



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

September 17, 1990

CUSTOMS MEMORANDUM ORDER  
NO. 67-90

TO ALL CONCERNED

Attached is Joint Circular No. 3-90 dated January 8, 1990 on the following subject:

RULES, GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF SECTION 14 OF THE GENERAL PROVISIONS OF REPUBLIC ACT 6831, AUTOMATICALLY APPROPRIATING PAYMENTS OF NATIONAL INTERNAL REVENUE TAXES AND CUSTOMS DUTIES PAYABLE BY NATIONAL GOVERNMENT AGENCIES, AND CUSTOMS DUTIES AND TAXES ON EQUIPMENT IMPORTATIONS PAYABLE BY LOCAL GOVERNMENT UNITS

Relatively, however, the present practice of immediately billing the importers on the assessed duties and taxes of the shipment prior to its release from customs custody and the issuance of the Statement of Account\* shall be continued. The distribution thereof shall be as follows:

Original	-	National/Local Government Agency (Importer)
Duplicate	-	Bureau of Treasury
Triplicate	-	Department of Budget & Management
Quadruplicate	-	Collection Service, Bureau of Customs
Quintuplicate	-	Collection Division of the Port of Entry

The duplicate, triplicate and quadruplicate copies shall be submitted to the Collection Service within ten (10) days after the end of each month accompanied with a summary list following the column description as in the attached Form No. 2.

All importing government offices are advised to require the customs brokers concerned to submit to them the original copy of the Statement of Account (on assessed duties & taxes) issued by this Bureau before said Customs Brokers are paid their respective professional fees.

All concerned shall be guided accordingly.

*Salvador M. Mison*  
SALVADOR M. MISON  
Commissioner

\* See Annex I

0410-67-90

DEPARTMENT OF FINANCE  
DEPARTMENT OF BUDGET AND MANAGEMENT

JOINT CIRCULAR NO. 3-90  
January 8, 1990

**F O R :** THE CHIEF JUSTICE AND THE JUDICIARY; THE SENATE PRESIDENT, THE SPEAKER OF THE HOUSE; THE CHAIRMEN OF CONSTITUTIONAL COMMISSIONS; ALL HEADS OF DEPARTMENTS, BUREAUS, OFFICES, AND OTHER COMMISSIONS; HEADS OF ALL OTHER NATIONAL GOVERNMENT AGENCIES, INCLUDING THEIR REGIONAL OFFICES; HEADS OF STATE UNIVERSITIES AND COLLEGES, SCHOOLS, HOSPITALS AND SANITARIA; CHIEF EXECUTIVES OF LOCAL GOVERNMENT UNITS; AND ALL OTHERS CONCERNED

**SUBJECT:** RULES, GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF SECTION 14 OF THE GENERAL PROVISIONS OF REPUBLIC ACT 6831, AUTOMATICALLY APPROPRIATING PAYMENTS OF NATIONAL INTERNAL REVENUE TAXES AND CUSTOMS DUTIES PAYABLE BY NATIONAL GOVERNMENT AGENCIES, AND CUSTOMS DUTIES AND TAXES ON EQUIPMENT IMPORTATIONS PAYABLE BY LOCAL GOVERNMENT UNITS

#### 1.0. PURPOSE

This Circular is issued to prescribe the rules, guidelines and procedures relative to the implementation of Section 14 of the General Provisions of R.A. 6831, the General Appropriations Act of 1990, quoted as follows:

"National Internal Revenue Taxes, and Import Duties of National and Local Government Agencies. National internal revenue taxes and import duties payable by national government agencies to the National Government as well as customs duties and taxes for the importation of equipment by local government units, are deemed automatically appropriated. The amounts pertaining to such taxes and duties shall be considered as revenue and expenditure of the government."

