



# BUREAU OF CUSTOMS

MAKABAGONG ADUANA, MATATAG NA EKONOMIYA

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OFFICE of the NATIONAL ADMINISTRATIVE REGISTER  
Administrative Rules and Regulations

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**CUSTOMS ADMINISTRATIVE ORDER (CAO)**  
No. 03-2022

**SUBJECT: REWARD TO PERSONS INSTRUMENTAL IN THE ACTUAL COLLECTION OF ADDITIONAL REVENUES ARISING FROM THE DISCOVERY OF VIOLATIONS OF THE CMTA**

**Introduction.** This CAO implements Section 1512, Title XV and other related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA) and other related laws, rules and regulations.

**Section 1. Scope.** This CAO covers the Cash Reward to Informers or Whistleblowers instrumental in the actual collection of additional revenues, surcharges and fees arising from discovery of violation of the CMTA. This CAO only applies to those shipments and apprehensions made, and information furnished at the time CMTA took effect.

**Section 2. Objectives.**

- 2.1. To encourage the public by providing incentives, to extend full cooperation in eradicating smuggling and other violations of customs laws, rules and regulations.
- 2.2. To provide guidelines and procedures for granting Cash Reward to Informers or Whistleblowers.
- 2.3. To establish an Information and Communication Technology (ICT) – enabled recording and monitoring system for rewards.

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

3.1. **Additional Revenue** — shall refer to actual proceeds realized from sale of forfeited goods after compliance with Section 1143 of the CMTA or actual collection of additional income for the government such as but not limited to additional duties and taxes on top of the original duties and taxes paid, surcharges, penalties, or other forms of revenue collected or recovered as a result of seizure of goods for violations of the CMTA.<sup>1</sup>

3.2. **Affidavit of Informer or Whistleblower** — shall refer to a confidential sworn statement personally and voluntarily executed

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<sup>1</sup> cf. CMTA, Title XV, Section 1512.

by the Informer or Whistleblower before the administering officer declaring in detail the facts or acts constituting fraud or violation of the CMTA committed by an importer or exporter.

- 3.3. Bureau** — shall refer to the Bureau of Customs.<sup>2</sup>
- 3.4. Cash Reward** — shall refer to reward herein authorized to be paid out of the collection of Additional Revenues accounted for as a result of the information furnished by the Informer or Whistleblower.<sup>3</sup>
- 3.5. Certificate of Information** — shall refer to a certificate issued by the Committee on Rewards attesting to the filing of information and details thereof.
- 3.6. Confiscated Goods** — shall refer to articles, wares, merchandise and any other items which are subject of importation or exportation forfeited pursuant to a final order or decision issued by the Bureau or court of competent jurisdiction for violation of the CMTA and other related laws, rules and regulations.<sup>4</sup>
- 3.7. Informer** — shall refer to any person who voluntarily provides definite and sworn information not yet in the possession of the Bureau nor of public knowledge, leading to actual collection of Additional Revenues including surcharges and fines or penalties arising from the discovery of violations of the CMTA and other related laws.<sup>5</sup>
- 3.8. Registry Book on Rewards** — shall refer to the official journal approved by the Department of Finance (DOF) where all information relating to claims for reward pursuant to Section 1512 of the CMTA are recorded.
- 3.9. Smuggled Goods** — shall refer to goods which are fraudulently imported into or exported from the Philippines.<sup>6</sup>
- 3.10. Whistleblower** — shall refer to any person who exposes any kind of information or activity that is deemed illegal or irregular within an organization that is either private or public.

<sup>2</sup> cf. CMTA, Title I, Chapter 2, Section 102(i).

<sup>3</sup> cf. Republic Act No. 2338, Section 1, paragraph 2.

<sup>4</sup> cf. CMTA, Title I, Chapter 2, Section 102 (x).

<sup>5</sup> cf. Bureau of Internal Revenue, Revenue Regulation No. 16-2010, Section 2.1.

<sup>6</sup> CMTA, Title I, Chapter 2, Section 102 (nn).

