



TARIFF AND CUSTOMS CODE OF THE PHILIPPINES

2012

Volume II

PHILIPPINE TARIFF COMMISSION

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BOOK II – CUSTOMS LAW

TITLE I – THE BUREAU OF CUSTOMS

PART 1 – ORGANIZATION, FUNCTION AND JURISDICTION OF THE BUREAU

SEC. 601. *Chief Officials of the Bureau of Customs.* – The Bureau of Customs shall have one chief and four assistant chiefs, to be known respectively as the Commissioner of Customs (hereinafter known as the Commissioner) and five (5) Deputy Commissioners of Customs, each one to head (a) Customs Revenue Collection Monitoring Group; (b) Customs Assessment and Operations Coordinating Group; (c) Intelligence and Enforcement Group; (d) Internal Administration Group; (e) Management System Technology Group, who shall each receive an annual compensation in accordance with the rates prescribed by existing law. The Commissioner and the Deputy Commissioners of Customs shall be appointed by the President of the Philippines. (As amended by E.O. 127 effective 30 January 1987).

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

SEC. 602. *Functions of the Bureau.* – The general duties, powers and jurisdiction of the bureau shall include:

- a. The assessment and collection of the lawful revenues from imported articles and all other dues, fees, charges, fines and penalties accruing under the tariff and customs laws;
- b. The prevention and suppression of smuggling and other frauds upon the customs;
- c. The supervision and control over the entrance and clearance of vessels and aircraft engaged in foreign commerce;
- d. The enforcement of the tariff and custom laws and all other laws, rules and regulations relating to the tariff and customs administration;
- e. The supervision and control over the handling of foreign mails arriving in the Philippines, for the purpose of the collection of the lawful duty on the dutiable articles thus imported and the prevention of smuggling through the medium of such mails;
- f. Supervise and control all import and export cargoes, landed or stored in piers, airports, terminal facilities, including container yards and freight stations, for the protection of government revenue;
- g. Exercise exclusive original jurisdiction over seizure and forfeiture cases under the tariff and customs laws

SEC. 603. *Territorial Jurisdiction.* – For the due and effective exercise of the powers conferred by law and to the extent requisite therefore, said Bureau shall have the right of supervision and police authority over all seas within the jurisdiction of the Philippines and over all coasts, ports, airports, harbors, bays, rivers, and inland waters whether navigable or not from the sea.

When a vessel becomes subject to seizure by reason of an act done in Philippine waters in violation of the tariff and customs laws, a pursuit of such vessel began within the jurisdictional waters may continue beyond the maritime zone, and the vessel may be seized on the high seas. Imported articles which may be subject to seizure for violation of the tariff and customs laws may be pursued in their transportation in the Philippines by land, water or air and such jurisdiction exerted over them at any place therein as may be necessary for the due enforcement of the law.

SEC. 604. *Jurisdiction Over Premises Used for Customs Purposes.* – The Bureau of Customs shall, for customs purposes, have exclusive control, direction and management of customhouses, warehouses, offices, wharves, and other premises in the respective ports of entry, in all cases without prejudice to the general police powers of the city or municipality and the Philippine Coast Guard in the exercise of its functions wherein such premises are situated

SEC. 605. *Enforcement of Port Regulation of Bureau of Quarantine.* – Customs officials and employees shall cooperate with the quarantine authorities in the enforcement of the port quarantine regulations promulgated by the Bureau of Quarantine and shall give effect to the same in so far as they are connected with matters of shipping and navigation.

SEC. 606. *Power of the President to Subject Premises to Jurisdiction of Bureau of Customs.* - When any public wharf, landing place, street or land, not previously under the jurisdiction of the Bureau of Customs, in any port of entry, is necessary or desirable for any proper customs purpose, the President of the Philippines may, by executive order, declare such premises to be under the jurisdiction of the Bureau of Customs, and thereafter the authority of such Bureau in respect thereto shall be fully effective.

SEC. 607. *Annual Report of Commissioner.* – The annual report of the Commissioner to the President shall, among other things, contain a compilation of the (a) quantity and value of the articles imported into the Philippines and the corresponding amount of custom duties, taxes and other charges assessed and collected on imported articles itemized in accordance with the tariff headings and subheadings as appearing in the liquidated customs entries provided for in this Code, (b) percentage collection of the peso value of imports, (c) quantity and value of conditionally-free importations, (d) customs valuation over and above letters of credit opened, (e) quantity and value of tax-free imports, and (f) the quantity and value of articles exported from the Philippines as well as the taxes and other charges assessed and collected on them for the preceding year. Copies of such annual report shall be furnished regularly to the Department of Finance, Tariff Commission, NEDA, Bangko Sentral ng Pilipinas, Board of Investments, Department of Budget and Management, and other economic agencies of the government, on or before December 30, of each year.

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

SEC. 608. *Commissioner to Make Rules and Regulations.* – The Commissioner shall, subject to the approval of the Secretary of Finance, promulgate all rules and regulations necessary to enforce the provisions of this Code. He shall also cause the preparation and publication of a customs manual covering up-to-date rules and regulations and decisions of the Bureau of Customs. The manual shall be published and made available to the public at least once every quarter within the first month after the end of every quarter. The Secretary of Finance and/or the Commissioner of Customs shall furnish the Bangko Sentral ng Pilipinas, Board of Investments, the NEDA and the Tariff Commission with at least three copies each of every department order, administrative order, memorandum circulars and such rules and regulations which are promulgated from time to time for the purpose of implementing the provisions of the Code.

SEC. 609. *Commissioner to Furnish Copies of Collectors' Liquidated Duplicates.* – The Commissioner shall regularly furnish the NEDA, the Bangko Sentral ng Pilipinas, the Tariff Commission a copy of each of all customs import/export entries as filed with the Bureau of Customs. The Tariff Commission or its duly authorized agents shall have access to and the right to copy all the customs liquidated import entries and other documents appended thereto as finally filed in the Commission on Audit.

PART 2. – COLLECTION DISTRICTS AND PORT OF ENTRY

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

SEC. 702. *Power of the President to Open and Close Any Port.* – The President may open or close any port of entry upon recommendation of the Commissioner and the Secretary of Finance. While a port of entry is closed, its existing personnel shall be reassigned to other duties by the Commissioner subject to the approval of the Secretary of Finance.

SEC. 703. *Assignment of Customs Officers and Employees to Other Duties.* – The Commissioner of Customs may, with the approval of the Secretary of Finance, assign any employee of the Bureau of Customs to any port, service, division or office within the Bureau or assign him duties as the best interest of the service may require, in accordance with the staffing pattern or organizational set-up as may be prescribed by the Commissioner of Customs with the approval of the Secretary of Finance: Provided, That such assignment shall not affect the tenure of office of the employees nor result in the change of status, demotion in rank and/or deduction in salary.

SEC. 704. *Seal of Collector of Customs.* – In the office of the Collector of a collection district there shall be kept a seal of such design as the Commissioner shall prescribe, with the approval of the Secretary of Finance with which shall be sealed all documents and records requiring authentication in such office.

SEC. 705. *Authority of Deputy Collectors of Customs.* – The Deputy Collector at a principal port of entry may, in the name of the District Collector and subject to his supervision and control, perform any particular act which might be done by the District Collector himself; at subports, a deputy collector may, in his own name, exercise the general powers of a collector, subject to the supervision and control of the Collector of the subport.

SEC. 706. *Appointment of Special Deputies with Limited Powers* – Collectors may, with the approval of the Commissioner, appoint from their force such number of special deputies as may be necessary for the proper conduct of the public business, with authority to sign documents and perform such service as may be specified in writing.

SEC. 707. *Succession of Deputy Collector to Position of Acting Collector.* – In the absence or disability of a Collector at any port or in the case of a vacancy in his office, the temporary discharge of his duties shall devolve upon the Deputy Collector of the port. Where no deputy collector is available, an official to serve in such contingency may be designated in writing by the Collector from his own force. The Collector making such designation shall report the same without delay to the Commissioner and the Chairman, Commission on Audit, forwarding them the signature of the person so designated.

SEC. 708. *Designation of Official as Customs Inspector.* – At a coastwise port where no customs official or employee is regularly stationed, the Commissioner may designate any national, provincial or municipal official of the port to act as an inspector of customs for the purpose of enforcing laws and regulations of the Bureau of Customs in the particular port, but all such designations shall be made with the consent of the proper Department head of the official so designated.

SEC. 709. *Authority of Collector to Remit Duties.* – A Collector shall have discretionary authority to remit the assessment and collection of custom duties, taxes and other charges when the aggregate amount of such duties, taxes and other charges is less than ten pesos, and he may dispense with the seizure of articles of less than ten pesos in value except in cases of prohibited importations or the habitual or the intentional violation of the tariff and customs laws.

SEC. 710. *Records to be Kept by Customs Officials.* – District Collectors, Deputy Collectors, and other customs officials acting in such capacities are required to keep true, correct and permanent records of their official transactions, to submit the same to the inspection of authorized officials at all times, and turn over all records and official papers to their successors or other authorized officials.

SEC. 711. *Port Regulations.* – A Collector may prescribe local administrative regulation, not inconsistent with law or the general bureau regulations, for the government of his port or district, the same to be effective upon the approval by the Commissioner.

SEC. 712. *Reports of Collector to Commissioner.* – A Collector shall immediately make report to the Commissioner concerning prospective or newly begun litigation in his district touching matters relating to the customs service; and he shall, in such form and detail as shall be required by the Commissioner make regular monthly reports of all transactions in his port and district.

TITLE II. – COASTWISE TRADE

SEC. 906. *Requirement of Manifest in Coastwise Trade.* – Manifests shall be required for cargo and passengers transported from one place or port in the Philippines to another only when one or both of such places is a port of entry.

SEC. 907. *Manifest Required Upon Departure from Port of Entry.* – Prior to departure from a port of entry, the master of a vessel licensed for the coastwise trade shall make out and subscribe duplicate manifests of the whole cargo and all of the passengers taken on board on such vessels, specifying in the cargo manifests the marks and numbers of packages, the port of destination and names of the consignees, together with such further information as may be required and in the passengers manifest the name, sex, age, residence, port of embarkation, and destination of all passengers, together with such further information as may be required. He shall deliver such manifests to the Collector of Customs or other customs officials duly authorized, before whom he shall swear to the best of his knowledge and belief, in respect to the cargo manifests, that the goods therein described, if foreign, were imported legally and that duties, taxes and other charges thereon have been paid or secured to be paid, and with respect to the passenger manifests, that the information therein contained is true and correct as to all passengers taken on board. Thereupon, then said Collector of Customs or customs official, shall certify the same on the manifests, the original of which he shall return to the master with a permit specifying thereon, generally, the landing on board such vessel and authorizing him to proceed to his port of destination retaining the duplicates.

SEC. 908. *Manifests Required Prior to Unloading at Port of Entry.* – Upon arrival at a port of entry of a vessel engaged in the coastwise trade and prior to the unloading of any port of the cargo, the master shall deliver to the Collector or other proper customs official complete manifests of all the cargo and passengers brought into said port, together with the clearance manifests of cargo and passengers for said port granted at any port or ports of entry from which said vessel may have cleared during the voyage.

SEC. 909. *Departure of Vessel Upon Detailed Manifest.* – The owner, agents or consignees of vessels are required to present the proper detailed manifest before departure of the vessel: Provided, however, that the Commissioner of Customs may by regulation permit a vessel to depart coastwise from a port of entry upon the filing of a general manifest by the master thereof.

TITLE III. – VESSELS AND AIRCRAFT IN FOREIGN TRADE

SEC. 1001. *Ports Open to Vessels Engaged in Foreign Trade – Duty of Vessel to Make Entry.* – Vessels engaged in the foreign trade shall touch at ports of entry only, except as otherwise specially allowed; and every such vessel arriving within a customs collection district of the Philippines from a foreign port shall make entry at the port of entry for such district and shall be subject to the authority of the Collector of the port while within his jurisdiction.

The master of any war vessel employed by any foreign government shall not be required to report and enter on arrival in the Philippines, unless engaged in the transportation of articles in the way of trade.

SEC. 1002. *Control of Customs Official Over Boarding or Leaving of Incoming Vessel and Over Other Vessel Approaching the Former.* – Upon the arrival in port of any vessel engaged in foreign trade, it shall be unlawful for any person (except the pilot, consul, quarantine officials, custom officials or other duly authorized persons) to board or leave the vessel without permission of the customs official in charge; and it shall likewise be unlawful for any tugboat, rowboat or other craft to go along side and take any person aboard such vessel or take any person therefrom, except as aforesaid, or loiter near or along side such vessel. Unauthorized tugboats, and other vessels shall keep away from such vessel engaged in foreign trade at a distance of not less than fifty meters.

SEC. 1003. *Quarantine Certificate for Incoming Vessel.* – Entry of a vessel from a foreign port or place outside of the Philippines shall not be permitted until it has obtained a quarantine certificate issued by the Bureau of Quarantine.

SEC. 1004. *Documents to be Produced by the Master Upon Entry of Vessel.* – For the purpose of making entry of a vessel engaged in foreign trade, the master thereof shall present the following documents, duly certified by him, to the customs boarding officials:

- a. The original manifest of all cargo destined for the port, to be returned with the endorsement of the boarding officials;

- b. Three copies of the same manifest, one of which, upon certification by the boarding official as to the correctness of the copy, shall be returned to the master;
- c. A copy of the cargo storage plan;
- d. Two copies of store list;
- e. One copy of passenger list;
- f. One copy of the crew list;
- g. The original of all through cargo manifest, for deposit, while in port, with customs official in charge of the vessel;
- h. A passenger manifest of all aliens, in conformity with the requirements of the immigration laws in force in the Philippines;
- i. One copy of the original duplicate of bills of lading fully accomplished;
- j. The shipping articles and register of the vessel of Philippine registry.

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

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

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

SEC. 1006. *Translation of Manifest.* – The cargo manifest and each copy thereof shall be accompanied by a translation into the official language of the Philippines, if originally written in another language.

SEC. 1007. *Manifests for Commission on Audit and Collector.* – Papers to be Deposited with Consul. – Immediately after the arrival of a vessel from a foreign port, the master shall deliver or mail to the Chairman, Commission on Audit, Manila a copy of the cargo manifests properly endorsed by the boarding officer, and the master shall immediately present to the Collector the original copy of the cargo manifests properly endorsed by the boarding officer, and, for inspection, the ship's register or other documents in lieu thereof, together with the clearance and other papers granted to the vessel at the port of departure for the Philippines.

SEC. 1008. *Transit Cargo.* – When transit cargo from a foreign port or other local ports is forwarded from the port of importation separate manifest, in triplicate, shall be presented by each carrier.

SEC. 1009. *Clearance of Foreign Vessels To and From Coastwise Ports.* – Passengers or articles arriving from abroad upon a foreign vessel may be carried by the same vessel through any port of entry to the port of destination in the Philippines or articles intended for export may be carried in a foreign vessel through a Philippine port.

Upon such reasonable condition as he may impose, the Commissioner may clear foreign vessels for any port and authorize the conveyance therein of either articles or passengers brought from abroad upon such vessels; and he may likewise, upon such conditions as he may impose, allow a foreign vessel to take cargo and passengers at any port and convey the same, upon such vessel to a foreign port.

SEC. 1010. *Requirement as to Delivery of Mail.* – A vessel arriving within a collection district in the Philippines shall not be permitted to make entry or break bulk until it is made to appear, to the satisfaction of the Collector, that the master, consignee or agent of the vessel is ready to deliver to the postmaster of the nearest post office all mail matter on board such vessel and destined for that port. Collectors are authorized to examine and search vessels for mail carried contrary to law.

SEC. 1011. *Production of Philippine Crew.* – The master of a Philippine vessel returning from abroad shall produce the entire crew listed in the vessel's shipping articles; and if any member be missing, the master shall produce proof satisfactory to the Collector that such member has died, absconded, has been forcibly impressed into other service, or has been discharged; and in case of discharge in a foreign country, he shall produce a certificate from the consul, vice consul or consular agent of the Philippines there residing, showing that such discharge was effected with the consent of the representative of the Philippines aforesaid.

SEC. 1012. *Record of Arrival and Entry of Vessels.* – A record shall be made and kept open to public inspection in every customhouse of the date of arrival and entry of all vessels.

SEC. 1013. *Arrest of Vessel Departing Before Entry Made.* – When a vessel arriving within the limits of a collection district from a foreign port departs or attempts to depart before entry shall have been made, not being thereunto compelled by stress of weather, duress of enemies, or other necessity, the Collector of the port or the commander of any revenue cutter may arrest and bring back such vessel to the most convenient port.

SEC. 1014. *Discharge of Ballast.* – When not brought to port as article, the ballast of no commercial value may be discharged upon permit granted by the Collector for such purpose.

SEC. 1015. *Time of Unlading Cargo.* – Articles brought in a vessel from a foreign port shall be unladen only during regular working hours or regular work days. Unlading at any other time or day may only be done upon authority of the Collector conditioned on the payment of losses and overtime pay by the interested parties.

SEC. 1016. *Entrance of Vessel Through Necessity.* – When a vessel from a foreign port is compelled by stress of weather or other necessity to put into any other port than that of her destination, the master within twenty-four hours of arrival, shall make protest under oath setting forth the causes or circumstances of such necessity. This protest, if not made before the Collector, must be produced to him, and a copy thereof lodged with him.

With the same time, the master shall make a report to the Collector if any part of the cargo was unladen from necessity or lost by casualty before arrival, and such fact should be made to appear by sufficient proof to the Collector who shall give his approval thereto and the unlading shall be deemed to have been lawfully effected.

SEC. 1017. *Unlading of Vessel in Port from Necessity.* – If the situation is such as to require the unlading of the vessel pending sojourn in port, the Collector shall, upon sufficient proof of the necessity, grant a permit therefore, and the articles shall be unladen and stored under the supervision of the customs authorities.

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

Upon departure, the cargo, or a residue thereof, may be reladen on board the vessel, and the vessel may proceed with the same to her destination, subject only to the charge for storing and safe-keeping of the articles and the fees for entrance and clearance.

No port charges shall be collected on vessels entering through stress of weather or other causes above described.

SEC. 1018. *Entry and Clearance of Vessels of a Foreign Government.* – The entry and clearance of transport or supply ship of a foreign government shall be in accordance with the agreement by and between the Philippines and the foreign government.

