



BUREAU OF CUSTOMS

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PROFESSIONALISM

INTEGRITY

ACCOUNTABILITY

CUSTOMS ADMINISTRATIVE ORDER

No. 04-2021

SUBJECT: PROCESSING OF TAX PAYMENT CERTIFICATE (TPC) TRANSACTIONS WITH THE BUREAU OF CUSTOMS UNDER THE COMPREHENSIVE AUTOMOTIVE RESURGENCE STRATEGY (CARS) PROGRAM

Introduction. This Customs Administrative Order (CAO) implements Section 4.3 and Section 6 of the DOF - DBM – DTI-BOI Joint Administrative Order No. 01-2015 dated November 16, 2015 pursuant to Section 13 of Executive Order No. 182, series of 2015.

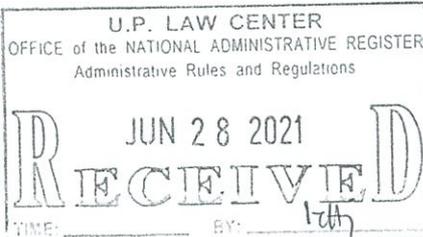
Section 1. Scope. This CAO covers importations by Eligible and Registered Participants granted fiscal support under the Comprehensive Automotive Resurgence Strategy (CARS) Program.

Section 2. Objectives.

- 2.1. To provide guidelines in the utilization of Tax Payment Certificates as payment of customs duties and taxes due on importations by eligible and registered participants; and
- 2.2. To prescribe procedure in the processing of TPC transactions with the Bureau.

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

- 3.1. **Bureau** – shall refer to the Bureau of Customs.
- 3.2. **Eligible and Registered Participants (ERPs)** — shall refer to Participating Car Makers (PCMs), parts makers and shared testing service providers registered under the CARS Program.
- 3.3. **Obligations** – are amounts committed to be paid by a government agency arising from an account of a duly authorized administrative officer binding the government to the immediate or eventual payment of a sum of money.



Page 1 of 5 – CAO No. 04-2021

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Margaret G. Manalaysay
MARGARET G. MANALAYSAY
Administrative Officer V

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South Harbor, Gate 3, Port Area, Manila 1099
8527-4537, 8527-1935 | www.customs.gov.ph | boc.cares@customs.gov.ph



- 3.4. **Special Allotment Release Order (SARO)** – authorization issued by the DBM to an agency, which allow it to incur obligation within specified amount and within legislative appropriation.
- 3.5. **Tax Debit Memo (TDM)**– shall refer to the document authorizing the utilization of the TPC as payment of customs, value-added tax (VAT) and excise tax of the grantee.
- 3.6. **Tax Payment Certificates (TPC)** — shall refer to a non-transferable certificate issued by DTI-BOI, upon the recommendation of the CARS Inter-Agency Committee and based on the third party audit of the eligible and registered participants' applications to determine compliance with all the conditions for the availment of incentives, which shall be used to defray the tax and duty obligation of ERP to the National Government.

Section 4. General Provision on TPC utilization.

- 4.1. The Bureau shall recognize and accept the TPC issued by the DTI-BOI as payment of duties and taxes upon its verification and validation with the Online Facility System (OFS) especially established by DTI-BOI for the purpose.
- 4.2. The TPC shall have a validity period of thirty (30) days counted from date of issue. The date indicated on the face of the TPC shall be presumed to be the date of issuance.

The ERP shall ensure that the issuance thereof shall be valid within the statutory deadlines for payment of duties and taxes on its importation. Thus, it has to be presented immediately to the Bureau for payment.

- 4.3. A TPC can only be used on importations in the course of the ERP's operations.
- 4.4. If upon assessment, the amount indicated in the TPC is insufficient to cover the payable duties and taxes, the ERP shall pay the balance in cash through its nominated Authorized Agent Bank (AAB). Any other discrepancy in the assessment shall be covered under Section 428 of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).
- 4.5. Fees and other charges, penalties and surcharges shall not be covered by the TPC issued by the DTI - BOI.



Section 5. Operational Procedure.

