



## HOUSE OF REPRESENTATIVES

H. No. 6995

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BY REPRESENTATIVES TAÑADA, ANGARA, PUENTEVELLA, UMALI (A.), SINGSON (E.), DEFENSOR (A.), ESCUDERO, BRIONES, RODRIGUEZ, DEL MAR, BICHARA, LIM, VINZONS-CHATO, ROMUALDO, LOCSIN, CABILAO, LAPUS, COSCOLLUELA, DOMOGAN, ABANTE, CHUNGALAO, GONZALEZ, MITRA, ABLAN, CODILLA, CUENCO, LAGMAN, DE GUZMAN, BIRON, DEFENSOR (M.), ZIALCITA, MAGSAYSAY, MERCADO, NICOLAS, APOSTOL, VALENCIA, AMANTE, ALVAREZ (G.), PABLO, BARZAGA, BONOAN-DAVID, ONG, MANGUDADATU, GARCIA (P.), TUPAS, ESTRELLA (R.), AGBAYANI, CASIÑO, GUNGONA, VILLANUEVA, HONTIVEROS, JAVIER, CUA (J.), ABAYA, HATAMAN, ARENAS, BONDOC, CHATTO, GARIN, VALDEZ, CUA (G.), ZAMORA (M.), ALCALA, CHAVEZ, VILLAROSA, TEODORO, LABADLABAD, YU, VELARDE, TIENG, CHONG, HOFER, MENDOZA (M.), RODRIGUEZ-ZALDARRIAGA, ENVERGA, ARAGO, GATLABAYAN, ALFELOR, PICHAY, NOGRALES AND GONZALES (N.), PER COMMITTEE REPORT NO. 2503

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AN ACT FURTHER STRENGTHENING THE ANTI-SMUGGLING MECHANISM, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 1464, OTHERWISE KNOWN AS THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, AND FOR OTHER PURPOSES

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

- 1 SECTION 1. *Short Title.* – This Act shall be known and cited as the
- 2 “Anti-Smuggling Act of 2010”.

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

5                   “SEC. 201. *Basis of Dutiable Value.* – x x x

6                   “x x x

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

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

1 BE REVIEWED BY THE VALUATION AND CLASSIFICATION  
2 REVIEW COMMITTEE (VCRC) WHICH, THEREAFTER, SHALL  
3 ENDORSE ITS FINDINGS AND RECOMMENDATIONS TO THE  
4 COMMISSIONER OF CUSTOMS. FOR PURPOSES OF THIS  
5 SECTION, A REVISION ORDER, WHICH SHALL BE PUBLISHED IN  
6 A NEWSPAPER OF GENERAL CIRCULATION AND PERIODICALLY  
7 UPDATED IN THE BUREAU OF CUSTOMS WEBSITE AND POSTED  
8 IN THE BULLETIN BOARD OF THE BUREAU, SHALL REFER TO  
9 THE DOCUMENT WHICH INDICATES THE LATEST VALUE(S) OF  
10 PRODUCT(S) APPLICABLE AND EFFECTIVE WITHIN THE PERIOD  
11 OF NINETY (90) DAYS FROM DATE OF ITS ISSUANCE BY THE  
12 BUREAU OF CUSTOMS, AFTER CONSULTATION WITH INDUSTRY  
13 REPRESENTATIVES.

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

26 "If, after receiving further information, or in the absence  
27 of a response, the [customs administration] VCRC still has  
28 reasonable doubts about the truth or accuracy of the declared

1 value, it may, without prejudice to an importer's right to appeal  
2 pursuant to Article 11 of the World Trade Organization  
3 Agreement on customs valuation, be deemed that the customs  
4 value of the imported goods cannot be determined under Method  
5 One. Before taking a final decision, the Collector of Customs  
6 shall communicate to the importer, in writing if requested, his  
7 grounds for doubting the truth or accuracy of the particulars or  
8 documents produced and give the importer a reasonable  
9 opportunity to respond. When a final decision is made, the  
10 [customs administration] DISTRICT COLLECTOR shall  
11 communicate to the importer in writing, COPY FURNISHED THE  
12 MEMBERS OF THE VCRC, [its] THE decision and the grounds  
13 therefor."

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

16 "Sec. 607. *Annual Report of Commissioner.* – The  
17 annual report of the Commissioner to the President shall, among  
18 other things, contain a compilation of the (a) quantity and value  
19 of the articles imported into the Philippines and the  
20 corresponding amount of custom duties, taxes and other charges  
21 assessed and collected on imported articles itemized in  
22 accordance with the tariff headings and subheadings as appearing  
23 in the liquidated customs entries provided for in this Code, (b)  
24 percentage collection of the peso value of imports, (c) quantity  
25 and value of conditionally-free importations, (d) customs  
26 valuation over and above letters of credit opened, (e) quantity  
27 and value of tax-free imports, and (f) the quantity and value of  
28 articles exported from the Philippines as well as the taxes and

1 other charges assessed and collected on them for the preceding  
 2 year. Copies of such annual report shall be furnished regularly to  
 3 the Department of Finance, Tariff Commission, NATIONAL  
 4 ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA),  
 5 [Central Bank of the Philippines] BANGKO SENTRAL NG  
 6 PILIPINAS (BSP), Board of Investments, Department of Budget  
 7 AND MANAGEMENT, and other economic agencies of the  
 8 government, on or before December 30, of each year.

9 "X X X."

10 SEC. 4. Section 609 of the Tariff and Customs Code of the Philippines,  
 11 as amended, is hereby further amended to read as follows:

12 "SEC. 609. *Commissioner to Furnish Copies of*  
 13 *Collectors' Liquidated Duplicates.* – The Commissioner shall  
 14 regularly furnish the NEDA, the [Central Bank of the  
 15 Philippines] BSP, the Tariff Commission, AND THE NATIONAL  
 16 STATISTICS OFFICE (NSO) [a copy] BOTH ELECTRONIC AND  
 17 PAPER COPIES of each of all customs import/export entries as  
 18 filed with the Bureau of Customs. The Tariff Commission or its  
 19 duly authorized agents shall have access to and the right to copy  
 20 all the customs liquidated import entries and other documents  
 21 appended thereto as finally filed in the Commission on Audit."

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

24 "Sec. 701. *Collection Districts and Ports of Entry*  
 25 *Thereof.* – For administrative purposes, the Philippines shall be  
 26 divided into as many collection districts as necessary, the  
 27 respective limits of which may be changed from time to time by

1 the Commissioner of Customs upon approval of the Secretary of  
2 Finance. The principal ports of entry for the respective  
3 collection districts shall be Manila, Ninoy Aquino International  
4 Airport, Cebu, Iloilo, Davao, Tacloban, Zamboanga, Cagayan de  
5 Oro, Surigao, Legaspi, Batangas, San Fernando, Subic, **CLARK**  
6 **INTERNATIONAL AIRPORT**, [and] Manila International  
7 Container Port[.], **AND SUCH OTHER PORTS THAT MAY BE**  
8 **CREATED PURSUANT TO THIS CODE.”**

9 SEC. 6. A new Part 3 shall be inserted under Title I, Book II –  
10 Customs Law, of the Tariff and Customs Code of the Philippines, as  
11 amended, and under which new Sections 801, 802, 803 and 804 are further  
12 inserted, which shall read as follows:

13 **“PART 3**

14 **“AUDIT, TRANSPARENCY AND ACCOUNTABILITY**

15 **“SEC. 801. IN ORDER TO INSTILL TRANSPARENCY AND**  
16 **ACCOUNTABILITY IN THE OPERATIONS OF THE BUREAU OF**  
17 **CUSTOMS, THE COMMISSIONER OF CUSTOMS SHALL**  
18 **CONDUCT, ON AN ANNUAL BASIS, A BUREAU-WIDE AUDIT**  
19 **WHICH AIMS TO EXAMINE AND EVALUATE THE ADEQUACY AND**  
20 **EFFECTIVENESS OF INTERNAL CONTROL AND THE QUALITY OF**  
21 **PERFORMANCE IN THE BUREAU OF CUSTOMS.**

22 **“THE BUREAU-WIDE AUDIT SHALL COVER, AMONG**  
23 **OTHERS, THE OPERATIONAL PROCESSES, COLLECTION AND**  
24 **FINANCIAL REPORTING, FISCAL AND PERSONNEL**  
25 **PERFORMANCE SYSTEM EFFICIENCY, INTERNAL CONTROL,**  
26 **INFORMATION AND COMMUNICATION FLOW, FRAUDULENT AND**  
27 **ILLEGAL PRACTICES, AND SUCH OTHER AREAS AS MAY BE**

1           NECESSARY FOR THE EFFECTIVE OPERATION OF THE ENTIRE  
2           BUREAU.”

3           “SEC. 802. AN INTERNAL CONTROL OFFICE, WHICH  
4           SHALL BE ATTACHED TO THE OFFICE OF THE COMMISSIONER  
5           OF CUSTOMS, IS HEREIN CREATED TO ASSIST THE  
6           COMMISSIONER IN THE CONDUCT OF A BUREAU-WIDE AUDIT  
7           PURSUANT TO REPUBLIC ACT NO. 3456, REPUBLIC ACT  
8           NO. 4177, ADMINISTRATIVE ORDER NO. 278 AND  
9           ADMINISTRATIVE ORDER NO. 70.

10           “THE ANNUAL APPROPRIATIONS FOR THE BUREAU OF  
11           CUSTOMS SHALL PROVIDE AN ITEM OF EXPENSE FOR THE  
12           BUREAU-WIDE AUDIT AS CONTEMPLATED IN THIS ACT.”

13           “SEC. 803. ON THE BASIS OF THE INTERNAL AUDIT  
14           ACTIVITIES CONDUCTED, THE INTERNAL CONTROL OFFICE  
15           SHALL SUBMIT TO THE COMMISSIONER A WRITTEN REPORT  
16           CONTAINING THE IDENTIFIED PROBLEMS AND DEFICIENCIES IN  
17           THE BUREAU AS WELL AS ITS RECOMMENDED  
18           POLICIES/CORRECTIVE MEASURES. SUCH REPORT SHALL BE  
19           PROMPTLY ACTED UPON BY THE COMMISSIONER WHO SHALL  
20           INSTITUTE THE NECESSARY IMPROVEMENT TO ADDRESS  
21           PERFORMANCE AND OPERATIONAL GAPS, UNLESS THERE IS  
22           REASONABLE DOUBT ON ITS VALIDITY.”

23           “SEC. 804. THE COMMISSIONER SHALL FURNISH THE  
24           SECRETARY OF FINANCE, THRU THE INTERNAL AUDIT OFFICE  
25           IN THE DEPARTMENT OF FINANCE, A COPY OF THE INTERNAL  
26           AUDIT REPORT AND ACTIONS TAKEN.”

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

3           “SEC. 1005. *Manifest Required of Vessel From Foreign*  
4 *Port.* — x x x.

5           “x x x

6           **“A TRUE AND COMPLETE COPY OF THE CARGO**  
7 **MANIFEST AND BILL OF LADING, TOGETHER WITH THE**  
8 **STOWAGE PLAN OF THE VESSEL ENGAGED IN FOREIGN TRADE,**  
9 **SHALL BE ELECTRONICALLY SENT IN ADVANCE BY THE VESSEL**  
10 **TO THE BUREAU OF CUSTOMS AND THE PHILIPPINE PORTS**  
11 **AUTHORITY AT LEAST TWELVE (12) HOURS FOR OCEAN GOING**  
12 **VESSELS AND TWO (2) HOURS FOR AIRLINES FROM DEPARTURE**  
13 **PRIOR TO THEIR ARRIVAL IN THE PORT OF ENTRY: *PROVIDED,***  
14 **THAT IF THE VESSEL IS AN AIRCRAFT THE MANIFEST SHALL BE**  
15 **ELECTRONICALLY TRANSMITTED TO THE BUREAU OF**  
16 **CUSTOMS AT LEAST ONE (1) HOUR PRIOR TO THE AIRCRAFT’S**  
17 **ARRIVAL IN THE PORT OF ENTRY: *PROVIDED, FURTHER, THAT,***  
18 **THE BUREAU OF CUSTOMS SHALL FURNISH THE DEPARTMENT**  
19 **OF AGRICULTURE WITH THE ELECTRONICALLY SENT CARGO**  
20 **MANIFEST AND BILL OF LADING, UPON RECEIPT THEREOF, IN**  
21 **THE CASE OF AGRICULTURAL IMPORTATIONS.**

22           “A cargo manifest shall in no case be changed or altered  
23 after entry of the vessel, except by means of an amendment by  
24 the master, consignee or agent thereof, under oath, and attached  
25 to the original manifest: *Provided, however,* That after the  
26 invoice and/or entry covering an importation have been received  
27 and recorded [in the office of the appraiser,] **EITHER MANUALLY**  
28 **OR ELECTRONICALLY IN THE BUREAU OF CUSTOMS OR HAD**



1           **BEEN LOGGED IN ITS COMPUTER SYSTEM**, no amendment of the  
2           manifest shall be allowed, except when it is obvious that a  
3           clerical error or any other discrepancy has been committed in the  
4           preparation of the manifest, without any fraudulent intent,  
5           discovery of which would not have been made until after  
6           examination of the importation has been completed. **PRIOR TO**  
7           **RELEASE OF THE CARGO, THE VERACITY OF THE AMENDMENT**  
8           **SHALL BE EXAMINED BY THE COMMISSIONER OF CUSTOMS**  
9           **FOR THE PURPOSE OF INVOKING PENAL PROVISION UNDER**  
10          **SECTIONS 2503 AND 3602 OF THIS CODE.”**

11          SEC. 8. Section 1007 of the Tariff and Customs Code of the  
12          Philippines, as amended, is hereby further amended to read as follows:

13                 “SEC. 1007. *Manifests for Commission on Audit and*  
14                 *Collector.* – Papers to be Deposited with Consul. – Immediately  
15                 after the arrival of a vessel from a foreign port, the master shall  
16                 deliver or mail to the Chairman, Commission on Audit, Manila, a  
17                 copy of the cargo manifests properly endorsed by the boarding  
18                 officer, and [the master shall immediately] **WITHIN**  
19                 **TWENTY-FOUR (24) HOURS AFTER ARRIVAL, HE SHALL** present  
20                 to the Collector the original copy of the cargo manifests  
21                 [properly endorsed by the boarding officer,] and, for inspection,  
22                 the ship’s register or other documents in lieu thereof, together  
23                 with the clearance and other papers granted to the vessel at the  
24                 port of departure for the Philippines.

