



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

December 22, 2014

CUSTOMS MEMORANDUM ORDER

NO. 29-2014

**SUBJECT: REVISED COMPUTATION OF DUTIES, TAXES AND OTHER
CHARGES FOR AUTOMOBILES**

By authority of Section 608 of the Tariff and Customs Code of the Philippines, as amended, following rules and regulations are issued:

1. OBJECTIVES

- 1.1 To have a uniform and simplified format in the computation of Custom Duties, Value Added Tax, Excise Tax and Other Charges for brand new and used automobiles;
- 1.2 To ensure proper implementation of BIR Revenue Regulation 25-2003 particularly Sec. 4, Sec. 5 and Sec. 7 thereof as to the basis in computing *Ad Valorem* Taxes for brand new automobiles consigned to car manufacturers/dealers, individuals and personally owned used automobiles;
- 1.3 To enhance collection of government revenue by providing a uniform basis in the treatment of trade discounts and application of depreciation allowance for used automobiles as provided for under Sec. 8 of BIR Rev. Reg. 25-2003.

2. COVERAGE

This Order shall cover the importations of automobiles categorized as follows:

- 2.1 Brand new automobiles consigned to car manufacturers, dealers and natural persons;
- 2.2 Used automobiles consigned to the following:
 - 2.2.1 Returning Filipino Diplomats and/or Dept. of Foreign Affairs' officials;
 - 2.2.2 Returning Filipino Residents who have resided abroad for at least one (1) year [accumulated within 3 years of his/her stay abroad

- 2.2.2 Returning Filipino Residents who have resided abroad for at least one (1) year [accumulated within 3 years of his/her stay abroad immediately preceding the date of filing of the Certificate of Authority to Import (CAI) at the Bureau of Import Services (BIS)];
- 2.2.3 Immigrants holding 13A or 13G visas or those with dual citizenships provided a prior Certificate of Authority to Import had been issued by the DTI-BIS prior to exportation.
- 2.3 Used automobiles under the local purchase scheme, sold by privilege (duty/tax exempt) persons to non-privilege (non-duty/tax exempt) individuals or those sold by privilege to privilege individuals.

3. DEFINITION OF TERMS

- 3.1 **AUTOMOBILE** – as defined under Sec. 2, paragraph (b) of Revenue Regulation 25-2003 shall refer to any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power, provided that, for purposes of these Regulations, buses, trucks, cargo vans, jeeps/jeepneys/jeepney substitutes, single cab chassis, and special purpose vehicles as defined under Sec. 2, (b) of Rev. Reg. 25-2003 shall not be considered as automobiles. Only those classified as automobiles are subject to excise tax.
- 3.2 **EXCISE TAX** – for automobiles, shall refer to the *Ad Valorem* Tax (AVT) subject to the rates and bases imposed under Sec. 4 of Revenue Regulation 25-2003.
- 3.3 **BRAND NEW AUTOMOBILES** – as contemplated under DOF Joint Order No. 1-2010 refers to the following criteria:
- 3.3.1 of current or advance year model in the country of origin and/or manufacture; or
- 3.3.2 with year model of the immediately preceding year in the country of origin and/or manufacture provided that:
- the motor vehicle has a mileage of not more than 200 kms or 125 miles and
 - the motor vehicle has been acquired by the importer from the car dealer as first owner
- A brand new automobile with year model of the immediately preceding year shall not be accorded any depreciation allowance.
- 3.4 **IMPORTER'S SWORN STATEMENT (ISS)** – as defined under Sec. 13 of BIR Revenue Regulation 25-2003 refers to the duly notarized document showing the net importer's selling price of the imported brand new automobile duly filed by car manufacturers or car dealers with the

BIR on or before the end of months of June and December of every calendar year, or for every proposed importation of a new brand/make of automobiles, including its variants.

