



Republic of the Philippines
Department of Finance
Bureau of Customs
1099 Manila

11 October 2005

CUSTOMS ADMINISTRATIVE ORDER
NO. 1-2006

To : All Deputy Commissioners
The Assistant Commissioner
All Collectors of Customs,
Service Chiefs Division/Section Chiefs
And All Others Concerned

Subject : Rules and Regulations for Customs Operation
in the Subic Bay Metropolitan Authority
(SBMA) - Bataan

By authority of the Revised Administrative Code of 1997 and Section 608 of the Tariff and Customs Code of the Philippines, as amended, in the relation to Republic Act 7227, Proclamation No. 984 and Executive Order No.381 and other laws appurtenant thereto, the following Rules and Regulations are hereby promulgated:

CHAPTER I. GENERAL POLICY

In the pursuit of accelerating and regulating the operations and other activities in the SBMA-Bataan, it is deemed imperative to adopt specific rules and regulations in order to govern and facilitate the free flow, entry and movement of machinery, raw materials and other articles thereat without sacrificing effective customs control.

CHAPTER II. DEFINITION OF TERMS

The following terms used in these Rules and Regulations are hereby defined as follows:

1. SBMA-BATAAN - the Main Secured Area, as earlier defined in Proclamation No. 984, which is outside the Customs Territory, and for which the applicable incentives as Ecozone and Freeport shall apply.
2. BATAAN TECHNOLOGY PARK, INC. - the implementing and operating arm of the SBMA-Bataan, which per E.O. 381 is now known as SBMA-Bataan.
3. PROCLAMATION - shall refer to Proclamation No. 984 otherwise known as the Morong Special Economic Zone Charter.
4. ARTICLES - refer to any goods, wares and articles and in general, anything that may, under the Tariff and Customs Code of the Philippines, as amended, be made the subject of importation or exportation.

5. CONTAINER - is the outer container in which merchandise is held for storage or transportation, and not an intermodal container by the Customs Convention on Containers done at Geneva on December 02, 1972, unless otherwise indicated.
6. CUSTOMS - shall refer to the Philippine Bureau of Customs.
7. CUSTOMS TERRITORY - the area of the Republic of the Philippines where the customs laws are in force and effect, which is separate from the Zone.
8. DOMESTIC ARTICLES - articles which are the growth, product, or manufacture of the Philippines on which all national internal revenue taxes have been paid, if subject thereto, and upon which no drawback or bounty has been allowed; and articles of foreign origin on which all duties and taxes have been paid and upon which no drawback or bounty has been allowed, or which have previously been entered into Customs Territory free of duties and taxes.
9. FOREIGN ARTICLES - articles of foreign origin on which duties and taxes have not been paid, or if paid, upon which drawback has been allowed, or which have not previously been entered into Customs Territory; or articles which are the growth, product, or manufacture of the Philippines on which not all national internal revenue taxes have been paid, if subject thereto; or if paid, upon which drawback has been allowed.
10. PERSON - a natural person, and not a juridical person, who brings articles into, possesses articles in, or takes articles from, the Secured Area of the Zone, whether or not the person is a resident of the Zone.
11. POINT OF ENTRY OR EXIT - any place designated by SBMA-Bataan and the Bureau of Customs, Department of Finance, where articles maybe lawfully introduced into or removed from the Secured Area of the Zone, or any area to which duty and tax free benefits are limited by the SBMA-Bataan pending the establishment of a secure perimeter around the Zone. However, the Port/Airport of Entry for the importation and exportation of foreign articles into or from the Zone in accordance with this Administrative Order shall be the premises declared by the President of the Philippines as Port/Airport of Entry and where the Customhouse shall be located.
12. CUSTOMS CLEARANCE AREA - this is an area provided and delineated by the SBMA-Bataan, and to be operated/managed by the Customs, which shall be the clearing and processing center for goods and cargos entering the Zone from the Customs Territory, and for goods and cargos which are to be transported from the Zone into the Customs Territory.
13. REGISTERED ENTERPRISE - any sole proprietorship, partnership, corporation or entity registered with the SBMA-Bataan to do business in the Secured Area of the Zone, whether for profit or not.
14. RULES AND REGULATIONS - unless otherwise specified, the regulations issued by the SBMA-Bataan to implement the intent of Proclamation No. 984, creating the Morong Special Economic Zone, as

emended by Executive Order No. 381, declaring the same as an Economic Zone and Freeport.

