TO ALL  
Collectors of Customs
Service Chiefs
Division Chiefs
And Others Concerned

SUBJECT  
Rules and Regulations for Customs Operations
In the Poro Point Special Economic and Freeport Zone

AUTHORITY  
Pursuant to the provisions of the Revised Administrative
Code of 1987 in relation to Section 15 of Republic Act No.
7227, Proclamation Nos. 216, 270 and 179, Executive Order
No. 62, Presidential Decree No. 66 as amended, and the
Tariff and Customs Code of the Philippines (TCCP).
As amended, the following Rules and Regulations are hereby promulgated.

CHAPTER I
DEFINITIONS

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


2. ARTICLES - when used with reference to importation and exportation, the term refers to any raw materials, supplies, equipment, machinery, packaging materials, goods, wares, merchandise, consumer items and, in general, anything that may, under the Tariff and Customs Code, the Tax Code, and other applicable laws and the rules of JPDC, be made the subject of importation into or exportation from the Zone.
3. CONTAINER - the outer container in which merchandise is held for storage or transportation, and not an inter-modal container covered by the Customs Convention on Containers done at Geneva on December 02, 1972, unless otherwise indicated.

4. CUSTOMS - means the Philippine Bureau of Customs.

5. CUSTOMS CLEARANCE AREA (CCA) - as provided for under Administrative Order No. 296, this is an area, as shall be provided and delineated by the JPDC in consultation with the Bureau of Customs, and to be guarded and managed by Customs, which shall be the clearing and processing center for goods/cargoes entering and exiting the Zone.

6. CUSTOMS TERRITORY - the portion of the Republic of the Philippines where the customs laws are in full force and effect, which is separate from the PPSEFZ.

7. DOMESTIC ARTICLES - refers to articles which are the growth, product, or manufacture of the Philippines and upon 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 upon 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 the Customs Territory free of duties and taxes.

8. FOREIGN ARTICLES - articles of foreign origin on which duties and taxes have not been paid, or upon which drawback or bounty has been allowed, or which have not been previously entered into Customs Territory, or articles which are the growth, product or manufacture of the Philippines on which not all internal revenue taxes have been paid, if subject thereto, or upon which drawback or bounty has been allowed.

9. JOHN HAY PORO POINT DEVELOPMENT CORPORATION (JPDC) - is the JPDC Authority authorized under Executive Order No. 103 and Section 3 of Presidential Proclamation No. 216, pursuant to Section 15 of the Act, to manage and operate the PPSEFZ.

10. PERSON - a natural person, and not a juridical person, who brings merchandise into, possesses merchandise in, or takes merchandise from the PPSEFZ, whether or not the person is a resident of the PPSEFZ.

11. PPSEFZ REGISTERED ENTERPRISE - any sole proprietorship, partnership, corporation or entity registered with the John Hay Poro Point Development Corporation (JPDC) to do business in the Secured Area of PPSEFZ, whether or not for profit.

12. POINT OF ENTRY OR EXIT - refers to any place designated by JPDC and the Bureau of Customs, Department of Finance, where articles may be lawfully introduced into or removed from the Secured Area of the PPSEFZ.
13. PORT/AIRPORT OF ENTRY - for the importation and exportation of foreign articles into/from PPSEFZ in accordance with this Administrative Order shall refer to the premises declared by the President of the Republic of the Philippines as Port/Airport of Entry and where the Custom houses shall be located.

14. PPSEFZ - refers to the “Poro Point Special Economic and Freeport Zone” under Section 1 of Proclamation No. 216, as amended by Proclamation No. 270, Series of 1993, of the President of the Philippines, and Proclamation 179, Series of 1999, in relation to Sec. 15 of R.A No. 7227, which covers the land and bay areas which include the Wallace Air Station, the San Fernando Airport, Seaport, Barangays Poro and San Vicente and portions of Barangays San Agustin, San Francisco and Canaway of the City of San Fernando, Province of La Union, consisting of Eight Hundred (900) hectares, more or less, subject to the actual survey and verification of the Department of Environment and Natural Resources (DENR). Areas that will be reclaimed from adjoining shores of Poro Point shall also be included in the Poro Point Special Economic and Freeport Zone (PPSEFZ).

