



Republic of the Philippines
Department of Finance
Bureau of Customs
1099 Manila

May 17, 2007

CUSTOMS MEMORANDUM ORDER
No. 12-2007

TO : **ALL DISTRICT COLLECTORS
DEPUTY COLLECTORS FOR ASSESSMENT
AND OTHERS CONCERNED**

SUBJECT : **Strict Implementation of Section 1408, in
relation to Section 201, TCCP, as amended.**

1. Section 1408 of the Tariff and Customs Code of the Philippines (TCCP), as amended, provides:

Assessment of Duty on Less Than Entered Value. - Duty shall not be assessed in any case upon an amount less than the entered value, unless by direction of the Commissioner in cases which the importer certifies at the time of entry that the entered value is higher than the dutiable value and that the articles are so entered in order to meet increases made by the appraiser in similar cases then pending reappraisal; and the lower assessment shall be allowed only when the importer's contention is sustained, by final decision, and shall appear that such action of the importer was taken in good faith after due diligence and inquiry on his part.

2. In relation to Section 201 of the TCCP, the transaction value of imported goods shall be the "amount paid or payable for the goods sold for export to the Philippines" subject to additions enumerated therein, by which shall mean that such amounts paid or payable as indicated in the Commercial Invoice or in the Import Entry Declaration for shipments under Letters of Credit (L/C) entered as the declared value shall be the basis for assessment.

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3. The assessment of the duties and taxes on articles dutiable by weight, quantity or volume such as oil and oil products, grains, wood or timber, cement and other bulk shipments shall be based on the entered weight indicated in the Inward Foreign Manifest, Commercial Invoice and the Bill of Lading.
4. Third-party surveyor reports shall not be used as basis for assessment of duties and taxes except when the surveyor's report indicate a higher volume or quantity than those entered in the Inward Foreign Manifest, Commercial Invoice and the Bill of Lading.
5. Reappraisal/reassessment of duties and taxes in the import entry shall be allowed only upon approval by the Commissioner of Customs of a written request by the importer or its authorized representative properly indorsed by the District Collector concerned.
6. To ensure full compliance with Section 1408 of the TCCP, the Post Entry Audit Group (PEAG) is hereby given full authority to review, examine and audit all importations cleared in violation thereof in all ports of entry.
7. Further, the compliance activities of PEAG in this regard shall be given the fullest cooperation by all District Collectors by allowing PEAG ready access to all working copies of import entries and their attachments subjected to review, and providing sufficient office space and logistical support to PEAG personnel in the port/district office concerned.
8. All expenses for transportation and/or accommodation incurred in the review process by PEAG shall be chargeable to the funds of the Bureau of Customs subject to availability of funds and to the usual accounting and auditing rules and regulations.
9. The OIC Deputy Commissioner for Internal Administration Group and the Finance Management Service shall accord priority to the financial requirements of the compliance activities covered by this Order.
10. This Order takes effect immediately.

NAPOLEON L. MORALES
Commissioner



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