- 5.1. Ten (10) working days prior to the arrival of its importation, the ERP shall access the Bureau's Value-Added Service Provider (VASP) and fill out the details of its importation including the pre-assessed value, to generate a copy of the pre-assessed Single Administrative Documents (Pre-SAD). The ERP shall also secure a clearance from the Collection Service, RCMG that it has no pending tax liabilities.
- 5.2. The ERP shall present the Pre-SAD and the clearance to the DTI-BOI as a supporting document to its request for the issuance of TPC. The value of the TPC shall correspond to the estimated duties and taxes as indicated in the Pre-SAD.
- 5.3. After securing the TPC, the ERP shall submit to Collection Service the following:
 - 5.3.1. BOC copy of TPC;
 - 5.3.2. Copy of the Pre-SAD;
 - 5.3.3. Certification of Official Importation (BOC Form 1);
 - 5.3.4. Copy of the bill of lading or air waybill (AWB);
 - 5.3.5. Copy of commercial invoice and packing list; and
 - 5.3.6. Clearance from the Collection Service that the ERP has no pending tax liabilities.
- 5.4. The Collection Service shall verify and validate the original copy of the TPC through the CARS OFS provided by DTI-BOI. Once validated, it shall forward the documents to the Deputy Commissioner, Revenue Collection and Monitoring Group (RCMG) with a recommendation for the utilization of the TPC.
- 5.5. Pending automation of the payment system using TPC, the Bureau shall temporarily use the facility under the Electronic to Mobile (E2M) payment system to allow payments using Tax Credit Certificates (TCC). Once generated, the amount in the TCC shall correspond to the amount in the TPC. On account thereof, the Collection Service shall also recommend the issuance of a Tax Debit Memo (TDM).
- 5.6. Upon approval by the Deputy Commissioner, RCMG, the documents shall be forwarded to the Revenue Accounting Division (RAD), Collection Service, RCMG.



The RAD shall access the E2M payment system and input the pre-assessed duties and taxes as indicated in the TPC to generate and reflect in the system that the importation shall be paid through the use of Tax Credit Certificate (TCC).

Once it is already reflected in the system, the RAD shall issue a Tax Debit Memo corresponding to the amount in the TCC. Once validated, the ERP can already lodge a goods declaration to the E2M system.

- 5.7. Copies of the TDM and all documentary requirements shall be forwarded by Collection Service to the Office of the District/Port collector at the port of discharge.
- 5.8. The ERP shall then lodge a goods declaration of its shipment, declaring among others, the port of discharge and Authorized Agent Bank (AAB). The ERP shall clearly indicate that the mode of payment shall be non-cash payment through the use of TDM.

The ERP shall submit the required documents to support the goods declaration.

- 5.9. Upon final assessment, the AAB shall debit the ERP's account net of non-cash payment (TDM) and send the payment confirmation to BOC. The confirmation of payment shall automatically send a Statement of Settlement of Duties and Taxes to the ERP via VASP and trigger the release of the shipment under the Online Release System (OLRS).
- 5.10. Upon release of the goods paid through TPC, the District/Port Collector shall issue a Statement of Account (SOA) to bill the DTI-BOI for the account of the ERP, and the same shall be forwarded to Collection Service.
- 5.11. The Collection Service shall send the SOA with supporting shipping documents, Statement of Settlement of Duties and Taxes (SSDT) and other importation documents, to DTI-BOI for the recording of obligation.

Section 6. Monitoring of TPC Utilization. The Bureau shall submit monthly to the BTr and the DTI-BOI a list of TPCs reported as part of its revenue collection.



Section 7. Repealing Clause. All other rules and regulation issued by the Bureau or other government agencies which are inconsistent with this CAO are deemed repealed or modified accordingly.

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 immediately after its complete publication in the Official Gazette or a newspaper of general circulation.

The Office of the 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
JUN 15 2021

Approved:

CARLOS G DOMINGUEZ
Secretary of Finance
JUN 16 2021



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Margaret G. Maralaysay
MARGARET G. MARALAYSAY
Administrative Officer V