



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

MEMORANDUM

TO : All District Collectors  
Deputy Collectors for Assessment  
Chiefs, Law Division  
Chiefs, Formal Entry Division/ Assessment Unit  
All Others Concerned

SUBJECT : Application of Section 1400 of the CMTA (surcharge)

DATE : 06 March 2017

This is to clarify the application of Section 1400, in due consideration to the concern raised by some of our stakeholders in its implementation. To avoid confusion, please be guided accordingly:

1. The rules on the non-imposition and imposition of 250% surcharge for undervaluation, misclassification and misdeclaration as stated in Section 1400 shall be followed;
2. The application of the last paragraph of Section 1400 shall be temporarily suspended pending the clarification with Congress on their legislative intent., viz:

“When the misdeclaration, misclassification or undervaluation is intentional or fraudulent, such as when a false or altered document is submitted or when false statements or information are knowingly made, a surcharge shall be imposed equivalent to five hundred percent (500%) of the duty and tax due and that the goods shall be subject to seizure regardless of the amount of the discrepancy without prejudice to the application of fines or penalties provided under Section 1401 of this Act against the importer and other person or persons who willfully participated in the fraudulent act”

The suspension of its application shall be without prejudice to the application of Sections 1113 and 1402 of the CMTA in case of intentional or fraudulent misdeclaration, misclassification or undervaluation.

Please be guided accordingly.

  
NICANOR E. FAELDON  
Commissioner



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