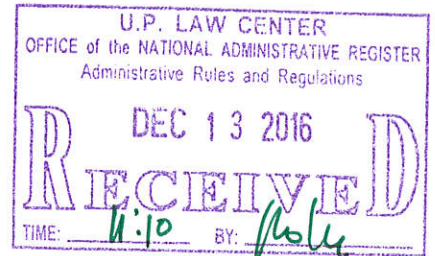




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099



CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. 6-2016

**SUBJECT: CONDITIONALLY TAX AND/OR DUTY-EXEMPT IMPORTATION
OF "RETURNING RESIDENTS" AND OVERSEAS FILIPINO
WORKERS (OFWS)**

Introduction. This CAO implements Section 800 (f) Chapter 1, Title VIII, and other relevant sections of Republic Act (RA) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This CAO shall cover the following:

- 1.1. Conditionally tax and/or duty-exempt importations of personal and household effects belonging to "Returning Residents" and Overseas Filipino Workers (OFWs); and
- 1.2. Additional tax and duty exemption privilege of OFWs for home appliances and other durables in the amount not exceeding Php 150,000.00.

Section 2. Objectives.

- 2.1. To establish an informed compliance program for "Returning Residents" and OFWs on the procedures prescribed for availment of the privilege under Section 800 (f) Chapter 1, Title VIII, of the CMTA;
- 2.2. To provide the conditions for the availment of additional tax and duty-free privilege on home appliances and other durables brought in by OFWs;
- 2.3. To facilitate customs clearance of conditionally tax and/or duty-exempt importation of "Returning Residents" and OFWs, without sacrificing the Bureau's core functions of revenue collection and border protection through application of risk management techniques and Information and Communication Technology (ICT) enabled monitoring and control systems; and

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- 2.4. To adopt clear and transparent customs rules, regulations, policies and procedures, consistent with international standards and customs best practices.¹

Section 3. Definition of Terms. For purposes of this CAO, the following terms are defined as follows:

- 3.1. **Availment** – refers to the determination by the Bureau or the qualified “Returning Resident” or OFW that the personal or household effects brought in or sent, are entitled to duty and/or tax exemption pursuant to Section 800 (f) Chapter 1, Title VIII, of the CMTA. Any amount in excess of the allowable non-dutiable value shall be subject to the applicable duties and taxes.
- 3.2. **Calendar Year** – refers to the period from January 01 to December 31 of the same year.²
- 3.3. **Certificate of Identification** – refers to a document secured upon departure and issued by the District Collector or authorized customs officer identifying goods to be exported and subsequently brought back to the Philippines.³
- 3.4. **Commercial Quantity** – refers to the quantity for a given kind or class of articles which are in excess of what is compatible with and commensurate to the person’s normal requirements for personal use.⁴
- 3.5. **Durables** – refer to goods, as household appliances, machinery, or sports equipment that may be used repeatedly or continuously over a period of a year or more, assuming a normal or average rate of physical usage.⁵
- 3.6. **Excisable Goods** – refer to goods that are subject to excise tax as provided for in RA No. 8424 of 1997 also known as the National Internal Revenue Code (NIRC), as amended.
- 3.7. **FCA** – refers to an international commercial term covered by the Incoterms rules developed by International Chamber of Commerce (ICC) which means free carrier or that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.⁶

¹cf. CMTA, Title I, Chapter 2, Section 101 (b).

²cf. CMTA, Title VIII, Chapter 1, Section 800 g (1).


³cf. CMO 7-72 F-(a) 1&2.

⁴DOF DO 57-2011, 2 (b).

⁵cf. United Nations-World Tourism Organization, SNA 2008, 9.42.

⁶International Commercial Terms 2010.