#### 2.0 DEFINITION OF TERMS

For purposes of this Circular, the following terms used shall be construed to mean as follows:

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- 2.1 NATIONAL GOVERNMENT AGENCIES (NGAs) - shall refer to the Judiciary, the Senate and the House of Representatives, Constitutional Commissions, departments, bureaus, offices, other commissions and all other national government agencies, including state universities and colleges, schools, hospitals and sanitararia.
- 2.2 LOCAL GOVERNMENT UNITS (LGUs) - shall refer to municipal, city, and provincial governments.
- 2.3 NATIONAL INTERNAL REVENUE TAXES - any form of imposition under the National Internal Revenue Code excluding interests, surcharges and penalties.
- 2.4 CUSTOMS DUTIES - any levy on imported goods under the Tariff and Customs Code.
- 2.5 APPROPRIATION - a legislative authorization to pay out of government funds under specific conditions or for specific purposes.
- 2.6 IMPORTATIONS - the bringing in of goods or commodities in any form acquired from any foreign country by a government entity out of its appropriation or financed by a grant, donation and/or loan.
- 2.7 GRANTS/DONATIONS - assistance, in cash or in kind, received from foreign governments, international and local agencies or organizations, private entities or individuals, covered by grant agreements, Memorandum of Understanding, Exchange of Notes/Deed of Donation between the donor-entity and the donee-government unit to finance specific projects or procurement of goods without any obligation on the part of the recipient to pay.
- 2.8 LOAN PROCEEDS - receipts, whether in cash or in kind, covered by loan agreements between national government agency/local government unit and a creditor to finance specific projects or procurement of goods which are to be repaid in accordance with the terms and conditions stipulated in the loan agreement.
- 2.9 OTHER FEES AND CHARGES - all other forms of fees and charges other than those covered by the National Internal Revenue Code and the Tariff and Customs Code.

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2.10 REVENUE COLLECTING AGENCY (RCA) - shall refer to either the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC).

### 3.0 COVERAGE

3.1 This Circular covers only: (a) customs duties and taxes due on all importations by NGAs; (b) customs duties and taxes due on equipment importations by LGUs; and (c) documentary stamp taxes due from the Bureau of the Treasury (BTr) on Treasury Bills and Treasury Notes.

3.2 Only importations which are made in pursuance of functions and programs of government entities, and which are duly authorized by the Central Bank, the Department of Trade and Industry and/or other government entities empowered to regulate importations of certain goods are covered by this Circular.

3.3 This Circular does not cover government-owned or controlled corporations, the Armed Forces of the Philippines Commissary Exchange Service, and the Philippine Constabulary/Integrated National Police Store Service System (AFPCES, PC/INP SSS). These entities are eligible for tax subsidy under the provision of Tax Expenditures Subsidy, Item XLVI, pages 1160 and 1161 of R.A. 6831.

### 4.0 GENERAL GUIDELINES

4.1 All National Government Agencies (NGAs) as well as Local Government Units (LGUs) shall be liable for all forms of national internal revenue taxes and customs duties arising out of transactions subject to assessment by the Bureau of Internal Revenue or the Bureau of Customs.

4.2 For NGAs, national internal revenue taxes and customs duties to be settled under this Circular shall include only those imposed on: (1) duly authorized importations funded out of appropriations of national government agencies; (2) acquisitions through grants, donations, and loan proceeds; and (3) Treasury Bills and Treasury Notes issued by the Bureau of the Treasury.

4.3 All other fees and charges not covered by this Circular shall be borne by the NGA or the LGU out of its own regular budget.

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- 4.4 NGAs and LGUs shall not be required to pay in cash or in kind their obligations for internal revenue taxes and customs duties covered by this Circular.
- 4.5 Taxes being withheld by national government agencies and local government units are not covered by this Circular. Such withheld taxes shall be promptly remitted to the BIR in accordance with existing rules and regulations.
- 4.6 The internal revenue taxes and customs duties generated by the BIR or the BOC as a result of the issuance of these Advices of Allotment (AAs) shall be reflected separately and clearly in the report of actual income being submitted monthly by these RCAs.

## 5.0 SPECIFIC PROCEDURAL GUIDELINES

### 5.1 For National Government Agencies

5.1.1 For importations done thru grant, donation or loan proceeds not requiring commercial importation, the following procedures, as illustrated in Annex A, shall be observed.

