



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

**CUSTOMS ADMINISTRATIVE ORDER (CAO)**  
**NO. \_\_\_\_\_**

**SUBJECT: CONDITIONALLY TAX AND/OR DUTY-EXEMPT IMPORTATIONS  
UNDER SECTION 800 OF THE CMTA EXCLUDING SUBSECTIONS  
G and F.**

**Introduction.** This CAO implements Section 800, Chapter 1, Title VIII, and other relevant sections of Republic Act (RA) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), in relation to pertinent tax laws and regulations.

**Section 1. Scope.** This CAO shall cover the conditionally tax and/or duty-exempt importations specifically enumerated in Section 800 of the CMTA, excluding Subsections G and F which are covered by separate CAOs and Customs Memorandum Orders (CMOs).

**Section 2. Objectives.**

- 2.1.** To establish an informed compliance regime for importers of conditionally tax and/or duty-exempt goods and other stakeholders;
- 2.2.** To facilitate customs clearance of conditionally tax and/or duty-exempt importation, without sacrificing the Bureau's other core functions of revenue collection and border security through application of risk management techniques and Information and Communication Technology (ICT) enabled monitoring and control systems; and
- 2.3.** To adopt clear and transparent customs rules, regulations, policies and procedures, consistent with international standards and customs best practices.<sup>1</sup>

**Section 3. Definition of Terms.** For purposes of this CAO, the following terms are defined as follows:

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<sup>1</sup> cf. CMTA, Title I, Chapter 2, Section 101 (b)  
Page 1 of 30 – CAO NO. \_\_\_\_\_

- 3.1. "Actors" and "Artists"** – shall include the persons operating the photographic camera or other photographic and sound recording apparatus by which the film is made.<sup>2</sup>
- 3.2. Bureau** – shall refer to the Bureau of Customs.<sup>3</sup>
- 3.3. Duty Drawback** - refers to the refund or credit of duties, and may include internal revenue taxes actually paid for the importation, in whole or in part.<sup>4</sup>
- 3.4. Overseas Filipinos** - shall refer to persons coming to settle in the Philippines or Filipinos or their families and descendants who are now residents or citizens of other countries.<sup>5</sup>
- 3.5. Personal Effects** – shall refer to commodities whether new or used, for personal use or consumption and not for commercial purposes, such as wearing apparel, personal adornments, electronic gadgets, toiletries, or similar items.<sup>6</sup>
- 3.6. "Persons coming to settle"** - shall refer to holders of all Philippine visas except tourist and transit visa. They shall include missionaries, technicians, educators, officials, and other persons under contract or assigned to the Philippines for a specific or indefinite period of time.<sup>7</sup>
- 3.7. Re-exportation** - means exportation of goods which have been imported.<sup>8</sup>
- 3.8. Security** - refers to any form of guaranty, such as a surety bond, cash bond, standby letter of credit or irrevocable letter of credit, which ensures the satisfaction of an obligation to the Bureau.<sup>9</sup>
- 3.9. Tax Exemption Indorsement (TEI)** – shall refer to a document issued by the Department of Finance (DOF) that determines whether imported goods are exempt from payment of duties and/or taxes.

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<sup>2</sup> cf. CAO 07-1972, Paragraph 1 (j)

<sup>3</sup> cf. CMTA, Title I, Chapter 2, Subsection 102 (i)

<sup>4</sup> cf. CMTA, Title IX, Chapter 1, Section 901

<sup>5</sup> cf. CMTA, Title VIII, Chapter 1, Subsection 800 (i)

<sup>6</sup> cf. CAO 05-2016, Section 3.21

<sup>7</sup> cf. CMTA, Title VIII, Chapter 1, Subsection 800 (i)

<sup>8</sup> cf. CMTA, Title I, Chapter 2, Subsection 102 (jj)

<sup>9</sup> cf. CMTA, Title I, Chapter 2, Subsection 102 (mm)

**Section 4. General and Operational Provisions.** The following goods shall be exempt from the payment of import duties upon compliance with the prescribe formalities:

**4.1. (A) Aquatic Products.** Aquatic products such as fishes, crustaceans, mollusks, marine animals, seaweeds, fish oil, roe, subject to the following:

**4.1.1.** For Submission to Department of Finance (DOF):

1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
2. Certificate of the Master of the fishing vessel stating that: (i) The fishing vessel which caught or gathered the covered aquatic products is of Philippine registry; (ii) Such aquatic products are imported in such vessel or in crafts attached thereto; and (iii) Such aquatic products they have not been landed in any foreign territory or, if so landed, that they have been landed solely for transshipment without having been advanced in condition; and
3. Others.

**4.1.2.** For Submission to the Bureau:

1. Tax Exemption Indorsement (TEI);
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

The above requirement shall be presented whether the carrying and gathering vessel are the same or not.