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- 3.8. FOB** – refers to an international commercial term covered by the Incoterms rules developed by International Chamber of Commerce (ICC) which means free on board or that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.⁷
- 3.9. House Airway Bill (HAWB)** – refers to an airway bill covering a single, individual shipment or consignment issued by the freight forwarder or consolidator to the consignor or sender containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of the goods shipped through air.⁸
- 3.10. House Bill of Lading (HBL)** – refers to a bill of lading covering a single, individual shipment or consignment issued by the freight forwarder to the consignor or containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of the goods shipped through sea.⁹
- 3.11. Master Airway Bill (MAWB)** – refers to an airway bill issued by a common air carrier to a consolidator covering a consolidated shipment.¹⁰
- 3.12. Master Ocean Bill of Lading (MBL)** – refers to an ocean bill of lading issued by a common ocean carrier to a consolidator covering a consolidated shipment.¹¹
- 3.13. Overseas Filipino Worker (OFW)** – refer to a holder of a valid passport issued by the Department of Foreign Affairs (DFA) and certified by Department of Labor and Employment (DOLE) or Philippine Overseas Employment Administration (POEA) for overseas employment purposes. This covers all Filipinos working in a foreign country under employment contracts, regardless of their professions, skills or employment status in a foreign country.¹²

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⁷International Commercial Terms 2010.

⁸*cf.* CMO 79-90 Section 2.1.5.

⁹*cf.* CMO 79-90 Section 2.1.5.

¹⁰*cf.* CMO 79-90 Section 2.1.4.

¹¹*cf.* CMO 79-90 Section 2.1.4.

¹²*cf.* CMTA, Title VIII, Chapter 1, Section 800 (g), par.2.

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3.14. Personal and Household Effects – refer to commodities whether new or used, for personal use or consumption and not for commercial purposes, such as wearing apparel, personal adornments, electronic gadgets, toiletries, or similar items¹³; furniture, dishes, linens, libraries, and similar household furnishing for personal use¹⁴; and instruments related to one's profession and analogous personal or household effects.¹⁵

3.15. Prohibited Importation – the importation of the following goods are prohibited:

- a. Written or printed goods in any form containing any matter advocating or inciting treason, rebellion, insurrection, sedition against the government of the Philippines, or forcible resistance to any law of the Philippines, or written or printed goods containing any threat to take the life of, or inflict bodily harm upon any person in the Philippines;
- b. Goods, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises, describes or gives direct or indirect information where, how or by whom unlawful abortion is committed;
- c. Written or printed goods, negatives or cinematographic films, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character;
- d. Any goods manufactured in whole or in part of gold, silver or other precious metals or alloys and the stamp, brand or mark does not Indicate the actual fineness of quality of the metals or alloy;
- e. Any adulterated or misbranded food or goods for human consumption or any adulterated or misbranded drug in violation of relevant laws and regulations;
- f. Infringing goods as defined under the Intellectual Property Code and related laws; and
- g. All other goods or parts thereof which importation are explicitly prohibited by law or rules and regulations issued by the competent authority.¹⁶

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¹³ cf. RKC, Specific Annex J, Chapter 1, Item E4./F3.

¹⁴ cf. U.S. Customs Border Protection (CBP) Info Center.

¹⁵ CMTA, Title VIII, Chapter 1, Section 800 (f) par.1.

¹⁶ cf. CMTA, Title I, Chapter 3, Section 118.

3.16. Regulated Importation – goods which are subject to regulation shall be imported only after securing the necessary goods declaration, clearances, licenses, and any other requirements, prior to importation. In case of importation, submission of requirements after arrival of the goods but prior to release from customs custody shall be allowed but only in cases provided for by governing laws or regulations.¹⁷

3.17. Restricted Importation – except when authorized by law or regulation, the importation of the following restricted goods are prohibited:

- a. Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, or parts thereof;
- b. Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other goods when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof;
- c. Lottery and sweepstakes tickets, except advertisements thereof and lists of drawings therein;
- d. Marijuana, opium, poppies, coca leaves, heroin or other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes;
- e. Opium pipes or parts thereof, of whatever material;
- f. Any other goods whose importation are restricted;¹⁸
- g. Weapons of mass destruction and goods included in the National Strategic Goods List (NSGL) as provided under Republic Act No. 10697 or the Strategic Trade Management Act (STMA);
- h. Toxic and Hazardous goods under Republic Act No. 6969 or the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990."

The restriction to import the above stated goods shall include the restriction on their transit.

