27 (1) the cost or the value of materials and fabrication or other processing  
28 employed in producing the imported goods;

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

5           (3) the freight, insurance fees and other transportation expenses for the  
6 importation of the goods;

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

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

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

18           **SEC. 706.   *Fallback Value – Method Six.*** – If the dutiable value cannot  
19 be determined under the preceding methods described above, it shall be  
20 determined by using other reasonable means and on the basis of data available  
21 in the Philippines. If the importer so requests, the importer shall be informed in  
22 writing of the dutiable value determined under method six and the method used  
23 to determine such value.

24           No dutiable value shall be determined under method six on the basis of:

25           (1) the selling price in the Philippines of goods produced in the  
26 Philippines;

27           (2) a system that provides for the acceptance for customs purposes of the  
28 higher of two alternative values;

29           (3) the price of goods in the domestic market of the country of 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 hereof;

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

4 (6) minimum customs values; or

5 (7) arbitrary or fictitious values.

6 **SEC. 707. *Ascertainment of the Accuracy of the Declared Value.*** -

7 Nothing in this section shall be construed as restricting or calling into question  
8 the right of the Bureau to ascertain the truth or accuracy of any statement,  
9 document or declaration presented for customs valuation purposes. When a  
10 declaration has been presented and when the Bureau has reason to doubt the  
11 truth or accuracy of the particulars or of documents produced in support of such  
12 declaration, it may ask the importer to provide further explanation, including  
13 documents or other evidence, that the declared value represents the total  
14 amount actually paid or payable for the imported goods, adjusted in accordance  
15 with the provisions of Section 701.

16 If, after receiving further information, or in the absence of a response, the  
17 Bureau still has reasonable doubts about the truth or accuracy of the declared  
18 value, it may deem that the customs value of the imported goods cannot be  
19 determined under method one, without prejudice to an importer's right to appeal  
20 pursuant to Section 1101 of this Act. Before taking a final decision, the District  
21 Officer shall communicate to the importer, in writing if requested, the grounds for  
22 doubting the truth or accuracy of the particulars or documents produced and give  
23 the importer a reasonable opportunity to respond. When a final decision is made,  
24 the Bureau shall communicate its decision and the grounds therefor in writing.

25 **SEC. 708. *Exchange Rate.***— For the assessment and collection of import  
26 duty upon imported goods and for other purposes, the value and prices thereof  
27 quoted in foreign currency shall be converted into the currency of the Philippines  
28 at the current rate of exchange or value specified or published, from time to time,  
29 by the Bangko Sentral ng Pilipinas (BSP).

1 **CHAPTER 2**

2 **SPECIAL DUTIES AND TRADE REMEDY MEASURES**

3 **SEC. 709. *Marking of Imported Goods and Containers.* –**

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

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

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

21 (3) authorize the exception of any goods from the requirements of marking  
22 if:

23 (i) *such goods are incapable of being marked;*

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

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

28 (iv) *the marking of a container of such goods will reasonably indicate the*  
29 *origin of such goods;*

- 1 (v) such goods are crude substances;
- 2 (vi) such goods are imported for use by the importer and not intended for  
3 sale in their imported or any other form;
- 4 (vii) such goods are to be processed in the Philippines by the importer or  
5 for the importer's account other than for the purpose of concealing  
6 the origin of such goods and in such manner that any mark  
7 contemplated by this section would necessarily be obliterated,  
8 destroyed, or permanently concealed;
- 9 (viii) an ultimate purchaser, by reason of the character of such goods or  
10 by reason of the circumstances of their importation, must necessarily  
11 know the country of origin of such goods even though they are not  
12 marked to indicate their origin;
- 13 (ix) such goods were produced more than twenty (20) years prior to their  
14 importation into the Philippines; or
- 15 (x) such goods cannot be marked after importation except at an expense  
16 which is economically prohibitive, and the failure to mark the goods  
17 before importation was not due to any purpose of the importer,  
18 producer, seller or shipper to avoid compliance with this section.

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

27 (c) Fine for Failure to Mark. – If at the time of importation any good or its  
28 container, as provided in subsection (b) hereof, is not marked in accordance with  
29 the requirements of this Section, there shall be levied, collected, and paid upon

1 such good a marking duty of five percent (5%) of dutiable value, which shall be  
2 deemed to have accrued at the time of importation.

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

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

12 **SEC. 710. *Dumping Duty.* —**

13 The provisions of Republic Act No. 8752, otherwise known as the "Anti-  
14 Dumping Act of 1999", including its rules and regulations are hereby adopted.

15 **SEC. 711. *Safeguard Duty.* –**

16 The provisions of Republic Act No. 8800 otherwise known as the  
17 "Safeguard Measures Act", including its rules and regulations are hereby  
18 adopted.

19 **SEC. 712. *Countervailing Duty.* –**

20 The provisions of Republic Act No. 8751, otherwise known as "An Act  
21 Strengthening the Mechanisms for the Imposition of Countervailing Duties on  
22 Imported Subsidized Products, Commodities or Articles of Commerce in Order to  
23 Protect Domestic Industries from Unfair Trade Competition, Amending for the  
24 Purpose Section 302, Part 2, Title II, Book I of Presidential Decree No. 1464,  
25 otherwise known as the Tariff and Customs Code of the Philippines, as  
26 Amended", including its rules and regulations are hereby adopted.

27 **SEC. 713. *Discrimination by Foreign Countries.* –** Without prejudice  
28 to the Philippine commitment in any ratified international agreements or treaty,

1 the following recourse shall be applicable in case of discrimination by foreign  
2 countries:

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

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

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

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

27 (c) Any proclamation issued by the President under this section shall, if  
28 the President deems it consistent with the interest of the Philippines, extend to  
29 the whole of any foreign country or may be confined to any subdivision or

1 subdivisions thereof: *Provided, That,* the President may, whenever the public  
2 interests require, suspend, revoke, supplement or amend any such proclamation.

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

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

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

## 21 TITLE VIII

### 22 TAX AND DUTY DEFERMENT, PREFERENCE AND EXEMPTION

#### 23 CHAPTER 1

#### 24 CONDITIONALLY-FREE AND DUTY-EXEMPT IMPORTATION

25 **SEC. 800. *Conditionally-Free and Duty-Exempt Importation.*** – The  
26 following goods shall be exempt from the payment of import duties upon  
27 compliance with the formalities prescribed in the regulations which shall be  
28 promulgated by the Commissioner with the approval of the Secretary of Finance:  
29 *Provided, That* goods sold, bartered, hired or used for purposes other than what



1 they were intended for and without prior payment of the duty, tax or other  
2 charges which would have been due and payable at the time of entry if the goods  
3 had been entered without the benefit of this section, shall be subject to forfeiture  
4 and the importation shall constitute a fraudulent practice against customs laws:  
5 *Provided, however,* That a sale pursuant to a judicial order or in liquidation of the  
6 estate of a deceased person shall not be subject to the preceding proviso,  
7 without prejudice to the payment of duties, taxes and other charges: *Provided,*  
8 *further,* That the President may upon the recommendation of the Secretary of  
9 Finance, suspend, disallow or completely withdraw, in whole or in part, any  
10 conditionally free importation under this section:

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

17 (b) Equipment for use in the salvage of vessels or aircrafts, not available  
18 locally, upon identification and the giving of a security in an amount equal to one  
19 hundred percent (100%) the ascertained duties, taxes and other charges  
20 thereon, conditioned for the exportation thereof or payment of corresponding  
21 duties, taxes and other charges within six (6) months from the date of  
22 acceptance of the goods declaration: *Provided,* That the District Officer may  
23 extend the time for exportation or payment of duties, taxes and other charges for  
24 a term not exceeding six (6) months from the expiration of the original period;

25 (c) Cost of repairs, excluding the value of the goods used, made in foreign  
26 countries upon vessels or aircraft documented, registered or licensed in the  
27 Philippines, upon proof satisfactory to the District Officer: (1) that adequate  
28 facilities for such repairs are not afforded in the Philippines; or (2) that such  
29 vessels or aircrafts, while in the regular course of their voyage or flight, were

1 compelled by stress of weather or other casualty to put into a foreign port to  
2 make such repairs in order to secure the safety, seaworthiness, or airworthiness  
3 of the vessels or aircrafts to enable them to reach their port of destination;

4 (d) Goods brought into the Philippines for repair, processing or  
5 reconditioning to be re-exported upon completion of the repair, processing or  
6 reconditioning: *Provided*, That the District Officer shall require security equal to  
7 one hundred percent (100%) of the duties, taxes, and other charges thereon,  
8 conditioned for the exportation thereof or payment of the corresponding duties,  
9 taxes, and other charges within six (6) months from the date of acceptance of the  
10 goods declaration;

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

13 (f) Personal and household effects belonging to residents of the  
14 Philippines returning from abroad including used household appliances, jewelry,  
15 precious stones, and other goods of luxury which were formally declared and  
16 listed before departure and identified under oath before the District Officer when  
17 exported from the Philippines by such returning residents upon their departure  
18 therefrom or during their stay abroad; personal and household effects including  
19 wearing apparel, goods of personal adornment except luxury items, toilet goods,  
20 instruments related to one's profession and analogous personal or household  
21 effects, excluding vehicles, watercrafts, aircrafts and animals purchased in  
22 foreign countries by residents of the Philippines which were necessary,  
23 appropriate, and normally used for their comfort and convenience during their  
24 stay abroad, accompanying them on their return, or arriving within a reasonable  
25 time which, barring unforeseen and fortuitous events, in no case shall exceed  
26 sixty (60) days after the owner's return: *Provided*, That the personal and  
27 household effects shall neither be in commercial quantities nor intended for  
28 barter, sale or for hire and that the total dutiable value of which shall not exceed  
29 Three hundred fifty thousand pesos (P350,000.00): *Provided, however*, That the

1 returning resident has not previously availed of the privilege under this section  
2 within three hundred sixty-five (365) days prior to returning resident's arrival:  
3 *Provided, further,* That any amount in excess of Three hundred fifty thousand  
4 pesos (P350,000.00) shall be subject to the corresponding duties and taxes  
5 under this Act. For purposes of this Section, the phrase "returning residents"  
6 refers to Filipino nationals who have stayed in a foreign country for a period of at  
7 least ten (10) years: *Provided, however,* That for returning residents who have  
8 stayed in a foreign country for a period of at least five (5) years, the personal and  
9 household effects shall not exceed Two hundred fifty thousand pesos  
10 (P250,000.00) and has not availed of the privilege under this Section within three  
11 hundred sixty-five (365) days: *Provided, finally,* That the Secretary of Finance,  
12 upon the recommendation of the Commissioner shall review and adjust the value  
13 as provided herein every three (3) years after the effectivity of this Act and shall  
14 be adjusted to its present value using the Consumer Price Index (CPI) as  
15 published by the Philippine Statistics Authority (PSA). Any amount in excess of  
16 the allowable non-dutiable value shall be subject to the corresponding duties and  
17 taxes under this Act;

18 In addition to the privileges granted under the immediately preceding  
19 paragraph, returning Overseas Filipino Workers (OFWs) shall have the privilege  
20 to bring in, tax and duty free, home appliances and other durables, limited to one  
21 of every kind once in a given calendar year accompanying them on their return,  
22 or arriving within a reasonable time which, barring unforeseen and fortuitous  
23 events, in no case shall exceed sixty (60) days after every returning OFW's  
24 return upon presentation of their original passport at the port of entry: *Provided,*  
25 That any amount in excess of One Hundred thousand fifty pesos (P150,000.00)  
26 for personal and household effects or of the number of duty-free appliances as  
27 provided for under this section, shall be subject to the corresponding duties  
28 provided under this Act: *Provided, further,* That every three (3) years after the  
29 effectivity of this Act, the Secretary of Finance, upon recommendation of the

1 Commissioner shall review the amount hereinstated and shall be adjusted to its  
2 present value using the Consumer Price Index (CPI) as published by the  
3 Philippine Statistics Authority (PSA);

4 (f-1) Residents of the Philippines, Overseas Filipino Workers (OFWs) or  
5 other Filipinos while residing abroad or in their return to the Philippines shall be  
6 allowed to bring in or send to their families or relatives in the Philippines  
7 balikbayan boxes which shall be exempt from duties and taxes imposed under  
8 the Tariff and Customs Code of the Philippines (TCCP) and the National Internal  
9 Revenue Code (NIRC) of 1997, as amended: *Provided*, That balikbayan boxes  
10 shall contain personal and household effects only and shall neither be in  
11 commercial quantities nor intended for barter, sale or for hire and that the total  
12 dutiable value of which shall not exceed One hundred fifty thousand pesos  
13 (P150,000.00): *Provided, further*, every three (3) years after the effectivity of this  
14 Act, the Secretary of Finance, upon recommendation of the Commissioner, shall  
15 review the value herein stated and shall adjust its present value using the  
16 Consumer Price Index, as published by the Philippine Statistics Authority (PSA):  
17 *Provided, finally*, That residents of the Philippines or OFWs can only avail this  
18 privilege up to three (3) times in a calendar year. Any amount in excess of the  
19 allowable non-dutiable value shall be subject to the corresponding duties and  
20 taxes under this Act;

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

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

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

15 Personal and household effects and vehicles belonging to foreign  
16 consultants and experts hired by, or rendering service to, the government, and  
17 their staff or personnel and families accompanying them or arriving within a  
18 reasonable time before or after their arrival in the Philippines, in quantities and of  
19 the kind necessary and suitable to the profession, rank or position of the person  
20 importing them, for their own use and not for barter, sale or hire: *Provided*, That  
21 the District Officer may require either a written commitment or a security in an  
22 amount equal to one hundred percent (100%) the ascertained duties, taxes and  
23 other charges upon the goods classified under this subsection; conditioned for  
24 the exportation thereof or payment of the corresponding duties, taxes and other  
25 charges within three (3) months after the expiration of their term or contract:  
26 *Provided, however*, That the District Officer may extend the time for exportation  
27 or payment of duties, taxes and other charges for a term not exceeding three (3)  
28 months from the expiration of the original period;

1 (h) Professional instruments and implements, tools of trade, occupation or  
2 employment, wearing apparel, domestic animals, and personal and household  
3 effects belonging to persons coming to settle in the Philippines or Filipinos or  
4 their families and descendants who are now residents or citizens of other  
5 countries, such parties hereinafter referred to as overseas Filipinos, in quantities  
6 and of the class suitable to the profession, rank or position of the persons  
7 importing them, for their own use and not for barter or sale, accompanying such  
8 persons, or arriving within a reasonable time. The District Officer may, upon the  
9 production of satisfactory evidence that such persons are actually coming to  
10 settle in the Philippines and that the goods are brought from their former place of  
11 abode, exempt such goods from the payment of customs duties and taxes:  
12 *Provided*, That vehicles, vessels, aircrafts, machineries and other similar goods  
13 for use in manufacture, shall not fall within this classification and shall therefore  
14 be subject to customs duties, taxes and other charges;

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

1 (j) Goods brought by foreign film producers directly and exclusively used  
2 for making or recording motion picture films on location in the Philippines, upon  
3 their identification, examination and appraisal and the giving of a security in an  
4 amount equal to one hundred percent (100%) of the ascertained duties, taxes,  
5 and other charges thereon, conditioned for exportation thereof or payment of the  
6 corresponding duties, taxes, and other charges within three (3) months from the  
7 date of acceptance of the goods declaration, unless extended by the District  
8 Officer for another three (3) months; photographic and cinematographic films,  
9 underdeveloped, exposed outside the Philippines by resident Filipino citizens or  
10 by producing companies of Philippine registry where the principal actors and  
11 artists employed for the production are Filipinos, upon affidavit by the importer  
12 and identification that such exposed films are the same films previously exported  
13 from the Philippines. As used in this paragraph, the terms "actors" and "artists"  
14 include the persons operating the photographic camera or other photographic  
15 and sound recording apparatus by which the film is made;

16 (k) Importations for the official use of foreign embassies, legations and  
17 other agencies of foreign governments: *Provided*, That those foreign countries  
18 accord like privileges to corresponding agencies of the Philippines. Goods  
19 imported for the personal or family use of the members and attaches of foreign  
20 embassies, legations, consular officers and other representatives of foreign  
21 governments: *Provided, however*, That such privilege shall be accorded under  
22 special agreements between the Philippines and the countries which they  
23 represent: *Provided, further*, That the privilege may be granted only upon specific  
24 instructions of the Secretary of Finance pursuant to an official request of the DFA  
25 on behalf of members or attaches of foreign embassies, legations, or consular  
26 officers and other representatives of foreign governments.

27 (l) Imported goods donated to or, for the account of the Philippine  
28 government or any duly registered relief organization, not operated for profit, for

1 free distribution among the needy, upon certification by the DSWD or the  
2 Department of Education (DepED), as the case may be;

3 (m) Containers, holders and other similar receptacles of any material  
4 including kraft paper bags for locally manufactured *cement for export*, including  
5 corrugated boxes for bananas, mangoes, pineapples and other fresh fruits for  
6 export, except other containers made of *paper, paperboard* and textile fabrics,  
7 which are of such character as to be readily identifiable and/or reusable for  
8 shipment or transportation of goods shall be delivered to the importer thereof  
9 upon identification, examination and appraisal and the giving of a security in an  
10 amount equal to one hundred percent (100%) of the ascertained duties, taxes  
11 and other charges within six (6) months from the date of acceptance of the goods  
12 declaration;

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

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

26 (p) Coffins or urns containing human remains, bones or ashes, used  
27 personal and household effects (not merchandise) of the deceased person,  
28 except vehicles, the dutiable value of which does not exceed One hundred  
29 thousand pesos (P100,000.00), upon identification as such: *Provided*, That



1 every three (3) years after the effectivity of this Act, the value herein stated shall  
2 be adjusted to its present value using the CPI, as published by the PSA;

3 (q) Samples of the kind, in such quantity and of such dimension or  
4 construction as to render them unsaleable or of no commercial value; models not  
5 adapted for practical use; and samples of medicines, properly marked "sample-  
6 sale punishable by law", for the purpose of introducing new goods in the  
7 Philippine market and imported only once in a quantity sufficient for such  
8 purpose by a person duly registered and identified to be engaged in that trade:  
9 *Provided*, That importations under this subsection shall be previously authorized  
10 by the Secretary of Finance: *Provided, however*, That importation of sample  
11 medicines shall have been previously authorized by the Secretary of Health, and  
12 that such samples are new medicines not available in the Philippines: *Provided*,  
13 *further*, That samples not previously authorized or properly marked in  
14 accordance with this section shall be levied the corresponding tariff duty.