Marine food products in their original state, and those for breeding stock and genetic materials shall be exempt from Value Added Tax (VAT). They shall be considered in their original state even if they have undergone the simple processes of preparation or preservation for the market, such as freezing, drying, salting, broiling, roasting, smoking or stripping, including those using advanced technological means of packaging, such as shrink wrapping in plastics, vacuum packing, tetra-pack, and other similar packaging methods.

**4.2. (B) Equipment for Use in the Salvage of Vessels or Aircrafts.**

Equipment for use in the salvage of vessels or aircrafts, subject to the following:

**4.2.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
2. Certification duly issued by the appropriate government agency that the equipment is for use in the salvage of a vessel or aircraft and not available locally; and
3. Others.

**4.2.2.** For Submission to the Bureau:

1. Tax Exemption Indorsement (TEI);
2. Goods Declaration;
3. Posting of appropriate security in an amount equal to one hundred percent (100%) of the ascertained duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of corresponding duties, taxes and other charges within six (6) months from the date of acceptance of the goods declaration;
4. Usual Import Documents; and
5. Others.

**4.2.3.** The Bureau may extend the time for exportation or payment of duties, taxes and other charges for a term not exceeding six (6) months from the expiration of the original period.

**4.3. (C) Cost of Repairs of Vessel or Aircraft.** Cost of repairs, excluding the value of the goods used, made in foreign countries upon vessels or aircraft documented, registered or licensed in the Philippines subject to the following:

**4.3.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office; and
2. Where the repair of the vessel or aircraft cannot be made in the Philippines, a Certification duly issued by the appropriate government agency attesting that no adequate facilities for such repairs are available in the Philippines; or

3. Where the repair is made during stay of the vessel or aircraft abroad, an affidavit by the master of the vessel or pilot in command attesting that such vessel or aircraft, while in the regular course of their voyage or flight, were compelled by stress of weather or other casualty to put into a foreign port to make such repairs in order to secure the safety, seaworthiness, or airworthiness of the vessel or aircraft to enable them to reach their port of destination; and
4. Others.

**4.3.2.** For Submission to the Bureau:

1. Tax Exemption Indorsement (TEI);
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.4. (D) Imported goods for repair, processing or reconditioning and for subsequent re-exportation.** Goods brought into the Philippines for repair, processing or reconditioning to be re-exported upon completion of the repair, processing or reconditioning subject to the following:

**4.4.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Affidavit executed by the importer stating that the goods were brought into the Philippines for repair, processing or reconditioning, as the case may be, and giving the name and address of the firm or establishment where the repair, processing or reconditioning of the article shall be made;
4. Copy of Import Bill of Lading/AWB;
5. Copy of Import Invoice/Packing List;
6. Contract/Agreement(forework/repair/processing/reconditioning); and
7. Others.

**4.4.2.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;

3. Security equal to one hundred percent (100%) of the duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of the corresponding duties, taxes and other charges within six (6) months from the date of acceptance of the goods declaration;
4. Usual Import Documents; and
5. Others.

**4.5. (E)** Medals, badges, cups, and other small goods bestowed as trophies or prizes. Medals, badges, cups, and other small goods bestowed as trophies or prizes, or those received or accepted as honorary distinction may be allowed free entry of duty upon proof evident on the articles themselves that the same have been bestowed as trophies or prizes or accepted as honorary distinctions subject to the following:

**4.5.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, Attention: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List; and
5. Others.

**4.5.2.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.6. (F) – Discussed in CAO 06-2016**

**4.7. (G) – Discussed in CAO 05-2016**

**4.8. (H-1) Personal Effects, toiletries, portable tools, theatrical costumes and similar effects of travelers or tourists.** Wearing apparel, goods of personal adornment, toilet goods, portable tools and instruments, theatrical costumes and similar effects accompanying travelers, or tourists, or arriving within a reasonable time before or after their arrival in the Philippines, which are necessary and appropriate for the wear and use of such persons according to the nature of the journey, their comfort and convenience; Provided, That this exemption shall not apply to goods

intended for other persons or for barter, sale or hire subject to the following:

**4.8.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to Director IV, Revenue
2. Office
3. Affidavit of End-Use/Ownership
4. Signed Import Bill of Lading/AWB
5. Import Invoice and/or Packing List
6. Authorization Letter; and
7. Others.

**4.8.2.** For Submission to the Bureau:

1. TEI, if hand carried;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.9. (H-2) Personal and household effects and vehicles belonging to foreign consultants and experts.**

Personal and household effects and vehicles belonging to foreign consultants and experts hired by, or rendering service to, the government, and their staff or personnel and families accompanying them or arriving within a reasonable time before or after their arrival in the Philippines, in quantities and of the kind necessary and suitable to the profession, rank or position of the person importing said items, for their own use and not for barter, sale or hire subject to the following:

**4.9.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Signed Import Bill of Lading/AWB;
4. Import Invoice and/or Packing List;
5. Authorization Letter;
6. Favorable recommendation for conditionally-free from the Head of Government Agency in favor of the consignee;
7. Confirmation/Certification from the Head of Government Agency that the consignee is a foreign

- consultant hired by and/or rendering services to the said Government Agency;
8. Copy of Contract/Agreement;
  9. Original Passport and approved Visa; and
  10. Others.

