



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

CUSTOMS ADMINISTRATIVE ORDER

NO. 10-2003

**SUBJECT : GUIDELINES FOR THE TREATMENT OF SAMPLES
FOR COUNTER-SAMPLING AND RAW MATERIALS
FOR MAKING SAMPLE PRODUCTS**

I. OBJECTIVES

1. To expedite clearance of samples to be counter-sampled and of raw materials for making sample products
2. To institute the necessary controls and monitoring of such shipments so as to prevent the abuse of their duty/tax-free privilege
3. To make Philippine manufacturers/exporters and our non-traditional export products more competitive in the world market

II. SCOPE

This Order shall apply to the following importations:

1. Samples or models that need to be counter-sampled in order to come up with an estimate of sample product's cost, for purposes of negotiating/clinching orders/supply contract.
2. Raw materials to be made into finished products for sampling purposes and quality evaluation, as a requisite for negotiating/getting orders/supply contract.

III. GENERAL PROVISIONS

1. Treatment

Importations allowed under Section II of this Order shall be treated as falling within the purview of Sec. 105 of the Tariff and Customs Code of 1978 (TCC) and may be released from Customs custody without payment of duties and taxes under the following conditions:

- a. The importer is registered under Philippine laws as a manufacturer of the product for which a sample is to be made or a trading company engaged in the trading of the same;

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- b. There is a definite need for a counter-sample or for the production of samples to obtain an order or clinch a sale;
- c. A foreign buyer has formally signified interest to buy the product for which a sample or a counter-sample will be produced; and
- d. There is no indication that the importer has abused the duty/ tax free privilege on the importation of samples.

2. Allowable Quantity/Value

- a. For articles, samples and models to be counter-sampled -- one for each kind and the value of each shipment shall not exceed US\$200; otherwise, the matter shall be referred to the Office of the Commissioner for approval/clearance.
- b. For raw materials -- in such quantity necessary for the purpose as determined by the District Collector of Customs, provided that the value of each shipment does not exceed US\$200; otherwise, the same shall be referred to the Office of the Commissioner for approval/clearance.
- c. Should the consignee have an immediate need for a shipment covered by this Order and the value of which exceeds \$200, the same may, pending clearance from the Office of the Commissioner, be released by the District Collector of Customs upon posting of a surety or a cash bond in the amount equal to 100% of the duties and taxes thereon.

IV. Documentary Requirements

In addition to the usual documentary requirements for filing an entry, the following documents are required:

1. A written statement by a responsible official of the importing company with at least the rank of vice-president certifying on the following:
 - The name and office address of the importer and the place(s) where the counter-sample(s) will be made or the firm to whom the samples will be given;
 - The need for the sample for counter-sampling or for the raw materials for the manufacture of samples;
 - The sample will not be for sale, barter or hire; and
 - The value of the shipment. *aw*

2. A surety or a cash bond equal to 100% of the duties and taxes, if the value of the shipment exceeds US\$200, conditioned on the receipt of clearance from the Office of the Commissioner or payment of the corresponding duties and taxes due thereon.

V. ADMINISTRATIVE PROVISIONS

1. The District Collectors concerned shall create or designate a unit/office which shall be tasked with the monitoring of the importations of samples to prevent the abuse of the privilege attached to their importation.
2. During examination, a detailed listing of the contents of a shipment may be made and whenever possible, swatches obtained for file and future reference.
3. The District Collectors shall keep a record of all shipments authorized for release under the provisions of this Order.
4. Within sixty (60) days after release of shipments covered by this Order from Customs custody, the consignee shall submit to the District Collector concerned a report on the disposition of the sample shipments, indicating therein the recipient of the samples, their addresses and the quantity given; also attaching thereto the receipts of the samples by the recipient.

VI. REPEALING CLAUSE


All other Orders in conflict with the provisions hereof are hereby deemed modified and/or rescinded accordingly.

VII. EFFECTIVITY CLAUSE

This Order shall take effect immediately upon approval.


ANTONIO M. BERNARDO
Commissioner

APPROVED :


JOSE ISIDRO M. CAMACHO
Secretary
Department of Finance

Date Signed JUL 28 2003