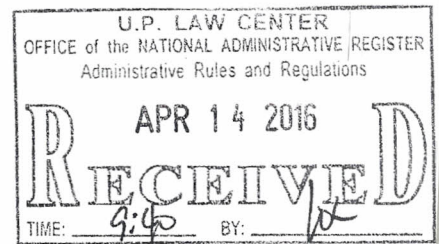




Republic of the Philippines
Department of Finance
Bureau of Customs
1099 Manila



CUSTOMS MEMORANDUM ORDER
NO. 7-2016

**SUBJECT : RULES FOR THE IMPORTATION OF MVDP PARTICIPANTS
LOCATED INSIDE ECOZONES**

I. Objectives

- 1.1 To provide procedure for the importation of completely knocked-down (CKD) vehicles by participants in the Motor Vehicle Development Program (MVDP) located inside Philippine Export Zone Authority (PEZA) areas.
- 1.2 To establish specific rules in the treatment of CKDs and finished products/completely built units (CBU) relative to the imposition of duties and taxes thereon.
- 1.3 To level the playing fields between and among the MVDP participants.
- 1.4 To facilitate trade.

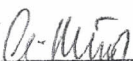
II. Scope

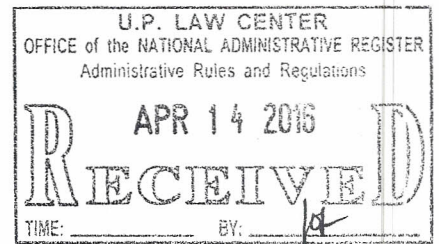
This covers the importation of CKDs of MVDP participants which are, at the same time, PEZA registered enterprises and having vehicle manufacturing facilities inside ecozones.

III. General Provisions

- 3.1 Participant shall refer to an enterprise duly qualified and registered with the BOI under the MVDP pursuant to the provisions of E.O. 156 and its implementing rules and regulations.
- 3.2 PEZA export enterprise shall refer to entity duly registered with PEZA pursuant to the provisions of R.A. No. 7916 and its implementing rules and regulations.
- 3.3 Factory enterprise shall refer to an entity registered as both a participant and a PEZA export enterprise.
- 3.4 The factory enterprise may import CKDs as raw materials either as a participant or a PEZA export enterprise, with the applicable procedure on a specific importation depending on the program under which they are being imported.
- 3.5 Existing procedure, rules and regulations applicable to the importation by the participants of MVDP and PEZA export enterprises, not inconsistent with this order shall remain in full force and effect

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Alexander C. Montemayor
Admin Officer V
CRMD - BOC



IV. Operational Provisions

Importation of MVDP Participant

- 4.1 A factory enterprise shall be accredited with the BOC as importer/participant upon submission of a Certificate of Registration from the BOI and all other necessary documents to qualify for accreditation.
- 4.2 Should a factory enterprise elect to avail of the privileges granted to a participant in its importation of CKDs, it should, prior to the importation, secure a Certificate of Authority (CA) to import (the subject shipment) from the BOI and submit the same to the BOC upon processing of the release of the importation.
- 4.3 Payment of appropriate duties and taxes shall be required to secure the release of importation under the MVDP subject, however, to preferential rate provided under the program.

Importation of PEZA Export Enterprise

- 4.4 To avail of the benefits accorded the PEZA export enterprise, the factory enterprise shall register as such with the BOC upon submission of the required documents and payment of appropriate fee.
- 4.5 All importation of a factory enterprise not covered by a Certificate of Authority to import from the BOI shall be treated as an importation of a PEZA export enterprise, and shall be subject to the rules governing PEZA locators.
- 4.6 Completely-built units (CBUs), assembled from imported CKDs by factory enterprise as PEZA export enterprise, shall, upon withdrawal for local consumption be assessed the corresponding CKD tariff rates, provided, the withdrawal for local consumption shall not exceed the threshold or permitted for such withdrawal pursuant to existing laws, rules and regulations.
- 4.7 In case of withdrawal for local consumption in excess of what is allowed under the existing laws, rules and regulations, the units withdrawn shall be assessed the corresponding tariff rates for CBUs.

V. Repealing Clause

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

VI. Effectivity

This Order shall take effect immediately.

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A. Montemayor
Alexander C. Montemayor
Admin Officer V
CRMD - BOC

[Signature]
ALBERTO D. LINA
Commissioner



MAR 28 2016