5.1.1.1 At least ten (10) working days prior to the arrival of the non-commercially imported goods, the NGA shall submit to the BOC-Collection Service the original copy of the Certification of Official Importation (Form 1), duplicate copy furnished the DBM. This shall be supported by the original copy of the Bill of Lading and all other documentations required by the BOC establishing the authority for and the authenticity of the importation. All grants and donations shall be supported by a deed of donation from the donor entity and a deed of acceptance from the recipient-NGA.

5.1.1.2 Upon arrival of shipment and completion of documentation by the NGA, the BOC-Collection Service shall cause the release of the imported goods. If the NGA has an unsettled obligation with BOC relative to importations made more than two months prior to the current importation, the imported goods

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shall be withheld. The NGA must see to it that outstanding obligations on importations undertaken during the first semester of 1990 are settled by 30 September 1990.

5.1.1.3 The RCA shall issue the Statement of Account / Assessment Notice to the NGA, within ten (10) working days after the end of each month, in four (4) copies to be distributed as follows:

Original - NGA  
Duplicate - BTr - National Cash Accounting Division  
Triplicate - DBM-Budget Control Staff  
Quadruplicate - RCA file copy

5.1.1.4 Within ten (10) working days after the end of each month, the NGA shall prepare a monthly Report of Taxes and Duties Payable (RTDP), Form 2, based on the Statements of Accounts issued by RCAs, in four (4) copies to be distributed as follows:

Original - DBM - Budget Control Staff  
Duplicate - BTr - National Cash Accounting Division  
Triplicate - RCA  
Quadruplicate - NGA file copy

5.1.1.5 Upon completion of the RTDP, the NGA shall request for the issuance of Advice of Allotment (AA) from the DBM, supported by the original copy of RTDP and a compilation of Statements of Accounts / Assessment Notices issued by the RCA.

5.1.1.6 Within ten (10) working days from receipt of the request at the DBM-Central Records Division the DBM shall issue to the NGA the necessary AA corresponding to the verified amount indicated in the RTDP. Such issuance of an AA does

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not require a covering Notice of Cash Allocation. Instead, a Notice of Non-Cash Availment Authority (NCAA) shall be issued to the NGA.

- 5.1.1.7 Upon receipt of the approved AA from the DBM, the NGA shall record the amount as an agency expenditure. It shall prepare a Journal Voucher (JV) based on the NCAA issued by the DBM to liquidate the obligation, copy furnished the BTR-NCAD.
- 5.1.1.8 Within ten (10) working days upon receipt of a copy of the agency JV, the BTR-NCAD shall issue a JV debiting the account of the NGA and crediting the account of the RCA.
- 5.1.1.9 Upon receipt of the NCAD JV, the RCA Chief Accountant shall record the income in the RCA's books.
- 5.1.2 For commercial importations of NGAs the following procedures, as illustrated in Annex B, shall be observed.
  - 5.1.2.1 At least ten (10) working days prior to the opening of the Letter of Credit, the NGA shall submit to the BOC-Collection Service the original copy of the Certification of Official Importation (Form 1), duplicate copy furnished the DBM. This shall be supported by a copy of valid authority to import and other documentations required to establish the authority for and the authenticity of the importation.
  - 5.1.2.2 Upon presentation of complete documentation required, the BOC-Collection Service shall issue, within five (5) working days, a waiver of the required advance deposit for customs duties and taxes.

5.1.2.3 After the Letter of Credit has been opened, the procedures contained in 5.1.1.2 to 5.1.1.9 shall be observed.

5.1.3 For the settlement of documentary stamp tax obligations of the BTr arising from the issuance of Treasury Bills and Treasury Notes, the following procedures shall be observed:

5.1.3.1 Within ten (10) working days after the end of each quarter, the BTr shall request for BIR billing based on the statement issued by the Central Bank of the Philippines on the documentary stamp taxes due from the BTr.

5.1.3.2 Within ten (10) working days upon receipt of BTr's request, the BIR shall issue the Statement of Documentary Stamp Taxes Payable in four (4) copies to be distributed as follows:

- Original - BTr - Domestic Debt Management Division
- Duplicate - BTr - National Cash Accounting Division
- Triplicate - DBM-Budget Control Staff
- Quadruplicate - BIR file copy

5.1.3.3 Within ten (10) working days after the receipt of the Statement of Documentary Stamp Taxes Payable from the BIR, the BTr shall request for the issuance of Advice of Allotment from the DBM. This shall be supported by the statement issued by the BIR.