SEC. 1019. *Clearance of Vessel for Foreign Port.* – Before a clearance shall be granted to any vessel bound to a foreign port, the master, or the agent thereof, shall present to the Collector the following properly authenticated documents:

- a. A bill of health from the quarantine official or official of the public health service in the port.
- b. Three copies of the manifest of export cargo, one of which, upon certification by the customs official as to the correctness of the copy, shall be returned to the master.
- c. Two copies of the passenger list, showing alien and other passengers.
- d. The register and shipping articles, if the vessel is of Philippine registry.
- e. The consular certificate of entry, if the vessel is of foreign registry, when required.
- f. A certificate of the Bureau of Posts to the effect that it received timely notice of the sailing of the Vessel: Provided, That the Collector shall not permit any vessel to sail for a foreign port if the master or agent thereof refuses to receive bags of mail delivered to the same by the Bureau of Posts for transportation for a reasonable compensation. In case the Director of Posts and said master or agent do not come to an agreement concerning the amount of the compensation to be paid for the carriage of the mail, the matter shall be submitted for decision to a Board of Referees composed of three members appointed, respectively, by the Bureau of Posts, the agency of the company to which the vessel concerned belongs, and the Bureau of Customs, which board shall fix a reasonable rate of compensation.

SEC. 1020. *Detention of Warlike Vessel Containing Arms and Munitions.* – Collectors shall detain any vessel of commercial registry manifestly built for warlike purposes and about to depart from the Philippines with a cargo consisting principally of arms and munitions of war, when the number of men shipped on board or other circumstances render it probable that such vessel is intended to be employed by the owner or owners to cruise or commit hostilities upon the subjects, citizens, or property of any foreign prince or state, or of any colony, district, or people with whom the Philippines is at peace, until the decision of the President of the Philippines be had thereon, or until the owner or owners shall give bond or security, in double the value of the vessel and cargo, that she will not be so employed, if in the discretion of the Collector such bond will prevent the violation of the provisions of this section.

SEC. 1021. *Manifest of Export Cargo to be Delivered to Chairman, Commission on Audit.* – The master shall, prior to departure, deliver mail to the Chairman, Commission on Audit, Manila, the returned copy of the manifest of export cargo.

SEC. 1022. *Oath of Master of Departing Vessel.* – The master of such departing vessel shall state under oath to the effect:

- a. That all cargo conveyed on said vessel, with destination to the Philippines, has been duly discharged or accounted for.
- b. That he has mailed or delivered to the Chairman, Commission on Audit a true copy of the outgoing cargo manifest.
- c. That he has not received and will not convey any letters or packets not enclosed in properly stamped envelope sufficient to cover postage, except those relating to the vessel, and that he has delivered at the proper foreign port all mails placed on board his vessel before her last clearance from the Philippines.

- d. That if clearing without passenger, the vessel will not carry upon the instant voyage, from the Philippine port, any passenger of any class, or other person not entered upon the ship's declaration.

SEC. 1023. *Extension of Time for Clearance.* – At the time of clearance, the master of a departing vessel shall be required to indicate the time of intended departure, and if the vessel should remain in port forty-eight hours after the time indicated the master shall report to the Collector for an extension of time of departure, and without such extension the original clearance shall be of no effect.

SEC. 1025. *Export Product to Conform to Standard Grades* – A collector shall not permit products for which standard grades have been established by the government to be laden aboard a vessel clearing for a foreign port, unless the shipment conforms to the requirements of law relative to the shipment of such products.

PART 2. – ENTRANCE AND CLEARANCE OF AIRCRAFT IN FOREIGN TRADE

SEC. 1101. *Designation of Airports of Entry.* – The Secretary of Finance, upon recommendation of the Commissioner and the Director of the Civil Aeronautics Administration is authorized to designate airports of entry for civil aircraft arriving in the Philippines from any place outside thereof and for articles carried on such aircraft. Such airport of entry shall be considered as a port of entry for aliens arriving on such aircraft and as a place of quarantine inspection.

SEC. 1102. *Advance Notice of Arrival.* – (a) **Non-scheduled Arrivals.** – Before an aircraft comes into any area in the Philippines from any place outside thereof, a timely notice of the intended flight shall be furnished to the Collector or other customs officer in charge at or nearest the intended place of first landing in such area, and to the quarantine and immigration officers in charge at or nearest such place of landing. If dependable facilities for giving notice are not available before departure, any radio equipment of the place shall be used if this will result in the giving of adequate and timely notice during its approach, otherwise a landing shall be made at a place where the necessary facilities do exist before coming into any area in the Philippines. If, upon landing in any area, the government officers have not arrived, the pilot-in-command shall hold the aircraft and any baggage and article thereon intact and keep the passengers and crew members in a segregated place until the inspecting officers arrive.

(b) **Scheduled Arrivals** – Such advance notice will not be required in the case of aircraft of a scheduled airline arriving in accordance with the regular schedule filed with the Collector for the Customs district in which the place of first landing in the area is situated, and also with the quarantine and immigration officials in charge of such place.

SEC. 1103. *Landing at International Airport of Entry.* – Except in the case of emergency or forced landings, aircraft arriving in the Philippines from any foreign port or place shall make the first landing at an international airport of entry, unless permission to land elsewhere than at an international airport of entry is first obtained from the Commissioner. In such cases, the owner, operator, or person in charge of the aircraft shall pay the expenses incurred in inspecting the aircraft, articles, passengers and baggage carried thereon, and such aircraft shall be subject to the authority of the Collector at the airport while within his jurisdiction.

Should an emergency or forced landing be made by an aircraft coming into the Philippines from any place outside thereof, the pilot-in-command shall not allow any article, baggage, passenger or crew member to be removed or to depart from the landing place without permission of a customs officer, unless such removal or departure is necessary for purposes of safety, communication with customs authorities, or the preservation of life, health or property. As soon as practicable, the pilot-in-command, or a member of the crew in charge, or the owner of the aircraft, shall communicate with the custom officer at the intended place of first landing or at the nearest international airport or other customs port of entry in the area and make a full report of the circumstances of the flight and of the emergency or forced landing.

SEC. 1104. *Report of Arrival and Entry.* – The pilot-in-command of any aircraft arriving from a foreign port or place shall immediately report his arrival to the Collector at the airport of entry or to the customs officer detailed to meet the aircraft at the place of first landing. Such aircraft upon arrival shall be boarded by the quarantine officer and after pratique is granted shall be boarded by customs officer, and no person shall be permitted to board or leave the aircraft without the permission of the customs officer in charge.

The pilot-in-command or any other authorized agent of the owner or operator of the aircraft shall make the necessary entry. No such aircraft shall, without previous permission therefore from the collector, depart from the place of first landing or discharge articles, passengers or baggage.

SEC. 1105. Documents Required in Making Entry. –

- a. For the purpose of making entry, there shall be presented to the customs boarding officer four copies of a general declaration which shall contain the following data, unless any of such data is otherwise presented on a separate official form:
 1. Name of owner or operator of aircraft, registration marks and nationality of aircraft, and flight number of identification;
 2. Points of clearance and entry, and date of arrival;
 3. Health and customs clearance at the last airport of departure;
 4. Itinerary of aircraft, including information as to airport of origin and departure dates;
 5. Names and nationality of crew members;
 6. Passenger manifest showing places of embarkation and destination;
 7. Cargo manifest showing information as to airway bill number, the number of packages related to each airway bill number, nature of goods, destination, and gross weight, together with a copy of each airway securely attached thereto; and
 8. Store list
- b. The general declaration shall be written in English and duly signed by the pilot-in-command or operator of the aircraft, or the authorized agent. The Health Section thereon, however, shall be signed only by the pilot-in-command or when necessary, by a crew member when the general declaration itself has been signed by a non-crew member. If the aircraft does not carry cargo or passengers such facts must be shown in the manifests.
- c. Cargo manifest shall in no case be changed or altered after entry of the aircraft, except by means of an amendment by the pilot-in-command or authorized agent thereof, under oath, and attached to the original manifest: Provided, however, That after the invoice and/or entry covering an importation have been received and recorded in the office of the appraiser, no amendment shall be allowed except when it is obvious that a clerical error or any other discrepancy has been committed without any fraudulent intent in the preparation of the manifest, discovery of which could not have been made until after examination of the importation has been completed.

SEC. 1106. Manifest for Commission on Audit. – The pilot-in-command or authorized agent of an aircraft, upon arrival from a foreign port, shall deliver or mail to the Chairman, Commission on Audit, a copy of the general declaration properly endorsed by the customs Boarding Officer.

SEC. 1107. Delivery of Mail. – Aircraft arriving within a customs collection district in the Philippines shall not be permitted to make entry until it is shown to the satisfaction of the Collector that the pilot-in-command or authorized agent of the aircraft is ready to deliver to the postmaster of the nearest post office all mail matters on board such aircraft and destined for that port.

SEC. 1110. Manifest for Transit Cargo. – When transit cargo from a foreign port for other local ports is forwarded from the port of importation, separate manifest, in triplicate, shall be presented by each carrier.

SEC. 1111. Clearance of Aircraft for Foreign Port. –

- a. Any aircraft bound to a foreign port shall, before departure, clear at an airport of entry or at the same place where such aircraft has been authorized to make its landing by the Commissioner.

- b. Before clearance shall be granted to an aircraft bound to a foreign port, there shall be presented to the Collector or to the customs officer detailed at the place of departure four copies of a general declaration signed by the pilot-in-command or authorized agent of an aircraft which shall contain the following data:
1. Name of owner or operator of aircraft, registration marks and nationality of aircraft, and flight number of identification;
 2. Point of clearance, data thereof and destination;
 3. Health and customs clearance;
 4. Itinerary of aircraft, including information as to airport of destination and departure date;
 5. Names and nationality of crew members;
 6. Passenger manifest showing place of destination;
 7. Export cargo manifest showing information as to airwaybill number, the number of packages related to each airwaybill number, nature of goods, destination, and gross weight, together with a copy of each airwaybill securely attached thereto; and
 8. Store list showing stores laden.

SEC. 1112. *Oath of Person in Charge of Departing Aircraft.* – The pilot-in-command or authorized agent of such departing aircraft shall also state under oath to the effect that:

- a. All cargo conveyed on said aircraft destined to the Philippines has been duly discharged or accounted for.
- b. He has mailed or delivered to the Commission on Audit a true copy of the outward general declaration.
- c. He has not received nor will convey any letter or packet not enclosed in properly stamped envelope sufficient to cover postage, except those relating to the cargo of the aircraft, and that he has delivered to the proper foreign port all mails placed on board said aircraft before its last clearance from the Philippines.
- d. If clearing without passengers, the aircraft will not carry upon departure any passenger.

A record shall be made and kept open to public inspection in every customhouse at an airport of entry of the dates of arrival and entry of all aircrafts.

TITLE IV. – ASCERTAINMENT, COLLECTION AND RECOVERY OF IMPORT DUTY

PART 1. – IMPORTATION IN GENERAL

SEC. 1201. *Article to be Imported Only Through Customhouse.* – All articles imported into the Philippines whether subject to duty or not shall be entered through a customhouse at a port of entry.

SEC. 1202. *When Importation Begins and Deemed Terminated.* – Importation begins when the carrying vessel or aircraft enters the jurisdiction of the Philippines with intention to unlade therein. Importation is deemed terminated upon payment of duties, taxes and other charges due upon the articles, or secured to be paid, at a port of entry and the legal permit for withdrawal shall have been granted, or in case said articles are free of duties, taxes and other charges, until they have legally left the jurisdiction of the customs.

SEC. 1203. *Owner of Imported Articles.* – All articles imported into the Philippines shall be held to be the property of the person to whom the same are consigned; and the holder of a bill of lading duly endorsed by the consignee therein named, or, if consigned to order, by the consignor, shall be deemed the consignee thereof. The underwriters of abandoned articles and the salvors of articles saved from wreck at sea, along a coast or in any area of the Philippines may be regarded as the consignees.

SEC. 1204. *Liability of Importer for Duties.* – Unless relieved by laws or regulations, the liability for duties, taxes, fees and other charges attaching on importation constitutes a personal debt due from the importer to the government which can be discharged only by payment in full of all duties, taxes, fees and other charges legally accruing. It also constitutes a lien upon the articles imported which may be enforced while such articles are in custody or subject to the control of the government.

SEC. 1205. *Importations by the Government.* – Except those provided for in Section One Hundred and Five of this Code, all importations by the Government for its own use or that of its subordinate branches or instrumentalities, or corporations, agencies or instrumentalities owned or controlled by the government, shall be subject to the duties, taxes, fees and other charges provided for in this code.

SEC. 1206. *Jurisdiction of Collector Over Importation of Articles.* – The Collector shall cause all articles entering the jurisdiction of his district and destined for importation through his port to be entered at the customhouse, shall cause all such articles to be appraised and classified, and shall assess and collect the duties, taxes, and other charges thereon, and shall hold possession of all imported articles upon which duties, taxes, and other charges have not been paid or secured to be paid, disposing of the same according to law.

SEC. 1207. *Jurisdiction of Collector Over Articles of Prohibited Importation.* – Where articles are of prohibited importation or subject to importation only upon conditions prescribed by law, it shall be the duty of the Collector to exercise such jurisdiction in respect thereto as will prevent importation or otherwise secure compliance with all legal requirements.

SEC. 1210. *Disposition of Imported Articles Remaining on Vessel after Time for Unloading.* - Imported articles remaining on board any vessel after the expiration of the said period for discharge, and not reported for transshipment to another port, may be unladen by the customs authorities and stored at the vessel's expense. Unless prevented by causes beyond the vessel's control, such as port congestion, strikes, riots or civil commotions, failures of vessel's gear, bad weather, and similar causes, articles so stored shall be entered within thirty (30) days, which shall not be extendible, from the date of discharge of the last package from the vessel or aircraft and shall be claimed within fifteen (15) days, which shall not likewise be extendible from the date of posting of the notice to claim in conspicuous places in the Bureau of Customs. If not entered or not claimed, it shall be disposed of in accordance with the provisions of this Code (Amended by R.A. No. 7651, June 4, 1993).

SEC. 1211. *Handling of Articles on Which Duty Has Not Been Paid.* – Except when done under customs supervision, all unloading or transshipment of the cargo of vessels from foreign ports, which do not discharge at a wharf, must be by bonded lighters; and likewise, on land imported goods on which duty has not been paid shall be carried about and handled by bonded draymen or cartmen only.

PART 2. – ENTRY AT CUSTOMHOUSE

SEC. 1301. *Persons Authorized to Make Import Entry.* – Imported articles must be entered in the customhouse at the port of entry within thirty (30) days, which shall not be extendible, from the date of discharge of the last package from the vessel or aircraft either (a) by the importer, being holder of the bill of lading, (b) by a duly licensed customs broker acting under authority from a holder of the bill or (c) by a person duly empowered to act as agent or attorney-in-fact for each holder: Provided, That where the entry is filed by a party other than the importer, said importer shall himself be required to declare under oath and under the penalties of falsification or perjury that the declarations and statements contained in the entry are true and correct: Provided, further, That such statements under oath shall constitute prima facie evidence of knowledge and consent of the importer of violation against applicable provisions of this Code when the importation is found to be unlawful (R.A. 7651, June 04, 1993).

SEC.1302. *Import Entries.* – All imported articles, except importations admitted free of duty under Subsection "k", Section one hundred and five of this Code, shall be subject to a formal or informal entry. Articles of a commercial nature intended for sale, barter or hire, the dutiable value of which is two thousand pesos (P2,000.00) or less, and personal and household effects or articles, not in commercial quantity, imported in passenger's baggage, mail or otherwise, for personal use shall be cleared on an informal entry whenever duty, tax or other charges are collectible. The Commissioner may, upon instruction of the Secretary of Finance, for the protection of domestic industry or of the revenue, require a formal entry, regardless of value, whatever be the purpose and nature of the importation. A formal entry may be for immediate consumption, or under irrevocable domestic letter of credit, bank guarantee or bond for:

- (a) Placing the article in customs bonded warehouse;
- (b) Constructive warehousing and immediate transportation to other ports of the Philippines upon proper examination and appraisal; or
- (c) Constructive warehousing and immediate exportation. Import entries under irrevocable domestic letter of credit, bank guarantee or bond shall be subject to the provisions of Title V, Book II of this Code.

All importations entered under formal entry shall be covered by a letter of credit or any other verifiable document evidencing payment (Amended by R.A. No. 9135, April 27, 2001).

SEC. 1303. *Entry of Article in Part for Consumption and in Part for Warehousing.* – Import entries of articles covered by one bill of lading may be made simultaneously for both consumption and warehousing. Where an intent to export the articles is shown by the bill of lading and invoice, the whole or a part of a bill of lading (not less than one package) may be entered for warehousing and immediate exportation. Articles received at any port from another port in the Philippines on any entry for immediate transportation may be entered at the port of delivery either for consumption or warehousing.

SEC. 1304. *Declaration of the Import Entry.* – Except in case of informal entry, no entry of imported article shall be effected until there shall have been submitted to the collector a written declaration under penalties of falsification or perjury, in such form as shall be prescribed by the Commissioner, containing statements in substance as follows:

- a. That the entry delivered to the Collector contains a full account of the value or price of said articles, including subject of the entry;
- b. That the invoice and entry contain a just and faithful account of the value or price of said articles, including and specifying the value of all containers or coverings, and that nothing has been omitted, therefrom or concealed whereby the government of the Republic of the Philippines might be defrauded of any part of the duties lawfully due on the articles;
- c. That, to the best of the declarant's information and belief, all the invoice and bills of lading relating to the articles are the only ones in existence relating to the importation in question and that they are in the state in which they were actually received by him;
- d. That, to the best of the declarant's information and belief, the entries, invoices and bill of lading and the declaration thereon under penalties of falsification of perjury are in all respects genuine and true, and were made by the person by whom the same purpose to have been made.

SEC. 1305. SECTION 27. *Acts Constituting the Practice of Customs Brokers Profession.* - Any single act or transaction embraced within the provision of Section 6 hereof shall constitute an act of engaging the practice of customs broker profession. Import and export entry declaration shall be signed only by customs broker under oath based on the covering documents submitted by the importers (Amended by R.A. No. 9280, Customs Brokers' Act of 2004).

SEC. 1306. *Forms and Contents of Import Entry.* – Import entries shall be in the required number of copies in such forms as prescribed by regulations. They shall be signed by the person making the entry of the articles, and shall contain the names of the importing vessel or aircraft, port of departure and date of arrival, the number and mark of packages, or the quantity, if in bulk, the nature and correct commodity description of the articles contained therein, and its value as set forth in a proper invoice to be presented in duplicate with the entry.

SEC. 1307. *Description of Articles.* – The description of the articles in the import entry must be in sufficient detail to enable the articles to be identified both for tariff classification of terms of the headings or subheadings of this code and in the currency of the invoice and the quantity and values of each of the several classes of articles he separately declared according to their respective headings or subheadings and the totals of each heading or subheading shall be duly shown.