25                 “**WITHIN THREE (3) DAYS FROM RECEIPT THEREOF,**  
26                 **THE COLLECTOR SHALL PUBLISH IN THE BUREAU OF**  
27                 **CUSTOMS WEBSITE THE CARGO MANIFEST FOR TWO (2)**  
28                 **CONSECUTIVE WEEKS.”**

1           SEC. 9. Section 1008 of the Tariff and Customs Code of the  
2 Philippines, as amended, is hereby further amended to read as follows:

3           “Sec. 1008. *Transit Cargo AND FOREIGN*  
4 *TRANSHIPMENT OF GOODS.* – When transit cargo from a  
5 foreign port or other local ports is forwarded from the port of  
6 importation, separate manifest, in triplicate, shall be presented by  
7 each carrier.

8           “TRANSHIPPED GOODS MUST REMAIN AT ALL TIME IN  
9 THE PORT OF ARRIVAL AND SHALL NOT BE TRANSFERRED OR  
10 TRANSPORTED TO ANY OTHER PHILIPPINE PORT OF ENTRY  
11 PRIOR TO THE TRANSPORT THEREOF TO THE FOREIGN PORT  
12 OF DESTINATION AS INDICATED IN THE CARGO MANIFEST.  
13 WHEN THE SHIPMENT IS UNLOADED IN OR TRANSFERRED TO  
14 ANY OTHER PORT OF ENTRY OTHER THAN IN THE PORT OF  
15 ARRIVAL BEFORE TRANSPORTING THE SAME TO THE FOREIGN  
16 PORT OF DESTINATION, IT SHALL BE CONSIDERED AS HAVING  
17 BEEN INTRODUCED INTO THE PHILIPPINE CUSTOMS  
18 TERRITORY SUBJECT TO APPLICABLE DUTIES AND TAXES.

19           “THE PARTY WHO APPLIED FOR FOREIGN  
20 TRANSHIPMENT SUCH AS THE SHIPPING COMPANY OR AGENT,  
21 TRANSHIPMENT OPERATOR OR THE OWNER OF THE GOODS  
22 SHALL SUBMIT TO THE BUREAU OF CUSTOMS AND/OR TO THE  
23 BUREAU OF INTERNAL REVENUE WITHIN THE PRESCRIBED  
24 PERIOD OF SIX (6) MONTHS ANY OFFICIAL DOCUMENT  
25 SATISFACTORILY SHOWING THAT THE TRANSHIPPED GOODS  
26 HAD ACTUALLY ARRIVED AND HAD BEEN UNLOADED IN THE  
27 FOREIGN PORT OF DESTINATION AND THAT THE SAME HAD  
28 BEEN RECEIVED BY THE CONSIGNEE NAMED IN THE MANIFEST:  
29 *PROVIDED, THAT IF THE SAID OFFICIAL DOCUMENT IS IN A*  
30 *FOREIGN LANGUAGE OTHER THAN ENGLISH, IT SHALL BE*

1 ACCOMPANIED BY AN ENGLISH TRANSLATION DULY  
2 AUTHENTICATED BY A PHILIPPINE COMMERCIAL ATTACHE OR  
3 CONSUL.

4 "FAILURE TO SUBMIT THE OFFICIAL DOCUMENT AS  
5 REQUIRED HEREINABOVE SHALL CONSTITUTE *PRIMA FACIE*  
6 PROOF THAT THE GOODS ALLEGEDLY TRANSHIPPED WERE IN  
7 FACT DIVERTED TO THE PHILIPPINES, WITHOUT THE  
8 CORRESPONDING PAYMENT OF DUTIES AND TAXES WHICH  
9 SHALL BE IMMEDIATELY COLLECTED AND PAID BY THE  
10 PARTY(IES) WHICH FAILED TO SUBMIT THE REQUIRED  
11 OFFICIAL DOCUMENT. THEREAFTER AND UNTIL THE  
12 REQUIRED OFFICIAL DOCUMENT SHALL HAVE BEEN  
13 SUBMITTED, ALL SUBSEQUENT TRANSHIPMENT OF GOODS TO  
14 AND FROM THE PHILIPPINES BY THE SAID PARTY(IES)  
15 WITHOUT THE PAYMENT OF DUTIES AND TAXES SHALL BE  
16 DISALLOWED."

17 SEC. 10. Section 1025 of the Tariff and Customs Code of the  
18 Philippines, as amended, is hereby further amended to read as follows:

19 "Sec. 1025. *Export Product to Conform to Standard*  
20 *Grades AND MARKING OF PACKAGES FOR EXPORT.* - A  
21 Collector shall not permit products for which standard grades  
22 have been established by the government to be laden aboard a  
23 vessel clearing for a foreign port, unless the shipment conforms  
24 to the requirements of law relative to the shipment of such  
25 products.

26 "PACKAGES CONTAINING GOODS FOR EXPORT SHALL BE  
27 LABELED IN ACCORDANCE WITH LAWS AND REGULATIONS.  
28 PACKAGES THAT DO NOT COMPLY WITH THE REQUIRED  
29 MARKINGS MAY BE DENIED EXPORT PERMITS."

1           SEC. 11. A new section to be known as Section 1203-A is hereby  
2 inserted after Section 1203 of the Tariff and Customs Code of the Philippines,  
3 as amended, to read as follows:

4           **“SEC. 1203-A. PUBLICATION OF ACCREDITED**  
5 **IMPORTERS AND BROKERS. – ANY PROVISION OF LAW TO THE**  
6 **CONTRARY NOTWITHSTANDING, THE SECRETARY OF FINANCE,**  
7 **THROUGH THE COMMISSIONER OF CUSTOMS, IS HEREBY**  
8 **MANDATED TO CAUSE THE PUBLICATION OF THE LIST OF**  
9 **IMPORTERS AND BROKERS ACCREDITED BY THE BUREAU OF**  
10 **CUSTOMS WITHIN NINETY (90) DAYS FROM THE DAY OF**  
11 **APPROVAL OF THE APPLICATION FOR ACCREDITATION OR**  
12 **RENEWAL OF THE ACCREDITATION, AS THE CASE MAY BE:**  
13 **PROVIDED, THAT THE BUREAU OF CUSTOMS SHALL POST THE**  
14 **LIST OF ACCREDITED IMPORTERS AND BROKERS IN ITS**  
15 **WEBSITE ANNUALLY AND SHALL REGULARLY UPDATE SAID**  
16 **LIST: PROVIDED, FURTHER, THAT OTHER INFORMATION ON**  
17 **THE ACCREDITED IMPORTERS AND BROKERS, OTHER THAN**  
18 **THOSE PUBLISHED IN THE WEBSITE AND NOT OTHERWISE**  
19 **CONFIDENTIAL, MAY BE MADE AVAILABLE UPON OFFICIAL**  
20 **REQUEST FROM THE COMMISSIONER OF CUSTOMS.**

21           **“THE AMOUNT NECESSARY FOR THE PUBLICATION OF**  
22 **THE LIST OF IMPORTERS AND BROKERS SHALL BE CHARGED TO**  
23 **THE APPROPRIATIONS OF THE BUREAU OF CUSTOMS UNDER**  
24 **THE CURRENT GENERAL APPROPRIATIONS ACT.**  
25 **THEREAFTER, SUCH SUM AS MAY BE NEEDED FOR ITS**  
26 **CONTINUED IMPLEMENTATION SHALL BE CHARGEABLE TO**  
27 **THE FUND COLLECTED BY THE BUREAU FROM THE**  
28 **APPLICATION AND RENEWAL FEES OF THE IMPORTERS AND**  
29 **BROKERS.”**

1           SEC. 12. Section 1204 of the Tariff and Customs Code of the  
2 Philippines, as amended, is hereby further amended to read as follows:

3           “Sec. 1204. *Liability of Importer for Duties.* – Unless  
4 relieved by laws or regulations, the liability for duties, taxes, fees  
5 and other charges attaching on importation constitutes a personal  
6 debt due [from] **AND DEMANDABLE AGAINST** the importer [to]  
7 **IN FAVOR OF** the government which can be discharged only by  
8 payment in full of all duties, taxes, fees and other charges legally  
9 accruing. It also constitutes a lien upon the articles imported  
10 which may be enforced while such articles are in custody or  
11 subject to the control of the government.

12           **“IN CASE THE IMPORTED ARTICLE IS FOUND IN THE**  
13 **CUSTODY OR POSSESSION OF A TRANSFEREE OR BUYER IN**  
14 **GOOD FAITH, THE GUARANTEE IN THE FORM OF A LETTER OF**  
15 **CREDIT, SURETY BOND, A DEPOSIT, CASH, OR SOME OTHER**  
16 **APPROPRIATE INSTRUMENT IN AN AMOUNT EQUIVALENT TO**  
17 **THE IMPOSABLE DUTIES AND TAXES OF THE IMPORTED**  
18 **ARTICLES AS MENTIONED IN SECTION 201 OF THIS CODE,**  
19 **FILED BY THE IMPORTER SHALL BE APPLIED FOR ANY TAX**  
20 **DEFICIENCY, DUTIES, FEES, INTEREST AND OTHER CHARGES**  
21 **THAT MAY BE FINALLY DETERMINED BY THE BUREAU**  
22 **AGAINST THE IMPORTED ARTICLE.”**

23           SEC. 13. Section 1210 of the Tariff and Customs Code of the  
24 Philippines, as amended, is hereby further amended to read as follows:

25           “SEC. 1210. *Disposition of Imported Articles Remaining*  
26 *on Vessel After Time for Unlading.* – x x x

27           “Unless prevented by causes beyond the vessel’s control,  
28 such as port congestion, strikes, riots or civil commotions,  
29 failures of vessel’s gear, bad weather, and similar causes, articles

1 so stored shall be entered within [thirty (30)] **FIFTEEN (15)** days,  
2 which shall not be extendible, from the date of discharge of the  
3 last package from the vessel or aircraft and shall be claimed  
4 within fifteen (15) days, which shall not likewise be extendible  
5 from the date of posting of the notice to claim in conspicuous  
6 places in the Bureau of Customs. If not entered or not claimed, it  
7 shall be disposed of in accordance with the provisions of this  
8 Code.”

9 SEC. 14. A new section to be known as Section 1212 is hereby inserted  
10 in the Tariff and Customs Code of the Philippines, as amended, to read as  
11 follows:

12 **“SEC. 1212. *IMPORT PERMIT/IMPORT AUTHORITY FOR***  
13 ***AGRICULTURAL PRODUCTS. – IMPORTED AGRICULTURAL***  
14 **PRODUCTS MUST BE COVERED BY A VALID IMPORT OR**  
15 **QUARANTINE PERMIT ISSUED BY THE DEPARTMENT OF**  
16 **AGRICULTURE (DA) OR ITS CONCERNED BUREAU PRIOR TO**  
17 **IMPORTATION INTO THE PHILIPPINES. NO AGRICULTURAL**  
18 **PRODUCTS MUST BE ACCEPTED FOR LOADING AND/OR**  
19 **TRANSPORT BY A VESSEL OR AIRCRAFT INTO THE COUNTRY IF**  
20 **THESE AGRICULTURAL PRODUCTS HAVE NOT BEEN**  
21 **AUTHORIZED THROUGH AN IMPORT OR QUARANTINE PERMIT**  
22 **ISSUED BY THE DA OR ITS CONCERNED AGENCIES PRIOR TO**  
23 **SHIPMENT. IF AND WHEN AGRICULTURAL PRODUCTS WERE**  
24 **LOADED, TRANSPORTED AND BROUGHT INTO THE COUNTRY**  
25 **WITHOUT THE PRIORLY ISSUED IMPORT OR QUARANTINE**  
26 **PERMIT, THE SAME MUST NOT BE UNLOADED FROM THE**  
27 **VESSEL OR AIRCRAFT TO ANY PHILIPPINE PORT OF ENTRY AND**  
28 **MUST BE SHIPPED BACK TO THE COUNTRY OF ORIGIN BY THE**  
29 **IMPORTER/CONSIGNEE THROUGH THE SAME CARRIER THAT**

1           LOADED/TRANSPORTED, BROUGHT IN THE PRODUCTS:  
 2           **PROVIDED, THAT, ANY IMPORTER WHO IMPORTED ANY**  
 3           **AGRICULTURAL PRODUCT WITHOUT ANY PRIORLY ISSUED**  
 4           **IMPORT OR QUARANTINE PERMIT FOR THE PURPOSE SHALL BE**  
 5           **PUNISHABLE AS PROVIDED FOR UNDER SECTION 3601 OF THIS**  
 6           **CODE.”**

7           SEC. 15. Section 1302 of the Tariff and Customs Code of the  
 8   Philippines, as amended, is hereby further amended to read as follows:

9                   “Sec. 1302. *Import Entries.* -- x x x.

10                   “The Commissioner may, x x x.

11                   “A formal entry may be x x x:

12                   “(a) x x x;

13                   “(b) x x x; or

14                   “(c) x x x.

15                   “FOR PURPOSES HERETO, ALL IMPORT ENTRIES SHALL  
 16           EXPLICITLY AND CLEARLY INDICATE THE NAME OF THE  
 17           CUSTOMS BONDED WAREHOUSE WHERE THE IMPORTED  
 18           ARTICLES WILL BE PLACED OR DEPOSITED, AND THE NAME OF  
 19           THE IMPORTER OR CONSIGNEE.

20                   “Import entries under irrevocable x x x.

