



APR 10 2008

CUSTOMS MEMORANDUM ORDER

NO. 20-2008

**TO: All Service Chiefs
All District Collectors of Customs
All Division/Section/unit Chiefs
And All Others Concerned**

**SUBJECT: Amended Guidelines in the Computation of the
Redemption Value of Imported Forfeited Articles**

The following guidelines in the computation of the redemption value of imported forfeited articles under Section 2307 are hereby issued.

I. OBJECTIVES

- 1) To establish a uniform and transparent system of determining the redemption value of forfeited imported articles.
- 2) To serve as a guide to the different offices and officers of the Bureau of Customs in computing the redemption value of imported forfeited articles.

II. SCOPE

This Order shall cover the disposition of forfeited imported goods when the owner, importer, exporter or consignee or his agent offers to pay to the Collector the domestic market value of the forfeited article/s pursuant to Section 2307 of the TCCP as amended.

III. ADMINISTRATIVE PROVISIONS

- 1) The District Collector, after the shipment has been declared forfeited and within the period of appeal, may accept the offer of the owner, importer, exporter, consignee or his agent to redeem the article/s.

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- 2) All Orders/Decisions of the District Collector for release of the shipment/s by way of redemption, settlement, or quashal/lifting of the WSD, shall be subject to the approval of the Commissioner of Customs.
- 3) No redemption shall be allowed where the decision of forfeiture has become final and executory or where the importation is absolutely prohibited or where the release of the articles would be contrary to law.

IV. COMPUTATION OF REDEMPTION VALUE

- 1) The redemption value shall be the domestic market value of forfeited articles using the following formula:

Domestic Market Value/Redemption Value = Total Landed Cost + Applicable Tax + Nominal Allowance per Standard Trade Practice for profit and general expenses which shall not be lower than 10% mark-up from the total landed costs.

Total Landed Cost is the Sum of the Customs Value, Applicable Duty and Other Taxable Charges

- 2) In case of damage, obsolescence, spoilage, losses or depreciation as reflected in the inventory of the forfeited article/s subject of redemption, a Certification to this effect shall be issued by the assigned examiner and a standard/reasonable percentage may be allowed depending on the facts obtaining in each particular case.
- 3) A canvass of the wholesale price of the forfeited article/s from at least three (3) establishments selling the same, like or similar articles must be conducted for the purpose of test checking the integrity of the redemption value arrived at. Such conduct of canvass shall not exceed a period of ten (10) days from date of receipt of the request for computation. In case no establishment sells the same, like or similar articles, a Certification to this effect shall be issued by the Customs Valuation Officer who made the canvass.

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V. REPEALING CLAUSE

CMO 34-2002 and other customs orders, rules, and regulations or part thereof inconsistent with this Order are hereby deemed repealed/amended accordingly.

VI. EFFECTIVITY.

This Order shall take effect immediately.

NAPOLEON J. MORALES
Commissioner

