CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. 05-2021

SUBJECT: AMENDED RULES, REGULATIONS, AND PROCEDURES GOVERNING THE ESTABLISHMENT AND OPERATION OF DUTY AND TAX-FREE STORES AND WAREHOUSES OPERATED BY DUTY FREE PHILIPPINES CORPORATION (DFPC)

Introduction. This CAO implements Chapter 2, Title VIII, in relation to Section 204, 801, Section 1226 and other relevant sections of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA) and Chapter VI of the Republic Act No. 9593 also known as the Tourism Act of 2009 AND AMENDS FOR THIS PURPOSE THE PERTINENT PROVISIONS OF CAO 11-2020.

Section 1. Scope. This AMENDED CAO applies to all Duty and Tax-Free Stores and warehouses operated by the Government under Republic Act No. 9593.

Section 2. Objective. THIS AMENDED CAO AIMS TO provide FURTHER guidelines TO STREAMLINE THE establishment, operation, supervision, and control of DFPC Stores and Warehouses and ensure its compliance with customs warehousing laws and regulations.

Section 3. Definition. For purposes of this AMENDED CAO, Store is defined as follows:

STORE – SHALL REFER TO THE PHYSICAL ESTABLISHMENT, SALES, OR DISPLAY COUNTERS WHERE THE GOODS SOLD BY DFPC ARE EXHIBITED FOR CONSUMPTION BY QUALIFIED INDIVIDUALS. DFPC STORES ARE CONSIDERED AS EXTENSIONS OF DFPC’S MAIN BONDED WAREHOUSE IRRESPECTIVE OF LOCATION, PROVIDED THAT EACH BRANCH OR OUTLET SHALL BE COVERED BY A SEPARATE AND INDIVIDUAL WAREHOUSING SECURITY.

Section 4. General Provisions. The following provisions are AMENDED as follows:

4.2. The Collection District III – Ninoy Aquino International Airport (NAIA) shall exercise jurisdiction over the existing DFPC Customs Main Bonded Warehouse. However, the operation of all DFPC STORES outside Metro Manila, including the deployment of customs personnel,
shall be under the direct supervision and control of the concerned Collection District.¹

4.4. Duty-free warehouses and STORES to be established shall be considered extensions of the DFPC’s Main Bonded Warehouse irrespective of location; provided, that each branch or outlet shall be covered by separate and individual warehousing security.²

Section 5. **Renewal of Authority to Operate.** Section 8 of CAO 11-2020 is further amended as follows:

“...The application for subsequent renewal of Authority to Operate shall be filed with the District Collector, NAIA not later than ninety (90) days but not earlier than one hundred twenty (120) days before its expiration, together with the following documents:

8.1. Updated layout plan of DFPC Main Bonded Warehouse including the location or vicinity map;

8.2. **UPDATED LAYOUT PLAN OF DFPC STORES, NAMELY ITS PHYSICAL SALES, DISPLAY OR COUNTERS AND PROVINCIAL OUTLETS INCLUDING THE LOCATION OR VICINITY MAP:**

XXX   XXX   XXX”

Section 6. **Requirements to Operate the DFPC Main Bonded Warehouse and STORES.** Section 11 of CAO 11-202 is likewise amended as follows:

11.1. Customs Officers and Personnel. In pursuit of the supervisory and control functions of the District Collector over DFPC Main Bonded Warehouse and STORES, assigned customs officers and personnel shall monitor and implement control measures for customs purposes, in accordance with its existing organizational structure and staffing pattern.

11.2. Provision for a Suitable Working Space for Bureau Personnel. The DFPC Main Bonded Warehouse and STORES shall provide customs personnel with suitable working areas complete with office equipment, furnishings, supplies, telephone, internet connection and Closed-Circuit Television (CCTV) system, including office space needed by the Bureau of Customs personnel for the proper discharge of their functions.


² CAO No. 03-1987“Rules, Regulations, and Procedures Governing the Establishment, Operation and Control of Duty and Tax-Free Stores and Warehouses”, Section 1.3.
11.3. Work Hours. Customs personnel assigned to DFPC Main Bonded Warehouse and STORES shall strictly observe regular office hours and record their attendance in accordance with Civil Service Rules and Regulations. xxx

Section 7. Withdrawals of Imported Duty and Tax-Free Goods. Section 15 of CAO 11-2020 is hereby amended as follows:

15.1. Withdrawals from the DFPC’s Main Bonded Warehouse for transfer to any OR all of the duty and tax-free STORES shall be made only upon prior application by the DFPC to the District Collector of Customs through the Duty-Free Shops Division, NAIA, who shall permit such withdrawal or transfers under withdrawal entries or transfer slips and the actual transfer shall be undergarded by Customs Personnel concerned and to be covered by Transfer Note.

15.2. Withdrawals from the DFPC’S Main Bonded Warehouse to other ports for transfer to other duty and tax-free STORES outside the Metro Manila area shall be made by requisition as approved by the NAIA District Collector through the Duty-Free Shops Division and the transfer shall be effected under local transit complying with all the established requirements, procedures, rules and regulations for Transit Permits.

15.3. Withdrawals from other duty free extension warehouses established outside the Metro Manila area for transfer to duty and tax-free STORES situated within the jurisdiction of the collection district where the extension warehouse is located shall be made upon prior application by the DFPC to the District Collector of Customs concerned who shall permit such withdrawals or transfers under withdrawal entries or transfer slips. The actual transfer shall be undergarded by Customs Personnel concerned and covered by Transfer Note.

Section 8. Sale of Duty and Tax-Free Goods to Qualified Individuals. Section 17 of CAO 11-2020 is amended as follows:

"Sale to the following individuals of duty and tax-free goods from Duty Free Philippines STORES shall be allowed under the following conditions:

XXX     XXX     XXX"

Section 9. Books of Records to be kept by the Duty Free Philippines Corporation. Section 22.4 of CAO 11-2020 is hereby amended as follows:

22.3 A monthly report of importation, sales, and inventory shall be submitted by the DFPC operating the duty and tax-free STORES to the
Department of Tourism, COA, BIR, and BOC with copy furnished the NAIA Collection District through the Duty Free Shops Division.

Section 10. Penalties or Violations. Section 24.1 of CAO 11-2020 is amended to read:

24.1. Any violation by the DFPC of any term and conditions hereof and such other regulations as may hereafter be promulgated will be sufficient cause for the cancellation of their Authority to Operate the duty and tax-free bonded warehouse and STORES. Any fraudulent practice committed against customs revenues as defined in the CMTA, shall subject the violator to the administrative and penal provisions provided for under the CMTA.

Section 10. Periodic Review. Unless otherwise provided, this AMENDED CAO shall be reviewed every three (3) years and be amended or revised if necessary.

Section 11. Repealing Clause. This CAO specifically amends or repeals previously issued CAOs and CMOs, OR PARTS THEREOF, which are inconsistent with the provisions herein stated.

Section 12. 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 13. Effectivity. This CAO shall take effect FIFTEEN (15) days after its complete publication at the Official Gazette or a newspaper of general circulation.

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

REY LEONARDO B. GUERRERO
Commissioner of Customs

BOC-02-08288

Approved:

CARLOS G DOMINGUEZ
Secretary of Finance
JUL 23 2021

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