15. PROCLAMATION - refers to Proclamation Nos. 216, 270 and 179 creating and designating the area covered by the Poro Point Special Economic and Freeport Zone pursuant to Republic Act No. 7227, defining the investment climate for Poro Point, and directing all heads of departments, bureaus, offices and instrumentalities of government to support the program.

16. RESIDENT - refers to those individuals and members of their immediate family who: (a) are actually residing on a permanent basis within the Secured Area of the PPSEFZ by virtue of domicile or employment, or (b) have qualified investments of at least US $100,000 or its equivalent and (c) have continuously stayed within the Secured Area of the PPSEFZ for a period of at least one hundred eighty (180) days.

17. RETAIL SALE - refers to the sale of articles within the Secured Area of the PPSEFZ, in non-commercial quantities, to an individual or to a PPSEFZ Registered Enterprise for his/her own use and account and not for resale.

18. RULES AND REGULATIONS - unless otherwise specified, the regulations issued by Bases Conversion Development Authority to implement Republic Act No. 7227, Proclamation Nos. 216, 270 and 179 and Executive Order No. 62 and 103.

19. SECURED AREA - the area in the Zone which shall be designated by the JPDC, in consultation with the Department of Finance and the Bureau of Customs which shall be the only completely tax and duty-free area and within which there shall be free and unimpeded flow of goods and articles, and along the boundaries of the Area, Customs Checkpoints and Clearance Area shall be set up through which goods authorized to leave or
enter the Area from some destination inside or outside the Zone must pass; the boundaries of the Secured Area may be expanded from time to time jointly by the JPDC, the Department of Finance, the Bureau of Customs and the Department of Interior and Local Government, with the resolution of concurrence of the affected local government units, as the requirements of the business in the Zone may demand or permit.

20. TCCP - the Tariff and Customs Code of the Philippines as amended

CHAPTER II
GENERAL, PROVISIONS

A. AUTHORITIES AND RESPONSIBILITIES

1. AUTHORITY OF JPDC

The JPDC is responsible for the operation and management of the Secured Area of the PPSEFZ, pursuant to Section 15 of the Act, the Rules and Regulations, and the provisions of the Administrative Order. The JPDC is authorized to implement its own streamlined procedures to ensure the free flow and movement of articles into, within and out of the Secured Area, subject only to the limitation that articles introduced into the Customs Territory shall be subject to the payment of applicable customs duties and taxes.

2. AUTHORITY OF CUSTOMS

Customs in the CCA and Customs in the Seaport Area, as a unit of the Bureau of Customs, Department of Finance, working in coordination with JPDC, shall be responsible for:

a. Supervising and administering Customs operations involving the admission and removal of articles to and from the PPSEFZ, and other Customs operations as determined by the Commissioner of Customs; and

b. Establishing and maintaining offices within the premises of the Customs Clearance Areas (PPSEFZ) wherever necessary to efficiently conduct Customs operations.

c. Maintaining and keeping of true and updated records of goods entering into and exiting from the Secured Area of the Zone and all customs transactions made with regard to the activities in the Zone, and for submission periodically or whenever required, to the Office of the Commissioner of Customs.
To enable Customs to perform the above functions, the bringing out of the articles from the Secured Area shall require the written permission from the JPDC Authority and the Collector of Customs, which shall be monitored until the same is returned to the Secured Area.

A Customs checkpoint at the boundary or boundaries of the PPSEFZ designated, as points of entry or exit shall be set up by Customs for the above purposes.

II. AUDIT, SEARCH, SEIZURE, AND ARREST IN PPSEFZ

1. AUDIT

Officials of JPDC and Customs are authorized to jointly conduct, at any time during office hours; any audit, check or inventory count for the verification and reconciliation of the accounts or records of any PPSEFZ Registered Enterprise.