**4.10.2.** For Submission to BOC:

1. TEI;
2. Goods Declaration;
3. Security equal to one hundred percent (100%) of the duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of the corresponding duties, taxes and other charges within six (3) months from the date of acceptance of the goods declaration;
4. Usual Import Documents; and
5. Others.

**4.11. (I) Professional instruments and implements, tools of trade, occupation or employment, wearing apparel, domestic animals, and personal and household effects.** Professional instruments and implements, tools of trade, occupation or employment, wearing apparel, domestic animals, and personal and household effects belonging to Overseas Filipinos subject to the following evidences:

**a.** An affidavit showing:

- i. His name, address, position, rank or profession;
- ii. That the article or articles are in quantities and of the class suitable to the profession, rank or position of the persons importing said items, for their own use; and
- iii. That the article or articles are not for barter or sale, accompanying such persons, or arriving within a reasonable time.

**b.** Evidence satisfactory that:



- i. Such persons are actually coming to settle in the Philippines;
- ii. The goods are brought from their former place of abode;
- iii. The change of his residence is bona fide and is supported by the necessary immigration papers evidencing his coming to the Philippines to settle;
- iv. The privilege of free entry has never been previously granted to him; and
- v. The article or articles do not include vehicles, vessels, aircrafts, machineries and other similar goods for use in manufacture.

Unaccompanied baggage belonging to such persons must be owned or were in his possession before departure from his former place of abode.

**4.11.1.** For Submission to DOF:

- 1. Letter-Request addressed to the Secretary of Finance, attention to Director IV, Revenue Office;
- 2. Affidavit of End-Use/Ownership;
- 3. Import Bill of Lading/AWB/Postal Registry;
- 4. Import Invoice and/or Packing List;
- 5. Authorization Letter;
- 6. Original Passport;
- 7. Letter of Application for visa with Department of Justice, Bureau of Immigration or Philippine Economic Zone Authority for PEZA registered firm;
- 8. Contract of Employment; and
- 9. Others.

**4.11.2.** For Submission to the Bureau:

- 1. TEI, if hand carried;
- 2. Goods Declaration;
- 3. Usual Import Documents; and
- 4. Others.

**4.12. (J) Goods used exclusively for public entertainment, and for display in public expositions, or for exhibition or competition for prizes, and devices for projecting pictures.**

Goods used exclusively for public entertainment, and for display in public expositions, or for exhibition or competition for prizes, and devices for projecting pictures and parts and appurtenances thereof may be allowed free entry subject to the following conditions:

- a.** The films are purely technical or scientific in character; and

**b.** The same are being imported by a recognized technical, cultural and scientific institution, and not to be exhibited for profit.

**4.12.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List;
5. Brochure;
6. Certification from Organizer as to Venue & Date;
7. Authorization Letter; and
8. Others.

**4.12.2.** For Submission to the Bureau:

1. TEI, if hand carried;
2. Goods Declaration;
3. Security equal to one hundred percent (100%) of the duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of the corresponding duties, taxes and other charges within six (3) months from the date of acceptance of the goods declaration;
4. Usual Import Documents; and
5. Others.

However, no motion pictures and their accessories shall be released from the Bureau without the corresponding permit issued by the concerned agency.

If any of the films is exhibited for profit, the proceeds therefrom, shall be subject to confiscation, in addition to the penalty provided under the CMTA.

**4.13. K (a)** Goods brought by foreign film producers directly and exclusively used for making or recording motion picture films on location in the Philippines may be allowed free entry subject to submission of an affidavit by foreign film producers stating that the goods are not for sale, barter or hire but are directly and exclusively used for making or recording motion pictures on location in the Philippines subject to the following:

**4.13.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List; and
5. Others

**4.13.2.** For Submission to the Bureau:

1. TEI, if hand carried;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.14. K (b)** Photographic and cinematographic films, underdeveloped, exposed outside the Philippines by resident Filipino citizens or by producing companies of Philippine registry may be allowed entry free of duty subject to the following requirements:

- a.** Evidence showing that the owner is a resident Filipino citizen or a producing company of Philippine registry;
- b.** Affidavit by the importer stating that the negative films, undeveloped, are the same films which were brought outside the Philippines where the same were exposed by him for the production or filming of motion pictures (specifying the title of the picture);
- c.** That the principal actors and artists employed in the production of said pictures are Filipinos (naming the principal actors and artists and their citizenship); and
- d.** Said films should be identified prior to their exportation from the Philippines and re-identified upon entry by the customs officials concerned and that certificates of identification in both cases should be presented.