15. RESIDENT - any person who by reason of domicile or employment is registered and authorized by the SBMA-Bataan to establish residence on the permanent basis in the Secured Area of the Zone. It excludes the following:

- (1) Non-residents who enter into short or long term property lease inside the Secured Area of the Zone.
- (2) Outsiders engaged in doing business within the Secured Area of the Zone.
- (3) Members of Private clubs (e.g. yacht and golf clubs) located in the Secured Area of the Zone.

16. SECURED AREA - cognizant of the vast expanse of the Zone and the initial absence of a secured perimeter around it, this is an area designated by the SBMA-Bataan in consultation with the Department of Finance and the Bureau of Customs which shall be the only completely tax and duty-free area in the Zone and within which there shall be free and unimpeded flow of goods and merchandise from one registered enterprise to another or to residence and along the boundaries of the area, Customs Checkpoints and Clearance Areas shall be set up through which goods authorized to leave or enter the area for some destination inside or outside the Zone must pass; the boundaries of the Secured Area maybe expanded from time to time jointly by the SBMA-Bataan and the Bureau of Customs, Department of Finance as the requirements of the business in the Zone may demand or permit.

17. ECOZONE/ZONE - as the Morong Special Economic Zone, or SBMA-Bataan which is outside the Customs Territory.

CHAPTER III. GENERAL PROVISIONS

A. AUTHORITIES AND RESPONSIBILITIES

1. AS TO THE SBMA-BATAAN

The SBMA-Bataan is responsible from the operation and management of the SBMA-Bataan Ecozone and Freeport in accordance with the principles laid down under the Proclamation, its rules and regulations, agreements, Executive Order No. 381, and the provisions of this Order.

2. AS TO THE CUSTOMS

The Customs in the ECOZONE shall, as a unit of the Bureau of Customs, Department of Finance, working in coordination with the SBMA-Bataan, be responsible for:

- a. supervising and administering Customs Operations involving the admission of articles to or the removal of articles from the Secured Area of the Zone, and other Customs Operations as determined by the Commissioner of Customs in coordination with the Chairman and President of the SBMA-Bataan.

- b. establishing and maintaining offices within the Secured Area of the Zone wherever necessary to efficiently conduct customs operations; and
- c. Maintaining and keeping of true and updated records of goods entering and exiting from the Secured Area of the Zone and all customs transactions made with regard to the activities therein, and for submission periodically or whenever required, to the Office of the Commissioner of Customs.

In order that above customs functions maybe properly performed, the bringing out of goods from the Main Zone to a registered enterprise/subcontractor located within the Special Economic Zone or in the Customs Territory shall require written permission from the Collector of Customs assigned to the Zone, which shall be monitored until the same shall have been returned to the Main Zone. The Bureau of Customs shall set up checkpoints at the boundaries of the Main Zone and in conjunction with the SBMA-Bataan, establish Customs Clearance Areas.

B. AUDIT, SEARCH, SEIZURE AND ARREST IN THE ZONE

1. AUDIT

Officials of the SBMA-Bataan and the Customs are authorized to JOINTLY conduct, at anytime during office hours, any audit, check or inventory count of all articles for verification and reconciliation of the accounts or records of any Registered Enterprise in the SBMA-Bataan.

2. SEARCH

Persons, baggages, vehicles and cargos entering or leaving the Main Zone of the SBMA-Bataan are subject to search by Customs as a requirement of the exercise of police power to deter and prevent the Commission of any violation against the customs laws, rules and regulations. Customs officials may, upon specific authority of the Commissioner of Customs or the Customs Collector designated by him and with the assistance and in the presence of the SBMA-Bataan officials or authorized representatives, examine articles held in the Main Zone by any registered enterprise, or by any Zone resident, if the latter or any of his household member is at home, for possible violation of the Section 101 of the Tariff and Customs Code of the Philippines and pertinent Provisions of this Administrative Order; provided that, the constitutional requirements for search are met.

3. SEIZURE

Any prohibited or excluded articles found upon search or through any examination, audit or check of articles in the SBMA-Bataan by Customs may be seized for violations of the Tariff and Customs Code of the Philippines, as amended, to be disposed of in accordance with law.