5.1.3.4 From the issuance of the AA, the same procedures as contained in 5.1.1.6 to 5.1.1.9 shall be observed.



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5.2 For Local Government Units

5.2.1 For equipment importations done thru grant, donation or loan proceeds not requiring commercial importation, the following procedures, as illustrated in Annex A, shall be observed.

5.2.1.1 At least ten (10) working days prior to the arrival of the non-commercially imported equipment, the LGU shall submit to the BOC-Collection Service the original copy of the Certification of Official Importation (Form 1), duplicate copy furnished the DBM. This shall be supported by the original copy of the Bill of Lading and all other documentations required by the BOC establishing the authority for and the authenticity of the importation. All grants and donations shall be supported by a deed of donation from the donor entity and a deed of acceptance from the donee LGU.

5.2.1.2 Upon arrival of shipment and completion of documentation by the LGU, the BOC-Collection Service shall cause the release of the imported equipment. If the LGU has an unsettled obligation with BOC relative to importations made more than two months prior to the current importation, the imported equipment shall be withheld. The LGU must see to it that outstanding obligations on importations undertaken during the first semester of 1990 are settled by 30 September 1990.

5.2.1.3 The BOC shall issue the Statement of Account / Assessment Notice to the LGU within ten (10) working days after the end of each month, in four (4) copies to be distributed, as follows:

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Original - LGU  
Duplicate - BTr - Treasury Miscellaneous  
Accounting Division (TMAD)  
Triplicate - DBM - Budget Control Staff  
Quadruplicate - BOC-Collection Service file  
copy

5.2.1.4 Within ten (10) working days after the end of each month, the LGU shall prepare a monthly Report of Taxes and Duties Payable (RTDP), Form 2, based on the Statement of Accounts issued by RCAs in four (4) copies to be distributed, as follows:

Original - DBM-Budget Control Staff  
Duplicate - BTr - Treasury Miscellaneous  
Accounting Division (TMAD)  
Triplicate - BOC-Collection Service  
Quadruplicate - LGU file copy

5.2.1.5 Upon completion of the RTDP, the LGU shall request for the issuance of Advice of Allotment from the DBM supported by the original copy of the RTDP and a compilation of Statements of Accounts / Assessment Notices issued by the RCAs.

5.2.1.6 Within ten (10) working days upon receipt of the request at the DBM-Central Records Division, the DBM shall issue to the LGU thru the Bureau of Treasury, the necessary AA corresponding to the verified amount indicated in the RTDP. Such issuance of an AA will not require a covering Notice of Cash Allocation. Instead, a Notice of Non-Cash Availment Authority (NCAA) shall be issued to the LGU thru the BTr.

5.2.1.7 The BTr-TMAD shall record the release of allotment and incurrence of obligation. It shall prepare a JV to liquidate the allotment, copy furnished BTr-NCAD and the LGU. BTr-NCAD, upon receipt of the BTr-TMAD JV shall issue a JV debiting the account of BTr-TMAD and crediting the account of the RCA.

- 5.2.1.8 The RCA Chief Accountant, upon receipt of the TMAD's JV, shall record the income in the RCA's books.
- 5.2.1.9 Based on the JV issued by the BTR-TMAD, the LGU shall record the amount of AA as both income and expense.
- 5.2.2 For commercial importations of LGUs, the following procedures, as illustrated in Annex B, shall be observed.
- 5.2.2.1 At least ten (10) working days prior to the opening of the Letter of Credit, the LGU shall submit to the BOC-Collection Service the original copy of the Certification of Official Importation (Form 1), duplicate copy furnished the DBM. This shall be supported by documentations required by the BOC establishing the authority for the authenticity of the importation.
- 5.2.2.2 The BOC-Collection Service shall issue a waiver of the required advance deposit for customs duties and taxes.
- 5.2.2.3 After the Letter of Credit has been opened, the procedures contained in 5.2.1.2 to 5.2.1.9 shall be observed.

## 6.0 ACCOUNTING REQUIREMENTS

Pertinent accounting entries for transactions relating to above procedures shall be recorded in accordance with the Circular/Guidelines which may be issued by the Commission on Audit for the purpose.