21                   “All importations entered under formal entry shall be  
 22           covered by a letter of credit or any other verifiable document  
 23           evidencing payment OF THE DUTIES, TAXES AND OTHER  
 24           **CHARGES DUE THEREON.”**

25           SEC. 16. A new section to be known as Section 1401-A is hereby  
 26   inserted after Section 1401 of the Tariff and Customs Code of the Philippines,  
 27   as amended, to read as follows:

1           “SEC. 1401-A. *VALUATION LIBRARY.* - THE  
2 COMMISSIONER SHALL ENSURE THAT THERE SHALL BE A  
3 VALUATION LIBRARY WHICH SHALL PRIMARILY SERVE AS  
4 REFERENCE AND SOURCE OF INFORMATION IN THE VALUATION  
5 AND APPRAISAL OF IMPORTED ARTICLES. THE VALUATION  
6 LIBRARY SHALL BE KEPT UPDATED WITH THE VALUES OF  
7 IMPORTED PRODUCTS AS CONTAINED IN THE LATEST REVISION  
8 ORDERS AND MAINTAINED USING THE BEST AVAILABLE  
9 TECHNOLOGY AND SHALL BE MADE READILY AVAILABLE TO  
10 THE PUBLIC. VIOLATION HEREOF SHALL BE PUNISHABLE AS  
11 PROVIDED UNDER SECTION 3612 OF THIS CODE.”

12       SEC. 17. Section 1403 of the Tariff and Customs Code of the  
13 Philippines, as amended, is hereby further amended to read as follows:

14           “SEC. 1403. *Duties of Customs Officer Tasked to*  
15 *Examine, Classify, and Appraise Imported Articles.* - The  
16 customs officer tasked to examine, classify, and appraise  
17 imported articles shall determine whether the packages  
18 designated for examination and their contents are in accordance  
19 with the declaration in the entry, invoice and other pertinent  
20 documents and shall make return in such a manner as to indicate  
21 whether the articles have been truly and correctly declared in the  
22 entry as regard their quantity, measurement, weight, and tariff  
23 classification and not imported contrary to law. SUBJECT TO  
24 THE GUIDELINES TO BE ISSUED BY THE COMMISSIONER WITH  
25 THE APPROVAL OF THE SECRETARY OF FINANCE, THE  
26 CUSTOMS OFFICER [He] shall TAKE A REPRESENTATIVE  
27 [submit] samples OF THE IMPORTED ARTICLE IN THE  
28 PRESENCE OF THE IMPORTER, CONSIGNEE OR THEIR  
29 REPRESENTATIVES to SUBMIT to [the] CUSTOMS laboratory OR



1 TO THE LABORATORY OF THE APPROPRIATE GOVERNMENT  
2 REGULATORY AGENCY for analysis when feasible to do so and  
3 when such analysis is necessary for the proper classification,  
4 appraisal, and/or admission into the Philippines of imported  
5 articles. THE CUSTOMS OFFICER SHALL TAKE INTO ACCOUNT  
6 THE RESULT OF THE ANALYSIS IN THE CLASSIFICATION,  
7 APPRAISAL AND/OR ADMISSION INTO THE PHILIPPINES OF THE  
8 IMPORTED ARTICLE.

9 "THE CUSTOMS OFFICER SHALL CERTIFY UNDER OATH  
10 IN THE RETURN THAT HE USED THE VALUATION LIBRARY IN  
11 THE VALUATION AND APPRAISAL OF THE IMPORTED ARTICLES.

12 "X X X."

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

15 "Sec. 1409. [*Employment and Compensation of Persons*  
16 *to Assist in Appraisal or Classification of Articles.*] VALUATION  
17 AND CLASSIFICATION REVIEW COMMITTEE (VCRC). – [When  
18 necessary, the Collector may request two disinterested persons  
19 versed in the matter to assist the appraiser in appraising or  
20 ascertaining the value of any article. Persons so employed shall  
21 be paid compensation in an amount, to be determined by the  
22 Commissioner, not exceeding fifty pesos for each day of such  
23 service.] VALUATION AND CLASSIFICATION ISSUES SHALL BE  
24 COURSED THROUGH A VALUATION AND CLASSIFICATION  
25 REVIEW COMMITTEE (VCRC) DIRECTLY UNDER THE  
26 CHAIRMANSHIP OF THE RESPECTIVE DISTRICT COLLECTOR OF  
27 CUSTOMS.

1           "FROM AMONG THE MEMBERS OF THE VCRC, ONE (1)  
2 MEMBER SHALL COME FROM THE TARIFF COMMISSION WHO  
3 SHALL BE A PERMANENT MEMBER, ONE (1) MEMBER FROM  
4 AMONG THE RECOMMENDEES OF THE DEPARTMENT OF TRADE  
5 AND INDUSTRY AND THE DA, AS THE CASE MAY BE, AND  
6 ANOTHER ONE (1) MEMBER SHALL COME FROM THE PRIVATE  
7 SECTOR REPRESENTING THE INDUSTRY SECTOR AFFECTED.

8           "SUBJECT TO THE GUIDELINES TO BE ISSUED BY THE  
9 COMMISSIONER DULY APPROVED BY THE SECRETARY OF  
10 FINANCE, THE VCRC SHALL REQUEST CONCERNED INDUSTRY  
11 ASSOCIATIONS TO NOMINATE AN INDUSTRY COMMODITY  
12 EXPERT WHO WILL ASSIST THE VCRC IN CLASSIFYING,  
13 APPRAISING OR ASCERTAINING THE VALUE OF AN IMPORTED  
14 ARTICLE AT NO COST TO THE BUREAU. IN ORDER FOR SUCH  
15 PERSONS TO EFFECTIVELY ASSIST THE VCRC, THE INDUSTRY  
16 COMMODITY EXPERT SHALL BE FURNISHED DURING THE  
17 IMPORTATION OF A PARTICULAR ARTICLE WITH A COPY OF  
18 THE IMPORT ENTRY AND DECLARATION AND HE SHALL BE  
19 ALLOWED TO OBSERVE THE PHYSICAL EXAMINATION AND THE  
20 TAKING OF SAMPLE OF THE IMPORTED ARTICLE."

21           SEC. 19. A new section shall be added in the Tariff and Customs Code  
22 of the Philippines, as amended, to be designated as Section 1410, to read as  
23 follows:

24           "SEC. 1410. *AUTHORITY OF THE BUREAU TO EXAMINE*  
25 *THE ENTRY AND EXIT OF IMPORTED ARTICLES IN THE*  
26 *FREEPORTS. - THE BUREAU, IN COORDINATION WITH THE*  
27 *APPROPRIATE GOVERNMENT AGENCIES SUCH AS, BUT NOT*  
28 *LIMITED TO, THE DEPARTMENTS OF TRADE AND INDUSTRY,*  
29 *AGRICULTURE, TRANSPORTATION AND COMMUNICATIONS,*

1           **AND HEALTH SHALL HAVE THE AUTHORITY TO EXAMINE THE**  
2           **ENTRY AND EXIT OF IMPORTED ARTICLES IN THE FREEPORTS**  
3           **FOR THE PURPOSE OF DETERMINING: (A) THE QUANTITY AND**  
4           **DESCRIPTION OF SUBJECT IMPORTED ARTICLES, AND (B) THE**  
5           **COMPLIANCE WITH THE SANITARY AND AGRICULTURAL**  
6           **REQUIREMENTS.”**

7           SEC. 20. Section 1603 of the Tariff and Customs Code of the  
8           Philippines, as amended, is hereby further amended to read as follows:

9                   “SEC. 1603. *Finality of Liquidation.* – When articles  
10           have been entered and passed free of duty or final adjustments of  
11           duties made, with subsequent delivery, such entry and passage  
12           free of duty or settlements of duties will, after the expiration of  
13           [three (3) years] **ONE (1) YEAR** from the date of the final  
14           payment of duties, in the absence of fraud or protest or  
15           compliance audit pursuant to the provisions of this Code, be final  
16           and conclusive upon all parties, unless the liquidation of the  
17           import entry was merely tentative.”

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

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

23                   “x x x

24                   “(b) When the owner, importer, consignee or interested  
25           party after due notice, fails to file an entry within thirty (30)  
26           days, which shall not be extendible, from the date of discharge of  
27           the last package from the vessel or aircraft, or having filed such  
28           entry, fails to claim his importation within fifteen (15) days,

1           which shall not likewise be extendible, from the date of posting  
2           of the notice to claim such importation. ALL SHIPPING LINES,  
3           SHIPPING COMPANIES, FREIGHT FORWARDERS,  
4           CONSOLIDATORS, BREAK BULK AGENTS AND THEIR AGENTS  
5           AND SUBAGENTS AND ARRASTRE CONTRACTORS ARE  
6           REQUIRED TO STATE IN BOLD, PROMINENT AND  
7           COMPREHENSIBLE CHARACTERS THE PHRASE 'CUSTOMS  
8           LAW REQUIRES THE FILING OF ENTRY WITHIN  
9           THIRTY (30) DAYS, WHICH SHALL NOT BE  
10          EXTENDIBLE, FROM THE DATE OF DISCHARGE OF  
11          THE LAST PACKAGE FROM THE VESSEL,  
12          OTHERWISE, THE CARGO MAY BE DEEMED  
13          ABANDONED AND TO BE FORFEITED IN FAVOR OF  
14          THE GOVERNMENT AND SHALL BE DISPOSED OF IN  
15          ACCORDANCE WITH THIS CODE' IN EACH AND EVERY  
16          NOTICE OF ARRIVAL TO THE OWNERS, IMPORTERS,  
17          CONSIGNEES OR OTHER INTERESTED PARTIES. THE SAME  
18          SHALL SERVE TO SATISFY THE DUE NOTICE REQUIREMENT  
19          REFERRED TO IN PARAGRAPH (B) HEREOF, IN WHICH CASE THE  
20          OWNER, IMPORTER OR CONSIGNEE OF THE IMPORTATION  
21          SHALL HAVE A PERIOD OF THIRTY (30) DAYS, WHICH SHALL  
22          NOT BE EXTENDIBLE, FROM RECEIPT OF THE NOTICE OF  
23          ARRIVAL WITHIN WHICH TO FILE THE APPROPRIATE ENTRY.  
24          FAILURE ON THE PART OF THE SHIPPING LINES, SHIPPING  
25          COMPANIES, FREIGHT FORWARDERS, CONSOLIDATORS, BREAK  
26          BULK AGENTS AND THEIR AGENTS AND SUBAGENTS AND  
27          ARRASTRE CONTRACTORS TO COMPLY HEREWITH SHALL

1           **CONSTITUTE A GROUND FOR THE SUSPENSION OF THEIR**  
2           **LICENSES OR AUTHORITY TO ENGAGE IN THEIR RESPECTIVE**  
3           **LINE OF ACTIVITIES IN THE IMPORTATION OPERATIONS.**

4           “x x x.”

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

7           “SEC. 1802. *Abandonment of Imported Articles.* – An  
8           abandoned article shall *ipso facto* be deemed the property of the  
9           Government and shall be disposed of in accordance with the  
10          provisions of this Code. **AN UPDATED LISTING OF ALL**  
11          **ABANDONED SHIPMENTS SHALL BE POSTED ON THE OFFICIAL**  
12          **WEBSITE OF THE BUREAU.**

13          “x x x.”

14          SEC. 23 Section 1901 of the Tariff and Customs Code of the  
15          Philippines, as amended, is hereby further amended to read as follows:

16          “SEC. 1901 *Establishment, [and] Supervision AND*  
17          ***ACCREDITATION of Warehouses.*** – When the business of the port  
18          requires such facilities, the Collector, subject to the approval of  
19          the Commissioner, shall designate and establish warehouses for  
20          use as public and private bonded warehouses, sheds or yards, or  
21          for other special purposes. **ALL SUCH WAREHOUSES SHALL BE**  
22          **ACCREDITED BY AN ACCREDITATION COMMITTEE WHICH**  
23          **SHALL BE CHAIRED BY THE SECRETARY OF TRADE AND**  
24          **INDUSTRY AND CO-CHAIRER BY THE SECRETARY OF FINANCE,**  
25          **AND TO BE COMPOSED OF THE COMMISSIONER OF CUSTOMS,**  
26          **THE GOVERNOR OF THE BANGKO SENTRAL NG PILIPINAS, THE**  
27          **COMMISSIONER OF THE INSURANCE COMMISSION, OR THEIR**  
28          **DULY DESIGNATED REPRESENTATIVES, AS MEMBERS THEREOF.**

1           **“REPRESENTATIVES FROM OTHER CONCERNED**  
 2           **GOVERNMENT AGENCIES AND THE AFFECTED INDUSTRY**  
 3           **ASSOCIATIONS OR SECTORS SHALL BE INVITED AS THE**  
 4           **COMMITTEE DEEMS NECESSARY TO ASSIST IT IN ITS**  
 5           **DELIBERATIONS.**

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

13           **SEC. 24. A new section to be known as Section 1901-A is hereby**  
 14           **inserted after Section 1901 of the Tariff and Customs Code of the Philippines,**  
 15           **as amended, to read as follows:**

16           **“SEC. 1901-A. CLASSIFICATION OF CUSTOMS BONDED**  
 17           **WAREHOUSES. - CUSTOMS BONDED WAREHOUSES SHALL BE**  
 18           **CLASSIFIED AS FOLLOWS:**

19           **“(A) CUSTOMS BONDED MANUFACTURING**  
 20           **WAREHOUSE -**

21           **“(1) GARMENT TEXTILE BONDED MANUFACTURING**  
 22           **WAREHOUSE - A BONDED WAREHOUSE WHICH IS AUTHORIZED**  
 23           **TO RECEIVE AND STORE WITHOUT PAYMENT OF DUTIES AND**  
 24           **TAXES FOR IMPORTED GARMENTS AND TEXTILES, RAW**  
 25           **MATERIALS INCLUDING PACKING AND ACCESSORIES FOR**  
 26           **PROCESSING INTO FINISHED PRODUCTS FOR EXPORTATION**  
 27           **WITHIN SPECIFIED PERIOD.**

28           **“(2) MISCELLANEOUS BONDED MANUFACTURING**  
 29           **WAREHOUSE - A BONDED WAREHOUSE WHICH IS AUTHORIZED**  
 30           **TO RECEIVE AND STORE WITHOUT PAYMENT OF DUTIES AND**

1 TAXES FOR IMPORTED MATERIALS, EXCEPT GARMENTS AND  
2 TEXTILES, INCLUDING PACKING/PACKAGING ACCESSORIES,  
3 AND INTERMEDIATE PRODUCTS FOR THE PURPOSE OF  
4 PROCESSING INTO FINISHED PRODUCTS FOR EXPORTATION  
5 WITHIN SPECIFIED PERIOD.

