



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

**CUSTOMS ADMINISTRATIVE ORDER (CAO)
No. 06-2020**

**SUBJECT: CONDITIONALLY TAX AND/OR DUTY-EXEMPT IMPORTATIONS
UNDER SECTION 800 OF THE CMTA EXCLUDING SUBSECTIONS
(F) and (G)**

Introduction. This CAO implements Section 800, Chapter 1, Title VIII, and other relevant sections of Republic Act (RA) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This CAO shall cover the conditionally tax and/or duty-exempt importations specifically enumerated in Section 800 of the CMTA, excluding Subsection (f) on Returning Residents and OFWs and Subsection (g) on Shipments of Balikbayan Boxes which are covered by separate CAOs and Customs Memorandum Orders (CMOs).

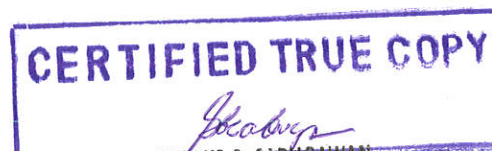
Section 2. Objectives.

- 2.1. To establish an informed compliance regime for importers of conditionally tax and/or duty-exempt goods and other stakeholders; and
- 2.2. To facilitate customs clearance of conditionally tax and/or duty-exempt importations without sacrificing the Bureau's other core functions of revenue collection and border security through application of risk management techniques and Information and Communication Technology (ICT) enabled monitoring and control systems.

Section 3. Definition of Terms. For purposes of this CAO, the following terms are defined as follows:

- 3.1. **Bureau** — shall refer to the Bureau of Customs.¹
- 3.2. **Certificate of Identification (CI)** — shall refer to the document issued by the District Collector or authorized customs

¹ cf. CMTA, Title I, Chapter 2, Section 102 (i).



Gladys C. Cabugawan
GLADYS C. CABUGAWAN
CHIEF ADMINISTRATIVE OFFICER
CRMD-BOC

officer identifying the goods to be exported and subsequently brought back to the Philippines, which must be secured prior to or upon departure.²

- 3.3. **Drawback** — shall refer to the refund or credit of duties and/or taxes actually paid for the importation, whether in whole or in part.³
- 3.4. **Import Duties** — shall refer to duties imposed on the importation of goods pursuant to the CMTA.
- 3.5. **Marine Protest** — shall refer to a declaration under oath by the master, of the circumstances attending the damage or loss of his vessel, intended to show that the loss accrued by the perils of the sea, and conducting with the protestation against any liability of the owner to the freighters. Its use and design is to authenticate the facts and circumstances of a loss to the insurer and all concerned.⁴
- 3.6. **Merchandise** — shall refer to commodities or goods that are held for sale or commercial purpose.
- 3.7. **Motion Picture** — shall refer to a series of pictures projected in a screen in rapid succession, with objects shown in successive positions slightly changed so as to produce the optical effect of a continuous picture in which the objects move, whether the picture be black and white or colored, silent or with accompanying sound, on whatever medium and with whatever mechanism or equipment they are projected, and in whatever material they are preserved or recorded for instant projection, for the purpose of this Order, the material in which the motion picture is contained, preserved, or recorded, forms an integral part of the motion picture subject of this Order.⁵
- 3.8. **Overseas Filipinos** — shall refer to Filipinos or their families and descendants who are now residents or citizens of other countries.⁶
- 3.9. **Personal Effects** — shall refer to commodities whether new or used, for personal use or consumption and not for commercial

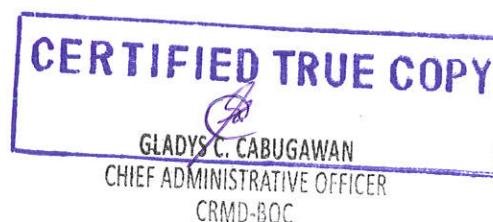
² cf. CAO No. 06-2016 "Conditionally Tax and/or Duty-Exempt Importation of "Returning Residents" and Overseas Filipino Workers (OFWs)", Definition of Terms, Section 3.3.

³ cf. CMTA, Title IX, Chapter 1, Section 900.

⁴ Philippine Coast Guard Memorandum Circular No. 06-1990.

⁵ Presidential Decree No. 1986 "Creating the Movie and Television Review and Classification Board", Section 10 (1).

⁶ cf. CMTA, Title VIII, Chapter 1, Section 800 (i).



purposes, such as wearing apparel, personal adornments, electronic gadgets, toiletries, or similar items.⁷

- 3.10. "Persons coming to settle"** — shall refer to foreigners coming to settle in the Philippines. Such foreigners must be holders of any permanent resident or immigrant visa, such as those covered under Section 13 (a) to (g) of the Philippine Immigration Act, Special Retirees Resident Visa (SRRV), Special Investors Resident Visa (SIRV), Philippine Retirement Authority Visa (PRAV) and the like. Holders of Temporary Visitors Visa, Transit Visa and Working Visa are excluded.
- 3.11. Processing** — shall refer to a progressive action or a series of acts or steps which do not change the nature and identity of the goods.⁸
- 3.12. Professional Instruments** — shall refer to a tool or implement used to do or facilitate work, especially a small precision tool used by a professional.⁹
- 3.13. Reconditioning** — shall refer to the servicing, readjusting, and recalibrating of an equipment or instrument to bring them to near-new or original operational level.¹⁰
- 3.14. Re-exportation** — shall refer to exportation of goods which have been previously imported, within the period prescribed by regulations after having given conditionally-exempt duty and tax privileges.¹¹
- 3.15. Samples** — shall refer to samples of the kind, in such quantity and of such dimension or construction as to render them unsaleable or of no commercial value; models not adapted for practical use; and samples of medicines, properly marked "sample-sale punishable by law" and other similar markings, for the purpose of introducing new goods in the Philippine market and imported only once in a quantity sufficient for such purpose

