



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

November 17, 1995

CUSTOMS MEMORANDUM ORDER

NO. 27-95

Port Collectors
Subic/Clark Special Economic Zones
All Others Concerned

Re: Guidelines in the Computation of Taxes and Duties
for Motor Vehicles landed at Special Economic Zones
and Entered into Customs Territory

I. OBJECTIVES:

1. To ensure collection of correct taxes and duties;
2. To obtain statistical data on the number of motor vehicles entered into Customs territory from the Special Economic Zones (SEZ).

II. COVERAGE:

This Order shall apply to all motor vehicles initially landed at the SEZ and subsequently entered into Customs territory thru public auction or private sale. Included are motor vehicles entered by Ritchie Brothers at the SEZ and sold at public auction to buyers in the Customs territory.

This Order shall also cover all motor vehicles not imported or registered in the name of a SEZ enterprise or even if imported or registered in the name of said enterprise, the vehicles are nonetheless not being utilized in the operations of the firm.

III. GENERAL PROVISIONS:

- A. The duties and taxes payable shall be determined as in any regular importation of motor vehicles into Customs territory.
- B. The Fair Market Value shall be based on the following order of priority:
 1. Japanese and U.S. Red Book, Karo and World Car Book on automobile, utility vehicles and other motor vehicles; U.S. Red Book on motorcycles; U.S. Truck Blue Book and Japanese Truck Blue Book on trucks and heavy equipment;
 2. The value on file with the Valuation Center and Library (or in the absence of such, any value available on file with the Bureau of Customs) or the acquisition price whichever is higher;

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- C. Where there are two or more motor vehicles of the same type (same make, brand and year model) offered in a public auction and each motor vehicle fetched varying winning bid prices, and the value thereof cannot be ascertained as in B.1, the highest bid price obtained from among these vehicles of the same type shall serve as the value applicable to each of these motor vehicles of the same type in that particular auction.
- D. The depreciation schedule for the automobiles, utility vehicles and other motor vehicles including motorcycles to be applied to B above shall be in accordance with CMC 168-89 or subsequent amendments thereof. For trucks and heavy equipment, the depreciation shall follow the straightline method of 10% per year but not more than 90%.
- E. When auction or acquisition price is utilized as basis for the value, no depreciation shall be allowed.

All Orders inconsistent herewith are deemed revoked or superseded.

This Order shall take effect immediately.


GUILLERMO L. PARAYNO, JR.
Commissioner