4. ADMINISTRATIVE PROVISIONS

4.1 For purposes of computing the *ad valorem* tax for imported brand new automobiles consigned to car manufacturers or dealers, the net importer's selling price (ISP) shall be the higher value computed using the following formulas:

$$4.1.1 \text{ Net ISP}_1 = \text{Gross Selling Price} - \text{Excise Tax} - \text{VAT}$$

$$4.1.2 \text{ Net ISP}_2 = 80\% \times (\text{Suggested Retail Price} - \text{Excise Tax} - \text{VAT})$$

4.2 To simplify the computation of the *Ad Valorem* Tax under the foregoing category and using the various AVT rates under Sec. 4 of the Regulation, the following formulas are to be adapted for the four (4) Importer's Selling Price (ISP) schedules, namely:

Sch. 1 : Net ISP up to P 600,000.00

$$\text{AVT}_1 = 0.02 \times \text{Net ISP}_1 \\ \text{(constant)}$$

Sch. 2 : Net ISP of more than P 600,000.00 to P 1,100,000.00

$$\text{AVT}_2 = (0.20 \times \text{Net ISP}_2) - \text{P } 108,000.00 \\ \text{(constant) \hspace{10em} (constant)}$$

Sch. 3 : Net ISP of more than P 1,100,000.00 to P 2,100,000.00

$$\text{AVT}_3 = (0.40 \times \text{Net ISP}_3) - \text{P } 328,000.00 \\ \text{(constant) \hspace{10em} (constant)}$$

Sch. 4 : Net ISP of more than P 2,100,000.00

$$\text{AVT}_4 = (0.60 \times \text{Net ISP}_4) - \text{P } 748,000.00 \\ \text{(constant) \hspace{10em} (constant)}$$

4.3 The depreciated value of the automobile at the time of sale, transfer, or exchange shall be based on the provisions of CAO 07 - 2014.

4.4 To facilitate assessment, the computation of the *ad valorem* tax for each variant/model covered by the Importer's Sworn Statement (ISS) should be inscribed in the "Free Disposal" portion of the IEIRD.

5. OPERATIONAL PROVISIONS

5.1 Computation of duties, taxes and other charges for brand new automobiles consigned to car manufacturers and dealers shall follow the format in Annex "A" of this Order.

- 5.1.1 Importers under this category shall submit to the Bureau of Customs a certified true copy of the Importer's Sworn Statement (ISS) duly filed with the Bureau of Internal Revenue. Said ISS shall form an integral part of the import / shipping documents submitted to the Entry Processing Division of each Port upon filing of the IEIRD and a copy of which shall be submitted to the Valuation and Classification Division (VCD) through the Import Assessment Service (IAS) for validation and clearance purposes.
- 5.2 Computation of duties, taxes and other charges for brand new automobiles consigned to natural persons shall follow the format in Annex "B" of this Order.
- 5.3 Computation of duties, taxes and other charges for used automobiles consigned to returning Filipino diplomats and/or Department of Foreign Affairs (DFA) personnel shall follow the format in Annex "C" of this Order.
- 5.4 Computation of duties, taxes and other charges for automobiles consigned to returning Filipino residents and immigrants holding 13A or 13G visas and those with dual citizenships shall follow the format in Annex "D" of this Order.
- 5.5 Computation of duties, taxes and other charges under the local purchase scheme: sold by privilege individual (duty/tax exempt) to a non-privilege individual shall follow the format in Annex "E" of this Order.
- 5.6 Computation of duties, taxes and other charges under the local purchase scheme: sold by privilege individual to privilege individual shall follow the format in Annex "F" of this Order.
- 5.7 Computation of duties, VAT, excise tax and other charges for used automobiles consigned to individuals (categorized under sub-sections 5.3 to 5.6 of this Order) should be inscribed at the "Free Disposal" portion of the covering IEIRD.

6. REPEALING CLAUSE

Customs Memorandum Order (CMO) 13-2014 is hereby repealed, and all memoranda, orders and other issuances inconsistent with this Order are hereby repealed, superseded and/or modified accordingly.