6 “(3) COMMON BONDED MANUFACTURING  
7 WAREHOUSE – A BONDED WAREHOUSE WHICH IS AUTHORIZED  
8 TO IMPORT, RECEIVE AND STORE IMPORTED MATERIALS,  
9 ACCESSORIES, AND INTERMEDIATE PRODUCTS, INCLUDING  
10 PACKING/PACKAGING, FOR THE ACCOUNT OF THE EXPORTING  
11 MEMBERS, WITHOUT PAYMENT OF DUTIES AND TAXES ON THE  
12 CONDITION THAT THESE MATERIALS, ACCESSORIES AND  
13 INTERMEDIATE PRODUCTS SHALL BE MANUFACTURED INTO  
14 FINISHED PRODUCTS FOR EXPORTATION WITHIN SPECIFIED  
15 PERIOD.

16 “(B) CUSTOMS BONDED INDUSTRY-SPECIFIC  
17 WAREHOUSE – A BONDED WAREHOUSE WHICH IS AUTHORIZED  
18 TO IMPORT UNDER ITS NAME AND ACCOUNT, DIRECTLY OR  
19 INDIRECTLY, UNDER BOND, BY DIRECT PURCHASE, OR ON  
20 CONSIGNMENT BASIS, FOR SALE OR TRANSFER TO ITS  
21 CUSTOMERS IN THE INDUSTRY, SUCH MATERIALS AND  
22 SUPPLIES, AS MAY BE REQUIRED IN THE MANUFACTURE,  
23 ASSEMBLY, TESTING, OR PACKAGING OF GOODS INTENDED FOR  
24 EXPORT OR FOR REPACKING AND DISTRIBUTION TO FOREIGN  
25 MARKET.

26 “(C) MULTINATIONAL REGIONAL BONDED  
27 WAREHOUSE – A BONDED WAREHOUSE OPERATED BY A  
28 MULTINATIONAL COMPANY HAVING ITS REGIONAL OR AREA  
29 HEADQUARTERS IN THE PHILIPPINES PURSUANT TO

1 EXECUTIVE ORDER NO. 226. IT IS LICENSED BY THE BOARD  
2 OF INVESTMENTS AND ACCREDITED BY THE ACCREDITATION  
3 COMMITTEE AS PROVIDED IN SECTION 1901 OF THIS CODE TO  
4 SERVE AS SUPPLY DEPOT FOR THE STORAGE, DEPOSIT, AND  
5 SAFEKEEPING OF SPARE PARTS OR MANUFACTURED  
6 COMPONENTS, AND RAW MATERIALS, INCLUDING ANY  
7 PACKAGES, COVERING, BRANDS AND LABELS, AND WAREHOUSE  
8 EQUIPMENT AS MAY BE ALLOWED BY THE DEPARTMENT OF  
9 TRADE AND INDUSTRY FOR USE EXCLUSIVELY ON THE STORED  
10 GOODS WHICH ARE TO BE RE-EXPORTED DIRECTLY  
11 THEREFROM UNDER THE SUPERVISION OF THE CUSTOMS  
12 COLLECTOR FOR DISTRIBUTION TO ITS ASIA-PACIFIC  
13 MARKETS.”

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

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

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

23 “THE OPERATORS OF THE BONDED WAREHOUSES SHALL  
24 MAKE AVAILABLE TO THE CONCERNED GOVERNMENT  
25 REGULATORY AGENCIES AN INVENTORY OF ALL ARTICLES  
26 STORED THEREIN. FAILURE TO DO SO IS A MANDATORY  
27 GROUND FOR THE REVOCATION OF LICENSE TO OPERATE A  
28 BONDED WAREHOUSE.”



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

3           “SEC. 1903. *Bonded Warehouses.* – Application for the  
4 establishment of bonded warehouses must be made in writing  
5 and filed with the [Collector] ACCREDITATION COMMITTEE AS  
6 PROVIDED IN SECTION 1901 HEREOF, describing the premises,  
7 the location, and capacity of the same, [and] the purpose for  
8 which the building is to be used[.], AND THE INDUSTRY THAT IT  
9 SERVES.

10           “Upon receipt of such application, the [Collector]  
11 ACCREDITATION COMMITTEE shall cause an examination of the  
12 premises, with reference particularly to its location, construction  
13 and means provided for the safekeeping of articles. THE  
14 COMMITTEE SHALL LIKEWISE DETERMINE THE OWNERSHIP  
15 OF THE APPLICANT BONDED WAREHOUSE TO VERIFY IF ANY  
16 OWNER OR OWNERS OF A BONDED WAREHOUSE WHICH HAD  
17 BEEN CLOSED DUE TO ITS NONCOMPLIANCE WITH CUSTOMS  
18 LAWS AND REGULATIONS HAVE ANY INTEREST THEREIN. [and  
19 if] IF THE APPLICATION IS found satisfactory, [he] THE  
20 COMMITTEE may authorize its establishment, and [accept]  
21 CAUSE THE ACCEPTANCE OF a bond for its operation and  
22 maintenance. The operator of such bonded warehouse shall pay  
23 an annual supervision fee in an amount to be fixed by the  
24 Commissioner. The bonded warehouse officers and other  
25 employees thereof shall be regular customs employees who shall  
26 be appointed in accordance with the Civil Service Law, rules and  
27 regulations.

1           **“THE PAID-UP CAPITAL AND NETWORTH OF THE BONDED**  
2           **WAREHOUSE SHALL BE SET AT AN AMOUNT AS DETERMINED BY**  
3           **THE COMMITTEE AS SUFFICIENT TO COVER THE TAXES AND**  
4           **DUTIES OF UNLIQUIDATED ENTRIES WHICH SHALL BE STORED**  
5           **THEREIN AT ANY GIVEN TIME. OTHERWISE, THE APPLICATION**  
6           **SHALL NOT BE GRANTED, AND AN AUTHORITY ALREADY**  
7           **GRANTED SHALL BE REVOKED.**

8           **“THESE REQUIREMENTS SHALL LIKEWISE EXTEND TO**  
9           **REGISTERED LOCATORS OPERATING UNDER THE CHARTERS OF**  
10          **THE PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), THE**  
11          **SUBIC BAY METROPOLITAN AUTHORITY (SBMA), AND OTHER**  
12          **FREEPORTS AND ECONOMIC ZONES.”**

13          SEC. 27. Section 1905 of the Tariff and Customs Code of the  
14          Philippines, as amended, is hereby further amended to read as follows:

15                **“SEC. 1905. *Discontinuance of Warehouses.* – The use**  
16                **of any warehouse may be discontinued by the [Collector]**  
17                **ACCREDITATION COMMITTEE AS PROVIDED FOR IN SECTION**  
18                **1901 HEREOF at any time when conditions so warrant, or, in case**  
19                **of a private warehouse upon receipt of written request to that**  
20                **effect from the operator thereof of the premises, provided all the**  
21                **requirements of the law and regulations have been complied with**  
22                **by said operator. A LEGITIMATE INDUSTRY GROUP MAY**  
23                **LIKEWISE RECOMMEND TO THE COMMITTEE THE**  
24                **DISCONTINUANCE OF THE BONDED WAREHOUSE ON GROUNDS**  
25                **OF NONCOMPLIANCE WITH THE REQUIREMENTS OF LAW AND**  
26                **REGULATIONS. Where the dutiable article is stored in such**  
27                **premises, the same must be removed at the risk and expense of**  
28                **the operator and the premises shall not be relinquished, nor**  
29                **discontinuance of its use authorized, until a careful examination**

1 of the account of the warehouse shall have been made.  
2 Discontinuance of any warehouse shall be effective upon official  
3 notice and approval thereof by the [Collector] ACCREDITATION  
4 COMMITTEE.”

5 SEC. 28. Section 1906 of the Tariff and Customs Code of the  
6 Philippines, as amended, is hereby further amended to read as follows:

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

13 **THE CUSTOMS OFFICER RECEIVING THE ENTRY SHALL BE**  
14 **RESPONSIBLE FOR TRANSMITTING A COPY OF THE SAME TO**  
15 **THE DEPUTY COMMISSIONER FOR AUDIT AND**  
16 **TRANSPARENCY.”**

17 SEC. 29. Section 1907 of the Tariff and Customs Code of the  
18 Philippines, as amended, is hereby further amended to read as follows:

19 “Sec. 1907. *Withdrawal of Articles from Bonded*  
20 *Warehouse.* – Articles entered under irrevocable domestic letter  
21 of credit [,]OR bank guarantee or bond may be withdrawn at any  
22 time for consumption, for transportation to another port, for  
23 exportation or for delivery on board a vessel or aircraft engaged  
24 in foreign trade for use on board such vessel or aircraft as sea  
25 stores or aircraft stores after liquidation of the entry. The  
26 withdrawal must be made [by a person or firm duly authorized  
27 by the former,] **ONLY BY THE IMPORTER OF THE ARTICLES TO**

1 BE WITHDRAWN OR BY A REPRESENTATIVE whose authority  
2 must appear in writing upon the face of the withdrawal entry.”

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

5 “SEC. 1908. *Limit to Period of Storage in Bonded*  
6 *Warehouse.* – Articles duly entered for warehousing may remain  
7 in bonded warehouses for a maximum period of [one year] SIX  
8 (6) MONTHS AND EXTENDIBLE FOR ANOTHER THREE (3)  
9 MONTHS from the time of [arrival at the port of entry] RECEIPT  
10 OF THE WAREHOUSE. Articles not withdrawn at the expiration  
11 of the prescribed period shall be [sold at public auction by the  
12 Collector.] DEEMED ABANDONED AND SUBJECT TO DISPOSITION  
13 IN ACCORDANCE WITH SECTION 2602 OF THIS CODE:  
14 *PROVIDED, HOWEVER, THAT EMBROIDERY AND SHIPBUILDING*  
15 *INDUSTRIES MAY STORE THEIR IMPORTS IN THE CUSTOMS*  
16 *BONDED WAREHOUSE FOR A PERIOD OF TWENTY-FOUR (24)*  
17 *MONTHS.”*

18 SEC. 31. A new section to be known as Section 1910 is hereby inserted  
19 in Part I, Title V, Book II of the Tariff and Customs Code of the Philippines,  
20 as amended, to read as follows:

21 “SEC. 1910. *VERIFICATION OF RECORDS KEPT IN*  
22 *CUSTOMS BONDED WAREHOUSES.* – A CAREFUL ACCOUNT  
23 SHALL BE KEPT BY THE COLLECTOR OF ALL ARTICLES  
24 DELIVERED TO ANY BONDED WAREHOUSE, AND A SWORN  
25 MONTHLY RETURN, DULY VERIFIED BY THE CUSTOMS  
26 OFFICIAL IN CHARGE, SHALL BE MADE BY THE BONDED  
27 WAREHOUSE CONTAINING A DETAILED STATEMENT OF ALL  
28 IMPORTED ARTICLES STORED THEREIN.

1           “ALL DOCUMENTS, BOOKS AND RECORDS OF ACCOUNTS  
2 CONCERNING THE OPERATION OF ANY BONDED WAREHOUSE  
3 SHALL, UPON DEMAND BY THE SECRETARY OF TRADE AND  
4 INDUSTRY OR THE SECRETARY OF FINANCE, BE MADE  
5 AVAILABLE TO THE COLLECTOR OR HIS REPRESENTATIVE OR  
6 TO ANY LEGITIMATE INDUSTRY ASSOCIATION OR INDUSTRY  
7 SECTOR AFFECTED AND THE INDUSTRY SECTOR SOUGHT TO BE  
8 SERVICED BY THE BONDED WAREHOUSE, FOR PURPOSES OF  
9 EXAMINATION AND/OR AUDIT.”

10           SEC. 32. Section 2001 of the Tariff and Customs Code of the  
11 Philippines, as amended, is hereby further amended to read as follows:

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

1           SEC. 33. Section 2002 of the Tariff and Customs Code of the  
2 Philippines, as amended, is hereby further amended to read as follows:

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

4           “x x x

5           “b. Any imported material used in the manufacture of  
6 such articles, and any package, covering, brand and label used in  
7 putting up the same may, under the regulation prescribed by the  
8 Commissioner, with the approval of the Secretary of Finance, be  
9 conveyed without the payment of duty into any bonded  
10 manufacturing warehouse, and imported articles may, under the  
11 aforesaid regulations, be transferred without the payment of duty  
12 from any bonded warehouse into any bonded manufacturing  
13 warehouse, or to duly accredited sub-contractors of  
14 manufacturers who shall process the same into finished products  
15 for exports and deliver such finished products back to the  
16 bonded manufacturing warehouse, therefrom to be exported; but  
17 this privilege shall not be held to apply to implements, machinery  
18 or apparatus to be used in the construction or repair of any  
19 bonded manufacturing warehouse: *Provided, however,* That the  
20 materials transferred or conveyed into any bonded manufacturing  
21 warehouse shall be used in the manufacture of articles for  
22 exportation within a period of [nine (9) months] **THIRTY (30)**  
23 **DAYS** from date of such transfer or conveyance into the bonded  
24 manufacturing warehouse, which period may for sufficient  
25 reasons be further extended for not more than [three (3) months]  
26 **THIRTY (30) DAYS** by the Commissioner. Materials not used in  
27 the manufacture of articles for exportation within the prescribed  
28 period shall pay the corresponding duties: *Provided, further,*

1           That the operation of embroidery and apparel firms shall  
2           continue to be governed by Republic Act Numbered Thirty-one  
3           hundred and thirty-seven.”

