



September 15, 2010

CUSTOMS ADMINISTRATIVE ORDER
NO. 7-2010

**SUBJECT : RULES AND REGULATIONS GOVERNING
CUSTOMS OPERATIONS IN THE FREEPORT
AREA OF BATAAN**

By authority of the Revised Administrative Code of 1987 and Section 608 of the Tariff and Customs Code of the Philippines, as amended, in relation to Republic Act No. 9728, the following Rules and Regulations are hereby promulgated:

Chapter I. GENERAL POLICY

In the pursuit of accelerating and regulating the operations and other activities in the Freeport Area of Bataan (AFAB), adoption of specific rules and regulations in order to govern and facilitate the free flow, entry and movement of machinery, raw materials and other articles thereof without sacrificing effective customs control is deemed imperative.

Chapter II. DEFINITIONS

The following terms used in these Rules and Regulations are hereby defined as follows:

- 1.1 ACT - shall refer to Republic Act No. 9728, otherwise known as the Freeport Area of Bataan (FAB) Act of 2009.
- 1.2 ARTICLES - refer to any goods, wares, merchandise and in general anything that may under the Tariff and Customs Code of the Philippines, as amended, be made the subject of importation or exportation.
- 1.3 AUTHORITY OF THE FREEPORT AREA OF BATAAN (AFAB) - is the Zone Authority authorized under the Act to manage and operate the FAB.
- 1.4 CONTAINER - is the outer container in which merchandise is held for storage or transportation and not an inter-modal container covered by the Customs Convention on Containers done at Geneva on December 02, 1972, unless otherwise indicated.
- 1.5 CUSTOMS - shall refer to the Philippine Bureau of Customs.

- 1.6 CUSTOMS CLEARANCE AREA (CCA) – an area provided and delineated, pursuant to Administrative Order 296, by the AFAB to be operated/managed by Customs which shall be the clearing and processing center for the goods and cargoes entering the FAB from the Customs territory and for goods and cargoes which are transported from the FAB into the Customs territory.
- 1.7 CUSTOMS TERRITORY – refers to the area of the Philippines separate from the FAB where the customs laws are in force and effect.
- 1.8 DOMESTIC ARTICLES – articles which are grown, produced or manufactured in the Philippines on which all national internal revenue taxes have been paid, if subject thereto, and upon which no drawback or bounty has been allowed; and articles of foreign origin on which all duties and taxes have been paid and upon which no drawback or bounty has been allowed, or which have previously been entered into the Customs Territory free of duties and taxes.
- 1.9 FAB – the Freeport Area of Bataan referred to under the Act.
- 1.10 FOREIGN ARTICLES – articles of foreign origin on which duties and taxes have not been paid, or, if paid, upon which drawback or a bounty has been allowed, or which have previously not been entered into Customs Territory; or articles which are grown, produced, or manufactured in the Philippines on which not all national internal revenue taxes have been paid, if subject thereto; or paid upon which drawback or bounty has been allowed.
- 1.11 IMPORT PERMIT – the authority issued by the AFAB to the locators/residents, allowing the importation of specific foreign articles into the FAB.
- 1.12 LOCATOR /ENTERPRISE – any sole proprietorship, partnership, corporation or entity duly registered with the AFAB, unless otherwise indicated, to do business in the secured area of FAB, whether or not for profit.
- 1.13 REGULATED ARTICLES – articles of importation which require authority from the concerned government regulatory agency(ies).
- 1.14 PERSON – a natural person who brings merchandise into, possesses merchandise in, or takes merchandise from the FAB, whether or not a resident of the FAB.
- 1.15 POINTS OF ENTRY OR EXIT – refers to any place designated by the Authority of the Freeport Area of Bataan (AFAB), the Department of Finance/Bureau of Customs, where articles may be lawfully introduced into or removed from the secured area of the FAB.

