



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

01 March 2005

CUSTOMS MEMORANDUM ORDER
NO. 13-2005

To : All District Collectors
Port Collectors
Deputy Collectors for Operations
Deputy Collectors for Administration
All Others Concerned

Subject : Immediate Collection at the Port of Discharge of Duties, Taxes and Other Charges, Including Excise Tax Due on All Importations of Alcohol and Tobacco Products Destined for Duty Free Shops and Free-Port Zones Pursuant to RA No. 9334 and BIR Regulation No. 12-2004.

I. OBJECTIVES:

1. To effectively enforce the provisions of Republic Act No. 9334, particularly Section 6 thereof as implemented by Bureau of Internal Revenue Regulation No. 12-2004 dated December 28, 2004 and the Memorandum from BIR Commissioner Guillermo L. Narayno, Jr dated February 3, 2005.
2. To ensure the proper collection of duties, value-added tax, excise taxes and other charges due on importations of alcohol and tobacco products into the Philippines.
3. To prevent circumvention of customs laws, rules and regulations through the anomalous scheme of using the Duty-Free shops and freeport zones as conduits for smuggling of goods, especially of alcohol and tobacco products.
4. To protect the interest of the government against abuses in the exercise or utilization of the privilege in the transshipment of goods from one port to another; and
5. To obtain statistical data on the volume of tobacco and alcohol products imported into the country through the duty-free and freeport zones and the frequency of these transactions as well as the amount of duties, taxes and other charges due thereon.

II. SCOPE

This Customs Memorandum Order shall apply to all importations of cigars, cigarettes, distilled spirits, fermented liquors and wines even if destined for Duty-free shops and freeport zones.

III. GENERAL PROVISIONS:

1. All importations of cigar and cigarettes, distilled spirits, fermented liquors and wines, even if destined for tax and duty free shops and free-port zones shall be subject to all applicable taxes, duties and other charges, including excise taxes due thereon.
2. Free-port zones, as used in this Order shall include free ports of the Subic Special Economic and Free-port Zone created under Republic Act 7227, the Cagayan Special Economic Zone and Free-port, created under Republic Act No. 7922, the Zamboanga City Special Economic Zone created under Republic Act No. 7903 and such other free-ports as may be established or created by law.
3. Importations of cigars and cigarettes, distilled spirits, fermented liquors and wines made directly by government-owned and operated duty-free shops, like the Duty-Free Philippines, shall be exempted from all applicable duties only and shall be labeled "duty-free" and "not for resale".
4. Imported cigars and cigarettes, distilled spirits, fermented liquors and wines shall be assessed excise taxes based on the schedule of rates as provided for under the law.

IV. OPERATIONAL PROVISIONS:

In lieu of the warehousing entry required under Customs Administrative Order No. 1-97 and Customs Memorandum Order Nos. 17-97 and 17-97A, all shipments of cigar and cigarettes, distilled spirits, wines and liquors destined for duty-free shops and free-port zones shall be covered by consumption entries filed at the Port of Discharge following the procedures for cargo clearance under CAO Nos. 2-95 and 5-2001, CMO Nos. 3-2000 and 37-2001 and other existing customs rules and regulations.

V. ELIGIBILITY FOR DUTY DRAWBACK

In the event the excisable goods are brought out of the country, i.e., not introduced into the domestic market, the taxpayer may request for the refund or a duty drawback for the excise tax paid, upon presenting proof that the good subject of the excise tax was not in fact introduced to the domestic market.

Conclusive proof of non-introduction into the domestic market as required under pertinent laws, rules and regulations shall be the basis for consideration to prove eligibility for duty drawback

3
2013-05

VI REPEALING CLAUSE

All rules and regulations inconsistent with this order are hereby deemed repealed, superseded or modified accordingly.

VII EFFECTIVITY

This Order shall take effect upon its approval.


ALBERTO D. LINA
Commissioner

114