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4. ARREST

Arrest of any person inside SBMA Bataan in connection with the enforcement of the tariff and customs law shall be effected in conformity with the provision of Section 2203 of the Tariff and Customs Code of the Philippines (TCCP).

C. RECORDSKEEPING

1. RESPONSIBILITY OR REGISTERED ENTERPRISES

Registered enterprises bringing articles into the Secured Area of the Zone are responsible for retaining and maintaining accounts and records of permits, receipts, sales, transfers, deliveries, and removals from the Zone of articles received by the Enterprises, and for maintaining records of articles brought into the Zone on a current basis, and according to the regulations and the generally recognized accounting principles and standards of the Republic of the Philippines. The records shall provide an audit trail of the articles from the time of the receipt by the Registered Enterprises to the time the registered enterprise is relieved of responsibility for the articles, according to the Rules and Regulations and the provisions of this Administrative Order. Such records shall be retained for FIVE (5) YEARS after the removal of the articles from the Secured Area of the Zone.

2. SUSPENSION OF PERMIT FOR IMPAIRMENT OF RECORDS

If the records keeping system of the Registered Enterprise has become impaired to the point where no effective check, audit or count of the inventory of the Enterprise can be made by the SBMA-Bataan, Customs, Bureau of Internal Revenue (BIR), or other authorized government office, the SBMA-Bataan, may order the suspension of the Enterprise, which shall provide access to articles in their premises and in their possession in the Zone, and to records pertaining thereto, which they are responsible for maintaining under the Rules and Regulations, and the provisions of this Administrative Order, by the Authorized officials of the SBMA-Bataan, BIR, or any other government agency to which access is authorized by law and regulations.

D. VESSELS, AIRCRAFTS AND VEHICLES ARRIVING IN THE ZONE

1. IN GENERAL

Regulations and procedures for the arrival formalities and clearance of vessels and aircrafts loaded with articles destined for the SBMA-Bataan shall be the same as those observed in the Customs Territory. Vehicles which are brought into the SBMA-Bataan free of duties and taxes for use in the Zone shall be subject to the existing guidelines and regulations on the matter.

2. BONDING OF CARRIERS

Carriers who undertake to transship foreign articles from the Secured Area of the Zone to a Customs Bonded Warehouse within the

Customs Territory shall be bonded in the amount to be determined by the SBMA-Bataan which in no case shall be less than FIFTY THOUSAND PESOS (P50,000.00), Philippine Currency, conditioned that the subject carrier shall transport and deliver, without delay, such foreign articles and in accordance with the rules and regulations in effect in the Customs Territory, to the Collector of Customs at the port of destination or export. The provisions of the Tariff and Customs Code, as amended, and its implementing regulations shall govern the transshipment of foreign articles to and/or from the Secured Area of the Zone.

E. IMPORTATIONS OF RAW MATERIALS, CAPITAL GOODS, EQUIPMENT AND OTHER ARTICLES INTO THE SBMA-Bataan

Business enterprises and registered zone residents (Filipinos and Foreigners) in the SBMA-Bataan are free to import raw materials, capital goods, equipment and other articles tax and duty-free, provided that they shall be covered by the corresponding Permit to Import issued by the SBMA-Bataan. Removal of raw materials, capital goods, equipment and other articles out of the SBMA-Bataan for sale/transfer shall be subject to the usual taxes and duties. This provision, however, shall be subject to existing laws, and other issuances related thereto.

F. EXPORTATION TO THE ZONE AND IMPORTATION FROM ZONE.

Articles which are admitted to the Secured Area of the Zone from the Customs Territory, which in turn are to be re-exported, under proper permit shall be considered EXPORTED.

Articles which are transferred to the Customs Territory from the Secured Area of the Zone shall, unless proven otherwise, be considered IMPORTED and, therefore, subject to laws, rules and regulation regarding importations.

CHAPTER IV. ADMISSION AND RECEIPT INTO ZONE

A. PROHIBITED MERCHANDISE

1. IN GENERAL

Any kind or class of articles may be admitted into the Secured Area of the Zone from a foreign country, the Customs Territory, or a Customs Bonded Warehouse or Export Processing Zone within the Customs Territory, except articles prohibited under the laws of the Republic of the Philippines.