**4.14.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List; and
5. Others

**4.14.2.** For Submission to the Bureau:

1. TEI, if hand carried;

2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.15. (L)** Importations for the official use of foreign embassies, legations and other agencies of foreign governments may be admitted entry free of duty, subject to the following conditions:

- a.** That those foreign countries accord like privileges to corresponding agencies of the Philippines. Goods imported for the personal or family use of members and attaches of foreign embassies, legations, consular officers and other representatives of foreign governments; Provided, however, That such privilege shall be accorded under special agreements between the Philippines and the countries which they represent; and
- b.** That the privilege may be granted only upon specific instructions of the Secretary of Finance pursuant to an official request of the DFA on behalf of members or attaches of foreign embassies, legations, consular officers and other representatives of foreign governments.

No entry is required at the port delivery for delivery for shipments admitted free of duty under this subsection, but a proper notation as to the disposition thereof shall be made on or attached to the manifest.

Every proper means shall be afforded the foreign officials mentioned above to facilitate their passage through ports of the Philippines.

**4.15.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Import Bill of Lading/AWB;
3. Import Invoice/Packing List;
4. Note Verbale from the Embassy;
5. Favorable recommendation from DFA; and
6. Others.

**4.15.2.** For Submission to the Bureau:

5. TEI, if hand carried;
6. Goods Declaration;
7. Usual Import Documents; and
8. Others.

**4.16. (M)** Imported goods donated to or, for the account of the Philippine government or any duly registered relief organization not operated for profit, may be admitted entry free of duty subject to the following requirements:

- a.** Evidence showing that the articles are covered by Deed of Donation duly authenticated and Deed of Acceptance duly executed by the donees;
- b.** Evidence showing that the donee is a duly registered relief organization with the Securities and Exchange Commission and Department of Social Welfare; and
- c.** That the articles donated are for free distribution among the needy, upon certification by the DSWD or the Department of Education (DepED), or the Department of Health (DOH), as the case may be.

**4.16.1.** For Submission to DOF:

- 1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
- 2. DSWD, DepEd and DOH Recommendation, as the case may be;
- 3. Import Bill of Lading/AWB;
- 4. Import Invoice/Packing List;
- 5. Authenticated Deed of Donation/Deed of Acceptance (duly notarized);
- 6. DSWD Registration Certificate; and
- 7. Others.

**4.16.2.** For Submission to the Bureau:

- 1. TEI, if hand carried;
- 2. Goods Declaration;
- 3. Usual Import Documents; and
- 4. Others.

**4.17. (N)** Containers, holders and other similar receptacles of any material including kraft paper bags for locally manufactured cement for export, including corrugated boxes for bananas, mangoes, pineapples and other fresh fruits for export, may be admitted free of duty subject to the following conditions:

- a.** That they are not made of paper, paper board, and textile fabrics;
- b.** That they are of such character as to be readily identifiable and/or re-usable for shipment or transportation of goods;

- c. That they should be identified, examined and appraised by the customs officials concerned, and that a certificate of identification shall be issued thereof; and
- d. Affidavit of the importer setting forth that said container shall be exclusively used as containers of goods for exportation abroad, and stating the value thereof.

**4.17.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Certificate of Identification; and
3. Others.

**4.17.2.** For Submission to the Bureau:

1. TEI, if hand carried;
2. Goods Declaration;
3. Usual Import Documents;
4. Security equal to one hundred percent (100%) of the duties, taxes and other charges thereon, conditioned for the exportation thereof or payment of the corresponding duties, taxes and other charges within six (3) months from the date of acceptance of the goods declaration; and
5. Others.

**4.18. (O) – Discussed in the CAO on Stores.**

Supplies which are necessary for the reasonable requirements of the vessel or aircraft in its voyage or flight outside the Philippines may be allowed duty free subject to the following conditions:

- a. Goods transferred from a bonded warehouse in any Customs District to any vessel or aircraft engaged in foreign trade,
- b. Goods for use or consumption of the passengers or its crew on board such vessel or aircraft as sea or air stores; or
- c. Goods purchased abroad for sale on board a vessel or aircraft as saloon stores or air store supplies; and
- d. Any surplus or excess of saloon stores or air stores supplies on board the vessel or aircraft arriving from foreign ports or airports shall be dutiable.

**4.18.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List;
5. Civil Aviation Authority of the Philippines (CAAP) Certification of local non-availability for aircraft importation; and
6. Others.