3.18. Returning Resident – refers to a Filipino national who has stayed abroad for a period of at least six (6) months and returning to the Philippines.¹⁹ For purposes of availment of the privilege, it shall be understood that "Returning Resident" includes spouse and dependent children.




¹⁷cf. CMTA, Title I, Chapter 3, Section 117.

¹⁸cf. CMTA, Title I, Chapter 3, Section 119.

¹⁹cf. CMTA, Title VII, Chapter 1, Section 800 (f) par.2.

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- 3.19. Tax Exemption Certificate (TEC)** – refers to a document issued by the Department of Finance (DOF) that grants exemption to particular persons of a particular class from payment of duties and taxes including excise taxes which persons and other entities are generally obliged to pay.²⁰


Section 4. General Provisions.

- 4.1.** Household appliances, jewelry, precious stones, and other goods of luxury which were previously exported from the Philippines shall be exempt from duties and taxes when covered by a Certificate of Identification (CI) issued by the District Collector, or a Customs Officer duly authorized by the former, before departure from the Philippines. Upon importation of the exported goods, the Customs Examiner shall verify the identity of the goods brought in as against the CI.
- 4.2.** To be exempt from duties, taxes and other charges, personal and household effects normally used for the comfort and convenience of the Returning Residents or OFWs during their stay abroad, must accompany them on their return, or arrive within a reasonable time which, barring unforeseen and fortuitous events, in no case shall exceed sixty (60) calendar days after the owner's return.
- 4.3.** To expedite the cargo clearance formalities, the Returning Resident, OFW or his authorized representative shall accomplish, sign and submit in advance to the Bureau a Personal and Household Effects Declaration Form, to be developed by the Bureau, containing among others, the following basic information:
- a.** Complete name of the shipper, date of birth, citizenship, passport number, address abroad and in the Philippines, contact number and e-mail address, if any;
 - b.** Contents, quantity, unit value and total value of shipment;
 - c.** Packing List Information which shall contain an itemized listing of all goods in each box and their respective quantities and description;
 - d.** Names of accompanying family members and their respective passport numbers
 - e.** Date of last departure from the Philippines; and
 - f.** Estimated date of arrival of the "Returning Resident" or OFW in the Philippines.

For shipments arriving as accompanied baggage, the Returning Resident and OFW shall submit to the Customs Officer the printed copy of the accomplished Personal and Household Effects Declaration Form upon arrival.

²⁰cf. DOF REVENUE OFFICE OPERATIONS MANUAL (2016), Title II.

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- 4.4. For unaccompanied shipments, the Returning Resident or OFW shall secure a Duty and Tax Exemption Certificate (TEC) from the Revenue Office of the Department of Finance to avail of the privilege.
- 4.5. Importations of excisable articles such as, but not limited to, distilled spirits, wines, cigars and cigarettes, perfumes, toilet waters, in excess of the allowable quantity to be prescribed by the Bureau shall be subject to payment of duties, taxes and other charges.
- 4.6. Physical examination or non-intrusive inspection shall be conducted subject to existing regulations and based on established risk management scheme of the Bureau.
- 4.7. As far as practicable, Information and Communication Technology (ICT) shall be used in the processing, monitoring and control of the availment of the privileges under this CAO. For this purpose an online registration facility shall be made available where the "Returning Resident" and OFW can accomplish and submit electronically to the Bureau the Personal and Household Effects Declaration Form.
- 4.8. For shipments covered by House Bill of Lading (HBL) or House Airway Bill (HAWB), a processing fee of Php 310.00 (inclusive of the legal research fee of Php 10.00) shall be collected per individual bill of lading. This also covers Master Bill of Lading (MBL) or Master Airway Bill (MAWB) in cases of shipments where no HBL or HAWB is issued.