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

1 (r) Animals, except race horses, and plants for scientific, experimental  
2 propagation or breeding, and for other botanical, zoological and national  
3 defense purposes: *Provided*, That no live trees, shoots, plants, moss and bulbs,  
4 tubers and seeds for propagation purposes may be imported under this section,  
5 except by order of the government or other duly authorized institutions: *Provided*,  
6 *however*, That the free entry of animals for breeding purposes shall be restricted  
7 to animals of recognized breed, duly registered in the record or registry  
8 established for that breed, and certified as such by the Bureau of Animal Industry  
9 (BAI): *Provided, further*, That the certification of such record, and pedigree of  
10 such animal duly authenticated by the proper custodian of such record or  
11 registry, shall be submitted to the District Officer, together with the affidavit of the  
12 owner or importer that such animal is the animal described in said certificate of  
13 record and pedigree: *Provided, finally*, That the animals and plants are certified  
14 by the NEDA as necessary for economic development;

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

1 (t) Philippine goods previously exported from the Philippines and returned  
2 without having been advanced in value or improved in condition by any process  
3 of manufacturing or other means, and upon which no drawback or bounty has  
4 been allowed, including instruments and implements, tools of trade, machinery  
5 and equipment, used abroad by Filipino citizens in the pursuit of their business,  
6 occupation or profession; and foreign goods previously imported when returned  
7 after having been exported and loaned for use temporarily abroad solely for  
8 exhibition, testing and experimentation, for scientific or educational purposes;  
9 and foreign containers previously imported which have been used in packing  
10 exported Philippine goods and returned empty if imported by or for the account of  
11 the person or institution who exported them from the Philippines and not for sale,  
12 barter or hire subject to identification: *Provided*, That Philippine goods falling  
13 under this subsection upon which drawback or bounty have been allowed shall,  
14 upon re-importation thereof, be subject to a duty under this subsection equal to  
15 the amount of such drawback or bounty;

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

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

1 production of saleable mineral products: *Provided*, That such goods are not  
2 locally available in reasonable quantity, quality and price and are necessary or  
3 incidental in the proper operation of the mine; and aircrafts imported by agro-  
4 industrial companies to be used by them in their agriculture and industrial  
5 operations or activities, spare parts and accessories thereof, when certified to as  
6 such by the Secretary of the Department of Agriculture (DA) or the Secretary of  
7 the Department of Trade and Industry (DTI), as the case may be;

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

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

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

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

27 (2) That they shall be subject to customs supervision fee to be fixed by the  
28 District Officer and subject to the approval of the Commissioner;

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

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

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

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

1 those that may be granted by the President upon prior recommendation of the  
2 NEDA in the interest of national economic development.

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

## 6 CHAPTER 2

### 7 CUSTOMS WAREHOUSES

8 **SEC. 801. *Establishment and Supervision of Customs Bonded***  
9 ***Warehouses.*** – When the business of the port requires such facilities, the  
10 District Officer subject to the approval of the Commissioner shall designate and  
11 establish warehouses for use as public and private bonded warehouses, yards,  
12 or for other special purposes. All such warehouses and premises shall be subject  
13 to the supervision of the District Officer, who shall impose such conditions as  
14 may be deemed necessary for the protection of the revenue and of the goods  
15 stored therein.

16 **SEC. 802. *Types of Customs Bonded Warehouses (CBWs).*** –  
17 Customs bonded warehouses maybe classified as either manufacturing or non-  
18 manufacturing.

19 Manufacturing customs bonded warehouse maybe of the following types:  
20 a) miscellaneous customs bonded warehouse; or b) customs common bonded  
21 warehouse.

22 Non-manufacturing customs bonded warehouse include: a) public bonded  
23 warehouse; b) private bonded warehouse; c) industry-specific bonded  
24 warehouse; or, d) other customs facilities.

25 **SEC. 803. *Types of Customs Facilities and Warehouses (CFWS).*** –  
26 customs facilities and warehouses shall include:

- 27 (a) container yard;  
28 (b) container freight station;  
29 (c) seaport warehouses; and

1 (d) airport warehouses.

2 Subject to consultation with the NEDA and the DTI, and based on  
3 prevailing economic circumstances, the Secretary of Finance may, upon the  
4 recommendation of the Commissioner, create or dissolve certain types of  
5 warehouses.

6 **SEC. 804. *Application for Operation of a Customs Warehouse.*** –

7 Application for the establishment of CBW and CFW shall be filed with the District  
8 Officer where the CBW or CFW is located, describing the premises, location,  
9 capacity and purpose thereof.

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

16 **SEC. 805. *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 of  
21 the Bureau access to the premises at any time, and to all documents, books and  
22 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 **SEC. 806. *Customs Control Over CBWs and CFWs.*** – The Bureau  
28 shall, for customs purposes, exercise control over, direct and manage CBWs and

1 CFWs pursuant to Section 302 and likewise over the goods thereat pursuant to  
2 Section 301 of this Act.

3 **SEC. 807. *Discontinuance of CBW and CFW.*** – The use of any CBW  
4 and CFW may be discontinued by the District Officer when conditions so warrant,  
5 or upon receipt of a written request from the operator thereof: *Provided*, That all  
6 the requirements of the law and regulations have been complied with by said  
7 operator. Where dutiable goods are stored in such premises, the same must be  
8 removed at the risk and expense of the operator: *Provided, however*, That the  
9 premises shall not be relinquished, and its use shall not be discontinued until  
10 after a careful examination of the account of the warehouse shall have been  
11 made. Discontinuance of the use of any warehouse shall be effective upon  
12 approval thereof by the District Officer who shall, within ten (10) days, inform the  
13 Commissioner of such action in writing.

14 Notice of discontinuance made by the operator shall not result in the  
15 discharge from any duties, taxes, fees and other charges imposed on dutiable  
16 goods in said warehouse.

17 **SEC. 808. *Warehousing Security on Goods Stored in CBWs.*** – For  
18 goods declared in the entry for warehousing in CBWS, the District Officer shall  
19 require the importer to post a sufficient security equivalent to the computed  
20 duties, taxes and other charges, conditioned upon the withdrawal of the goods  
21 within the period prescribed by Section 811 of this Act or the payment of duties,  
22 taxes and other charges and compliance with all importation requirements.

23 **SEC. 809. *Withdrawal of Goods from CBWs.*** - Imported goods shall be  
24 withdrawn from the CBWs when the necessary withdrawal permit has been filed,  
25 together with any related document required by any provision of this Act and  
26 other regulations.

27 Goods entered under sufficient security as provided in Section 1507 may  
28 be withdrawn at any time for consumption, for transit, or for exportation. The



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

3 **SEC. 810. 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. All  
6 goods entered into the CFWs shall be subject to the filing of a goods declaration  
7 within the period specified under Section 407 of this Act.

8 **SEC. 811. Period of Storage in CBWs.** – Goods entered for  
9 warehousing may remain in a CBW for a maximum period of one (1) year from  
10 the time of its arrival thereat. For perishable goods, the storage period shall be  
11 three (3) months from the date of arrival, extendible for valid reasons, and upon  
12 written request, to another three (3) months. Goods not withdrawn at the  
13 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. 812. 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 a Freeport/PEZA-registered enterprise or another CBW, in which case,  
24 such withdrawal will be subject to the applicable rules and regulations on the  
25 liquidation of the warehousing entry.

26 **SEC. 813. Records To Be Kept By CBW Operators.** – An account  
27 shall be kept by the Bureau of all goods delivered to a CBW, and a report shall  
28 be 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 Officer or the  
5 representative of the District Officer 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. 814. *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 authorities  
13 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. 815. *Exemption from Duty of Goods in Free Zones.*** - Unless  
18 otherwise provided by law and in accordance with the respective laws, rules and  
19 regulations of the free zone authorities, goods admitted into a free zone shall not  
20 be subject to duty and tax.

21 **SEC. 816. *Movement of Goods into and from Free Zones.*** - The entry  
22 of goods into a free zone, whether directly or through the customs territory, shall  
23 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 the  
25 necessary goods declaration for consumption or warehousing.

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

28 The implementing rules and regulations on the transit of goods admitted  
29 into, exported from, withdrawn into the customs territory, and moved between

1 free zones shall be formulated and issued jointly by the Bureau and the free zone  
2 authorities.

3 **SEC. 817. *Coordination With Free Zone Authority.*** – To ensure  
4 compliance with customs laws and regulations, the Bureau shall coordinate with  
5 the governing authority of the zone. For this purpose, to ensure consistency and  
6 harmony in the formulation and implementation of customs policies affecting the  
7 free zone, the Commissioner shall sit as an *ex officio* member of the Board of  
8 Directors of all free zone authorities.

#### 9 **CHAPTER 4**

#### 10 **STORES**

11 **SEC. 818. *Stores for Consumption.*** – Stores for consumption shall  
12 include:

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

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

21 **SEC. 819. *Stores to be Taken Away.*** – For purposes of this Chapter,  
22 “stores to be taken away” means goods for sale to the passengers and the crew  
23 of vessels, aircrafts or trains with a view to being landed, which are either on  
24 board upon arrival or are taken on board during the stay in the customs territory  
25 of vessels, aircrafts or trains used, or intended to be used, in international traffic  
26 for the transport of persons for remuneration or for the industrial or commercial  
27 transport of goods, whether or not for remuneration.

28 **SEC. 820. *Exemption from Duties and Taxes of Stores.*** – Customs  
29 treatment of stores should apply uniformly, regardless of the country of

1 registration or ownership of vessels, aircraft or trains. stores which are carried in  
2 a vessel, aircraft or train arriving in the customs territory shall be exempted from  
3 import duties and taxes provided that they remain on board. Stores for  
4 consumption by the passengers and the crew imported as provisions on  
5 international express vessels, aircrafts or trains shall be exempted from import  
6 duties and taxes: *Provided, That:*

7 (a) such goods are purchased only in the countries crossed by the  
8 international vessels and aircrafts in question; and

9 (b) any duties and taxes chargeable on such goods in the country where  
10 they were purchased are paid.

11 Stores necessary for the operation and maintenance of vessels, aircrafts  
12 or trains which are on board these means of transport shall be exempted from  
13 import duties and taxes: *Provided, further, That* they remain on board while  
14 these means of transport are in the customs territory. The Bureau shall allow the  
15 issue of stores for use on board during the stay of a vessel in the customs  
16 territory in such quantities as the customs authority deems reasonable with due  
17 regard to the number of the passengers and the crew and to the length of the  
18 stay of the vessel in the customs territory. The Bureau should allow the issue of  
19 stores for use on board by the crew while the vessel is undergoing repairs in a  
20 dock or shipyard: *Provided, finally, That* the duration of stay in a dock or  
21 shipyard is considered to be reasonable.

22 When an aircraft is to land at one or more airports in the customs territory,  
23 the Bureau should allow the issuance of stores for consumption on board both  
24 during the stay of the aircraft at such intermediate airports and during its flight  
25 between such airports.

26 The Bureau shall require a carrier to take appropriate measures to prevent  
27 any unauthorized use of the stores including sealing of the stores, when  
28 necessary. It shall require the removal of stores from the vessel, aircraft, or trains

1 for storage elsewhere during its stay in the customs territory only when the  
2 bureau considers it necessary.

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

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

8 (2) stores necessary for the operation and maintenance of a vessel,  
9 aircraft or train, in such quantities as are deemed reasonable for operation and  
10 maintenance during the voyage or flight, after due regard of the quantity of such  
11 stores already on board.

12 Replenishment of stores that are exempted from duties and taxes shall be  
13 allowed for vessels, aircrafts, or trains which have arrived in the customs  
14 territory, and which need to replenish their stores for the journey to their final  
15 destination in the customs territory, subject to the same conditions provided in  
16 this Chapter.

17 **SEC. 821. Goods Declaration for Stores.** – When a declaration  
18 concerning stores on board vessels arriving in the customs territory is required  
19 by the Bureau, the information required shall be kept to the minimum and as may  
20 be necessary for customs control.

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

24 The Bureau shall not require the presentation of a separate declaration of  
25 remaining stores on board an aircraft. No separate declaration concerning stores  
26 should be required upon departure of vessels from the customs territory. When a  
27 declaration is required concerning stores taken on board the vessels or aircrafts  
28 upon departure from the customs territory, the information required shall be kept  
29 to the minimum as may be necessary for customs control.

1           When a vessel, aircraft or train arrives in the customs territory, stores on  
2 board shall:

3           (a) be cleared for consumption or placed under another customs  
4 procedure, subject to compliance with the conditions and formalities applicable in  
5 each case; or

6           (b) subject to prior authorization by the bureau, be transferred  
7 respectively to other vessel, aircraft or train assigned to an international route.

## 8                                   **TITLE IX DUTY DRAWBACK AND REFUND**

### 9                                   **CHAPTER 1 DUTY DRAWBACK**

10           **SEC. 900. *Basis of Duty Drawback.*** – (a) On Fuel Used for Propulsion  
11 of Vessels. – On all fuel imported into the Philippines used for propulsion of  
12 vessels engaged in trade with foreign countries, or in the coastwise trade, a  
13 refund or tax credit shall be allowed not exceeding ninety-nine percent (99%) of  
14 the duty imposed by law upon such fuel, which shall be paid or credited under  
15 such rules and regulations as may be prescribed by the Commissioner with the  
16 approval of the Secretary of Finance.

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

26           (c) On Goods Made from Imported Materials. – Upon exportation of  
27 goods manufactured or produced in the Philippines, including the packing,  
28 covering, putting up, marking or labeling thereof either in whole or in part of the  
29 imported materials for which duties have been paid, a refund or tax credit shall

1 be allowed for the duties paid on the imported materials so used including the  
2 packing, covering, putting up, marking or labeling thereof, subject to the following  
3 conditions:

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

7 (2) the duties refunded or credited shall not exceed one hundred percent  
8 (100%) of duties paid on the imported materials used;

9 (3) there is no determination by the NEDA of the requirement for  
10 certification on non-availability of locally-produced or manufactured competitive  
11 substitutes for the imported materials used at the time of importation;

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

15 (5) when two or more products result from the use of the same imported  
16 materials, an apportionment shall be made on its equitable basis.

17 **SEC. 901. *Payment of Drawbacks.*** – Eligible claims for refund or tax  
18 credit shall be paid or granted by the Bureau to claimants within sixty (60) days  
19 after receipt of properly accomplished claims: *Provided*, That a registered  
20 enterprise under Republic Act No. 5186, otherwise known as the Investment  
21 Incentives Act, or Republic Act No. 6135, otherwise known as the Export  
22 Incentives Act of 1970, which has previously enjoyed tax credits based on  
23 customs duties paid on imported raw materials and supplies, shall not be entitled  
24 to a drawback under this Section with respect to the same importation  
25 subsequently processed and re-exported.

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





1 valueless while under customs control. Any cost herein incurred shall be borne  
2 by the declarant;

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

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

8 **SEC. 905. *Abatement for Damage Incurred During Voyage.*** –  
9 Except as otherwise provided, no abatement of duties shall be made on account  
10 of damage incurred or deterioration suffered during the voyage of importation;  
11 and duties will be assessed on the actual quantity imported as determined by the  
12 customs officers concerned.

13 **SEC. 906. *Abatement or Refund of Duty on Missing Package.*** –  
14 When any package or packages appearing on the manifest or bill of lading are  
15 missing, an abatement or refund of the duty shall be made if it is certified by the  
16 importer or consignee, under pain of penalty for falsification or perjury, and upon  
17 production of proof satisfactory to the Bureau, that the package or packages in  
18 question have not been unlawfully imported into the Philippines.

19 **SEC. 907. *Abatement or Refund for Deficiency in Contents of***  
20 ***Packages.*** – If, upon opening of any package, a deficiency in the quantity of the  
21 goods is found to exist based upon the invoice, such deficiency shall be certified,  
22 under pain of penalty for falsification or perjury, by the customs officers  
23 concerned and upon the production of proof showing that the shortage occurred  
24 before the arrival of the goods in the Philippines. Upon sufficient proof thereof,  
25 the proper abatement or refund of the duty shall be made.

26 **SEC. 908. *Abatement or Refund of Duties on Goods Lost or***  
27 ***Destroyed After Arrival.*** – The Bureau may abate or refund the amount of  
28 duties accruing or paid on any goods that have been lost due to injury, theft,

1 destruction through fire or through any other causes, upon satisfactory proof of  
2 the same, under any of the following circumstances:

3 (a) while within the territory of any port of entry, prior to unloading under  
4 the Bureau's supervision;

5 (b) while remaining in customs custody after unloading;

6 (c) while in transit from the port of entry to any port in the Philippines;

7 and

8 (d) while released under sufficient security for export except in case of  
9 loss by theft.

10 **SEC. 909. *Abatement and Refund of Defective Goods.*** – Under  
11 conditions to be set by the Commissioner, and with the approval of the Secretary  
12 of Finance, an abatement and refund shall be granted on imported or exported  
13 goods which are found defective or otherwise not in accordance with the agreed  
14 specifications at the time of importation or exportation and are returned either to  
15 the supplier or to another person designated by the supplier, subject to the  
16 following conditions:

17 (a) the goods have not been worked, repaired, or used in the country of  
18 importation, and are re-exported within a reasonable time; and

19 (b) the goods have not been worked, repaired, or used in the country to  
20 which they were exported, and are re-imported within a reasonable time.

21 Use of the goods shall, however, not hinder the refund if such use was  
22 indispensable to discover the defects or other circumstances which caused the  
23 re-exportation or re-importation of the goods.

24 As an alternative to re-exportation or re-importation, the goods may be  
25 expressly abandoned or destroyed or rendered commercially valueless under  
26 customs control as the Bureau may decide. In such case, the importer shall not  
27 be entitled to an abatement or a refund if it does not defray the costs of such  
28 abandonment, destruction, or rendition.

1           **SEC. 910. *Abatement of Duty on Dead or Injured Animals.*** – Where  
2 it is certified, under pain of penalty for falsification or perjury, and upon  
3 production of proof satisfactory to the Bureau that an animal subject of  
4 importation dies or suffers injury before arrival, or while in customs custody, the  
5 duty due thereon shall be abated provided that its carcass on board or in  
6 customs custody is removed in the manner required by the Bureau and at the  
7 expense of the importer.