4           SEC. 34. Section 2003 of the Tariff and Customs Code of the  
5           Philippines, as amended, is hereby further amended to read as follows:

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

24                   **“VIOLATION OF THE FOREGOING PROVISION SHALL BE**  
25                   **DEEMED AS SMUGGLING WHICH SHALL BE PUNISHABLE UNDER**  
26                   **SECTIONS 3601 AND 3602 OF THIS CODE.**

27                   **“THE ARTICLES SUBJECT OF THE VIOLATION SHALL**  
28                   ***IPSO FACTO* BE FORFEITED IN FAVOR OF THE GOVERNMENT TO**

1           **BE DISPOSED OF PURSUANT TO SECTION 2602 OF THIS CODE.”**

2           SEC. 35. Section 2307 of the Tariff and Customs Code of the  
3           Philippines, as amended, is hereby further amended to read as follows:

4                   “Section 2307. [*Settlement of Case by Payment of Fine*  
5                   *or Redemption of Forfeited Property.*] **SETTLEMENT OF**  
6                   **SEIZURE CASE BY PAYMENT OF FINE AND THE LOCAL INDUSTRY**  
7                   **MARKET VALUE OF THE SEIZED ARTICLE.** – [Subject to  
8                   approval of the Commissioner, the district collector may, while  
9                   the case is still pending, except when there is fraud, accept the  
10                  settlement of any seizure case provided that the owner, importer,  
11                  exporter, or consignee or his agent shall offer to pay to the  
12                  collector a fine imposed by him upon the property, or in case of  
13                  forfeiture, the owner, exporter, importer or consignee or his  
14                  agent shall offer to pay for the domestic market value of the  
15                  seized article. The Commissioner may accept the settlement of  
16                  any seizure case on appeal in the same manner.]

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



1 COLLECTOR FAILS TO RENDER A RULING OR DECISION WITHIN  
2 THE PRESCRIBED PERIOD, THE PROTEST SHALL  
3 AUTOMATICALLY BE ELEVATED TO THE COMMISSIONER WHO  
4 SHALL RENDER A DECISION WITHIN SIXTY (60) DAYS FROM THE  
5 DATE OF EXPIRATION OF THE PERIOD WITHIN WHICH THE  
6 COLLECTOR SHOULD HAVE RENDERED HIS DECISION OR  
7 RULING: *PROVIDED, FURTHERMORE, THAT, WHEN THE RULING*  
8 *OR DECISION OF THE COLLECTOR IS ADVERSE TO THE*  
9 *GOVERNMENT IT SHALL BE SUBJECT TO THE PROVISIONS OF*  
10 *SECTION 2313 OF THIS CODE: PROVIDED, FINALLY, THAT*  
11 *FAILURE TO RENDER A DECISION OR RULING WITHIN THE*  
12 *PRESCRIBED PERIOD SHALL BE LIABLE UNDER SECTION 3604*  
13 *OF THIS CODE."*

14 SEC. 37. Section 2316 of the Tariff and Customs Code of the  
15 Philippines, as amended, is hereby further amended to read as follows:

16 "Sec. 2316. *Authority of Commissioner to make*  
17 *Compromise.* – Subject to the approval of the Secretary of  
18 Finance, the Commissioner of Customs may compromise any  
19 case arising under this Code or other laws or part of laws  
20 enforced by the Bureau of Customs involving the imposition of  
21 fines, surcharges and forfeitures unless otherwise specified by  
22 law[.]: *PROVIDED, THAT THE COMMISSIONER SHALL NOT*  
23 *ALLOW ANY COMPROMISE INVOLVING TAX DEFICIENCY FOR*  
24 *THOSE CASES FALLING UNDER SECTION 1603: PROVIDED,*  
25 *FURTHER, THAT THE COMPROMISE MAY BE AVAILED PRIOR TO*  
26 *THE RECEIPT OF THE AUDIT NOTIFICATION LETTER BY THE*  
27 *IMPORTER."*

1                   “[Settlement of any seizure case by payment of the fine or  
2 redemption of forfeited property shall not be allowed in any case  
3 where the importation is absolutely prohibited or where the  
4 release of the property would be contrary to law.] SUBJECT TO  
5 APPROVAL OF THE COMMISSIONER, THE DISTRICT  
6 COLLECTOR MAY, AFTER THE IMPLEMENTATION OF THE  
7 WARRANT OF SEIZURE BUT PRIOR TO THE FINAL JUDGMENT ON  
8 THE FORFEITURE CASE, EXCEPT WHEN THERE IS FRAUD,  
9 ACCEPT THE SETTLEMENT OF ANY SEIZURE CASE: *PROVIDED*,  
10 THAT THE OWNER, IMPORTER, EXPORTER, BROKER, OR  
11 CONSIGNEE OR HIS AGENT SHALL OFFER TO PAY TO THE  
12 DISTRICT COLLECTOR A FINE IMPOSED BY HIM UPON THE  
13 PROPERTY AND THE LOCAL INDUSTRY MARKET VALUE OF THE  
14 SEIZED ARTICLE.

15                   “UPON PAYMENT OF THE LOCAL INDUSTRY MARKET  
16 VALUE AND THE FINE AS DETERMINED BY THE DISTRICT  
17 COLLECTOR WHICH SHALL BE IN AMOUNT NOT LESS THAN  
18 TWENTY *PER CENTUM* (20%) NOR MORE THAN EIGHTY  
19 *PER CENTUM* (80%) OF THE LANDED COST OF THE SEIZED  
20 ARTICLE, THE PROPERTY SHALL BE FORTHWITH RELEASED  
21 AND ALL LIABILITIES WHICH MAY OR MIGHT ATTACH TO THE  
22 PROPERTY BY VIRTUE OF THE OFFENSE WHICH WAS THE  
23 OCCASION OF THE SEIZURE AND ALL LIABILITY WHICH MIGHT  
24 HAVE BEEN INCURRED UNDER ANY CASH DEPOSIT OR BOND  
25 GIVEN BY THE OWNER OR AGENT IN RESPECT TO SUCH  
26 PROPERTY SHALL THEREUPON BE DEEMED TO BE  
27 DISCHARGED.

28                   “SETTLEMENT OF ANY SEIZURE CASE BY PAYMENT OF  
29 THE FINE AND THE LOCAL INDUSTRY MARKET VALUE OF THE  
30 SEIZED ARTICLE SHALL NOT BE ALLOWED IN ANY CASE WHERE

1 THE IMPORTATION IS ABSOLUTELY PROHIBITED OR WHERE  
2 THE RELEASE OF THE PROPERTY WOULD BE CONTRARY TO  
3 LAW.”

4 SEC. 36. Section 2308 of the Tariff and Customs Code of the  
5 Philippines, as amended, is hereby further amended to read as follows:

6 “SEC. 2308. *Protest and Payment Upon Protest in Civil*  
7 *Matters.* – When a ruling or decision of the Collector is made  
8 whereby liability for duties, taxes, fees or other charges are  
9 determined, except the fixing of fines in seizure cases, the party  
10 adversely affected OR THE INDUSTRY ASSOCIATION OR  
11 INDUSTRY SECTOR AFFECTED BY ADVERSE RULING may protest  
12 such ruling or decision by presenting to the Collector at the time  
13 when payment of the amount claimed to be due the government  
14 is made, or within [fifteen (15)] THIRTY (30) days thereafter, a  
15 written protest setting forth his objection to the ruling or decision  
16 in question, together with the reasons therefore. No protest shall  
17 be considered unless payment of the amount due after final  
18 liquidation has first been made and the corresponding docket fee,  
19 as provided for in Section 3301. THE COLLECTOR SHALL  
20 RENDER HIS DECISION UPON THE PROTEST FILED WITHIN A  
21 PERIOD OF SIXTY (60) DAYS FROM RECEIPT OF THE WRITTEN  
22 PROTEST: *PROVIDED, THAT, WHEN THE RULING OR DECISION*  
23 *OF THE COLLECTOR IS ADVERSE TO THE PROTESTING PARTY,*  
24 *IT MAY FILE AN APPEAL WITHIN FIFTEEN (15) DAYS UPON*  
25 *RECEIPT OF THE DECISION OR RULING OF THE COLLECTOR,*  
26 *WITH THE COMMISSIONER WHO SHALL RENDER A DECISION*  
27 *ON THE APPEAL WITHIN THIRTY (30) DAYS FROM RECEIPT OF*  
28 *THE APPEAL: PROVIDED, FURTHER, THAT, WHEN THE*

1           SEC. 38. Section 2317 of the Tariff and Customs Code of the  
2 Philippines, as amended, is hereby further amended to read as follows:

3           “Sec. 2317. *Government's Right of Compulsory*  
4 *Acquisition AND PRIVATE SECTOR PARTICIPATION IN THE*  
5 *COMPULSORY ACQUISITION.* -- In order to protect government  
6 revenues against the undervaluation of goods subject to *ad*  
7 *valorem* duty, the Commissioner of Customs may acquire  
8 imported goods under question for a price equal to their declared  
9 customs value plus any duties already paid on the goods,  
10 payment for which shall be made within ten (10) working days  
11 from issuance of a warrant signed by the Commissioner of  
12 Customs for the acquisition of such goods.

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

27           “x x x

28           “Where no appeal is made by the importer, or upon  
29 reaffirmation of the commissioner's decision during the appeals

1 process, the Bureau of Customs or its agent shall [sell] DISPOSE  
 2 OF the acquired goods [pursuant to existing laws and  
 3 regulations.] IN THE MANNER AS PROVIDED FOR IN THIS CODE:  
 4 **PROVIDED, THAT, IN CASES WHERE COMPULSORY**  
 5 **ACQUISITION WAS INITIATED BY THE INDUSTRY ASSOCIATION**  
 6 **OR INDUSTRY SECTOR, THE COMMISSIONER SHALL CLAIM ON**  
 7 **THE LETTER OF CREDIT, SURETY BOND OR WHATEVER**  
 8 **INSTRUMENT POSTED OR USED FOR THE PURPOSE, AND**  
 9 **THEREUPON RELEASE THE ACQUIRED ARTICLES TO THE**  
 10 **INDUSTRY ASSOCIATION OR INDUSTRY SECTOR WHICH POSTED**  
 11 **THE INSTRUMENT.**

12 "X X X."

13 SEC. 39. Section 2401 of the Tariff and Customs Code of the  
 14 Philippines, as amended, is hereby further amended to read as follows:

15 "SEC. 2401. *Supervision and Control Over Criminal and*  
 16 *Civil Proceedings.* – Civil and criminal actions and proceedings  
 17 instituted in behalf of the government under the authority of this  
 18 Code or other law enforced by the Bureau shall be brought in the  
 19 name of the government of the Philippines and shall be  
 20 [conducted] PROSECUTED AND HANDLED by customs [officers]  
 21 LAWYERS WITH THE ASSISTANCE OF THE DEPARTMENT OF  
 22 JUSTICE: **PROVIDED, THAT, THE DETERMINATION OF THE**  
 23 **EXISTENCE OF PROBABLE CAUSE AND THE SUBSEQUENT FILING**  
 24 **OF ANY CRIMINAL OR CIVIL CASE WITH THE PROPER COURT**  
 25 **AGAINST VIOLATORS OF THIS CODE SHALL EXCLUSIVELY**  
 26 **BELONG TO THE DEPARTMENT OF JUSTICE: PROVIDED,**  
 27 **FURTHER, THAT [but] no civil or criminal action for the**  
 28 **recovery of duties or the enforcement of any fine, penalty or**

1 forfeiture under this Code shall be filed in court without the  
2 approval of the Commissioner.”

3 SEC. 40. Section 2503 of the Tariff and Customs Code of the  
4 Philippines, as amended, is hereby further amended to read as follows:

5 “Sec. 2503. [*Undervaluation, Misclassification and*  
6 *Misdeclaration in Entry*] **MISDECLARATION,**  
7 **MISCLASSIFICATION, AND UNDERVALUATION IN GOODS**  
8 **DECLARATION.** – [When the dutiable value of the imported  
9 articles shall be so declared and entered that the duties, based on  
10 the declaration of the importer on the face of the entry would be  
11 less by ten percent (10%) than should be legally collected, or  
12 when the imported articles shall be so described and entered that  
13 the duties based on the importer’s description on the face of the  
14 entry would be less by ten percent (10%) than should be legally  
15 collected based on the tariff classification, or when the dutiable  
16 weight, measurement or quantity of imported articles is found  
17 upon examination to exceed by ten percent (10%) or more than  
18 the entered weight, measurement or quantity, a surcharge shall be  
19 collected from the importer in an amount of not less than the  
20 difference between the full duty and the estimated duty based  
21 upon the declaration of the importer, nor more than twice of such  
22 difference: *Provided*, That an undervaluation, misdeclaration in  
23 weight, measurement or quantity of more than thirty percent  
24 (30%) between the value, weight, measurement or quantity  
25 declared in the entry, and the actual value, weight, quantity, or  
26 measurement shall constitute a *prima facie* evidence of fraud  
27 penalized under Section 2530 of this Code: *Provided, further,*

1 That any misdeclared or undeclared imported articles/items  
2 found upon examination shall *ipso facto* be forfeited in favor of  
3 the Government to be disposed of pursuant to the provisions of  
4 this Code.]

5 “[When the undervaluation, misdescription,  
6 misclassification or misdeclaration in the import entry is  
7 intentional, the importer shall be subject to the penal provision  
8 under Section 3602 of this Code.]

9 “MISDECLARATION AS TO QUANTITY, OR WEIGHT, OR  
10 MEASUREMENT OF THE IMPORTED ARTICLE OCCURS WHEN  
11 THERE IS DISCREPANCY OF TEN PERCENT (10%) OR MORE BUT  
12 NOT EXCEEDING THIRTY PERCENT (30%) IN DUTY BETWEEN  
13 WHAT IS FOUND UPON EXAMINATION AND WHAT IS DECLARED.  
14 IN CASE OF SUCH MISDECLARATION, A SURCHARGE  
15 EQUIVALENT TO TWO HUNDRED PERCENT (200%) OF THE  
16 DIFFERENCE BETWEEN THE FULL DUTY AS FOUND AND THAT  
17 AS DECLARED SHALL BE IMPOSED. NO SURCHARGE SHALL BE  
18 IMPOSED WHEN THE DISCREPANCY IN DUTY IS LESS THAN TEN  
19 PERCENT (10%).