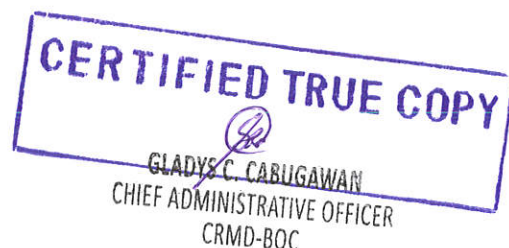
⁷ cf. CAO No. 05-2016 "Consolidated Shipment of Duty and Tax-Free Balikbayan Boxes", Definition of Terms, Section 3.21.

⁸ cf. CAO No. 07-72 "Regulations Implementing Section 105 of the TCCP, as amended by Presidential Decree No. 34 dated October 27, 1972", Paragraph 1 (D).

⁹ The Free Dictionary, *Dictionary*, <http://www.thefreedictionary.com/instrument>, Accessed: May 25, 2017.

¹⁰ cf. Business Dictionary, <http://www.businessdictionary.com/definition/reconditioning.html>, Accessed: May 25, 2017.

¹¹ cf. CMTA, Title I, Chapter 2, Subsection 102 (jj).



by a person duly registered and identified to be engaged in that trade.¹²

3.16. Security — shall refer to any form of guaranty, such as a surety bond, cash bond, standby letter of credit or irrevocable letter of credit, which ensures the satisfaction of an obligation to the Bureau.¹³

3.17. Tax Exemption Indorsement (TEI) — shall refer to an indorsement from the Revenue Office (RO) of the Department of Finance (DOF) evidencing exemption of a particular importer from payment of duties and/or taxes on his importations.

3.18. Taxes — shall refer to all taxes, fees and charges imposed under the Customs Modernization and Tariff Act and the National Internal Revenue Code (NIRC) of 1997, as amended, and collected by the Bureau.¹⁴

3.19. Value Added Tax (VAT) — shall refer to a form of sales tax, levied on the sale, barter, exchange or lease of goods or properties and services in the Philippines and on the importation of goods into the Philippines as imposed pursuant to National Internal Revenue Code (NIRC).¹⁵

Section 4. General Provisions. All importations under Section 800 of the CMTA must secure Tax Exemption Indorsement (TEI) from the Department of Finance-Revenue Office (DOF-RO), except for aquatic products under subparagraph (a), balikbayan boxes under subparagraph (g), coffins and urns containing human remains under subparagraph (q), accompanied goods under subparagraph (h-1), and properly marked diplomatic pouches/bags meeting the requirements of Article 27 of the Vienna Convention on Diplomatic Relations and Optional Protocols (1961).

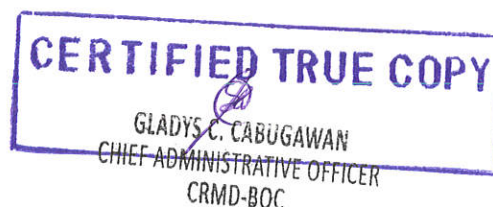
The Bureau shall require the submission of import bill of lading/airway bill properly endorsed by the shipping lines/airlines, original import invoice, packing list, and permits/clearances from regulatory agencies, if applicable. The Bureau may also require the submission of additional documents as may be necessary or provided by related laws or regulations.

¹² cf. CMTA, Title VIII, Chapter 1, Section 800 (r).

¹³ cf. CMTA, Title I, Chapter 2, Subsection 102 (mm).

¹⁴ cf. CMTA, Title I, Chapter 2, Subsection 102 (oo).

¹⁵ cf. Republic Act No. 8424 "National Internal Revenue Code of 1997", as amended.



Section 5. Operational Provisions. The following shall be observed in availing tax and/or duty exemption:

5.1. Aquatic Products.¹⁶ Aquatic products such as fishes, crustaceans, mollusks, marine animals, seaweeds, fish oil, roe caught or gathered by vessels of Philippine registry, shall be exempt from payment of import duty.

The following documents shall be filed directly with the Bureau:

- a. Certificate of the Master of the fishing vessel stating that:
 - i. The fishing vessel which caught or gathered the covered aquatic products is of Philippine registry;
 - ii. Such aquatic products are imported in such vessel or in crafts attached thereto; and
 - iii. Such aquatic products have not been landed in any foreign territory or, if so landed, that they have been landed solely for transshipment without having been advanced in condition.
- b. Permit/Clearance from regulatory agency;
- c. Goods Declaration;
- d. Import Bill of Lading; and
- e. Import Invoice/Packing List.

The above requirements shall be presented whether or not the carrying and gathering vessels are the same.