8           **SEC. 911. *Investigation Required in Case of Abatements and***  
9 ***Refunds.*** – The customs officer concerned shall, in all cases of abatement or  
10 refund of duties, submit an examination report as to any fact discovered which  
11 indicates any discrepancy and cause the corresponding adjustment on the goods  
12 declaration: *Provided*, That no abatement or refund of duties, taxes, and other  
13 charges shall be allowed on goods lost or destroyed in bonded public or private  
14 warehouses outside the customs zone.

15           **SEC. 912. *Refund Arising from Correction of Errors.***– Manifest  
16 clerical errors made on an invoice or entry, errors in return of weight, measure  
17 and gauge, when duly certified to under penalties of falsification or perjury by the  
18 surveyor or examining officer when there are such officers at the port, and errors  
19 in the distribution of charges on invoices not involving any question of law and  
20 certified to under penalties of falsification or perjury by the examining customs  
21 officer, may be corrected in the computation of duties, if such errors are  
22 discovered before the payments of duties, or if discovered within one (1) year  
23 after release from customs custody of imported goods upon written request and  
24 notice of error from the importer, or upon statement of error certified by the  
25 District Officer.

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



1 data, subject to the approval of Secretary of Finance upon recommendation of  
2 the Commissioner. The criteria for selecting firms to be audited shall include:

- 3 a. relative magnitude of customs revenue to be generated from the firm;
- 4 b. the rates of duties of the firm's imports;
- 5 c. the compliance track records of the firm; and
- 6 d. an assessment of the risk to revenue of the firm's import activities.

7 **SEC. 1002. Access to Records.** - Any authorized officer of the Bureau  
8 shall be given by the importer and customs broker full and free access to the  
9 premises where the records are kept to conduct audit examination, inspection,  
10 verification, and investigation of those records relevant to such investigation or  
11 inquiry.

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

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

20 Unless otherwise provided herein or in other provisions of law, the Bureau  
21 may, in case of disobedience, invoke the aid of the proper regional trial court  
22 within whose jurisdiction the matter falls. The court may punish contumacy or  
23 refusal as contempt. In addition, the fact that the importer or customs broker  
24 denies the authorized customs officer full and free access to importation records  
25 during the conduct of a post clearance audit shall create a presumption of  
26 inaccuracy in the transaction value declared for their imported goods and  
27 constitute grounds for the bureau to conduct a re-assessment of such goods.

28 In addition, the imposition of the appropriate criminal sanctions provided  
29 under this Act and other administrative sanctions may be concurrently invoked

1 against contumacious importers, including the suspension of the delivery or  
2 release of their imported goods.

3 **SEC. 1003. Requirement to Keep Records.** – (a) All importers are  
4 required to keep at their principal place of business, in the manner prescribed by  
5 regulations to be issued by the Commissioner and for a period of three (3) years  
6 from the date of final payment of duties and taxes or customs clearance, as the  
7 case may be, all records pertaining to the ordinary course of business and to any  
8 activity or information contained in the records required by this Title in connection  
9 with any such activity;

10 (b) For purposes of the post clearance audit and Section 1005, the term  
11 importer shall include the following:

12 (1) Importer-of-record or consignee, owner or declarant, or a party who:

13 (i) imports goods into the Philippines or withdraws such goods into the  
14 Philippine customs territory for consumption or warehousing;  
15 files a claim for refund or drawback; or transports or stores  
16 such goods carried or held under security; or

17 (ii) knowingly causes the importation or transportation or storage of  
18 imported goods referred to above, or the filing of refund or  
19 drawback claim.

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

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

22 (c) A person ordering imported goods from a local importer or supplier in a  
23 domestic transaction shall be exempted from requirements imposed by this  
24 Section unless:

25 (1) the terms and conditions of the importation are controlled by the  
26 person placing the order; or

27 (2) the circumstances and nature of the relationship between the person  
28 placing the order and the importer or supplier are such that the former

1           may be considered as the beneficial or true owner of the imported  
2           goods; or

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

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

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

14          **SEC.1004. Power of the Commissioner to Obtain Information and**  
15          **Issue Summons.** – For the effective implementation of the post clearance audit  
16          functions of the Bureau, the Commissioner is hereby authorized to:

17          (a) obtain on a regular basis from any person, in addition to the person  
18          who is the subject of a post clearance audit or investigation, or from any office or  
19          officer of the national and local governments, government agencies and  
20          instrumentalities, including the Bangko Sentral ng Pilipinas (BSP) and  
21          government-owned or -controlled corporations (GOCCs), any information such  
22          as costs and volume of production, receipts or sales and gross incomes of  
23          taxpayers, and the names, addresses, and financial statements of corporations,  
24          regional operating headquarters of multinational companies, joint accounts,  
25          associations, joint ventures or consortia and registered partnerships, and their  
26          members, whose business operations or activities are directly or indirectly  
27          involved in the importation or exportation of imported goods or products  
28          manufactured from imported component materials;

1 (b) summon the person liable for duties and taxes or required to file an  
2 entry, or any officer or employee of such person, or any person having  
3 possession, custody, or care of the books of accounts and other accounting  
4 records containing entries relating to the business of the person liable for duties  
5 and taxes, or any other person, to appear before the Commissioner or the duly  
6 authorized representative at a time and place specified in the summons and to  
7 produce such books, papers, records, or other data, and to give testimony;

8 (c) take such testimony of the person concerned, under oath, as may be  
9 relevant or material to such inquiry; or

10 (d) obtain information from banks or other financial institutions on  
11 commercial documents and records pertaining specifically to payments relevant  
12 to import transaction.

13 The provisions of the foregoing paragraphs notwithstanding, nothing in  
14 this Section shall be construed as granting the Commissioner the authority to  
15 inquire into bank deposits of persons or entities mentioned in this Title.

16 **SEC. 1005. *Failure to Pay Correct Duties and Taxes on Imported***  
17 ***Goods.*** – Any person who, after being subjected to post clearance audit and  
18 examination as provided in Section 1000, is found to have incurred deficiencies  
19 in duties and taxes paid for imported goods, shall be penalized according to two  
20 (2) degrees of culpability subject to any mitigating, aggravating, or extraordinary  
21 factors that are clearly established by available evidence as described  
22 hereunder:

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

28 (b) Fraud. – When the material false statement or act in connection with  
29 the transaction was committed or omitted knowingly, voluntarily and intentionally,



1 as established by clear and convincing evidence, the offender who is charged for  
2 committing fraud and is found guilty thereof, shall be penalized with a fine  
3 equivalent to six (6)times of the revenue loss and/or imprisonment of not less  
4 than two (2) years, but not more than eight (8) years.

5 The decision of the Commissioner, upon proper hearing, to impose  
6 penalties as prescribed in this section may be appealed in accordance with  
7 Section 1104.

8 **SEC. 1006. *Records to be Kept by the Bureau.*** – The Bureau shall  
9 keep a database of importer and broker profiles which shall include a record of  
10 audit results and the following information and papers:

11 (a) Articles of Incorporation;

12 (b) The company structure, which shall include but not be limited to  
13 incorporators and board of directors, key officers, and organizational structure:

14 (c) Key importations;

15 (d) Privileges enjoyed;

16 (e) Penalties; and

17 (f) Risk categories.

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

## 20 TITLE XI

### 21 ADMINISTRATIVE AND JUDICIAL PROCEDURES

#### 22 CHAPTER 1

#### 23 ADVANCE RULING AND DISPUTE SETTLEMENT

24 **SEC. 1100. *Classification Ruling.*** – An importer or exporter may file  
25 a written application for an advance ruling on the tariff classification of goods with  
26 the Tariff Commission. The Tariff Commission shall render a ruling within thirty  
27 (30) days from receipt of a properly documented application.

28 When a declared tariff classification of goods, not subject of a pending  
29 application for advance ruling, is in dispute, the importer, exporter, or the Bureau

1 shall submit the matter to the Tariff Commission for a ruling, without prejudice to  
2 the application of Section 1106 of this Act on "protest": *Provided*, that such  
3 rulings of the Tariff Commission on commodity classification shall be binding  
4 upon the Bureau, unless the Secretary of Finance shall rule otherwise.

5 **SEC. 1101. *Valuation Ruling.*** - An importer or exporter may file a written  
6 application for an advance valuation ruling on the proper application of a specific  
7 method on customs valuation of specific goods as prescribed in Title VII, Chapter  
8 1 of this Act.

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

12 When the valuation method of goods not subject of an application for  
13 advance valuation ruling or the declared customs value is in dispute, the matter  
14 shall be resolved in accordance with Section 1106 of this Act on "protest".

15 **SEC. 1102. *Ruling on the Rules of Origin.*** - An importer or exporter  
16 may file a written application for a ruling on whether the goods qualify as  
17 originating under the rules of origin of the applicable preferential trade  
18 agreement. The application for an advance ruling on origin shall be filed with the  
19 Commissioner who shall act on the application within thirty (30) days from receipt  
20 of the application and supporting documents as may be required by rules and  
21 regulation.

22 When the declared origin of the goods, not subject of a request for  
23 advance ruling on origin, is in dispute, the matter shall be resolved in accordance  
24 with Section 1106 of this Act on "protest".

25 **SEC. 1103. *Conditions for Application and Effect of Advance Ruling.***  
26 — An application for an advance ruling shall cover only one (1) product or item.  
27 the application for advance ruling shall be filed at least ninety (90) days before  
28 the importation or exportation of the product or item, as the case may be.



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

7 **SEC. 1109. *Samples to be Furnished by Protesting Parties.*** – If the  
8 nature of the goods permit, importers filing protests involving questions of fact  
9 must, upon demand, present to the Commissioner samples of the goods which  
10 are the subject matter of the protest. The samples of the goods shall be verified  
11 by the customs officer who made the classification against which the protests are  
12 filed.

13 **SEC. 1110. *Decision in Protest.*** – When a protest is filed in proper  
14 form, the Commissioner shall render a decision within thirty (30) days from  
15 receipt of the protest. In case the protest is sustained, in whole or in part, the  
16 appropriate order shall be made, and the entry reassessed, if necessary.

### 17 CHAPTER 3

### 18 ALERT ORDERS

19 **SEC. 1111. *Alert Orders.*** – Alert orders are written orders issued by  
20 customs officers as authorized by the Commissioner on the basis of derogatory  
21 information regarding possible non-compliance with this Act. An alert order will  
22 result in the suspension of the processing of the goods declaration and the  
23 conduct of physical or non-intrusive inspection of the goods within forty-eight (48)  
24 hours from issuance of the order. Within forty-eight (48) hours or, in the case of  
25 perishable goods, within twenty-four (24) hours from inspection, the alerting  
26 officer shall recommend the issuance of a warrant of seizure and detention or the  
27 suspension of processing of the release of the goods by the District Officer  
28 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 of  
8 information supporting the allegation;

9 (d) General allegations of misdeclaration in the entry without indicating the  
10 suspected actual contents thereof; and general allegations of importations  
11 contrary to law without indicating the specific law or rule to be violated.

12 No alert order shall be issued on account of allegations of undervaluation  
13 unless said undervaluation is caused by the submission to customs of forged or  
14 spurious invoice or other commercial documents.

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

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

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

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



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

4 (f) Goods the importation or exportation of which are effected or attempted  
5 contrary to law, or any goods of prohibited importation or exportation, and all  
6 other goods which, in the opinion of the District Officer, have been used, are or  
7 were entered to be used as instruments in the importation or the exportation of  
8 the former;

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

11 (h) Sea stores or aircraft stores adjudged by the District Officer to be  
12 excessive, when the duties and taxes assessed by the District Officer thereon  
13 are not paid or secured forthwith upon assessment of the same;

14 (i) Any package of imported goods which is found upon examination to  
15 contain goods not specified in the invoice or goods declaration including all other  
16 packages purportedly containing imported goods similar to those declared in the  
17 invoice or goods declaration to be the contents of the misdeclared package:

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

22 (k) Any conveyance actually used for the transport of goods subject to  
23 forfeiture under this Act, with its equipage or trappings, and any vehicle similarly  
24 used, together with its equipment and appurtenances. The mere conveyance of  
25 smuggled goods by such transport vehicle shall be sufficient cause for the  
26 outright seizure and confiscation of such transport vehicle but the forfeiture shall  
27 not be effected if it is established that the owner of the means of conveyance  
28 used as aforesaid, is engaged as common carrier and not chartered or leased, or

1 that the agent in charge thereof at the time, has no knowledge of the unlawful  
2 act; and

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

4 (1) without going through a customs office, whether the act was  
5 consummated, frustrated, or attempted;

6 (2) found in the baggage of a person arriving from abroad and undeclared  
7 by such person;

8 (3) through a false declaration or affidavit executed by the owner,  
9 importer, exporter, or consignee concerning the importation of such  
10 goods;

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

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

17 **SEC. 1114. *Properties Not Subject to Forfeiture in the Absence of***  
18 ***Prima Facie Evidence.*** – The forfeiture of the vehicle, vessel, or aircraft shall  
19 not be effected if it is established that the owner thereof or the agent in charge of  
20 the means of conveyance used as aforesaid has no knowledge of or participation  
21 in the unlawful act: *Provided, That a prima facie* presumption shall exist against  
22 the vehicle, vessel, or aircraft under any of the following circumstances:

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

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

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

27 **SEC. 1115. *Conditions Affecting Forfeiture of Goods.*** – The  
28 forfeiture shall be effected only when and while the goods are in the custody or  
29 within the jurisdiction of customs officers, or in the possession or custody of or



1 subject to the control of the importer, exporter, original owner, consignee, agent  
2 of another person effecting the importation, entry or exportation in question, or in  
3 the possession or custody of or subject to the control of persons who shall  
4 receive, conceal, buy, sell, or transport the same, or aid in any such acts, with  
5 knowledge that the goods were imported, or were the subject of an attempt at  
6 importation or exportation contrary to law.

7 **SEC. 1116. *Seizure or Release of Goods.*** – The District Officer shall  
8 issue an order of release or a warrant of seizure within five (5) days, or two (2)  
9 days in case of perishable goods, upon the recommendation of the alerting  
10 officer or any other customs officer. The District Officer shall immediately make a  
11 report of such seizure or release to the Commissioner.

12 **SEC. 1117. *Warrant of Seizure.*** – The District Officer shall have the  
13 authority to issue a warrant of seizure of the goods upon determination of  
14 probable cause as provided for in this Act. The Bureau's Legal Service, through  
15 the Prosecution and Litigation Division (PLD), may also determine the existence  
16 of probable cause for the issuance of warrant of seizure. The District Officer shall  
17 submit to the PLD within twenty-four (24) hours the relevant report and  
18 documents which support the basis of its action. The PLD shall submit its  
19 findings and recommendations to the Director of the Legal Service within three  
20 (3) days of receipt of such report, or within twenty-four (24) hours in the case of  
21 perishable goods. On the basis thereof, the Director of the Legal Service shall  
22 immediately recommend to the District Officer for the issuance or non-issuance  
23 of a warrant of seizure.

24 Prior to the final resolution of forfeiture proceedings, the District Officer  
25 may, with prior notice to the Commissioner and upon motion by the importer or  
26 consignee, allow the release of seized goods under cash bond or sufficient  
27 security equivalent to the landed cost of the goods and any fine, expenses, and  
28 costs which may be adjudged, subject to the following:

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

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

5 (3) The release of the goods under this Section shall not be construed as  
6 relieving the owner or importer from any criminal liability which may arise from  
7 any violation of this Act or other laws.

8 **Sec. 1118. Sale of Perishable Goods during Forfeiture Proceedings.** –  
9 upon motion of the importer of the perishable goods, the goods may be sold at a  
10 public auction during the pendency of the forfeiture proceedings. The proceeds  
11 of the auction shall be held in escrow until the final resolution of the proceedings.

12 **SEC. 1119. Service of Warrant of Seizure.** – The District Officer shall  
13 cause the service of the warrant of seizure to the owner or importer of the goods  
14 or the authorized representative thereof. The owner or importer shall be given an  
15 opportunity to be heard during the forfeiture proceedings.

16 For the purpose of serving the warrant, the importer, consignee, or person  
17 holding the bill of lading or airway bill shall be deemed the "owner" of the goods.  
18 For the same purpose, "authorized representative" shall include any agent of the  
19 owner and if the owner or the agent is unknown, any person having possession  
20 of the goods at the time of the seizure.

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

24 **SEC. 1120. Description, Classification and Valuation of Seized**  
25 **Goods.** – The District Officer shall cause the preparation of a list and particular  
26 description, classification, and valuation of the goods seized and valuation of  
27 identical or similar goods.

28 **SEC. 1121. Proceedings in Case of Property Belonging to Unknown**  
29 **Parties.** – If, within fifteen (15) days after service of warrant, no owner or agent

1 can be found or appears before the District Officer, the seized goods shall be  
2 forfeited *ipso facto* in favor of the government to be disposed of in accordance  
3 with this Act.

4 **SEC. 1122. Seizure of Vessel or Aircraft for Delinquency of Owner or**  
5 **Officer.** – When the owner, agent, master, pilot in command or other  
6 responsible officer of any vessel or aircraft becomes liable for any violation of  
7 this Act, the vessel or aircraft may be seized and subjected to forfeiture  
8 proceedings for the settlement of any fine or penalty for which such person is  
9 liable. In determining whether or not to seize a vessel or aircraft, the Bureau shall  
10 take into account the amount of fine or penalty in relation to the commercial  
11 impact that may be caused to international trade by the seizure or detention as  
12 well as the value of the vessel or aircraft.

13 **SEC. 1123. Burden of Proof in Forfeiture Proceedings.** – In all  
14 proceedings for the forfeiture of any vehicle, vessel, aircraft, or goods under this  
15 Act, the burden of proof shall be borne by the claimant.

16 **SEC. 1124. Settlement of Pending Seizure Case by Payment of Fine**  
17 **or Redemption of Forfeited Goods.** – Subject to the approval of the  
18 Commissioner, the District Officer may allow the settlement by payment of fine or  
19 the redemption of forfeited goods, during the course of the forfeiture proceeding.  
20 However, the Commissioner may accept the settlement by redemption of any  
21 forfeiture case on appeal. No settlement by payment of fine shall be allowed  
22 when there is fraud or when the discrepancy in duty and tax to be paid between  
23 what is determined and what is declared amounts to more than thirty percent  
24 (30%).