**4.18.2.** For Submission to the Bureau:

1. TEI, if hand carried;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.19. (P) Recovered Goods and salvage from vessels.** After a period of two (2) years from the date of filing the marine protest or the time when the vessel was wrecked or abandoned, or parts of a foreign vessel or its equipment, wrecked or abandoned in Philippine waters or elsewhere shall be exempt from duty, subject to the following conditions:

- a.** Foreign articles recovered from foreign vessels wrecked or abandoned in Philippines or foreign waters after two (2) years from the date of filing of marine protest, or the time the vessel was wrecked are exempt from duty; and
- b.** Parts of Philippine vessel or her equipment whether wrecked in the Philippines waters or elsewhere regardless of the period of her recovery.

Recovered Goods and salvage within the said period of two (2) years shall be dutiable.

**4.20. (P) Recovered Goods and salvage from vessels.** After a period of two (2) years from the date of filing the marine protest or the time when the vessel was wrecked or abandoned, or parts of a foreign vessel or its equipment, wrecked or abandoned in Philippine waters or elsewhere shall be exempt from duty, subject to the following conditions:

- a. Foreign articles recovered from foreign vessels wrecked or abandoned in Philippines or foreign waters after two (2) years from the date of filing of marine protest, or the time the vessel was wrecked are exempt from duty; and
- b. Parts of Philippine vessel or her equipment whether wrecked in the Philippines waters or elsewhere regardless of the period of her recovery.

Recovered Goods and salvage within the said period of two (2) years shall be dutiable.

**4.21. (Q)** Coffins or urns containing human remains, bones or ashes, used personal and household effects (not merchandise) of the deceased person, may be allowed entry free of duty upon compliance with the following conditions:

- a. That the coffins or urns must contain the human remains, bones or ashes;
- b. That said personal and household effects affects are not merchandise or vehicles;
- c. That the value of said coffins or urns and used personal or household effects does not exceed one hundred fifty thousand pesos (P150, 000.00) Pesos; and
- d. That an affidavit of a person having knowledge of the facts, or otherwise satisfy himself that the used personal and household effects belonged to the deceased.

**4.22. (R) Samples.**

**4.22.1.** Samples of the kind may be entered free of duty provided they are in such quantity and dimensions or constructions as to render them unsalable or of no appreciable commercial value, and upon previous authorization by the Secretary of Finance.

Appreciable commercial value shall be determined by taking into consideration the kind and quantity of the samples and the status and circumstances of the importer.

**4.22.2.** Models may be allowed entry free of duty provided they are not adopted for practical use and upon previous authorization by the Secretary of Finance.

Samples of the kind and models not adapted for practical use the importation of which are not previously authorized



by the Secretary of Finance, shall be levied the corresponding tariff duty.

**4.22.3.** Samples of medicines may be allowed entry free of duty provided the following conditions are complied with:

- a.** That they are properly marked "SAMPLE-SALE PUNISHABLE BY LAW", and these words should be clearly and permanently printed, not merely pasted on the products' label and/or box;
- b.** That they are imported for the purpose of introducing a new article in the Philippine market;
- c.** That they are imported only once in such quantity sufficient for such purpose;
- d.** That they are imported by a person duly registered and identified to be engaged in that trade;
- e.** That the importation of said sample of medicine was previously authorized by the Secretary of Finance and the Secretary of Health;
- f.** That such samples are new medicines not available in the Philippines as may be determined by the Secretary of Health or his duly authorized representative;
- g.** That they are not in commercial sizes nor shipped in bulk;
- h.** That they should arrive with or after the commercial shock and they should not exceed 20% of the latter;

Said samples of medicines the importation of which are not previously authorized by the Secretary of Finance and the Secretary of Health, or their duly authorized representatives, and/or which are not properly marked in accordance with the subsection, shall be levied the corresponding tariff duty.

**4.22.4.** Commercial samples, except those that are not readily and easily identifiable as in the case of precious and semi-precious stones, cut or uncut, and jewelry set with precious or semi-precious stones, the value of any single importation of which does not exceed FCA value of fifty thousand pesos (₱50,000.00) upon the giving of a security in an amount equal to the ascertained duties, taxes and other charges thereon, conditioned for the exportation of said samples within three (3) months from the date of the acceptance of the goods declaration or in default thereof, the payment of the corresponding duties, taxes and other charges.

The security shall, among other things, state that the importer shall not dispose of any or all of the samples without authority from the Collector of Customs.

Provided, That if the FCA value of any single consignment of such commercial samples exceeds fifty thousand pesos (₱50,000.00), the importer thereof may select any portion of the same not exceeding the FCA value of fifty thousand pesos (₱50,000.00) for entry under the provision of this subsection, and the excess of the consignment may be entered in bond, or for consumption, as the importer may elect.

**4.22.5.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List;
5. Certification as to venue and date;
6. Brochure; and
7. Others.