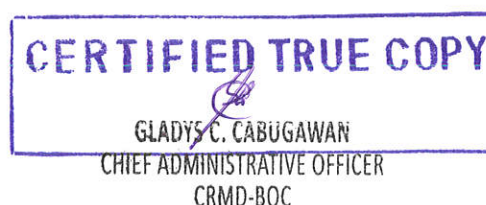
5.2. Equipment for Use in the Salvage of Vessels or Aircrafts.¹⁷ Equipment for use in the salvage of vessels or aircrafts shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill;
- d. Import Invoice and/or Packing List;
- e. Security equal to one hundred percent (100%) of the duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of the corresponding duties, taxes and other charges within six (6) months from the date of acceptance of the goods declaration; and
- f. Certificate of Identification of the equipment once entered into the Philippine territory and re-identified upon Re-exportation.

¹⁶ cf. CMTA, Title VIII, Chapter 1, Section 800 (a).

¹⁷ cf. CMTA, Title VIII, Chapter 1, Section 800 (b).



The Bureau may extend the time for exportation or payment of duties, taxes and other charges for a term not exceeding six (6) months from the expiration of the original period.

- 5.3. Cost of Repairs of Vessels or Aircrafts.**¹⁸ Cost of repairs, excluding the value of the goods used, made in foreign countries upon vessels or aircrafts documented, registered or licensed in the Philippines shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

- 5.4. Imported Goods for Repair, Processing or Reconditioning and for Subsequent Re-exportation.**¹⁹ Goods brought into the Philippines for repair, Processing or Reconditioning to be re-exported upon completion of the repair, Processing or Reconditioning shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

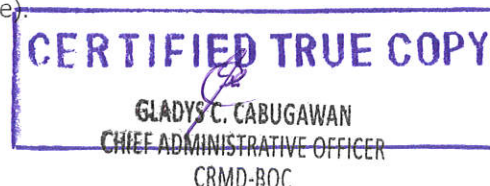
- a. TEI with accompanying documents;
- b. Security equal to one hundred percent (100%) of the duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of the corresponding duties, taxes and other charges within six (6) months from the date of acceptance of the goods declaration;
- c. Goods Declaration;
- d. Import Bill of Lading/Air Waybill; and
- e. Import Invoice/Packing List.

- 5.5. Medals, Badges, Cups, and Other Small Goods Bestowed as Trophies or Prizes.**²⁰ Medals, badges, cups, and other small goods bestowed as trophies or prizes, or those received or accepted as honorary distinction shall be exempt from payment of import duty upon submission of proof evident on the goods themselves or that the same have been bestowed as trophies or prizes or accepted as honorary distinctions.

¹⁸ cf. CMTA, Title VIII, Chapter 1, Section 800 (c).

¹⁹ cf. CMTA, Title VIII, Chapter 1, Section 800 (d).

²⁰ cf. CMTA, Title VIII, Chapter 1, Section 800 (e).



The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

The TEI is not required if the said goods are brought in as accompanied baggage of the recipient with sufficient proof that the same were bestowed as trophies or prizes, or received or accepted as honorary distinction.

5.6. Personal and Household Effects of Returning Residents and Overseas Filipino Workers (OFWs).²¹ Conditionally Tax and/or Duty-Exempt Importation of Returning Residents and Overseas Filipino Workers (OFWs) is embodied separately in CAO No. 06-2016.

5.7. Balikbayan Boxes.²² Consolidated Shipment of Duty and Tax-Free Balikbayan Boxes is embodied separately in CAO No. 01-2018.

5.8. Personal Effects, Toiletries, Portable Tools, Theatrical Costumes and Similar Effects of Travelers or Tourists.²³ Wearing apparel, goods of personal adornment, toilet goods, portable tools and instruments, theatrical costumes and similar effects accompanying travelers, or tourists, or arriving within a reasonable time before or after their arrival in the Philippines, which are necessary and appropriate for the wear and use of such persons according to the nature of the journey, their comfort and convenience: Provided, that this exemption shall not apply to goods intended for other persons or for barter, sale or hire.

The following documents shall be filed with the Bureau:

- a. Goods Declaration;
- b. Import Bill of Lading/Air Waybill;
- c. Import Invoice/Packing List; and
- d. Written commitment or a Security in an amount equal to one hundred percent (100%) of the ascertained duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of the corresponding duties, taxes and other

²¹ cf. CMTA, Title VIII, Chapter 1, Section 800 (f).

²² cf. CMTA, Title VIII, Chapter 1, Section 800 (g).

²³ cf. CMTA, Title VIII, Chapter 1, Section 800 (h).



charges within three (3) months from the date of acceptance of the goods declaration.

The Bureau may extend the time for exportation or payment of duties, taxes and other charges for a term not exceeding three (3) months from the expiration of the original period.

5.9. Personal and Household Effects and Vehicles Belonging to Foreign Consultants and Experts.²⁴ Personal and household effects and vehicles belonging to foreign consultants and experts hired by or rendering service to the government, and their staff or personnel and families accompanying them or arriving within a reasonable time before or after their arrival in the Philippines, in quantities and of the kind necessary and suitable to the profession, rank or position of the person importing said items, for their own use and not for barter, sale or hire.