25 In case of settlement by payment of fine, the owner, importer, exporter, or  
26 consignee or agent shall offer to pay a fine equivalent to thirty percent (30%) of  
27 the landed cost of the seized goods. In case of settlement by redemption, the  
28 owner, importer, exporter, or consignee or agent shall offer to pay the redeemed

1 value equivalent to one hundred percent (100%) of the landed cost or the  
2 domestic value, whichever is higher.

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

6 Settlement of any seizure case by payment of the fine or redemption of  
7 forfeited goods shall not be allowed when there is fraud, or where the importation  
8 is prohibited or the release of the goods is contrary to law.

9 **SEC. 1125. *Decision in Forfeiture Cases.*** - In forfeiture cases, the  
10 District Officer shall issue an order for hearing within fifteen (15) days, or five (5)  
11 days in case of perishable goods, from issuance of the warrant and hear the  
12 matter thus presented. The District Officer shall render a decision within thirty  
13 (30) days upon termination of the hearing, or within ten (10) days in case of  
14 perishable goods. The decision shall include a declaration of forfeiture, the  
15 imposition of a fine or such other action as may be proper.

## 16 CHAPTER 5

### 17 APPEAL IN PROTEST AND FORFEITURE CASES

18 **SEC. 1126. *Appeal to the Commissioner.*** - In forfeiture cases, the  
19 person aggrieved by the decision of a District Officer may, within fifteen (15) days  
20 or five (5) days in case of perishable goods, from receipt of the decision, file a  
21 written notice of appeal to the District Officer with a copy furnished to the  
22 Commissioner of his intention to appeal the action or decision of the District  
23 Officer together with the payment of the required appeal fee. The District Officer  
24 shall immediately transmit all the records of the proceedings to the  
25 Commissioner, who shall review and decide on the appeal within thirty (30) days  
26 from receipt of the records, or fifteen (15) days in the case of perishable goods.  
27 *Provided, That if within thirty (30) days, no decision is rendered, the decision of*  
28 *the District Officer under appeal shall be deemed affirmed. An appeal filed*  
29 *beyond the period herein prescribed shall be dismissed.*

1           The decision of the Commissioner may be served by through the  
2 recognized modes of service under existing law.

3           **SEC. 1127. *Automatic Review in Forfeiture Cases.*** - The Commissioner  
4 shall automatically review any decision by the District Officer adverse to the  
5 government. The entire records of the case shall be elevated within five (5) days  
6 from the promulgation of the decision. The Commissioner shall decide on the  
7 automatic review within thirty (30) days, or within ten (10) days in the case of  
8 perishable goods, from receipt of the records. When no decision is rendered  
9 within the prescribed period or when a decision adverse to the government is  
10 rendered by the Commissioner involving goods with FOB or FCA value of Ten  
11 Million Pesos (P10,000,000.00) or more, the records on the decision of the  
12 Commissioner, or of the District Officer under review, as the case may be, shall  
13 be automatically elevated within five (5) days for review by the Secretary of  
14 Finance. The decision issued by the Secretary of Finance, whether or not a  
15 decision was rendered by the Commissioner within thirty (30) days, or within ten  
16 (10) days in the case of perishable goods, from receipt of the records, shall be  
17 final upon the Bureau.

18           **SEC. 1128. *Automatic Review by the Secretary of Finance in Other***  
19 ***Cases.*** – In cases not involving protest or forfeiture, the Commissioner shall  
20 automatically review any decision by the District Officer that is adverse to the  
21 government. The records of the case shall be elevated to the Commissioner  
22 within five (5) days from the promulgation of the decision. The Commissioner  
23 shall decide on the automatic review within thirty (30) days from receipt of the  
24 records, or within ten (10) days in the case of perishable goods. When no  
25 decision is rendered within the prescribed period or when any decision rendered  
26 by the Commissioner is adverse to the government, the records of the case  
27 under review shall be automatically elevated within five (5) days for the review of  
28 the secretary of finance. The decision issued by the Secretary of Finance,  
29 whether or not a decision was rendered by the Commissioner within thirty (30)

1 days from receipt of the records, or within ten (10) days in the case of perishable,  
2 shall be final upon the Bureau.

### 3 CHAPTER 6

### 4 ABANDONMENT

5 **SEC. 1129. *Abandonment, Kinds and Effects of.*** – Imported goods  
6 are deemed abandoned under any of the following circumstances:

7 (a) When the owner, importer, or consignee of the imported goods  
8 expressly signifies in writing to the District Officer the intention to abandon the  
9 same; or

10 (b) When the owner, importer, consignee, or interested party after due  
11 notice, fails to file an entry within the prescribed period in Section 407: *Provided,*  
12 That the term entry shall include provisional or incomplete goods declaration  
13 deemed valid by the Bureau as provided in Section 403 of this Act. For this  
14 purpose, it is the duty of the District Officer to post a list of all packages  
15 discharged and their consignees, whether electronically or physically in the  
16 District Office, or send a notice to the consignee within five (5) days from the  
17 date of discharge; or

18 (c) Having filed such entry, an owner, importer, consignee or interested  
19 party after due notice, fails to pay the assessed duties, taxes and other charges  
20 thereon, or, if the regulated goods failed to comply with Section 117, within  
21 fifteen (15) days from the date of final assessment: *Provided,* That if such  
22 regulated goods are subject of an Alert Order and the assessed duties, taxes,  
23 and other charges thereof are not paid within fifteen (15) days from notification  
24 by the Bureau of the resolution of the Alert Order, the same shall also be  
25 deemed abandoned; or

26 (d) Having paid the assessed duties, taxes, and other charges, the  
27 owner, importer or consignee or interested party after due notice, fails to claim  
28 the goods within thirty (30) days. For this purpose, the arrastre or warehouse

1 operator shall report the unclaimed goods to the District Officer for disposition  
2 pursuant to the provisions of this Act.

3 The due notice requirement under this Section may be provided by the  
4 Bureau through electronic notice or personal service: *Provided*, That for non-  
5 regular importers, notification shall be by registered mail or personal service. For  
6 this purpose, the accreditation of importers, exporters, and other third parties  
7 shall include provision for mandatory receipt of electronic notices.

8 **SEC. 1130. *Treatment and Disposition of Abandoned Goods.*** –  
9 Expressly abandoned goods under paragraph (a) of Section 1129 shall *ipso facto*  
10 be deemed the property of the government and shall be disposed of in  
11 accordance with the provisions of this Act.

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

18 When the Bureau sells goods which have been impliedly abandoned,  
19 although no offense has been discovered, the proceeds of the sale, after  
20 deduction of any duty and tax and all other charges and expenses incurred as  
21 provided in Section 1143, shall be turned over to those persons entitled to  
22 receive them or, when this is not possible, held at their disposal for a specified  
23 period. After the lapse of the specified period, the balance shall be transferred to  
24 the forfeiture fund as provided in Section 1151.

## 25 CHAPTER 7

### 26 OTHER ADMINISTRATIVE PROCEEDINGS

27 **SEC. 1131. *Authority of the Commissioner to Make Compromise.*** –  
28 Subject to the approval of the Secretary of Finance, the Commissioner may  
29 compromise any administrative case arising under this Act involving the

1 imposition of fines and surcharges, including those arising from the conduct of a  
2 post clearance audit, unless otherwise specified by law.

3 Cases involving forfeiture proceedings shall however not be subject to any  
4 compromise.

## 5 CHAPTER 8

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

7 **SEC. 1132. Remedies for the Collection of Duties, Taxes, Fines,**  
8 **Surcharges, Interests, and other Charges.** – The civil remedies for the  
9 collection of import duties, taxes, fees, or charges resulting from the conduct of a  
10 post clearance audit shall be obtained by:

11 (a) distraint of goods, chattels, or effects, and other personal property of  
12 whatever character, including stocks and other securities, debts, credits, bank  
13 accounts, and interest in and rights to personal property, and by levy upon real  
14 property and interest in rights to real property; and

15 (b) by civil or criminal action.

16 Either or both of these remedies may be pursued at the discretion of the  
17 bureau: *Provided*, That the remedies of distraint and levy shall not be allowed  
18 when the amount of duties and taxes involved is not more than Ten Thousand  
19 Pesos (P10,000.00).

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

24 **SEC. 1133. Constructive Distraint of the Property.** – To safeguard  
25 the interest of the government, the Commissioner may place under constructive  
26 distraint the property of a delinquent importer who, in the opinion of the  
27 commissioner, is retiring from any business subject to duty and tax, or is  
28 intending to leave the Philippines, or to remove the property therefrom, or to hide



1 or conceal the property, or to perform any act tending to obstruct the proceedings  
2 for collecting the duty and tax due, or which may be due.

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

9 In case the importer or the person in possession and control of the  
10 property sought to be placed under constructive distraint refuses or fails to sign  
11 the receipt herein referred to, the Customs Officer effecting the constructive  
12 distraint shall proceed to prepare a list of such property and, in the presence of  
13 two (2) witnesses, leave a copy thereof in the premises where the property  
14 distrained is located, after which the said property shall be deemed to have been  
15 placed under constructive distraint.

16 **SEC. 1134. Summary Remedies.** – (a) Distraint of Personal Property. –  
17 upon the failure of the person owing any delinquent duty, tax, and other charges  
18 to pay at the time required, the Commissioner shall seize and distraint the goods,  
19 chattels or effects, and the personal property, including stocks and other  
20 securities, debts, credits, bank accounts, and interests in and rights to personal  
21 property of such persons, in sufficient quantity to satisfy the duty, tax, or other  
22 charge and the expenses of the distraint and the cost of the subsequent sale.

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

27 (b) Levy on Real Property. – After the expiration of the period within  
28 which to pay the duty, tax, and other charges as prescribed in this Section, real  
29 property may be levied upon, before, simultaneously, or after the distraint of

1 personal property belonging to the importer. To this end, the Commissioner or  
2 the duly authorized representative shall prepare a duly authenticated certificate  
3 showing the name of the importer and the amounts of the duty and tax and  
4 penalty due. The certificate shall operate with the force of a legal execution  
5 throughout the Philippines.

6 The levy shall be effected by writing upon the certificate a description of  
7 the property on which levy is made. At the same time, written notice of the levy  
8 shall be mailed to or served upon the Register of Deeds for the province or city  
9 where the property is located and upon the importer, or if the latter is not in the  
10 Philippines, upon the agent or the manager of the business from which the  
11 liability arose, or if there be none, to the occupant of the property in question.

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

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

## 22 CHAPTER 9

### 23 JUDICIAL PROCEEDINGS

24 **SEC. 1135. *Supervision and Control over Criminal and Civil***  
25 ***Proceedings.*** – Civil and criminal actions and proceedings instituted on behalf  
26 of the government under the authority of this Act or other laws enforced by the  
27 Bureau shall be brought in the name of the government of the Philippines and  
28 shall be prosecuted and handled by the Bureau with the assistance of the  
29 Department of Justice (DOJ): *Provided*, That, the determination of the existence

1 of probable cause and the subsequent filing of any criminal or civil case with the  
2 proper court against violators of this Act shall exclusively belong to the DOJ:  
3 *Provided, however,* That no civil or criminal action for the recovery of duties or  
4 the enforcement of any fine, penalty or forfeiture under this Act shall be filed in  
5 court without the approval of the Commissioner.

6 **SEC. 1136. *Review by CTA.*** – Unless otherwise provided in this Act or  
7 by any other law, the party aggrieved by the ruling or decision of the  
8 Commissioner may appeal to the CTA, in the manner and within the period  
9 prescribed by law and regulations. Decisions of the Secretary of Finance when  
10 required by this Act, may likewise be appealed to the CTA.

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

14 **SEC. 1137. *Exclusive Jurisdiction of the Bureau.*** - Jurisdiction over  
15 imported goods and goods for exportation shall be exclusive to the Bureau, or  
16 the Secretary of Finance, when under review by the latter, subject to the  
17 proceedings described in this Title.

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

20 **SEC. 1138. *Fraud Investigation and Prosecution.*** – No criminal case  
21 for violation of this Title shall be instituted without the approval of the  
22 Commissioner pursuant to the provisions of this Act.

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

1 CHAPTER 10

2 DISPOSITION OF PROPERTY IN CUSTOMS CUSTODY

3 **SEC. 1139. *Goods Subject to Disposition.*** – Goods in customs  
4 custody that are in the following conditions and status shall be subject to  
5 disposition:

6 (a) abandoned goods;

7 (b) goods entered under warehousing entry but not withdrawn, or those  
8 whose duties and taxes have not been paid within the period described under  
9 Section 811 of this Act;

10 (c) forfeited goods, other than prohibited goods; and

11 (d) goods subject to a valid lien for customs duties, taxes and other  
12 charges collectible by the Bureau, after the expiration of the period allowed for  
13 payment thereof.

14 **SEC. 1140. *Place of Disposition of Goods.*** – Upon the order of the  
15 District Officer, goods may be sold or otherwise disposed of at the port where the  
16 goods are located, unless the Commissioner shall direct its transfer to another  
17 port.

18 **SEC. 1141. *Mode of Disposition.*** – The goods subject to disposition  
19 may be donated to another government agency or declared for official use of the  
20 Bureau, after approval of the Secretary of Finance, or sold at a public auction  
21 within thirty (30) days after a ten(10) day notice posted at a public place at the  
22 port where the goods are located and published electronically or in a newspaper  
23 of general circulation.

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

27 **SEC. 1142. *Disqualification to Participate in Auction Sale.*** – No  
28 customs officer or employee shall be allowed to bid directly or indirectly, in any  
29 customs auction.

1           **SEC. 1143. *Disposition of Proceeds.*** – The following expenses and  
2 obligations shall be paid from the proceeds of the sale in the order provided:

3           (a) customs duties, except in the case of forfeited goods;

4           (b) taxes and other charges due the government;

5           (c) government storage charges;

6           (d) expenses for the appraisal, advertisement, and sale of auctioned  
7 goods;

8           (e) arrastre and private storage charges and demurrage charges; and

9           (f) freight, lighterage or general average, on the voyage of importation, of  
10 which due notice shall have been given to the District Officer.

11           The Commissioner is authorized to determine the maximum charges to be  
12 recovered by private entities concerned under subsections (e) and (f) of this  
13 Section.

14           **SEC. 1144. *Disposition of Perishable Goods.*** – Perishable goods as  
15 defined under this Act when certified as such by the Bureau, may be sold at a  
16 public auction within five (5) days, after a three (3) day notice.

17           For this purpose, perishable goods shall include goods liable to perish or  
18 be wasted, or those that depreciate greatly in value while stored, or which cannot  
19 be kept without great disproportionate expense. The Bureau shall proceed to  
20 advertise and sell the same at auction upon notice as shall be deemed to be  
21 reasonable.

22           **SEC. 1145. *Disposition of Goods Injurious to Public Health.*** –  
23 Goods in the custody of the Bureau which, in the opinion of the District Office  
24 are injurious to public health, shall be seized. The District Officer shall, if the  
25 matter is not disposable under the provisions relating to food and drugs, appoint  
26 three (3) members to constitute a Board to examine the goods. The Board shall  
27 be composed of one (1) representative from either the Department of Health  
28 (DOH) or other appropriate government agency or the local government unit  
29 (LGU) concerned, and two (2) representatives from the Bureau. If the goods are

1 found to be injurious to public health, the Board shall report this to the District  
2 Officer, who shall order its destruction in an appropriate manner or order its re-  
3 exportation in accordance with this Act.

4 The District Officer shall immediately coordinate with the health and  
5 quarantine officers at the port of entry for the disposition of goods injurious to  
6 public health.

7 **SEC. 1146. *Disposition of Prohibited Goods.*** – Prohibited goods as  
8 provided in Section 118 except paragraph (d) thereof and goods suitable for  
9 shelter, foodstuffs, clothing materials or medicines shall be destroyed in a  
10 manner as the District Officer deems appropriate.

11 **SEC. 1147. *Disposition of Restricted Goods.*** - Restricted goods as  
12 described in Section 119 shall be disposed as follows:

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

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

22 (c) Lottery and sweepstakes tickets, except advertisements thereof, and  
23 lists of drawings therein shall be destroyed.

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

28 (e) Opium pipes and parts thereof, of whatever material, shall be turned  
29 over to the Dangerous Drugs Board; and

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

4 **SEC. 1148. *Disposition of Regulated Goods.*** – Regulated goods shall  
5 be disposed of in a manner to be determined by the appropriate regulatory  
6 agency. In the event that the regulatory agency allows the disposition of the  
7 regulated goods with commercial value and capable of legitimate use, these shall  
8 be disposed of in accordance with Section 1140.

9 **SEC. 1149. *Disposition of Unsold Goods for Want of Bidders.*** –  
10 Goods subject to sale at public auction by the Bureau shall be sold at a price not  
11 less than the landed cost of the goods adjusted for normal depreciation.

12 Goods which remain unsold after at least two (2) public biddings either  
13 due to the lack of bidders or for the lack of an acceptable bid, may be donated to  
14 another government agency or declared for official use of the Bureau. If the  
15 goods are not suitable either for official use or donation, these may be subject to  
16 re-export as government property or sold through a negotiated sale. In case of  
17 negotiated sale, the same shall be subject to the approval of the Secretary of  
18 Finance and executed in the presence of a representative of the Commission on  
19 Audit (COA). For purposes of donating the goods as above described goods  
20 suitable for shelter or consisting of food stuffs, clothing materials or medicines  
21 may be donated to the Department of Social Welfare and Development (DSWD).

22 **SEC. 1150. *Disposition of Smuggled Goods.*** – Smuggled goods,  
23 when forfeited, shall be disposed of as provided in Section 1148 of this Act.

24 **SEC. 1151. *Forfeiture Fund.*** – All proceeds from public auction sales  
25 after deduction of the charges as provided in Section 1143 shall be deposited in  
26 an account to be known as forfeiture fund.