2. ARTICLES NOT IN ACCORDANCE WITH PERMIT TO IMPORT

Articles brought into the Secured Area of the Zone which are not in accordance with the permit to import issued by SBMA-Bataan to a Registered Enterprise or Zone Resident shall be deemed IMPORTATIONS contrary to law and shall be proceeded against pursuant to the provisions of the Tariff and Customs Code of the Philippines, as amended, and this Administrative Order.

B. IMPORTATION OF ARTICLES DESTINED FOR CUSTOMS TERRITORY

Foreign articles destined for the Customs Territory which arrived on a carrier landing in the Secured Area of the Zone may be unladen in the Zone and be in a designated storage area thereat, pending completion of requirements for entry and transshipment through the Zone to the Customs Territory. Articles which have been released for transfer to Customs Territory shall be transhipped through the Zone under Customs supervision and control.

C. IMPORTATION AND TRANSSHIPMENT OF FOREIGN MERCHANDISE DESTINED FOR ZONE

1. TAX AND DUTY EXEMPTION

Importations destined for the Secured Area of the Zone, either for direct unloading or through a port in the Customs Territory shall be exempt from payment of all duties and taxes.

2. CONTAINER MARKING REQUIREMENT

Foreign articles destined for the Secured Area of the Zone may be imported directly or through any port in the Customs Territory through which importations maybe lawfully made. Except for foreign articles arriving by mail or accompanying persons upon their arrival, the containers bearing the foreign articles shall be marked - "SHIP TO SBMA-Bataan, REPUBLIC OF THE PHILIPPINES" or with similar wording to show the Zone destination of the articles.

3. PROCEDURE FOR TRANSSHIPMENT

If the foreign articles were imported at a port in the Customs Territory, the Registered Enterprises or its authorized agent will present the **ADMISSION DOCUMENTATION** to the Customs Office at the port of importation. No other authorization or approval will be necessary for the release of articles for transshipment into the Secured Area of the Zone.

a. PROCESSING OR DOCUMENTATION

When the Registered Enterprise submits the admission documentation before the arrival of the articles, the assigned customs official will accept, review and approve the documentation **IN ADVANCE** of the arrival. The Customs Office shall review the same and authorize the release of the articles **WITHIN ONE (1) WORK DAY** after the receipt of the required documentation, and provide rapid release privileges equivalent to those provided to perishable and other articles which are normally allowed to be removed from the port as soon as they are unloaded from the arriving carrier. Release of the articles for transportation to the Secured Area of the Zone shall be documented by an authorized official of Customs in **WRITING** on the admission documentation.

b. EXAMINATION AT PORT OF IMPORTATION

Except in unusual circumstances, Officials of Customs will not inspect the articles at the port of importation. The articles will remain unopened in the original packing containers and under Customs or original shipper's seal. Customs shall deviate from this policy only when there is a clear threat of loss of revenue or other serious law violations, and will document and explain its reason for inspection to the SBMA-Bataan and the Registered Enterprise.

D. ADMISSION PROCEDURE

1. RIGHT TO APPLY FOR ADMISSION

The application for admission of the articles to the Secured Area of the Zone shall be made by or on behalf of the owner or purchaser of the articles. The consignee, shown on the bill of lading or airway bill or addressee shown on the mail packages, will be considered to be the owner or purchaser, unless another person or firm present evidence satisfactory to customs that it is the true owner or purchaser, or that it is requesting admission on behalf and at the specific request of the owner or purchaser. The application may be prepared by a person who has the authority to sign the documents on behalf of the owner or purchaser. A resident in the ECOZONE or other person having possession of articles accompanying them upon the arrival in the Secured Area of the Zone shall be considered the owner or purchaser of the articles.

2. ADMISSION FORM


The admission application of Registered Enterprises (including small registered enterprises) or Residents in the ECOZONE and other persons bringing articles into the Secured Area of the Zone shall be made on Forms provided for and required by SBMA-Bataan. The forms shall be prepared in the number of copies required by Customs, and shall be presented at the location designated by Customs, normally by the Customs office nearest to the point of arrival of the carrier or the person bringing the articles at the Secured Area of the Zone.

3. ACCOMPANYING DOCUMENTS

The admission application to be prepared by Registered Enterprises (including small registered Enterprises) or Residents in the ECOZONE shall be accompanied by the permit to import, a commercial invoice, packing list, other itemized statements which describes the articles precisely and in commercial terms and serves as an audit trail into the records and accounts of the applicant. If the applicant is not the person or enterprise shown as the consignee in the permit to import or other shipping documents, the admission application shall also be accompanied by evidence satisfactory to demonstrate that the applicant is making the application on behalf of the eligible owner or purchaser.