The following documents shall be filed with the Bureau:

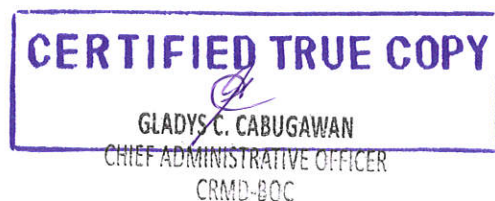
- a. TEI with accompanying documents;
- b. Security equal to one hundred percent (100%) of the duties, taxes and other charges thereon, or written commitment, conditioned on the exportation thereof or payment of the corresponding duties, taxes and other charges within three (3) months from the expiration of their term or contract. In case of a written commitment to re-export, approval shall be secured from the Commissioner;
- c. Goods Declaration;
- d. Import Bill of Lading/Air Waybill;
- e. Import Invoice; and
- f. Packing List.

The Bureau may extend the time for exportation or payment of duties, taxes and other charges for a term not exceeding three (3) months from the expiration of the original period.

5.10. Professional Instruments and Tools of Trade of Persons Coming to Settle in the Philippines.²⁵ Professional instruments and implements, tools of trade, occupation or employment, wearing apparel, domestic animals, and personal and household effects belonging to Overseas Filipinos or Persons

²⁴ cf. CMTA, Title VIII, Chapter 1, Section 800 (h).

²⁵ cf. CMTA, Title VIII, Chapter 1, Section 800 (i).



coming to settle in the Philippines shall be exempt from the payment of all duties and taxes.²⁶

Unaccompanied baggage belonging to such persons must be owned or were in his possession before departure from his former place of abode.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Permit/Clearance from regulatory agencies;
- d. Import Bill of Lading/Air Waybill; and
- e. Import Invoice/Packing List.

5.11. Goods for Public Entertainment and Display in Public Expositions.²⁷ Goods used exclusively for public entertainment and for display in public expositions or for exhibition or competition for prizes and devices for projecting pictures and parts and appurtenances thereof shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Security in an amount equal to one hundred percent (100%) of the ascertained duties, taxes and other charges thereon, conditioned for exportation thereof or payment of the corresponding duties, taxes and other charges within three (3) months from the date of acceptance of the goods declaration;
- c. Goods Declaration;
- d. Import Bill of Lading/Air Waybill; and
- e. Import Invoice/Packing List.

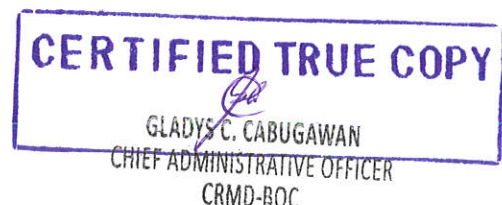
The Bureau may extend the time for exportation or payment of duties, taxes and other charges for a term not exceeding three (3) months from the expiration of the original period.

5.12. Technical and Scientific Films.²⁸ Technical and scientific films when imported by technical, cultural, and scientific institutions and not to be exhibited for profit shall be exempt from payment of import duty.

²⁶ cf. Republic Act No. 8424 "National Internal Revenue Code of 1997" Title IV, Chapter 1, Section 109 (1) (D).

²⁷ cf. CMTA, Title VIII, Chapter 1, Section 800 (j).

²⁸ cf. CMTA, Title VIII, Chapter 1, Section 800 (j).



The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

However, no Motion Pictures and their accessories shall be released from the Bureau without the corresponding permit issued by the Movie and Television Review and Classification Board (MTRCB)²⁹. If any of the films is exhibited for profit, the proceeds therefrom, shall be subject to confiscation, in addition to the penalty provided under the CMTA.

5.13. Goods for Making or Recording Motion Picture Films.³⁰

Goods brought by foreign film producers, directly and exclusively used for making or recording Motion Picture films on location in the Philippines, shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

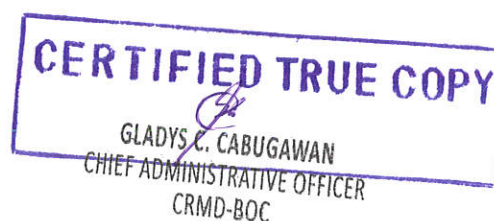
- a. TEI with accompanying documents;
- b. Affidavit by foreign film producers stating that the goods are not for sale, barter or hire but are directly and exclusively used for making or recording Motion Pictures on location in the Philippines and stating the itemized goods with their corresponding descriptions and values;
- c. Identification, examination and appraisal by a customs officer and the issuance of a Certificate of Identification;
- d. Security in an amount equal to one hundred percent (100%) of the ascertained duties, taxes and other charges thereon, conditioned for exportation thereof or payment of the corresponding duties, taxes and other charges within three (3) months from the date of acceptance of the goods declaration, unless extended by the District Collector for another three (3) months;
- e. Goods Declaration;
- f. Import Bill of Lading/Air Waybill; and
- g. Import Invoice/Packing List.

5.14. Photographic and Cinematographic Films.³¹ Photographic and cinematographic films, which are underdeveloped and exposed outside the Philippines by resident Filipino citizens or by

²⁹ Presidential Decree No. 1986 "Creating the Movie and Television Review and Classification Board", Section 3 (c).

³⁰ cf. CMTA, Title VIII, Chapter 1, Section 800 (k).

³¹ cf. CMTA, Title VIII, Chapter 1, Section 800 (k).



producing companies of Philippine registry, shall be exempt from payment of import duty.