7. EFFECTIVITY CLAUSE

This Order takes effect fifteen (15) days from publication in the Official Gazette or newspaper of general circulation and three (3) certified copies deposited to the UP Law Center.


JOHN P. SEVILLA
Commissioner
Bureau of Customs
JOHN P. SEVILLA
Commissioner

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REVISED AUTOMOBILE VALUATION FORMAT
(For Brand New Automobile Consigned To Car Manufacturers/Dealers)

		Reference/Basis
Customs Value	USD	
Insurance		- CMO 22-2007 (4% x CV)
Freight		- CMO 22-2007
Dutiable Value	USD	- CV + FRT + IINS
Exchange Rate		- CMO 14-2002
Dutiable Value	PhP	- DV(\$) x PhP/US\$
Rate of Duty	<u>x 0.20 or 0.30</u>	- Sec. 104, TCCP
Customs Duty	PhP	- DV x R/D
		a. 87.02: 10 seater and above – 20% rate of duty
		b. 87.03: 9 seater and below – 30% rate of duty

TAXABLE VALUE

Dutiable Value	PhP	
Customs Duty		
Bank Charge		- 0.00125 x T. DV
Brokerage Fee		- CAO 1-2001
Arrastre Charge		- CMO 7-2014 or CMO 26-95c
Wharfage Dues		- CMO 7-2014 or CMO 26-95
Import Processing Fee		- CAO 2-2001
Documentary Stamps		- Php 265.00 (fixed)
Total Landed Cost	PhP	- DV + CUD + BC + BF + AC+WD + IPF + CDS
Ad Valorem Tax		- Sec. 4, BIR RR 25-2003
VAT Base	PhP	- LC+AVT
VAT Rate	<u>x 0.12</u>	- Sec. 107, NIRC as amended
Value Added Tax	PhP	- VAT Base x 12%

SUMMARY

Customs Duty	PhP	
Value Added Tax		
Ad Valorem Tax		
Import Processing Fee		- CAO 2-2001
Total Duties, Taxes & O/C	PhP	- CUD + VAT + AVT + IPF

REVISED AUTOMOBILE VALUATION FORMAT
(For Brand New Automobile Consigned to Natural Persons)

		Reference/Basis
Customs Value	USD	
Insurance		- CMO 22-2007 (0.04 x CV)
Freight		- CMO 22-2007
Dutiable Value	PhP	- CV + FRT + INS
Exchange Rate		- CMO 14-2002
Dutiable Value	PhP	- DV(\$) ¹ x PhP/US\$
Rate of Duty		- Sec. 104, TCCP
Customs Duty	PhP	- DV x R/D
		a. 87.02: 10 seater and above – 20% rate of duty
		c. 87.03: 9 seater and below – 30% rate of duty

TAXABLE VALUE

Dutiable Value	PhP	
Customs Duty		
Brokerage Fee		- CAO 1-2001
Arrastre Charge		- CMO 7-2014 or CMO 26-95c
Wharfage Dues		- CMO 7-2014 or CMO 26-95
Import Processing Fee		- CAO 2-2001
Documentary Stamps		- PhP 265.00 (fixed)
Total Landed Cost	PhP	- DV + CUD + BF + AC + WD + IPF + CDS
Ad Valorem Tax		- Sec. 4, BIR RR 25-2003
VAT Base	PhP	- LC + AVT
VAT Rate		- Sec. 107, NIRC, as amended
Value Added Tax	PhP	- VAT Base x 12%

SUMMARY

Customs Duty	PhP	
Value Added Tax		
Ad Valorem Tax		
Import Processing Fee		- CAO 2-2001
CP Fee	PhP 100.00 (fixed)	- Sec. 3301, TCCP, as amended
Total Duties, Taxes & O/C Fee	PhP	- CUD + VAT + AVT + IPF + CP

REVISED AUTOMOBILE VALUATION FORMAT
(For Used Automobile Consigned To Returning Filipino Diplomats / DFA Officials)