4. CUSTOMS REVIEW PROCEDURE

Customs officials shall review the admission documentation and, if necessary, examine the articles to verify the correctness of the information in the documentation.



- a. Customs will review the admission documentation for completeness and accuracy. A copy of the admission application shall be retained by Customs for compilation of statistics.
- b. Customs will examine the articles as a condition of approving admission only:
 1. when the Commissioner or Collector of Customs has reason to believe that the information in the admission documentation is not correct;
 2. when the Commissioner or Collector of Customs has reason to believe that there has been a violation of the law, regulations or the provisions of this Administrative order; or
 3. under a program of random checks, to test the quality of admission documentation furnished to Customs.
- c. If Customs decides to examine the articles, the examination will be conducted in the Customs Clearance Area, unless the applicant requests that the examination be conducted in his premises for justifiable reasons and subject to the approval of the Collector of Customs.
- d. If no examination is to be conducted, Customs will check the condition of the vehicle delivering the articles to the applicant's premises and any seals affixed thereto and note any irregularities on the admission documents.

5. CUSTOMS RELEASE OF ARTICLES

If no irregularities are discovered through review of the documentation and any examination conducted by Customs that require detention of the articles, Customs will issue a permit to release the articles for delivery to the applicant's premises in the Secured Area of the Zone.

E. EXEMPTION FROM ADMISSION PROCEDURE

Except upon special order of the SBMA-Bataan but without any limitation on Customs Search Authority of vehicles, persons, baggage or cargoes arriving in the Secured Area of the Zone, no declaration of admission or permit by either Customs or the SBMA-Bataan is required for admission to the secured area of the Zone of:

1. Any personal effects of residents of the Secured Area valued at less than ONE HUNDRED U.S. DOLLARS (US \$100);
2. An articles of foreign origin in any shipment valued at less than FIVE U.S. DOLLARS (US \$5);
3. Articles for delivery to a vessel or aircraft for loading and exportation to a foreign country from the Zone;
4. Merchandise being returned to the Secured Area of the Zone after their temporary transfer from the Secured Area of the Zone to the Customs Territory under the procedure allowed therein;

5. Domestic articles not covered by any of the preceding exemptions when the person or enterprises presenting the articles for admission surrenders to Customs a commercial invoice or similar document describing the articles in commercial terms, along with a declaration that the articles are domestic articles as provided in the regulation of Customs in force in the Customs Territory.

F. POSTAL IMPORTATIONS

Articles arriving by mail or parcel post at a postal facility within the Secured Area of the Zone shall be released by Customs after completion of required admission procedure for delivery by postal officials to the addressee.

G. ADMISSION OF ARTICLES FROM CUSTOMS BONDED WAREHOUSE OF EXPORT PROCESSING ZONES

Article may be admitted into the Secured Area of the Zone from a Customs Bonded warehouse (CBW) or Export Processing Zone (EPZ) within the Customs Territory. The containers of the said merchandise must be clearly and necessarily marked - "SHIPPED FROM _____ (Name of CBW or EPZ Enterprises) DESTINED TO SBMA-Bataan", or similar wording to show both the origin and destination of the shipment. Acceptance and acknowledgement of authorized receipt by the Registered Enterprise in the Secured Area of the Zone shall constitute fulfillment of the obligation for safe delivery from the sending Customs Bonded Warehouse or Export Processing Zone to the Secured Area of the Zone.


H. ELIGIBILITY FOR DRAWBACK, BOUNTY OR EXEMPTION

The signed permit and release order by Customs for the admission of foreign articles into the Secured Area of the Zone and the conclusive proof of actual exportation therefrom as required under pertinent customs laws, rules and regulations shall be the basis for consideration to prove exportation. The provisions of laws, rules and regulations implementing drawbacks or zero-rating, shall be complied with in case of claims therefor.

CHAPTER V. OPERATION AND HANDLING WITHIN THE ZONE

A. ANNUAL INVENTORY, RECONCILIATION AND REPORTORIAL REQUIREMENTS

Registered Enterprises are required to conduct annual physical inventory, at the end of each business year, of all articles in their respective premises or under their possession found within the Secured Area of the Zone and to reconcile their inventory report with the records of the SBMA-Bataan in a form designed for the purpose by the SBMA-Bataan which results thereof must likewise be furnished/reported to the Customs within ninety (90) days after the end of the same business year along with any payment of duties and taxes for shortages for admission documents for overages.