20 “MISCLASSIFICATION OCCURS WHEN AN INCORRECT  
21 TARIFF HEADING IS USED RESULTING IN A DISCREPANCY IN  
22 DUTY BY TEN PERCENT (10%) OR MORE BUT NOT EXCEEDING  
23 THIRTY PERCENT (30%). IN CASE OF MISCLASSIFICATION, A  
24 SURCHARGE EQUIVALENT TO TWO HUNDRED PERCENT (200%)  
25 OF THE DIFFERENCE BETWEEN THE FULL DUTY AS FOUND  
26 UPON EXAMINATION AND THAT AS DECLARED SHALL BE  
27 IMPOSED. NO SURCHARGE SHALL BE IMPOSED WHEN THE  
28 DISCREPANCY IN DUTY IS LESS THAN TEN PERCENT (10%); OR  
29 WHEN THE DECLARED TARIFF HEADING IS REJECTED IN A

1           FORMAL CUSTOMS DISPUTE SETTLEMENT PROCESS INVOLVING  
2           DIFFICULT OR HIGHLY TECHNICAL QUESTION OF TARIFF  
3           CLASSIFICATION; OR WHEN THE TARIFF CLASSIFICATION  
4           DECLARATION RELIED ON AN OFFICIAL GOVERNMENT RULING  
5           OR INFORMATION.

6           “A DISCREPANCY IN MISDECLARATION OR IN  
7           MISCLASSIFICATION MENTIONED ABOVE OR A DISCREPANCY  
8           OF MORE THAN THIRTY PERCENT (30%) SHALL CARRY A  
9           PRESUMPTION OF FRAUD AND SHALL BE PENALIZED UNDER  
10          SECTION 2530 AND SECTION 3602 OF THIS CODE: *PROVIDED*,  
11          THAT ANY UNDECLARED ARTICLES/ITEMS SHALL *IPSO FACTO*  
12          BE FORFEITED IN FAVOR OF THE GOVERNMENT TO BE  
13          DISPOSED OF PURSUANT TO THE PROVISIONS OF THIS CODE.

14          “FAILURE OF THE IMPORTER TO OVERCOME THE  
15          PRESUMPTION OF FRAUD SHALL SUBJECT THE IMPORTED  
16          ARTICLE TO SEIZURE AND FORFEITURE PROCEEDINGS  
17          REGARDLESS OF THE AMOUNT OF THE DISCREPANCY WITHOUT  
18          PREJUDICE TO THE APPLICATION OF PENAL PROVISIONS AS  
19          PROVIDED IN THIS CODE AGAINST THE IMPORTER AND/OR  
20          OTHER PERSON OR PERSONS WHO PARTICIPATED IN THE  
21          FRAUDULENT ACT.

22          “THERE IS UNDERVALUATION WHEN: (A) THE CUSTOMS  
23          VALUE DECLARATION IN THE IMPORT ENTRY FAILS TO  
24          DISCLOSE IN FULL THE PRICE ACTUALLY PAID OR PAYABLE  
25          FOR THE IMPORTED ARTICLES; OR, (B) WHEN IT USES AN  
26          INCORRECT VALUATION METHOD OR OTHERWISE HAS NOT  
27          PROPERLY OBSERVED THE VALUATION RULES UNDER THE  
28          TRANSACTION VALUE SYSTEM, RESULTING IN DISCREPANCY IN  
29          DUTY BETWEEN THE CORRECT TRANSACTION VALUE UNDER  
30          THE APPLICABLE METHOD AND THAT AS DECLARED.



1           “WHEN THE UNDERVALUATION IS ESTABLISHED  
2           WITHOUT NEED TO GO THROUGH THE FORMAL DISPUTE  
3           SETTLEMENT PROCESS REQUIRED UNDER THE TRANSACTION  
4           VALUE SYSTEM PROVIDED FOR IN THIS CODE, A SURCHARGE  
5           SHALL BE IMPOSED IN AN AMOUNT EQUAL TO TWO HUNDRED  
6           PERCENT (200%) OF THE DIFFERENCE BETWEEN THE FULL  
7           DUTY AS ESTABLISHED AND THAT AS DECLARED. NO  
8           SURCHARGE SHALL BE IMPOSED WHEN THE DISCREPANCY IN  
9           DUTY IS LESS THAN TEN PERCENT (10%); OR WHEN THE  
10          DECLARED VALUE IS REJECTED AS A RESULT OF AN OFFICIAL  
11          RULING OR DECISION UNDER THE CUSTOMS DISPUTE  
12          SETTLEMENT PROCESS INVOLVING DIFFICULT OR HIGHLY  
13          TECHNICAL QUESTION RELATING TO THE APPLICATION OF  
14          CUSTOMS VALUATION RULES; OR THE VALUE DECLARATION  
15          RELIED UPON AN OFFICIAL GOVERNMENT RULING OR  
16          INFORMATION.

17          “WHEN THE UNDERVALUATION IS ATTENDED WITH  
18          FRAUD, SUCH AS WHEN A FALSE INVOICE OR FAKE OR ALTERED  
19          DOCUMENT SUPPORTING THE DECLARED CUSTOMS VALUE IS  
20          SUBMITTED, OR OTHERWISE A FALSE STATEMENT OR  
21          INFORMATION IS MADE AND IS UNCOVERED AT THE TIME  
22          CUSTOMS STILL HAS PHYSICAL CUSTODY OF OR CONTROL  
23          OVER THE IMPORTED ARTICLES, THE SAME SHALL FORTHWITH  
24          BE SUBJECT TO SEIZURE AND FORFEITURE PROCEEDINGS,  
25          WITHOUT PREJUDICE TO THE APPLICATION OF THE PENAL  
26          PROVISIONS UNDER SECTION 3602 OF THIS CODE AGAINST THE  
27          IMPORTER AND/OR OTHER PERSON OR PERSONS WHO  
28          PARTICIPATED IN THE FRAUDULENT ACT.”

1           SEC. 41. A new section to be known as Section 2503-A is hereby  
2 inserted in Part 4, Title VI, Book II of the Tariff and Customs Code of the  
3 Philippines, as amended, to read as follows:

4           “SEC. 2503-A. *NON-IMPOSITION OF SURCHARGE.* -  
5           **EXEMPTION FROM THE SURCHARGE SHALL BE ALLOWED ONLY**  
6           **IN CASES WHEN THE DECLARED OR ENTERED CLASSIFICATION**  
7           **IS BASED ON RULINGS BY THE TARIFF COMMISSION PURSUANT**  
8           **TO SUBSECTION (A) OF SECTION 1313 OF THIS CODE:**  
9           ***PROVIDED, THAT THE DESCRIPTION OF THE ARTICLE IS FOUND***  
10           ***CORRECT UPON EXAMINATION: PROVIDED, FURTHER, THAT***  
11           ***BASED ON THE RESULT OF THE EXAMINATION, THE ARTICLE IS***  
12           ***FOUND TO BE ESSENTIALLY THE SAME AS THAT DESCRIBED IN***  
13           ***THE RULING.***”

14           SEC. 42. Section 2601 of the Tariff and Customs Code of the  
15 Philippines, as amended, is hereby further amended to read as follows:

16           “Sec. 2601. [*Property Subject to Sale*] **PROPERTY**  
17           ***UNDER CUSTOMS CUSTODY SUBJECT TO DISPOSITION.*** -  
18           Property in customs custody THAT shall be subject to [sale under  
19           the conditions hereinafter] **THE MODES OF DISPOSITION AS**  
20           **provided FOR IN SECTION 2602 HEREOF:**

21           “x x x.”

22           SEC. 43. Section 2602 of the Tariff and Customs Code of the  
23 Philippines, as amended, is hereby further amended to read as follows:

24           “Sec. 2602. [*Place of Sale or Other Disposition of*  
25           ***Property.***] **MODES OF DISPOSITION OF PROPERTY UNDER**  
26           ***CUSTOMS CUSTODY.*** - Property within the purview of this Part  
27           of this Code shall be [sold, or otherwise disposed of, upon the

1 order of the Collector of the port where the property in question  
2 is found, unless the Commissioner shall direct its conveyance for  
3 such purpose to some other port.] DISPOSED OF THROUGH THE  
4 FOLLOWING MODES OF DISPOSITION:

5 “(A) WHEN SUBJECT PROPERTY HAS EXPORT  
6 POTENTIAL, THE SAME SHALL BE RE-EXPORTED THROUGH A  
7 GOVERNMENT ENTITY WHICH SHALL BE DESIGNATED TO  
8 PERFORM SAID TASK;

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

16 “(C) WHEN THE ARTICLE IS NOT SUITABLE FOR  
17 RE-EXPORTATION OR FOR USE AGAINST SMUGGLING OR OTHER  
18 FRAUDS UPON CUSTOMS, THEN IT MAY BE CHanneLED FOR  
19 THE OFFICIAL USE OF OTHER OFFICES OF THE NATIONAL  
20 GOVERNMENT;

21 “(D) IF THE ARTICLE IS SUITABLE FOR SHELTER OR  
22 CONSISTS OF FOODSTUFFS OR CLOTHING MATERIALS THEN  
23 THAT ARTICLE SHALL BE GIVEN TO THE DEPARTMENT OF  
24 SOCIAL WELFARE AND DEVELOPMENT, OR TO THE  
25 DEPARTMENT OF HEALTH IN THE CASE OF MEDICINES; AND

26 “(E) IF SUBJECT ARTICLE CANNOT BE RE-EXPORTED  
27 THROUGH THE GOVERNMENT ENTITY DESIGNATED FOR THE  
28 PURPOSE OR IS NOT SUITABLE EITHER FOR OFFICIAL USE OR  
29 CHARITY, THE SAME SHALL BE BURNED OR DESTROYED IN  
30 SUCH MANNER AS THE CASE MAY REQUIRE AS TO RENDER IT

1           ABSOLUTELY WORTHLESS, IN THE PRESENCE OF  
2           REPRESENTATIVES FROM THE COMMISSION ON AUDIT, THE  
3           DEPARTMENT OF JUSTICE, THE BUREAU OF CUSTOMS AND  
4           THE PRIVATE SECTOR.

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

1           SEC. 44. Section 2603 of the Tariff and Customs Code of the  
2 Philippines, as amended, is hereby further amended to read as follows:

3                   “Sec. 2603. [*Mode of Sale*] **DISPOSITION OF PROCEEDS**  
4 **IN CASE OF RE-EXPORTATION.** [In the absence of any special  
5 provision, subject to the provisions of Section 2601 above  
6 provided, property subject to sale by the customs authorities  
7 shall be sold at public auction within thirty (30) days after ten  
8 (10) days notice of such sale shall have been conspicuously  
9 posted at the port and such other advertisement as may appear to  
10 the Collector to be advisable in the particular case.] **THE**  
11 **FOLLOWING CHARGES SHALL BE PAID FROM THE PROCEEDS**  
12 **OF THE RE-EXPORTATION OF ARTICLES WITHIN THE PURVIEW**  
13 **OF THIS CODE:**

14                   “(A) **RE-EXPORTATION EXPENSES INCURRED BY THE**  
15 **GOVERNMENT ENTITY DESIGNATED FOR THE PURPOSE;**

16                   “(B) **TAXES AND OTHER CHARGES DUE THE**  
17 **GOVERNMENT;**

18                   “(C) **STORAGE CHARGES;**

19                   “(D) **ARRASTRE CHARGES;**

20                   “(E) **FREIGHT, LIGHTERAGE AND OTHER EXPENSES**  
21 **INCIDENTAL TO THE EXPORTATION; AND**

22                   “(F) **ANY SURPLUS REMAINING AFTER THE**  
23 **SATISFACTION OF ALL LAWFUL CHARGES AS PROVIDED**  
24 **HEREIN SHALL BE DEPOSITED IN A SPECIAL TRUST FUND**  
25 **WHICH SHALL BE USED SOLELY FOR THE PURPOSE OF**  
26 **FINANCING THE COMPULSORY ACQUISITION OF IMPORTED**  
27 **GOODS BY THE GOVERNMENT AS PROVIDED FOR IN SECTION**  
28 **2317 OF THIS CODE.”**

1           SEC. 45. Section 2612 of the Tariff and Customs Code of the  
2 Philippines, as amended, is hereby further amended to read as follows:

3           “Sec. 2612. *Disposition of Smuggled Articles.* –  
4 Smuggled articles, after liability to seizure or forfeiture shall  
5 have been established by proper administrative [or judicial]  
6 proceedings in conformity with the provisions of this Code, shall  
7 be disposed of as provided for in [s]Section [twenty-six hundred  
8 and two] 2602 HEREOF: *Provided,* That articles whose  
9 importation is prohibited under Section One Hundred [Two]  
10 ONE sub-paragraphs b, c, d, e and j shall, upon order to the  
11 Collector in writing, be burned or destroyed, in such manner as  
12 the case may require as to render them absolutely worthless, in  
13 the presence of a representative each from the Commission on  
14 Audit, [Ministry] DEPARTMENT of Justice, Bureau of Customs,  
15 and if possible, any representative of the private sector.”

16           SEC. 46. A new section to be known as Section 3504-A is hereby  
17 inserted after Section 3504 of the Tariff and Customs Code of the Philippines,  
18 as amended, to read as follows:

19           “SECTION 3504-A. *SURETY BONDS AND ELIGIBILITY OF*  
20 *SURETY COMPANIES.* – SURETY BONDS FROM A SURETY  
21 COMPANY WHICH HAS AN OUTSTANDING LIABILITY OF THIRTY  
22 PERCENT (30%) OR MORE OF THE TOTAL DUE AND  
23 DEMANDABLE BONDS ISSUED IN FAVOR OF THE BUREAU OF  
24 CUSTOMS, AT ANY TIME, SHALL NOT BE ACCEPTABLE AS  
25 GUARANTEE FOR THE RELEASE OF THE IMPORTED GOODS:  
26 *PROVIDED,* THAT, THE PERMIT OR LICENSE OF THE SURETY  
27 COMPANY WHICH HAS AN OUTSTANDING LIABILITY OF THIRTY

1           PERCENT (30%) OR MORE OF THE TOTAL DUE AND  
 2           DEMANDABLE BONDS, AT ANY TIME, WITH THE BUREAU OF  
 3           CUSTOMS, TO ISSUE CUSTOMS SURETY BOND FOR CUSTOMS  
 4           PURPOSES, SHALL BE CANCELLED: *PROVIDED, FINALLY, THAT*  
 5           ANY SURETY COMPANY SHALL BE ELIGIBLE TO ISSUE CUSTOMS  
 6           SURETY BOND ONLY AFTER DETERMINATION OF GOOD  
 7           STANDING, WHICH SHALL BE BASED ON A MEASURABLE  
 8           PERFORMANCE RECORD IN THE CASE OF EXISTING SURETY  
 9           COMPANIES AND FINANCIAL CAPACITY IN THE CASE OF NEW  
 10          SURETY COMPANIES, BY THE INSURANCE COMMISSION IN  
 11          CONSULTATION WITH THE BUREAU OF CUSTOMS.”

