



BUREAU OF CUSTOMS

MAKABAGONG ADUANA, MATATAG NA EKONOMIYA



PROFESSIONALISM

INTEGRITY

ACCOUNTABILITY

01 February 2021

CUSTOMS MEMORANDUM ORDER (CMO)
NO. 06-2021

**SUBJECT: ORDER FROM THE DEPARTMENT OF TRADE AND INDUSTRY FOR
THE IMPOSITION OF PROVISIONAL SAFEGUARD DUTIES ON IMPORTED
VEHICLES IN THE FORM OF CASH BOND**

As provided under the Department of Trade and Industry (DTI) Order dated 29 December 2020 (Annex "A"), and pursuant to the directive dated 27 January 2021 from the Secretary of Finance (Annex "B"), the Bureau hereby imposes provisional safeguard duties on imported vehicles in the form of a cash bond amounting to the following:

1. Seventy Thousand Pesos (P70,000) per unit of any four-wheeled passenger cars (PCs) designed to transport less than ten (10) persons and not primarily to transport goods classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Code 8703. Imported PCs that are completely knocked-down (CKD), semi knocked-down (SKD), used, with electric motors, and those designed for a special purpose such as ambulances and hearses are excluded from the coverage of the provisional duty. Also excluded from the provisional duty are luxury PCs that have a Free On Board (FOB) value of Twenty-Five Thousand United States Dollars (US\$25,000) or higher.
2. One Hundred Ten Thousand Pesos (P110,000) per unit of imported light commercial vehicles (LCVs) whether fourwheeled drive or not which are designed to carry both passenger and cargo that are classified under AHTN Codes 8704.21.19 and 8704.21.29. Imported LCVs that are completely knocked-down, semi knocked-down, used, with electric motors, and those designed for a special purpose such as ambulances, hearses, are excluded from the coverage of the provisional duty. Further, LCVs that have a FOB value of Twenty-Eight Thousand United States Dollars (US\$28,000) or higher are also excluded from the provisional duty.

Furthermore, pursuant to the Letter from the Secretary of Finance, the imposition of the provisional safeguard duties shall likewise be subject to the following:

- a. The imposition of provisional safeguard duty shall be reckoned from the issuance of this CMO;
- b. The provisional safeguard duty imposed and collected herein shall not form part of the landed cost that is used as basis for the Value-Added Tax (VAT) to be paid upon importation, and
- c. For purposes of computing excise tax, the provisional safeguard duty shall be deducted from the net importer's selling price and suggested retail price.

Bureau of Customs
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Margaret G. Malalaysay
Administrative Officer V

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Finally, the imposition of the provisional duty will last for two hundred (200) days upon the issuance of this CMO.

All District and Sub-Port Collectors, and all others concerned are hereby directed to confirm the dissemination of this Order throughout their offices within five (5) days from receipt thereof for records purposes.


This Order shall take effect immediately.



REY LEONARDO B. GUERRERO
Commissioner FEB 01 2021

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MARGARET G. MARALAYSAY
Administrative Officer V

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Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

HON. REY LEONARDO B. GUERRERO
Commissioner, Bureau of Customs
OCOM Building, 16th St. South Harbor
Port Area, Manila

SUBJECT : Issuance of Relevant Customs Memorandum Order in Relation to the Imposition of Provisional Safeguard Duties on the Importation of Motor Vehicles from Various Countries [ATHN Codes 8703 (Passenger Cars), 8704.21.19 and 8704.21.29 (Light Commercial Vehicles)]

Dear Commissioner Guerrero:

We write to you in relation to the Department of Trade and Industry (DTI) Administrative Order (AO) No. 20-11 dated 29 December 2020 which provides for the imposition of provisional safeguard duties on imported vehicles in the form of a cash bond amounting to ₱70,000/unit for passenger cars/vehicles under AHTN Code 8703 and ₱110,000/unit for light commercial vehicles under AHTN Codes 8704.21.19 and 8704.21.29.

This is pursuant to DTI's determination of an existence of a causal link between the increased imports of the products under consideration (imports from 2014-2019) and serious injury to the domestic industry. Accordingly, the imposition will level the playing field to enable the domestic industry to compete with imports market and will allow the expansion of the country's manufacturing base and generate more jobs for Filipinos. For these reasons, the DTI determined that it is in the public interest to impose the provisional safeguard measure while the case is under formal investigation by the Tariff Commission.

The duration of the imposition of the provisional duty is 200 days, reckoned from the issuance of the relevant Customs Memorandum Order (CMO), pursuant to Section 8 of Republic Act No. 8800, otherwise known as the "Safeguard Measures Act," which provides:

SECTION 8. Provisional Measures. — *In critical circumstances where a delay would cause damage which would be difficult to repair, and pursuant to a*

Imposition of Provisional Safeguard Duties: Imported Motor Vehicles

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preliminary determination that increased imports are a substantial cause of, or threaten to substantially cause, serious injury to the domestic industry, the Secretary shall immediately issue, through the Secretary of Finance, a written instruction to the Commissioner of Customs authorizing the imposition of a provisional general safeguard measure.

xxx

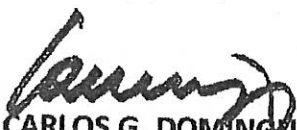
xxx [t]he duration of the provisional measure shall not exceed two hundred (200) days from the date of imposition during which period the requirements of the subsequent sections of this Act on the initiation of a formal investigation, notification and consultation shall have been met: xxx

Hence, pursuant to the clear mandate of the law, the Commissioner of Customs is hereby directed to issue a CMO relative to the imposition of provisional safeguard duties on imported motor vehicles, which shall contain the following provisions:

- a. that the imposition of provisional safeguard duty shall be reckoned from the issuance of the CMO;
- b. that the provisional safeguard duty imposed and collected herein shall not form part of the landed cost that is used as basis for the value-added tax (VAT) to be paid upon importation; and
- c. that for purposes of computing excise tax, the provisional safeguard duty shall be deducted from the net importer's selling price and suggested retail price.

Thank you.

Very truly yours,


CARLOS G. DOMINGUEZ

Secretary of Finance

JAN 27 2021



CC: HON. RAMON M. LOPEZ
Secretary, Department of Trade and Industry