



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

October 20, 1993

CUSTOMS MEMORANDUM ORDER  
NUMBER 55-93

TO : All Collectors of Customs  
Chiefs, Auction & Cargo Disposal/Office

SUBJECT: Supplemental Rules and Regulations in the Conduct of  
Auction Sales Implementing Section 2601 to Section 2610  
of the TCCP

**I. OBJECTIVES**

1.1 GENERAL

To optimize revenue generation from confiscated goods at the earliest time possible.

1.2 SPECIFIC

- 1.2.1 To establish the system for setting floor prices for goods to be sold at public auction;
- 1.2.2 To provide for a mechanism for the adjustment of the floor prices in the event that the goods remain unsold for lack of acceptable bids; and
- 1.2.3 To prescribe a program to ensure widest participation and to approximate a free market condition in the Bureau's auction sale.

**II. COVERAGE**

- 2.1 The provisions of this Order shall apply to public auction sale of confiscated goods in all collection districts.

**III. GENERAL PROVISIONS**

Articles subject to sale at public auction shall be sold at a price not less than the wholesale value or price in the domestic market of these or similar articles in the usual wholesale quantities.

3.1 SETTING OF THE FLOOR PRICE

3.1.1 In arriving at a floor price pursuant to the preceding paragraph, the following shall be the basis to be utilized in the hierarchy of their application:

3.1.1.1 The price at which the same, like or similar item was sold in an auction sale conducted by the Bureau not more than three months ago.

3.1.1.2 The price at which the same, like or similar item was sold in an auction sale by the Bureau between three to six months ago.

3.1.2.3 The recommended floor price by an industry association or by experts in the commodity.

3.1.2.4 Average of at least three canvassed wholesale prices.

3.1.2.5 Derived wholesale price thru a backward computation utilizing average of three retail prices.

3.1.2.6 The computed landed cost of the shipment, i.e., dutiable value plus duties and taxes.

3.1.2 To insure available value information for (a) and (b) above, all ACDD shall maintain a data bank of all previous auction sales and copy furnish the Auction Monitoring Division, POS, OCOM.

3.2.3 The Chief, ACDD on the basis of the above information, shall submit his recommendation for approval by the District Collector or his duly designated representative.

3.2 RE-OFFERING OF LOTS NOT SOLD

3.2.1 All lots offered for the first time and not sold during the scheduled auction sale for lack of an acceptable bid shall be offered for sale the next succeeding business day and an appropriate announcement of the same must be made during the auction sale.

3.2.2 If any of these lots failed to attract an acceptable bid, an announcement shall be made for its sale ten (10) days from the date of the last auction sale. On such occasion, the floor price shall be adjusted in the manner prescribed in paragraph (3.3) of this Order.

3.3 ADJUSTMENT IN THE FLOOR PRICE

3.3.1 Where an item/lot remains unsold for want of bidders or for lack of an acceptable bid after two (2) biddings, the following procedure shall be undertaken:

3.3.1.1 The ACDD shall conduct a re-assessment of the floor price of article/s which were offered for auction sale and unless there are compelling reasons to do so otherwise, the original floor price shall be reduced by 20% to arrive at a new floor price for the third offering.

3.3.1.2 On the fourth offering following a third failed bid, the floor price shall be reduced by another 20% following 1.1 above.

3.3.1.3 After a fourth failed bid, an announcement will be immediately made on the floor that the following day, the lot will be offered for auction sale with the following mechanics:

- \* There will be NO FLOOR PRICE.
- \* The bids to be tendered must be SEALED
- \* The highest bidder will be immediately announced but the bid will be referred to the Commissioner of Custom and the Secretary of Finance for approval.
- \* A 20% of the bid price shall be taken for deposit to guarantee the bid prior to the transmittal of the bid to OCOM for approval.

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**IV. MARKETING PROGRAM**

The ACDD shall undertake marketing programs to generate the widest participation of the private sector in all auction sales and therefore secure for the government the optimum revenues possible. A section within the ACDD must be organized to handle such marketing and promotional activities.

**V. REPEALING CLAUSE**

All Customs rules and regulations inconsistent with this Order are deemed amended/repealed accordingly.

**VI. EFFECTIVITY**

This Order shall take effect immediately.

  
GUILLERMO L. BARAYNO, JR.  
Commissioner