



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

February 17, 1998

CUSTOMS MEMORANDUM ORDER

NO. 4-98

TO : All Collectors of Customs  
Officials and Employees  
Government Agencies, Customs Brokers  
And Others Concerned

**Suspension of Tax Expenditures Subsidies**

Pursuant to Item No. 3 of Administrative Order No. 372 entitled "Adoption of Economy Measures in Government for Fiscal Year 1998" and in line with the letter dated January 14, 1998 of Secretary Emilia T. Boncodin of the Department of Budget and Management (DBM), it is advised that the provision of automatic/incremental budget allocations in the form of tax expenditure subsidies for Government-Owned and Controlled Corporations (GOCC's), Local Government Units (LGU's) and National Government Agencies (NGA's) as provided under Section 13 of the General Appropriations Act of 1997 has been ordered suspended. Accordingly, all assessed duties and taxes on importations therefore are to be funded in the manner provided for in the attached letter from Secretary Boncodin. In view of this change, the procedure of processing the import documents shall be as follows:

1. For NGA importations, the import documents together with the Certificate of Undertaking shall be coursed through the Collection Service. Inasmuch as the fund to settle the duties shall be derived from the realignment of available budget sources, and in the meantime that the corresponding amendment to Joint Circular No. 2-91 is not yet released, the procedure in releasing NGA shipments as provided in CMO No. 23-92 shall remain the same with the exception of the amended **CERTIFICATE OF UNDERTAKING** (see Annex A hereof) which has been reconstructed to conform with the above-mentioned letter and following the accepted practice of reserving the government funds required to cover the importing National Government Agencies' obligation to the Bureau.
2. For shipments consigned to LGU's, the general rule is that the duties, taxes and other charges shall be paid before the cargoes are released from Customs custody, in which case, there is no need for this kind of shipment to pass through the Collection Service. However, the duties, taxes and other charges therefor may be secured to be paid subject to the following conditions:
  - a. The LGU shall execute a Certificate of Undertaking (see Annex B hereof)
  - b. The Collector of Customs shall verify that the shipment actually belongs to the concerned LGU and submit this with the other documents to the Collection Service for processing.

- c. The Collection Service shall verify with the DBM if there is an Internal Revenue Allotment (IRA) already earmarked for the concerned LGU, and if so, advise the DBM about the undertaking of the LGU concerned that the duties and taxes due corresponding on its shipment shall be deducted from its IRA and credited in favor of the Bureau of Customs.
  - d. The other pertinent provisions of CMO 23-92 shall be observed.
3. For GOCC shipments, in all cases, the duties, taxes and other charges shall be paid before the cargoes are released from Customs custody.

All orders and procedures which are not in line with this CMO shall be considered superseded and/or amended accordingly.

This Order is effective immediately.

  
GUILLERMO L. PARAYNO, JR.  
Commissioner

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Annex "A"

(IMPORTER'S LETTERHEAD)

CERTIFICATE OF UNDERTAKING

Date \_\_\_\_\_

The Commissioner  
Bureau of Customs

Attn: The Director, Collection Service

Sir:

In consideration of your releasing the importation described below, our agency hereby undertakes to settle the corresponding duties, taxes and other charges tentatively computed as follows:

Customs Duty	_____
Internal Revenue Tax	_____
Additional Duty	_____
Total -	_____

Description of Shipment

\_\_\_\_\_  
\_\_\_\_\_

Commercial Invoice No. \_\_\_\_\_  
 Vessel / Carrier \_\_\_\_\_ Date of Arrival \_\_\_\_\_  
 Voyage / Flight No. \_\_\_\_\_ B/L or AWB No. \_\_\_\_\_  
 Registry No. \_\_\_\_\_

Should there be any additional assessment to the above, I hereby undertake to set aside the full amount of the funds needed and pay the Bureau of Customs within two weeks from date of issuance of this Certificate.