- 1.16 PROHIBITED ARTICLES - articles the importation of which is prohibited by law.
- 1.17 RESIDENT - refers to those individuals and members of their immediate family who: (a) are registered and authorized by AFAB to establish and maintain a personal residence in the secured area of the FAB and are actually residing on a permanent basis within the secured area of the FAB by virtue of domicile or employment; or (b) have qualified investments of at least US \$150,000 or its equivalent in the FAB and have continuously stayed within the secured area of the FAB for a period of at least one hundred eighty (180) days.
- 1.18 RETAIL SALE - the sale of articles in the FAB in small non-commercial quantities to a person for his own personal use and account and not for sale.
- 1.19 RULES AND REGULATIONS - unless otherwise specified, the regulations issued by AFAB to implement the ACT.
- 1.20 SELECTIVITY - an automated system for the risk profiling/assessment of shipments discharged at the FAB based on previously determined risk criteria. The system automatically assigns the risk level of a particular shipment by color codes, as follows:
- 1.20.1 Green Lane - low risk where shipments can be admitted without any kind of inspection.
- 1.20.2 Yellow Lane - medium risk where documentary inspection is required prior to the admission of shipments.
- 1.20.3 Red Lane - high risk where inspection of documents and physical examination of goods are required.
- 1.21 SECURED AREA - the area in the FAB designated by the AFAB, in consultation with the Department of Finance/Bureau of Customs, within which there shall be unimpeded, tax/duty-free flow of goods and articles and may be expanded jointly by the AFAB, the Department of Finance/Bureau Of Customs and the Department of Interior and Local Government from time to time, with a resolution of concurrency of the affected local government units, as the requirements of the business in the FAB may demand or permit.
- 1.22 TCCP - the Tariff and Customs Code of the Philippines, as amended.
- 1.23 WITHDRAWAL PERMIT - the authority signed/issued by BOC and AFAB allowing the removal of specified foreign articles from the FAB into Customs Territory.

Chapter III. SCOPE

This Order shall cover all foreign shipments / articles entered into or removed from the secured area of the FAB.

Chapter IV. GENERAL PROVISIONS

A. AUTHORITIES AND RESPONSIBILITIES

1. As to the AFAB

- a. Operates/ manages the FAB, pursuant to the Act and its implementing rules and regulations, as well as to the provisions of this Order.
- b. Implements its own procedures to ensure the free flow and movement of articles into, within, and out of the FAB secured area, provided that the foreign articles shall be entered into/removed from the FAB secured area in accordance with this Order;
- c. Issues Import Permits and Withdrawal Permits as prescribed in this Order;
- d. Maintains/Keeps true and updated records of articles entering into and leaving the FAB secured area and of all customs transactions made with regard to activities in the FAB, for submission, periodically or as required, to the Commissioner of Customs.

2. As to CUSTOMS

The Customs in the ECOZONE shall, as a unit of the Bureau of Customs, Department of Finance, working in coordination with the SBMA-Bataan, be responsible for:

- a. Supervising and administering Customs operations involving the admissions/ removal of articles into/from the FAB secured area, and other Customs Operations as determined by the Commissioner of Customs in coordination with the Chairman/President of the AFAB.
- b. Applying the Selectivity Scheme in the processing of foreign shipments and articles brought into the FAB secured area and issues Alert / Hold Orders and/or Warrant of Seizure and Detention (WSD) against said shipments/articles, as may be warranted, in accordance with existing rules and regulations.
- c. Establishing and maintaining customs offices within the secured area wherever necessary to efficiently conduct Customs operations therein, including the setting up of the

Customs Clearance Area (CCA) and Customs checkpoints at the point of entry/exit of the FAB secured area.

- d. Maintaining and keeping of true and updated records of goods entering and exiting from the Secured Area of the one and all customs transactions made with regard to the activities therein and for periodic submission to the Commissioner of Customs.

B. SEARCH, SEIZURE AND ARREST

Customs, in coordination with the AFAB, shall enforce all customs laws, rules and regulations within the FAB, as follows:

- a. Persons, baggage, vehicles and cargoes entering or leaving the FAB secured area are subject to search by Customs as a requirement of the exercise of police power to deter and prevent the commission of any violation against the customs laws, rules and regulations. For this purpose the points of entry/exit at the FAB secured area shall be equipped with adequate facilities to pull aside vehicles/ passengers or hold stored/seized articles entering or leaving, or to assess and collect taxes and duties due thereon.
- b. Upon specific authority of the Commissioner of Customs, or of the Collector of the Customs who has jurisdiction over the FAB, the designated customs officials, in the presence and with the assistance of AFAB officials/ representatives, may at any time:
 - i. Pass through, search or enter any land or enclosure, or warehouse, store or building, except a dwelling house inside the FAB.
 - ii. Go on board any vessel or aircraft within the FAB to:
 1. inspect, search and examine said vessel/ aircraft and any truck, package, box or envelope on board;
 2. search any person on board the said vessel or aircraft if under way;
 - iii. Necessary force may be used to compel compliance, and if it shall appear that any breach or violation of the customs and tariff laws of the Philippines has been committed, whereby or in consequence of which such vessel or aircraft, or the article or any part thereof on board of or imported by such vessel/ aircraft has become subject to forfeiture, to make seizure of the same or any part thereof.
- c. Prohibited articles and those not covered by Import Permit during the search or any examination, audit or check of articles by Customs may be seized by the Customs for violation of the