2. SEARCH

Persons, baggage, vehicles and cargoes entering or leaving the PPSEFZ may be subject to search by Customs. However, Customs officials may, but only upon specific authority of the Commissioner of Customs or the District Collector designated by him and with the assistance and in the presence of JPDC officials or representatives, examine any articles held in the PPSEFZ by any PPSEFZ Registered Enterprise or by any Resident, when a member of the household is at home, for possible violations of Section 101 of the Tariff and Customs Code of the Philippines and the 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 PPSEFZ by Customs in coordination with PPSEFZ may be seized for the violation of the Tariff and Customs Code of the Philippines as amended, and endorsed to the Customs for disposition in accordance with law.

4. ARREST

The JPDC shall, in coordination with or upon the assistance of Customs Officers in the Zone, arrest person in the Zone for violations of the Tariff and Customs Code, as amended, for which arrest is empowered under the law. Provided, however, that Customs may arrest persons who violate the Tariff
E. IMPORTATION OF RAW MATERIALS, CAPITAL GOODS, EQUIPMENT AND CONSUMER ITEMS INTO THE PPSEFZ

Registered Enterprises and Household Residents of the PPSEFZ are free to import raw materials, capital goods, and equipment tax and duty-free provided that they shall be covered by the corresponding Permit to Import issued by the JPDC Authority. Removal of raw materials, capital goods, equipment and consumer items out of the PPSEFZ for sale to non-PPSEFZ Registered Enterprises or persons shall be subject to the usual taxes and duties, except as maybe provided herein.

F. RETAIL SALE OF CONSUMER ITEMS IMPORTED INTO THE PPSEFZ

1. The retail sale of tax and duty-free consumer items within the PPSEFZ shall be allowed in duly authorized retail stores catering exclusively to PPSEFZ Registered Enterprises and Residents for consumption within the PPSEFZ. Overseas Filipinos Workers and Halikhayans as defined under R.A. No. 6768 and local and foreign tourists travelling to or from foreign destinations under E.O.97-A. s. 1993 through the San Fernando Airport or Seaport. Stores shall be subject to the joint regulation of Customs and JPDC to insure proper accounting of imports and sales.

2. Non-resident of the PPSEFZ can purchase any consumer item on a retail basis from hotels, restaurants and other retail facilities within PPSEFZ, provided that said items are consumed within the PPSEFZ. For this purpose, all packages shall be opened or duly marked at the point of (purchase) exit from the PPSEFZ.

CHAPTER III
ADMISSION AND RECEIPT INTO PPSEFZ

A. PROHIBITED MERCHANDISE

1. GENERAL

Any kind or class of articles may be admitted into the PPSEFZ 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, executive orders and proclamation which may hereafter be enacted.
2. ARTICLES NOT IN ACCORDANCE WITH PERMIT TO IMPORT

Articles brought into the PPSEFZ which are not in accordance with the permit to import issued by the JFDC to a Registered Enterprise or Resident shall be proceeded against pursuant to the provisions of the Tariff and Customs Code of the Philippines and this Administrative Order.

B. IMPORTATION OF ARTICLES DESTINED FOR CUSTOMS TERRITORY

Goods may be unladed in the PPSEFZ for the transshipment into the Customs Territory and shall be transshipped under Customs supervision and control.

C. IMPORTATION AND TRANSHIPMENT OF PPSEFZ-DESTINED FOREIGN MERCHANDISE

1. TAX AND DUTY EXEMPTION

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

2. MARKING REQUIREMENT

Foreign articles destined for the PPSEFZ may be imported through any port in the Customs Territory through which importation may be 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 PPSEFZ, REPUBLIC OF THE PHILIPPINES" or with similar wordings to show the Zone destination of the articles.