**Section 4. General Provisions.**

- 4.1. A Cash Reward shall be given to Informers or Whistleblowers equivalent to twenty percent (20%) of the Additional Revenues.<sup>7</sup>
- 4.2. Only actual cash proceeds from the sale of Smuggled Goods and Confiscated Goods, or actual cash collection of Additional Revenues shall be the subject of reward under this CAO.
- 4.3. For Customs Informer or Whistleblower to qualify for reward, the following must be taken into consideration:
  - 4.3.1. He or she must not have had any participation whatsoever to the commission of illegal transaction or activity;<sup>8</sup>
  - 4.3.2. He or she must not be performing enforcement or assessment function in the port where the goods are lodged and processed; and
  - 4.3.3. The information must not have come to his knowledge by the nature of his function or office such as being part of a Bureau-wide monitoring or post clearance audit activities.
- 4.4. The information is deemed not yet in the possession of the Bureau under the following circumstances:
  - 4.4.1. The information pertains to outright smuggling or it relates to goods declaration and its supporting documents which are spurious or falsified resulting in the payment of lower duties and taxes and other charges; and
  - 4.4.2. The information must not have been formally referred for investigation to the Bureau.
- 4.5. The Informer or Whistleblower is not entitled to reward if the Smuggled or Confiscated Goods were not sold through public auction or negotiated sale but were instead donated, declared for official use, re-exported, or otherwise disposed of pursuant to Sections 1145 – 1150 of the CMTA. The Informer or Whistleblower is also not entitled to reward if the Smuggled or Confiscated Goods were lost due to fortuitous event or force majeure, or the goods can no longer be subjected to seizure and/or forfeiture.

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<sup>7</sup> CMTA, Title XV, Section 1512; cf. General Appropriation Act of 2017, Special Provision 292.

<sup>8</sup> Whistleblower Protection Act of the United States of America.



4.6. The actual proceeds from the sale of Smuggled and Confiscated Goods shall be subject to the following conditions:

- 4.6.1. The goods should be covered by a Warrant of Seizure and Detention (WSD);
- 4.6.2. There must be an order of forfeiture which has already attained finality;
- 4.6.3. There must be a public auction sale or negotiated sale of forfeited or Confiscated Goods; and
- 4.6.4. There must be actual collection of proceeds.

4.7. The actual collection of Additional Revenues shall be subject to the following conditions:

4.7.1. In case of goods undergoing customs clearance procedure:

- a. The goods should be covered by a Warrant of Seizure and Detention (WSD).
- b. There must be a final order accepting and approving the offer of settlement by payment of fine or redemption of forfeited property;
- c. There must be payment of Additional Revenues arising from the order accepting and approving the offer of settlement; and
- d. In case of forfeiture, Section 4.6 shall apply.

4.7.2. In case of goods subject of the exercise by the Commissioner of the power to inspect and visit:

- a. There must be a duly issued Letter of Authority;
- b. The interested party fails to produce evidence of correct payment of duties and taxes on imported goods openly for sale or kept in storage;
- c. A Warrant of Seizure and Detention (WSD) has been issued;
- d. There must be a final order accepting and approving the offer of settlement by payment of duties and taxes, fine and other charges;
- e. There must be payment of Additional Revenues arising from the order accepting and approving the offer of settlement; and
- f. In case of forfeiture, Section 4.6 shall apply.

The actual collection of Additional Revenues shall only be in the form of cash. Payments utilizing Tax Credit Certificates shall not be eligible for reward.