tariff and customs laws, rules and regulations and disposed of in accordance with law.

- d. Where authorized under the law, Customs may arrest persons entering/leaving the FAB secured area. Arrest within the FAB shall be made with the assistance and in the presence of AFAB officials/representatives.

C. INVENTORY, AUDIT AND RECORD-KEEPING

- a. At the end of its business year, each locator/enterprise shall conduct an annual physical inventory of all articles in its premises and possession within the FAB, and reconcile the discrepancies, if any such reconciliation shall be made and report the same to the AFAB on an AFAB-prescribed form, copy furnished the Collector of Customs, within ninety (90) days after the end of the business year, along with any payment of duty/tax shortages or for excess importations/deliveries.
- b. Locator/enterprises bringing articles into the FAB secured area are responsible for keeping records of the permits, receipts, sales transfers, deliveries, and removals from the FAB secured area of said articles, and for maintaining on a current basis the accounts and inventory records of the articles brought into the FAB secured area in accordance with the generally-recognized accounting principles and standards of the Republic of the Philippines.
- c. The records shall provide an audit trail of the articles from the time of their receipt by the locator/enterprise in the FAB to the time the locator/enterprise is relieved of responsibility over the articles pursuant to existing rules and regulations
- d. Such records shall be kept for five (5) years. If the record-keeping system of a locator/enterprise has been impaired to the point where no effective check, audit or inventory can be made by the AFAB, Customs, Bureau of Internal Revenue, or other authorized office, the AFAB may order the suspension of that enterprise's Certificate of Registration. For its part, the locator/enterprise shall provide authorized officials of the AFAB, Bureau of Internal Revenue, or any other government agency access to articles in the FAB that are in its premises and possession, and to records pertaining thereto.
- e. Authorized officials of AFAB and Customs shall, at any time during office hours, jointly check or conduct an audit or inventory count of the accounts or records of any locator/enterprise for purposes of verification and/or reconciliation.

D. BOARDING FORMALITIES

Regulations and procedures for the arrival formalities and clearance of aircraft/vehicles calling directly at the FAB shall be the same as those observed in the Customs Territory.

E. ADMISSION AND RECEIPT INTO THE ZONE

- a. Importable Articles. Any kind or class of articles, except those prohibited under Philippine laws, may be admitted into the FAB in accordance with this Order.
- b. Prohibited Articles. Prohibited articles and those not covered by an Import Permit, shall be proceeded against pursuant to the pertinent provisions of the TCCP, as amended, and this Order.
- c. Import Permit Required. Except as herein provided, raw materials, capital goods, consumer items and other foreign articles may be brought, free of tax and duty, into the FAB by locators/enterprises/residents, either by direct unloading at the FAB from abroad, or through a Port Discharge/Unloading in Customs Territory, or from a CBW, PEZA locator or other special economic zones; provided that said articles are not prohibited and are covered by the corresponding Import Permit duly issued by the AFAB.
- d. No Import Permit Required. No Import Permit shall be required for the admission of foreign articles to the FAB secured area for the following:
 - i. Any article of foreign origin valued at less than Five US Dollars (US \$5.00);
 - ii. Any personal effect of FAB residents or FAB locators valued at less than One Hundred Dollars (US \$100.00);
 - iii. Articles of delivery to a vessel or aircraft for loading and exportation to a foreign country;
 - iv. Domestic articles, subject however to the presentation to customs of the covering commercial invoice or similar document describing the articles in commercial items, along with a declaration that the articles are domestic articles as per Customs regulations in force in the Customs Territory.

