



JUL 21 2003

**CUSTOMS ADMINISTRATIVE ORDER**  
NO. 3-2003

**SUBJECT: ESTABLISHMENT, OPERATION AND CONTROL OF  
SPECIAL CUSTOMS BONDED CONVERSION FACILITY**

By authority of Sec. 608 of the TCCP, as amended, the following rules and regulations governing the establishment, operation, supervision and control of a Special Customs Bonded Conversion Facility (SCBCF) are hereby promulgated.

**1. OBJECTIVES**

- 1.1 To put up the administrative and operational structures for government to realize the commercial value of seized/forfeited RHDs in the possession of the Bureau of Customs (PoC);
- 1.2 To establish secured and complete facilities for the conversion of seized/forfeited Right-Hand Drive Vehicles (RHDs) to Left-Hand Drive Vehicles (LHDs);
- 1.3 To allow for the speedy and systematic processing in the transfer of seized/forfeited RHDs after their sale at public auction from port premises to an accredited SCBCF for conversion to LHDs;

**2. GENERAL PROVISIONS**

**2.1 Establishment of Special Customs Bonded Conversion Facility**

- 2.1.1 A motor vehicle repair shop accredited by the Department of Trade and Industry (DTI) and the Land Transportation Office (LTO) to convert RHDs into LHDs shall be established as a Special Customs Bonded Conversion Facility (SCBCF), pursuant to Sec. 1901 of the Tariff and Customs Code of the Philippines (TCCP), subject to the approval of the Commissioner of Customs.

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- 2.1.2 The facility shall be established for a specific duration, for the sole purpose of providing a secure and complete shop for the conversion of seized/forfeited RHDs to LHDs after they have been successfully auctioned off prior to their final delivery to the winning bidders/owners.
- 2.1.3 To be accredited as a SCBCF, said facility shall pay an annual registration fee of PHP25,000 to the Bureau of Customs; and post a general bond of PHP300,000 to guarantee the payment of fines and other surcharges for violation of any regulation governing its operation.
- 2.1.4 Unless the Commissioner directs otherwise, the District Collector having jurisdiction shall assign such number of BoC personnel as may be necessary to supervise the operation of the SCBCF. The SCBCF owners/operators shall allow the BoC personnel assigned thereat unhampered access to their facility as may be required.

**3. SPECIFIC PROVISIONS**

**3.1 Application**

- 3.1.1 An application for the establishment/accreditation of a SCBCF shall be filed with the District Collector, thru the Deputy Collector for Operations, subject to the approval of the Commissioner of Customs.
- 3.1.2 Said application shall be accompanied with authenticated documents showing that the applicant is a motor vehicle repair shop duly licensed/registered with the Department of Trade and Industry (DTI) and the Land Transportation Office (LTO), with the capability to convert RHDs into LHDs.

**3.2 RHD Transfer to SCBCF**

- 3.2.1 Prior to transfer of the RHD, the SCBCF operator and owner of the RHD shall submit a copy of a duly executed contract/agreement which should contain the following items, among others:
  - a) scope of work
  - b) warranties *llw*

## c) liabilities of the parties

- 3.2.2 RHDs for transfer to SCBCF shall be examined at the port premises by a Customs Examiner assigned by the Chief, Auction and Cargo Disposal Division (ACDD) or its equivalent unit, together with the authorized representative of the winning bidder/owner.
- 3.2.3 A RHD successfully sold in public auction shall be transferred from port premises directly to a SCBCF, either with the use of a tow truck or by loading in onto a truck. Operating an RHD on the streets, for whatever purpose, on its own automobile power is strictly prohibited; any violation hereof shall subject the RHD to seizure.
- 3.2.4 As a requisite for allowing the transfer, the SCBCF operator shall post with the concerned Collection District a Customs Performance Bond in the amount of PHP200,000 to guarantee compliance with the rules and regulations governing the conversion of RHDs into LHDs.
- 3.2.5 The transfer of RHDs from port premises to a SCBCF shall be done with prior approval by the Commissioner and under continuous underguarding by a Customs Guard.
- 3.2.6 The receipt of the transferred RHD shall be acknowledged at the SCBCF by the SCBCF operator or his/her duly authorized representative. The turn-over/receipt shall be supervised by the Examiner in-charge and the assigned Customs Guard, using an Official Boatnote issued by the office/unit concerned. Said boatnote shall be submitted immediately to the Chief, ACDD, together with the examination report and proof of approval by the Commissioner of Custom, for recording and control purposes of the Collection District concerned.

## 3.3 Record-keeping by SCBCF Operator

- 3.3.1 The SCBCF operator shall keep a Books of Accounts in connection with its operations and the same shall be registered with the Bureau of Customs.

shall be penalized in accordance with Sec. 3608 of the TCCP in relation with Sec. 3606 thereof.

**5. IMPLEMENTATION**

The Commissioner of Customs shall issue from time to time such rules and regulations as may be warranted under prevailing circumstances to implement subject Order.

**6. REPEALING CLAUSE**

All orders, memorandums, circulars and such other issuances inconsistent herewith are hereby repealed and/or deemed modified accordingly.

**7. EFFECTIVITY CLAUSE**

This Order shall take effect upon approval of the Secretary of Finance and after fifteen (15) days from publication in two (2) newspapers of general circulation in the Philippines.



**ANTONIO M. BERNARDO**  
- Commissioner

Approved by:



**JOSE ISIDRO N. CAMACHO**  
Secretary of Finance

Date \_\_\_\_\_