The following documents shall be filed directly with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill, if applicable;
- d. Import Invoice/Packing List, if applicable;
- e. Certificate of Identification (CI) evidencing that the said films have been identified prior to their exportation from the Philippines;
- f. Re-identification upon entry by the customs officials concerned and that CI in both cases should be presented; and
- g. Affidavit by the importer stating that:
 - i. The negative films, undeveloped, are the same films which were brought outside the Philippines where the same were exposed for the production or filming of Motion Pictures (specifying the title of the picture);
 - ii. The owner is a resident Filipino citizen or a producing company of Philippine registry; and
 - iii. The principal actors and artists employed in the production of said pictures are Filipinos (naming the principal actors and artists and their citizenship).

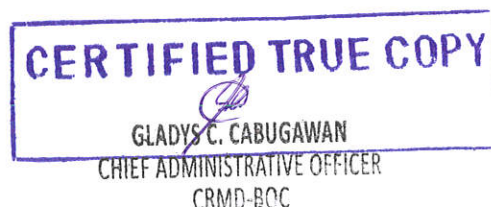
5.15. Importations of Foreign Embassies, Legations, etc.³²

Importations for the official use of foreign embassies, legations and other agencies of foreign governments shall be exempt from the payment of all duties and taxes.

Every proper means shall be afforded the foreign officials, embassies, legations and other agencies of foreign governments mentioned above to facilitate their passage through ports of the Philippines.

The personal baggage or shipments of a diplomatic agent shall be exempt from inspection, unless there are serious grounds to believe that it contains articles not for the official use of the mission or not for the personal use of the diplomatic agent or members of his family as provided in paragraph 1 of Article 36 of the Vienna Convention on Diplomatic Relations and Optional Protocols (1961). Inspection may also be conducted if there are serious grounds to believe that the articles are prohibited by law or controlled by quarantine regulations. Provided that such

³² cf. CMTA, Title VIII, Chapter 1, Section 800 (I).



inspection shall be conducted only in the presence of diplomatic agent or of his authorized representative.

Properly marked diplomatic pouches/bags meeting the requirements of Article 27 of the Vienna Convention on Diplomatic Relations and Optional Protocols (1961) shall not be opened or detained.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

5.16. Goods for Donation.³³ Imported goods donated to or for the account of the Philippine government or any duly registered relief organization not operated for profit, which is for free distribution among the needy, upon certification by the Department of Social Welfare and Development (DSWD) or the Department of Education (DepED), or the Department of Health (DOH), as the case may be, shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

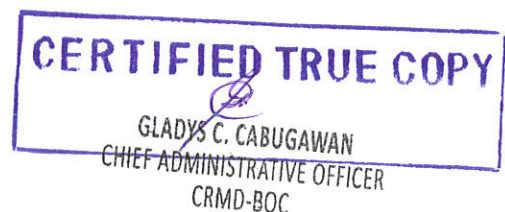
5.17. Containers, Holders and Other Receptacles for Export of Locally-Manufactured Goods.³⁴ Containers, holders, and other similar receptacles of any material, including kraft paper bags for locally manufactured cement for export, including corrugated boxes for bananas, mangoes, pineapples and other fresh fruits for export, shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill;
- d. Import Invoice;

³³ cf. CMTA, Title VIII, Chapter 1, Section 800 (m).

³⁴ cf. CMTA, Title VIII, Chapter 1, Section 800 (n).



- e. Packing List; and
- f. Security in an amount equal to one hundred percent (100%) of the ascertained duties, taxes and other charges thereon, within six (6) months from the date of acceptance of the goods declaration.

5.18. Supplies for Sea or Air Stores.³⁵ The CAO on Stores for International Vessels and Aircraft shall govern this provision.

5.19. Recovered Goods and Salvage of Vessels.³⁶ Goods salvaged from the vessel, or parts of a foreign vessel or its equipment, whether wrecked or abandoned, shall be exempt from payment of Import Duties after two (2) years from the date of filing of the Marine Protest or from the time when the vessel was wrecked or abandoned.

Goods and salvage recovered within two (2) years shall be dutiable.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Inventory Report of the Customs Examiner;
- c. Certification or Report from MARINA; and
- d. Goods Declaration.

5.20. Coffins or Urns.³⁷ Coffins or urns containing human remains, bones or ashes, used personal and household effects (not Merchandise) of the deceased person, shall be exempt from the payment of all duties and taxes upon compliance with the following conditions:

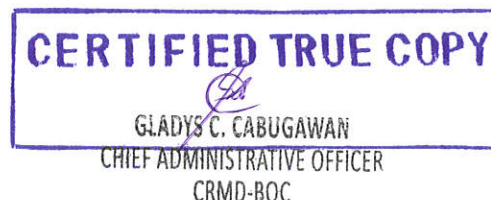
- a. That said personal and household effects are not Merchandise or vehicles;
- b. That the value of said coffins or urns and used personal or household effects does not exceed one hundred fifty thousand pesos (₱150,000.00); and
- c. That it should be accompanied by an affidavit of a person having knowledge of the facts, or otherwise satisfy himself that the used personal and household effects belonged to the deceased.

The following documents shall be filed with the Bureau:

³⁵ cf. CMTA, Title VIII, Chapter 1, Section 800 (o).

³⁶ cf. CMTA, Title VIII, Chapter 1, Section 800 (p).