Chapter V. OPERATIONAL PROVISIONS

A. APPLICATION FOR ADMISSION INTO FAB

- a. Applicant(s). The application for admission of foreign articles to the FAB secured area shall be made by or on behalf of the locator/ enterprise or its duly authorized representative. The consignee shown on the bill of lading or airway bill, or the

addressee shown on mail packages, will be considered to be the owner purchaser, unless another person or firm presents evidence satisfactory to Customs that it is the true owner or purchaser thereof, or that it is requesting admission on behalf of and at the specific request of the owner or purchaser. A person who has authority to sign the documents on behalf of the owner purchaser may prepare the application. A resident in the FAB or other person having possession of articles accompanying them upon arrival in the FAB shall be considered the owner or purchaser of the articles.

- b. Applicant Other Than Consignee. If the applicant is not the person / enterprise shown as the consignee in the Import Permit or in the other shipping documents, the admission application shall be accompanied by evidence satisfactorily showing that the applicant is filing the application on behalf of the consignee/importer.
- c. Customs Broker. Customs brokers that are engaged to represent a locator/ enterprise/resident must be duly licensed by the Collection District which has jurisdiction over the FAB.
- d. Application Form. The admission application shall be made on an AFAB-prescribed form that shall provide the name of the registered owner, the shipment's source of goods/country of origin, its value and description, which shall be accomplished according to the convention provided under CAO 8-2007 as implemented by CMO 28-2007.

B. PRESENTATION AND REVIEW OF ADMISSION DOCUMENTS

- a. Presentation to Customs. The admission application shall be presented at the Customs office at the FAB secured area along with the Import Permit duly issued by the AFAB, and the pertinent commercial/shipping documents, such as, bill of lading/airway bill and packing list.
- b. Review of Admission. Upon arrival of the foreign articles at the FAB, the pertinent/required admission documents shall be submitted to the Customs office for verification as to the authenticity, accuracy and completeness of the admission documents.
- c. Stationing at CCA. While Customs is in said verification process, the goods/articles being applied for admission into the FAB secured area shall be brought to the CCA.

C. EXAMINATION

- a. When Subject to Examination. For purposes of admission into the FAB and for other purposes provided elsewhere in this Order, all foreign articles including transshipments and return

shipments destined for the FAB shall not be subject to examination except:

- i. Under the automated Selective Scheme or, if not yet in place, under a program of random check which shall be established by Customs;
 - ii. Under the Alert/Hold Order system issued in accordance with existing rules and regulations;
 - iii. When the Commissioner has reason to believe that there has been a violation of this Order and other customs laws and regulations.
- b. In Customs Clearance Area. If an examination is required, the same shall be conducted in the CCA, unless the applicant requests the examination to be conducted in its premises for justifiable reasons, subject to the approval of the Collector of Customs.
- c. If Not Subject to Examination. If the articles are not subject to examination, or if no discrepancy/irregularity that would warrant their detention is discovered during the examination, Customs shall check the condition of the vehicle delivering the articles to the applicant's premises and the seals affixed thereto. Irregularities, if any, shall be noted on the admission documents and the cargoes shall be proceeded against accordingly. If in order, Customs shall allow the delivery of the cargoes to the applicant's premises inside the FAB.

D. REMOVAL OF ARTICLES FROM FAB

- a. Various Types of Removal. Articles inside FAB secured area may be removed therefrom for any of the following purposes:
- i. direct exportation abroad;
 - ii. for exportation abroad through a port of loading/exportation within Customs Territory;
 - iii. for transfer to a CBW, PEZA locator or other ecozones;
 - iv. for temporary transfer to a Customs Territory, in which case the same shall be returned to the FAB secured area as prescribed herein;
 - v. for consumption in Customs Territory.
- b. Withdrawal Permit Required. Except as specified, articles, materials, capital goods, equipment and consumer items shall not be removed from the FAB secured area without the Withdrawal Permit Issued by the AFAB and approved by BOC. The Withdrawal Permit shall be in the form prescribed by the

AFAB and shall indicate the purpose of the removal as specified in 7.1.

- c. No Withdrawal Permit Required. Domestic articles, including those manufactured, blended or combines with foreign articles outside FAB and thereafter admitted into the FAB, may be removed from the FAB without a Withdrawal Permit, provided the person or Enterprise presenting such articles for removal from the FAB surrenders to Customs the following:
 - i. a declaration that the articles are domestic articles and thus exempted from the permit requirements; and
 - ii. a commercial invoice or similar document describing the articles in commercial terms.
- d. Cancellation of Withdrawal Permit. Articles for which a Withdrawal Permit has been issued shall, within seven (7) calendar days from said issuance, be physically removed from the FAB, otherwise said Withdrawal Permit shall be deemed cancelled, in which case the Locator/enterprise concerned shall re-assume responsibility for said Article.

