



REPUBLIC OF THE PHILIPPINES  
Department of Finance  
**BUREAU OF CUSTOMS**  
MANILA 1099

September 4, 2007

**CUSTOMS MEMORANDUM ORDER**  
NO. 23-2007

**To : All Collectors of Customs/Service Directors  
Division Chiefs/Customs Brokers/Others concerned**

**Subject: Implementing Section 2532 of the Tariff and Customs Code  
of the Philippines (TCCP), as amended, in relation to the  
Memorandum of Agreement (MOA) between the Land  
Transportation Office (LTO) and the Bureau of Customs  
(BoC), on Local Buyers in Good Faith of Registered  
Imported Motor Vehicles**

Pursuant to Section 608 of the TCCP, as amended, in relation to Section 2532 of the same Code and the MOA referred to above, the following rules and regulations are hereby promulgated to guide customs officials and the private sector alike on the treatment and disposition of motor vehicles registered in due course in the name of buyers in good faith but found upon review to have been released from customs without payment of duties and taxes or otherwise with defective Certificate of Payment (CP):

**I. Objectives:**

1. To provide local buyers in good faith of imported motor vehicles registered in due course but found upon review to have defective registration status involving CP's the opportunity to correct such deficiency and enable the proper and valid registration of such motor vehicles with LTO.
2. To generate additional government revenue

**II. Scope:**

This Order covers all imported motor vehicles (brand new and used Completely Built Units) with genuine Certificate of Registration (CR) issued by the LTO in due course but found upon review to have defective customs CP.

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Excluded from this Order are motor vehicles imported pursuant to the Motor Vehicle Development Program of the government; those imported by embassies, consulates, and other diplomatic missions; trucks and buses covered by CP which indicated the payment of duties and taxes for the whole vehicle by the Department of Trade and Industry or DTI-accredited builders.

**III. Administrative Provisions:**

1. A special office, under the Valuation Reference Information System-Office of the Commissioner (VRIS-OCOM) Unit established under Customs Special Order (CSO) No. 4-2006, is hereby created to coordinate with the LTO and review the CP's issued by BoC as against the CR's of imported motor vehicles in the LTO file. It shall be known as the CP Verification Office (CPVO). Its composition and specific functions shall be defined in a separate CSO.
2. A registered owner who, as a result of his CP verification, may be in doubt as to the efficacy or validity of his Certificate of Registration, but who still qualifies as a buyer in good faith, may, without awaiting notification from the Bureau of Customs to go to the office of the CPVO which shall refer to the proper office of the Collector of Customs having jurisdiction over the motor vehicle to verify the status of his CP and, when appropriate, avail of the payment facility to validate the registration of his the motor vehicle in accordance with the procedure laid down in this Order.
3. When the registered owner of the imported motor vehicle is able to show that he is a buyer in good faith, the same shall not be subject to any punitive action conformably with Section 2532 of the TCCP, as amended. He shall, however, be required to pay duties and taxes and other charges due on the motor vehicle, if any is found due. Should he refuse or fail to pay the same, his CR shall through the LTO be cancelled for lack of a valid CP, without prejudice to any other legal action BOC may pursue to enforce its lien over the motor vehicle for unpaid duties and taxes.
4. A "buyer in good faith" is one who is not the importer of the vehicle nor has acted as agent for the importer in effecting the importation thereof; or who at the time of purchase of the imported motor vehicle, has verified the existence/genuineness of its Certificate of Registration issued by the LTO and, after having verified the same to be genuine, has relied thereon; or otherwise did not know or could not have known that the motor vehicle was imported without payment of duties and taxes or with defective CP.

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5. When the registered owner is unable to show that he is a buyer in good faith, the motor vehicle shall be subject to such valid legal action to enforce the pertinent provisions of the TCCP, as amended, and the government lien thereon.
6. All actions at the level of the Collector of Customs arising from this Order shall be coordinated with the CPVO.
7. This Order shall be without prejudice to the conduct of formal investigation into cases where imported motor vehicles were released from Customs custody and/or registered with LTO with spurious or improper CP's or without payment of duties and taxes, or otherwise imported through fraudulent means.