³⁷ cf. CMTA, Title VIII, Chapter 1, Section 800 (q).



- a. Import Bill of Lading or Airway Bill;
- b. Death Certificate;
- c. Gate Pass; and
- d. Goods Declaration, if with Personal Effects.

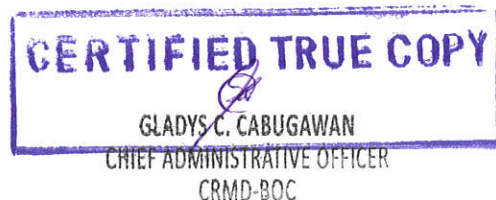
5.21 Samples.³⁸ Samples shall be classified as commercial or non-commercial samples. The treatment for the Samples shall be as follows:

5.21.1 The following non-commercial samples shall be exempt from payment of import duty:

- a. Samples of the kind, in such quantity and of such dimension or construction as to render them unsaleable or of no commercial value.
- b. Models not adapted for practical use.
- c. Samples of medicines, subject to the following conditions:
 - i. That they are properly marked "SAMPLE-SALE PUNISHABLE BY LAW", and these words should be clearly and permanently printed, not merely pasted on the products' label and/or box;
 - ii. That they are imported for the purpose of introducing a new product in the Philippine market;
 - iii. That they are imported only once in such quantity sufficient for such purpose;
 - iv. That they are imported by a person duly registered and identified to be engaged in that trade;
 - v. That the importation of said sample of medicine was previously authorized by the Secretary of Health and the Secretary of Finance;
 - vi. That such Samples are new medicines not available in the Philippines as may be determined by the Secretary of Health or his duly authorized representative; and
 - vii. That they are not in commercial sizes nor shipped in bulk.

Samples of the kind and models, which are not previously authorized by the Secretary of Finance or properly marked shall be levied the corresponding tariff duty.

³⁸ cf. CMTA, Title VIII, Chapter 1, Section 800 (r).



5.21.2 Commercial Samples. Single importation of readily and easily identifiable commercial Samples, the value of which does not exceed FCA value of Fifty Thousand Pesos (₱50,000.00), shall be subject to posting of a Security, equal to the ascertained duties, taxes and other charges, conditioned on the exportation of said Samples, within three (3) months from the date of the acceptance of the goods declaration or in default thereof, forfeiture of the said Security.

If the FCA value exceeds Fifty Thousand Pesos (₱50,000.00), the importer may select portion of the same not exceeding the FCA value of Fifty Thousand Pesos (₱50,000.00) for conditionally-free entry under this Section and the excess of the consignment, may be entered in bond, or consumption.

Any portion of the commercial Samples consumed or not re-exported is subject to payment of duties and taxes or forfeiture of the Security.

Excluded from the coverage of this Section are commercial Samples not readily and easily identifiable as in the case of precious and semi-precious stones, cut or uncut, and jewelry set with precious or semi-precious stones.

The following documents shall be filed with the Bureau:

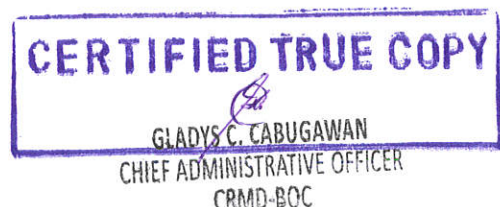
- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

5.22 Animals.³⁹ Animals, except racehorses, for the purpose of scientific, experimental breeding, zoological and national defense purposes, shall be exempt from payment of import duty.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

³⁹ cf. CMTA, Title VIII, Chapter 1, Section 800 (s).



5.23 Plants.⁴⁰ Plants for scientific, experimental propagation, botanical and national defense purposes, shall be exempt from payment of import duty: Provided, that no live trees, shoots, plants, moss and bulbs, tubers and seeds for propagation purposes may be imported under this Section, except by order of the government or other duly authorized institutions.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

5.24 Books or Publications.⁴¹ The following shall be exempt from payment of import duty and tax:

- a. Economic, technical, vocational, scientific, philosophical, historical and cultural books or publications, and religious books like Bibles, missals, prayer books, the Koran, Ahadith and other religious books of similar nature and extracts therefrom, hymnal and hymns for religious uses.
- b. Educational, scientific, and cultural materials covered by international agreements or commitments binding upon the Philippine government upon certification by the DepED or other authorized entity.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill;
- d. Import Invoice; and
- e. Packing List.

5.25 Goods Previously Exported and Subsequently Imported.⁴²

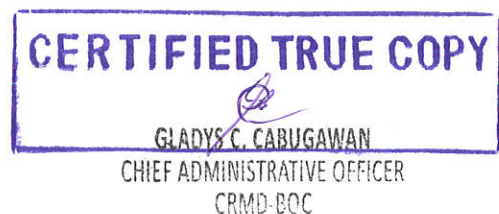
The following shall be exempt from payment of import duty:

- a. Philippine goods previously exported from the Philippines and returned without having been advanced in value, or improved in condition by any process of manufacturing or other means, and upon which no Drawback or bounty has been allowed,

⁴⁰ cf. CMTA, Title VIII, Chapter 1, Section 800 (s).

⁴¹ cf. CMTA, Title VIII, Chapter 1, Section 800 (t).