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### 7.0 SANCTIONS

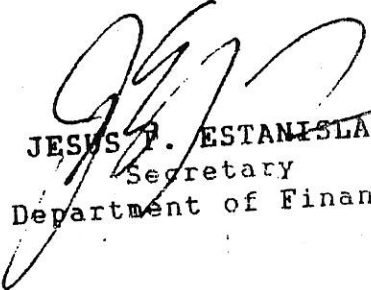
The head of agency or chief local executive, who, by fault or negligence, fraudulently misrepresents importations as official, is liable to the appropriate penalties provided by law, either administratively or criminally or both.

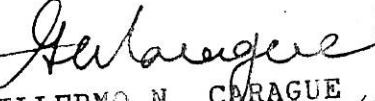
### 8.0 REPEALING PROVISIONS

All pertinent issuances and other existing rules and regulations inconsistent with this Circular are hereby amended or repealed accordingly.

### 9.0 EFFECTIVITY

This Circular shall take effect January 1, 1990.

  
JESUS P. ESTANISLAO  
Secretary  
Department of Finance

  
GUILLERMO N. CRAGUE  
Secretary  
Department of Budget  
Management

IMPORTATION TAX, DUTY, DONATION AND LEAD FEES FLOW CHART

NATIONAL GOVERNMENT AGENCY/LOCAL GOVERNMENT UNIT

DEPARTMENT OF FINANCE

DEPARTMENT OF BUDGET AND MANAGEMENT

BUREAU OF CUSTOMS

BUREAU OF THE TREASURY

Prior to arrival of goods, NRA/LGU issues certification that importation is official and submits all required supporting documents to BOC for the release of imported items

Releases NRA/LGU shipment

Issues Statement of Accounts to the NRA, copy furnished DDM

Prepares four (4) copies of the Report of Taxes and Duties Payable, one each for the RCA, DDM, BTr and NRA/LGU

Requests for issuance of Advice of Allotment (AA)

Issues the AA and NRAA for NRA/LGU

NRA records expenditures based on AA and issues JV based on the NCAA

NCAO issues a JV debiting the account of the NRA and crediting the account of the RCA

Records the income in the book upon receipt of the NCAO JV

TNAD records the release of allotment for the LGU, incurrence of obligation and liquidation of obligation thru a JV. NCAO debits the account of TNAD and credits the account of the RCA

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IMPORTATION REQUIRING LETTER OF CREDIT  
FLOW CHART

NATIONAL GOVERNMENT  
AGENCY/LOCAL  
GOVERNMENT UNIT

DEPARTMENT  
OF  
FINANCE

DEPARTMENT OF  
BUDGET AND  
MANAGEMENT

BUREAU  
OF  
CUSTOMS

BUREAU  
OF THE  
TREASURY

Reporting agency issues  
certification that  
importation is official  
with required supporting  
documents and seeks from  
DOF waiver of advance  
deposit on customs  
duties and taxes

Grants waiver

Opens Letter  
of Credit

Upon receipt of goods,  
releases the goods and  
issues Statement of  
Accounts to NSA,  
copy furnished the DENI

Prepares four copies  
of the Report of Taxes  
and Duties Payable,  
one each for the RCA,  
DEN, BTr and LGU

Issues the AA/NCAA  
for NSA/ LGU

Requests for issuance of  
Advice of Allotment (AA)

NSA records expenditures  
based on AA and issues  
JV based on the NCAA

INCAO issues JV debiting  
the account of the NSA  
and crediting the  
account of the RCA.