B. DETERMINATION OF COUNTRY OF ORIGIN OF ARTICLES

Without reference to the assessment of duties and taxes under these regulations, the country of origin of articles, which are manufactured or produced in the ECOZONE in whole or in part from foreign articles and transferred to the Customs Territory for consumption, shall be determined according to the laws and regulations in effect in the Customs Territory.

The country of origin of such articles, which are EXPORTED, shall be determined according to the laws of the importing country.

No false country of origin marking or designation shall be placed by any person or firm on any articles of the Zone, whether the merchandise is destined for consumption in the ZONE, the Customs Territory, or foreign place or country.

C. LOSS OF IDENTITY OF DOMESTIC ARTICLES

Domestic articles which have lost their identity as such in the ECOZONE shall be treated as foreign articles, if they are transferred to the Customs Territory. They will be considered as having lost their identity if they cannot be identified by Customs as domestic articles on the basis of an examination of the articles or consideration of any proof presented by the Registered Enterprise, including the accounting and inventory of records of the Enterprise.

CHAPTER VI. TRANSFER OF ARTICLES FROM THE ECOZONE**A. ARTICLES ELIGIBLE FOR TRANSFER FROM ZONE**

Any article which has been admitted to or produced in the Secured Area of the Zone may be transferred therefrom for exportation, transshipment through Customs Territory, transportation to a Customs Bonded Warehouse or an Export Processing Zone within the Customs Territory, or transfer to the Customs Territory for consumption, subject to existing rules and regulations.

B. PERMIT FOR TRANSFER REQUIREMENT, EXCEPTIONS

1. Except as specified below, articles shall not be transferred from the Secured Area of the Zone without the permit of the SBMA-Bataan. Forms and procedures used for transfers from the Secured Area of the Zone shall provide therein for the permit of the SBMA-Bataan. The following articles are exempted from the permit requirement and from Customs entry procedures after examination and verification conducted by Customs and if allowed under the pertinent provision of the Tariff and Customs Code of the Philippines, except where such a permit is required under special order of the SBMA-Bataan.

- a. Domestic articles which have not been manufactured, blended or otherwise combined in the Zone with foreign articles, wherein the person or enterprise presenting the articles for removal from the Zone surrenders to Customs a commercial invoice or similar

document describing the articles in commercial terms along with a declaration that the same articles are domestic articles, as provided in the provisions of this Administrative Order;

- b. Foreign articles which contain foreign article components, which are exempted from entry requirements under the laws and regulations in effect in the Customs Territory; and
2. Carriers containing such articles are nevertheless, subject to search by Customs upon removal from the Zone, and Registered Enterprise shall maintain and produce records of the transfer and removal of exempted articles.

C. TRANSFER FOR CONSUMPTION IN CUSTOMS TERRITORY

Foreign articles, or articles containing foreign article components in the Secured Area of the Zone may be transferred to Customs Territory under the rules and regulations and procedures in the Customs Territory except as provided in the SBMA-Bataan Rules and Regulations as well as the provisions of this Administrative Order.

1. ASSESSMENT OF DUTIES AND TAXES

Customs and import duties and taxes shall be assessed, where authorized and required by law, as provided in this subsection.

a. TARIFF CLASSIFICATION

The classification under the Tariff and Customs Code of the Philippines of foreign articles, whether or not they have been manufactured, blended or otherwise combined with domestic articles, shall be determined according to the conditions, nature and character of the entire article at its transfer from the Zone to Customs Territory.

b. VALUATION OF ARTICLES

The value of foreign articles or articles containing foreign article components, on which ad valorem duties and taxes are assessed shall be the price actually paid or payable for the entire article in the transaction that caused the article to be transferred to Customs Territory, minus the cost of any domestic component of the entire article.

D. TEMPORARY TRANSFER TO CUSTOMS TERRITORY

1. ELIGIBLE PURPOSES

Foreign articles which have been admitted to the Secured Area of the Zone may be removed temporarily therefrom for services, such as repair, restoration, testing, and similar operations which are not available in the Secured Area of the Zone. These procedures shall not be used for any operation outside the Secured Area of the Zone which adds any articles or value to the temporarily removed merchandise; or for any operation which is part of a production process.