			Reference/Basis
Customs Value	USD		
Depreciation Rate		(Multiplier) _____	- CAO 07 - 2014 (10% per year, max limit 50%)
Depreciated Value			- CV x Dep. Rate (Multiplier)
Less: DOF Partial Exemption		_____	- RA 7157
FOB Value	USD		- Dep. Value – DOF exemption
Insurance			- CMO 22-2007 (0.04 x FOB)
Freight		_____	- Actual Freight
Dutiable Value	USD		- FOB Value + FRT + INS
Exchange Rate		_____	- CMO 14-2002
Dutiable Value	PhP		- DV(\$) x PhP / US\$
Rate of Duty		x 0.20 or 0.30	- Sec. 104, TCCP
Customs Duty	PhP		- DV x R/D
			a. 87.02: 10 seater and above – 20% rate of duty
			b. 87.03: 9 seater and below – 30% rate of duty

TAXABLE VALUE

Dutiable Value	PhP		
Customs Duty			
Brokerage Fee			- CAO 1-2001
Arrastre Charge			- CMO 7-2014 or CMO 26-95c
Wharfage Dues			- CMO 7-2014 or CMO 26-95
Import Processing Fee			- CAO 2-2001
Documentary Stamps		_____	- Php 265.00 (fixed)
Total Landed Cost	PhP		- DV + CUD + BF + AC +WD + IPF + CDS
Ad Valorem Tax		_____	- Sec. 104, BIR RR 25-2003
VAT Base	PhP		-LC+AVT
VAT Rate		x 0.12	- Sec. 107, NIRC, as amended
Value Added Tax	PhP		- VAT Base x 12%

SUMMARY

Customs Duty	PhP	
Value Added Tax		
Ad Valorem Tax		
Import Processing Fee		- CAO 2-2001
CP Fee	PhP 100.00 (fixed)	- Sec. 3301, TCCP, as amended
Total Duties, Taxes & O/C PhP Fee	<hr/>	- CUD + VAT + AVT + IPF+ CP

REVISED AUTOMOBILE VALUATION FORMAT
(For Used Automobile Consigned To Returning Filipino Residents and Foreigners with
13A / 13G Visas or with Dual Citizenships)

		Reference/Basis
Customs Value	_____	- 3 rd Currency (Other foreign currencies except US dollars)
Exchange Rate	_____	- 3 rd Currency to USD (E/R prevailing at time of lodgment of IEIRD)
Customs Value	USD	
Depreciation Rate	<u> (Multiplier)</u> 50%)	- CAO 07 - 2014 (10% per year, max limit)
Depreciated Value	USD	- CV x Dep. Rate (Multiplier)
Insurance		- CMO 22-2007 (0.04 x Dep. Value)
Freight	_____	- CMO 22-2007
Dutiable Value	USD	- CV + FRT + IINS
Exchange Rate	_____	- CMO 14-2002
Dutiable Value	PhP	- DV(\$) ¹ x PhP / US\$
Rate of Duty	<u> x 0.20 or 0.30</u>	- Sec. 104, TCCP
Customs Duty	PhP	- DV x R/D
		a. 87.02: 10 seater and above – 20% rate of duty
		b. 87.03: 9 seater and below – 30% rate of duty

TAXABLE VALUE

Dutiable Value	PhP	
Customs Duty		
Brokerage Fee		- CAO 1-2001
Arrastre Charge		- CMO 7-2014 or CMO 26-95
Wharfage Dues		- CMO 7-2014 or CMO 26-95
Import Processing Fee		- CAO 2-2001
Documentary Stamps	_____	- Php 265.00 (fixed)
Total Landed Cost	PhP	- DV + CUD + BF + AC + WD + IPF + CDS

Ad Valorem Tax		_____	- Sec. 104, BIR RR 25-2003
VAT Base	PhP		-LC+AVT
VAT Rate		_____ x 0.12	- Sec. 107, NIRC, as amended
Value Added Tax	PhP		- VAT Base x 12%