⁴² cf. CMTA, Title VIII, Chapter 1, Section 800 (u).



including instruments and implements, tools of trade, machinery and equipment, used abroad by Filipino citizens in the pursuit of their business, occupation or profession.

Where Drawback or bounty has been allowed, the reimportation of the Philippine goods shall be subject to a duty equal to the amount of such Drawback or bounty.

- b. Foreign goods previously imported when returned after having been exported and loaned for use temporarily abroad solely for exhibition, testing and experimentation, for scientific or educational purposes.

Foreign containers previously imported which have been used in packing exported Philippine goods and returned empty if imported by or for the account of the person or institution who exported them from the Philippines and not for sale, barter or hire subject to identification.

The following documents shall be filed with the Bureau:

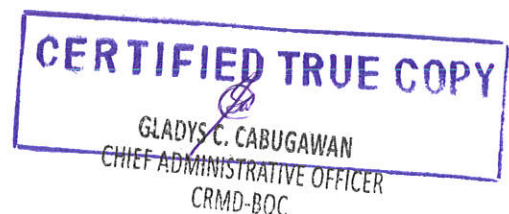
- a. TEI with accompanying documents;
- b. Certificate of Identification or export documents evidencing previous exportation from the Philippines, whichever is applicable;
- c. Goods Declaration;
- d. Import Bill of Lading/Air Waybill; and
- e. Import Invoice/Packing List.

5.26 Aircraft, Parts, Supplies, etc. of Scheduled Airlines with Congressional Franchise.⁴³ Aircraft, equipment and machinery, spare parts, commissary and catering supplies,⁴⁴ aviation gas, fuel and oil, whether crude or refined except when directly or indirectly used for domestic operations, and such other goods or supplies imported by and for the use of scheduled airlines operating under congressional franchise shall be exempt from payment of import duty:⁴⁵ Provided, That such goods or supplies are not locally available in reasonable quantity, quality and price and are necessary or incidental to the proper operation of the scheduled airline importing the same.

⁴³ cf. CMTA, Title VIII, Chapter 1, Section 800 (v).

⁴⁴ Different types of stores for international vessels and aircraft is embodied separately in the CAO on Stores.

⁴⁵ cf. National Internal Revenue Code (NIRC) as amended by RA No. 8424, Section 109 (1) (U).



The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

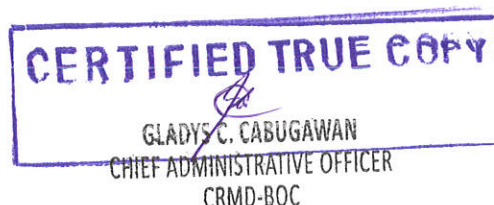
5.27 Machineries, Equipment, etc. of New Mines and Old Mines.⁴⁶ The following shall be exempt from payment of import duty:

- a. Machineries, equipment, tools for production, plans to convert mineral ores into saleable form, spare parts, supplies, materials, accessories, explosives, chemicals, and transportation and communications facilities, subject to the following conditions:
 - a. They are imported by and for the use of new mines and old mines which resume operations;
 - b. They are certified to as such by the Secretary of Environment and Natural Resources, upon the recommendation of the Director of Mines and Geosciences Bureau;
 - c. The privilege shall lapse five (5) years from the first date of actual commercial production of saleable mineral products; and
 - d. Such goods are not locally available in reasonable quantity, quality and price and are necessary or incidental in the proper operation of the mine.
- b. Aircrafts imported by agro-industrial companies to be used by them in their agriculture and industrial operations or activities, spare parts and accessories thereof, when certified to as such by the Secretary of Agriculture or the Secretary of Trade and Industry, as the case may be.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

⁴⁶ cf. CMTA, Title VIII, Chapter 1, Section 800 (w).



5.28 Spare Parts of Vessels or Aircrafts Engaged in Foreign Trade.⁴⁷ Spare parts of vessels or aircrafts of foreign registry engaged in foreign trade when brought into the Philippines exclusively as replacements or for the emergency repair thereof, shall be exempt from payment of import duty upon proof satisfactory that such spare parts shall be utilized to secure the safety, seaworthiness or airworthiness of the vessel or aircraft, to enable it to continue its voyage or flight.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents or request for under guarding;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill; and
- d. Import Invoice/Packing List.

5.29 Goods Exported for Repair, Processing or Reconditioning and Subsequently Re-imported.⁴⁸ Goods exported from the Philippines for repair, Processing or Reconditioning without having been substantially advanced in value, and subsequently reimported in its original form and in the same state, provided, that in case the reimported goods have advanced in value, whether or not in their original state, the value added shall be subject to the applicable duty rate of the tariff heading of the reimported goods.

The following documents shall be filed with the Bureau:

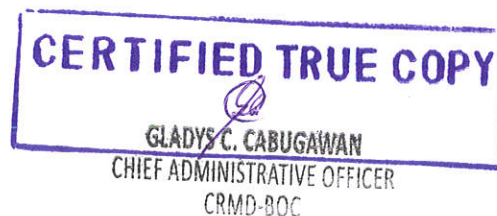
- a. TEI with accompanying documents;
- b. Export Documents;
- c. Goods Declaration;
- d. Import Bill of Lading/Air Waybill; and
- e. Import Invoice/Packing List.