Section 5. Tax and Duty Exemptions for "Returning Resident" or OFW. A "Returning Resident" or an OFW shall have tax and duty exemption on personal and household effects not exceeding the following FCA or FOB values:

- 5.1. Three Hundred Fifty Thousand Pesos (Php350,000.00) for those who have stayed in a foreign country for at least ten (10) years and have not availed of this privilege within ten (10) years prior to the Returning Resident's or OFW's arrival;
- 5.2. Two Hundred Fifty Thousand Pesos (Php250,000.00) for those who have stayed in a foreign country for a period of at least five (5) but not more than ten (10) years and have not availed of this privilege within five (5) years prior to the Returning Resident's or OFW's arrival; or
- 5.3. One Hundred Fifty Thousand Pesos (Php150,000.00) for those who have stayed in a foreign country for a period of less than five (5) years and have not availed of this privilege within six (6) months prior to the Returning Resident's or OFW's arrival.

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- 5.4. Any amount in excess of the above-stated threshold shall be subject to the corresponding duties and taxes.

Section 6. Grounds for Availment of Additional Privileges for a Returning OFW. A returning OFW shall have additional duty and tax exemption privileges for home appliances and other durables in the amount not exceeding Php150,000.00 subject to the following conditions:


- 6.1. The goods shall be limited to one of each kind. Any excess in the allowed number of appliances shall be subject to payment of corresponding duties and taxes;
- 6.2. The privilege may only be availed once in a given calendar year;
- 6.3. Such goods are brought in as accompanied baggage or arriving before or after but not later than sixty (60) days from date of the return of the OFW barring unforeseen or fortuitous event; and
- 6.4. The amount of appliances in excess of FCA value of Php150,000.00 shall be subject to corresponding duties and taxes.

Section 7. Exclusions. The following are excluded from the privileges under Sections 5 and 6 of this CAO:

- a. Luxury items, unless covered by a pre-departure Certificate of Identification;
- b. Vehicles;
- c. Watercrafts;
- d. Aircrafts;
- e. Animals;
- f. Donations;
- g. Goods intended for barter, sale or for hire;
- h. Goods in Commercial Quantity;
- i. Regulated Goods in excess of the limits allowed by regulations; and
- j. Prohibited and Restricted Goods.



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Section 8. Pre-Verification Procedures for Advance Arrival of Baggage. A "Returning Resident" or OFW through his or her duly authorized representative, may request for pre-verification of his or her qualification with DOF to avail of the privilege including the amount covered by the exemption not earlier than thirty (30) days from the date of his or her intended date of return. The request should be supported with documents showing his or her travel history to or from the Philippines and Overseas Workers Welfare Administration (OWWA) registration, if any. The Bureau shall develop a pro-forma request for availment which will be downloadable from the BOC website (customs.gov.ph).

In case of failure to avail of pre-verification procedure, the "Returning Resident" or OFW shall secure TEC from the DOF upon his or her arrival from abroad.

Section 9. Conditional Release of Advance Arrival of Shipment. Unless covered by Section 800 (g) Chapter I, Title VIII, of the CMTA, shipments arriving in advance of the date of return of a "Returning Resident" or OFW who did not request for pre-verification shall be tentatively assessed²¹ and conditionally released²² upon the posting of a cash bond equivalent to one hundred percent (100%) of the assessed duties and taxes due.

The "Returning Resident" or OFW must, within forty five (45) days from his arrival but not to exceed sixty (60) days from the release of the shipment, submit to the Bureau the TEC issued by the DOF to support his entitlement to the privilege. Failure to do so shall cause the Bureau to forfeit the bond to answer for the payment of the duties and taxes due thereon.

The same procedure may be availed of for accompanied baggage or those arriving after the date of return if the clearance is not yet secured from the Commissioner.

Section 10. Additional Regulations. A Customs Memorandum Order (CMO) shall be issued prescribing the detailed procedures in the lodgement, processing and clearance of conditionally tax and duty-exempt importation of personal and household effects, home appliances and other durables of Returning Residents and OFWs.

Section 11. Penal Provision. The "Returning Resident" or OFW or his or her authorized representative who makes or attempts to make any entry of imported goods by means of any false or fraudulent statement in order to avail of the privilege shall be subject to sanctions and penalties provided under Section 1401, Chapter 1, Title XIV of the CMTA.


Section 12. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 13. Repealing Clause. This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

²¹CMTA, Title IV, Chapter 3, Section 426.