3. TRANSHIPMENT PROCEDURES

The transshipment of articles from port of discharge to the Secured Area shall be done in accordance with the customs procedure. The Registered Enterprises or its authorized agent will present the Admission Documentation to the Customs Office at the port of discharge. No other authorization or approval will be necessary for the release of articles for transshipment to the Secured Area of PPSEFZ.
1. RIGHT TO APPLY FOR ADMISSION

The application for admission of articles to the Secured Area of the PPSEFZ 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 the addressee shown on mail packages, will be considered to be the owner or purchaser, unless another person or firm presents evidence satisfactory to Customs that it is the true owner or purchaser, or that it is requesting on behalf of and at the specific request of the owner or purchaser. The application may be prepared by any person who has the authority to sign the documents on behalf of the owner or purchaser. A Resident or other person having possession of articles accompanying them upon arrival in the Zone shall be considered the owner or purchaser of the articles.

2. IMPORT AUTHORITY

The admission application of PPSEFZ Registered Enterprise shall be made on forms provided for and required by JPDC. The forms shall provide for description of the articles following the convention provided under CMO 46-94. The admission application shall be presented at the location designated by Customs, normally the Customs office nearest to the point of arrival of the carrier or person bringing the articles at the Secured Area of PPSEFZ.

3. ACCOMPANYING IMPORT PERMIT

The import permit to be prepared by PPSEFZ Registered Enterprises or Residents shall be accompanied by the Permit to Import, a commercial invoice, packing list, or other itemized statement which describes the articles precisely and in commercial terms and serves as 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 in the other shipping documents, the admission applicant shall also be accompanied by evidence to satisfactorily demonstrate that the applicant is making the application on behalf of the eligible owner/purchaser.

4. CUSTOMS REVIEW PROCEDURE

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

   a. Customs will review the import permit for completeness and accuracy. A copy of the import permit 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 information in the admission documentation is incorrect

(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

(3) under a program of random checks to test the quality of admission documentation furnished to Customs.

c. If Customs decide to examine the articles, the examination will be conducted in the Customs Clearance Area, unless the Applicant requests the examination to 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 release the articles for delivery to the applicant's premises in the PPSEFZ. The articles may be delivered by:

a. the vehicle which brought the article to the Secured Area of the PPSEFZ

b. a vehicle owned or leased by the applicant, or

c. a vehicle of a firm licensed by the JPDC Authority for the purpose of carriage of articles within the Secured Area of the PPSEFZ

E. EXEMPTION FROM IMPORT PERMIT

Except upon special order of the JPDC but without any limitation on Customs Search Authority of vehicles, persons, baggage, or cargoes (arriving) leaving the Secured Area of the PPSEFZ, no declaration of admission or permit by either Customs or the JPDC is required for admission to the Secured Area of the PPSEFZ.
1. Any personal effect of residents or the PPSEFZ valued at less than One Hundred Dollars (US$100).

2. Any article of foreign origin in any shipment valued at less than Five US Dollars (US$5).

3. Articles for delivery to a vessel or aircraft for loading and exportation to a foreign country from the PPSEFZ.

4. Articles being returned to the Secured Area of the PPSEFZ after temporary transfer from the Secured Area of the PPSEFZ to the Customs Territory under the procedures allowed herein.

5. Domestic articles, not covered by any of the preceding exemptions when the person or enterprise presenting the articles for admission surrenders to Customs a commercial invoice or similar document describing the articles in commercial items, along with a declaration that the articles are domestic articles as provided in the regulations 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 PPSEFZ shall be released by Customs after completion of the required admission procedure, for delivery by postal officials to the addressee.

G. CUSTOMS BONDED WAREHOUSES OR EXPORT PROCESSING ZONES

Articles may be admitted into the Secured Area of the PPSEFZ from a Customs Bonded Warehouse or Export Processing Zone within the Customs Territory. Containers of the said merchandise shall be clearly marked "SHELLED FROM (NAME OF CBW OR EPZ ENTERPRISE/NAME OF CBW OR EPZ), DESTINED TO PPSEFZ", or similar wordings to show both the origin and destination of the shipment. Acceptance and acknowledgment of authorized receipt by a PPSEFZ Registered Enterprise in the PPSEFZ 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 PPSEFZ.