SEC. 1308. *Commercial Invoice.* – Contents of commercial invoice of articles imported in the Philippines shall in all cases set forth all the following:

- a. The place where, the date when, and the person by whom and the person to whom the articles sold or agreed to be sold, or if to be imported otherwise than in pursuance of a purchase, the place from which shipped, the date when the person to whom and the person by whom they are shipped;
- b. The port of entry to which the articles are destined;
- c. A detailed description of the articles according to the terms of the heading or subheadings, if specifically mentioned in this code, otherwise the description must be in sufficient detail to enable the articles to be identified both for tariff classification and statistical purposes, indicating their correct commodity description, in customary terms or commercial designation, including the grade or quality, numbers, marks or symbols under which they are sold by the seller or manufacturer, together with the marks and number of the packages in which the articles are packed;
- d. The quantities in the weights and measures of the country or place from which the articles are shipped, and in the weights and measures used in this Code;
- e. The purchase price of each article in the currency of the purchase and in the unit of the quantity which the articles were bought and sold in the place of country of exportation, if the articles are shipped in pursuance of a purchase or an agreement to purchase;
- f. If the articles are shipped otherwise than in pursuance of the purchase or an agreement to purchase, the value of each article in the unit of quantity in which the articles are usually bought and sold, and in the currency in which the transactions are usually made, or, in the absence of such value, the price in such currency which the manufacturer, seller, shipper or owner would have received, or was willing to receive, for such articles if sold in the ordinary course of trade and the usual wholesale quantities in the country of exportation;
- g. All charges upon the articles itemized by name and amount when known to the seller or shipper; or all charges by name (e.g., commission, insurance, freight, cases, containers, coverings and cost of packing) included in invoice prices when the amount for such charges are unknown to the seller or shipper;
- h. All discounts, rebates, drawbacks and bounties separately itemized allowed upon the exportation of the articles, all internal and excise taxes applicable to the home market;
- i. The current transaction value or price of which same, like or similar article is offered or for sale for exportation to the Philippines, on the date the invoice is prepared or the date of exportation (as amended by R.A. No. 8181 {Transaction Value Act, March 28, 1996}); and,

Any other facts deemed necessary to a proper examination, appraisalment and classification of the articles which the Commissioner may require.

SEC. 1309. – Repealed by E.O. 736.

SEC. 1310. – Repealed by P.D. 1679, March 6, 1980.

SEC. 1311. – Repealed by P.D. 1679, March 6, 1980.

SEC. 1312. – Repealed by P.D. 1679, March 6, 1980.

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

- a. *As to classification.* – When an article imported or intended to be imported is not specifically classified in this Code, the interested party, importer or foreign exporter may submit to the Tariff Commission a sample together with a full description of its component materials and uses, and request it in writing to indicate the heading under which the article is or shall be dutiable, and the Tariff Commission shall comply with such requests within thirty days from receipt thereof if it is satisfied that the application is made in good faith, in which case classification of the article in question upon the particular importation involved shall be made according to the heading indicated by the Tariff Commission: Provided, however, That such rulings of the Tariff Commission on commodity classification, shall be binding upon the Bureau of Customs, unless the Secretary shall rule otherwise.
- b. *As to Value.* – Upon written application of owner or his agent, the Collector shall furnish any importer within thirty days from receipt thereof the latest information in his possession as to the dutiable value of the articles to be entered at his port, after arrival or upon satisfactory evidence that they have been exported and are enroute to the Philippines: Provided, That the information shall be given only if the Collector is satisfied, after questioning the importer and examining all pertinent papers presented to him, such as invoices, contracts of sale or purchase, orders and other commercial documents that the importer is acting in good faith and is unable to obtain proper information as to the dutiable value of the articles on the date of exportation due to unusual conditions: And, Provided, further, That the information so given is in no sense an appraisal or binding upon the Collector's action on appraisal.

SEC. 1314. *Forwarding of Cargo and Remains of Wrecked Vessel or Aircraft.* – When vessels or aircrafts are wrecked within the Philippines, application must be made to the Commissioner by the original owners or consignees of the cargo, or by the underwriters, in case of abandonment to them, for permission to forward the articles saved from the wreck to the ports of destination, in other conveyance, without entry at the customhouse in the district in which the article was cast ashore or unladen. On receipt of such permission, the articles may be so forwarded with particular manifests thereof, duly certified by customs officials in charge of the articles.

If the owner of the vessel or aircraft wishes to export the remains of the wreck, he may be permitted to do so upon proper examination and inspection.

The remains of a wrecked vessel shall be considered to be not only the hull and rigging of the same but also all sea stores and articles of equipment, such as sails, ropes, chains, anchors and so forth.

SEC. 1315. *Derelicts and Articles from Abandoned Wrecks.* – Derelicts and all articles picked at sea or recovered from abandoned wrecks, shall be taken possession of in the port or district where they shall first arrive, and be retained in the custody of the Collector, and if not claimed and entered, as the case may be, by the owner, underwriter or salvor, shall be dealt with as unclaimed property.

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

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

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

Derelicts and articles salvaged from foreign vessels or aircrafts picked up at sea, or taken from wreck is prima facie dutiable and may be entered for consumption or warehousing. If claimed to be of Philippine production, and consequently free, proof must be adduced as in ordinary cases of reimportation of articles. Foreign articles landed from a vessel or aircraft in distress is dutiable if sold or disposed of in the Philippines.

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

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

PART 3. – EXAMINATION, CLASSIFICATION AND APPRAISAL OF IMPORTED ARTICLES

SEC. 1401. *Conditions for Examination.* - For the protection of government revenue and public interest and to prevent the entry into the country of smuggled or contraband goods, the Commissioner shall, in consultation with the Oversight Committee and subject to the approval of the Secretary of Finance, promulgate the rules and regulations that shall prescribe the procedure in accordance with which examination shall be undertaken on the importation and the required quantity or percentage thereof: Provided, That the imported articles shall in any case be subject to the regular physical examination when:

- (1) The government surveyor's seal on the container has been tampered with or broken or the container shows signs of having been opened or having its identity changed;
- (2) The container is leaking or damaged;
- (3) The number, weight and nature of packages indicated in the customs entry declaration and supporting documents differ from that in the manifest;
- (4) The shipment is covered by alert/hold orders issued pursuant to existing orders;
- (5) The importer disagrees with the findings as contained in the government surveyor's report; or
- (6) The articles are imported through air freight where the Commissioner or Collector has knowledge that there is a variance between the declared and true quantity, measurement, weight, and tariff classification (Amended by R.A. No. 7650).

SEC. 1402. *Ascertainment of Weight and Quantity.* - Where articles dutiable by weight, and not otherwise specially provided for, are customarily contained in packing, packages, or receptacles of uniform or similar character, it shall be the duty of the Commissioner, from time to time, to ascertain by tests the weight as quantity of such articles, and the weight of the packing, packages or receptacles thereof, respectively, in which the same are customarily imported, and upon such ascertainment, to prescribe rules for estimating the dutiable weight or quantity thereof, and thereafter such articles, imported in such customary packing, packages or receptacles shall be entered, and the duties thereon levied and collected, upon the bases of such estimated dutiable weight or quantity: Provided, That if the importer, consignee or agent shall be dissatisfied, with such estimated dutiable weight or quantity, and shall file with the Collector prior to the delivery of the packages designated for examination a written specification of his objections thereto, or if the Collector shall have reason to doubt the exactness of the prescribed weight or quantity in any instance, it shall be his duty to cause such weights or quantities to be ascertained.

SEC. 1403. *Duties of Customs Officer Tasked to Examine, Classify, and Appraise Imported Articles.* - The customs officer tasked to examine, classify, and appraise imported articles shall determine whether the packages designated for examination and their contents are in accordance with the declaration in the entry, invoice and other pertinent documents and shall make return in such a manner as to indicate whether the articles have been truly and correctly declared in the entry as regard their quantity, measurement, weight, and tariff classification and not imported contrary to law. He shall submit samples to the laboratory for analysis when feasible to do so and when such analysis is necessary for the proper classification, appraisal, and/or admission into the Philippines of imported articles.

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

Failure on the part of the customs officer to comply with his duties shall subject him to the penalties prescribed under Section 3604 of this Code (Amended by R.A. No. 7650).

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

SEC. 1404. – Repealed by R.A. 7650, April 06, 1993.

SEC. 1405. *Proceedings and Report of Appraisers.* – Appraisers shall, by all reasonable ways and means, ascertain, estimate and determine the value or price of the articles as required by law, any invoice or affidavit thereto or statement of cost, or of cost of production to the contrary notwithstanding, and after revising and correcting the report of the examiners as they may judge proper, shall report in writing on the face of the entry the value so determined, irrespective of whether such value is equal, higher or lower than the invoice and/or entered value of the articles.

Appraisers shall describe all articles on the face of the entry in tariff and such terms as will enable the Collector to pass upon the appraisal and classification of the same, which appraisal and classification shall be subject to his approval or modification, and shall note thereon the measurements and quantities, and any disagreement with the declaration.

SEC. 1406. *Appraiser's Samples.* – Appraisers shall see that representative and sufficient samples of all kinds of articles which may be readily sampled are taken under proper receipt and retained for official purposes; but samples of articles identical in quality, material and values shall not be retained, if their return is desired, longer than may be required for use in contested cases.

The quantity and value of the samples taken shall be noted on the face of entry. Such samples shall be duly labeled as will definitely identify them with the importation for which they are taken.

SEC. 1407. *Readjustment of Appraisal, Classification or Return.* - Such appraisal, classification or return as finally passed upon and approved or modified by the Collector shall not be altered or modified in any manner, except:

- (a) Within one year after payment of the duties, upon statement of error in conformity with Section seventeen hundred and seven hereof, approved by the Collector.
- (b) Within fifteen days after such payment upon request for reappraisal and/or reclassification addressed to the Commissioner by the Collector, if the appraisal and/or classification is deemed to be low.
- (c) Upon request for reappraisal and/or reclassification, in the form of a timely protest addressed to the Collector by the interested party if the latter should be dissatisfied with the appraisal or return.
- (d) Upon demand by the Commissioner of Customs after the completion of compliance audit pursuant to the provisions of this Code (as amended by R.A. 9135, April 27, 2001).

SEC. 1408. *Assessment of Duty on Less Than Entered Value.* – Duty shall not be assessed in any case upon an amount less than the entered value, unless by direction of the Commissioner in cases which the importer certifies at the time of entry that the entered value is higher than the dutiable value and that the articles are so entered in order to meet increases made by the appraiser in similar cases then pending reappraisal; and the lower assessment shall be allowed only when the importer's contention is sustained, by the final decision, and shall appear that such action of the importer was taken in good faith after due diligence and inquiry on his part.

SEC. 1409. *Employment and Compensation of Persons to Assist in Appraisal or Classification of Articles.* – When necessary, the Collector may request two disinterested persons versed in the matter to assist the appraiser in appraising or ascertaining dutiable value of any article. Persons so employed shall be paid compensation in an amount to be determined by the Commissioner, not exceeding fifty pesos (P 50.00) for each day of such service.

PART 4. – DELIVERY OF ARTICLES

SEC. 1501. *Delivery of Articles to Holder of Bill of Lading.* – A Collector who makes a delivery of a shipment, upon the surrender of the bill of lading, to person who by the terms thereof appears to be the consignee or lawful holder of the bill shall not be liable on account of any defect in the bill or irregularity in its negotiation, unless he has notice of the same.

SEC. 1502. *Delivery of Articles Without Production of Bill of Lading.* – No Collector shall deliver imported articles to any person without the surrender by such person of the bill of lading covering said article, except on written order of the carrier or agent of the importing vessel or aircraft, in which case neither the Government nor the Collector shall be held liable for any damages arising from wrongful delivery of the articles: Provided, however, That where delivery of articles is made against such written order of the carrier or agent of the importing vessel or aircraft, the Collector may, for customs purposes, require the production of an exact copy of the bill of lading therefore.

SEC. 1503. *Cash Deposit Upon Delivery of Unexamined Packages.* – To effect immediate delivery of packages not ordered for examination, the Collector shall require a cash deposit, an irrevocable domestic letter of credit, bank guarantee or a bond, in an amount equivalent to one hundred per cent (100 %) of the duties, taxes, fees or other charges sufficient to safeguard the revenue.

If such cash deposit, irrevocable domestic letter of credit, bank guarantee or bond is not supplied, all the packages shall be held until the return is made and duties, taxes and other charges paid.

SEC. 1504. *Delivery Upon Order of Importer.* – An importer of record may authorize delivery to another person by writing upon the face of the warehouse withdrawal entry his orders to that effect. Such authority to deliver the article entered for warehousing in accordance with section nineteen hundred and four shall not relieve the importer and his cash deposit, irrevocable domestic letter of credit, bank guarantee or bond from liability for the payment of the duties, taxes and other charges due on the said article unless the person to whom the delivery was authorized to be made assumes such liability by complying with the requirements of above mentioned section.

SEC. 1505. *Withholding Delivery Pending Satisfaction of Lien.* – When the Collector is duly notified in writing of a lien for freight, lighterage or general average upon any imported articles in his custody, he shall withhold the delivery of the same until he is satisfied that the claim has been paid or secured.

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

SEC. 1506. *Customs Expenses Constituting Charges on Articles.* – All expenses incurred by the customs service for the handling or storage of articles and other necessary operations in connection therewith, or incident to its seizure, shall be charged against such articles, and shall constitute a lien upon it.

SEC. 1507. *Fine or Surcharge on Articles.* – No article which is liable for any fine or surcharge imposed under the tariff and customs laws shall be delivered until the same shall have been paid or secured by cash deposit, irrevocable domestic letter of credit, bank guarantee or bond.

SEC. 1508. *Authority of the Collector of Customs to Hold the Delivery or Release of Imported Articles.* – Whenever any importer, except the government, has an outstanding and demandable account with the Bureau of Customs, the Collector shall hold the delivery of any article imported or consigned to such importer unless subsequently authorized by the Commissioner of Customs, and upon notice as in seizure cases, he may sell such importation or any portion thereof to cover the outstanding account of such importer; Provided, however, That at any time prior to the sale, the delinquent importer may settle his obligations with the Bureau of Customs, in which case the aforesaid articles may be delivered upon payment of the corresponding duties and taxes and compliance with all other legal requirements.

PART 5. – LIQUIDATION OF DUTIES

Sec. 1601. *Liquidation and Record of Entries.* – If the Collector shall approve the returns of the appraiser and the report of the weights, gauge or quantity, the liquidation shall be made on the face of the entry showing the particulars thereof, initiated by the customs assessor, approved by the chief customs assessor, and recorded in the record of liquidations.

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

SEC. 1602. *Tentative Liquidation.* – If to determine the exact amount due under the law in whole or in part some future action is required, the liquidation shall be deemed to be tentative as to the item or items affected and shall to that extent be subject to future and final readjustment and settlement within a period of six (6) months from date of tentative liquidation. The entry in such case shall be stamped "Tentative liquidation."

SEC. 1603. *Finality of Liquidation.* - When articles have been entered and passed free of duty or final adjustments of duties made, with subsequent delivery, such entry and passage free of duty or settlements of duties will, after the expiration of three (3) years from the date of the final payment of duties, in the absence of fraud or protest or compliance audit pursuant to the provisions of this Code, be final and conclusive upon all parties, unless the liquidation of the import entry was merely tentative (as amended by R.A. 9135, April 27, 2001).

SEC. 1604. *Treatment of Fractions in the Liquidation.* – In determining the total amount of duties, taxes, surcharges, and/or other charges to be paid on entries, a fraction of a peso less than fifty centavos shall be disregarded, and a fraction of a peso amounting to fifty centavos or more shall be considered as one peso. In case of overpayment or underpayment of duties, taxes, surcharges and/or other charges paid on entries, where the amount involved is less than ten pesos, no refund or collection shall be made.

PART 6. – ABATEMENTS AND REFUNDS

SEC. 1701. *Abatement for Damage Incurred During Voyage.* – Except as herein specially provided, no abatement of duties shall be made on account of damage incurred or deterioration suffered during the voyage of importation; and duties will be assessed on the actual quantity imported, as shown by the return of weighers, gauges, measurers, examiners or appraisers, as the case may be.

SEC. 1702. *Abatement or Refund of Duty on Missing Package.* – When any package or packages appearing on the manifest or bill of lading are missing, an abatement or refund of the duty thereon shall be made if it is certified, under penalties of falsification or perjury, by the importer or consignee, and upon production of proof satisfactory to the Collector that the package or packages in question have not been imported in to the Philippines contrary to law.

SEC. 1703. *Abatement or Refund for Deficiency in Contents of Packages.* – If, upon opening any package, a deficiency or absence of any article or of part of the contents thereof as called for by the invoice shall be found to exist, such deficiency shall be certified, under penalties of falsification or perjury, to the Collector by the examiner and appraiser; and upon the production of proof satisfactory to the Collector showing that the shortage occurred before the arrival of the article in the Philippines, the proper rebatement or refund of the duty shall be made.

SEC. 1704. *Abatement or Refund of Duties on Articles Lost or Destroyed After Arrival.* – A Collector may abate or refund the amount of duties accruing or paid, and may likewise make a corresponding allowance on the irrevocable domestic letter of credit, bank guarantee, or the entry bond or other document, upon satisfactory proof of injury, destruction, or loss by theft, fire or other causes of any article as follows:

- a. While within the limits of any port of entry prior to unloading under customs supervisions;
- b. While remaining in customs custody after unloading;

- c. While in transit under irrevocable domestic letter of credit, bank guarantee or bond with formal entry in accordance with section one thousand three hundred two from the port of entry to any port in the Philippines;
- d. While released under irrevocable domestic letter of credit, bank guarantee or bond for export except in case of loss by theft.

SEC. 1705. *Abatement of Duty on Dead or Injured Animals.* – Where it is certified, under penalties of falsification or perjury, and upon production of proof satisfactory to the Collector that an animal which is the subject of importation dies or suffers injury before arrival, or while in customs custody, the duty shall be correspondingly abated by him, provide the carcass of any dead animal remaining on board or in customs custody be removed in the manner required by the Collector and at the expense of the importer.

SEC. 1706. *Investigation Required in Case of Abatements and Refunds.* – The Collector shall, in all cases of allowances, abatements, or refunds of duties, cause an examination or report in writing to be made as to any fact discovered during such examination which tends to account for the discrepancy or difference and cause the corresponding adjustment to be made on the import entry: Provided, That no abatement or refund of duties, taxes and other charges shall be allowed on articles lost or destroyed in bonded public or private warehouses outside customs zone.

SEC. 1707. *Correction of Errors.* – Refund of Excess Payments. – Manifest clerical errors made in an invoice or entry, errors in return of weight, measure and gauge, when duly certified to, under penalties of falsification or perjury, by the surveyor or examining official (when there are such officials at the port), and errors in the distribution of charges on invoices not involving any question of law and certified to, under penalties of falsification or perjury, by the examining official, may be corrected in the computation of duties, if such errors be discovered before the payments of duties, or if discovered within one year after the final liquidation, upon written request and notice of error from the importer, or upon statement of error certified by the Collector.