E. EXPORTATION

- a. Various Types of Exportations. Articles may be exported from the FAB in accordance with customs rules and regulations and this Order, as follows:
 - i. Direct from the FAB unto the carrying vessels/aircraft at the FAB;
 - ii. From FAB through a Port of Loading in Customs Territory;
 - iii. From Customs Territory for loading onto vessels/aircraft at the FAB.
- b. No Customs Examination. Except when subject of an Alert/Hold Order, articles in the process of/destined for exportation are not subject to Customs examination. While inside the FAB or at the port of exportation in Customs awaiting to be loaded on the exporting carrier, the holding containers shall be kept unopened, evidenced by the unbroken Customs and/or the FAB shipper's seal.
- c. Exportation from Customs Territory through FAB.
 - i. Foreign or domestic articles from the Customs Territory may be brought into the FAB, provided the loading of said articles unto the exporting vessels/aircraft shall be supervised by Customs to ensure their exportation.
 - ii. If not exported or returned to the Customs Territory within three (3) months from arrival at the FAB, said

articles shall be deemed abandoned and shall be turned over to Customs for disposal in accordance with law. All expenses incurred by the AFAB in connection therewith shall be reimbursed from the proceeds of the disposed articles to the extent allowed by law, rules and regulations.

F. TRANSFER/TRANSSHIPMENT TO/FROM FAB

- a. Various Types of Transshipment/Transfer. Movements of shipments/articles to/from FAB from/to the Ports of Discharge/Loading, CBWs, PEZA locators and other ecozones and other areas in the Customs Territory, including temporary transfers as provided in this Order, shall be undertaken in accordance with existing transshipment procedures applicable in the Customs Territory.
- b. Customs Supervision and Control. Such transshipments shall be under Customs supervision and control as required by existing laws and regulations. For this purpose, Customs shall establish controls, such as escorts, gate passes, seals and/or other devices to ensure that the articles are duly and properly removed from the FAB and shall not be pilfered in transit or diverted into the domestic market.
- c. Examination of Transshipments. Articles under transshipment shall upon arrival at the FAB, be subject to the examination provision under this CAO. In case a transshipment to FAB from a Port of Discharge in Customs Territory has been subjected to examination pursuant to a selectivity Scheme on Alert/Hold Order System in the Port of Discharge, said transshipment may no longer be subject to the examination provision under this CAO, unless there is a valid reason to the contrary.
- d. Markings. Containers of articles subject to transfer/transshipment shall be marked to show both the origin and destination of the shipment, as follows:
 - i. To FAB: "SHIP TO FAB, FROM (name of PORT OF DISCHARGE/CBW/PEZA/OTHER ECOZONE/LOCATOR / OTHERS)"
 - ii. From FAB: "SHIPPED FROM FAB, TO (NAME OF PORT OF LOADING/CBW/PEZA/OTHER ECOZONE/ LOCATOR/ OTHERS)"
 - iii. Temporary Transfers: "TEMPORARY TRANSFER FROM FAB TO (CBW/PEZA/OTHER ECOZONE/LOCATOR/ OTHERS)" or "RETURN TO FAB FROM (CBW/PEZA/OTHER ECOZONE LOCATORS/ OTHERS)", whichever is appropriate and applicable.

- e. Registered Carriers. Foreign articles inside the FAB may be transferred to the Customs Territory using the vehicle of the FAB enterprise concerned or a carrier duly licensed/accredited by the AFAB for a carriage within the FAB.
- f. Bonded Carriers. Carriers who undertake to transship foreign articles from/to FAB shall be bounded in an amount to be determined by the AFAB which in no case shall be less than Fifty Thousand Pesos (P50,000.00).
- g. Proof of Exportation. The admission into the FAB of articles transshipped from a CBW/PEZA/other ecozone/areas in Customs Territory other than the Port of Discharge as approved by Customs in the admission documents and the acceptance, receipt or acknowledgement thereof by a locator/enterprise shall serve as proof of exportation for purpose of determining/granting claims on drawbacks/zero-rating, subject to compliance with the applicable laws rules and regulations.

