



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

AUG 06 2003

CUSTOMS MEMORANDUM ORDER
NO. 19-2003

SUBJECT: IMPLEMENTING CAO No. 5-2003 THE SUMMARY SEIZURE PROCEEDINGS FOR TAX DEFICIENT IMPORTED MOTOR VEHICLES OFFERED FOR VOLUNTARY PAYMENT

1. OBJECTIVES

- 1.1. To implement the summary seizure proceedings for tax deficient imported vehicles as mandated under CAO No. 5-2003;
- 1.2. To collect the unpaid duties, taxes and fees due on imported motor vehicles;
- 1.3. To legalize the ownership/possession of motor vehicles with tax deficiencies and/or acquired under defective LTO registration titles; and
- 1.4. To encourage the owners to come out voluntarily and pay their tax deficiencies without any fine or penalty through the institution of constructive seizure proceedings which shall be summary in nature in accordance with Sections 608 and 2316 of the Tariff and Customs Code of the Philippines (TCCP).

2. COVERAGE

- 2.1. This Order shall cover all imported motor vehicles, including but not limited to motorcycles and scooters, except those imported by participants of the Motor Vehicle Development Program, with year model 2002 and below and which arrived on or before 31 December 2002, whether registered with the Land Transportation Office (LTO) or not, which have not paid proper duties and taxes, and when the owner/possessor thereof voluntarily offers to pay the said duties and taxes;
- 2.2. This Order shall likewise be applicable to vehicles originally imported by tax-exempted persons/entities under various tax exemption laws and subsequently sold/transferred/conveyed to a non-tax exemption persons/entities without the payment of proper duties, taxes and fees; and

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- 2.3. This Order shall similarly cover motor vehicles that were locally assembled or re-assembled using untaxed imported vehicle component parts.
- 2.4. This Order shall not cover, however, carnapped vehicles, and those vehicles the importation which are prohibited or the release of which are contrary to law.

3. ADMINISTRATIVE PROVISIONS

- 3.1. The motor vehicle shall be constructively seized and a Warrant of Seizure and Detention (WSD) shall be issued under Section 2301 of the TCCP, as amended, and a compromise is deemed instituted pursuant to Section 2316 of the same Code; and
- 3.2. The seizure proceedings shall be summary in nature and shall not require full-blown hearings as in regular seizure/forfeiture proceedings; Provided, however, that the owners of these vehicles shall comply with the provisions herein and pay the deficiency duties, duties and fees assessed pursuant hereto; Provided, finally, that the District Collector concerned shall, after review of the findings made by the duly assigned examiner/appraiser, sign the Decision/Order recommending the acceptance of the Offer of Compromise.

4. SUMMARY PROCEEDINGS

- 4.1. The owner/applicant shall file with the District/Port Collector, a sworn written application offering to pay the deficiency duties, taxes and fees;
- 4.2. Together with his application form, the applicant shall also submit other documentary proof showing his ownership of the vehicle or the mode by which the same was acquired together with a Clearance from the PNP-Traffic Management Group which shows that the vehicle is not carnapped.
- 4.3. Upon receipt of the written application from the owner/applicant, the District/Port Collector shall forthwith issue a WSD against the subject motor vehicle;
- 4.4. Upon receipt by the owner/applicant of the WSD, he shall file an informal entry with the Port's appropriate unit;
- 4.5. Upon the filing of the informal entry, the District/Port Collector shall assign an examiner/appraiser to examine/appraise the vehicle, take the stencil of the chassis and engine numbers and assess the proper duties, taxes and fees in accordance with the following:
 - 4.5.1. Appraisal of the vehicle shall be in compliance with the pertinent provisions of the TCCP, as amended, and on existing valuation



system at the time of payment and other relevant rules and regulations; and,

- 4.5.2. The rate of exchange, duty, ad valorem and Value-added Tax (VAT) shall be assessed and computed in accordance with applicable rules and regulations.
- 4.6. The assigned Principal Appraiser shall review the findings and assessment made and shall thereafter forward the same to the District/Port Collector who shall submit his recommendation to the Office of the Commissioner through the Vehicle Importation Compliance Monitoring Unit (VICMU). If the recommendation is favorable, the District/Port Collector shall sign the Decision/Order recommending the acceptance of the Offer of Settlement and the lifting of the WSD over the vehicle.
- 4.7. The VICMU shall review the findings and recommendation in accordance with Customs Memorandum Order No. 15-2003. After its review, the VICMU shall then forward the application, together with its recommendation, to the Commissioner for approval;
- 4.8. Upon approval by the Commissioner, the applicant shall pay the proper duties, taxes and fees, but without any fine or penalty which is accordingly deemed waived, and shall be issued the corresponding Original Receipt therefor; and, the VICMU personnel or personnel assigned by the District/Port Collector shall affix the Clearance/Security sticker at the upper right hand corner of the vehicle's windshield or in cases of motorcycles/scooters at the visible portion of its gas tank;
- 4.9. After payment of the duties, taxes and fees, a Certificate of Payment (CP) shall be issued by the Cashier and copy thereof transmitted to the LTO through the VICMU.


5. REPEALING CLAUSE

All issuances inconsistent with this Order are hereby deemed repealed or modified accordingly.

6. EFFECTIVITY CLAUSE

This Order shall take effect immediately and up to the close of office hours on 30 November 2003.

After the expiration of this Order, tax deficient imported motor vehicles shall be seized and be subjected to regular seizure/forfeiture proceedings.


ANTONIO M. BERNARDO
Commissioner