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

SEC. 1708. *Claim for Refund of Duties and Taxes and Mode of Payment.* – All claims for refund of duties shall be made in writing and forwarded to the Collector to whom such duties are paid, who upon receipt of such claim, shall verify the same by the records of his Office, and if found to be correct and in accordance with law, shall certify the same to the Commissioner with his recommendation together with all necessary papers and documents. Upon receipt by the Commissioner of such certified claim he shall cause the same to be paid if found correct.

If as a result of the refund of customs duties there would necessarily result a corresponding refund of internal revenue taxes on the same importation, the Collector shall likewise certify the same to the Commissioner who shall cause the said taxes to be paid, refunded, or tax credited in favor of the importer, with advice to the Commissioner of Internal Revenue.

PART 7. – ABANDONMENT OF IMPORTED ARTICLES

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

- (a) When the owner, importer or consignee of the imported article expressly signifies in writing to the Collector of Customs his intentions to abandon; or
- (b) When the owner, importer, consignee or interested party after due notice, fails to file an entry within thirty (30) days, which shall not be extendible, from the date of discharge of the last package from the vessel or aircraft, or having filed such entry, fails to claim his importation within fifteen (15) days which shall not likewise be extendible, from the date of posting of the notice to claim such importation.

Any person who abandons an article or who fails to claim his importation as provided for in the preceding paragraph shall be deemed to have renounced all his interests and property rights therein (Amended by R.A. No. 7651, June 4, 1993).

SEC. 1802. *Abandonment of Imported Articles.* - An abandoned article shall ipso facto be deemed the property of the Government and shall be disposed of in accordance with the provisions of this Code. cd i

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

Any official or employee of the Bureau of Customs or of other government agencies who, having knowledge of the existence of an abandoned article or having control or custody of such abandoned article, fails to report to the Collector within twenty-four (24) hours from the time the article is deemed abandoned, shall be punished with the penalties prescribed in Paragraph 1, Section 3604 of this Code (Amended by R.A. No. 7651, June 04, 1993).

SEC. 1803. Repealed by R.A. 7651 (June 04, 1993)

TITLE V. – WAREHOUSING OF IMPORTED ARTICLES

PART 1. – WAREHOUSING IN GENERAL

SEC. 1901. *Establishment and Supervision of Warehouses.* – When the business of the port requires such facilities, The Collector subject to the approval of the Commissioner shall designate and establish warehouses for use as public and private bonded warehouses, sheds or yards, or for other special purposes.

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

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

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

SEC. 1903. *Bonded Warehouses.* – Application for the establishment of bonded warehouses must be made in writing and filed with the Collector, describing the premises, the location, and capacity of the same, and the purpose for which the building is to be used.

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

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

SEC. 1905. *Discontinuance of Warehouses.* – The use of any warehouse may be discontinued by the Collector at any time when conditions so warrant, or, in case of private warehouse, upon receipt of written request to that effect from the operator thereof of the premises, provided all the requirements of the law and regulations have been complied with by said operator. Where the dutiable article is stored in such premises, the same must be removed at the risk and expense of the operator and the premises shall not be relinquished, nor discontinuance of its use authorized, until a careful examination of the account of the warehouse shall have been made. Discontinuance of any warehouse shall be effective upon official notice and approval thereof by the Collector.

SEC. 1906. *Entry of Articles for Warehousing.* – The entry of articles for warehousing shall be in the required number of copies in the prescribed form, and shall be verified as in the entry of the articles for consumption. No warehousing entry shall be accepted for any article if from the entry, supporting documents and/or information such article is imported contrary to any law.

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

SEC. 1908. *Limit to Period of Storage in Bonded Warehouse.* – Articles duly entered for warehousing may remain in bonded warehouses for a maximum period of one year from the time of arrival at the port of entry. Articles not withdrawn at the expiration of the prescribed period shall be sold at public auction by the Collector.

SEC. 1909. *Charges of Storage in Bonded Warehouse.* – The rates of storage in public or private bonded warehouses shall be subject to arrangement between the importer and the warehouse operator, but such rates shall not be in excess of the customary charges fixed by the Collector of the port for such warehouses.

PART 2. – BONDED MANUFACTURING AND SMELTING WAREHOUSE

SEC. 2001. *Establishment of Bonded Manufacturing Warehouses.* – All articles manufactured in whole or in part of imported materials, and intended for exportation without being charged with duty, shall, in order to be so manufactured and exported, be made and manufactured in bonded manufacturing warehouses under such rules and regulations as the Commissioner of Customs with the approval of the Secretary of Finance, shall prescribe: Provided, That the manufacturer of such articles shall first file a satisfactory bond for the faithful observance of all laws, rules and regulations applicable thereto.

SEC. 2002. *Exemption from Duty.* –

- a. Whenever articles manufactured in any bonded manufacturing warehouse established under the provisions of the preceding section shall be exported directly therefrom or shall be duly laden for immediate exportation under the supervision of the proper official, such articles shall be exempt from duty.
- b. Any imported material used in the manufacture of such articles, and any package, covering, brand and label used in putting up the same may, under the regulation prescribed by the Commissioner, with the approval of the Secretary of Finance, be conveyed without the payment of duty into any bonded manufacturing warehouse, and imported articles may, under the aforesaid regulations, be transferred without the payment of duty from any bonded warehouse into any bonded manufacturing warehouse, or to duly accredited sub-contractors of manufacturers who shall process the same into finished products for exports and deliver such finished products back to the bonded manufacturing warehouse, therefrom to be exported; but this privilege shall not be held to apply to implements, machinery or apparatus to be used in the construction or repair of any bonded manufacturing warehouse: Provided, however, That the materials transferred or conveyed into any bonded manufacturing warehouse shall be used in the manufacture of articles for exportation within a period of nine (9) months from date of such transfer or conveyance into the bonded manufacturing warehouse, which period may for sufficient reasons be further extended for not more than three (3) months by the Commissioner. Materials not used in the manufacture of articles for exportation within the prescribed period shall pay the corresponding duties: Provided, further, That the operation of embroidery and apparel firms shall continue to be governed by Republic Act Numbered Thirty-one hundred and thirty-seven.

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

SEC. 2004. Verification by the Commissioner. – A careful account shall be kept by the Collector of all articles delivered by him to any bonded manufacturing warehouse, and a sworn monthly return, verified by the customs officer in charge, shall be made by the manufacturer containing a detailed statement of all the imported articles used by him in the manufacture of the exported articles.

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

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

SEC. 2005. Bonded Smelting Warehouses. – The plants of manufacturers engaged in smelting or refining, or both, of ores and crude metals, may, upon the filing of satisfactory bonds, be designated as bonded smelting warehouses. Ores or crude metals may be removed from the vessel or aircraft in which imported, or from the bonded warehouse, into a bonded smelting warehouse without the payment of duties thereon, and there smelted or refined, or both, together with ores or crude metals of home or foreign production: Provided, That the bonds shall be charged with a sum equal in amount to the regular duties which would have been payable on such ores and crude metals if entered for consumption at the time of their importation, and the several charges against such bond shall be cancelled upon the exportation or delivery to a bonded manufacturing warehouse established under section twenty hundred and one hereof of a quantity of the same kind of metal equal to the quantity of metal producible from the smelting or refining, or both, of the dutiable metal contained in such ores or crude metals, due allowance being made of smelter wastage as ascertained from time to time by the Commissioner: Provide, further, That the said metals so producible or any portion thereof, may be withdrawn for domestic consumption or transferred to a bonded warehouse and withdrawn therefrom and the several charges against the bond cancelled upon the payment of the duties chargeable against an equivalent amount of ores or crude metals from which said metal would be producible in their condition as imported; Provided, further, That on the arrival of the ores or crude metals at such establishments they shall be sampled and assayed according to commercial methods under the supervision of proper government officials: Provided, further, That all labor performed and services rendered pursuant to this section shall be under the supervision of the proper customs official and at the expense of the manufacturer: Provided, further, That all regulations for carrying out the provisions of this section shall be prescribed by the Commissioner with the approval of the Department head: And Provided, finally, That the several charges against the bond of any smelting warehouse established under the provisions of this section may be cancelled upon the exportation or transfer to a bonded manufacturing warehouse from any other bonded smelting warehouse established under this section of a quantity of the same kind of metal, in excess of that covered by open bonds, equal to the amount of metal producible from the smelting or refining, or both of the dutiable metal contained in the imported ores or crude metals, due allowance being made of the smelter wastage as ascertained from time to time by the Commissioner with the approval of the department head.

PART 3. – TRANSPORTATION IN BOND

SEC. 2101. Entry for Immediate Transportation. – Articles entered for constructive warehousing and immediate transportation under transit manifest to other ports of the Philippines without appraisalment may be transported under irrevocable domestic letter of credit, bank guarantee or bond, upon proper examination and consigned to the Collector at the port of destination, who will allow entry to be made at his port by the consignee.

Articles received at any port from another port of the Philippines on an entry for immediate transportation may be entered at the port of delivery either for consumption or warehousing.

SEC. 2102. *Bonding of Carrier Transporting Articles Under the Preceding Section.* – A carrier engaged in conveying imported articles under the preceding section from a port of importation to other ports shall give security in the nature of a general transportation bond, in a sum not less than ten thousand pesos (P 10,000.00) conditioned that the carrier shall transport and deliver without delay, and in accordance with law and regulations, to the Collector at the port of destination all articles delivered to such carrier and that all proper charges and expenses incurred by the customs authorities or at their instance by reason of such transshipments shall be duly paid.

SEC. 2103. *Articles Entered for Immediate Exportation.* – Where an intent to export the articles is shown by the bill of lading, invoice, manifest, or other satisfactory evidence, the whole or a part of a bill (not less than one package) may be entered for immediate exportation under bond. The Collector shall designate the vessel or aircraft in which the articles are laden constructively as a warehouse to facilitate the direct transfer of the articles to the exporting vessel or aircraft.

Unless it shall appear by the bill of lading, invoice, manifest, or other satisfactory evidence, that articles arriving in the Philippines are destined for transshipment, no exportation thereof will be permitted except under entry for immediate exportation under irrevocable domestic letter of credit, bank guaranty or bond in an amount equal to the ascertained duties, taxes and other charges.

Upon the exportation of the articles, and the production of proof of landing of same beyond the limits of the Philippines, the irrevocable domestic letter of credit, bank guaranty or bond shall be released.

TITLE VI. – ADMINISTRATIVE AND JUDICIAL PROCEEDINGS.

PART 1. – SEARCH, SEIZURE AND ARREST

SEC. 2201. *Trespass or Obstruction of Customs Premises.* – No person other than those with legitimate business with, or employees of, the port or the Bureau of Customs shall be allowed to enter the customs premises without a written permission of the Collector. No person shall obstruct a customhouse, warehouse, office, wharf, street or other premises under the control of the Bureau of Customs, or in any approaches to that house or premises.

SEC. 2202. *Special Surveillance for Protection of Customs Revenue and Prevention of Smuggling.* – In order to prevent smuggling and to secure the collection of the legal duties, taxes and other charges, the customs service shall exercise surveillance over the coast, beginning when a vessel or aircraft enters Philippine territory and concluding when the article imported therein has been legally passed through the customhouse: Provided, That the function of the Philippine Coast Guard to prevent and suppress illegal entry, smuggling and other customs frauds and violations of the maritime law and its proper surveillance of vessels entering and/or leaving the Philippine territory as provided in section 3 (a) of Republic Act Numbered Fifty-one hundred and seventy-three shall continue to be in force and effect.

SEC. 2203. *Persons Having Police Authority.* – For the enforcement of the tariff and customs laws, the following persons are authorized to effect searches, seizures and arrests conformably with the provisions of said laws.

- a. Officials of the Bureau of Customs, district collectors, deputy collectors, police officers, agents, inspectors and guards of the Bureau of Customs;
- b. Officers of the Philippine Navy and other members of the Armed Forces of the Philippines and national law enforcement agencies when authorized by the Commissioner;
- c. Officials of the Bureau of Internal Revenue on all cases falling within the regular performance of their duties, when the payment of internal revenue taxes are involved;
- d. Officers generally empowered by law to effect arrests and execute processes of courts, when acting under the direction of the Collector.

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

SEC. 2204. *Place Where Authority May be Exercised.* – All persons conferred with powers in the preceding section may exercise the same at any place within the jurisdiction of the Bureau of Customs.

SEC. 2205. *Exercise of Power of Seizure and Arrest.* – It shall be within the power of the customs official or person authorized as aforesaid, and it shall be his duty, to make seizure of any vessel, aircraft, cargo, article, animal or other movable property, when the same is subject to forfeiture or liable for any fine imposed under tariff and customs laws, rules and regulations, such power to be exercised in conformity with the law and the provisions of this Code: Provided, That the powers of the Bureau of Fisheries and Aquatic Resources to make arrests, searches and seizures as provided in section four paragraphs "g" and "i" of Republic Act Numbered Thirty-five hundred and twelve, and the Philippine Coast Guard under Republic Act Numbered Fifty-one hundred and seventy-three shall continue to be in force and effect. (as amended by R.A. No.8550 {"Fisheries Code of 1998"}).

SEC. 2206. *Duty of Officer or Official to Disclose Official Character.* – It Shall be the duty of any person exercising authority as aforesaid, upon being questioned at the time of the exercise thereof, to make known his official character as an officer or official of the Government, and if his authority is derived from special authorization in writing to exhibit the same for inspection, if demanded.

SEC. 2207. *Authority to Require Assistance.* – Any person exercising police authority under the customs and tariff laws may demand assistance of any police officer when such assistance shall be necessary to effect any search, seizure or arrest which may be lawfully made or attempted by him. It shall be the duty of any police officer upon whom such requisition is made to give such lawful assistance in the matter as may be required.

SEC. 2208. *Right of Police Officer to Enter Inclosure.* – For the more effective discharge of his official duties, any person exercising the powers herein conferred, may at any time enter, pass through, or search any land or inclosure or any warehouse, store or other building, not being a dwelling house.

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

SEC. 2209. *Search of Dwelling House.* – A dwelling house may be entered and searched only upon warrant issued by a Judge of the Court or such other responsible officers as may be authorized by law upon sworn application showing probable cause and particularly describing the place to be searched and person or thing to be seized.

SEC. 2210. *Right to Search Vessels or Aircrafts and Persons or Articles Conveyed Therein.* – It shall be lawful for any official or person exercising police authority under the provisions of this Code to go aboard any vessel or aircraft within the limits of any collection district, and to inspect, search and examine said vessel or aircraft and any trunk, package, box or envelope on board, and to search any person on board the said vessel or aircraft if under way, to use all necessary force to compel compliance; and if it shall appear that any breach or violation of the customs and tariff laws of the Philippines has been committed, whereby or in consequence of which such vessels or aircrafts, or the article, or any part thereof, on board of or imported by such vessel or aircraft, is liable to forfeiture to make seizure of the same or any part thereof.

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

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

SEC. 2211. *Right to Search Vehicles, Beasts and Persons.* – It shall also be lawful for a person exercising authority as aforesaid to open and examine any box, trunk, envelope or other container, wherever found when he has reasonable cause to suspect the presence therein of dutiable or prohibited article or article introduced into the Philippines contrary to law, and likewise to stop, search and examine any vehicle, beast or person reasonably suspected of holding or conveying such article as aforesaid.

SEC. 2212. *Search of Persons Arriving From Foreign Countries.* – All persons coming into the Philippines from foreign countries shall be liable to detention and search by the customs authorities under such regulations as may be prescribed relative thereto.

Female inspectors may be employed for the examination and search of persons of their own sex.

PART 2. – ADMINISTRATIVE PROCEEDINGS

SEC. 2301. *Warrant for Detention of Property-Cash Bond.* - Upon making any seizure, the Collector shall issue a warrant for the detention of the property; and if the owner or importer desires to secure the release of the property for legitimate use, the Collector shall, with the approval of the Commissioner of Customs, surrender it upon the filing of a cash bond, in an amount to be fixed by him, conditioned upon the payment of the appraised value of the article and/or any fine, expenses and costs which may be adjudged in the case: Provided, That such importation shall not be released under any bond when there is a prima facie evidence of fraud in the importation of article: Provided, further, That articles the importation of which is prohibited by law shall not be released under any circumstance whatsoever: Provided, finally, That nothing in this section shall be construed as relieving the owner or importer from any criminal liability which may arise from any violation of law committed in connection with the importation of the article (as amended by R.A. 7651, June 04, 1993).

SEC. 2302. *Report of Seizure to Commissioner and Chairman, Commission on Audit.* – When a seizure is made for any cause, the Collector of the district wherein the seizure is effected shall immediately make report thereof to the Commissioner and Chairman of the Commission on Audit.

SEC. 2303. *Notification to Owner or Importer.* – The Collector shall give the owner or importer of the property or his agent a written notice of the seizure and shall give him an opportunity to be heard in reference to the delinquency which was the occasion of such seizure.

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

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

SEC. 2304. *Notification to Unknown Owner.* – Notice to an unknown owner shall be effected by posting for fifteen days in the public corridor of the customhouse of the district in which the seizure was made, and, in the discretion of the Commissioner, by publication in a newspaper or by such other means as he shall consider desirable.

SEC. 2305. *Description, Appraisal and Classification of Seized Property.* – The Collector shall also cause a list and particular description and/or classification of the property seized to be prepared and an appraisement of the same, like, or similar article at its wholesale value in the local market in the usual wholesale quantities in the ordinary course of trade to be made by at least two appraising officials, if there are such officials at or near the place of seizure. In the absence of those officials, then by two competent and disinterested citizens of the Philippines, to be selected by him for that purpose, residing at or near the place of seizure, which list and appraisement shall be properly attested to by the Collector and the persons making the appraisal.

SEC. 2306. *Proceedings in Case of Property Belonging to Unknown Parties.* – If, within fifteen days after the notification prescribed in section twenty-three hundred and four of this Code, no owner or agent can be found or appears before the Collector, the latter shall declare the property forfeited to the government to be sold at auction in accordance with law.

SEC. 2307. *Settlement of Case by Payment of Fine or Redemption of Forfeited Property.* – Subject to approval of the Commissioner, the district collector may, while the case is still pending, except when there is fraud, accept the settlement of any seizure case provided that the owner, importer, exporter, or consignee or his agent shall offer to pay to the collector a fine imposed by him upon the property, or in case of forfeiture, the owner, exporter, importer or consignee or his agent shall offer to pay for the domestic market value of the seized article. The Commissioner may accept the settlement of any seizure case on appeal in the same manner.

Upon payment of the fine as determined by the district collector which shall be in amount not less than twenty percentum (20%) nor more than eighty percentum (80%) of the landed cost of the seized imported article or the F.O.B. value of the seized article for export, or payment of the domestic market value, the property shall be forthwith released and all liabilities which may or might attach to the property by virtue of the offence which was the occasion of the seizure and all liability which might have been incurred under any cash deposit or bond given by the owner or agent in respect to such property shall thereupon be deemed to be discharged.