5.30 Trailer Chassis.⁴⁹ Trailer chassis, when imported by shipping companies for their exclusive use in handling containerized cargo, shall be subject to posting of Security in an amount equal to one hundred percent (100%) of the ascertained duties, taxes and other charges due thereon. The Security shall cover for a period of one (1) year from the date of acceptance of the entry. The

⁴⁷ cf. CMTA, Title VIII, Chapter 1, Section 800 (x).

⁴⁸ cf. CMTA, Title VIII, Chapter 1, Section 800 (y).

⁴⁹ cf. CMTA, Title VIII, Chapter 1, Section 800 (z).



Commissioner may extend the period for meritorious reasons, from year to year, subject to the following conditions:

- a. That they shall be properly identified and registered with the Land Transportation Office (LTO);
- b. That they shall be subject to payment of customs supervision fee in an amount to be fixed by the District Collector and subject to the approval of the Commissioner;
- c. That they shall be deposited in the customs territory when not in use; and
- d. That upon the expiration of the period prescribed above, duties and taxes shall be paid unless otherwise re-exported.

The following documents shall be filed directly with the Bureau:

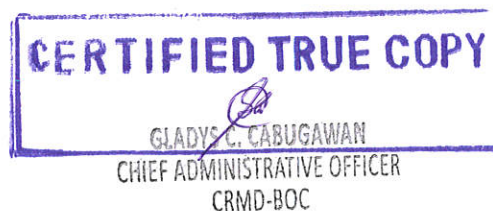
- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Air Waybill;
- d. Import Invoice; and
- e. Packing List.

5.31 Personal and Household Effects Including One (1) Motor Car of Philippine Diplomats or Consuls.⁵⁰

Importations by any officer or employee of the Department of Foreign Affairs (DFA), including any attaché, civil or military or member of the staff assigned to a Philippine diplomatic mission abroad by the Department or any similar officer or employee of other departments assigned to any Philippine consular office abroad, or any AFP military personnel accorded assimilated diplomatic rank or on duty abroad who is returning from a regular assignment abroad, for reassignment to the home office, or who dies, resigns, or is retired from the service, shall be exempt from the payment of all duties and taxes, upon compliance with the following conditions:

- a. The goods should be limited to personal and household effects provided that the aggregate assessed value of the personal and household effects shall not exceed thirty percent (30%) of the total amount received by the officer or employee in salary and allowances during the latest assignment abroad, but not to exceed four (4) years;
- b. It should include only one (1) motor car registered in the name of the officer or employee ordered or purchased prior to the receipt by the mission or consulate of the order of recall;
- c. The exemption shall not be availed of more than once every four (4) years; and

⁵⁰ cf. CMTA, Title VIII, Chapter 1, Section 800 (aa).



The officer or employee concerned must have served abroad for not less than two (2) years.

The following documents shall be filed with the Bureau:

- a. TEI with accompanying documents;
- b. Goods Declaration;
- c. Import Bill of Lading/Airway Bill;
- d. Import Invoice; and
- e. Packing List.

5.32 Other Forms of Exemptions from Payment of Duties. The provisions of general and special laws, to the contrary notwithstanding, including those granting franchises, there shall be no exemption whatsoever from the payment of duties except as follows:

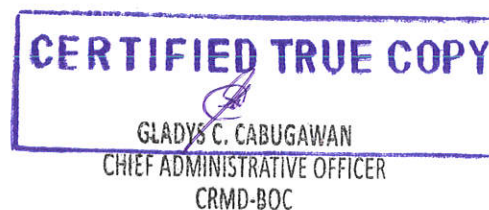
- a. Those provided for under CMTA;
- b. Those granted to government agencies, instrumentalities or government-owned or controlled corporations (GOCCs) with existing contracts, commitments, agreements, or obligations with foreign countries requiring such exemption;
- c. Those granted to international institutions, associations or organizations entitled to exemption pursuant to agreements or special laws; and
- d. Those that may be granted by the President upon prior recommendation of the NEDA in the interest of national economic development.

Section 6. Reportorial System. A Reportorial System shall be established in the Bureau for statistical purposes and monitoring of entry of conditionally-free importations.

The Bureau shall submit a monthly report to the DOF-RO of those availing of tax and/or duty exemption without TEI requirement. The report shall contain the name of the consignee, the legal basis of the exemption, the value of the shipment and the corresponding foregone revenue.

Section 7. Penal Provision. Any person, whether natural or juridical, who makes or attempts to make any entry of imported goods by means of any false or fraudulent statement in order to avail of the privilege shall be subject to sanctions and penalties provided under Section 1401, Chapter 1, Title XIV of the CMTA.

Section 8. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.



Section 9. Repealing Clause. This CAO specifically amends or repeals CAO No. 07-1972 and all other previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

Section 10. Separability Clause. If any part of this CAO is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 11. Effectivity. This CAO shall take effect thirty (30) days from publication at the Official Gazette or a newspaper of national circulation.

The Office of National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.

REY LEONARDO B. GUERRERO
Commissioner of Customs

MAR 25 2020



BOC-02-02028

APPROVED:

CARLOS G DOMINGUEZ
Secretary of Finance

MAR 30 2020



CERTIFIED TRUE COPY

GLADYS C. CABUGAWAN
CHIEF ADMINISTRATIVE OFFICER
CRMD-BOC