12          SEC. 47. Section 3519 of the Tariff and Customs Code of the  
 13          Philippines, as amended, is hereby further amended to read as follows:

14                 “Sec. 3519. *Words and Phrases Defined.* – As used in  
 15                 this Code:

16                         “x x x

17                         “ ‘FOREIGN TRANSHIPMENT’ SHALL REFER TO THE  
 18                         TRANSPORT OF GOODS FROM A FOREIGN COUNTRY INTO ANY  
 19                         PORT OR PORTS OF THE PHILIPPINES FOR SHIPMENT TO A  
 20                         FOREIGN DESTINATION WITHOUT INTRODUCING THE SAME  
 21                         INTO THE PHILIPPINE CUSTOMS TERRITORY.

22                         “x x x

23                         “ ‘Smuggling’ is an act of any person who shall  
 24                         fraudulently import or bring into the Philippines, or assist in so  
 25                         doing, any article, contrary to law or shall receive, conceal, buy,  
 26                         sell or in any manner facilitate the transportation, concealment,  
 27                         or sale of such article after importation, knowing the same to  
 28                         have been imported contrary to law. It includes the exportation  
 29                         of articles in a manner contrary to law. Articles subject to this

1 paragraph shall be known as smuggled articles[:] *PROVIDED,*  
 2 *HOWEVER, THAT THE ACT OF RECEIVING ARTICLES THAT ARE*  
 3 *SUPPOSED TO BE EXPORTED BUT ARE SUBSEQUENTLY*  
 4 *RETURNED AND REJECTED BY THE IMPORTING COUNTRY*  
 5 *SHALL NOT BE CONSIDERED SMUGGLING.*

6 "X X X."

7 SEC. 48. Section 3601 of the Tariff and Customs Code of the  
 8 Philippines, as amended, is hereby further amended to read as follows:

9 "Sec. 3601. *Unlawful Importation.* – Any person who  
 10 shall fraudulently import or bring into the Philippines, or assist  
 11 in so doing, any article, contrary to law, **SHALL BE GUILTY OF**  
 12 **SMUGGLING AND SHALL BE PUNISHABLE AS HEREIN PROVIDED.**  
 13 **ANY PERSON [or] WHO** shall receive, conceal, buy, sell, or in  
 14 any manner facilitate the transportation, concealment, or sale of  
 15 such **UNLAWFULLY IMPORTED** article [after importation,  
 16 knowing the same to have been imported contrary to law], shall  
 17 be **DEEMED** guilty of smuggling and shall **LIKEWISE** be  
 18 [punished with] **PUNISHABLE AS HEREIN PROVIDED:**

19 "1. A fine of not less than [fifty] **TWENTY THOUSAND**  
 20 pesos (**P20,000.00**) nor more than [two hundred] **ONE HUNDRED**  
 21 **THOUSAND** pesos (**P100,000.00**) and imprisonment of not less  
 22 than [five days] **TWO (2) YEARS AND ONE (1) DAY** nor more than  
 23 [twenty days] **SIX (6) YEARS**; if the appraised value, to be  
 24 determined in the manner prescribed under this Code, including  
 25 duties and taxes, of the article unlawfully imported does not  
 26 exceed [twenty-five] **TWO HUNDRED THOUSAND** pesos  
 27 (**P200,000.00**);



1           “2. A fine of not less than [eight hundred] **ONE**  
2           **HUNDRED FIFTY THOUSAND pesos (P150,000.00)** nor more than  
3           [five thousand] **THREE HUNDRED THOUSAND pesos**  
4           **(P300,000.00)** and imprisonment of not less than [six months]  
5           **SEVEN (7) YEARS** and one (1) day nor more than [four] **TEN (10)**  
6           years, if the appraised value, to be determined in the manner  
7           prescribed under this Code, including duties and taxes, of the  
8           article unlawfully imported exceeds [twenty-five] **TWO**  
9           **HUNDRED THOUSAND pesos (P200,000.00)** but does not exceed  
10          [fifty] **SIX HUNDRED thousand pesos (P600,000.00);**

11          “3. A fine of not less than [six] **FOUR HUNDRED**  
12          **thousand pesos (P400,000.00)** nor more than [eight thousand]  
13          **SIX HUNDRED THOUSAND (P600,000.00)** and imprisonment of  
14          not less than [five] **ELEVEN (11) years** and one (1) day nor more  
15          than [eight] **FIFTEEN (15) years**, if the appraised value, to be  
16          determined in the manner prescribed under this Code, including  
17          duties and taxes, of the article unlawfully imported is more than  
18          [fifty] **SIX HUNDRED thousand pesos (P600,000.00)** but does not  
19          exceed [one hundred fifty thousand] **ONE MILLION pesos**  
20          **(P1,000,000.00);**

21          “4. A fine of not less than [eight thousand] **EIGHT**  
22          **HUNDRED THOUSAND pesos (P800,000.00)** nor more than [ten  
23          thousand] **TEN MILLION pesos (P10,000,000.00)** and  
24          imprisonment not less than [eight] **SIXTEEN (16) years** and one  
25          (1) day nor more than [twelve] **TWENTY (20) years**, if the

1 appraised value to be determined in the manner prescribed under  
2 this Code, including duties and taxes, of the article unlawfully  
3 imported exceeds [one hundred fifty thousand pesos] ONE  
4 MILLION PESOS (P1,000,000.00) BUT NOT MORE THAN FIFTY  
5 MILLION PESOS (P50,000,000.00);

6 "5. IF THE APPRAISED VALUE, TO BE DETERMINED IN  
7 THE MANNER PRESCRIBED UNDER THIS CODE, OF THE ARTICLE  
8 UNLAWFULLY IMPORTED, INCLUDING DUTIES AND TAXES,  
9 EXCEEDS FIFTY MILLION PESOS (P50,000,000.00) OR, IF THE  
10 AGGREGATE AMOUNT OF THE APPRAISED VALUES OF THE  
11 UNLAWFULLY IMPORTED ARTICLES, INCLUDING DUTIES AND  
12 TAXES, RESULTING FROM ACTS OF UNLAWFUL IMPORTATION  
13 COMMITTED IN MORE THAN ONE INSTANCE, EXCEEDS FIFTY  
14 MILLION PESOS (P50,000,000.00), THE SAME SHALL BE  
15 DEEMED AS HEINOUS CRIME AND SHALL BE PUNISHABLE WITH  
16 A PENALTY OF *RECLUSION PERPETUA* AND A FINE OF NOT LESS  
17 THAN TWELVE MILLION PESOS (P12,000,000.00) BUT NOT  
18 MORE THAN FIFTY MILLION PESOS (P50,000,000.00); AND

19 "[5] 6. The penalty of *prision mayor* shall be imposed  
20 when the crime of serious physical injuries shall have been  
21 committed and the penalty of *reclusion perpetua* [to death] shall  
22 be imposed when the crime of homicide shall have been  
23 committed by reason or on the occasion of the unlawful  
24 importation.

25 "In applying the above scale of penalties, if the offender is  
26 an alien [and the prescribed penalty is not death], he shall be  
27 deported after serving the sentence without further proceedings  
28 for deportation. If the offender is a government official or

1 employee, the penalty [shall be the maximum as hereinabove  
2 prescribed and the offender shall suffer an additional] WHICH IS  
3 THE NEXT HIGHER IN DEGREE SHALL BE IMPOSED IN ADDITION  
4 TO THE penalty of perpetual disqualification from public office,  
5 to vote and to participate in any public election. IF THE  
6 OFFENDER FAILS TO PAY THE FINE, HE SHALL SUFFER  
7 SUBSIDIARY IMPRISONMENT.

8 "X X X."

9 SEC. 49. Section 3602 of the *Tariff and Customs Code of the*  
10 *Philippines*, as amended, is hereby further amended to read as follows:

11 "Sec. 3602. *Various Fraudulent Practices Against*  
12 *Customs Revenue.* - Any person who makes or attempts to  
13 make any entry of imported or exported article by means of any  
14 false or fraudulent invoice, declaration, affidavit, letter, paper or  
15 by any means of any false statement, written or verbal, or by any  
16 means of any false or fraudulent practice whatsoever, or  
17 [knowingly] effects any entry of goods, wares or merchandise, at  
18 less than the true weight or measures thereof or upon a false  
19 classification as to quality or value, or by the payment of less  
20 than the amount legally due, or [knowingly and willfully] files  
21 any false or fraudulent entry or claim for the payment of  
22 drawback or refund of duties upon the exportation of  
23 merchandise, or makes or files any affidavit abstract, record,  
24 certificate or other document, with a view to securing the  
25 payment to himself or others of any drawback, allowance, or  
26 refund of duties on the exportation of merchandise, greater than  
27 that legally due thereon, or who shall be guilty of any [willful]

1 act or omission shall, for each offence, BE GUILTY OF  
2 TECHNICAL SMUGGLING AND SHALL be [punished in  
3 accordance with the penalties prescribed in the preceding  
4 section.] PUNISHABLE AS FOLLOWS:

5 “(A) A FINE OF NOT LESS THAN THREE HUNDRED  
6 THOUSAND PESOS (P300,000.00) NOR MORE THAN FIVE  
7 HUNDRED THOUSAND PESOS (P500,000.00) AND  
8 IMPRISONMENT OF *PRISION CORRECCIONAL*, IF THE  
9 DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT,  
10 OR QUANTITY DECLARED IN THE ENTRY AND THE TRUE AND  
11 ACTUAL VALUE, WEIGHT, QUANTITY, OR MEASUREMENT OF  
12 THE ARTICLE UNLAWFULLY IMPORTED DOES NOT EXCEED  
13 ONE HUNDRED THOUSAND PESOS (P100,000.00);

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

24 “(C) A FINE OF NOT LESS THAN EIGHT HUNDRED  
25 THOUSAND PESOS (P800,000.00) NOR MORE THAN ONE  
26 MILLION PESOS (P1,000,000.00) AND IMPRISONMENT OF  
27 *RECLUSION TEMPORAL*, IF THE DIFFERENCE BETWEEN THE  
28 VALUE, WEIGHT, MEASUREMENT, OR QUANTITY DECLARED IN

1 THE ENTRY AND THE TRUE AND ACTUAL VALUE, WEIGHT,  
2 QUANTITY, OR MEASUREMENT OF THE ARTICLE UNLAWFULLY  
3 IMPORTED EXCEEDS ONE MILLION PESOS (P1,000,000.00) BUT  
4 DOES NOT EXCEED FIVE MILLION PESOS (P5,000,000.00); AND

5 “(D) A FINE OF NOT LESS THAN ONE MILLION PESOS  
6 (P1,000,000.00) NOR MORE THAN TWO MILLION PESOS  
7 (P2,000,000.00) AND IMPRISONMENT OF *RECLUSION PERPETUA*,  
8 IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT,  
9 MEASUREMENT, OR QUANTITY DECLARED IN THE ENTRY AND  
10 THE TRUE AND ACTUAL VALUE, WEIGHT, QUANTITY, OR  
11 MEASUREMENT OF THE ARTICLE UNLAWFULLY IMPORTED  
12 EXCEEDS FIVE MILLION PESOS (P5,000,000.00).

13 “IN APPLYING THE ABOVE SCALE OF PENALTIES, IF THE  
14 OFFENDER IS AN ALIEN, HE SHALL BE DEPORTED AFTER  
15 SERVING THE SENTENCE WITHOUT FURTHER PROCEEDINGS  
16 FOR DEPORTATION. IF THE OFFENDER IS A GOVERNMENT  
17 OFFICIAL OR EMPLOYEE, THE PENALTY NEXT HIGHER IN  
18 DEGREE SHALL BE IMPOSED IN ADDITION TO THE PENALTY OF  
19 PERPETUAL DISQUALIFICATION FROM PUBLIC OFFICE, TO  
20 VOTE AND TO PARTICIPATE IN ANY PUBLIC ELECTION. IF THE  
21 OFFENDER FAILS TO PAY THE FINE, HE SHALL SUFFER  
22 SUBSIDIARY IMPRISONMENT. HE SHALL ALSO LOSE ALL THE  
23 BENEFITS DUE HIM FOR HIS SERVICE IN THE GOVERNMENT,  
24 INCLUDING THE FORFEITURE OF HIS SEPARATION AND  
25 RETIREMENT BENEFITS.”