Settlement of any seizure case by payment of the fine or redemption of forfeited property shall not be allowed in any case where the importation is absolutely prohibited or where the release of the property would be contrary to law.

SEC. 2308. *Protest and Payment Upon Protest in Civil Matters.* – When a ruling or decision of the Collector is made whereby liability for duties, taxes, fees or other charges are determined, except the fixing of fines in seizure cases, the party adversely affected may protest such ruling or decision by presenting to the Collector at the time when payment of the amount claimed to be due the government is made, or within fifteen (15) days thereafter, a written protest setting forth his objection to the ruling or decision in question, together with the reasons therefore. No protest shall be considered unless payment of the amount due after final liquidation has first been made and the corresponding docket fee, as provided for in Section 3301.

SEC. 2309. *Protest Exclusive Remedy in Protestable Case.* – In all cases subject to protest, the interested party who desires to have the action of the Collector reviewed, shall make a protest, otherwise, the action of the Collector shall be final and conclusive against him, except as to matters collectible for manifest error in the manner prescribed in section one thousand seven hundred and seven hereof.

SEC. 2310. *Form and Scope of Protest.* – Every protest shall be filed in accordance with the prescribed rules and regulations promulgated under this section and shall point out the particular decision or ruling, of the Collector to which exception is taken or objection made, and shall indicate with reasonable precision the particular ground or grounds upon which the protesting party bases his claim for relief.

The scope of a protest shall be limited to the subject matter of a single adjustment or other independent transaction, but any number of issue may be raised in a protest with reference to the particular item or items constituting the subject matter of the protest.

SEC. 2311. *Samples to be Furnished by Protesting Parties.* – If the nature of the articles permit, importers filing protests involving questions of fact must, upon demand, supply the Collector with samples of the articles which are the subject matter of the protest. Such samples shall be verified by the customs official who made the classification against which the protest are filed.

SEC. 2312. *Decision or Action of Collector in Protest and Seizure Cases.* – When a protest in proper form is presented in a case where protest is required, the Collector shall issue an order for hearing within fifteen (15) days from receipt of the protest and hear the matter thus presented. Upon the termination of the hearing, the Collector shall render a decision within thirty (30) days, and if the protest is sustained, in whole or in part, he shall make the appropriate order, the entry reliquidated necessary.

In seizure cases, the Collector, after a hearing shall in writing make a declaration of forfeiture or fix the amount of the fine or take such other action as may be proper.

SEC. 2313. *Review by Commissioner.* - The person aggrieved by the decision or action of the Collector in any matter presented upon protest or by his action in any case of seizure may, within fifteen (15) days after notification in writing by the Collector of his action or decision, file a written notice to the Collector with a copy furnished to the Commissioner of his intention to appeal the action or decision of the Collector to the Commissioner. Thereupon the Collector shall forthwith transmit all the records of the proceedings to the Commissioner, who shall approve, modify or reverse the action or decision of the Collector and take such steps and make such orders as may be necessary to give effect to his decision: Provided, That when an appeal is filed beyond the period herein prescribed, the same shall be deemed dismissed.

If in any seizure proceedings, the Collector renders a decision adverse to the Government, such decision shall be automatically reviewed by the Commissioner and the records of the case elevated within five (5) days from the promulgation of the decision of the Collector. The Commissioner shall render a decision of the automatic appeal within thirty (30) days from receipt of the records of the case. If the Collector's decision is reversed by the Commissioner, the decision of the Commissioner shall be final and executory. However, if the Collector's decision is affirmed, or if within thirty (30) days from receipt of the records of the case by the Commissioner no decision is rendered or the decision involves imported articles whose published value is Five million pesos (P5,000,000) or more, such decision shall be deemed automatically appealed to the Secretary of Finance and the records of the proceedings shall be elevated within five (5) days from the promulgation of the decision of the Commissioner or of the Collector under appeal, as the case may be: Provided, further, That if the decision of the Commissioner or of the Collector under appeal, as the case may be, is affirmed by the Secretary of Finance, or if within thirty (30) days from receipt of the records of the proceedings by the Secretary of Finance, no decision is rendered, the decision of the Secretary of Finance, or of the Commissioner, or of the Collector under appeal, as the case may be, shall become final and executory.

In any seizure proceeding, the release of imported articles shall not be allowed unless and until a decision of the Collector has been confirmed in writing by the Commissioner of Customs (as amended by R.A. 7651, June 04, 1993).

SEC. 2314. *Notice of Decision of Commissioner.* - Notice of the decision of the Commissioner shall be given to the party by whom the case was brought before him for review, and in seizure cases such notice shall be effected by personal service if practicable.

SEC. 2315. *Supervisory Authority of Commissioner and Secretary of Finance in Certain Cases.* - If any case involving the assessment of duties, the Collector renders a decision adverse to the Government, such decision shall be automatically elevated to, and reviewed by, the Commissioner; and if the Collector's decision would be affirmed by the Commissioner, such decision shall be automatically elevated to, and be finally reviewed by, the Secretary of Finance: Provided, however, That if within thirty (30) days from receipt of the record of the case by the Commissioner or by the Secretary of Finance, as the case may be, no decision is rendered by either of them, the decision under review shall be final and executory: Provided, further, That any party aggrieved by either the decision of the Commission or of the Secretary of Finance may appeal to the Court of Tax Appeals within thirty (30) days from receipt of a copy of such decision. For this purpose, Republic Act numbered eleven hundred and twenty-five is hereby amended accordingly (Amended by Section 7, paragraph a (4) of Republic Act No. 9282, (New Court of Tax Appeals Law, March 30, 2004).

Except as provided in the preceding paragraph, the supervisory authority of the Secretary of Finance over the Bureau of Customs shall not extend to the administrative review of the ruling or decision of the Commissioner in matters appealed to the Court of Tax Appeals.

SEC. 2316. *Authority of Commissioner to make Compromise.* - Subject to the approval of the Secretary of Finance, the Commissioner of Customs may compromise any case arising under this Code or other laws or part of laws enforced by the Bureau of Customs involving the imposition of fines, surcharges and forfeitures unless otherwise specified by law.

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

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

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

Nothing in this Section limits or affects any other powers of the Bureau of Customs with respect to the disposition of the goods or any liability of the importer or any other person with respect to an offense committed in the importation of the goods (as provided under Section V, R.A. 9135, April 27, 2001).

PART 3. – JUDICIAL PROCEEDINGS

SEC. 2401. *Supervision and Control Over Criminal and Civil Proceedings.* - Civil and criminal actions and proceedings instituted in behalf of the government under the authority of this Code or other law enforced by the Bureau shall be brought in the name of the government of the Philippines and shall be conducted by customs officers but no civil or criminal action for the recovery of duties or the enforcement of any fine, penalty or forfeiture under this Code shall be filed in court without the approval of the Commissioner (as amended by R.A. 9135, April 27, 2001).

SEC. 2402. *Review by Court of Tax Appeals.* – The party aggrieved by the ruling of the Commissioner in any matter brought before him upon protest or by his action or ruling in any case of seizure may appeal to the Court of Tax Appeals, in the manner and within the period prescribed by law and regulations (Amended by Sec. 7, paragraph a (4) of R.A. No. 9282, (New Court of Tax Appeals Law, March 30, 2004).

Unless an appeal is made to the Court of Tax Appeals in the manner and within the period prescribed by laws and regulations, the action or ruling of the Commissioner shall be final and conclusive.

PART 4. – SURCHARGES, FINES AND FORFEITURES

SEC. 2501. *Failure to Pay Liquidated Charges.* – For failure to pay the amount of liquidated duties, taxes and other charges of a liquidation within ten (10) working days after the notice of liquidation shall have been publicly posted in the customhouse, a surcharge of ten percent (10%) of the total amount or balance found upon liquidation shall be added thereto and collected therewith, which surcharge shall be increased to twenty-five percent (25%) if the delinquency lasts for more than one year.

SEC. 2501-A. *Unauthorized Withdrawal of Imported Articles From Bonded Warehouse.* – Upon any unauthorized withdrawal of imported articles stored in a customs bonded warehouse, a surcharge of fifty percent (50%) of duties, taxes, custom fees and charges, found to be due and unpaid, shall be added thereto and collected. The surcharge shall be increased by twenty-five percent (25%) annually of the unpaid taxes if the delinquency lasts for more than one year.

SEC. 2502. - Repealed by P.D. 1679, March 6, 1980.

SEC. 2503. *Undervaluation, Misclassification and Misdeclaration in Entry.* - When the dutiable value of the imported articles shall be so declared and entered that the duties, based on the declaration of the importer on the face of the entry, would be less by ten percent (10%) than should be legally collected, or when the imported articles shall be so described and entered that the duties based on the importer's description on the face of the entry would be less by ten percent (10%) than should be legally collected based on the tariff classification, or when the dutiable weight, measurement or quantity of imported articles is found upon examination to exceed by ten percent (10%) or more than the entered weight, measurement or quantity, a surcharge shall be collected from the importer in an amount of not less than the difference between the full duty and the estimated duty based upon the declaration of the importer, nor more than twice of such difference: Provided, That an undervaluation, misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between the value, weight, measurement, or quantity declared in the entry, and the actual value, weight, quantity, or measurement shall constitute a prima facie evidence of fraud penalized under Section 2530 of this Code: Provided, further, That any misdeclared or undeclared imported articles/items found upon examination shall ipso facto be forfeited in favor of the Government to be disposed of pursuant to the provisions of this Code.

When the undervaluation, misdescription, misclassification or misdeclaration in the import entry is intentional, the importer shall be subject to the penal provision under Section 3602 of this Code. (as amended by R.A. 7651, June 04, 1993).

SEC. 2504. Failure or Refusal of Party to Give Evidence or Submit Documents for Examination. – When the owner, importer or consignee of any imported articles, or the agent of either, fails or refuses, upon lawful demand in writing by any customs official to appear, make oath or submit himself to examination or to answer any material question or refuses to produce records, accounts or invoices in his possession pertaining to the value, classification or disposition of the article in question and deemed material in appraising the same, the Collector shall assess a surcharge of twenty per centum ad valorem on the article which is the subject of the importation.

SEC. 2505. Failure to Declare Baggage. – Whenever any dutiable article is found in the baggage of any person arriving in the Philippines which is not included in the baggage declaration, such article shall be seized and the person in whose baggage it is found may obtain release of such article, if not imported contrary to any law upon payment of treble and appraised value of such article plus all duties, taxes and other charges due thereon unless it shall be established to the satisfaction of the Collector that the failure to mention or declare such dutiable article was without fraud.

Nothing in this section shall preclude the bringing of criminal action against the offender.

SEC. 2506. Breach of Bond. – Upon breach of bond required to be filed under the tariff and customs laws, the Collector subject to the approval of the Commissioner may accept in satisfaction thereof a smaller sum than that mentioned in the penalty clause of the bond, but in no case less than the amount necessary to indemnify the Government for the damage occasioned by such breach.

SEC. 2513. Vessel or Aircraft Departing Before Entry Made. – Any vessel or aircraft arriving within the limits of a collection district from a foreign port which departs before the entry is made, without being compelled to do so by stress of weather, pursuit or duress of enemies, or other necessity, shall be fined in the sum not exceeding five thousand pesos.

SEC. 2514. Obstruction to Boarding Official. – If the master or pilot in command or any member of the complement of any vessel or aircraft arriving at the Philippine port obstructs or hinders any official from lawfully going on board such vessel or aircraft for the purpose of enforcing the customs and tariff laws, or international causes any such official to be so obstructed or hindered, the vessel or aircraft shall be fined in a sum not exceeding five thousand pesos.

SEC. 2515. Unlawful Boarding or Leaving of Vessel or Aircraft. – If upon arrival at the Philippine port, any master of a vessel or pilot in command of an aircraft engaged in a foreign trade permits any person to board or leave the vessel or aircraft without the permission of the customs official in charge, such vessel or aircraft shall be fined in a sum not exceeding five thousand pesos.

SEC. 2516. Failure to Deliver or Receive Mail. – If the master of a vessel or the pilot in command of an aircraft arriving at the Philippine port fails or refuses to deliver to the postmaster of the nearest post office, as required by law or contract, all mail matters on board such vessel or aircraft and destined for the particular port, the vessel or aircraft shall be fined in a sum not exceeding one thousand pesos.

When any vessel or aircraft which is required by law or contract to carry mail matter departs from a port or place where mail should be received, without giving the postmaster or other postal official a reasonable opportunity to deliver to the vessel or aircraft or its proper officer or agent, any mail matter addressed to or destined for the port or place to which the vessel or aircraft is bound, such vessel or aircraft shall be fined in a sum not exceeding one thousand pesos.

SEC. 2517. Unlading of Cargo Before Arrival at Port of Destination. – If, upon the arrival within the limits of any collection district of the Philippines of any vessel or aircraft engaged in foreign trade, the master or pilot in command thereof permits any part of the cargo to be unladen before her arrival at her port of destination, and without authority from a proper customs official, such vessel or aircraft shall be fined a sum not less than thirty thousand pesos (P 30,000.00) but not exceeding one hundred thousand pesos (P 100,000.00), provided that no fine shall accrue, upon satisfactory proof to the proper collector that the unlading was rendered necessary by stress of weather, accident or other necessity.

SEC. 2518. *Unlading of Cargo at Improper Time or Place After Arrival.* – Any vessel or aircraft, which after arrival at her port of destination in the Philippines, discharges cargo at any time or place other than that designated by the Collector shall be fined in a sum not less than thirty thousand pesos (P 30,000.00) and not exceeding one hundred thousand pesos (P 100,000.00), provided that no fine shall accrue upon satisfactory proof to the proper collector that the unlading was rendered necessary by stress of weather, accident or other necessity.

SEC. 2519. *Failure to Exhibit or Deposit Documents.* – When the master of a vessel or pilot in command of an aircraft engaged in foreign trade fails to exhibit to the Collector at the time of entry of his vessel or aircraft the register or other paper in lieu thereof, together with the clearance and other papers granted by the customs officials to his vessel or aircraft at the last foreign port of departure, or fails to exhibit any certificate or other documents required to be then exhibited, such vessel or aircraft shall be fined in a sum not exceeding five thousand pesos.

Such vessel shall be liable for the payment of the aforesaid fine if the master, within forty eight hours, after arrival, shall fail to deliver to the proper consular officer of his nation such document as are required by law to be deposited with him, or, if after having made such deposit, the master shall fail to produce to the Collector the required evidence that the same has been effected.

SEC. 2520. *Bringing of Unmanifested Arms, Explosives or War Equipment.* – Any vessel or aircraft arriving at a port in the Philippines having firearms, gunpowder, cartridges, dynamite or any other explosives, munitions or equipment of war concealed on board the vessel or not contained in the manifest of the vessel or aircraft, shall be fined a sum of not less than thirty thousand pesos (P 30,000.00) but not exceeding one hundred thousand pesos (P 100,000.00).

SEC. 2521. *Failure to Supply Requisite Manifests.* – If any vessel or aircraft enters or departs from a port of entry without submitting the proper manifests to the customs authorities, or shall enter or depart conveying unmanifested cargo other than as stated in the next proceeding section hereof, such vessel or aircraft shall be fined in a sum not less than ten thousand pesos (P 10,000.00) but not exceeding thirty thousand pesos (P 30,000.00).

The same fine shall be imposed upon any arriving or departing vessel or aircraft If the master or pilot in command shall fail to deliver or mail to the Commission on Audit a true copy of the manifest of the incoming or outgoing cargo, as required by law.

SEC. 2522. *Disappearance of Manifested Article.* – When any package or article mentioned in the manifest shall not be duly forthcoming upon the arrival of the vessel or aircraft, the vessel or aircraft shall be fined in a sum not exceeding two thousand pesos (P 2,000.00), unless the disappearance of the package or article in question was not due to the negligence of the master of the vessel or pilot in command of an aircraft and explained to the satisfaction of the Collector.

The vessel or aircraft shall be liable for the payment of the same fine when a package or article listed in the manifest does not tally materially in character or otherwise with the description thereof in the manifest.

SEC. 2523. *Discrepancy Between Actual and Declared Weight of Manifested Article.* – If the gross weight of any article or package described in the manifest exceeds by more than twenty (20) percentum the gross weight as declared in the manifest or bill of lading thereof, and the Collector shall be of the opinion that such discrepancy was due to the carelessness or incompetency of the master or pilot in command, owner or employee of the vessel or aircraft, a fine of not more than fifteen (15) percentum of the value of the package or article in respect to which the deficiency exists, may be imposed upon the importing vessel or aircraft.

SEC. 2524. *Delivery of Cargo Not Agreeing with the Master's or Pilot's in Command Report.* – When a vessel or aircraft arriving from a foreign port is compelled by necessity to put into another port than the port of her destination and permission is granted by the Collector for the unlading of the vessel or aircraft or the delivery of any part of her cargo and it shall be found that the delivery of the cargo does not agree with the master's or the pilot's in command report, and the discrepancy is not satisfactory explained, the vessel or aircraft shall be fined in a sum not exceeding five thousand pesos.

SEC. 2525. *Breaking of Seal Placed by Customs Officials.* – If any seal place by a customs official upon any vessel or aircraft or compartment thereof, or upon any box, trunk or other package of article on board any vessel or aircraft shall be fined a sum not exceeding ten thousand pesos (P 10,000.00) for each seal so broken or destroyed.

SEC. 2526. *Breaking of Lock or Fastening Placed by Customs Officials.* – If any lock or other fastening device placed by a customs official upon any hatch door, or other means of communication with the hold of a vessel or aircraft, or other part thereof, for the security of the same during the night time, shall be unlawfully opened, broken or removed, or if any of the articles contained in the hold or in the other compartments so secured shall be clandestinely abstracted and landed, the vessel or aircraft shall be fined in a sum not exceeding ten thousand (P 10,000.00) pesos.

SEC. 2527. *Disappearance of Trunk or Package Specially Noted by Customs Official.* – When any box, trunk or other package of article is found by a customs official on any incoming vessel or aircraft separate from the rest of the cargo or in any unusual or improper place on such vessel or aircraft and the same shall be noted by him, with proper description, and the attention of the master or pilot in command or other responsible officer of the vessel or aircraft is called thereto, the vessel or aircraft shall be fined in a sum not exceeding ten thousand pesos (P 10,000.00) for every such package which may subsequently be missing and unaccounted for upon the arrival of the vessel or aircraft at the port of entry.