#### IV. Operational Provisions:


1. The CPVO shall coordinate with the LTO in matching the CP's issued by the Bureau of Customs as against those actually used in support of the issuance of a CR to ensure (a) that each CR is supported by a genuine and validly issued CP and/or (b) that the data information in the CP, e.g., identification and description of the motor vehicle, actually used in the LTO registration match in every detail those found in the customs file copy of the CP.
2. The registered owner, on his own, shall go to the office of the CPVO which shall refer the case to the office of the Collector of Customs having jurisdiction over the motor vehicle or in such other office as the Commissioner may direct in special cases, and there to validate whether indeed the motor vehicle has or does not have a CP or that the CP is spurious or irregular as to form or otherwise to prove that he is a buyer in good faith. For the purpose, he shall execute an affidavit stating the circumstances on how he purchased the motor vehicle, enclosing a copy of the Deed of Sale, the steps he undertook to make sure that he bought a motor vehicle with genuine registration papers, and a statement that he has no knowledge about any irregularity surrounding the importation of the motor vehicle in question, or on the issuance or non-issuance of a CP or the regularity thereof or otherwise on the matter of the payment or non-payment of duties and taxes.
3. The Collector of Customs concerned shall determine whether the CP in question is indeed non-existent or otherwise is defective. When the

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Collector of Customs finds nothing irregular about the CP as to form and substance, he shall make a report to the Commissioner, through the CPVO, stating his findings and recommendation to put a closure to the case. If the CP is found defective in that duties and taxes were not actually paid, he shall evaluate whether the registered owner was in good faith or not using the criteria set down in Section III no.6 of this Order. If the buyer-in-good-faith benchmark is met, the Collector of Customs shall assess the rightful duties and taxes and other charges on the motor vehicle using the current rules and policies on the assessment of motor vehicles. Otherwise, if the said conditions are not complied with, he will report to the Commissioner of Customs indicating his findings and recommendation for such proper and valid action to take to enforce the TCCP, as amended, and the lien of the government over the motor vehicle for unpaid duties and taxes.

4. When the findings indicate that the CP is in order, the Collector of Customs shall recommend the closure of the case.
5. In case the CP is found defective but the owner's claim of good faith is established, the Collector of Customs shall recommend the payment of duties and taxes and other charges due on the imported motor vehicle in accordance with the current rules and policies on the assessment of motor vehicles.
6. In any case, the report and recommendation of the Collector of Customs shall be subject to the approval and/or clearance by the Commissioner of Customs through the CPVO.
7. When the action of the Collector of Customs results in the payment of duties and taxes and other charges, he shall cause the issuance of the covering CP in favor of the registered owner which CP shall be officially forwarded, under existing procedure, to the LTO to enable the proper registration or revalidation of such registration of the motor vehicle in question.
8. Upon payment of duties and taxes and the issuance of the covering CP, the Collector of Customs shall submit a report of compliance/implementation, indicating, among others, a summary of the amount of duties and taxes and other charges collected thereon, to the Commissioner of Customs, attention: CPVO.

The CPVO shall keep and maintain a record of all imported motor vehicles processed under this Order for monitoring and management information purposes.

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**V. ONE STOP SHOP**

1. Pursuant to the one-stop-shop provision of the BoC-LTO MOA, BoC shall establish in a CPVO unit at the LTO Main Office to coordinate with its LTO counterparts in the matter of registration or renewal of registration of motor vehicles with non-compliant CP's.
2. The CPVO with the assistance of the LTO complement shall identify registered imported motor vehicles covered under this Order with no CP or the genuineness of whose CP appears questionable as to form, defective, or, otherwise, with no actual payment of customs duties and taxes. A defective CP is one which should not have been issued for failure to comply with the requisites or conditions for its issuance or otherwise for non-payment of duties and taxes on the imported motor vehicle purportedly covered by such defective CP.
3. The CPVO shall, in coordination with the LTO, shall institute ways and means to more effectively enforce the "No-CP No-registration or No-renewal" policy on the registration of imported motor vehicles. This shall include the periodic test-checking of CP's issued by the BOC and those actually received by LTO to weed out spurious or irregular ones and the cancellation or non-renewal of the CR's of motor vehicles found to have no CP's or with defective CP's. This shall also include the requirement of a BoC clearance by the LTO for the initial registration or renewal of registration of imported motor vehicles covered under this Order.

**VI. Repealing Clause**

All orders, memoranda, or circulars or part thereof inconsistent with this Order are deemed repealed or are modified accordingly.

**VII. Effectivity**

This Order shall take effect 15 days after registration/publication.

**NAPOLEON D. MORALES**

*Commissioner*



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Bureau of Customs  
Philippines