26 SEC. 50. A new section to be known as Section 3602-A is hereby  
27 inserted in Part 1, Title V, Book II of the Tariff and Customs Code of the  
28 Philippines, as amended, to read as follows:

1           **"SEC. 3602-A. WAREHOUSING ACTS DEEMED AS**  
2           **SMUGGLING PUNISHABLE UNDER SECTIONS 3601 AND 3602 OF**  
3           **THIS CODE. - THE FOLLOWING SHALL BE DEEMED AS ACTS**  
4           **OF SMUGGLING WHICH SHALL BE PUNISHABLE UNDER**  
5           **SECTIONS 3601 AND 3602 OF THIS CODE:**

6           **"(A) BREAKING OF CUSTOMS SEALS OR UNAUTHORIZED**  
7           **REMOVAL OF ARTICLES FROM BONDED WAREHOUSES;**

8           **"(B) SUBMISSION OF INCORRECT OR FALSE**  
9           **INFORMATION BY THE BONDED WAREHOUSE;**

10           **"(C) WAREHOUSING OF THE FOLLOWING SHIPMENTS:**

11           **"(1) FINISHED ARTICLES, WITHOUT EXCEPTION. -**  
12           **FINISHED ARTICLES, AS USED IN THIS SECTION, SHALL REFER**  
13           **TO SCIENTIFICALLY OR TECHNOLOGICALLY PROCESSED**  
14           **ARTICLES IN FINAL STATE SUCH THAT NO OTHER PRODUCT**  
15           **CAN BE MANUFACTURED THEREFROM UNLESS ITS PRINCIPAL**  
16           **CHARACTER IS FIRST DESTROYED.**

17           **"(2) ARTICLES NOT DECLARED IN THE IMPORT ENTRIES**  
18           **OR IN EXCESS OF THE VOLUME AND QUANTITY ALLOWED**  
19           **UNDER THE LICENSE OF THE CUSTOMS BONDED WAREHOUSE.**

20           **"(3) PROHIBITED ARTICLES, AND REGULATED**  
21           **ARTICLES WITHOUT THE CORRESPONDING CLEARANCE**  
22           **AND/OR IMPORT AUTHORITY DULY ISSUED BY A COMPETENT**  
23           **AUTHORITY.**

24           **"(D) UNAUTHORIZED TRANSFERS FROM THE CUSTOMS**  
25           **ZONE OF WAREHOUSING ARTICLES IMPORTED BY THE BONDED**  
26           **WAREHOUSE.**

27           **"(E) UNAUTHORIZED WITHDRAWAL FROM A BONDED**  
28           **WAREHOUSE WITHOUT PAYMENT OF DUTIES AND TAXES.**

1           “(F) FAILURE TO LIQUIDATE IMPORTED ARTICLES  
2 WHICH WERE WITHDRAWN FROM THE BONDED WAREHOUSE  
3 WITHIN THIRTY (30) DAYS FROM ISSUANCE BY THE BUREAU OF  
4 THE CERTIFICATE OF LOADING IN A VESSEL DESTINED TO A  
5 FOREIGN PORT; AND

6           “(G) FAILURE TO PAY DUTIES AND TAXES ON THE  
7 REMAINING IMPORTED MATERIALS WHICH ARE NOT  
8 EXPORTED WITHIN THIRTY (30) DAYS FROM LAPSE OF THE  
9 PERIOD FOR RE-EXPORTATION.

10           “IMPORTATIONS MADE IN VIOLATION OF THE ABOVE  
11 PROVISIONS IN THIS SECTION SHALL *IPSO FACTO* BE  
12 FORFEITED IN FAVOR OF THE GOVERNMENT TO BE DISPOSED  
13 OF PURSUANT TO SECTION 2602 OF THIS CODE.”

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

16           “Sec. 3603. *Failure to Report Fraud.* – Any master, pilot  
17 in command or other officer, owner or agent of any vessel or  
18 aircraft trading with or within the Philippines and any employee  
19 of the Bureau of Customs who, having cognizance of any fraud  
20 on the customs revenue, shall fail to report all information  
21 relative thereto to the Collector as by law required, shall be  
22 punished by a fine of not LESS THAN FIFTY THOUSAND PESOS  
23 (P50,000.00) BUT NOT more than [five] TWO HUNDRED  
24 thousand pesos (P200,000.00) and imprisonment for not LESS  
25 THAN TWO (2) YEARS AND ONE (1) DAY BUT NOT more than  
26 [one year] FIVE (5) YEARS. If the offender is an alien, he shall  
27 be deported after serving the sentence. If the offender is a public  
28 official or employee, he shall suffer additional penalty of

1 perpetual disqualification to hold public office, to vote and to  
 2 participate in any election. **HE SHALL ALSO LOSE ALL THE**  
 3 **BENEFITS DUE HIM FOR HIS SERVICE IN THE GOVERNMENT,**  
 4 **INCLUDING THE FORFEITURE OF HIS SEPARATION AND**  
 5 **RETIREMENT BENEFITS.”**

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

8 “Sec. 3604. *Statutory Offenses of Officials and*  
 9 *Employees.* – Every official, agent or employee of the Bureau  
 10 or of any other agency of the government charged with the  
 11 enforcement of the provisions of this Code, who is guilty of any  
 12 delinquency herein below indicated shall be punished with a fine  
 13 of not less than [Five] **ONE HUNDRED** thousand pesos  
 14 **(P100,000.00)** nor more than [Fifty] **FIVE HUNDRED** thousand  
 15 pesos **(P500,000.00)** and imprisonment for not less than [one  
 16 year] **TEN (10) YEARS AND ONE (1) DAY** nor more than [ten]  
 17 **FIFTEEN (15) years** and perpetual disqualification to hold public  
 18 office, to vote and to participate in any public election[:]. **HE**  
 19 **SHALL ALSO LOSE ALL THE BENEFITS DUE HIM FOR HIS**  
 20 **SERVICE IN THE GOVERNMENT, INCLUDING THE FORFEITURE**  
 21 **OF HIS SEPARATION AND RETIREMENT BENEFITS:**

22 “x x x.”

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

25 “Sec. 3605. *Concealment or Destruction of Evidence of*  
 26 *Fraud.* – Any person who [willfully] conceals or destroys any  
 27 invoice, book or paper relating to any article liable to duty after



1 an inspection thereof has been demanded by the Collector of any  
2 collection district or at any time conceals or destroys any such  
3 invoice, book or paper for the purpose of suppressing any  
4 evidence of fraud therein contained, shall be punished with a fine  
5 of **NOT LESS THAN TWENTY THOUSAND PESOS (P20,000.00)**  
6 **BUT** not more than [five] **ONE HUNDRED** thousand pesos  
7 **(P100,000.00)** and imprisonment for **NOT LESS THAN TWO (2)**  
8 **YEARS AND ONE (1) DAY BUT** not more than [two] **FIVE (5)**  
9 years.”

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

12 “Sec. 3606. *Affixing Seals.* – Any person who, without  
13 authority affixes or attaches a customs seal, fastening, or mark or  
14 any seal, fastening or mark purporting to be a customs seal,  
15 fastening or mark to any vessel, vehicle on land, sea or air,  
16 warehouse, or package, shall be punished with a fine of not **LESS**  
17 **THAN TWENTY THOUSAND PESOS (P20,000.00) BUT NOT** more  
18 than [twenty] **ONE HUNDRED** thousand pesos **(P100,000.00)**  
19 [or] **AND** imprisonment of not **LESS THAN TWO (2) YEARS AND**  
20 **ONE (1) DAY BUT NOT** more than [five] **SEVEN (7) years** [, or  
21 both]. If the offender is an alien, he shall be deported after  
22 serving the sentence; and if he is a public official or employee,  
23 he shall suffer an additional penalty of perpetual disqualification  
24 to hold public office, to vote and participate in any election.”

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

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

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

23                   “Sec. 3612. *Violations of Tariff and Customs Laws and*  
 24                   *Regulations in General.* – Any person who violates a provision  
 25                   of this Code or regulations pursuant thereto, for which  
 26                   delinquency no specific penalty is provided, shall be punished by  
 27                   a fine of not **LESS THAN TWENTY THOUSAND PESOS**

1           (P20,000.00) BUT NOT more than One HUNDRED thousand pesos  
2           (P100,000.00) [or] AND by imprisonment for not LESS THAN  
3           TWO (2) YEARS AND ONE (1) DAY BUT NOT more than [one year]  
4           FIVE (5) YEARS[, or both]. If the offender is an alien, he shall be  
5           deported after serving the sentence and if the offender is a public  
6           official or employee, he shall suffer disqualification to hold  
7           public office, to vote and participate in any public election for  
8           ten years.”

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

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

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

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

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

10                   **SEC. 58.** A new title to be known as Title VIII, with heading entitled  
11 **“Ports Transparency Alliance”, and under which Sections 3614, 3615, 3616,**  
12 **3617, 3618, 3619 and 3620 are inserted in the Tariff and Customs Code of the**  
13 **Philippines, as amended, to read as follows:**

14                                   **“TITLE VIII**

15   **“PORTS TRANSPARENCY ALLIANCE**

16                                   **“SEC. 3614. *PORTS TRANSPARENCY ALLIANCE.* -**  
17                   **PUBLIC-PRIVATE SECTOR PARTNERSHIP FOR THE EFFICIENT**  
18                   **CUSTOMS ADMINISTRATION IS HEREBY INSTITUTIONALIZED**  
19                   **THROUGH THE CREATION OF THE PORTS TRANSPARENCY**  
20                   **ALLIANCE OR “PORTAL” UNDER THE DIRECTION AND**  
21                   **LEADERSHIP OF THE SECRETARY OF FINANCE.”**

22                                   **“SEC. 3615. *POWERS AND FUNCTIONS OF PORTAL.* -**  
23                   **THE PORTS TRANSPARENCY ALLIANCE OR PORTAL SHALL**  
24                   **HAVE THE FOLLOWING POWERS AND FUNCTIONS:**

25                                   **“(A) TO ENCOURAGE GREATER PRIVATE SECTOR**  
26                   **PARTICIPATION IN THE ADMINISTRATION OF CUSTOMS LAWS;**

1                   “(B) TO IMPROVE CUSTOMER SERVICE IN ORDER TO  
2                   ENHANCE COMPLIANCE TO TAX AND DUTY LAWS, RULES AND  
3                   REGULATIONS;

4                   “(C) TO REMOVE BOTTLENECKS AND ADDRESS  
5                   LEAKAGES THAT IMPACT BUSINESS COMPETITIVENESS;

6                   “(D) TO PROTECT CONSUMER RIGHTS; AND

7                   “(E) TO PERFORM SUCH OTHER FUNCTIONS AS MAY BE  
8                   NECESSARY TO CARRY OUT ITS MANDATE.”

9                   “SEC. 3616. *COMPOSITION OF THE PORTAL* - THE  
10                  PORTAL SHALL BE CHAIRED BY THE SECRETARY OF FINANCE  
11                  OR BY AN UNDERSECRETARY WHO IS DULY DESIGNATED TO  
12                  REPRESENT THE SECRETARY WHEN HE IS UNAVAILABLE. IT  
13                  SHALL BE CO-CHAIRLED BY THE COMMISSIONER OF CUSTOMS.

14                  “ITS MEMBERSHIP SHALL INCLUDE REPRESENTATIVES  
15                  OF VARIOUS DOMESTIC INDUSTRIES, INDUSTRY ASSOCIATIONS  
16                  OR CHAMBERS, TAXPAYER ASSOCIATIONS AND CONSUMER  
17                  GROUPS, AS DETERMINED THROUGH A DEPARTMENT ORDER  
18                  TO BE ISSUED BY THE SECRETARY OF FINANCE.

19                  “THE TWO (2) CO-CHAIRPERSONS OF THE  
20                  CONGRESSIONAL OVERSIGHT COMMITTEE ON THE TAX  
21                  REFORM PROGRAM, OR THEIR DULY DESIGNATED  
22                  REPRESENTATIVES, SHALL ALSO BE MEMBERS OF THE  
23                  PORTAL.

24                  “THE HEADS OF OTHER DEPARTMENTS OF THE  
25                  GOVERNMENT MAY BE INVITED IN THE PORTAL MEETINGS AS  
26                  RESOURCE PERSONS ON ISSUES CONCERNING THEIR  
27                  RESPECTIVE OFFICES.”

1           “SEC. 3617. *MEETINGS.* – THE PORTAL SHALL MEET  
2           AT LEAST ONCE A MONTH, OR AS OFTEN AS NECESSARY AT THE  
3           CALL OF THE CHAIRPERSON OR A MAJORITY OF THE  
4           MEMBERS, IN ORDER TO THRESH OUT VARIOUS ISSUES,  
5           PROPOSALS AND PROBLEMS CONCERNING CUSTOMS. A  
6           MAJORITY OF THE MEMBERS OF THE PORTAL SHALL  
7           CONSTITUTE A QUORUM TO DO BUSINESS. THE MEETING  
8           SHALL BE PRESIDED BY THE CHAIRPERSON, OR IN HIS  
9           ABSENCE, BY HIS/HER DULY DESIGNATED UNDERSECRETARY.”

10           “SEC. 3618. *FUNDING.* – THE ANNUAL APPROPRIATIONS  
11           FOR THE DEPARTMENT OF FINANCE AND THE BUREAU OF  
12           CUSTOMS SHALL PROVIDE AN ITEM OF EXPENSE FOR THE  
13           INSTITUTIONALIZATION OF THE PORTAL.”

14           “SEC. 3619. *ASSISTANCE FROM OTHER GOVERNMENT*  
15           *AGENCIES.* – THE PORTAL MAY REQUEST ANY DEPARTMENT,  
16           BUREAU, OFFICE, AGENCY, OR ANY INSTRUMENTALITY OF THE  
17           GOVERNMENT FOR SUCH ASSISTANCE AS MAY BE NEEDED IN  
18           THE PERFORMANCE OF ITS FUNCTIONS.”

19           “SEC. 3620. *ANNUAL REPORT.* – THE PORTAL SHALL,  
20           WITHIN NINETY (90) DAYS AFTER THE END OF EVERY FISCAL  
21           YEAR, SUBMIT TO THE PRESIDENT AND TO CONGRESS AN  
22           ANNUAL REPORT ON ITS COMPLIANCE WITH, OR  
23           ACCOMPLISHMENTS OF, ITS POWERS, DUTIES AND FUNCTIONS,  
24           TOGETHER WITH ITS PLANS AND RECOMMENDATIONS TO  
25           IMPROVE AND DEVELOP ITS CAPABILITY TO ENFORCE ITS  
26           MANDATE.”

27           SEC. 59. *Rules and Regulations.* – The Secretary of Finance shall,  
28           upon the recommendation of the Commissioner of Customs, promulgate the  
29           necessary rules and regulations for the effective implementation of this Act.

1           SEC. 60. *Separability Clause.* – If any provision of this Act is  
2 subsequently declared unconstitutional, the validity of the remaining provisions  
3 hereof shall remain in full force and effect.

4           SEC. 61. *Repealing Clause.* – Sections 2604, 2605, 2606, 2607, and  
5 2610 of the Tariff and Customs Code of the Philippines, as amended, are  
6 hereby repealed. All laws, decrees, executive orders, rules and regulations and  
7 other issuances or parts thereof which are inconsistent with this Act are hereby  
8 repealed or modified accordingly.

9           SEC. 62. *Effectivity.* – This Act shall take effect fifteen (15) days after  
10 its publication in the *Official Gazette* or in any two (2) newspapers of general  
11 circulation, whichever date comes earlier.

Approved,

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