SEC. 2528. *False Statement of Vessel's or Aircraft's Destination.* – When the master or pilot in command of a vessel or aircraft laden with articles shall make a false statement as to the next destination of such vessel or aircraft when information concerning the same is required of him by a customs official, such vessel or aircraft shall be fined in a sum not exceeding ten thousand pesos (P 10,000.00); and the circumstances that a vessel or aircraft after clearing for a certain port of destination goes to some other port, not being impelled to do so by necessity, shall be prima facie proof that the original statement of the vessel's or aircraft's actual destination was false.

SEC. 2529. *Other Offences.* – A vessel shall be fined in an amount hereafter fixed for:

- (1) Anchoring at any dock, pier, wharf, quay, or bulkhead without rat guards, two hundred pesos (P 200.00) for coastwise vessels, and one thousand pesos (P 1,000.00) for overseas vessels;
- (2) Dumping garbage or slops over the sides within three miles from the nearest coastline, one thousand pesos (P 1,000.00);
- (3) Dumping or causing to spread crude oil, kerosene or gasoline in the bay or at the piers within three miles from the nearest coastline, one thousand pesos (P 1,000.00) for each offence;
- (4) Loading gasoline at a place other than that designated by the regulations, one thousand pesos (P 1,000.00) for each offence;
- (5) Causing the emission and spread of harmful gas, fumes and chemicals, five thousand pesos (P 5,000.00) for each offence.

SEC. 2530. *Property Subject to Forfeiture Under Tariff and Customs Laws.* – Any vehicle, vessel or aircraft, cargo, article and other objects shall, under the following conditions be subjected to forfeiture:

- a. Any vehicle, vessel or aircraft, including cargo, which shall be used unlawfully in the importation or exportation of articles or in conveying and/or transporting contraband or smuggled articles in commercial quantities into or from any Philippine port or place. The mere carrying or holding on board of contraband or smuggled articles in commercial quantities shall subject such vessel, vehicle, aircraft, or any other craft to forfeiture: Provided, That the vessel, or aircraft or any other craft is not used as duly authorized common carrier and as such a carrier it is not chartered or leased;
- b. Any vessel engaging in the coastwise which shall have on board any article of foreign growth, produce, or manufacture in excess of the amount necessary for sea stores, without such article having been properly entered or legally imported;
- c. Any vessel or aircraft into which shall be transferred cargo unladen contrary to law prior to the arrival of the importing vessel or aircraft at her port of destination;
- d. Any part of the cargo, stores or supplies of a vessel or aircraft arriving from a foreign port which is unladen before arrival at the vessel's or aircraft's port of destination and without authority from the customs officials; but such cargo, ship or aircraft stores and supplies shall not be forfeited if such unloading was due to accident, stress of weather or other necessity and is subsequently approved by the Collector;

- e. Any article which is fraudulently concealed in or removed contrary to law from any public or private warehouse, container yard or container freight station under customs supervision;
 - f. Any article the importation or exportation of which is effected or attempted contrary to law, or any article of prohibited importation or exportation, and all other articles which, in the opinion of the Collector, have been used, are or were entered to be used as instruments in the importation or the exportation of the former;
 - g. Unmanifested article found on any vessel or aircraft if manifest therefore is required;
 - h. Sea stores or aircraft stores adjudged by the Collector to be excessive, when the duties assessed by the Collector thereon are not paid or secured forthwith upon assessment of the same;
 - i. Any package of imported article which is found by the examining official to contain any article not specified in the invoice or entry, including all other packages purportedly containing imported articles similar to those declared in the invoice or entry to be the contents of the misdeclared package; Provided, That the Collector is of the opinion that the misdeclaration was contrary to law;
 - j. Boxes, cases, trunks, envelopes and other containers of whatever character used as receptacles or as device to conceal article which is itself subject to forfeiture under the tariff and customs laws or which is so designed as to conceal the character of such articles;
 - k. Any conveyance actually being used for the transport of articles subject to forfeiture under the tariff and customs laws, with its equipage or trappings, and any vehicle similarly used, together with its equipage and appurtenances including the beast, steam or other motive power drawing or propelling the same. The mere conveyance of contraband or smuggled articles by such beast or vehicle shall be sufficient cause for the outright seizure and confiscation of such beast or vehicle, but the forfeiture shall not be effected if it is established that the owner of the means of conveyance used as aforesaid, is engaged as common carrier and not chartered or leased, or his agent in charge thereof at the time, has no knowledge of the unlawful act;
1. Any article sought to be imported or exported.
 - (1) Without going through a customhouse, whether the act was consummated, frustrated or attempted;
 - (2) By failure to mention to a customs official, articles found in the baggage of a person arriving from abroad;
 - (3) On the strength of a false declaration or affidavit executed by the owner, importer, exporter or consignee concerning the importation of such article;
 - (4) On the strength of a false invoice or other document executed by the owner, importer, exporter or consignee concerning the importation or exportation of such article; and
 - (5) Through any other practice or device contrary to law by means of which such articles was entered through a customhouse to the prejudice of the government.

SEC. 2531. *Properties Not Subject to Forfeiture in the Absence of Prima Facie Evidence.* – The forfeiture of the vehicle, vessel, or aircraft shall not be effected if it is established that the owner thereof or his agent in charge of the means of conveyance used as aforesaid has no knowledge of or participation in the unlawful act: Provided, however, That a prima facie presumption shall exist against the vessel, vehicle or aircraft under any of the following circumstances:

1. If the conveyance has been used for smuggling at least twice before;
2. If the owner is not in the business for which the conveyance is generally used; and
3. If the owner is not financially in a position to own such conveyance.

SEC. 2532. *Conditions Affecting Forfeiture of Article.* – As regards imported or exported article or articles whereof the importation or exportation is merely attempted, the forfeiture shall be effected only when and while the article is in the custody or within the jurisdiction of the customs authorities or in the hands or subject to the control of the importer, exporter, original owner, consignee, agent of other person effecting the importation, entry or exportation in question, or in the hands or subject to the control of some persons who shall receive, conceal, buy, sell or transport the same or aid in any such acts, with knowledge that the article was imported, or was the subject of an attempt at importation or exportation, contrary to law.

SEC. 2533. *Enforcement of Lien, Administrative Fines, and Forfeitures.* – Administrative fines and forfeitures shall be enforced by the seizure of the vehicle, vessel or aircraft or other property subject to the fine or forfeiture and by subsequent proceedings in conformity with the provisions of Parts 2 and 3, Title VI, Book II, of this Code. For the purpose of enforcing the lien for customs duties, fees and other charges on any seized or confiscated article in the custody of the Bureau of Internal Revenue, the Bureau of Internal Revenue is hereby authorized to impose and enforce the said lien.

SEC. 2534. *Seizure of Vessel or Aircraft for Delinquency of Owner or Officer.* – When the owner, agent, master, pilot in command or other responsible officer of any vessel or aircraft becomes liable to be fined under the tariff and customs laws on account of a delinquency in the discharge of a duty imposed upon him with reference to the said vessel or aircraft, the vessel or aircraft itself may be seized and subjected in an administrative proceeding for the satisfaction of the fine for which such person would have been liable.

SEC. 2535. *Burden of Proof in Seizure and/or Forfeiture.* – In all proceedings taken for the seizure and/or forfeiture of any vessel, vehicle, aircraft, beast or articles under the provisions of the tariff and customs laws, the burden of proof shall lie upon the claimant: Provided, That probable cause shall be first shown for the institution of such proceedings and that seizure and/or forfeiture was made under the circumstances and in the manner described in the preceding sections of this Code.

SEC. 2536. *Seizure of Other Articles.* – The Commissioner of Customs and Collector of Customs and/or any other customs officer, with the prior authorization in writing by the Commissioner, may demand evidence of payment of duties and taxes on foreign articles openly offered for sale or kept in storage, and if no such evidence can be produced, such articles may be seized and subjected to forfeiture proceedings: Provided, however, That during such proceedings the person or entity for whom such articles have been seized shall be given the opportunity to prove or show the source of such articles and the payment of duties and taxes thereon.

PART 5. – DISPOSITION OF PROPERTY IN CUSTOMS CUSTODY

SEC. 2601. *Property Subject to Sale.* – Property in customs custody shall be subject to sale under the conditions hereinafter provided:

- a. Abandoned articles;
- b. Articles entered under warehousing entry not withdrawn nor the duties and taxes paid thereon within the period described under Section 1908 of this Code;
- c. Seized property, other than contraband, after liability to sale shall have been established by proper administrative or judicial proceedings in conformity with the provisions of this code; and
- d. Any article subject to a valid lien for customs duties, taxes or other charges collectible by the Bureau of Customs, after the expiration of the period allowed for the satisfaction of the same (R.A. 7651, June 04, 1993).

SEC. 2602. *Place of Sale or Other Disposition of Property.* – Property within the purview of this Part of this Code shall be sold, or otherwise disposed of, upon the order of the Collector of the port where the property in question is found, unless the Commissioner shall direct its conveyance for such purpose to some other port.

SEC. 2603. *Mode of Sale.* – In the absence of any special provision, subject to the provisions of Section 2601 above provided, property subject to sale by the customs authorities shall be sold at public auction within thirty (30) days after ten (10) days notice of such sale shall have been conspicuously posted at the port and such other advertisement as may appear to the Collector to be advisable in the particular case.

SEC. 2604. *Disqualification to Participate in Auction Sale.* – No customs official or employee shall be allowed to bid directly or indirectly, in any customs action.

SEC. 2605. *Disposition of Proceeds.* – The following charges shall be paid from the proceeds of the sale in the order named:

- a. Expenses of appraisal, advertisement of sale.
- b. Duties except in the case of abandoned and forfeited articles.
- c. Taxes and other charges due the Government.
- d. Government storage charges.
- e. Arrastre and private storage charges.
- f. Freight, lighterage or general average, on the voyage of importation, of which due notice shall have been given to the Collector.

SEC. 2606. *Disposition of Surplus from the Proceeds of Sale of Abandoned or Forfeited or Acquired Articles.* - Except in the case of the sale of abandoned or forfeited articles, and articles which are not claimed by payment of duties, taxes and other charges and compliance with all legal requirements within the prescribed period, any surplus remaining after the satisfaction of all unlawful charges as aforesaid shall be retained by the Collector for ten (10) days subject to the call of the owner.

Upon failure of the owner to claim such surplus within this period, the Collector shall deposit such amount in a special trust fund which shall be used solely for the purpose of financing the compulsory acquisition of imported goods by the government as provided in Section 2317 hereof.

In all such cases the Collector shall report fully his action in the matter, together with all the particulars, to the Commissioner and to the Chairman on Audit. After one year, the unused amounts in such special trust funds, except for an amount necessary to finance forced government acquisitions before the first auction of the succeeding year, shall be turned over to the Bureau of Treasury as customs receipts. (as amended b R.A. 9135, April 27, 2001)

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

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

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

SEC. 2608. *Disposition of Articles Unfit for Use or Sale or Injurious to Public Health.* – When any article, which in the opinion of the Collector, is a menace to public health, is seized or otherwise comes into the custody of the Bureau of Customs, the Collector of the port shall, if the matter is not disposable under the provisions relating to food and drugs, appoint a board of three members to examine the article. Whenever possible, one member shall be a representative of the Department of Health or of local health officer, and the two others shall be responsible officials of the Bureau of Customs, at least one of whom shall be an appraiser. Such board shall examine said article, and if the same is found to be unfit or a menace to the public health, the board shall so report in writing to the Collector, who shall forthwith order its destruction in such manner as the case may require.

Health authorities at port of entry shall collaborate with the collectors in such matters with reasonable dispatch.

SEC. 2609. *Disposition of Contraband.* – Article of prohibited importation or exportation, known as contraband, shall, in the absence of special provision, be dealt with as follows:

- a. Dynamite, gunpowder, ammunition and other explosives, firearms and weapons of war and parts thereof, shall be turned over to the Armed Forces of the Philippines;
- b. If the article in question is highly dangerous to be kept or handled, it shall forthwith be destroyed;
- c. Contraband coin or bullion, foreign currencies and negotiable instruments shall accrue to the Stabilization Fund of the Central Bank subject to the payment of the expenses incident to seizure, including the reward to the informer, if any;
- d. Other contraband of commercial value and capable of legitimate use may be sold under such restrictions as will insure its use for legitimate purposes only; but if the thing is unfit for use or the Collector is of the opinion that, if sold, it would be used for unlawful purposes, it shall be destroyed in such manner as the Collector shall direct.

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

When any article remains unsold in at least two public biddings for want of bidders or for the lack of an acceptable bid, and the article is perishable and/or suitable for official use, then the Collector shall report the matter immediately to the Commissioner of Customs who may, subject to the approval of the Secretary of Finance, authorize the official use of that article by the Bureau of Customs to promote the intensive collection of taxes and/or to help prevent or suppress smuggling and other frauds upon the Customs, and if the article is not suitable for such use, then it may be channeled to the official use of other offices of the National Government. If the article is suitable for shelter or consists of foodstuffs, clothing materials or medicines then that article shall be given to government charitable institutions through the Department of Social Services and Development.

If the article offered for sale is not suitable either for official use or charity, then the same may be reexported as government property through the Department of Trade or any other government entity through barter or sale. If the article cannot be disposed of as provided above, the Collector shall report the matter immediately to the Commissioner who may, subject to the approval of the Secretary of Finance, dispose of the article to the best advantage of the government in a negotiated private sale which shall be consummated in the presence of a representative of the Commission on Audit, in the manner provided for by this Code.

SEC. 2611. *Treatment of Dangerous Explosives.* – Gunpowder or other dangerous or explosive substances, including firecrackers, shall not be deposited in a bonded warehouse, and when not entered for immediate use, transportation or export, shall be subject to such disposition, in the discretion of the Commissioner of Customs, consistent with public safety.

Expenses incurred in such disposition shall constitute a lien on the articles and a charge against the owner.

SEC. 2612. *Disposition of Smuggled Articles.* – Smuggled articles, after liability to seizure or forfeiture shall have been established by proper administrative or judicial proceedings in conformity with the provisions of this Code, shall be disposed of as provided for in section twenty-six hundred and ten: Provided, That articles whose importation is prohibited under Section One Hundred Two sub-paragraphs b, c, d, e and j shall, upon order to the Collector in writing, be burned or destroyed, in such manner as the case may require as to render them absolutely worthless, in the presence of a representative each from the Commission on Audit, Ministry of Justice, Bureau of Customs, and if possible, any representative of the private sector.

PART 6. – FEES AND CHARGES

SEC. 3301. *Customs Fees and Charges.* – For services rendered and documents issued by the Bureau of Customs, the following fees shall be charged and collected, by affixing documentary customs stamps in the correct amount upon the document or any other paper which is the subject of the charge and by the cancellation of such stamps in the manner prescribed by the Commissioner, and no such document or any other paper shall be issued or granted by any customs official until the correct amount of stamps shall have been affixed and cancelled: Provided, however, That fees of twenty pesos or over may be paid in cash.

CUSTOMS ADMINISTRATIVE ORDER No. 02-2001

SUBJECT: RATES OF CUSTOMS BROKERAGE FEES

Pursuant to Sections 608 and Section 3301 to 3304, Tariff and Customs Code of the Philippines, in relation to Section 36, Administrative Code of 1987 and Executive Orders Nos. 197 and 218, both series of year 2000 as implemented by DOF and DBM Joint Circular No. 2000-2 dated April 3, 2000, the rates of Customs fees and charges in all ports of the Philippines shall be as follows:

Import Processing Fees

For shipments processed under Formal / Informal Entries

DUTIABLE VALUE OF SHIPMENT	NEW RATES (per entry)
Up to P250,000	P250
Over P250,000 to P 500,000	500
Over P500,000 to P 750,000	750
Over P750,000	1,000

Refund Processing Fees/Docket Fees

On ordinary claims for refund of tax and duty payments, including cash bonds; and for each formal protest/appeal from the decision of the District Collector/Valuation & Classification Review Committee (VCRC)

AMOUNT OF CLAIM PROTESTED AMOUNT	PROCESSING FEES/ DOCKET FEE
Up to P 50, 000	P500
Over P 50,000 to 100,000	600
Over P 100,000 to 200,000	700
Over P 200,000 to 300,000	800
Over P 300,000 to 400,000	900
Over P 400,000 to 500,000	1,000
Over P 500,000 to 750,000	1,500
Over P 750,000 to 1,000,000	2,000
Over P 1,000,000	3,000

Administrative Fees

3.1 Issuance of Certificates

Certificate of Payment	P100
Tax Credit Certificate	P100
Certificate of Clearance from Outstanding account, Tax Credit, Tax Debit, and related matters	P100
Other certificates not herein specified, if such are issued in the course of routine administration and do not subserve any special pecuniary interest of the party concerned therein	P100

3.2 Issuance of Permits

To render overtime services for processing / releasing imported goods	P400
To take cigars aboard ship, per thousand cigars (secured by/given to persons, other than the passengers)	P100
To take cigarettes aboard ship, per Thousand cigarettes, (secured by/ given to persons other than the passengers)	P100
Transshipment of cigar and / or cigarettes from one foreign vessel to another	peso equivalent of two US Dollars (\$2.00) per cartons of fifty reams

3.3 Registration Fees

To participate in public auction sale, per auction	P2,000
For importers to transact business with the Bureau	P1,000
For renewal/updates of the registration of importers, per year	P500

3.4 Accreditation Fees

To practice Customs Brokerage per port of entry,	P500
· Individual broker	
· brokerage firms	P1,000
To renew brokerage accreditation, per year,	P300
Individual brokerage firms	P500
For Commercial Banks and Surety Companies to transact business with the Bureau, per quarter	P100

Circularization

3.5 Documentary Customs Stamps

For each entry for immediate Transportation in bond	P100
For each bond accepted or renewed	P200
For each approval of application In respect to transaction covered by general bond	P200
For each amendment allowed to a foreign Inward Manifest	P100
For every formal protest filed before the Collector of Customs	P200
For each appeal in protest and seizure cases	P200

The Bureau is hereby authorized to increase the cost of all Accountable Prenumbered Customs Forms based on the cost of printing plus 25 % mark-up to cover handling and security cost at the Bureau to take effect fifteen (15) days after publication in a Customs Memorandum Order.

Repealing Clause –

All orders, rules and regulations inconsistent herewith are repealed or modified accordingly.

Effectivity Clause –

This order shall take effect fifteen (15) days after approval and publication in a newspaper of general circulation.

SEC. 3302. *Other Charges.* – When any article is sold or any service rendered by the Bureau of Customs in any matter for which a charge may be collected legally, no fee therefore having been fixed by law, such charge shall be on such amount as may from time to time be fixed by regulations or order of the Commissioner and approved by the Department of Finance, and the payment of such charge may be made by affixing and canceling the documentary customs stamps.

SEC. 3303. *Effect of Failure to Affix Stamp upon Document.* – No document or any other paper upon which no documentary customs stamps have been affixed and cancelled shall be received or recognized by any customs officials.

