



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

JUN 03 1991

CUSTOMS MEMORANDUM ORDER

No. 50-91

To: All District Collectors  
All Division Chiefs  
and All Others Concerned

Subject: Guidelines in the Implementation of CAO 2-81,  
Treating Samples as Tax Exempt Importations

I. OBJECTIVES:

1. To effectively implement CAO 2-81.
2. To properly monitor and control importations treated as samples or models to be copied for costing prior to placing orders.

II. ADMINISTRATIVE/GENERAL PROVISIONS:

1. This Order shall apply to importations of samples or models to be copied for costing prior to placing orders.
2. Importations of samples or models to be copied for costing prior to placing orders shall be treated as falling within the purview of Section 105 of the Tariff and Customs Code of the Philippines, as amended, and shall be considered tax exempt importations if rendered unsaleable or of no appreciable commercial value.
3. General conditions for the shipment to be allowed duty and tax free:
  - 3.1 The importer must be a Customs Bonded Manufacturing Warehouse Operator of the product for which the sample/model is to be made.
  - 3.2 There is a definite need for a sample/model to obtain an order or clinch a sale.
  - 3.3 There is an indication of an actual interest by a foreign buyer for the product for which a sample/model will be produced.

*Jose M. Reyes*

3.4 There is no indication that the importer has abused the privilege of a duty and tax free importation of samples.

#### 4. Allowable Quantity

4.1 The allowable quantity for samples/models shall be one for each particular kind and the value of each shipment shall not exceed US\$200 or its equivalent in Philippine peso otherwise the matter should be referred for clearance to the District Collector concerned if the value is P10,000.00 or less.

4.2 Shipments exceeding P10,000.00 may, pending clearance from the Office of the Commissioner, be released by the District Collector of Customs, upon posting a cash bond in the amount equal to 100% of the duties and taxes on the shipment by the importer should the consignee have an immediate need for the shipment.

4.3 The operator may opt to transfer the material to the Customs Bonded Manufacturing Warehouse by transshipment permit if it is outside the jurisdiction of the Port of Discharge. A warehousing entry shall be filed thereon together with the bond within five (5) days from date of transfer.

#### 5. Documentary Requirements

In addition to the usual documentary requirements for filing an entry, the following documents are required:

5.1 A sworn statement from a responsible official of the company with a rank of at least Vice-President, addressed to the District Collector of Customs with the following information:

- a. The firm's name and office address and the place(s) where the sample/model will be copied;
- b. There is a need for the sample/model to be copied/duplicated;
- c. The sample/model will not be for sale, barter or hire; and
- d. The value of the shipment.

*J. Aranda Jr., Director*

5.2 A cash bond equal to 100% of the duties and taxes, of the value of the shipment in excess of P10,000.00.

III. OPERATIONAL PROCEDURE:

1. District Collector of Customs shall:

- 1.1 Create a unit/office which shall be responsible in monitoring and controlling the importations of samples/models for duplication;
- 1.2 Keep a record of all shipments authorized for release under the provision of this Order;
- 1.3 Maintain list/profile of firms and officers.

2. Customs Examiner shall:

Examine the shipment and attach to the Customs Declaration, a detailed listing of the contents of the shipments as well as swatches obtained.

3. Consignee/Importer/Manufacturer shall:

3.1 Submit within 60 days after return of sample, to the District Collector of Customs a report on the disposition of sample/model indicating the recipient of the sample, their addresses and the quantity given;

3.2 Attach the receipt of the sample/model by the recipient.

IV. REPEALING CLAUSE:

All orders in conflict with the provisions hereof are hereby deemed modified and/or rescinded accordingly.

V. EFFECTIVITY CLAUSE:

This Order shall take effect on JUN 08 1991

*Salvador M. Mison*  
SALVADOR M. MISON  
Commissioner