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

1 (a) to outsource, subject to the rules on government procurement  
2 established by law, the management of the inventory, safekeeping, maintenance  
3 and sale of goods enumerated in Section 1138 of this Act to private service  
4 providers: *Provided*, That the Bureau shall retain jurisdictional control and  
5 supervision over these goods as well as the operations of the service provider so  
6 contracted;

7 (b) to facilitate customs abandonment and forfeiture proceedings and the  
8 disposition of goods under Section 1138, particularly those to be disposed of  
9 other than through public sale;

10 (c) to enhance customs intelligence and enforcement capability to prevent  
11 smuggling; and

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

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

## 16 TITLE XII

### 17 THIRD PARTIES

#### 18 CHAPTER 1

#### 19 CUSTOMS SERVICE PROVIDERS

20 **SEC. 1200. *Customs Service Providers.*** – Except customs brokers,  
21 upon the recommendation of the Commissioner, the Secretary of Finance shall  
22 issue the necessary rules and regulations for the registration and the  
23 accreditation of other customs service providers to ensure compliance with this  
24 Act and the rules and regulations that shall be promulgated to implement it.

25 **SEC. 1200-A. *Services of Customs Brokers.*** – For the first three (3)  
26 years upon the effectivity of this Act, import entry shall be signed by a customs  
27 broker and the consignee/owner/importer under oath based on the covering  
28 document submitted by the importer as provided in RA 9280 as amended:  
29 *Provided*, That after three years, the President, upon recommendation of the



1 Secretary of Finance shall review the need for the mandatory services of  
2 customs broker consistent with international standards and customs best  
3 practices.

## 4 CHAPTER 2

### 5 CARRIERS, VESSELS, AND AIRCRAFTS

6 **SEC. 1201. *Ports Open to Vessels and Aircrafts Engaged in Foreign***  
7 ***Trade.*** – Vessels and aircrafts engaged in foreign trade shall visit designated  
8 ports of entry only except as otherwise especially allowed by law. Every vessel or  
9 aircraft arriving within a Customs District of the Philippines from a foreign port  
10 shall dock at the designated port of entry and shall be subject to the authority of  
11 the District Officer of the port while within its jurisdiction.

12 **SEC. 1202. *Control of Customs Officer Over Boarding or Leaving of***  
13 ***Incoming Vessel and Over Other Vessel Approaching the Former.*** – Upon  
14 the arrival in port of any vessel engaged in foreign trade, it shall be unlawful for  
15 any person, except the pilot, consul, quarantine officers, customs officers, or  
16 other duly authorized persons, to board or leave the vessel without permission of  
17 the customs officer concerned. It shall likewise be unlawful for any tugboat,  
18 rowboat, or other craft to go alongside such vessel and for any person so  
19 authorized to board the vessel to take any unauthorized person to board the  
20 same, or allow loitering near or alongside such vessel. Unauthorized tugboats  
21 and other vessels shall keep away from such vessel engaged in foreign trade at  
22 a distance of not less than fifty (50) meters.

23 **SEC. 1203. *Documents to be Produced by the Master Upon Entry of***  
24 ***Vessel.*** – Upon entry of a vessel engaged in foreign trade, the master thereof  
25 shall present the following certified documents to the customs boarding officers:  
26 (a) the vessel's general declaration;  
27 (b) the original manifest of all cargoes destined for the port, to be returned  
28 with the endorsement of the boarding officers;

1 (c) three (3) copies of the original manifest, one of which, upon  
2 certification by the boarding officer as to the correctness of the copy, shall be  
3 returned to the master;

4 (d) a copy of the cargo stowage plan;

5 (e) two (2) copies of the store list;

6 (f) one (1) copy of the passengers list;

7 (g) one (1) copy of the crew list;

8 (h) the original copy of all through cargo manifest, for deposit with the  
9 customs officer who has jurisdiction over the vessel while in port;

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

13 (j) one (1) copy of the original duplicate of fully accomplished bill of  
14 lading;

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

16 (l) such other related documents.

17 **SEC. 1204. Manifest Required of Vessel from Foreign Port.** – Every  
18 vessel from a foreign port must have on board a complete manifest of all its  
19 cargoes.

20 All cargoes intended to be landed at a port in the Philippines must be  
21 described in separate manifests for each port of call. Each manifest shall include  
22 the port of departure and the port of delivery with the marks, numbers, quantity,  
23 and description of the packages and the names of the consignees. Every vessel  
24 from a foreign port must have on board complete manifests of passengers and  
25 baggage, in the prescribed form, setting forth the destination and all particulars  
26 required by immigration laws. Every vessel shall present to the proper customs  
27 officers upon arrival in ports of the Philippines a complete list of all sea stores  
28 then on board. If the vessel does not carry cargo or passengers, the manifest

1 must show that no cargo or passenger is carried from the port of departure to the  
2 port of destination in the Philippines.

3 A true and complete copy of the cargo manifest shall be electronically sent  
4 in advance by the shipping company, NVOCC, freight forwarder, cargo  
5 consolidator, or their agents within the cut-off period as may be determined by  
6 the Bureau before the arrival of the carrying vessel at the port of entry. Upon  
7 arrival of the carrying vessel, the shipping company, NVOCC, freight forwarder,  
8 cargo consolidator, or their agents shall provide two (2) hard copies of the cargo  
9 manifest to the Bureau in case the port of entry is either the Port of Manila (PoM)  
10 or the Manila International Container Port (MICP), and one (1) copy only in the  
11 case of the other ports of entry.

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

21 **SEC. 1205. *Translation of Manifest.*** – The cargo manifest and each  
22 copy thereof shall be accompanied by a translation in English, if originally written  
23 in another language.

24 **SEC. 1206. *Manifests for the Commission on Audit and District***  
25 ***Officer.*** – Upon arrival of a vessel from a foreign port, the Bureau shall provide  
26 electronic copies of the manifest to the Chairperson of the COA. The master  
27 shall immediately present to the District Officer the original copy of the cargo  
28 manifest properly endorsed by the boarding officer, and for inspection, the ship's

1 register, or other documents in lieu thereof, together with the clearance and other  
2 papers granted to the vessel at the port of departure for the Philippines.

3 **SEC. 1207. *Production of Philippine Crew.*** – The master of a  
4 Philippine vessel returning from abroad shall produce the entire crew listed in the  
5 vessel's shipping crew manifest. If any member is missing, the master shall  
6 produce proof satisfactory to the District Officer that the member has died, or  
7 absconded, has been forcibly impressed into another service, or has been  
8 discharged. In case of discharge in a foreign country, the master shall produce a  
9 certificate from the consul, vice consul, or consular agent of the Philippines there  
10 residing, showing that such discharge was effected with the consent of the  
11 aforesaid representative of the Philippines.

12 **SEC. 1208. *Record of Arrival and Entry of Vessels and Aircraft.*** – A  
13 record shall be made and kept open to public inspection in every Customs  
14 District of the date of arrival and entry of all vessels and aircraft.

15 **SEC. 1209. *Arrest of Vessel or Aircraft Departing Before Entry***  
16 ***Made.*** – When a vessel or aircraft arriving within the limits of a Customs District  
17 from a foreign port departs or attempts to depart before entry shall have been  
18 made, not being thereunto compelled by stress of weather, duress of enemies, or  
19 other necessity, the District Officer of the port may cause the arrest and bring  
20 back such vessel or aircraft to the most convenient port with assistance of other  
21 concerned agencies.

22 **SEC. 1210. *Discharge of Ballast.*** – When not brought to port as  
23 goods, ballast of no commercial value may be discharged upon permit granted  
24 by the District Officer for the purpose.

25 **SEC. 1211. *Time of Unloading Cargo.*** – Unloading of cargo from a  
26 vessel or aircraft from a foreign port during official nonworking hours shall be  
27 allowed subject to payment of service fees by shipping lines, airlines, or other  
28 interested parties at rates prescribed by the Commissioner.

1           **SEC. 1212. *Entrance of Vessel through Necessity.*** – When a vessel  
2 from a foreign port is compelled, by stress of weather or other necessity to put  
3 into any other port than that of its destination, the master within twenty-four (24)  
4 hours after its arrival, shall make a protest under oath setting forth the causes or  
5 circumstances of such necessity. This protest, if not made before the District  
6 Officer, must be produced and lodged with the District Officer.

7           Within the same time, the master shall make a report to the District Officer  
8 if any part of the cargo was unloaded from necessity or lost by casualty before  
9 arrival, and produce sufficient proof to the District Officer of such necessity or  
10 casualty before the latter who shall give the approval thereto and the unloading  
11 shall be deemed to have been lawfully effected.

12           **SEC. 1213. *Unloading of Vessel in Port from Necessity.*** – If a  
13 situation arises where the unloading of the vessel is required pending sojourn in  
14 port, the District Officer shall, upon sufficient proof of the necessity, grant a  
15 permit therefore, and the goods shall be unloaded and stored under the  
16 supervision of customs officers.

17           At the request of the master of the vessel or the owner thereof, the District  
18 Officer may grant permission to enter the port and pay duties, taxes, and other  
19 charges on, and dispose of, such part of the cargo as may be perishable in  
20 nature or as may be necessary to defray the expenses attending the vessel.

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

26           **SEC. 1214. *Entry and Clearance of Vessels of a Foreign***  
27 ***Government.*** – The entry and clearance of transport or supply ship of a foreign  
28 government shall be in accordance with the agreement by and between the  
29 Philippines and the foreign government.

1           **SEC. 1215. Clearance of Vessel for Foreign Port.** – Before a  
2 clearance shall be granted to any vessel bound to a foreign port, the master or  
3 the agent thereof shall present to the District Officer the following properly  
4 authenticated documents:

5           (a) a bill of health from the quarantine officer or officer of the public health  
6 service in the port;

7           (b) three (3) copies of the manifest of export cargo, one of which, upon  
8 certification by the customs officer as to the correctness of the copy, shall be  
9 returned to the master;

10          (c) two (2) copies of the passengers list, showing alien and other  
11 passengers;

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

13          (e) clearance issued by the last port of entry; and

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

25           **SEC. 1216. Detention of Warlike Vessel Containing Arms and**  
26 **Munitions.** – District Officers shall report to the proper authorities or detain any  
27 vessel of commercial registry manifestly built for warlike purposes and about to  
28 depart from the Philippines with a cargo consisting principally of arms and  
29 munitions of war, when the number of men shipped on board or other

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

9 **SEC. 1217. Oath of Master of Departing Vessel.** – The master of a  
10 departing vessel shall state under oath that:

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

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

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

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

23 **SEC. 1218. Extension of Time for Clearance.** –At the time of  
24 clearance, the master of a departing vessel shall be required to indicate the time  
25 of intended departure, and if the vessel should remain in port forty-eight (48)  
26 hours after the time indicated, the master shall report to the District Officer for an  
27 extension of time of departure, and without such extension the original clearance  
28 shall be nullified.

1           **SEC. 1219. *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 Officer or other customs officer-in-charge at or nearest the intended  
5 place of first landing, and to the quarantine and immigration officers-in-charge at  
6 or nearest such place of landing. If dependable facilities for giving notice are not  
7 available before departure, the use of any radio equipment shall be appropriate  
8 as long as it will result in the giving of adequate and timely notice of the aircraft's  
9 approach, otherwise landing shall be made at a place equipped with navigational  
10 facilities. If, upon landing in any area, the government officers have not arrived,  
11 the pilot-in-command shall hold the aircraft and any baggage and goods  
12 thereon intact and keep the passengers and crew members in a segregated  
13 place until the inspecting officers arrive.

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

19           **SEC. 1220. *Landing at International Airport of Entry.*** – Except in  
20 case of emergency or forced landings, aircraft arriving in the Philippines from any  
21 foreign port or place shall make the first landing at an international airport of  
22 entry, unless permission to land elsewhere other than at an international airport  
23 of entry is first obtained from the Commissioner. In such cases, the owner,  
24 operator, or person in charge of the aircraft shall pay the expenses incurred in  
25 inspecting the aircraft, goods, passengers, and baggage carried thereon, and  
26 such aircraft shall be subject to the authority of the District Officer at the airport  
27 while within its jurisdiction.

28           Should an emergency or forced landing be made by an aircraft coming  
29 into the Philippines at a place outside the jurisdiction of the latter, the pilot-in-



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

10 **SEC. 1221. *Report of Arrival and Entry of Aircraft.*** – The pilot-in-  
11 command of any aircraft arriving from a foreign port or place shall immediately  
12 report its arrival to the District Officer at the airport of entry or to the customs  
13 officer detailed to meet the aircraft at the place of first landing. Upon arrival, such  
14 aircraft shall be boarded by a quarantine officer, and after pratique or health  
15 clearance is granted, shall be boarded by a customs officer; subsequently no  
16 person shall be permitted to board or leave the aircraft without the permission of  
17 the customs officer. The pilot-in-command or any other authorized agent of the  
18 owner or operator of the aircraft shall make the necessary entry. No such aircraft  
19 shall, without previous permission from the District Officer, depart from the place  
20 of first landing or discharge goods, passengers, or baggage.

21 **SEC. 1222. *Documents Required in Making Entry for Aircraft.*** – (a)  
22 For the purpose of making entry, there shall be presented to the boarding  
23 customs officer four (4) copies of a general declaration which shall contain the  
24 following data, unless any of such data is otherwise presented on a separate  
25 official form:

- 26 (1) Name of owner or operator of aircraft, registration marks and  
27 nationality of aircraft, and flight number of identification;  
28 (2) Points of clearance and entry, and date of arrival;  
29 (3) Health and customs clearance at the last airport of departure;

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

3 (5) Names and nationality of crew members;

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

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

9 (8) Store list; and

10 (9) And such other documents as may be required by the Bureau.

11 (b) The general declaration shall be written in English and duly signed by  
12 the pilot-in-command or operator of the aircraft, or the authorized agent. The  
13 section on Health, however, shall be signed only by the pilot-in-command or  
14 when necessary, by a crew member when the general declaration itself has been  
15 signed by a non-crew member. If the aircraft does not carry cargoes or  
16 passengers, such facts must be shown in the manifest.

17 (c) A cargo manifest shall in no case be changed or altered after entry of  
18 the aircraft, except by means of an amendment by the pilot-in-command or  
19 authorized agent thereof, under oath, and attached to the original manifest:  
20 *Provided*, That after the invoice and/or entry covering an importation have been  
21 received and recorded in the office of the appraiser, no amendment shall be  
22 allowed except when it is obvious that a clerical error or any other discrepancy  
23 has been committed without any fraudulent intent in the preparation of the  
24 manifest, the discovery of which could not have been made until after complete  
25 examination of the importation.

26 **SEC. 1223. *Manifest for the Commission on Audit(COA) and District***  
27 ***Officer.*** – Upon arrival of an aircraft from a foreign port, the Bureau shall provide  
28 electronic copies of the manifest to the Chairperson of the COA. The master  
29 shall immediately present to the District Officer the original copy of the cargo

1 manifests properly endorsed by the boarding officer, and for inspection, the  
2 aircraft's register or other documents in lieu thereof, together with the clearance  
3 and other papers granted to the aircraft at the port of departure for the  
4 Philippines.

5 **SEC. 1224. Clearance of Aircraft for Foreign Port.** – (a) Any aircraft  
6 bound to a foreign port shall, before departure, be granted clearance by the  
7 Commissioner at an airport of entry where such aircraft has been authorized to  
8 make its landing; and

9 (b) Before clearance shall be granted to an aircraft bound to a foreign  
10 port, there shall be presented to the District Officer or to the customs officer  
11 detailed at the place of departure four (4) copies of a general declaration signed  
12 by the pilot-in-command or authorized agent of an aircraft which shall contain the  
13 following data:

- 14 (1) name of owner or operator of aircraft, registration marks and  
15 nationality of aircraft, and flight number of identification;
- 16 (2) port of clearance, data thereof and destination;
- 17 (3) health and customs clearance;
- 18 (4) itinerary of aircraft, including information as to airport of destination  
19 and departure date;
- 20 (5) names and nationality of crew members;
- 21 (6) passengers manifest showing places of destination;
- 22 (7) export cargo manifest showing information as to airway bill number,  
23 the number of packages related to each airway bill number, nature of  
24 goods, destination, and gross weight, together with a copy of each  
25 airway bill securely attached thereto; and
- 26 (8) store list showing stores loaded.

27 **SEC. 1225. Oath of Person in Charge of Departing Aircraft.** – The  
28 pilot-in-command or authorized agent of such departing aircraft shall also state  
29 under oath to the effect that:

1 (a) all cargoes conveyed on the aircraft destined to the Philippines have  
2 been duly discharged and accounted for; and

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

8 If an aircraft is cleared to depart without passengers, the aircraft shall not  
9 carry any passenger thereon.

10 A record shall be made and kept open to public inspection in every  
11 customs office at an airport of entry of the dates of arrival and entry of all aircraft.

### 12 CHAPTER 3

#### 13 OTHER THIRD PARTIES

14 **SEC. 1226. *Supervision and Regulation of Third Parties.*** – Third  
15 parties transacting with the Bureau in behalf of importers and consignees shall  
16 be treated equally as true importers or consignees.

17 Third parties transacting with the Bureau shall be liable for acts committed  
18 in violation of this Act and related laws.

19 Upon the recommendation of the Commissioner, the Secretary of Finance  
20 shall issue rules and regulations to govern and regulate the conduct of all third  
21 parties dealing directly with the Bureau in relation to the importation, exportation,  
22 movement, storage and clearance of goods for and in behalf of another person.  
23 The rules and regulations shall provide for specific conditions when third parties  
24 may or may not directly transact with customs and shall provide a written notice  
25 in case such third parties are, for valid reasons, barred from transacting with the  
26 Bureau. For purposes of this Section, third parties refer to logistics providers,  
27 importers, exporters, carriers, airlines, shipping lines, shipping agents,  
28 forwarders, consolidators, port and terminal operators, and warehouse operators.

1 **CHAPTER 4**

2 **AUTHORIZED ECONOMIC OPERATORS (AEO)**

3 **SEC. 1227. *Treatment of AEOs.*** – The Bureau shall promulgate the  
4 necessary procedures and requirements for the compliance of authorized  
5 economic operators (AEOs). For AEOs who have displayed diligence in  
6 complying with the rules and the submission of official customs requirements,  
7 and have satisfactorily managed their commercial records, the Bureau shall  
8 extend the following incentives:

9 (a) release of the goods upon provision of the minimum information  
10 necessary to identify the goods and permit the subsequent completion of the final  
11 goods declaration;

12 (b) grant of clearance of the goods at the declarant's premises or another  
13 place authorized by the Bureau; and

14 (c) other special procedures such as:

15 (i) allowing a single goods declaration for all imports or exports in a  
16 given period where goods are imported or exported frequently by  
17 the same person;

18 (ii) use of commercial records to self-assess their duty and tax liability  
19 and, where appropriate, to ensure compliance with other customs  
20 requirements; and

21 (iii) allowing the lodgement of goods declaration by means of an entry  
22 in the records by the authorized person to be supported  
23 subsequently by a supplementary goods declaration.