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- 4.8. The Cash Reward shall be subject to income tax collected as a final withholding tax at a rate of ten percent (10%).<sup>9</sup>
- 4.9. Except when the information is proven to be malicious or false, or unless required by law, the identity of the Informer or Whistleblower shall be kept confidential at all times either before or after termination of the case and shall not be disclosed to unauthorized persons, especially to the tax payer, importer or exporter involved, without the Informer's consent. The confidentiality shall extend to the Affidavit of Informer or Whistleblower executed by the Informer or Whistleblower and supporting documents. Any government official or employee who maliciously reveals the identity of any Informer or the Affidavit of Informer or Whistleblower without his or her consent shall be subject to disciplinary action in accordance with existing laws, rules and regulations.<sup>10</sup>
- 4.10. Except in the context of judicial proceedings, any disclosure of confidential Information under this CAO shall not be made except upon the written consent of the party concerned.<sup>11</sup>

**Section 5. Operational Provisions.**

- 5.1. **Form of Information.** The information shall be in the form of a written sworn statement given voluntarily and shall state:
  - 5.1.1. The fact or acts constituting fraud or violations of the CMTA against a particular shipment, provided that the said violation should be specific.
  - 5.1.2. Name and address of importer or exporter, committing the same;
  - 5.1.3. Exact or approximate date or period when fraud or violation was or will be committed; and
  - 5.1.4. Names and addresses of witnesses, if any.

Any document, records or books including copies or excerpts thereof, which may serve as evidence of the fraud or violation, shall be submitted with the sworn statement. If the Informer or Whistleblower does not have possession or control of such

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<sup>9</sup> Republic Act No. 8424, as amended, Title X, Chapter IV, Section 282 (b), paragraph 3.  
<sup>10</sup> Rules on Administrative Cases in the Civil Service and CMTA, Title XIV, Chapter 2, Section 1431.  
<sup>11</sup> cf. CMTA Title XV, Section 1502.

documents, records or books, but he or she has knowledge of the person(s) who has/have the custody, possession or control thereof, or the place(s) where they are kept, he or she shall state in his or her sworn statement the name(s) and address (es) of such person(s) and place(s). The sworn statement shall bear the left and right thumbmarks and signature of the Informer or Whistleblower. The attached Informer's Form No. 1 should be substantially followed.

The sworn statement shall be accomplished in quadruplicate. The original and all copies thereof, except the duplicate which shall be given to the Informer or Whistleblower, shall be kept by the Committee on Informer's Rewards through the Secretariat.

- 5.2. To Whom Affidavit of Informer or Whistleblower May Be Subscribed.** Affidavit of Informer or Whistleblower may be sworn to before any officer authorized to administer oath.
- 5.3. Types of Information.** Information that may be the subject of an Affidavit of Informer or Whistleblower may refer to shipments either still in customs custody or those already released, or those which did not pass through customhouse.


For information on shipments already released from customs custody or those which did not pass through customhouse, the Affidavit of Informer or Whistleblower shall be submitted directly to the Committee on Informer's Rewards through the Secretariat. In cases where the shipments are still in customs custody, the Affidavit of Informer or Whistleblower may, at the option of the Informer, be filed with the Committee through the Secretariat or the District Collector in the port where the shipment is located or destined.

If the Affidavit of Informer or Whistleblower is filed with the District Collector of the port, a copy of said Affidavit shall be sent through the fastest means available to the Secretariat and the original copy of the same within seventy-two (72) hours from receipt thereof.

If directly filed with the Committee on Rewards, the Head Secretariat shall, not later than one (1) hour from receipt, relay the information through the fastest means available such as but not limited to text messaging, electronic mail or phone call to the port concerned. The Office of the Commissioner, Deputy Commissioners for Intelligence Group (IG) and Enforcement Group (EG) shall likewise be notified within the same period.

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- 5.4. Recording of Affidavit of Informer or Whistleblower.** The Committee Secretariat shall receive and record the Affidavit of Informer or Whistleblower in the Registry Book on Rewards.