**4.22.6.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.23. (S) Animals.**

**4.23.1.** Animals except race horses, for scientific, experimental, zoological and national defense purposes, may be allowed entry free of duty, provided, the said animals are necessary for economic development as certified to by the National Economic Development Authority (NEDA).

**4.23.2.** Animals for breeding purposes may be allowed entry free of duty subject to the following requirements:

- a.** Certificate of pedigree duly authenticated by the Bureau of Animal Industry (BAI) showing that such animals are

- of recognized breed and has been duly registered in the government book of record established for that breed;
- b.** Affidavit of the owner or imported that such animal is the identical animal described in said certificate of record of pedigree; and
  - c.** Certificate issued by the NEDA that said animals are necessary for economic development.

**4.23.3.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List; and
5. Others.

**4.23.4.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.24. (S) Plants.**

**4.24.1.** Plants for scientific, experimental; botanical and national defense purposes may be allowed entry free of duty subject to the condition that they are certified to as necessary for economic development by the NEDA.

**4.24.2.** Live trees, shoots, plants, moss, and bulbs, tubers and seeds, for propagation purposes may be allowed entry free of duty subject to the following conditions:

- a.** That they are imported by order of the Government or duty authorized institutions; and
- b.** That they are certified to as necessary for economic development by the National Economic Development Authority.

**4.24.3.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance attention to: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;

3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List; and
5. Others.

**4.24.4.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.25. (T)** Economic, technical, vocational, scientific, philosophical, historical and cultural books or publications, and religious books like Bibles, missals, prayer books, the Koran, Ahadith and other religious books of similar nature and extracts therefrom, hymnal and hymns for religious uses;

Provided, That those which may have already been imported but are yet to be released by the Bureau at the effectivity of this Act may still enjoy the privilege herein provided upon certification by the DepED that such imported books and/or publications are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes or that the same are educational, scientific or cultural materials covered by the International Agreement on Importation of Educational Scientific and Cultural Materials (XAESCM) signed by the President of the Philippines on August 2, 1952, or other agreements binding upon the Philippines. Educational, scientific and cultural materials covered by international agreements or commitments binding upon the Philippine government so certified by the DepED.

**4.25.1.** For Submission to DOF:

1. Letter request addressed to the Secretary of Finance, attention to Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice and Packing List;
5. Authorization Letter;
6. Certification from National Book Development Board (NBDB);
7. Tax identification Number; and
8. Others.

**4.25.2.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.26. (U) Goods previously exported and imported.**

**4.26.1.** Philippine goods previously exported from the Philippines may be allowed entry free of duty upon submission of the following:

- a.** Evidence of previous exportation from the Philippines, e.g., export entry, certificate of identification and other proof of equal probative value;
- b.** Written declaration made by the foreign shipper before the Philippine Consul, or in ports where there is no Philippine Consul, before any person authorized to administer oaths, stating that such Philippine articles were previously received by him from the Philippines; the reason for sending the same; and, said articles have not been advanced in value or improved in condition by any process of manufacture, or other means; and that said goods are not for sale, barter or hire;
- c.** A sworn written declaration made by the importer stating the reasons for sending said Philippine goods abroad; in which no drawback or bounty has been allowed, nor the said goods have been advanced in value or improved in condition by any process of manufacture or other means abroad; and
- d.** Certificates of Identification issued by the customs officials concerned upon exportation and re-importation of said goods wherein the value of said goods are indicated.

**4.26.2.** Instruments and implements, tools of trade, machinery and equipment, may be allowed entry free of duty, subject to the following conditions:

**a.** Statement under oath shall be submitted by the importer to the Collector of Customs stating the following:

- i.** That he is a Filipino citizen;
- ii.** That he previously exported those goods and used by him abroad in the pursuit of his business, occupation or profession;
- iii.** That said goods are returned without having been advanced in value or improved in condition by any process of manufacture or other means abroad; and,
- iv.** That no drawback or bounty has been allowed on said goods.

**b.** Certificates of Identification issued by the customs officials concerned upon exportation and re-importation of the said goods, wherein the value of the said goods shall be indicated.

**4.26.3.** Foreign goods previously imported when returned after having been exported may be allowed entry free of duty upon submission of the following:

- a.** Affidavit of the importer or owner stating that said articles were exported and loaned for use temporarily abroad solely for exhibition, testing or experimentation, for scientific or educational purposes; and whether or not drawback or bounty has been allowed thereon; and
- b.** Certificates of Identification issued by the customs officials concerned n exportation and re-importation of the said articles.

**4.26.4.** Foreign containers previously imported may be allowed entry free of duty upon submission of the following:

- a.** Affidavit of the importer/owner or institutions stating that said containers have been used in packing exported Philippine goods ; that they are returned to him or it empty; and that the same are not for sale, barter or hire;
- b.** Certificates of Identification issued by the customs officials concerned upon exportation and re-importation of said goods.