II. LEGIBILITY FOR DRAWBACK, BOUNTY OR EXEMPTION

The signed permit and release by Customs for the admission of foreign articles into the Secured Area of the PPSEFZ and conclusive proof of actual exportation therefrom as required under pertinent customs laws, rules and regulations shall be the basis for consolidation to prove exportation. The provisions of laws, rules and regulations implementing drawbacks or zero-rating, shall be complied with in case of claims thereof.
CHAPTER IV
OPERATION AND HANDLING WITHIN THE PPSEFZ

A. ANNUAL INVENTORY, RECONCILIATION AND REPORT

Each PPSEFZ Registered Enterprise shall conduct an annual physical inventory at the end of its business year of all articles in its premises and its possession in the PPSEFZ, and reconcile any discrepancies found with its inventory. Such reconciliation shall be made to the JPDC on a form to be required by it, copy furnished the Bureau of Customs, within ninety (90) days after the end of the business year, along with any payment of duties and taxes for shortages or admission documents for overages.

B. LOSS OF IDENTITY OF DOMESTIC ARTICLES

Domestic articles that have lost their identity as such in the PPSEFZ shall be treated as foreign articles if they are transferred to the Customs Territory. They will be considered as having so 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 PPSEFZ Registered Enterprise, including the accounting and inventory records of the Enterprise.

CHAPTER V
TRANSFER OF ARTICLES FROM PPSEFZ

A. ARTICLES FOR TRANSFER FROM PPSEFZ

Any article which has, been admitted to or produced in the Secured Area of the PPSEFZ 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. JPDC PERMIT TO TRANSFER

1. Except as specified below, articles shall not be transferred from the Secured Area of the PPSEFZ without the joint permit of the JPDC and Customs. Forms and procedures used for transfers from the PPSEFZ shall provide therein for such permit.

Domestic articles which have not been manufactured, blended or otherwise combined in the PPSEFZ with foreign articles, when the person or enterprise presenting the articles for removal from the PPSEFZ 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 provisions of this Administrative Order are exempted from the permit requirement and from Customs entry procedures after examination and verification conducted by Customs and if allowed under the pertinent provisions of the Tariff and Customs Code of the Philippines, except where such a permit is required under special order of the JPDC.

2. Carriers containing such articles are nevertheless subject to search by Customs upon removal from the PPSEFZ, and PPSEFZ Registered Enterprises 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 PPSEFZ may be transferred to Customs Territory under the laws, regulations and procedures applicable in the Customs Territory unless otherwise provided in this Administrative Order.

ASSESSMENT OF DUTIES AND TAXES

Customs and import duties shall be assessed on foreign articles or articles containing foreign components at the time of its transfer from the PPSEFZ to the Customs Territory, in accordance with the Tariff Classification and Customs Valuation procedures established under the Tariff and Customs Code of the Philippines.

D. TEMPORARY TRANSFER TO CUSTOM TERRITORY

1. ELIGIBLE PURPOSES

Foreign articles which have been admitted to the PPSEFZ may be removed temporarily from the PPSEFZ for service which are not available in the PPSEFZ, such as repair, restoration, testing and similar operations. Articles may be temporarily removed from PPSEFZ for production process not available in the PPSEFZ subject to the Rules and Regulations applicable in the Customs Territory.