**Section 6. Committee on Informer's Rewards.**

- 6.1.** The Commissioner shall create a Committee on Informer's Rewards, or "Committee," for brevity.
- 6.2.** The Committee shall exercise exclusive authority to evaluate and act on claims for reward filed with the Bureau. Subject to existing laws, rules and regulations, the Committee shall create and maintain accurate and reasonably complete customs records on all Informers' reward granted by the Bureau.
- 6.3.** The Committee shall exercise the following duties and functions:
- 6.3.1.** Act as custodian of the DOF-approved Registry Book on Rewards,<sup>12</sup> including the Affidavit of Informer or Whistleblower and other documents relating thereto. For this purpose, the Committee shall be provided with its own office and a vault to secure all the above-mentioned documents. The Head, Committee on Informer's Reward Secretariat, "Secretariat," for brevity, shall act as the records custodian and shall ensure that all documents are properly secured and kept confidential;
- 6.3.2.** Receive and safe-keep all Affidavits of Informer or Whistleblower and all other relevant documents required in the processing of reward claims;<sup>13</sup>
- 6.3.3.** Evaluate claims for reward and recommend actions to the Commissioner including the issue of preference, amounts and all issues relative to claims of rewards, filed by persons instrumental in the discovery and seizure of Smuggled Goods;<sup>14</sup>
- 6.3.4.** Coordinate with the appropriate office of the Bureau or any other appropriate government agencies in identifying the Informers who are instrumental in the discovery and seizure of such Smuggled Goods;

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<sup>12</sup> cf. Executive Order No. 724 s. 2008, Section 3 (2) (a) (i).

<sup>13</sup> Executive Order No. 724 s. 2008, Section 3 (2) (a) (ii).

<sup>14</sup> Executive Order No. 724 s. 2008, Section 3 (2) (a) (iii).



- 6.3.5. Recommend filing of appropriate actions against persons who provided false or malicious information;
  - 6.3.6. Draft, review, and revise rules and regulations to effectively implement Section 1512 of the CMTA or other applicable laws on Informers rewards in coordination with the DOF Rewards Committee, subject to Secretary of Finance's approval.
  - 6.3.7. Study and propose measures to automate claims for rewards including the Bureau of Customs-DOF interface on reward matters;<sup>15</sup>
  - 6.3.8. Monitor the progress, status of the case, and actual revenue collected arising from the Affidavit of Informer or Whistleblower; and
  - 6.3.9. Other functions as may be assigned by the Commissioner.
- 6.4. The Committee shall be assisted by a Secretariat which shall provide administrative support to the workings of the Committee. The Members of the Secretariat shall be designated by the Commissioner, as recommended by the Chairman of the Rewards Committee. In addition, the Head of the Secretariat of the Committee is authorized to administer oath on all Affidavits of Informer or Whistleblower personally filed with the Committee.

**Section 7. Filing and Processing Claims for Reward.**

- 7.1. The Informer or claimant shall file his or her claim for reward with the Committee, attention Secretariat;
- 7.2. The Committee shall evaluate the claim and determine whether the Informer or Whistleblower is entitled to the reward as detailed in this CAO.
- 7.3. After evaluation, the Committee shall forward its recommendation of approval/denial of the claim, to the Commissioner.
- 7.4. The Commissioner shall act on the recommendation within thirty (30) days from receipt of the Committee report. Should the Commissioner find the claim meritorious, the same shall be forwarded to the Secretary of Finance for final approval.

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<sup>15</sup> Executive Order No. 724 s. 2008, Section 3 (2) (a) (iv).



Otherwise, the Commissioner shall notify the claimant/Informer or Whistleblower of the denial of the claim.

**7.5. Filing of Claims by Attorney-in-Fact or Authorized Representative.** In cases where the Informer uses an alias, filing of claims by said Informer through an attorney-in-fact or authorized representative must be supported by a special power of attorney which shall bear the left and right thumbmarks and signature or other reliable means of identification of the Informer, and the original copy of the Certificate of Information issued by the Secretariat.

**7.6. Action in Cases of False or Malicious Information.** Should the information later turn out or is proven to be false or malicious, the Bureau may file the appropriate administrative, criminal or civil action against the Informers or Whistleblowers, as the facts and circumstances may warrant.

**7.7. Conflicting Claims.**

**7.7.1.** Whenever two or more persons claim to be the Informer or Whistleblower entitled to a reward arising from the same case, the person whose Affidavit of Information was first received by the Bureau shall be entitled to the reward.