Records the income  
in the book upon  
receipt of the  
NCAA JV

TRAD records the  
release of allotment  
for the LGU, incurrence  
of obligation and  
liquidation of  
obligation thru a JV.  
INCAO debits the account

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## CERTIFICATION OF OFFICIAL IMPORTATION

Name of Government Entity

Address

Purpose of Importation or Name of Project

Manner of Importation (Check Appropriate Space):

 Direct Importation Donation

## CONTENTS OF OFFICIAL IMPORTATION

Quantity

Brand/Model/Description

Attached are the following documents (Check appropriate space):

- Bill of Lading, Airway Bill, Parcel Notice, other shipping documents (specify) \_\_\_\_\_
- Commercial Invoice and Packing List
- Certification of Department of Trade and Industry that the imported articles are not locally available
- Clearances from other Government Agencies
- Deeds of Donation and Acceptance; Memorandum of Understanding; Exchange of Notes
- For Local Government Units, Sanggunian Resolution

I hereby certify under oath that the information stated on this Certification as well as those in all documents attached hereto are true and genuine to the best of my knowledge and belief.

Name and Signature of Head of Government Entity

Position

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_ affiant exhibiting his Residence Certificate.

Person Administering Oath

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Form 1-B  
" 15 "

CERTIFICATE OF OFFICIAL IMPORTATION  
by a Local Government Unit

This is to certify that the following items are official importations of the  
Local Government Unit (Municipality or City or Province)

Import Entry No.	Unit	Brand/Description	Commercial Value	Acquisition Cost	Source of Fund
---------------------	------	-------------------	---------------------	---------------------	-------------------

The abovementioned items shall be used for \_\_\_\_\_  
\_\_\_\_\_ and shall form part of the assets of this local government unit.

Attested:

Certified Correct:

\_\_\_\_\_  
Name and Signature of Sanggunian Secretary

\_\_\_\_\_  
Name and Signature of Chief Local Executive

\_\_\_\_\_  
Position

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_ affiant  
exhibiting his Residence Certificate.

\_\_\_\_\_  
Person Administering Oath

Res. Cert. No.A. \_\_\_\_\_  
Issued at \_\_\_\_\_  
Date Issued \_\_\_\_\_

To be filled in for importations requiring waiver of advance deposit.

\_\_\_\_\_  
Name and Signature of BOC Official

\_\_\_\_\_  
Position



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MONTHLY REPORT OF TAXES AND DUTIES PAYABLE  
For the Month of \_\_\_\_\_

Name of Government Entity

Address

Statement of Account Assessment Notice No.	Date	Import Entry No.	Date of Arrival	Customs Duty Payable	Internal Revenue Tax Payable	Total Amount Due from National Government
---	------	---------------------	--------------------	----------------------------	---------------------------------------	--

Total

Prepared by:

Approved by:

\_\_\_\_\_  
Name and Signature

\_\_\_\_\_  
Name and Signature of Head  
of Government Entity

\_\_\_\_\_  
Position

\_\_\_\_\_  
Position

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Republic of the Philippines  
Department of Finance  
BUREAU OF CUSTOMS

Annex "A"

Port of \_\_\_\_\_

STATEMENT OF ACCOUNT

\_\_\_\_\_  
Date

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Name of Importer/Address

Gentlemen:

Please be advised that the shipment consigned to you, the particulars of which are specified hereunder, which had been authorized for release from Customs custody by the Bureau under Joint Circular No. 3-90 dated January 8, 1990 signed by the Secretary of Finance and the Department of Budget and Management implementing Section 14 of the General Provisions of Republic Act 6851, has been examined, and correspondingly assessed customs duties and internal revenue taxes indicated below:

CONSIGNEE: \_\_\_\_\_

Import Entry No. \_\_\_\_\_ Commercial Invoice No. \_\_\_\_\_

Vessel/Carrier \_\_\_\_\_ Date of Arrival \_\_\_\_\_

Voyage/Flight No. \_\_\_\_\_ B/L or AWB No. \_\_\_\_\_

Registry No. \_\_\_\_\_

Description of Shipment: \_\_\_\_\_

Amount Due: \_\_\_\_\_

A) CUSTOMS DUTY	P	_____
B) INTERNAL REV. TAX		_____
C) OTHERS		_____
TOTAL	P	_____

The assessment represents liability to this Bureau which you will include in your request to the Department of Budget and Management for allocation of funds (Form No. 2) to settle this account.

It is understood that settlement of the aforesaid amount shall be made the following month. Otherwise, release of your next shipment shall be held in abeyance.

Very truly yours,

For the Collector of Customs:

\_\_\_\_\_  
Chief, Collection Division

Advance Copy to be mailed to the importing agency.