SEC. 3304. *General Provision on the Authority to Increase or Decrease Fees and Charges.* – The rates of the fees and charges in all ports in the Philippines shall be those now provided for under section thirty-three hundred and one of this Code: Provided, however, That the Secretary of Finance may, upon recommendation of the Commissioner of Customs, increase or decrease the said fees, dues and charges collectible by the Bureau of Customs to protect the interest of the Government.

TITLE VII – GENERAL PROVISIONS

PART 1. – CUSTOMS BROKERS

SEC. 3401-3409 repealed by R.A. No. 9280.

REPUBLIC ACT NO. 9280
AN ACT REGULATING THE PRACTICE OF CUSTOMS BROKERS PROFESSION
IN THE PHILIPPINES, CREATING FOR THE PURPOSE A PROFESSIONAL REGULATORY BOARD
FOR CUSTOMS BROKERS, AND APPROPRIATING FUNDS THEREFOR

ARTICLE I

Title, Declaration of Policy, Objectives, and Definition of Terms

SECTION 1. *Short Title.* - This Act shall be known as the "Customs Brokers Act of 2004".

SECTION 2. *Declaration of Policy.* - It is hereby declared the policy of the State to give priority attention and support to professionalizing the practice of customs brokers profession in the Philippines which will be beneficial to the country in general and to the economy in particular.

Pursuant to the national policy, the government shall provide a program to set up a climate conducive to the practice of the profession and maximize the capability and potential of our Filipino Customs Brokers.

SECTION 3. *Objectives.* - This Act provides for and shall govern:

- a. The standardization and regulation of customs administration education;
- b. The examination and registration of customs brokers; and
- c. The supervision, control and regulation of the practice and customs broker profession.

SECTION 4. *Definition of Terms.* - For purposes of this Act, the following terms are hereby defined:

- (a) "Customs Broker" — is any person who is bona fide holder of a valid Certificate of Registration/Professional Identification Card issued by the Professional Regulatory Board and Professional Regulation Commission.
- (b) "Commission" — as used in this Act shall refer to the Professional Regulation Commission.
- (c) "Board" — as used as this Act shall refer to the Professional Regulatory Board for Customs Brokers.

ARTICLE II

Professional Regulatory Board for Customs Brokers

SECTION 5. *Creation and Composition of the Professional Regulatory Board for Customs Brokers.*

- There is hereby created a Professional Regulatory Board for Customs Brokers, hereinafter referred to as the Board, under the supervision and administrative control of the Professional Regulation Commission, hereinafter referred to as the Commission, to be composed of a chairman and two (2) members who shall be appointed by the President of the Philippines from among a list of three (3) recommendees for each position submitted by the accredited professional organization of customs brokers. The new Board shall be constituted within three (3) months from the effectivity of this Act.

SECTION 6. *Scope of the Practice of Customs Brokers.* - Customs Broker Profession involves services consisting of consultation, preparation of customs requisite documents for imports and exports, declaration of customs duties and taxes, preparation signing, filing, lodging and processing of import and export entries; representing importers and exporters before any government agency and private entities in cases related to valuation and classification of imported articles and rendering of other professional services in matters relating to customs and tariff laws, its procedures and practices.

A customs brokers and shall be considered in the practices of the profession if the nature and character of his/her employment in private enterprises requires professional knowledge in the field of customs and tariff administration. He/She is also deemed in the practice of custom Broker profession if he/she teaches customs and tariff administration subjects in any university, college or school duly recognized by the government.

SECTION 7. *Powers and Functions of the Board.* - The Board shall the following powers and functions:

- (a) Promulgate, administer and enforce rules and regulations, including the Code of Ethics and Code of Technical Standards of customs brokers necessary for carrying out the provisions of this Act;
- (b) Supervise and regulate the licensure, registration and practice of customs brokers profession;
- (c) Determine and evaluate the qualifications of the applicants for registration with or without the prescribed licensure examinations and for the issuance of special or temporary permits;
- (d) Prepare and modify the questions for examination and prescribe the syllabi of the subjects for examination and their relative weight;
- (e) Register successful examinees in the licensure examination and issue the corresponding Certificate of Registration and Professional Identification Card;
- (f) Issue special or temporary permits to foreign customs brokers for specific projects and for specific duration of time;
- (g) Look into the conditions affecting the practice of customs brokerage, adopt measures for the enhancement of the profession and the maintenance of high professional, technical, and ethical standards, and conduct ocular inspection of places where customs brokers practice their profession;
- (h) In coordination with the Commission on Higher Education (CHED), examine the prescribed facilities of the universities or colleges seeking permission to open the course or programs of customs administration in order to ensure that standards and essential requirements for a qualified dean and faculty and adequate budget are properly complied with and maintained;
- (i) Investigate violations of this Act, its implementing rules and regulations, and the Code of Ethics for Customs Brokers.
- (j) Issue subpoena and subpoena duces tecum to secure the attendance of respondents or witnesses or the production of documents relative to the investigations conducted by the commission;

- (k) Prepare guidelines for the continuing professional Education (CPE) in coordination with the accredited professional organization; and
- (l) Perform such other powers, functions and duties as may be necessary to effectively implement this Act.

The policies, resolutions, rules and regulations, order or decisions issued or promulgated by the Board shall be subject to the review and approval of the Commission. However, the Board's decisions, resolutions or orders which are not interlocutory, rendered in an administrative case, shall be subject to review only if on appeal.

SECTION 8. *Qualification of the Chairman and Members of the Board.* - The chairman and members of the Board must, at the time of their appointment:

- (a) Be a citizen and resident of the Philippines;
- (b) Be of good moral character and must not have been convicted of any crime involving moral turpitude;
- (c) Be a member in good standing of the accredited professional organization of customs brokers;
- (d) Be a graduate of Bachelor's Degree in Customs Administration or a holder of a Master of Degree in Custom Administration conferred by a college or university duly recognized by the government, or a registered and licensed customs broker before the effectivity of this Act;
- (e) Be registered and licensed customs broker with a valid of Certificate of Registration and Professional Identification Card, with at leased ten (10) years of experience prior to his appointment;
- (f) Not be a member of the faculty, whether full-time or part-time, of any school, college or university where a regular and/or review course in customs administration is taught, nor shall have any pecuniary interest in such institution; and
- (g) Not be an incumbent officer of the accredited national organization of customs brokers.

SECTION 9. *Term of Office.* - The members of the Board shall hold office for a term of three (3) years or until their successors shall have been appointed and qualified. They may, however, be reappointed for a second term. Any vacancy in the Board shall be filled for the unexpired portion of the term only. Each member shall take an oath of office prior to the assumption of duties.

The incumbent chairman and members of the Board shall continue to serve until their replacements shall have been appointed and qualified.

SECTION 10. *Compensation and Allowances of the Chairman and Member of the Board.* - The chairman and the members of the Board shall receive the compensation and allowance comparable to the compensation and allowances receive by the chairman and members of other professional regulatory Boards.

SECTION 11. *Suspension and Removal of the Chairman and Members of the Board.* - The chairman or any member of the Board may be suspended or removed by the President of the Philippines upon recommendation of the Commission for neglect of duty, abuse of power, oppression, incompetence, unprofessional, unethical, immoral or dishonorable conduct, commission or toleration of irregularities in the conduct of examination or tampering of the grades therein, or for any final judgment or conviction of any criminal offense involving moral turpitude by the court after having been given the opportunity to defend himself in a proper administrative investigation.

SECTION 12. *Supervision of the Board, Custodian of its Records, Secretariat and Support Services.* - The Board shall be under the general supervision and administrative control of the Commission. All records of the Board, including applications for examination, examination papers and results, minutes of deliberations, administrative and other investigative cases involving customs brokers, shall be kept by the Commission.

The Commission shall designate the secretary of the Board and shall provide the secretariat and other support services to implement the provisions of this Act subject to the usual government accounting and auditing rules and regulations.

SECTION 13. *Annual Report.* - The Board shall, at the close of each calendar year, submit an annual report to the Commission, giving a detailed account of its proceedings and accomplishments during the year and recommending measures to be adopted with the end in view of upgrading and improving the conditions affecting the practice of customs broker profession in the Philippines.

ARTICLE III

Licensure Examination and Registration

SECTION 14. *Licensure Examination.* - Every applicant seeking to be registered and licensed as professional customs broker shall undergo an examination as to provided for in this Act. Examinations for the practice of customs broker profession in the Philippines shall be given by the Board at least once every year in such places and dates as the Commission may designate in accordance with the provisions of Republic Act No. 8981.

SECTION 15. *Scope of Examination.* - A written examination shall be given to the licensure applicants for customs broker profession, which shall include but not limited to the following:

- a. Customs Laws and Implementing Rules and Regulations;
- b. Tariff Laws and International Trade Agreements;
- c. Practical Computation of Customs Duties, Taxes and Other Charges;
- d. Documentations, Professional Ethics, Customs Procedures and Practices; and
- e. Warehousing and Cargo Handling Operations.

To conform with technological and modern changes, the Board may recluster, rearrange, modify, add or exclude any of the foregoing subjects as the need arises.

SECTION 16. *Qualifications of Applicants for Examinations.* - In order to be admitted to the licensure examination for customs broker profession, a candidate shall, at the time of filing his/her application, establish to the satisfaction of the Board that:

- (a) he/she is a citizen of the Philippines or of a foreign country qualified to take the examination as provided in the reciprocity provision of this Act;
- (b) he/she is a holder of a Bachelor's Degree in Customs Administration: Provided, That a holder of a master's degree in Customs Administration shall be allowed to qualify within five (5) years from the effectivity of this Act; and
- (c) he/she is of good moral character and must not have been convicted of any crime involving moral turpitude.

SECTION 17. *Ratings of Examination.* - In order that a candidate may be deemed to have successfully passed the examination, he/she must have obtained an average of at least seventy-five percent (75%) in all subjects, with no rating below sixty percent (60%) in any subject.

SECTION 18. *Release of the Results of Examination.* - The results of the Licensure Examination shall be released by the Board within ten (10) days from the last of the examination.

SECTION 19. *Issuance of the Certificate of Registration and Professional Identification Card.* - A Certification of Registration shall be issued to examinees who pass the licensure examination for customs broker profession subject to payment of fees prescribed by the Commission. The Certificate of Registration shall bear the signature of the Chairperson of the Commission and the Chairman and members of the Board, stamped with the official seal of the Commission, indicating that the person named therein is entitled to practice the profession of customs broker with all the benefits and privileges appurtenant thereto: Provided, That he/she shall be allowed to practice the profession in any collection district without the need of securing

another license from the Bureau of Customs. The Certificate of Registration shall remain in full force and effect until revoked or suspended in accordance with this Act.

A professional Identification Card bearing the registration number, date of issuance, expiry date, duly signed by the Chairperson of the Commission, shall likewise be issued to every registrant upon payment of the required fees. The Professional Identification Card shall be renewed every three (3) years and upon satisfying the requirements of the Board.

SECTION 20. *Refusal Register.* - The Board shall not register and issue a Certification of Registration to any successful examinee who has been convicted by a court of competent jurisdiction of any criminal offense involving moral turpitude or has been found guilty of immoral or dishonorable conduct after investigation by the Board, or has been declared to be of unsound mind. The reason for the refusal shall be set forth in writing.

SECTION 21. *Revocation or Suspension of the Certificate of Registration, Professional Identification Card or Cancellation of Temporary/Special Permit.* - The Board may, after giving proper notice of hearing to the party concerned, revoke the Certificate of Registration and Professional Identification Card of a Professional Customs Broker or suspend him/her temporary/special permit for any of the causes of grounds under Section 20 or for unprofessional or unethical conduct, malpractice, or violation of any of the provisions of this Act, its implementing rules and regulations, and a Code of Ethics for Professional Customs Brokers.

SECTION 22. *Reinstatement, Reissuance or Replacement of Certificate of Registration, Professional Identification Card and Temporary/Special Permit.* - The Board, may, after two (2) years from the date of revocation of Certificate of Registration reinstate any revoked Certificate of Registration and reissue a suspended Professional Identification Card.

A new Certificate of Registration or Professional Identification Card or temporary/special permit may be issued to replace lost, destroyed or mutilated ones subjects to such rules as may be promulgated by the Board.

SECTION 23. *Roster of Professional Customs Brokers.* - The Board, in coordination with the accredited professional organization, shall prepare, update and maintain a roster of professional customs brokers which shall contain the names of registered professional customs brokers, their residence and office addresses, dates of registration or issuance of certificates, and other data which the Board may deem pertinent.

The roster shall be open to the public, copies of which shall be made available to any party as may deemed necessary.

SECTION 24. *Issuance of Special or Temporary Permit.* - Upon application and payment of the required fees, and subject to the approval of the Commission, the Board may issue special or temporary permits to professional customs brokers from foreign countries whose services are urgently needed in the absence or inadequacy of local professional customs brokers for the purpose of promoting or enhancing the practice of the profession in the Philippines.

SECTION 25. *Foreign Reciprocity.* - No foreign professional customs broker shall be admitted to the licensure examination or be given a Certificate of Registration or Professional Identification Card and be entitled to any of the privileges under this Act unless the country of which he/she is a citizen specifically allows Filipino professional customs brokers to practice within its territorial limits on the same basis as the citizens of such foreign country.

ARTICLE IV

Practice of Customs Broker Profession

SECTION 26. *Oath.* - All successful examinees qualified for registration shall be required to take an oath of profession before any member of the Board or any government official authorized by the Commission or any person authorized by law to administer oaths prior to entering into the practice of customs broker profession.

SECTION 27. *Acts Constituting the Practice of Customs Brokers Profession.* - Any single act or transaction embraced within the provision of Section 6 hereof shall constitute an act of engaging the practice of customs broker profession. Import and export entry declaration shall be signed only by customs broker under oath based on the covering documents submitted by the importers.

SECTION 28. *Prohibition Against the Unauthorized Practice of Customs Broker Profession.* - No person shall practice or offer to practice the customs broker profession in the Philippines or offer himself/herself as customs broker, or use the title, word, letter, figure, or any sign tending to convey the impression that one is a customs broker, or advertise or indicate in any manner whatsoever that one is qualified to practice the profession unless he/she has satisfactorily passed the licensure examination given by the Board, except as otherwise provided in this Act, and is a holder of a valid Certification of Registration and Professional Identification Card or a valid special/temporary permit duly issued to him/her by the Board of Commission.

SECTION 29. *Prohibition Against Corporate Practice.* - The practice of customs broker is a professional service, admission to which shall be determined upon the basis of individual and personal qualifications. No firm, company, or association may be registered or licensed as such for the practice of customs broker profession.

SECTION 30. *Prohibition Against Financing Activities By Customs Brokers.* - No customs broker shall advance and finance on behalf of their client-importers the payment of duties and taxes, arrastre charges, wharfage dues, storage fee and other port charges.

SECTION 31. *Accredited Professional Organization.*- All professional customs brokers shall have one national organization, which shall be recognized by the Board and by the Commission as the one and only accredited professional organization of customs brokers. A professional customs broker duly registered with the Board shall automatically become a member of the accredited professional organization of customs brokers and shall receive the benefits and privileges appurtenant thereto. Membership in the accredited professional organization of customs brokers shall not be a bar to membership in other associations of customs brokers.

SECTION 32. *Code of Ethics for Customs Broker Profession.* - The Board shall adopt and promulgate the Code of Ethics and Code of Technical Standards which shall be prescribed and issued by the accredited professional organization of customs brokers.

SECTION 33. *Vested Rights: Automatic Registration of Customs Brokers.* - All customs brokers who are registered and licensed at the time this Act takes effect shall automatically be registered.

ARTICLE V

Penal and Final Provisions

SECTION 34. *Penal Provisions.* - Any violation of this Act, including violation of implementing rules and regulations, shall be meted the penalty of a fine of not less than Fifty Thousand pesos (P50,000.00) nor more than Five hundred thousand pesos (P500,000.00), or imprisonment of not less than six (6) months nor more than six (6) years, or both such fine and imprisonment upon the discretion of the court.

SECTION 35. *Appropriations.* - The Chairperson of the Professional Regulation Commission shall immediately include in the Commission's program the implementation of this Act, the funding of which shall be included in the annual General Appropriation Act and thereafter.

SECTION 36. *Transitory Provision.* - The existing Board of Customs Brokers shall continue the function in the interim until such time that the new Board shall be constituted pursuant to this Act.

SECTION 37. *Implementing Rules and Regulations.* - The Board, subject to the approval by the Commission, in coordination with the accredited professional organization, shall issue and promulgate the rules and regulations, including the Code of Ethics for customs broker profession needed to implement the provision of this Act.

SECTION 38. *Separability Clause.* - If any clause, sentence, paragraph or part of this Act shall be declared unconstitutional or invalid, such judgment shall not affect, invalidate or impact any other part of this Act.

SECTION 39. *Repealing Clause.* - Section 3401 to Section 3409 of Republic Act No. 1937 are hereby repealed and all laws, decrees, executive orders, memorandum orders, and other administrative issuances and parts thereof which are inconsistent with the provisions of this Act are hereby modified, superseded or repealed accordingly.

SECTION 40. *Effectivity.*- This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in a major newspaper of general circulation in the Philippines.

Approved: March 30, 2004

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PART 2. – MISCELLANEOUS PROVISIONS

SEC. 3501. *Duty of Collector to Report Rulings to Commissioner.* – When any new or unsettled question shall be determined by a collector, he shall, if the matter is not otherwise appealed for, review in the ordinary course, notify the Commissioner of his decision and submit adequate statement of the facts involved.

SEC. 3502. *Application of Established Ruling or Decision.* – A ruling or decision of the Commissioner of Customs which determines the construction or application of any provision of law imposing customs duties and which changes any existing established classification, interpretation or practice shall not take effect until after thirty days public notice shall be given in the form of a published customs tariff decision. When such ruling or decision favors the taxpayers, it shall become effective immediately.

SEC. 3503. *Authority of Official to Administer Oaths and Take Testimony.* – The Commissioner, Collectors and their deputies, and other customs employees especially deputized by the Collector shall have authority to administer oaths and take testimony in connection with any matter within the jurisdiction of the Bureau of Customs and in connection therewith may require the production of relevant papers, documents, books and records in accordance with law.

SEC. 3504. *General Bonds.* – In cases where bonds are required to be given under the provisions of the customs and tariff laws, the Collector, instead of requiring separate special bonds where transactions of a particular party are numerous, may accept general bonds extending over such periods of time and covering such transactions of the party in question as shall be satisfactory to said Collector.

SEC. 3505. *Supervision Over Attorneys-in-Fact.* – No person acting as agent or attorney-in-fact of other persons shall be allowed to deal in matters pertaining to customs and/or tariff unless his duly notarized power of attorney has been approved by the Collector of the port. No more than one such continuing power may be accepted or recognized from any one person or acting as agent in the importation of articles unless he be a licensed customs broker: Provided, That in ports of entry where there are two or more licensed customs brokers doing business as such customs brokers, no person shall act as agent or attorney-in-fact for any regular importer unless he is a full-time employee or official of such importer or principal receiving fixed compensation or salary as such.