2. APPLICATION

A person or enterprise which has received a permit from the SBMA-Bataan for temporary transfer shall present to the Customs an application with the articles for review and examination.

3. TIME AND GEOGRAPHIC LIMITS

Upon issuance of a customs permit, the articles may be transferred from the Secured Area of the Zone for a period of not more than one (1) month, unless the period is extended for another one (1) month by the SBMA-Bataan and for a valid business reason. The articles may be transported to any place within Customs Territory to conduct the service or operation. The articles may not be entered for consumption or exported while it is in temporary transfer status in the Customs Territory, unless duties and taxes are paid where applicable.

4. RETURN TO ZONE AND ENFORCEMENT MEASURES

Upon its return to the Secured Area of the Zone, the original permit and the articles shall be presented to the Customs for examination and review. If the articles are not returned within the 1-month period, plus any extension granted by the SBMA-Bataan, or not handled in accordance with the provisions of this section, the articles will be considered to have been transferred to the Customs Territory without proper permit, and will be subject to duties and taxes and any enforcement action authorized under the provisions of this Administrative Order.

E. EXPORTATION FROM THE ZONE

1. EXPORTATION FROM CUSTOMS TERRITORY THROUGH THE SECURED AREA

Foreign or domestic articles may be brought into the Secured Area of the Zone from the Customs Territory for the purpose of loading onto vessels or aircrafts arriving in the Secured Area of the Zone. Such articles shall be supervised by customs to assure their exportation from the Secured Area of the Zone. If they are not exported or returned to the Customs Territory within three (3) months, the articles shall be considered abandoned and turned over to Customs for disposal in accordance with the Tariff and Customs Code of the Philippines, as amended, and from the proceeds shall be deducted any and all expenses incurred by the SBMA-Bataan in connection therewith as may be allowed by law. However, in all other respects the articles shall be governed by the Customs laws and regulations as if it were being exported from the Customs Territory.

2. DIRECT EXPORTATION FROM SECURED AREA

Foreign or domestic articles in the Zone may be delivered to vessels or aircrafts arriving in the Zone for exportation directly thereon under Customs supervision.

3. TRANSSHIPMENT THROUGH CUSTOMS TERRITORY FROM EXPORTATION

Foreign articles, or articles containing foreign articles, in the Secured Area of the Zone may be transshipped to other ports in the Customs Territory for delivery to vessels and aircrafts for exportation under the supervision of Customs using forms and procedures applicable for exportation in the Customs Territory.

4. MARKING CONTAINERS FOR EXPORTATION

Except in the case of exportations from secured area of the Zone by mail, or accompanying persons, containers of articles destined for exportation, whether directly from the Zone or transshipped through the Customs Territory, shall be clearly marked "SHIPPED FROM SBMA-Bataan, REPUBLIC OF THE PHILIPPINES" or similar wordings to show the Zone origin of the shipment.

5. EXPORTATION WITH SUBSEQUENT RE-IMPORTATION

All cargoes which have been exported from the Secured Area of the Zone to foreign country and which are subsequently re-imported may be admitted into the Secured Area of the Zone as foreign articles in the manner provided in this Administrative Order. Foreign articles, or articles containing foreign article components which are exported and subsequently re-imported directly into the Customs Territory for consumption shall be treated in the same manner as like articles from the country of exportation.

F. ARTICLES FOR USE ON VESSEL OR AIRCRAFT

Foreign articles, or articles containing foreign article components, may be delivered free of duties and taxes to vessel and aircraft arriving in the Secured Area of the Zone for use or consumption on board by the crew or passenger, as fuel, or as equipment or for repair of the vessel or aircraft, to the same extent as is authorized under the laws and regulations in effect in the Customs Territory. The articles will be considered transferred from the Secured Area of the Zone upon signature for receipt of the articles by an authorized official of the vessel or airline with the intent to use them on board the vessel or aircraft from Secured Area of the Zone. Such articles may also be transshipped to ports in the Customs Territory for delivery free of duties and taxes to vessels and aircrafts under the laws and regulations in effect in the Customs Territory. However, the containers of such articles shall be marked "SHIPPED FROM SBMA-Bataan" or with similar wordings to show the Zone origin of the shipment.

