



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

Isidro S. Lapeña
MASTER COPY

27 July 2018

CUSTOMS MEMORANDUM CIRCULAR
NO. 154-2018

To: All Deputy Commissioners
All Directors and Division Chiefs
All District/Port Collectors
And Others Concerned

Subject: EO NO. 57/Reducing the Rates of Duty on Capital Equipment

Attached is a copy of Executive Order No. 57 dated 22 June 2018 entitled: **"REDUCING THE RATES OF DUTY ON CAPITAL EQUIPMENT, SPARE PARTS AND ACCESSORIES IMPORTED BY BOARD OF INVESTMENTS – REGISTERED NEW AND EXPANDING ENTERPRISES."**

This Order was published in the 07 July 2018 issue of Manila Bulletin.

For your information and guidance.

For record purposes, please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt hereof.

Isidro S. Lapeña

Bureau of Customs
ISIDRO S LAPEÑA
Commissioner
18-12980
ISIDRO S LAPEÑA, PhD, CSEE
Commissioner
JUL 31 2018 *9 11*



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr Street
Manila 1004

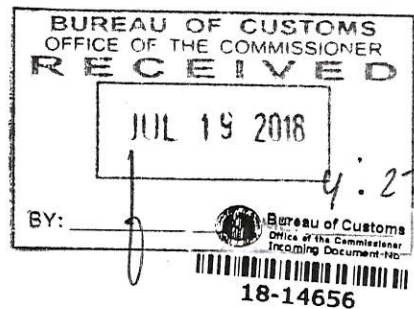
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Internal Admin. Group 23-167
Received by: VICAY REYES
Date: 07-23-18
Time: 11:11

MEMORANDUM

FOR : **HEADS OF OFFICES**
This Department

HEADS OF BUREAUS/ATTACHED AGENCIES
Department of Finance

FROM : *[Signature]*
ALVIN P. DIAZ
Director IV
Central Administration Office



SUBJECT : **Executive Order No. 57 entitled "REDUCING THE RATES OF DUTY ON CAPITAL EQUIPMENT, SPARE PARTS AND ACCESSORIES IMPORTED BY BOARD OF INVESTMENTS - REGISTERED NEW AND EXPANDING ENTERPRISES".**

DATE : July 18, 2018

Attached for information and guidance is a copy of Executive Order No. 57 dated 22 June 2018 from Acting Executive Secretary Michael P. Ong, Office of the President on the above-captioned subject.



MALACANAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 57

REDUCING THE RATES OF DUTY ON CAPITAL EQUIPMENT, SPARE PARTS AND ACCESSORIES IMPORTED BY BOARD OF INVESTMENTS - REGISTERED NEW AND EXPANDING ENTERPRISES

WHEREAS, Executive Order (EO) No. 22 (s. 2017) provided for zero percent duty on certain articles imported by Board of Investments (BOI)-registered new and expanding enterprises for a period of one (1) year from the date of its effectivity or until the enactment of a law amending EO No. 226 (s. 1987), otherwise known as the Omnibus Investments Code of 1987, as amended, whichever comes earlier;

WHEREAS, EO No. 22 is effective only until May 18, 2018 and a law amending EO No. 226 remains to be enacted;

WHEREAS, considering that importation of capital equipment remains as one of the major cost burdens of business enterprises in their start-up and expansion, there is a need to extend the zero percent duty on capital equipment, spare parts and accessories currently being enjoyed by BOI-registered enterprises;

WHEREAS, the extension of the zero percent duty importation will further enhance industry competitiveness in line with the Philippine Development Plan 2017-2022;

WHEREAS, the grant of duty-free importation of capital equipment remains to be an important fiscal incentive in promoting investments into the Philippines considering the global competition for foreign direct investments;

WHEREAS, Section 1608 of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), empowers the President of the Philippines, upon the recommendation of the National Economic and Development Authority (NEDA), to increase, reduce or remove existing rates of import duty; and

WHEREAS, the NEDA Board on 25 April 2018 endorsed the extension of the zero percent duty on capital equipment, spare parts and accessories by BOI-registered new and expanding enterprises.

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Zero Percent Duty. Any importation of capital equipment, spare parts and accessories by BOI-registered enterprises shall be subjected to zero percent duty as indicated in Section 2 hereof.

THE PRESIDENT OF THE PHILIPPINES

SECTION 2. Coverage. The zero percent duty shall be applied to importations by BOI-registered new and expanding enterprises of capital equipment, spare parts and accessories classified under Chapters 40, 59, 68, 69, 70, 73, 76, 82, 83, 84, 85, 86, 87, 89, 90 and 96 of the CMTA, upon issuance by the BOI of a Certificate of Authority, provided that such imported capital equipment, spare parts and accessories comply with the following conditions:

- a. They are not manufactured domestically in sufficient quantity, of comparable quality, and at reasonable prices; and
- b. They are reasonably needed and will be used exclusively by the enterprise in its registered activity.

SECTION 3. Prohibition to Sell, Transfer, or Dispose. The BOI-registered enterprise cannot sell, transfer or dispose of the aforementioned capital equipment, machinery, spare parts and accessories, without prior BOI approval, within five (5) years from the date of importation; otherwise, the BOI-registered enterprise will be solidarily liable to pay twice the amount of the duty foregone or five hundred thousand pesos (Php 500,000.00), whichever is higher, without prejudice to other applicable penalties under EO No. 226.

SECTION 4. Implementing Rules and Regulations (IRR). The BOI, in coordination with the Tariff Commission, shall promulgate the IRR governing the implementation of this Order.

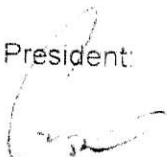
SECTION 5. Repealing Clause. All issuances, orders, rules and regulations, or parts thereof, which are inconsistent with this Order are hereby repealed, amended or modified accordingly.

SECTION 6. Separability Clause. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

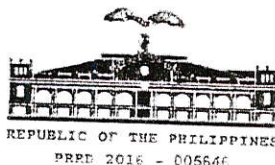
SECTION 7. Effectivity Clause. This Order shall take effect immediately after its complete publication in a newspaper of general circulation in the Philippines, and shall be valid for a period of one (1) year or until a law amending EO No. 226 is enacted, whichever comes earlier.

DONE, in the City of Manila, this 22nd of June, in the year of our Lord, Two Thousand and Eighteen

By the President:



MICHAEL P. ONG
Acting Executive Secretary



Malacanang Records Office <mro@malacanang.gov.ph>

Fri 7/27/2018 3:23 PM

To: Gladys Cabugawan <gladys.cabugawan@customs.gov.ph>;

Good day

With regards to your query, the Executive Order No. 57 was published through Manila Bulletin last July 7 2018. Thank you

From: "Gladys Cabugawan" <gladys.cabugawan@customs.gov.ph>
To: mro@malacanang.gov.ph
Sent: Tuesday, July 24, 2018 8:55:41 AM
Subject: Publication of Executive Order No. 57

Sir/Madam:

This office received a Memo from the Department of Finance endorsing a copy of Executive Order No. 57 entitled: "Reducing the Rates of Duty on Capital Equipment x x x."

For proper implementation, may we be informed of the date this EO was published in the newspaper.

Thank you very much.

Gladys C Cabugawan
Chief, CRMD-BOC