SEC. 3506. *Assignment of Customs Employees to Overtime Work.* – Customs employees may be assigned by a Collector to do overtime work at rates fixed by the Commissioner of Customs when the service rendered is to be paid for by importers, shippers or other persons served. The rates to be fixed shall not be less than that prescribed by law to be paid to employees of private enterprise.

SEC. 3510. *Reduction of Testimony to Writing.* – When testimony is taken in any proceeding or matter under the authority of the Bureau of Customs, either party may require that the same be reduced to writing, and when so taken it shall be filed in the Office of the Collector and preserved for use or reference until final decision.

SEC. 3511. *Collector Not Liable in Respect to Ruling in Customs Cases.* – No Collector or other official of customs shall be in any way personally liable for or an account of any official ruling or decision as to which the person claiming to be aggrieved has the right to obtain either an administrative or judicial review, and except for misdelivery of articles a Collector shall not, in the absence of abuse of authority, be liable to any person for a loss occasioned either by his own official act or the acts of his subordinates.

SEC. 3512. *Interest Prohibited to be Held by Customs Employees.* – No person employed under the authority of the government in the collection of duties, taxes, fees and other charges in connection with imports and/or exports, shall own, either in whole or in part, any vessel or aircraft or act as attorney, agent or consignee for the owner of any vessel or aircraft or of any cargo laden on board the same nor shall any such person import or be concerned, directly or indirectly, in the importation of any article for sale into the Philippines.

SEC. 3513. *Reward to Persons Instrumental in the Discovery and Seizure of Smuggled Goods.* – The provisions of general and special laws to the contrary notwithstanding, a cash reward equivalent to twenty per centum (20%) of the fair market value of the smuggled and confiscated goods shall be given to the officers and men and informers who are instrumental in the discovery and seizure of such goods in accordance with the rules and regulations to be issued by the Secretary of Finance.

The provisions of this section, and not those of Republic Act Numbered Twenty-three Hundred and Thirty-eight shall govern the giving of reward in cases covered by the former.

SEC. 3514. *Requirement to Keep Records.* - All importers are required to keep at their principal place of business, in the manner prescribed by regulations to be issued by the Commissioner of Customs and for a period of three (3) years from the date of importation, all the records of their importations and/or books of accounts, business and computer systems and all customs commercial data including payment records relevant for the verification of the accuracy of the transaction value declared by the importers/customs brokers on the import entry.

All brokers are required to keep at their principal place of business, in the manner prescribed by regulations to be issued by the Commissioner of Customs and for a period of three (3) years from the date of importation copies of the above mentioned records covering transactions that they handle (as provide under Section 8, R.A. 9135, April 27, 2001).

SEC. 3515. *Compliance Auditor or Examination of Records.* - The importers/customs brokers shall allow any customs officer authorized by the Bureau of Customs to enter during office hours any premises or place where the records referred to in the preceding section are kept to conduct audit examination, inspection, verification and/or investigation of those records either in relation to specific transactions or to the adequacy and integrity of the manual or electronic system or systems by which such records are created and stored. For this purpose, a duly authorized customs officer shall have full and free access to all books, records, and documents necessary or relevant for the purpose of collecting the proper duties and taxes.

In addition, the authorized customs officer may make copies of, or take extracts from any such documents. The records or documents must, as soon as practicable after copies of such have been taken, be returned to the person in charge of such documents.

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

An authorized customs officer is not entitled to enter any premises under this Section unless, before so doing, the officer produces to the person occupying or apparently in charge of the premises written evidence of the fact that he or she is an authorized officer. The person occupying or apparently in charge of the premises entered by an officer shall provide the officer with all reasonable facilities and assistance for the effective exercise of powers under this Section.

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

This is without prejudice to the criminal sanctions imposed by this Code and administrative sanctions that the Bureau of Customs may impose against contumacious importers under existing laws and regulations including the authority to hold delivery or release of their imported articles (as provided under Section 9, R.A. 9135, April 27, 2001).

SEC. 3516. *Scope of the Audit.* –

- (a) The audit of importers shall be undertaken:
 - (1) When firms are selected by a computer-aided risk management system, the parameters of which are to be based on objective and quantifiable data and are to be approved by the Secretary of Finance upon recommendation of the Commissioner of Customs. The criteria for selecting firms to be audited shall include, but not be limited to, the following:
 - (a) Relative magnitude of customs revenue from the firm;
 - (b) The rates of duties of the firm's imports;
 - (c) The compliance track record of the firm; and
 - (d) An assessment of the risk to revenue of the firm's import activities.
 - (2) When errors in the import declaration are detected;
 - (3) When firms voluntarily request to be audited, subject to the approval of the Commissioner of Customs.
- (b) Brokers shall be audited to validate audits of their importer clients and/or fill in information gaps revealed during an audit of their importer clients (as provided under Section 10, R.A. 9135, April 27, 2001).

SEC. 3517. *Documents in Foreign Language.* - Where a document in a foreign language is presented to a customs officer in relation to the carrying out of any duty or the exercise of any power of the Bureau of Customs under this Code, said document in a foreign language must be accompanied with a translation in the official language of this country (as provided under Section 11, R.A. 9135, April 27, 2001).

SEC. 3518. *Records to Be Kept by Customs.* - The Bureau of Customs shall likewise keep a record of audit results in a database of importer and broker profiles, to include but not be limited to:

- (a) Articles of Incorporation;
- (b) The company structure, which shall include but not be limited to:
 - (1) Incorporators and Board of Directors;
 - (2) Key officers; and
 - (3) Organizational structure;
- (c) Key importations;
- (d) Privileges enjoyed;
- (e) Penalties; and
- (f) Risk category (ies) (as provided under Section 12, R.A. 9135, April 27, 2001).

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

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

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

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

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

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

Bill of Lading includes airway bill of lading.

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

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

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

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

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

Secretary or **Départment head** refers, unless otherwise specified, to the Secretary of Finance.

Commission refers to the Tariff Commission.

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

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

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

Smuggling is an act of any person who shall fraudulently import or bring into the Philippines, or assist in so doing, any article, contrary to law or shall receive, conceal, buy, sell or in any manner facilitate the transportation, concealment, or sale of such article after importation, knowing the same to have been imported contrary to law. It includes the exportation of articles in a manner contrary to law. Articles subject to this paragraph shall be known as smuggled articles.

Contrabands are articles of prohibited importation or exportation.

Duly Registered as used in this Act, refers to a person, natural or juridical, which is registered with the proper government agencies, such as the Bureau of Commerce, Securities and Exchange Commission, NACIDA, Board of Investments, Export Incentives Board or Oil Commission as now or may hereafter be required by law. (as amended by R.A. 9135, April 27, 2001)

PART 3. – PROVISIONS ON PENALTIES

SEC. 3601. *Unlawful Importation.* – Any person who shall fraudulently import or bring into the Philippines, or assist in so doing, any article, contrary to law, or shall receive, conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of such article after importation, knowing the same to have been imported contrary to law, shall be guilty of smuggling and shall be punished with:

1. A fine of not less than fifty pesos nor more than two hundred pesos and imprisonment of not less than five days nor more than twenty days, if the appraised value, to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported does not exceed twenty-five pesos;
2. A fine of not less than eight hundred pesos nor more than five thousand pesos and imprisonment of not less than six months and one day nor more than four years, if the appraised value, to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported exceeds twenty-five pesos but does not exceed fifty thousand pesos;
3. A fine of not less than six thousand pesos nor more than eight thousand pesos and imprisonment of not less than five years and one day nor more than eight years, if the appraised value, to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported is more than fifty thousand pesos but does not exceed one hundred fifty thousand pesos;
4. A fine of not less than eight thousand pesos nor more than ten thousand pesos and imprisonment of not less than eight years and one day nor more than twelve years, if the appraised value to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported exceeds one hundred fifty thousand pesos;
5. The penalty of prison may or shall be imposed when the crime of serious physical injuries shall have been committed and the penalty of reclusion perpetua to death shall be imposed when the crime of homicide shall have been committed by reason or on the occasion of the unlawful importation.

In applying the above scale of penalties, if the offender is an alien and the prescribed penalty is not death, he shall be deported after serving the sentence without further proceedings for deportation. If the offender is a government official or employee, the penalty shall be the maximum as hereinabove prescribed and the offender shall suffer an additional penalty of perpetual disqualification from public office, to vote and to participate in any public election.

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

SEC. 3602. *Various Fraudulent Practices Against Customs Revenue.* – Any person who makes or attempts to make any entry of imported or exported article by means of any false or fraudulent invoice, declaration, affidavit, letter, paper or by any means of any false statement, written or verbal, or by any means of any false or fraudulent practice whatsoever, or knowingly effects any entry of goods, wares or merchandise, at less than true weight or measures thereof or upon a false classification as to quality or value, or by the payment of less than the amount legally due, or knowingly and willfully files any false or fraudulent entry or claim for the payment of drawback or refund of duties upon the exportation of merchandise, or makes or files any affidavit abstract, record, certificate or other document, with a view to securing the payment to himself or others of any drawback, allowance, or refund of duties on the exportation of merchandise, greater than that legally due thereon, or who shall be guilty of any wilful act or omission shall, for each offence, be punished in accordance with the penalties prescribed in the preceding section.

SEC. 3603. *Failure to Report Fraud.* – Any master, pilot in command or other officer, owner or agent of any vessel or aircraft trading with or within the Philippines and any employee of the Bureau of Customs who, having cognizance of any fraud on the customs revenue, shall fail to report all information relative thereto to the Collector as by law required, shall be punished by a fine of not more than five thousand pesos and imprisonment for not more than one year. If the offender is an alien, he shall be deported after serving the sentence. If the offender is a public official or employee, he shall suffer additional penalty of perpetual disqualification to hold public office, to vote and to participate in any election.

SEC. 3604. *Statutory Offenses of Officials and Employees.* - Every official, agent or employee of the Bureau or of any other agency of the government charged with the enforcement of the provisions of this Code, who is guilty of any delinquency herein below indicated shall be punished with a fine of not less than Five thousand pesos nor more than Fifty thousand pesos and imprisonment for not less than one year nor more than ten years and perpetual disqualification to hold public office, to vote and to participate in any public election:

- (a) Those guilty of extortion or willful oppression under color of law,
- (b) Those who knowingly demand other or greater sums than are authorized by law or receive any fee, compensation, or reward except as by law prescribed, for the performance of any duty;
- (c) Those who willfully neglect to give receipts, as required by law for any sum collection in the performance of duty, or who willfully neglect to perform any of the duties enjoined by law;
- (d) Those who conspire or collude with another or others to defraud the customs revenue or otherwise violate the law;
- (e) Those who willfully make opportunity for any person to defraud the customs revenue or who do or fail to do any act with intent to enable any person to defraud said revenue;
- (f) Those who negligently or designedly permit the violation of the law by any other person;
- (g) Those who make or sign any false entry or entries in any book, or make or sign any false certificate or return in any case where the law requires the making by them of such entry, certificate or return;
- (h) Those who, having knowledge or information of a violation of the Tariff and Customs Law or any fraud committed on the revenue collectible by the Bureau, fail to report such knowledge or information to their superior official or to report as otherwise required by law;
- (i) Those who, without the authority of law, demand or accept or attempt to collect directly or indirectly as payment of otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of law; or
- (j) Those who, without authority of law, disclose confidential information gained during any investigation or audit, or use such information for personal gain or to the detriment of the government, the Bureau or third parties (as provided under Section 14, R.A. 9135, April 27, 2001).

SEC. 3605. *Concealment or Destruction of Evidence of Fraud.* - Any person who willfully conceals or destroys, any invoice, book or paper relating to any article liable to duty after an inspection thereof has been demanded by the Collector of any collection district or at any time conceals or destroys any such invoice, book or paper for the purpose of suppressing any evidence of fraud therein contained, shall be punished with a fine of not more than five thousand pesos and imprisonment for not more than two years.

SEC. 3606. *Affixing Seals.* - Any person who, without authority affixes or attaches a customs seal, fastening, or mark or any seal, fastening or mark purporting to be a customs seal, fastening or mark to any vessel, vehicle on land, sea or air, warehouse, or package, shall be punished with a fine of not more than twenty thousand pesos or imprisonment of not more than five years, or both. If the offender is an alien, he shall be deported after serving the sentence; and if he is a public official or employee, he shall suffer an additional penalty of perpetual disqualification to hold public office, to vote and participate in any election.

SEC. 3607. *Removal, Breakage, Alteration of Marks.* - Any person who without authority, willfully removes, breaks, injures, or defaces or alters any custom seal or other fastening or mark placed upon any vessel, vehicles, on land, sea or air, warehouse or package containing merchandise or baggage in bond or in customs custody, shall be punished with the penalty prescribed in Section 3606 hereof.

SEC. 3608. *Removing or Repacking Goods in Warehouse.* – Any person who fraudulently conceals, removes, or repacks merchandise in any warehouse or fraudulently alters, defaces or obliterates any marks or numbers placed upon packages deposited in such warehouse, or shall aid or abet in any such acts or omission, shall be punished with the penalties prescribed in Section 3606 hereof.

Merchandise so concealed, removed, or repacked, or packages upon which marks or numbers have been so altered, defaced or obliterated, or the value thereof, shall be forfeited to the government.

SEC. 3609. *Removing Goods from Customs Custody.* – Any person who maliciously enters any warehouse, or any vehicle laden with or containing merchandise with intent unlawfully to remove therefrom any merchandise or baggage in such vessels, vehicle or warehouse or otherwise in customs custody or control, or any person who receives or transports any merchandise or baggage unlawfully removed from any such vessel, vehicle or warehouse, or shall aid or abet such removal, shall suffer the penalties provided in Section 3606 hereof.

SEC. 3610. *Failure to Keep Importation Records and Give Full Access to Customs Officers.* - Any person who fails to keep all the records of importations and/or books of accounts, business and computer systems and all customs commercial data in the manner prescribed in Part 2, Section 3514 of this Title shall be punished with a fine of not less than One hundred thousand pesos (P100,000.00) but not more than Two hundred thousand pesos (P200,000.00) and/or imprisonment of not less than two (2) years and one day but not more than six (6) years. This penalty shall likewise be imposed against importers/brokers who deny an authorized customs officer full and free access to such records, books of accounts, business and computer systems, and all customs commercial data including payment records. This is without prejudice to the administrative sanctions that the Bureau of Customs may impose against the contumacious importers under existing laws and regulations including the authority to hold delivery or release of their imported articles (as provided under Section 15, R.A. 9135, April 27, 2001).

SEC. 3611. *Failure to Pay Correct Duties and Taxes on Imported Goods.* - Any person who, after being subjected to post-entry audit and examination as provided in Section 3515 of Part 2, Title VII hereof, is found to have incurred deficiencies in duties and taxes paid for imported goods, shall be penalized according to three (3) degrees of culpability subject to any mitigating, aggravating or extraordinary factors that are clearly established by the available evidence:

- (a) **Negligence** - When a deficiency results from an offenders failure, through an act or acts of omission or commission, to exercise reasonable care and competence to ensure that a statement made is correct, it shall be determined to be negligent and punishable by a fine equivalent to not less than one-half (½) but not more than two (2) times the revenue loss.
- (b) **Gross Negligence** - When a deficiency results from an act or acts of omission or commission done with actual knowledge or wanton disregard for the relevant facts and with indifference to or disregard for the offender's obligation under the statute, it shall be determined to be grossly negligent and punishable by a fine equivalent to not less than two and a half (2½) but not more than four (4) times the revenue loss.
- (c) **Fraud** - When the material false statement or act in connection with the transaction was committed or omitted knowingly, voluntarily and intentionally, as established by clear and convincing evidence, it shall be determined to be fraudulent and be punishable by a fine equivalent to not less than five (5) times but not more than eight (8) times the revenue loss and imprisonment of not less than two (2) years but not more than eight (8) years.

The decision of the Commissioner of Customs, upon proper hearing, to impose penalties as prescribed in this Section may be appealed in accordance with Section 2402 hereof (as provided under Section 16, R.A. 9135, April 27, 2001).

SEC. 3612. *Violations of Tariff and Customs Laws and Regulations in General.* - Any person who violates a provision of this Code or regulations pursuant thereto, for which delinquency no specific penalty is provided, shall be punished by a fine of not more than one thousand pesos or by imprisonment for not more than one year, or both. If the offender is an alien, he shall be deported after serving the sentence and if the offender is a public official or employee, he shall suffer disqualification to hold public office, to vote and participate in any public election for ten years (as amended by R.A. 9135, April 27, 2001).

FINAL PROVISIONS

SEC. 3701. *Repealing Clause.* – Sections 207, 301 (Subsections e, f, & k), 302 (Subsection –b), 513, 1024, 1108, 1109, 1208, 2530 (Subsection 1) and 3705 of Republic Act Numbered Nineteen Hundred and Thirty Seven, as amended by Presidential Decree Numbered Thirty Four are hereby repealed.

All Acts, Presidential Decrees, Executive Orders, Rules and Regulations or parts thereof, in conflict with the provisions of this Code, are hereby likewise repealed.

SEC. 3702. *Transitory Provisions.* – All suits, proceedings or prosecutions whether civil or criminal, for causes arising or acts done or committed prior to the effectivity of this Code, shall be commenced and/or prosecuted within the same time in the same manner and with the same effect as if this Code had not been enacted and all rights acquired, offences committed and penalties, forfeitures or liabilities waived prior to the said effectivity shall not be affected thereby.

Sections 602 (subsections d, e, f), 801 to 831, 901 to 905, 910 to 913, 2507 to 2512, 2529 (except subsection h) and 3301 (except subsection l to s) of Republic Act Numbered Nineteen Hundred and Thirty Seven as amended by Presidential Decree Numbered Thirty Four are hereby deleted and the same, are incorporated in Republic Act Numbered Fifty One Hundred and Seventy Three, as amended, for enforcement by the Philippine Coast Guard.

Sections 602 (subsection l), 1209, 1212, 1213, 2701, to 2703, 2801, 2802, 2901 to 2908, 3001 to 3005, 3101 to 3109, 3201 to 3203 and 3507 to 3509 of Republic Act Numbered Nineteen Hundred and Thirty Seven as amended by Presidential Decree Numbered Thirty Four are hereby deleted and the same are incorporated in Presidential Decree Numbered Eight Hundred Fifty Seven, for enforcement by the Philippine Ports Authority.

SEC. 3703. *Separability Clause.* – If any part or parts of this Code should for any reason be held to be invalid or unconstitutional, the remaining parts thereof shall remain in full force and effect.

SEC. 3704. *Effectivity Date.* – This Code shall take effect immediately.