G. TRANSFER TO CUSTOMS BONDED WAREHOUSE OR PROCESSING ZONE

Foreign or domestic articles may be transferred from the Secured Area of the Zone for transshipment to a Customs Bonded Warehouse or Export Processing Zone in the Customs Territory, and receipt therein, under the laws, regulations and procedures in effect in the Customs Territory. However, containers of such articles shall be clearly marked "SHIPPED FROM SBMA Bataan, DESTINED FOR _____ (NAME OF CBW

OR EPZ or with similar wordings to show both the origin and destination of the shipment.

H. DELIVERY AND REMOVAL FROM THE ZONE

Articles shall be delivered to carriers and removed from the Secured Area of the Zone in accordance with the provisions of this section.

1. Customs shall require that vehicles containing shipments of foreign articles or of articles containing foreign article components, transshipped through Customs Territory be sealed with Custom's seal, or with shipper's seal approved by Customs, and transferred under guard so as to prevent or make evident any diversion of the articles into the commerce of the Republic of the Philippines, or any tampering with the articles.
2. The articles may be transferred from the premises of the Registered Enterprise by the carrier which is to transport the articles to Customs Territory, a vehicle of the Registered Enterprise, or a carrier licensed by the SBMA-Bataan for carriage within the Secured Area of the Zone.
3. Passenger vehicles, including buses, taxicabs or other vehicles carrying persons for hire shall be subject to Customs inspection and search to allow persons to properly declare articles brought out of the Zone for transfer to Customs Territory. Points of exit or Customs Clearance Area shall contain adequate facilities to pull aside vehicles for Customs search, hold or store detained or seized articles, assess and collect duties and taxes.
4. When foreign articles, or articles containing foreign article components, are examined and given a permit to transfer the articles from the Secured Area of the Zone, or in other situations where the permit is given at a location other than the point of exit or Customs Clearance Area, Customs shall establish controls, such as escorts, gate passes, sealing, or other devices, to assure that the articles for which a permit to transfer has been issued are duly and properly removed from the Secured Area of the Zone, and that the articles without such a permit are not removed from the Secured Area of the Zone.
5. A person or Enterprise which has received a Customs permit for transfer of articles from the Secured Area of the Zone shall see to it that the articles are physically removed from the Secure Area of the zone within seven (7) calendar days after the permit is issued, or request the withdrawal or cancellation of the application for transfer. Except by special order of the SBMA-Bataan, foreign articles, or articles containing foreign components, shall not be entered for consumption in Customs Territory but retained in the Secured Area of the Zone. If request for transfer is withdrawn or cancelled, the Registered Enterprise shall reassume responsibility for the articles and any duty or tax paid will be refunded by Customs. If the request for transfer is not withdrawn or cancelled and there has been no special permit by the SBMA-Bataan for retention of the articles in the Secured Area of the Zone, any duty

and tax paid will be treated as unclaimed and turned over to the SBMA-Bataan for disposal.

I. RETURN TO ZONE WITHOUT ENTRY INTO COMMERCE

If foreign articles or articles containing foreign article components are transferred to Customs Territory with the intent of returning them to the Secured Area of the Zone without having entered the commerce of the Republic of the Philippines and of the circumventing the removal requirements provided in the provisions of this Administrative Order and the articles are so returned to the Secured Area of the Zone, the original permit to transfer and entry shall be cancelled, any duties and taxes paid shall be refunded by Customs, and the Registered Enterprise which transferred the articles from the Secured Area of the Zone shall reassume responsibility for the articles as foreign articles.

CHAPTER VII. TRANSITORY PROVISIONS

Pending the establishment of a secured area of a secure perimeter fence around the Zone, the Customs shall in the meantime provide for Customs supervision in the premises or warehouse of Zone locators, as in the warehousing scheme.

CHAPTER VIII. ENFORCEMENT AND REGULATIONS

A. PENALTIES

Any person or enterprise found to have violated any provision of the Act or this Administrative Order shall be subject to the pertinent penal provisions of the Tariff and Customs Code of the Philippines.

B. EFFECTIVITY

This Administrative Order shall take effect fifteen (15) days after publication in the Official Gazette or in any newspaper of general circulation.


ALEXANDER M. AREVALO
OIC Commissioner &
Deputy Commissioner, MISTG

APPROVED:


MARGARITO B. TEVES
Secretary of Finance
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