²²CMTA, Title IV, Chapter 1, Section 403.

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Section 14. Separability Clause. If any part of this CAO is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 15. Effectivity. This CAO shall take effect after fifteen (15) days from publication at the Official Gazette or a newspaper of national circulation.

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


NICANOR E. FAELDON
Commissioner




APPROVED:


CARLOS G. DOMINGUEZ III
Secretary of Finance



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Informational Section. As the title denotes this section only provides information and does not give rise to any substantive or formal rights or obligations.

1. History. This CAO amends previously issued Orders relating to Conditionally Tax and/or Duty-Exempt Importation of "Returning Residents" and Overseas Filipino Workers (OFWs).

2. Related Policies.

- CAO 07-1972 (SECTION F) dated November 15, 2016 - Regulations Implementing Section 105 of the Tariff and Customs Code of the Philippines, as amended by P.D. No.34 dated October 27, 1972.
- EXECUTIVE ORDER NO. 206 series of 1987 - Amending Section 105 of the Tariff and Customs Code of the Philippines.
- CAO 02-1988 AMMENDING SEC 105 F OF CAO 7-72 dated NOT AVAILABLE - Regulations Implementing the Provisions of E.O. 206, series of 1987, Amending Section 105 (f) of the Tariff and Customs Code and amending CAO 7-72 for this purpose.
- CMO 79-1990 dated September 28, 2016 - Revised Rules and Regulations Governing the Entry of Non-Commercial Inbound Consolidated Shipments from Filipino Abroad, Repealing for the purpose CMO No.32-90.
- CMO 20-2002 dated May 03, 2002 - Pre-Liquidation for Informal Entries.
- CMO 07-2004 dated March 12, 2004 - 100% Examination of Shipments Processed under Informal Entry.
- CMO 34-2004 dated November 09, 2004 - Cash Bond Refund Requests Relative to Conditionally Tax and Duty-Free Importations under Section 105 of the TCCP.
- CMO 40-2009 dated September 04, 2009 -Transitory Procedures Prior to Full Implementation of E2M Customs System for Informal Entries and Transshipment/Transit Declarations.
- CMO 13-2010 dated March 16, 2010 - Procedures for the Implementation of E2M Customs System – Phase 4: Informal Entry of Commercial Goods in all Customs Sea Ports Nationwide.
- CMO 10-2011 dated February 08, 2011 - Conduct of Physical & X-Ray Examination.
- CMO 22-2011 dated May 23, 2011 - Requiring All Consolidated Shipments under Informal Entry to Undergo the Mandatory X-Ray Inspection and/or Manual Examination.
- DOF Department Order 57-2011 dated December 09, 2011 - Pursuant to Section 38 (1), Chapter 7, Book IV of Executive Order No. 292 or the Administrative Code of 1987, in relation to the Tariff and Customs Code of the Philippines (TCCP), as amended, the National Internal Revenue Code of 1997, other existing laws and international agreements, the following guidelines are hereby being issued to govern the clearance procedures for book importations.
- CMO 06-2014 dated October 22, 2014–Realignment of the XIP to the Enforcement Group and Designation of Duty Customs Examiners at the XIP Designated Examination Area/Field Office by the District Collector.

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3. Webpage, Forms, Handbooks and other References.

- Republic Act 10863 "An Act Modernizing the Customs and Tariff Administration".
- Republic Act 9334 "An Act Increasing the Excise Tax Rates Imposed on Alcohol and Tobacco Products, Amending for the Purpose Section 131, 141, 142, 143, 144, 145, and 288 of the National Internal Revenue Code of 1997, As Amended".
- Republic Act 10351 "An Act Restructuring The Excise Tax On Alcohol And Tobacco Products By Amending Sections 141, 142, 143, 144, 145, 8, 131 And 288 Of Republic Act No. 8424. Otherwise Known As The National Internal Revenue Code Of 1997, As Amended By Republic Act No. 9334, And For Other Purposes."
- DOF Revenue Office Operations Manual (2016).
- U.S. Customs Border Protection (CBP) Info Center.
- International Commercial Terms® 2010.
- Revised Kyoto Convention.



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