2. APPLICATION

A person or enterprise, which has received a permit from the JPDC for temporary transfer, shall present to the Customs the article and the application on a form to be required by the latter for review and examination.
3. TIME AND GEOGRAPHIC LIMITS

Upon issuance of a Customs permit, the article may be transferred from the PPSEFZ for a period of not more than four (4) months, unless the period is extended for another four (4) months by the JPDC and for a valid business reason. The articles may be transferred to any place within the Customs Territory for the conduct of the service or operation. The article 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 PPSEFZ AND ENFORCEMENT MEASURES

Upon its return to PPSEFZ, the original permit and the articles shall be presented to Customs for examination and review. If the articles are not returned within the four (4) months period, plus any extension granted by the JPDC, or not handled in accordance with the provisions of this section, the articles are considered to have 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 PPSEFZ

1. EXPORTATION FROM CUSTOMS TERRITORY THROUGH PPSEFZ

Foreign or domestic articles may be brought into the PPSEFZ from the Customs Territory for the purpose of loading onto (helicopters) vessels or aircraft arriving in the PPSEFZ. Such articles shall be supervised by Customs to ensure their exportation from the PPSEFZ. If they are not exported or returned to the Customs Territory within three (3) months, the articles shall be 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 JPDC in connection therewith as may be allowed by law. However, in all other respects, the Customs Laws and Regulations shall govern the articles as if it were being exported from the Customs Territory.

2. TRANSHIPMENT THROUGH CUSTOMS TERRITORY FOR EXPORTATION

Foreign articles, or articles containing foreign articles components in the PPSEFZ may be transferred to other ports in the Customs Territory for delivery to vessels and aircraft for exportation under the supervision of Customs using the forms and procedures applicable for exportation in the Customs Territory. However, Customs officials will not usually inspect or examine PPSEFZ articles destined for exportation. Upon arrival at the port of exportation and while
pact shall be opened in the original packing containers and under Customs of the original PPSIFZ shipper's seal. Customs officials will deviate from this policy only in the most unusual circumstances, which will be clearly documented and justified to the JPDC and PPSIFZ Registered Enterprise.

3. MARKING OF CONTAINERS FOR EXPORTATION

Except in the case for exportation from the PPSIFZ by mail, accompanying persons, or under the Special Retail Sales Regime, containers or articles destined for exportation, whether directly from the PPSIFZ or transshipped through the Customs Territory, shall be clearly marked, "SHIPPED FROM PPSIFZ, REPUBLIC OF THE PHILIPPINES" or similar wordings to show the zone origin of the shipment.

4. EXPORTATION OF CONSUMER ITEMS

a. Foreign tourists and residents who purchase consumer items may export the articles accompanying them upon departure to foreign country on a vessel or aircraft, which they board from a designated port of exit. The itemized listing provided by the retail seller under the provision of the Administrative Order should contain the JPDC permit to export the articles, and the customs export documentation for the articles.

b. Persons who board vessels or aircraft in the Customs Territory shall present to Customs at the point of exit from PPSIFZ.

   (1) The articles to be exported

   (2) The itemized listing provided by seller, and

   (3) A declaration of any foreign articles consumed in the PPSEIFZ.

The articles to be exported will be placed in a special sealed container provided by the seller of the articles for shipment of the articles to the vessel or aircraft the purchaser is to board. The seller will be responsible for the delivery of the merchandise, under the supervision of the Customs, to the purchaser in the Customs Territory immediately prior to the departure of the vessel or aircraft for exportation to a foreign country, and for the payment of any duties, taxes or penalties due on any merchandise that is not properly delivered and exported.

c. Articles previously exported from the PPSEIFZ to foreign country and subsequently re-imported may be admitted into the PPSEIFZ as foreign articles in the manner provided in Chapter III, Section C. of the Administrative Order. Foreign articles, or articles containing foreign article components which are exported to a foreign country and
subsequently re-imported directly into Customs Territory for consumption shall be treated in the same manner.

F. ARTICLES FOR USE ON AIRCRAFT OR VESSEL.

Foreign articles, or articles which are reasonably necessary for use of vessels or aircraft arriving or departing from the PPSEFZ for their voyage or flights outside the Philippines or otherwise engage in foreign trade may be delivered free of duties and taxes to aircraft or vessel for use or consumption on board by the crew or passengers, as fuel or as equipment or for repair of the aircraft, to the same extent as is authorized under the laws and regulations in effect in the Customs Territory. The article will be considered transferred from the PPSEFZ upon signature of receipt of the articles by an authorized official of the aircraft with the intent to use them on board the aircraft from the PPSEFZ.

