



CPV<sup>o</sup>

10 SEP 2007

CUSTOMS MEMORANDUM ORDER  
Number 24-2007

Subject: Post Entry Audit on imported Motor Vehicles covered by the Memorandum of Agreement between the Bureau of Customs and the Land Transportation Office dated August 7, 2007


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I. OBJECTIVES:

1. To implement the Memorandum of Agreement (MOA), dated August 7, 2007, between the Land Transportation Office (LTO) and the Bureau of Customs (BOC) by providing a clear and concise guideline in the post entry audit of motor vehicles covered by the said MOA.
2. To promote customs and trade compliance by importers and other customs stakeholders as mandated in RA 9153 by demonstrating and emphasizing their statutory obligations and the adverse consequences of non-compliance thereof.
3. To generate, in the process, additional customs revenue by recapturing, thru post entry audit, unpaid duties and taxes on imported motor vehicles.

II. SCOPE

1. This Order covers:
  - a. All imported brand new and used Completely Built Units (CBUs);
  - b. All CBUs assembled from imported replacement parts indicating duties and taxes paid based only on the engine and or chassis/vehicle identification number(VIN) of said parts, and

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- c. All motor vehicles covered by the MOA and imported within (3) years prior to August 7, 2007, the date of this MOA are hereby covered under post entry audit.

2. The following imported motor vehicles are excluded from the coverage of this Order:

- a) Motor vehicles imported pursuant to the Motor Vehicle Development Program (MVDP) of the government;
- b) Motor vehicles imported by embassies, consulates and other diplomatic missions and,
- c) Trucks and buses covered by CP which indicates the payment of taxes and duties for the whole motor vehicle by the Department of Trade and Industry (DTI) accredited rebuilders.,

### III. ADMINISTRATIVE PROVISIONS.

1. To minimize the inconvenience to the transacting public the Certificate of Payment Verification Office (CPVO) shall hereby be established to properly evaluate the cases involving the audit on imported motor vehicles utilizing the expertise and resources of the different BOC offices.
2. The CPVO shall be composed of a composite customs personnel team from the Post Entry Audit Group (PEAG) to implement the provisions of RA 9153, Vehicles Importation Compliance Monitoring Unit (VICMU) shall act as the liaison office of the BOC with the LTO, Valuation Reference Information System (VRIS) shall provide the reference values which shall be used as basis for the computation of duties and taxes, plus penalties, if any of the imported motor vehicle and representatives from the Section 5-Formal Entry Division (FED) to the actual computation of the duties and taxes of the imported motor vehicle and such other BOC offices as the Commissioner of Customs may deem appropriate.

### IV. OPERATIONAL PROVISIONS.

1. The CPVO shall conduct a post entry audit of imported motor vehicles covered by this Order, consistent with Republic Act No.



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9153 as well as relevant customs rules and regulations. In order to expedite the post entry audit, the PEAG, VICMU, VRIS, FED and other BOC offices shall coordinate and cooperate with the CPVO by providing the latter data on imported motor vehicles subjected to post entry audit.

2. In the event the post entry audit reveals that proper duties and taxes have been paid on a particular imported motor vehicle, CPVO shall so recommend to the Office of the Commissioner that a Clearance be issued thereon.
3. When the post entry audit reveals that there is a deficiency in the duties and taxes paid on a particular imported vehicle, the following procedure shall be observed by the CPVO
  - a) The CPVO shall write a letter to the LTO to get the details of the imported motor vehicle specifically the pertinent BOC documents on file at the LTO specifically the copy of the Certificate of Payment issued by the BOC, Official Receipt (OR) and Certificate of Registration (CR).
  - b) Thereafter, CPVO shall write a discrepancy letter, sending the same by registered mail to the registered importer of the motor vehicle to pay within the specified period the deficiency tax and duty as well as the appropriate penalty and surcharge. The Letter shall be basically in the same form as Annex "A", hereof.
  - c) When the importer timely asks for a reconsideration addressed c/o the CPVO of the additional assessment, providing information and/or submitting documents in support thereof, the CPVO shall consider said submissions and re evaluate its assessment and valuation of its original findings. Should the CPVO, in its re-evaluation, determine that no additional duties and taxes are due, it shall recommend to the Office of the Commissioner for the issuance of a Clearance. On the other hand, should the CPVO still find that additional duties and taxes are due, it shall issue a new demand letter to be issued by the Commissioner of Customs, which Demand Letter shall also serve as notice to the importer/registered owner the action of the BOC on its request for reconsideration.



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d) Upon proof of receipt of the Demand Letter and expiration of the ten-day period therein without the importer/registered owner paying the additional assessment, CPVO shall recommend the immediate issuance of a Warrant of Seizure and Detention, without prejudice to such other rights and remedies of the BOC, such as, but not limited to, subjecting the importations of the importer to the provisions of Article 1508. of the TCCP, as amended. Upon issuance of a WSD, the CPVO may further request the proper government agency to issue an alert order on the imported motor vehicle for its seizure as well as notify in writing the LTO not to register or renew the registration of the subject imported motor vehicle, attaching to the written request/notice a copy of the demand Letter and the WSD. The Notice/Advise to LTO shall be in such form as Annex "B", hereof.


e) Should the importer/registered owner decide to accept the additional assessment, CPVO shall already issue an Order of Payment.

f) Upon proof of payment in full of the amount indicated in the Order of Payment, CPVO shall issue a Certificate of Payment, a copy of which shall be transmitted to the Office of the Commissioner for the latter to issue a Clearance.

g) CPVO shall send a copy of the Clearance of the Office of the Commissioner to LTO to allow the registration of the imported motor vehicle.

4. However, should the post entry audit reveal that no duties and taxes were paid on a particular imported motor vehicle and is not qualified to avail of the Voluntary Disclosure Program of the BOC under CAO No. 5-2007 the CPVO shall immediately perform the following:

a) CPVO shall recommend to the appropriate District Collector the immediate issuance of a Warrant of Seizure and Detention (WSD) against the subject imported motor vehicle, without prejudice to such other rights and remedies of the BOC; and,

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- b) CPVO shall advise in writing the LTO not to register the specified imported motor vehicle or, if the subject motor vehicle is already registered with the LTO, not to renew the registration thereof,

V. SEPARABILITY CLAUSE

The provisions of this Order are hereby ordered separable and in case any of the provisions hereof are declared invalid, the other provisions, which are not affected shall remain in full force and effect.

VI. REPEALING CLAUSE

All Orders, Memoranda, Circulars, or parts thereof which are inconsistent herewith, shall be deemed repealed and/or modified accordingly.

VII. EFFECTIVITY CLAUSE

This Order shall take effect fifteen (15) days immediately.



REGISTRATION  
07-04282  
Napoleon L. Morales

NAPOLEON L. MORALES  
Commissioner

*[Handwritten signature]*