24 **SEC. 1228. *Trade Facility For AEO.*** – The Secretary of Finance shall,  
25 upon the recommendation of the Commissioner, issue the necessary rules:

26 (a) To supervise and regulate the conduct and operations of the AEOs,  
27 consistent with international best practices, the World Customs Organization  
28 (WCO) framework of standards to secure and facilitate global trade, and other  
29 international conventions and agreements; and

1 (b) To develop trade facilitation programs for AEOs and other authorized  
2 persons consistent with international best practices and international conventions  
3 and agreements.

#### 4 TITLE XIII

#### 5 CUSTOMS FEES AND CHARGES

6 **SEC. 1300. *Customs Dues, Fees and Charges.*** – For services  
7 rendered and documents issued by the Bureau, dues, fees, and charges shall be  
8 collected as may be provided under existing regulations issued by the Secretary  
9 of Finance, upon the recommendation of the Commissioner.

10 **SEC. 1301. *General Provision on the Authority to Increase or***  
11 ***Decrease Dues, Fees and Charges.*** –The Secretary of Finance may, upon the  
12 recommendation of the Commissioner, increase or decrease the dues, fees, and  
13 charges collectible by the Bureau to protect the interest of the government.

#### 14 TITLE XIV

#### 15 OFFENSES AND PENALTIES

#### 16 CHAPTER 1

#### 17 CRIMES AND OTHER OFFENSES

18 **SEC. 1400. *Misdeclaration, Misclassification, Undervaluation in***  
19 ***Goods Declaration.*** – Misdeclaration as to quantity, quality, description, weight,  
20 or measurement of the goods, or misclassification through insufficient or wrong  
21 description of the goods or used of wrong tariff heading resulting in a  
22 discrepancy in duty and tax to be paid between what is legally determined upon  
23 assessment and what is declared, shall be subject to a surcharge equivalent to  
24 two hundred fifty percent (250%) of the duty and tax due. No surcharge shall be  
25 imposed when the discrepancy in duty is less than ten percent (10%), or when  
26 the declared tariff heading is rejected in a formal customs dispute settlement  
27 process involving difficult or highly technical question of tariff classification, or  
28 when the tariff classification declaration relied on an official government ruling.

1           There is undervaluation when (a) the declared value fails to disclose in full  
2 the price actually paid or payable or any dutiable adjustment to the price actually  
3 paid or payable; or (b) when an incorrect valuation method is used or the  
4 valuation rules are not properly observed, resulting in a discrepancy in duty and  
5 tax to be paid between what is legally determined as the correct value against  
6 the declared value. When the undervaluation is established without need to go  
7 through the formal dispute settlement process provided for in this Act, a  
8 surcharge shall be imposed equivalent to two hundred fifty percent (250%) of the  
9 duty and tax due. No surcharge shall be imposed when the discrepancy in duty  
10 is less than ten percent (10%), or the declared value is rejected as a result of an  
11 official ruling or decision under the customs dispute settlement process involving  
12 difficult or highly technical question relating to the application of customs  
13 valuation rules.

14           A discrepancy in duty and tax to be paid between what is legally  
15 determined and what is declared amounting to more than thirty percent (30%)  
16 shall constitute a probable cause for issuance of a warrant of seizure and  
17 distraint.

18           When the misdeclaration, misclassification or undervaluation is intentional  
19 or fraudulent, such as when a false or altered document is submitted or when  
20 false statements or information are knowingly made, a surcharge shall be  
21 imposed equivalent to five hundred percent (500%) of the duty and tax due and  
22 that the goods shall be subject to seizure regardless of the amount of the  
23 discrepancy without prejudice to the application of fines or penalties provided  
24 under Section 1401 of this Act against the importer and other person or persons  
25 who willfully participated in the fraudulent act.

26           **SEC. 1401. *Unlawful Importation or Exportation.*** – Any person who  
27 shall fraudulently import or export or bring into or outside of the Philippines any  
28 goods, or assist in so doing, contrary to law, or shall receive, conceal, buy, sell,  
29 or in any manner facilitate the transportation, concealment, or sale of such goods

1 after importation, or shall commit technical smuggling as defined in this Act shall  
2 be penalized by:

3 a. imprisonment of not less than thirty (30) days and one (1) day but not  
4 more than six (6) months or a fine of not less than Twenty five thousand pesos  
5 (P25,000.00) but not more than Seventy five thousand pesos (P75,000.00), or  
6 both, if the value to be determined in the manner prescribed under this Act,  
7 including duties and taxes, of the goods unlawfully imported does not exceed  
8 Two hundred fifty thousand pesos (P250,000.00);

9 b. imprisonment of not less than six (6) months and one (1) day but not  
10 more than one (1) year, or a fine of not less than Seventy five thousand pesos  
11 (P75,000.00) but not more than One hundred fifty thousand pesos  
12 (P150,000.00), or both, if the value of the goods unlawfully imported, to be  
13 determined in the manner prescribed under this Act, including duties and taxes,  
14 exceeds Two hundred fifty thousand pesos (P250,000.00) but not more than Five  
15 hundred thousand pesos (P500,000.00);

16 c. imprisonment of not less than one (1) year and one (1) day but not  
17 more than three (3) years, or a fine of not less than One hundred fifty thousand  
18 pesos (P150,000.00) but not more than Three hundred thousand pesos  
19 (P300,000.00), or both, if the appraised value of the goods unlawfully imported,  
20 to be determined in the manner prescribed under this Act, including duties and  
21 taxes, exceeds Five hundred thousand pesos (P500,000.00) but not more than  
22 One million pesos (P1,000,000.00);

23 d. imprisonment of not less than three (3) years and one (1) day but not  
24 more than six (6) years, or a fine of not less than Three hundred thousand pesos  
25 (P300,000.00) but not more than One million five hundred thousand pesos  
26 (P1,500,000.00), or both, if the appraised value of the goods unlawfully imported,  
27 to be determined in the manner prescribed under this Act, including duties and  
28 taxes, exceeds One million pesos (P1,000,000.00) but not more than Five million  
29 pesos (P5,000,000.00);



1 e. imprisonment of not less than six (6) years and one (1) day but not  
2 more than twelve (12) years, or a fine of not less than One million five hundred  
3 thousand pesos (P1,500,000.00) but not more than Fifteen million pesos  
4 (P15,000,000.00), or both, if the appraised value of the goods unlawfully  
5 imported, to be determined in the manner prescribed under this Act, including  
6 duties and taxes, exceeds Five million pesos (P5,000,000.00) but not more than  
7 Fifty million pesos (P50,000,000.00);

8 f. imprisonment of not less than twelve (12) years and one (1) day but not  
9 more than twenty (20) years, or a fine of not less than Fifteen million pesos  
10 (P15,000,000.00) but not more than Fifty million pesos (P50,000,000.00), or  
11 both, if the appraised value of the goods unlawfully imported, to be determined  
12 in the manner prescribed under this Act, including duties and taxes, exceeds Fifty  
13 million pesos (P50,000,000.00) but not more than Two hundred million pesos  
14 (P200,000,000.00).

15 g. If the appraised value of the goods unlawfully imported to be  
16 determined in the manner prescribed under this Act, including duties and taxes,  
17 exceeds Two hundred million pesos (P200,000,000.00) or if the aggregate  
18 amount of the appraised values of goods which are the subject of unlawful  
19 importation committed in more than one instance, including duties and taxes,  
20 exceeds Two hundred million pesos (P200,000,000.00), the same shall be  
21 deemed as a heinous crime and shall be punishable with a penalty of reclusion  
22 perpetua and a fine of not less than Fifty million pesos (P50,000,000.00); and

23 h. The penalty of *prision mayor* shall be imposed when the crime of  
24 serious physical injuries shall have been committed, and the penalty of reclusion  
25 perpetua shall be imposed when the crime of homicide shall have been  
26 committed by reason or on the occasion of the unlawful importation.

27 In applying the above scale of penalties, an offender who is an alien shall  
28 be deported without further proceedings after serving the sentence. If the  
29 offender is a public officer or employee, the penalty which is the next higher in

1 degree shall be imposed in addition to the penalty of perpetual disqualification  
2 from public office, and disqualification to vote and to participate in any public  
3 election. If the offender fails to pay the fine, subsidiary imprisonment shall be  
4 served.

5 When, upon trial for violation of this Section, the defendant is shown to  
6 have had possession of the goods in question, possession shall be deemed  
7 sufficient evidence to authorize conviction unless the defendant shall explain the  
8 possession to the satisfaction of the court: *Provided*, That each act of unlawful  
9 importation or exportation shall be deemed as a separate offense: *Provided*,  
10 *however*, That payment of the tax due after apprehension shall not constitute a  
11 valid defense in any prosecution under this Section: *Provided*, *further*, That  
12 outright smuggling shall also be punishable under this Section: *Provided*, *finally*,  
13 That the rights and privileges provided in this Act for the importers, consignees,  
14 exporters, service providers, third parties and other third parties who committed  
15 this offense shall be revoked.

16 **SEC. 1402. *Failure or Refusal of Party to Give Evidence or Submit***  
17 ***Documents for Assessment.*** – When the owner, importer or consignee of any  
18 imported goods, or the agent of either, fails or refuses, upon lawful demand in  
19 writing by any customs officer to appear, lawfully depose, or submit to  
20 examination or to answer any material question or refuses to produce records,  
21 accounts or invoices in possession pertaining to the value, classification or  
22 disposition of the goods in question and deemed material in assessing the same,  
23 the District Officer shall assess a surcharge of twenty percent (20%) on the  
24 dutiable value of the goods which is the subject of the importation.

25 **SEC. 1403. *Other Fraudulent Practices Against Customs Revenue.***  
26 – Any person who makes or attempts to make any entry of imported or exported  
27 goods by means of any false or fraudulent statement, document or practice or  
28 knowingly and willfully files any false or fraudulent claim for payment of drawback

1 or refund of duties shall, for each act, be punished in accordance with the  
2 penalties prescribed in Section 1401.

3         **SEC. 1404. *Failure to Declare Baggage.*** – Whenever dutiable goods  
4 are not declared by any person arriving within the Philippines, such goods shall  
5 be seized and the person may obtain release of such goods, if not imported  
6 contrary to any law upon payment of a surcharge equivalent to thirty percent  
7 (30%) of the landed cost of such goods, in addition to all duties, taxes and other  
8 charges due. Nothing in this Section shall preclude the filing of criminal action  
9 against the offender.

10         **SEC. 1405. *Vessel, Seacraft, or Aircraft Departing Before***  
11 ***Undergoing Customs Formalities.*** – Any vessel, seacraft, or aircraft arriving  
12 within the limits of a Customs District from a foreign port which departs before  
13 undergoing customs formalities, without being compelled to do so by stress of  
14 weather, pursuit or duress of enemies, or other necessity, shall be liable for a  
15 fine of not less than One hundred thousand pesos (P100,000.00) but not more  
16 than Three hundred thousand pesos (P300,000.00).

17         **SEC. 1406. *Obstruction to Boarding Officer.*** – If the master or pilot-  
18 in-command or any member of the complement of any vessel or aircraft arriving  
19 at the Philippine port obstructs or hinders any officer from lawfully going on board  
20 such vessel or aircraft for the purpose of enforcing this Act, or intentionally  
21 causes any officer to be so obstructed or hindered, the vessel or aircraft shall be  
22 liable to a fine of not less than One hundred thousand pesos (P100,000.00) but  
23 not more than Three hundred thousand pesos (P300,000.00).

24         **SEC. 1407. *Unlawful Boarding or Leaving of Vessel or Aircraft.*** – If  
25 upon arrival at the Philippine port, any master of a vessel or pilot-in-command of  
26 an aircraft engaged in a foreign trade permits any person to board or leave the  
27 vessel or aircraft without the permission of the customs officer-in-charge, the  
28 owner or operator of such vessel or aircraft shall be liable for a fine of not less

1 than One hundred thousand pesos (P100,000.00) but not more than Three  
2 hundred thousand pesos (P300,000.00).

3         **SEC. 1408. *Unloading of Cargo Before Arrival at Port of Entry.*** – If,  
4 upon the arrival within the limits of any Customs District of the Philippines of any  
5 vessel or aircraft engaged in foreign trade, the master or pilot-in-command  
6 thereof permits any part of the cargo to be unloaded before arrival at the port of  
7 entry, and without authority from a proper customs officer, the owner, operator,  
8 or agent of such vessel or aircraft shall be liable for a fine of not less Five  
9 hundred thousand pesos (P500,000.00) but not more than Two Million pesos  
10 (P2,000,000.00): *Provided*, That no fine shall accrue upon satisfactory proof to  
11 the proper District Officer that the unloading was rendered necessary by stress of  
12 weather, accident or other necessity: *Provided*, however, That the fine imposed  
13 herein shall be without prejudice to the application of fines or penalties provided  
14 under Section 1500 of this Act.

15         **SEC. 1409. *Unloading of Cargo at Improper Time or Place After***  
16 ***Arrival.*** – The owner or operator of any vessel or aircraft from which cargo is  
17 discharged upon arrival in the Philippines at a time or place other than that  
18 designated by the District Officer, shall be fined not less One hundred thousand  
19 pesos (P100,000.00) but not more than Three hundred thousand pesos  
20 (P300,000.00): *Provided*, That no fine shall accrue upon satisfactory proof to the  
21 proper District Officer that the unloading was rendered necessary by stress of  
22 weather, accident or other necessity.

23         **SEC. 1410. *Failure to Exhibit or Deposit Documents.*** – When the  
24 master of a vessel or pilot-in-command of an aircraft engaged in foreign trade  
25 fails to submit to the District Officer at the time of entry of the vessel or aircraft  
26 the register or other documents in lieu thereof, together with the clearance and  
27 other documents granted by the customs officers to the vessel or aircraft at the  
28 last foreign port of departure, or fails to exhibit any certificate or other documents  
29 required to be then exhibited, the owner or operator of such vessel or aircraft

1 shall be liable for a fine of not less than One hundred thousand pesos  
2 (P100,000.00) but not more than Three hundred thousand pesos (P300,000.00).

3       **SEC. 1411. *Bringing of Unmanifested Arms, Explosives or War***  
4 ***Equipment.*** – The owner, operator, or agent of a vessel or aircraft arriving at a  
5 port in the Philippines bearing cargo consisting of firearms, gunpowder,  
6 cartridges, dynamite or any other explosives, munitions or equipment of war not  
7 contained in the manifest of the vessel or aircraft, or which are concealed on  
8 board, shall be fined not less than Five hundred thousand pesos (P500,000.00)  
9 but not more than One Million pesos (P1,000,000.00).

10       **SEC. 1412. *Failure to Supply Advance and Requisite Manifests.*** –  
11 The failure to transmit the electronic manifest within the time as may be  
12 prescribed by the Bureau prior to arrival of the carrying vessel or aircraft at the  
13 port of entry shall make the owner, operator, or agent of the vessel or aircraft be  
14 liable for a fine of not less than One hundred thousand pesos (P100,000.00) but  
15 not more than Three hundred thousand pesos (P300,000.00).

16       If the transit time from port of origin to port of entry is at least seventy-two  
17 (72) hours, the shipping or forwarding agent of the carrier or the vessel who fails  
18 to submit the manifest at least twenty-four (24) hours before entry shall likewise  
19 be liable for a fine of not less than One hundred thousand pesos (P100,000.00)  
20 but not more than Three hundred thousand pesos (P300,000.00).

21       **SEC. 1413. *Disappearance of Manifested Goods.*** – When any  
22 package or goods mentioned in the manifest meant to be unloaded at the port of  
23 destination is not unloaded upon the arrival of the vessel or aircraft, its agent  
24 shall be liable for a fine of not less than One hundred Thousand Pesos  
25 (P100,000.00) but not more than Three hundred thousand pesos (P300,000.00)  
26 unless the disappearance of the package or the goods in question was not due  
27 to the negligence of the master of the vessel or pilot-in-command of an aircraft  
28 and is explained to the satisfaction of the District Officer.

1           The owner, operator, or agent of a vessel or aircraft shall be liable for the  
2 payment of the same fine when a package or goods listed in the manifest does  
3 not tally materially in character or otherwise with the description thereof in the  
4 manifest.

5           **SEC. 1414. *Discrepancy between Actual and Declared Weight of***  
6 ***Manifested Goods.*** – If the gross weight of goods or package described in the  
7 manifest or bill of lading exceeds the declared weight by more than ten percent  
8 (10%), and such discrepancy was due to the negligence of the master or pilot-in-  
9 command, the owner or employee of the vessel or aircraft shall be liable to for a  
10 fine of not more than twenty percent (20%) of the value of the package or goods  
11 in respect to which the deficiency exists, may be imposed upon the owner,  
12 operator or agent of the importing vessel or aircraft.

13           **SEC. 1415. *Discrepancy with the Master's or Pilot's-in-Command***  
14 ***Report.*** – When a vessel or aircraft arriving from a foreign port is compelled by  
15 necessity to unload in another port other than the port of entry and permission is  
16 granted by the District Officer for the unloading of the vessel or aircraft or the  
17 delivery of any part of the cargo and it shall be found that there is discrepancy  
18 between the cargo unloaded and the report of the master or the pilot-in-  
19 command and such discrepancy is not satisfactorily explained, the owner,  
20 operator or agent of the vessel or aircraft shall be liable for a fine of not less than  
21 One hundred thousand pesos (P100,000.00) but not less than Three hundred  
22 thousand pesos (P300,000.00).

