



Date JAN 13 2021

## **CUSTOMS MEMORANDUM ORDER (CMO) NO. 03-2021**

### **SUBJECT: COMPENDIUM OF PENALTIES, LIABILITIES OR OBLIGATIONS UNDER THE CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA) AND ITS IMPLEMENTING RULES AND REGULATIONS**

---

**Introduction.** This CMO is a consolidation of the provisions of the Customs Modernization and Tariff Act (CMTA) and its implementing Customs Administrative Orders (CAOs) dealing specifically on the imposition of penalties and liabilities including the effects of failure on the part of the importer, exporter, third parties and other stakeholders to comply with the obligations provided for by laws and their implementing rules and regulation. This also includes other laws, and rules and regulations issued by other government agencies in relation to the importation or exportation of goods.

**Section 1. Scope.** This CMO covers all the penalties, liabilities or obligations imposed by the Bureau pursuant to the CMTA and its implementing rules and regulations, including other laws implemented by the Bureau.

#### **Section 2. Objectives.**

- 2.1.** To establish a regime of transparency on the different penalties, liabilities and obligations being imposed by the Bureau;
- 2.2.** To ensure informed and diligent compliance with customs practices and procedures by stakeholders; and
- 2.3.** To comply with the obligation of the Philippines, in general, and the Bureau, in particular, to the World Trade Organization (WTO) Agreement on Trade Facilitation.

#### **Section 3. Basic Guide in the Imposition of Penalty.**

- 3.1.** This Compendium of Penalties, Liabilities and Obligations under the CMTA and Its Implementing Rules and Regulations (Compendium) does not supplement nor supplant the penalty provisions under the CMTA and its implementing rules and regulations. Thus, after determining the applicable penalty, reading the text of the actual provision in the CMTA or the particular CAO is highly encouraged to ascertain the context of the penalty being imposed.



- 3.2.** In general, the specific provision of the CMTA or any other law shall be applied in the imposition of penalty. These self-executory provisions do not require the issuance of separate interpretative or implementing CAO.

However, if the penalty, liability or obligation is couched in general term, or if there is a value range in imposition thereof, the CAO implementing the same shall be applied considering that it already provides additional interpretative guidelines to the CMTA provision.

- 3.3.** Penalties, liabilities or obligations imposed pursuant to authority vested under the Commissioner, subject to the approval of the Secretary of Finance, to promulgate rules and regulations under Section 204 of the CMTA through an appropriated CAO shall be strictly implemented.
- 3.4.** Consistent with Section 1802 of the CMTA, the penalties, liabilities or obligations imposed pursuant to Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines of 1978, as amended, not inconsistent with the provisions of the CMTA, shall remain valid unless repealed or amended accordingly.

**Section 4. Manner of Presentation.** The Compendium, attached as **Annex A** of this Order, is presented in a matrix format to make it easily searchable, together with a quick index. It is divided into two parts. The first part refers to the specific provisions on penalty under the CMTA while the second part dwells on the implementing CAOs promulgated by the Commissioner and approved by the Secretary of Finance.

Under the first part, the matrix is categorized as follows:

1. Description of the penalty or specific acts, omissions, or customs clearance process where a penalty, liability or obligation is imposed;
2. Basis or the specific Section number under the CMTA;
3. Penalty or the specific citation of the law is provided;
4. Related CAOs to which the said legal provision is being applied; and
5. Responsible Office

Under the second part, the matrix is categorized as follows:

1. CAO number or the specific reference to the implementing CAO number presented in accordance with its date of issuance;
2. Title or the subject matter of the CAO;
3. Penalty or the specific section of the CAO dealing on penalty or imposition of liability for violation of the regulation;



4. CMTA Section or the specific provision of the CMTA which is used as legal basis in the issuance or promulgation of the CAO; and
5. Responsible Office

However, if the applicable CAO is presenting the penalty provisions in particular matrix, the original version is followed.

**Section 5. Responsibility of Bureau Personnel.** All indicated Offices responsible for the imposition and implementation of the penalties and sanctions as indicated herein are directed to strictly adhere to the same and ensure compliance with the procedures required in the CMTA and/or its implementing rules and regulations.

**Section 6. Effectivity.** This Order shall take effect on JAN 27, 2021.

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

**REY LEONARDO B. GUERRERO**  
Commissioner