Very truly yours,

\_\_\_\_\_  
Head of National Government Agency (NGA)

Funds Available:

ROA No. \_\_\_\_\_  
 Amount \_\_\_\_\_  
 Date \_\_\_\_\_

Chief Accountant  
(To be signed above Printed Name of the Agency Official)

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Annex "B"

(IMPORTER'S LETTERHEAD)

**CERTIFICATE OF UNDERTAKING**

Date \_\_\_\_\_

The Commissioner  
Bureau of Customs

Attn.: The Director, Collection Service

Sir:

In consideration of your releasing the importation described below, \_\_\_\_\_  
\_\_\_\_\_ hereby undertakes to settle the corresponding duties,  
taxes and other charges tentatively computed as follows by way of deducting from our  
forthcoming Internal Revenue Allotment (IRA):

Customs Duty	_____
Internal Revenue Tax	_____
Additional Duty	_____
Total -	_____

Description of Shipment

\_\_\_\_\_  
\_\_\_\_\_

Commercial Invoice No. \_\_\_\_\_  
 Vessel / Carrier \_\_\_\_\_ Date of Arrival \_\_\_\_\_  
 Voyage / Flight No. \_\_\_\_\_ B/L or AWB No. \_\_\_\_\_  
 Registry No. \_\_\_\_\_

Should there be any additional assessment to the above, I hereby undertake to  
settle the same also by way of deduction from our forthcoming IRA.

Very truly yours,

\_\_\_\_\_  
Head of Local Government Unit (LGU)

Funds Available:

IRA No. \_\_\_\_\_  
 Amount \_\_\_\_\_  
 Date \_\_\_\_\_

Chief Accountant

(To be signed above Printed Name of the LGU Official)

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACANANG, MANILA

14 January 1998

COM. GUILLERMO L. PARAYNO, JR.  
Bureau of Customs  
Port Area, Manila

Dear Commissioner Parayno:

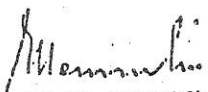
Pursuant to Item No. 8 of Administrative Order No. 372 entitled "Adoption of Economy Measures in Government for Fiscal Year 1998", the Department of Budget and Management shall suspend the provision of automatic/incremental budget allocations of Government-Owned and Controlled Corporations (GOCC's) in the form of tax expenditures/subsidies as provided under Section 13 of the General Appropriations Act of 1997, (re enacted for the year 1998). In this regard, tax expenditures of GOCC's will be sourced from internally generated funds.

Furthermore, the same automatic/incremental budget allocations for tax expenditures/subsidies to Local Government Units (LGUs) granted under the same provision of the GAA will be similarly suspended pursuant to the same provision of A.O. No. 372. Hence, LGU tax expenditures will have to be financed from internal revenue allotments and/or other local resources.

As a further economy measure on the part of the national government, the granting of automatic/incremental appropriations for tax expenditures of National Government Agencies (NGAs) pursuant to the same section of the GAA shall likewise be suspended. NGAs will, nevertheless, be allowed to realign available budget resources to finance their tax expenditures. A pertinent issuance expanding the coverage of A.O. No. 372 to this effect is expected to be issued shortly.

Thank you for your usual cooperation. Warm regards.

Very truly yours,

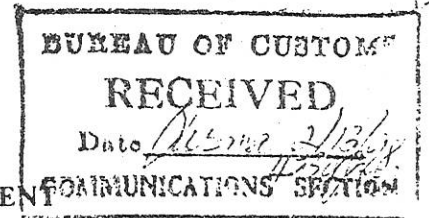
  
EMILIA T. BONCODIN  
Undersecretary



"Tulong-tulong sa pagsubang!"



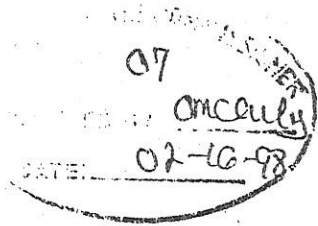
REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACAÑANG, MANILA



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CMO-4-98

11 February 1998

HON. GUILLERMO L. PARAYNO  
Commissioner  
Bureau of Customs  
Port Area, Manila



Sir:

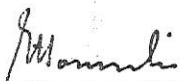
This pertains to our letter to that Bureau dated 14 January 1998 (copy attached) on the suspension of tax expenditure subsidy per Section 13 of the General Provisions of the 1997 GAA as reenacted (R.A. No. 8250) in view of the economy measure pursuant to Administrative Order No. 372.

Please be informed that importations made prior to January 1, 1998 are continued to be exempted from the coverage of the tax subsidy suspension pursuant to the provisions of the 1997 GAA as reenacted. All other importations which were and will be undertaken in FY 1998 by the Procurement Service shall be subject to the said duties, taxes and other charges that may be incurred in the said importations.

We hope we have clarified our position on this matter.

Thank you.

Very truly yours,

  
EMILIA T. BONCODIN  
Secretary

BUREAU OF CUSTOMS  
RECEIVED  
2-17-98  
10:25  
[Signature] 001



"Tulong-tulong sa pagsulong!"