23           **SEC. 1416. *Failure to Report Fraud.*** – A master, pilot-in-command or  
24 other officer, owner or agent of any vessel or aircraft trading with or within the  
25 Philippines who has knowledge of the commission of fraud that shall result in the  
26 loss or diminution of customs revenue but fails to report all information relative  
27 thereto to the District Officer shall be penalized with imprisonment of not less six  
28 (6) months and one (1) day but not more than one (1) year and shall be liable for  
29 a fine of not less than One hundred thousand pesos (P100,000.00) but not more

1 than Three hundred thousand pesos (P300,000.00). If the offender is a  
2 foreigner, the offender shall be deported after serving the sentence. If the  
3 offender is a public officer or employee, the offender shall suffer additional  
4 penalty of perpetual disqualification to hold public office, to vote and to  
5 participate in any election. All the benefits due from service in the government,  
6 including the separation and retirement benefits, shall be forfeited.

7 **SEC. 1417. False Statement of Vessel's or Aircraft's Destination.** –  
8 When the master or pilot-in-command of a vessel or aircraft loaded with goods  
9 shall make a false statement as to the next destination of such vessel or aircraft  
10 when that information is required by a customs officer, the owner or operator of  
11 such vessel or aircraft shall be liable for a fine of not less than One hundred  
12 thousand pesos (P100,000.00) but not more than Three hundred thousand  
13 pesos (P300,000.00). The arrival of a vessel or aircraft at a different port other  
14 than the one it had been originally authorized and cleared for without having  
15 been impelled to do so by necessity, shall be *prima facie* proof that the original  
16 statement of the actual destination of the vessel or aircraft was false.

17 **SEC. 1418. Affixing Seals.** – Any person who, without authority affixes  
18 or attaches a customs seal, fastening, or any mark, or fastening purporting to be  
19 a customs seal, to any vessel, aircraft, vehicle, warehouse, or package, shall be  
20 penalized with imprisonment of not less than six (6) months and one (1) day but  
21 not more than one (1) year, and shall be liable for a fine of not less than One  
22 hundred thousand pesos (P100,000.00) but not more than Three hundred  
23 thousand pesos (P300,000.00). If the offender is an alien, the offender shall be  
24 deported after serving the sentence. If the offender is a public officer or  
25 employee, the offender shall suffer an additional penalty of perpetual  
26 disqualification to hold public office and disqualification from exercising the right  
27 to vote and to participate in any election.

28 **SEC. 1419. Breaking of Seal Placed by Customs Officers.** – If any  
29 seal placed by a customs officer upon any vessel or aircraft or compartment

1   thereof, or upon any box, trunk or other package of goods on board is broken,  
2   the owner, operator, or agent of the vessel or aircraft shall be liable for a fine of  
3   not less than One hundred thousand pesos (P100,000.00) but not more than  
4   Three hundred thousand pesos (P300,000.00) for each broken or destroyed  
5   seal.

6           **SEC. 1420. *Breaking of Lock or Fastening Placed by Customs***  
7   ***Officers.*** – If any lock or other fastening device placed by a customs officer  
8   upon any hatch door, or other means of communication in the hold of a vessel or  
9   aircraft, or other part thereof for the security of the same during the night time, is  
10   unlawfully opened, broken or removed, or if any of the goods contained in the  
11   hold or in the other compartments so secured is clandestinely abstracted and  
12   landed, the owner, operator, or agent of the vessel or aircraft shall be liable for a  
13   fine of not less than One hundred thousand pesos (P100,000.00) but not more  
14   than Three hundred thousand pesos (P300,000.00).

15           **SEC. 1421. *Removal, Breakage, and Alteration of Marks.*** – Any  
16   person who without authority, willfully removes, breaks, injures, or defaces or  
17   alters any customs seal or other fastening or mark placed upon any vessel,  
18   vehicles, on land, sea or air, warehouse or package containing merchandise or  
19   baggage in bond or in customs custody, shall be punished with the penalty  
20   prescribed in Section 1420 hereof.

21           **SEC. 1422. *Unauthorized Withdrawal of Imported Goods from***  
22   ***Bonded Warehouse.*** – Any person who causes the unauthorized withdrawal of  
23   imported goods stored from a CBW shall be liable for payment of a surcharge of  
24   fifty percent (50%) of duties, taxes, customs fees, and charges, found to be due  
25   and unpaid. The amount of surcharge shall be added to the duties, taxes, and  
26   charges dues on the goods withdrawn. If the delinquency lasts for more than  
27   one (1) year, the surcharge shall be increased by twenty-five percent (25%) of  
28   the unpaid duties and taxes annually: *Provided, That, where the withdrawal is*  
29   attended with fraud, such as when a fake or altered withdrawal permit is



1 submitted, the warehouse operator shall be held liable under the pertinent  
2 provisions of this Act, without prejudice to the suspension or revocation of the  
3 warehousing privileges granted by the Bureau pursuant to this Act.

4 **SEC. 1423. *Removing or Repacking Goods in Warehouse.*** – Any  
5 person who fraudulently conceals, removes, or repacks merchandise in any  
6 warehouse or fraudulently alters, defaces, or obliterates any mark or numbers  
7 placed upon packages deposited in such warehouse, or shall aid or abet any  
8 such acts, shall be punished with the penalties prescribed in Section 1418 hereof.

9 Merchandise so concealed, removed, or repacked, or packages upon  
10 which marks, numbers or the values thereof have been so altered, defaced, or  
11 obliterated shall be forfeited in favor of the government.

12 **SEC. 1424. *Removing Goods from Customs Custody.*** – Any person  
13 who enters any warehouse, or any vehicle loaded with or containing  
14 merchandise with intent to unlawfully remove therefrom any merchandise or  
15 baggage in such vessels, vehicle or warehouse or otherwise in customs custody  
16 or control, or any person who receives or transports any merchandise or  
17 baggage unlawfully removed from any such vessel, vehicle or warehouse, or  
18 shall aid or abet such removal, shall suffer the penalties provided in Section 1401  
19 hereof.

20 **SEC. 1425. *Failure to Pay Duties, Taxes and Other Charges.*** – For  
21 failure to pay the duties, taxes and other charges of an assessment within fifteen  
22 (15) days from date of final assessment, a surcharge of ten percent (10%) of the  
23 total assessed amount or balance thereon shall be added and collected, which  
24 surcharge shall be increased to twenty-five percent (25%) if the delinquency lasts  
25 for more than one (1) year.

26 **SEC. 1426. *Breach of Security.*** – Upon breach of security required to  
27 be filed under this Act, the District Officer, subject to the approval of the  
28 Commissioner, may accept in satisfaction thereof a smaller sum than that  
29 mentioned in the penalty clause of the security, but in no case less than the

1 amount necessary to indemnify the government for the damage occasioned by  
2 such breach.

3           **SEC. 1427. *Failure to Keep Importation Records and Full Access to***  
4 ***Customs Officers.*** –Any person who fails to keep all the records of importations  
5 or books of accounts, business and computer systems and all customs  
6 commercial data in the manner prescribed in this Act, shall be punished with  
7 imprisonment of not less than three (3) years and one (1) day but not more than  
8 six (6) years and/or a fine of One million pesos (P1,000,000.00). This penalty  
9 shall likewise be imposed against importers and brokers who deny an authorized  
10 customs officer full and free access to such records, books of accounts, business  
11 and computer systems, and all customs commercial data including payment  
12 records, without prejudice to the imposition of the administrative sanctions by the  
13 Bureau against contumacious importers, including the authority to hold delivery  
14 or release of their imported goods.

15           **SEC. 1428. *Concealment or Destruction of Evidence of Fraud.*** –  
16 Any person who willfully conceals or destroys any invoice, book, or document  
17 relating to any goods liable to duty after an inspection thereof has been  
18 demanded by the District Officer or at any time conceals or destroys any such  
19 invoice, book, or document for the purpose of suppressing any evidence of fraud  
20 therein contained, shall be penalized with imprisonment of not less than three (3)  
21 years and one (1) day but not more than six (6) years and shall be liable for a  
22 fine of not less than Three hundred thousand pesos (P300,000.00) but not more  
23 than One million pesos (P1,000,000.00).

24           **SEC. 1429. *Other Offenses.*** – The owner or operator of a vessel,  
25 aircraft or train shall be liable for a fine for the following acts:

26           (a) for anchoring at any dock, pier, wharf, quay, or bulkhead other than a  
27 port of entry, a fine of not less than Five hundred thousand pesos (P500,000.00)  
28 but not more than One million pesos (P1,000,000.00) for overseas vessels;

1 (b) for dumping of garbage or slops over the sides of the vessel within  
2 three (3) miles from the nearest coastline, a fine of not less than One million  
3 pesos (P1,000,000.00) but not more than Ten million pesos (P10,000,000.00);

4 (c) for dumping or causing to spread crude oil, kerosene, or gasoline in  
5 the bay or at the piers within three (3) miles from the nearest coastline, a fine of  
6 not less than One million pesos (P1,000,000.00) but not more than Ten million  
7 pesos (P10,000,000.00) for each offense;

8 (d) for loading gasoline or any other petroleum products at a place other  
9 than that designated by the regulations, a fine of not less than Five hundred  
10 thousand pesos (P500,000.00) but not more than One million pesos  
11 (P1,000,000.00) for each offense;

12 (e) for causing the emission and spread of harmful gas, fumes and  
13 chemicals, a fine of not less than One million pesos (P1,000,000.00) but not  
14 more than Ten million pesos (P10,000,000.00) for each offense; and

15 (f) for transporting hazardous waste, radioactive waste and other toxic  
16 substances as provided under the Basel Convention and Republic Act No. 6969  
17 otherwise known as the "Toxic Substances and Hazardous and Nuclear Wastes  
18 Control Act of 1990", forfeiture of the vessel in favor of the government.

19 The fines imposed herein shall be without prejudice to the application of  
20 fines or penalties provided under special laws and regulations.

21 **SEC. 1430. *Violations of this Act and Rules and Regulations in***  
22 ***General.*** – Any person who violates any other provision of this Act or the rules  
23 and regulations issued pursuant thereto, shall be penalized with imprisonment of  
24 not less than thirty (30) days and one (1) day but not more than one (1) year, or  
25 be liable for a fine of not less than One hundred thousand pesos (P100,000.00)  
26 but not more than Three hundred thousand pesos (P300,000.00), or both. If the  
27 offender is an alien, the offender shall be deported after serving the sentence. If  
28 the offender is a public officer or employee, the offender shall be disqualified

1 from holding public office, from exercising the right to vote and to participate in  
2 any public election for ten (10) years.

3 **CHAPTER 2**

4 **PENALTIES IMPOSED UPON BUREAU EMPLOYEES**

5 **SEC. 1431. *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 shall  
8 be found guilty of any delinquency as described below shall be penalized with  
9 imprisonment of not less than six (6) years and one (1) day but not more than  
10 twelve (12) years, and perpetual disqualification to hold public office, from  
11 exercising the right to vote and to participate in any public election and a fine of  
12 not less than Five hundred thousand pesos (P500,000.00), but not more than  
13 One million pesos (P1,000,000.00):

14 (a) extortion or willful oppression under color of law;

15 (b) knowingly demanding other or greater sums that are authorized by law  
16 or receive any fee, compensation, or reward except as by law prescribed, for the  
17 performance of any duty;

18 (c) willfully neglecting to give receipts, as required by law, for any sum  
19 collected in the performance of duty, or who willfully neglect to perform any of the  
20 duties enjoined by law;

21 (d) conspiring or colluding with another or others to defraud the customs  
22 revenue or otherwise violate the law;

23 (e) providing an opportunity for any person to defraud the government of  
24 customs revenue or failing to do any act with the intent to enable any person to  
25 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, making or  
2 signing any false certificate or return in any case where the law requires the  
3 making by them of such entry certificate or return;

4 (h) failing to report knowledge or information to their superior officer about  
5 an act or acts of fraud committed in revenue collection as required by law;

6 (i) demanding or accepting or attempting, without authority, to collect  
7 directly or indirectly as payment or otherwise, any sum of money or other thing of  
8 value for the compromise, adjustment, or settlement of any charge or complaint  
9 for any violation or alleged violation of law;

10 (j) unlawfully disclosing confidential information gained during any  
11 investigation or audit, or using such information for personal gain or to the  
12 detriment of the government, the Bureau, or third parties.

13 All the benefits due from service in the government, including separation  
14 and retirement benefits, of an officer, agent, or employee of the Bureau or of any  
15 other agency of the government charged with the enforcement of the provisions  
16 of this Act found guilty of the foregoing violations shall be forfeited.

17 **SEC. 1432. *Failure to Report Fraud.*** – Any employee of the Bureau  
18 who has knowledge of any fraud committed against the government pertaining to  
19 customs revenue, and who fails to report all information relative thereto to the  
20 District Officer, shall be penalized with imprisonment of not less than six (6)  
21 years and one (1) day but not more than twelve (12) years and a fine of not less  
22 than Five hundred thousand pesos (P500,000.00) but not more than One million  
23 pesos (P1,000,000.00). The offender shall suffer the additional penalty of  
24 perpetual disqualification to hold public office, to vote and to participate in any  
25 election. All the benefits of the offender due from service in the government,  
26 including separation and retirement benefits, shall be forfeited.

27 **SEC. 1433. *Liability for Other Offenses.*** - The fines and penalties  
28 imposed in this Chapter shall be without prejudice to the application of fines or  
29 penalties provided under Chapter 1 of this Title and special laws and regulations.

1 TITLE XV

2 MISCELLANEOUS PROVISIONS

3 **SEC. 1500. *Information, Decisions, and Rulings.*** –The Bureau shall  
4 ensure that all information of general application pertaining to customs, including  
5 revisions or amendments thereto, shall be available to the general public.

6 **SEC. 1501. *Period to Issue Ruling.*** — The issuing authority shall act on  
7 the application for ruling within thirty (30) days from receipt of the application and  
8 supporting documents as may be required by regulation. Within three (3) days  
9 from issuance of a ruling, the issuing authority shall notify the requesting party of  
10 such ruling.

11 **SEC. 1502. *Publication and Confidentiality of Certain Information in***  
12 ***Ruling.*** - The Bureau and the Tariff Commission shall regularly publish its rulings  
13 in a manner accessible to the public. For this purpose, each application for ruling  
14 shall be assigned a title and unique ruling number for easy reference. The  
15 publication shall contain information on the goods involved, the body or gist of  
16 the ruling, particularly the grounds relied upon to support the ruling, but shall  
17 exclude the name of the requesting party and other information which by their  
18 very nature are confidential, including those which the requesting party indicated  
19 in its application as confidential in nature. Except in the context of judicial  
20 proceedings, any disclosure of confidential information under this section shall  
21 not be made except upon the written consent of the beneficiary of the advance  
22 ruling.

23 **SEC. 1503. *Duty of District Officer to Report Rulings to the***  
24 ***Commissioner.*** – When any new or unsettled question shall be determined by  
25 a District Officer, and if the matter is not otherwise appealed for review in the  
26 ordinary course, the District Officer shall notify the Commissioner of the decision  
27 and submit an adequate statement of the facts involved.

28 **SEC. 1504. *Application of Established Ruling or Decision.*** – A ruling  
29 or decision of the Commissioner which determines the construction or application

1 of any provision of law imposing customs duties and taxes, and which changes  
2 any existing established valuation, classification, rules of origin and other  
3 customs rules, interpretation or practice shall not take effect until thirty (30) days  
4 after public notice shall have been given in the form of a published decision.  
5 When the ruling or decision favors the taxpayers, it shall become effective  
6 immediately.

7       **SEC. 1505. Authority of Official to Administer Oaths and Take**  
8 **Testimony.** – The Commissioner, District Officers and their deputies, and other  
9 customs employees especially deputized by the District Officer shall have  
10 authority to administer oaths and take testimony in connection with any matter  
11 within the jurisdiction of the Bureau and, in connection therewith, may require the  
12 production of relevant papers, documents, books and records in accordance with  
13 law.

14       **SEC. 1506. General Security.** – In cases where securities are required  
15 to be given under the provisions of the customs and tariff laws, the District  
16 Officer, instead of requiring separate special security where transactions of a  
17 particular party are numerous, may accept general security extending over such  
18 periods of time and covering such transactions of the party in question as may be  
19 satisfactory to the District Officer.

20       **SEC. 1507. Security.** – The Bureau shall prescribe the forms and  
21 amount of security required to guarantee the payment of duties and taxes and  
22 other obligations provided for in this Act.

23       Any party required to provide security shall have the option to choose from  
24 any form of security prescribed by the Bureau. The Bureau may not require  
25 security if satisfied that an obligation to the Bureau will be fulfilled, but shall  
26 require and accept a general security from declarants who regularly declare  
27 goods at different offices in the customs territory under such terms and  
28 conditions as may be determined by the Commissioner.

1           The required amount of security shall be the lowest possible and shall not  
2 exceed the amount of imposable duties, taxes, and charges.

3           When the obligation under which the security was required has been  
4 satisfied, the security shall be discharged immediately.

5           **SEC. 1508. *Customs Service Fees.*** – Customs personnel may be  
6 assigned by a District Officer to render overtime work and other customs  
7 services and shall be paid for such services by the Bureau according to service  
8 fees fixed by the Commissioner and approved by the Secretary of Finance. The  
9 Bureau may charge additional customs service fees, when applicable subject to  
10 the rates prescribed under existing rules and regulations.

11           **SEC. 1509. *Testimony in Writing.*** – When testimony is taken in any  
12 proceeding or matter under the authority of the Bureau, either party may require  
13 that the testimony shall be made in writing, and when so taken, the written  
14 testimony shall be filed in the Office of the District Officer and to be preserved for  
15 use or reference until final decision.

16           **SEC. 1510. *District Officer Not Liable in Respect to Ruling in***  
17 ***Customs Cases.*** – Every District Officer or other officials of the Bureau shall not  
18 be in any way personally liable on account of any official ruling or decision as to  
19 which the person claiming to be aggrieved has the right to obtain either an  
20 administrative or judicial review. Except for misdelivery of goods, a District  
21 Officer may not, in the absence of abuse of authority, be liable to any person for  
22 any loss occasioned either by the official act or the acts of the subordinates.

23           **SEC. 1511. *Interest Prohibited to be Held by Customs Employees.*** –  
24 Any person employed under the authority of the government in the assessment  
25 of duties, taxes, fees, and other charges in connection with imports or exports,  
26 shall not own, either in whole or in part, any vessel or aircraft or act as attorney,  
27 agent or consignee for the owner of any vessel or aircraft or of any cargo loaded  
28 on board the vessel or aircraft; and shall not import or be involved, directly or  
29 indirectly, in the importation of any goods for sale into the Philippines.