However, any such article enumerated above upon which drawback has been allowed shall, upon re-importation thereof, be subject to a duty equal to the amount of such drawback or bounty.

**4.26.5.** For Submission to DOF:

- 1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
- 2. Affidavit of End-Use/Ownership;
- 3. Import Bill of Lading/AWB;
- 4. Import Invoice/Packing List Export Documents;
- 5. Export Bill of Lading/AWB (Rider if consolidated);
- 6. Export Invoice/Packing List;
- 7. Export Declaration;
- 8. Certification/ Letter from Abroad;
- 9. OSS Certification of Non-Availment of Duty Drawback
- 10. Certification of Inspection/Identification or country of origin; and
- 11. Others.

**4.26.6.** For Submission to the Bureau:

- 1. TEI;
- 2. Goods Declaration;
- 3. Usual Import Documents; and
- 4. Others.

**4.27. (V) – Discussed in the CAO on Stores**

Aircraft, equipment and machinery, spare parts, commissary and catering supplies, aviation gas, fuel and oil, whether crude or refined except when directly or indirectly used for domestic operations, and such other goods or supplies imported by and for the use of scheduled airlines operating under congressional franchise: Provided, That such goods or supplies are not locally available in reasonable quantity, quality and price and are necessary or incidental to the proper operation of the scheduled airline importing the same, subject to the following:

**4.27.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List;
5. Civil Aviation Authority of the Philippines (CAAP) Certification of local non-availability for aircraft importation pursuant to Sec. 105 (u) of the TCCP; and
6. Others.

**4.27.2.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.28. (W)** Machineries, equipment, tools for production, plans to convert mineral ores into saleable form, spare parts, supplies, materials, accessories, explosives, chemicals, and transportation and communications facilities imported by and for the use of new mines and old mines which resume operations, when certified to as such by the Secretary of the Department of Environment and Natural Resources (DENR), upon the recommendation of the Director of Mines and Geosciences Bureau, for a period ending five (5) years from the first date of actual commercial production of saleable mineral products, subject to the following conditions:



- a. Provided, That such goods are not locally available in reasonable quantity, quality and price and are necessary or incidental in the proper operation of the mine; and
- b. Aircrafts imported by agro-industrial companies to be used by them in their agriculture and industrial operations or activities, spare parts and accessories thereof, when certified to as such by the Secretary of the Department of Agriculture (DA) or the Secretary of the Department of Trade and Industry (DTI), as the case may be.

**4.28.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention to Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB /Postal Registry;
4. Import Invoice (Commercial and Proforma);
5. Authorization Letter;
6. Certificate of Authority;
7. Certificate of Registration with Annexes/General Terms and Conditions;
8. DOF Form No. 1;
9. Bank Transaction/Purchase Order/Telegraphic Transfer;
10. Tax identification Number; and
11. Others.

**4.28.2.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.29. (X) – Discussed in the Store’s CAO.**

Spare parts of vessels or aircraft of foreign registry engaged in foreign trade when brought into the Philippines exclusively as replacements or for the emergency repair thereof, upon proof satisfactory that such spare parts shall be utilized to secure the safety, seaworthiness or airworthiness of the vessel or aircraft, to enable it to continue its voyage or flight, subject to the following:

**4.29.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List;
5. Copy of Certificate of Foreign Registry;
6. Endorsement/Recommendation from MARINA and/or CAB; and
7. Others.

**4.29.2.** For Submission to the Bureau:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.30. (Y)** Goods exported from the Philippines for repair, processing or reconditioning without having been substantially advanced in value, and subsequently reimported in its original form and in the same state: Provided, That in case the reimported goods advanced in value, whether or not in their original state, the value added shall be subject to the applicable duty rate of the tariff heading of the reimported goods, subject to the following:

**4.30.1.** For Submission to DOF:

1. Letter Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List Export Documents;
5. Export Bill of Lading/AWB;
6. Export Invoice/Packing List;
7. Export Declaration;
8. Certificate of Identification/Inspection Import Documents: (Original Importation);
9. Import Bill of Lading/AWB;
10. Import Invoice/Packing List;
11. Import Entry Declaration;
12. Bureau of Customs Official Receipt (BCOR); and
13. Others.

**4.30.2.** For Submission to the Bureau:

1. TEI;

2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.31. (Z)** Trailer chassis when imported by shipping companies for their exclusive use in handling containerized cargo may be allowed free entry upon submission an affidavit from the shipping company stating that:

- a.** The trailer chassis is for their exclusive use; and
- b.** The trailer chassis is to be utilized in handling containerized cargo.

Provided, that the Commissioner may extend the period for meritorious reasons, from year to year, subject to the following conditions:

- 1.** That they shall be properly identified and registered with the Land Transportation Office (LTO);
- 2.** That they shall be subject to customs supervision fee to be fixed by the District Collector and subject to the approval of the Commissioner;
- 3.** That they shall be deposited in the customs territory when not in use; and
- 4.** That upon the expiration of the period prescribed above, duties and taxes shall be paid unless otherwise reexported.