**7.7.2.** Where two or more Informers or Whistleblowers furnished the information simultaneously, all of them shall be equally entitled to the reward; and

**7.7.3.** In order that the reward may be paid to the proper person, the identity of the Informer shall be duly established by requiring him or her to present copies of his or her information and Certificate of Information issued to him or her by the Head of the Committee on Reward Secretariat to whom he or she gave the information and filed his or her claim. He or she may be required to submit additional evidence that will satisfactorily establish his or her identity.

**7.8. Period to File Claim Reward.** The claimant shall file his or her claim for reward not later than three (3) years from receipt of notice from the Committee Secretariat of the realization of the proceeds by personal or electronic service, by registered mail or any of the recognized modes of service at his or her last known address. The three-year period shall run from the date the

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claimant was notified by any means of notification mentioned above.

The Secretariat shall cause the above notification within five (5) days from notice of realization of the proceeds.


**7.9. Obligation to Provide Claimants with Pertinent Documents.** The office where the Affidavit of Informer or Whistleblower was originally filed shall, upon request, provide Informer or claimant with a sworn statement of the officer receiving the information and all pertinent documents relevant to the claim for Informer's reward.

**7.10. Rewards Payable from Proceeds Realized from Additional Assessment or Collection of Custom Duties, Taxes, Surcharges, Fines, Penalties, and Compromises.**

**7.10.1.** The office which effects confiscation, seizure, or apprehension, based from the information received shall immediately submit a report, by the fastest means available, to the Committee. The report shall include a statement that such confiscation, seizure or apprehension was the result of the information (specify registry number) and that a claim for reward is being filed. The office shall also forward to the Committee all the papers, documents and records of the cases including a copy of the Affidavit of Informer or Whistleblower, together with its comment and recommendation.

**7.10.2.** The findings and recommendations of the Committee on Rewards shall be accompanied by the Statement of Revenue Collections issued by the port concerned attesting that revenues were collected arising from the settlement, redemption or auction of goods seized based on the information supplied by the Informer. Said Statement of Revenue Collection must be supported by the certification from the Revenue Accounting Division certifying that the revenues collected were deposited with the National Treasury.

**7.10.3.** The Bureau shall automatically separate the twenty percent (20%) Informer's reward from the collected Additional Revenues which shall be deposited with the

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National Treasury and recorded as trust receipts in accordance with E.O. 338, s. 1996.<sup>16</sup>

**7.10.4.** The Accounting Division, in coordination with the Revenue Accounting Division, shall request from the Bureau of Treasury a Certification of deposited collection intended for Informer's Reward.

**7.11. Payment of Rewards.** Payment shall be made only upon identification of the Informer or claimant or Whistleblower. The amount shall be given personally to the Informer upon presentation and verification of the sealed copy of information, copy of his or her claim and receipts given to him or her by the Bureau.

Rewards not claimed within one (1) year after its approval shall be deemed forfeited in favor of the government.

**7.12.** In case of death of claimant after proper identification for purposes of payment of reward by the Committee, said reward shall form part of his or her estate, to be paid in accordance with the laws on succession.

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The running of period to claim the reward provided under Section 7.11 of this CAO shall be tolled upon receipt of the Committee of any notification of the claimant's fact of death by the administrator, executor or any person who appear to have successional rights to the estate of the claimant.

**Section 8. Monitoring of Reward.** The Bureau shall establish an efficient mechanism using ICT-based systems to properly record and monitor the amount set aside for Informer's Reward vis-à-vis the number and amount of approved claims, including other reportorial requirements.

**Section 9. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

**Section 10. Repealing Clause.** This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

**Section 11. 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 12. Effectivity.** This CAO shall take effect thirty (30) days after its complete publication in the Official Gazette or a newspaper of general circulation.

<sup>16</sup> cf. General Appropriation Act of 2019, Bureau of Customs, Special Provisions, No. 4.



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



**REY LEONARDO B. GUERRERO**  
Commissioner of Customs

APPROVED:



**CARLOS G DOMINGUEZ**  
Secretary of Finance



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