1 office, the Chairperson and the Commissioners shall not engage in the practice  
2 of any profession, or intervene directly or indirectly in the management or control  
3 of any private enterprise which may, in any way, be affected by the functions of  
4 their office. They shall not be, directly or indirectly, financially interested in any  
5 contract with the government, or any subdivision or instrumentality thereof.

6 **SEC. 1601. *Appointment and Compensation of Officials and***  
7 ***Employees.*** –All employees of the Commission shall be appointed by the  
8 Chairperson in accordance with the Civil Service Law except as the private  
9 secretaries to the offices of the Chairperson, Commissioners and Executive  
10 Director.

11 **SEC. 1602. *Official Seal.*** – The Commission is authorized to adopt an  
12 official seal.

13 **SEC. 1603. *Functions of the Commission.*** – The Commission shall  
14 exercise the functions to investigate the following:

15 (a) the administration of, and the fiscal and industrial effects of, this Act  
16 and other related laws of this country currently in force or to be enacted;

17 (b) the relation between the rates of duty on raw materials and finished or  
18 partly finished products;

19 (c) the effects of ad valorem and specific duties and of compound specific  
20 and ad valorem duties;

21 (d) all questions relative to the arrangement of schedules and  
22 classification of goods in the several Sections in this Act;

23 (e) the tariff relations between the Philippines and foreign countries,  
24 commercial treaties, preferential provisions, economic alliances, the effect of  
25 export bounties and preferential transportation rates;

26 (f) the volume of importations compared with domestic production and  
27 consumption;

1 (g) conditions, causes and effects relating to competition of foreign  
2 industries with those of the Philippines', including dumping and cost of  
3 production;

4 (h) the operation and implementation of this Act, including their relation to  
5 the national revenues, their effect upon the industries and labor of the country,  
6 and to submit reports of its investigations as herein provided; and

7 (i) the nature and composition, and the classification of goods according to  
8 tariff commodity classification and heading number for customs revenue and  
9 other related purposes which information shall be furnished the NEDA, the  
10 Board of Investments (BOI), the BSP, and the Secretary of Finance.

11 **SEC. 1604. Assistance to the President and Congress of the**  
12 **Philippines.** – In order to provide the President and the Congress with the  
13 necessary information and assistance regarding matters relating to tariff and  
14 tariff-related concerns, it shall be the duty of the Commission to:

15 (a) ascertain conversion costs and costs of production in the principal  
16 growing, producing, or manufacturing centers of the Philippines, whenever  
17 practicable;

18 (b) ascertain conversion costs and costs of production in the principal  
19 growing, producing, or manufacturing centers of foreign countries of goods  
20 imported into the Philippines whenever such conversion costs or costs of  
21 production are necessary for comparison with those in the Philippines;

22 (c) select and describe representative goods imported into the Philippines  
23 similar to, or comparable with, those locally produced; select and describe goods  
24 of the Philippines similar to, or comparable with, such imported goods; and  
25 obtain and file samples of goods so selected whenever advisable;

26 (d) ascertain import costs of such representative goods so selected;

27 (e) ascertain the selling prices of the grower, producer, or manufacturer in  
28 the principal growing, producing, or manufacturing centers of the Philippines, of  
29 local goods and, in addition, to ascertain all other facts which will show the

1 difference in, or which affect competition between, goods of the Philippines and  
2 those imported in the principal markets of the Philippines;

3 (f) ascertain conversion costs and costs of production including effects of  
4 tariff modifications or import restrictions on prices in the principal growing,  
5 producing, or manufacturing centers of the Philippines, whenever practicable;  
6 and

7 (g) submit annual reports of these to the President and the Congress of  
8 the Philippines, a copy of which shall be furnished the NEDA, the BSP, the DOF,  
9 and the BOI.

10 **SEC. 1605. *Reports of the Commission.*** – The Commission shall  
11 place at the disposal of the President and any Member of the Congress of the  
12 Philippines all information at its command. It shall conduct such investigation  
13 and submit reports as may be required by the President and the Congress of the  
14 Philippines. It shall likewise report to the President and Congress on the first  
15 Monday of December of each year and hereafter, a statement of methods  
16 adopted and a summary of all reports made during the year.

17 The Commission or its duly authorized representative shall have access to  
18 any document, paper or record, pertinent to the subject matter under  
19 investigation, in the possession of any person, firm, co-partnership, corporation,  
20 or association engaged in the production, importation, or distribution of goods  
21 under investigation, and shall have power to summon witnesses, take testimony,  
22 administer oaths, and to issue *subpoena duces tecum* requiring the production of  
23 books, papers, or documents relating to the matter under investigation. The  
24 Commission may also request the views, recommendations, and assistance of  
25 any government office, agency, or instrumentality who shall be expected to  
26 cooperate fully with the Commission.

27 **SEC. 1606. *Sworn and Verified Statements.*** – The Commission may  
28 order the taking of sworn statements at any stage of any proceeding or

1 investigation before it. The sworn statements must be made before a person  
2 authorized to administer oaths.

3 The Commission is authorized to require any importer, grower, producer,  
4 manufacturer or seller to file with the Commission a statement, under oath, giving  
5 the selling prices in the Philippines of goods imported, grown, produced,  
6 fabricated or manufactured by such person.

7 **SEC. 1607. *Implementing Rules and Regulations.*** – The Commission  
8 shall promulgate and adopt such rules and regulations as may be necessary to  
9 carry out the provisions of this Act.

## 10 CHAPTER 2

### 11 FLEXIBLE TARIFF

12 **SEC. 1608. *Flexible Clause.*** – (a) In the interest of the general welfare  
13 and national security, and subject to the limitations prescribed under this Act, the  
14 President, upon the recommendation of NEDA, is hereby empowered to:

15 (1) increase, reduce, or remove existing protective rates of import duty  
16 including any necessary change in classification. The existing rates may be  
17 increased or decreased to any level, in one or several stages, but in no case  
18 shall the increased rate of import duty be higher than a maximum of one hundred  
19 percent (100%) ad valorem;

20 (2) establish import quotas or ban imports of any commodity, as may be  
21 necessary; and

22 (3) impose an additional duty on all imports not exceeding ten percent  
23 (10%) ad valorem whenever necessary: *Provided,* That upon periodic  
24 investigations by the Tariff Commission and recommendation of the NEDA, the  
25 President may cause a gradual reduction of protection levels granted in Section  
26 1611 of this Act, including those subsequently granted pursuant to this Section.

27 (b) Before any recommendation is submitted to the President by the  
28 NEDA pursuant to the provisions of this Section, except in the imposition of an  
29 additional duty not exceeding ten percent (10%) ad valorem, the Commission

1 shall conduct an investigation and shall hold public hearings wherein interested  
2 parties shall be afforded reasonable opportunity to be present, to produce  
3 evidence and to be heard. The Commission shall also hear the views and  
4 recommendations of any government office, agency, or instrumentality. The  
5 Commission shall submit its findings and recommendations to the NEDA within  
6 thirty (30) days after the termination of the public hearings.

7 (c) The power of the President to increase or decrease rates of import  
8 duty within the limits fixed in subsection (a) shall include the authority to modify  
9 the form of duty. In modifying the form of duty, the corresponding ad valorem or  
10 specific equivalents of the duty with respect to imports from the principal  
11 competing foreign country for the most recent representative period shall be  
12 used as basis.

13 (d) Any order issued by the President pursuant to the provisions of this  
14 Section shall take effect thirty (30) days after promulgation, except in the  
15 imposition of additional duty not exceeding ten percent (10%) ad valorem which  
16 shall take effect at the discretion of the President.

17 (e) The power delegated to the President as provided for in this Section  
18 shall be exercised only when Congress is not in session.

19 (f) The power herein delegated may be withdrawn or terminated by  
20 Congress through a joint resolution.

21 The NEDA shall promulgate rules and regulations necessary to carry out  
22 the provisions of this Section.

23 **SEC. 1609. *Promotion of Foreign Trade.*** – (a) For the purpose of  
24 expanding foreign markets for Philippine products as a means of assisting in the  
25 economic development of the country, in overcoming domestic unemployment, in  
26 increasing the purchasing power of the Philippine peso, and in establishing and  
27 maintaining better relations between the Philippines and other countries, the  
28 President, shall, from time to time:

1 (1) enter into trade agreements with foreign governments or  
2 instrumentalities thereof; and

3 (2) modify import duties, including any necessary change in classification  
4 and other import restrictions as are required or appropriate to carry out and  
5 promote foreign trade with other countries: *Provided*, That in modifying import  
6 duties or fixing import quota, the requirements prescribed in subsection (a) of  
7 Section 1608 shall be observed: *Provided, however*, That any modification in  
8 import duties and the fixing of import quotas pursuant to the agreement on  
9 ASEAN Trade in Goods Agreement (ATIGA) and other trade agreements, shall  
10 not be subject to the limitations of aforesaid subsection (a) of Section 1608.

11 (b) The duties and other import restrictions as modified in subsection (a)  
12 of this Section, shall apply to goods which are the growth, produce, or  
13 manufacture of the specific country, whether imported directly or indirectly, with  
14 which the Philippines has entered into a trade agreement: *Provided*, That the  
15 President may suspend the application of any concession to goods which are the  
16 growth, produce, or manufactured product of the specific country because of acts  
17 or policies which tend to defeat the purposes set in this Section, including the  
18 operations of international cartels; and the duties and other import restrictions as  
19 negotiated shall be in force and effect from and after such time as specified in  
20 the order.

21 (c) Nothing in this Section shall be construed to give any authority to  
22 cancel or reduce in any manner the indebtedness of any foreign country to the  
23 Philippines or any claim of the Philippines against any foreign country.

24 (d) Before any trade agreement is concluded with any foreign government  
25 or instrumentality thereof, reasonable public notice of the intention to negotiate  
26 an agreement with such government or instrumentality shall be given in order  
27 that interested persons may have an opportunity to present their views to the  
28 Commission. The Commission shall seek information and advice from the

1 Department of Agriculture (DA), the DENR, the DTI, the DOT, the BSP, the DFA,  
2 the BOI, and from such other sources as it may deem appropriate.

3 (e) In advising the President, on a trade agreement entered into by the  
4 Philippines, the following shall be observed:

5 (1) The Commission shall determine whether or not the domestic industry  
6 has suffered or is being threatened with injury and whether or not the wholesale  
7 prices at which the domestic products are sold are reasonable, taking into  
8 account the cost of raw materials, labor, overhead, a fair return on investment,  
9 and the overall efficiency of the industry.

10 (2) The NEDA shall evaluate the report of the Commission and submit  
11 recommendations to the President.

12 (3) Upon receipt of the report of the findings and recommendations of the  
13 NEDA, the President may prescribe adjustments in the rates of import duties,  
14 withdraw, modify or suspend, in whole or in part, any concession under any trade  
15 agreement, establish import quota, or institute such other import restrictions as  
16 the NEDA recommends to be necessary in order to fully protect domestic  
17 industry and the consumers, subject to the condition that the wholesale prices of  
18 the domestic products shall be reduced to, or maintained at, the level  
19 recommended by the NEDA unless, for good cause shown, an increase thereof,  
20 as recommended by the NEDA, is authorized by the President. Should increases  
21 be made without such authority, the NEDA shall immediately notify the President  
22 who shall allow the importation of competing products in such quantities as to  
23 protect the public from the unauthorized increase in wholesale prices.

24 (f) This Section shall not prevent the effectivity of any executive  
25 agreement or any future preferential trade agreement with any foreign country.

26 (g) The NEDA and the Commission shall promulgate such reasonable  
27 procedures, rules and regulations as they may deem necessary to execute their  
28 respective functions under this Section.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

## CHAPTER 3

### TARIFF NOMENCLATURE AND RATE OF DUTY

**SEC. 1610. 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 Sub-Chapters are provided for ease of 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 an article shall be taken to include a reference to that article incomplete or unfinished: *Provided*, That, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (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 3.*

(3) When by application of Rule 2(b) or for any other reason, goods are, *prima facie*, classifiable under two or more headings, classification shall be effected as follows:

(a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or

1 substances contained in mixed or composite goods or to part only of  
2 the items in a set put up for retail sale, those headings are to be  
3 regarded as equally specific in relation to those goods, even if one of  
4 them gives a more complete or precise description of the goods.

5 (b) Mixtures, composite goods consisting of different materials or made up  
6 of different components, and goods put up in sets for retail sale, which  
7 cannot be classified by reference to 3(a), shall be classified as if they  
8 consisted of their essential character, insofar as this criterion is  
9 applicable.

10 (c) When goods cannot be classified by reference to 3(a) or 3(b), they  
11 shall be classified under the heading which occurs last in numerical  
12 order among those which equally merit consideration;

13 (4) Goods which cannot be classified in accordance with the above Rules  
14 shall be classified under the heading appropriate to the goods to which they are  
15 most akin.

16 (5) In addition to the foregoing provisions, the following Rules shall apply  
17 in respect of the goods referred to therein:

18 (a) Camera cases, musical instrument cases, gun cases, drawing  
19 instrument cases, necklace cases and similar containers, specially  
20 shaped or fitted to contain a specific article or set of articles, suitable  
21 for long-term use and presented with the articles for which they are  
22 intended, shall be classified with such articles when of a kind normally  
23 sold therewith. The Rule does not, however, apply to containers which  
24 give the whole its essential character;

25 (b) Subject to the provisions of Rule 5(a), packing materials and packing  
26 containers presented with the goods therein shall be classified with the  
27 goods if they are of a kind normally used for packing such goods.  
28 However, this provision does not apply when such packing materials or  
29 packing containers are clearly suitable for repetitive use.

1 (6) For legal purposes, the classification of goods in the subheadings of a  
2 heading shall be determined according to the terms of those subheadings and  
3 any related Subheading Notes and, *mutatis mutandis*, to the above Rules, on the  
4 understanding that only subheadings at the same level are comparable. For the  
5 purposes of the Rule, the relative Section and Chapter Notes also apply, unless  
6 the context otherwise requires.

7 **SEC. 1611. *Tariff Nomenclature and Rates of Import Duty.*** – The  
8 provisions of Section 104 of Presidential Decree No. 1464, otherwise known as  
9 the Tariff and Customs Code of the Philippines of 1978, as amended, specifically  
10 providing for the tariff sections, chapters, headings and subheadings and the  
11 rates of import duty, shall still apply. There shall be levied, collected and paid  
12 upon all imported goods the rates of duty indicated thereon except as otherwise  
13 specifically provided for in this Act: *Provided*, That the maximum rate shall not  
14 exceed one hundred percent (100%) ad valorem.

15 a. The rates of duty provided or subsequently fixed pursuant to Sections  
16 1608 and 1609 of this Act shall be subject to periodic investigation by the Tariff  
17 Commission and may be revised by the President, upon the recommendation of  
18 the NEDA.

19 b. The rates of duty provided shall apply to all products, whether imported  
20 directly or indirectly, of all foreign countries, which do not discriminate against  
21 Philippine export products. An additional one hundred percent (100%) across-  
22 the-board duty shall be levied on the products of any foreign country which  
23 discriminates against Philippine export products.

24 **SEC. 1612. *Tariff Nomenclature and Rates of Export Duty.*** – The  
25 provisions of Section 514 of Presidential Decree No. 1464, otherwise known as  
26 the Tariff and Customs Code of 1978, as amended, specifically providing for the  
27 export products subject to duty and rates, shall still apply.

1 TITLE XVII

2 CONGRESSIONAL OVERSIGHT COMMITTEE

3 **SEC. 1700. Congressional Oversight Committee.** – The  
4 Congressional Customs and Tariff Oversight Committee, herein referred to as  
5 the Committee, is hereby constituted in accordance with the provisions of this  
6 Act. The Committee shall be composed of the Chairpersons of the Committee on  
7 Ways and Means of the Senate and House of Representatives and four (4)  
8 additional members from each House, to be designated by the Senate President  
9 and the Speaker of the House of Representatives, respectively. The Committee  
10 shall, among others, in aid of legislation:

- 11 (a) monitor and ensure the proper implementation of this Act;  
12 (b) review the collection performance of the Bureau; and  
13 (c) review the implementation of the programs of the Bureau.

14 In furtherance of the hereinabove cited objectives, the Committee shall  
15 require the Bureau to submit all pertinent information which includes:

- 16 (1) industry audits;  
17 (2) collection performance data; and  
18 (3) status report on criminal actions initiated against persons.

19 TITLE XVIII

20 FINAL PROVISIONS

21 **SEC. 1800. Implementing Rules and Regulations.** – The Secretary of  
22 Finance shall, upon the recommendation of the Commissioner, promulgate the  
23 necessary rules and regulations for the effective implementation of this Act.

24 **SEC. 1801. Transitory Provisions.** – All suits, proceedings, or  
25 prosecutions whether civil or criminal, for causes arising or acts done or  
26 committed prior to the effectivity of this Act, shall be commenced and prosecuted  
27 within the same time in the same manner and with the same effect as if this Act  
28 had not been enacted and all rights acquired, offenses committed, and penalties

1 or forfeitures or liabilities waived prior to the said effectivity shall not be affected  
2 thereby.

3       **SEC. 1802. *Repealing Clause.*** –Except for Section 104 on Rates of  
4 Import Duty and Section 514 on Export Products Subject to Duty and Rates  
5 which shall remain valid and effective and shall supplement this Act, all other  
6 Sections of Presidential Decree No. 1464, otherwise known as the Tariff and  
7 Customs Code of the Philippines of 1978, as amended, and Presidential Decree  
8 No. 1853 which require any applicant for letter of credit covering imports to  
9 deposit the full amount of duties due on the importation, are hereby expressly  
10 repealed. All other laws, acts, presidential decrees, executive orders, rules and  
11 regulations or parts thereof inconsistent with the provisions of this Act are hereby  
12 expressly repealed, amended or modified accordingly.

13       **SEC. 1803. *Separability Clause.*** – If any provision of this Act is  
14 declared invalid or unconstitutional, the remaining provisions or parts shall  
15 remain in full force and effect.

16       **SEC. 1804. *Effectivity Date.*** – This Act shall take effect fifteen (15)  
17 days after its publication in the Official Gazette or in two (2) newspapers of  
18 general circulation.

*Approved,*