



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

April 13, 1998

CUSTOMS MEMORANDUM ORDER

NO. 9-98

TO : All National Government Agencies
Customs Officials and Employees
Customs Brokers and Others Concerned

RE : Mode of Payment of Duties & Taxes for Government Importations and
Implementing Joint Circular 5-98 & Department of Budget & Management
Instructions

1. Objective

To facilitate the clearance of government importations and ensure compliance with the objectives and intents of Joint Circular 5-98.

2. Coverage

The supplemental documentary requirements, evaluation procedure, mode of settlement of duties and taxes & provisional release procedure provided for in this order shall be applicable only to importations of National Government Agencies (NGAs).

All other government importations shall be processed as any regular importation.

3. General Provisions

- 3.1 The Presidential Veto of Section 13 of the General Provision of R.A. No. 3522 (1998 General Appropriations Act) suspended the automatic appropriation for national internal revenue taxes and import duties payable to the National Government by National and Local Government Agencies as well as Government Owned and/or controlled Corporation, including the Armed Forces of the Philippines Commissary Exchange Service (AFPCES) and the Philippine National Police Storage System (PNPSSS).
- 3.2 The procedure for clearing NGA importations shall conform to the existing clearance procedures being observed at the port of discharge except that the settlement of the duties and taxes payable shall be covered by this order.
- 3.3 Importations of GOCCs, LGUs, AFPCES & PNPSS shall only be released upon payment of full duties and taxes. Entries shall be directly filed at the ports of discharge and duties and taxes paid prior to release.
- 3.4 Like with GOCCs and LGUs, importations of NGAs must as a general rule be duty and tax paid prior to release and handled as in 3.2 and 3.3. However, so as not to incur storage and demurrage charges and to allow sufficient time for NGAs without 1998 appropriation to seek alternative modes of settlement from Department of Budget and Management (DBM), the NGA shipment may be released provisionally from the port upon filing of the entry & submission of additional documents cited below:



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- 3.4.1 Received copy of the NGA's letter to the Secretary of DBM requesting settlement of the duties and taxes either by realignment of its 1998 budget or inclusion in the 1999 budget of the corresponding amount of the duties and taxes for the NGAs 1998 shipments.
- 3.4.2 Undertaking from the head of the NGA that they will pay the full duties and taxes in cash should their application with DBM be denied or not given due course within one months time (copy of the Certificate of Undertaking form is attached for ready reference).
- 3.4.3 Submission of all other documentary requirements provided for in CMO 23-92.
- 3.5 It shall be the responsibility of the Collection Service, OCOM to evaluate and give approval for the provisional release of the NGA importation seeking DBM approval for other modes of settlement as provided in 3.4. An important part of this evaluation and approval process must be to insure that the goods belong to the NGA concerned rather than made only to appear as such. The service must monitor such provisional release for compliance with the undertaking & take such measure against those in default as may be warranted.
- 3.6 The above provisions notwithstanding, should a government importation be outrightly exempt from payment of duties & taxes under existing laws and others that may be subsequently passed and a Department of Finance Indorsement for the exemption is received, the processing shall conform to the procedure having exempt shipments.

4. Operational Procedures

The same process as in CMO 23-92 shall govern detailed processing of shipment under this CMO. This mean the use of computerized Government Account Management System (GAMS) for the proper issuance of the letter release addressed to the Collector of Customs of the port and the monitoring of the settlement of duties and taxes either by realignment of the 1998 allocation or use of 1998 budget.

5. Repealing Clause

All rules and regulations inconsistent with this Memorandum Order are hereby deemed repealed, superseded or modified accordingly.

6. Effectivity

This order shall take effect upon approval.


GUILLERMO L. PARAYNO, JR.
Commissioner