G. TEMPORARY TRANSFER TO CUSTOMS TERRITORY

Articles in the FAB may be removed temporarily from the FAB to the Customs Territory for repair, restoration, testing, production process and such other services not available/accessible inside the FAB and upon completion of the purpose for the transfer, said articles shall be returned to FAB, subject to the rules and regulations applicable in the Customs Territory and as herein provided:

- a. Withdrawal Permit for Temporary Transfer. A person or enterprise with a Withdrawal Permit for Temporary Transfer shall present to Customs, for review and examination, the application for temporary transfer in the form prescribed by the AFAB for the purpose.
- b. Certificate of Identification. In approving the temporary transfer, Customs shall issue a Certificate of Identification (CI) describing the articles allowed for temporary transfer and the place/facility in Customs Territory where the goods shall be brought temporarily.
- c. Examination of Temporary Transfer. Articles under Temporary Transfer shall be subject to the examination provision in 9.1 just as when said articles are returned to the FAB.
- d. Prescriptive Period. The articles shall be allowed to remain outside the FAB for a period of not more than four (4) months from the issuance of the Withdrawal Permit for Temporary Transfer, unless the period is extended for another four (4) months by the AFAB for valid reason(s).
- e. When Not Returned to FAB. If not returned within the 4-month period, or within the period of extension, or if transferred for other purposes, the articles shall be considered to have been

removed for consumption without proper authority and, thus, shall be subject to duties/taxes and such other liabilities prescribed under TCCP and in this Order.

- f. Payment of Taxes/Duties. While in temporary transfer status, the article may not be entered into Customs Territory for consumption unless the proper Withdrawal Permit for Consumption is first secured and the applicable duties and taxes are paid in accordance with existing laws, rules and regulations.
- g. Cancellation of Withdrawal Permit for Temporary Transfer. Upon the return of the articles to the FAB, the Withdrawal Permit for Temporary Transfer and the subject articles shall be presented to Customs for examination and review. In the case of those that have not violated the conditions/requirements of their temporary transfer, the Withdrawal Permit for Temporary Transfer shall then be cancelled and the locator/enterprise concerned shall reassume responsibility of the articles as foreign articles.
- h. Markings. The containers of articles subject of temporary transfers should be properly marked to show the origin and destination of the Articles as provided in Section 7.7.

H. REMOVAL/TRANSFER FOR CONSUMPTION

- a. Subject to Taxes/Duties. Foreign articles or domestic articles containing foreign components may be removed from FAB and brought to Customs Territory for consumption provided that they do not exceed the threshold allowed/ permitted under existing laws, rules and Regulations, and subject to payment of taxes/duties in accordance with Customs laws and regulations and with this Order. Thus, said articles shall also be subject to the examination provision in under this COA.
- b. Tariff Classification. The classification of foreign articles, whether or not they have been manufactured, blended or otherwise combined with domestic articles, shall be determined according to the nature, condition or make up of such article at the time of the removal from the FAB secured area into the Customs Territory; and the corresponding tariff rate shall be applied accordingly.
- c. Valuation. The value of foreign articles, or foreign articles components on which ad valorem duties and taxes are assessed, shall be determined on the basis of the transaction that brought such articles from FAB to the Customs Territory applying the existing valuation system as per Sec.201, TCCP, as amended by RA 9135 and implemented by CAO 5-2001 and CMO 37-2001 and their amendments, minus the cost of any domestic article components of the entire article.

I. TREATMENT OF MOTOR VEHICLES/ WATERCRAFT/ AIRCRAFT

- a. For Use By Locators/Residents. The registration/ use inside and outside FAB of motor vehicles, watercraft and aircraft brought, free of duties and taxes, by locators/residents into the FAB shall be subject to separate rules and guidelines, and such other rules and regulations as may hereafter be formulated by concerned agencies, including the AFAB and Customs, the Bureau of Internal Revenue (BIR) and the Land Transportation Office (LTO) of the Department of Transportation and Communication (DOTC) in case of vehicles, and the Civil Aeronautics Board and/or the Air Transportation Office in the case of Aircraft.
- b. Removal/Transfer into Customs Territory. Tax/duty-free motor vehicles, watercraft and aircraft brought into Customs Territory shall be subject to tax/duty payments based on the methods of valuation as provided under the TCCP, as amended.
- c. Supporting Documents