G. TRANSFER TO CUSTOMS BONDED WAREHOUSE OR EXPORT PROCESSING ZONE

Foreign or domestic articles may be transferred from the PPSEFZ 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 PPSEFZ, DESTINED FOR (NAME OF CBW, OR EPZ ENTERPRISE/NAMES OF CBW OR EPZ)” or with similar wordings to show both the origin and destination of the shipment.

H. DELIVERY AND REMOVAL FROM THE PPSEFZ

Articles shall be delivered to carriers and removed from the PPSEFZ in accordance with the provisions of this Section.

1. Customs shall require that vehicles containing shipments of foreign articles containing foreign article components, transshipped to Customs Territory be sealed by the Customs seal, or with a shippers seal, approved by Customs, and transferred under customs supervision and control.

2. The articles may be transferred from the premises of the PPSEFZ Registered Enterprise to the Customs Territory using the carrier of the PPSEFZ Registered Enterprise or the carrier licensed by the JPDC for the purpose.

3. Passenger vehicles, including buses, taxicabs or other vehicles for hire, may be subject to Customs inspection and search to allow persons to properly declare purchase made in the PPSEFZ for transfer to the Customs Territory and to detect undeclared merchandise. Points of exits shall contain adequate facilities to pull aside vehicles for Customs search,
to hold or store detained or seized articles and to assess and collect duties and taxes.

4. When foreign articles, or articles containing foreign article components, are examined at the premises of a PPSEFZ Registered Enterprise and for which a permit to transfer from the PPSEFZ is issued, or in other situations where the permit is given at a location other than the point of exit, 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 PPSEFZ, and that the articles without such a permit are not removed from the PPSEFZ.

5. A person or Enterprise which has received a Customs permit for transfer of articles from the PPSEFZ shall see to it that the articles are physically removed from the PPSEFZ within seven (7) calendar days from its issuance, or request the withdrawal or cancellation of the application for transfer. Except by special order of JPDC to the contrary, foreign articles or articles containing foreign components, shall not be entered for consumption in the Customs Territory, but retained in the PPSEFZ if the request for transfer is withdrawn or cancelled. The PPSEFZ Registered Enterprise shall assume responsibility for the articles, and any duty or tax paid are refunded by Customs in accordance with its procedures. If the request for transfer is not withdrawn or cancelled and there has been no special permit by the JPDC for the retention of the articles but the same nevertheless remained in the PPSEFZ, any duty and tax paid will be treated as unclaimed and turnover to the JPDC for disposition.

I. RETURN TO PPSEFZ WITHOUT ENTRY TO COMMERCE

If foreign articles or articles containing foreign article components are transferred to the Customs Territory with the intent of returning them to the PPSEFZ without having entered the commerce of the Republic of the Philippines or circumventing the removal of the requirements provided in the provision of this Administrative Order, and the articles are so returned to the PPSEFZ, the original permit to transfer and entry shall be cancelled, and the PPSEFZ Registered Enterprise which transferred the articles from the PPSEFZ shall reassume responsibility of the articles as foreign articles.

CHAPTER VI
ENFORCEMENT OF REGULATIONS

A. PENALTIES

Any person or enterprise found to have violated any provision of the Act of this Administrative Order should be subject to the pertinent penal provisions of the Tariff and Customs Laws 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. Certified copies of this Customs Administrative Order shall be submitted to the U.P. Law Center pursuant to Book VII, Chapter II, Sections 3 and 4 of the Revised Administrative Code of 1987.

TITUS B. VILLANUEVA
Commissioner

APPROVED:

JOSE ISIDRO N. CAMACHO
Secretary of Finance