**4.31.1.** For Submission to DOF:

1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
2. Affidavit of End-Use/Ownership;
3. Import Bill of Lading/AWB;
4. Import Invoice/Packing List Export Documents; and
5. Others.

**4.31.2.** For Submission to BOC:

1. TEI;
2. Goods Declaration;
3. Usual Import Documents; and
4. Others.

**4.32. (AA)** Any officer or employee of the DFA, including any attache, civil or military or member of the staff assigned to a Philippine diplomatic mission abroad by the Department or any similar officer or employee of other departments assigned to any Philippine consular office

abroad, or any AFP military personnel accorded assimilated diplomatic rank or on duty abroad who is returning from a regular assignment abroad, for reassignment to the home office, or who dies, resigns, or is retired from the service, after the approval of this Act, shall be exempt from the payment of all duties and taxes subject to the following conditions:

- a.** On personal and household effects, including one (1) motor car ordered or purchased prior to the receipt by the mission or consulate of the order of recall, and registered in the name of the officer or employee:
- b.** This exemption shall apply only to the value of the motor car and to the aggregate assessed value of the personal and household effects, the latter not to exceed thirty percent (30%) of the total amount received by the officer or employee in salary and allowances during the latest assignment abroad, but not to exceed four (4) years: and
- c.** This exemption shall not be availed of more than once every four (4) years: the officer or employee concerned must have served abroad for not less than two (2) years.

**4.32.1.** For Submission to DOF:

- 1. Letter-Request addressed to the Secretary of Finance, attention: Director IV, Revenue Office;
- 2. Affidavit of End-Use/Ownership;
- 3. Signed Import AWB/BL;
- 4. Import Invoice and Packing List;
- 5. Authorization Letter;
- 6. Favorable recommendation for duty and tax exemption from DFA;
- 7. Ceiling allowance of motor vehicle;
- 8. Vehicle registration and invoice;
- 9. Recall Order;
- 10. Certificate of salary/allowances;
- 11. Authorization for an early shipment (if applicable);
- 12. Approved leave of absence (if applicable);
- 13. Tax identification Number; and
- 14. Others.

**4.32.2.** For Submission to BOC:

- 1. TEI;
- 2. Goods Declaration;
- 3. Usual Import Documents; and
- 4. Others.

**4.33.** The provisions of general and special laws, including those granting franchises, to the contrary notwithstanding, there shall be no exemptions whatsoever from the payment of customs duties except in the following cases:

- 1.** Those provided for under Republic Act No. 10863 otherwise known as the Customs Modernization and Tariff Act (CMTA);
- 2.** Those granted to government agencies, instrumentalities or government-owned or controlled corporations with existing contracts, commitments, agreements, or obligations (requiring such exemption) with foreign countries;
- 3.** Those granted to international institutions, associations or organizations entitled to exemption pursuant to agreements or special laws; and
- 4.** Those that may be granted by the President upon prior recommendation of the National Economic Development Authority in the interest of national economic development.

**Section 5. Penal Provision.** Any person, whether natural or juridical, who makes or attempts to make any entry of imported goods by means of any false or fraudulent statement in order to avail of the privilege shall be subject to sanctions and penalties provided under Section 1401, Chapter 1, Title XIV of the CMTA.

**Section 6. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

**Section 7. Repealing Clause.** This CAO specifically amends or repeals CAO 7-72 and all other previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

**Section 8. Separability Clause.** If any part of this CAO is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

**Section 9. Effectivity.** This CAO shall take effect after fifteen (15) days from publication at the Official Gazette or a newspaper of national circulation.

The Office of National Administrative Register (ONAR) of the UP Law center shall be provided three (3) certified copies of this CAO.

**NICANOR E. FAELDON**  
Commissioner

APPROVED:

**CARLOS G. DOMINGUEZ III**  
Secretary of Finance

**Informational Section.** As the title denotes this section only provides information and does not give rise to any substantive or formal rights or obligations.

**1. History.** This CAO amends previously issued Orders relating to Conditionally Tax and/or Duty-Exempt Importation.

**2. Related Policies.**

- CAO 07-1972 dated November 15, 2016 - Regulations Implementing Section 105 of the Tariff and Customs Code of the Philippines, as amended by P.D. No.34 dated October 27, 1972.

**3. Webpage, Forms, Handbooks and other References.**

1. Republic Act 10863 "An Act Modernizing the Customs and Tariff Administration".
2. DOF Revenue Office Operations Manual (2016).
3. International Commercial Terms® 2010.
4. Revised Kyoto Convention.
5. Republic Act No. 8424 "The National Internal Revenue Code of 1997".