SUMMARY

Customs Duty	PhP		
Value Added Tax			
Ad Valorem Tax			
Import Processing Fee			- CAO 2-2001
CP Fee		PhP 100.00 (fixed)	- Sec. 3301, TCCP, as amended
Total Duties, Taxes & O/C Fee	PhP	_____	- CUD + VAT + AVT + IPF + CP

REVISED AUTOMOBILE VALUATION FORMAT
(For Local Purchase: Sale by Privilege Individual to Non-Privilege Individual)

		Reference/Basis
Customs Value	_____	- 3 rd Currency (Other foreign currencies except US dollars)
Exchange Rate	_____	- 3 rd Currency to USD (E/R prevailing at time of lodgment of IEIRD)
Customs Value	USD	
Depreciation Rate	_____ (Multiplier) 50%	- CAO 07 - 2014 (10% per year, max limit 50%)
Depreciated Value	USD	- CV x Dep. Rate (Multiplier)
Exchange Rate	_____	- CMO 14-2002
Dutiable Value	PhP	- Dep. Value x PhP / US\$
Rate of Duty	_____ x 0.20 or 0.30	- Sec. 104, TCCP
Customs Duty	PhP	- DV x R/D
		a. 87.02: 10 seater and above – 20% rate of duty
		c. 87.03: 9 seater and below – 30% rate of duty

TAXABLE VALUE

Dutiable Value	PhP	
Customs Duty		
Miscellaneous Expenses	_____	- Php 265.00 (fixed)
Total Landed Cost	_____	- DV + CUD + ME
Ad Valorem Tax	_____	- Sec. 104, BIR RR 25-2003
VAT Base	PhP	- LC + AVT
VAT Rate	_____ x 0.12	- Sec. 107, NIRC, as amended
Value Added Tax	PhP	- VAT Base x 12%

SUMMARY

Customs Duty	PhP	
Value Added Tax		
Ad Valorem Tax		
CP Fee	PhP 100.00 (fixed)	- Sec. 3301, TCCP, as amended
Total Duties, Taxes & O/C	PhP _____	- CUD + VAT + AVT + CP Fee

**REVISED AUTOMOBILE VALUATION FORMAT
(LOCAL PURCHASE: Sale by Privilege Individual to another Privilege Individual)**

		Reference/Basis
Customs Value	_____	- 3rd Currency (Other foreign currencies except US dollars)
Exchange Rate prevailing	_____	- 3rd Currency to USD (E/R at time of lodgment of IEIRD)
Customs Value	USD	
Depreciation Rate	<u> (Multiplier)</u> 50%)	- CAO 07 - 2014 (10% per year, max limit
Depreciated Value	USD	- CV x Dep. Rate (Multiplier)
Exchange Rate	_____	- CMO 14-2002
Dutiable Value	PhP	- Dep. Value (\$) x PhP / US\$
Rate of Duty	<u> x 0.20 or 0.30</u>	- Sec. 104, TCCP
Customs Duty	PhP	- DV x R/D a. 87.02: 10 seater and above – 20% rate of duty d. 87.03: 9 seater and below – 30% rate of duty

TAXABLE VALUE

Dutiable Value	PhP	
Customs Duty		
Miscellaneous Expenses	_____	- Php 265.00 (fixed)
Total Landed Cost		- DV+CUD+ME
Ad Valorem Tax	_____	- Sec. 104, BIR RR 25-2003
VAT Base	PhP	- LC+AVT
VAT Rate	<u> x 0.12</u>	- Sec. 107, NIRC, as amended
Value Added Tax	PhP	- VAT Base x 12%

SUMMARY

Customs Duty	PhP	(Exempted)	
Value Added Tax		(Exempted)	
Ad Valorem Tax		(Exempted)	
Import Processing Fee			- CAO 2-2001
CP Fee		PhP 100.00 (fixed)	- Sec. 3301 TCCP, as amended
Net Amt Due	PhP	_____	- IPF + CP Fee