The Customs entry filed on subject motor vehicle shall be supported by the following documents:

- i. Withdrawal Permit for Consumption issued by the AFAB allowing the removal/transfer of subject vehicle from the FAB to the Customs Territory;
- ii. When applicable, Notice of Award or equivalent document, in the case of public auction sale, or a Deed of Sale, in the case of private sale, indicating the auctioneer/seller and the winning bidder/buyer, as the case may be, and the price the motor vehicle was won or sold. Both Notice of Award and Deed of Sale shall be duly subscribed and sworn to.

J. TREATMENT OF CONSUMER ITEMS

- a. Retail Sale of Consumer Items. The retail sale of tax/duty-free consumer items by duly authorized retail stores within the FAB to Overseas Filipino Workers, Balikbayan and local and foreign tourists shall be allowed in accordance with existing/applicable rules and regulations. Locators/residents and non-residents may be allowed to retail-purchase such items, provided these are consumed within the FAB. For this purpose, all packages shall be opened and duly marked at the point of purchase. Stores shall be subject to the joint regulation of Customs and the AFAB to ensure proper accounting of imports and sales.
- b. Exportation of Consumer Items. Consumer items purchased by foreign tourists and FAB residents may be exported provided

these are brought along by them prior to their departure to a foreign country from a designated port of exit, on board a vessel/aircraft in accordance with the following guidelines:

The itemized listing provided by the retail seller under the provision of this CAO shall contain the AFAB Withdrawal Permit to Export and the customs export documentation for the articles.

Persons who board vessels/aircraft in the Customs Territory shall present to Customs at the point of exit the following:

- articles to be exported from FAB;
- itemized listing provided by seller; and
- A declaration of any foreign articles consumed in the sealed FAB.

The articles to be exported shall be placed in a sealed container provided by the seller of the articles.

The seller will be responsible for the delivery of the merchandise, under the supervision of the Customs, to the purchaser in the Customs Territory up to the time of departure of vessel/aircraft; and for the payment of any duties, taxes or penalties due on any merchandise that is not properly delivered and exported.

Chapter VI SPECIAL PROVISIONS

- A. Mail Matters. Articles arriving by mail or parcel at a postal facility within the secured area of FAB shall be released by Customs after completion of the required admission procedure, for delivery by postal officials to the addressee.
- B. Vessel Fuel, Equipment and Supplies. Foreign articles or articles that are reasonably necessary for the use of the vessels/aircraft calling at the FAB or otherwise engage in foreign trade, may be delivered free of duties and taxes to said aircraft/vessels for consumption on board by the crew/passengers; or for use as fuel or as equipment, or for repair; in the quantity/volume as may be authorized under the laws and regulations currently in effect in Customs Territory. The articles shall be considered transferred/removed from the FAB upon signature or receipt of the articles by an authorized official of the aircraft/vessel intending to use them.
- C. Domestic Articles Treated as Foreign Articles. Domestic articles that have lost their identity as such in the FAB shall be considered/treated as foreign articles if, at the time of transfer to the Customs Territory, they cannot be identified by Customs as domestic articles upon examination or after consideration or proof presented by the locator/enterprise, including accounting and inventory records.

- D. Re-imported Articles. Foreign articles previously exported from the FAB to a foreign country and subsequently re-imported through a port of Discharge, CBW, PEZA locator or another ecozone in the Customs Territory, may be admitted into the FAB as foreign articles.

Chapter VII PENALTIES

Any person or enterprise found to have violated any provision of the act of this Administrative Order shall be subject to the pertinent penal provisions of the Tariff and Customs Code of the Philippines, as amended.

Chapter VIII REPEALING CLAUSE

All orders, memoranda, issuances not consistent herewith are deemed repealed, modified or amended accordingly.

Chapter IX EFFECTIVITY

This Administrative Order shall take effect fifteen (15) days after publication.

Certified copies of this Customs Administrative Order shall be submitted to the UP Law Center pursuant to Book VII, Chapter 11, Section 3 and 4 of the Revised Administrative Code of 1987.


ANGELITO A. ALVAREZ
Commissioner


Approved:


CESAR V. PURISIMA
Secretary
001061

Date Signed: _____