



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**

04 May 2011

CUSTOMS ADMINISTRATIVE ORDER  
No. 5-2011

Subject : **DEPRECIATION SCHEDULE FOR IMPORTED  
MOTOR VEHICLES**

Pursuant to Section 608 of the Tariff and Customs Code of the Philippines (TCCP), as amended, in relation to Section 149 of the Tax Code of 1997 as amended by Republic Act 9224, and DOF Joint Order pertaining to the disposition of tax-exempt vehicles registered or owned by Diplomatic Mission and Consular Offices/Officials enjoying tax and duty free privilege, the following guidelines in the determination of the rate of depreciation for motor vehicles are hereby issued for the guidance and uniform implementation of all concerned:

1. **No-Dollar Importations of Motor Vehicles.** The rates of depreciation for No-Dollar importations of motor vehicles shall follow the schedule prescribed below:

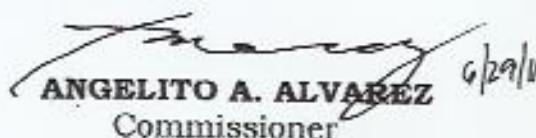
Year Model	Rate of Depreciation
Current Year	No Depreciation
One-Year Old	10%
Two-Year Old	20%
Three-Year Old	30%
Four-Year Old	40%
Five-Year Old and Older	50%

Computation of the depreciation value shall follow the straight-line method at the annual rate of 10% but in no case shall the rate of depreciation exceed 50%, which shall be the maximum rate of depreciation as indicated in the schedule above.

2. For tax-exempt vehicles registered in the name of a Diplomatic Mission, Consular Office or owned by Diplomatic Officials, Consular Offices and their administrative and technical staff members enjoying tax and duty privilege disposed or transferred by way of sale or donation to non-privileged persons or entities, the rate of depreciation shall be as follows:


- 2.1 For purposes of computing the duties due where either Methods 2, 3 and 6 are used to determine the value of the motor vehicle based on the Japanese or Red Book as the case may be, the rate of depreciation shall be computed using the straight line method at 10% for every year but not exceeding 90%.
- 2.2 For purposes of computing the ad valorem tax where the value is based on the depreciated value of the automobile at the time of sale or transfer, the depreciation rate shall be at 10% per year but in no case shall the total amount of depreciation be more than fifty percent (50%) of the original cost or value.
3. For trucks and heavy equipment, the rate of depreciation shall follow the straight line method at 10% per year but in no case shall it exceed 90%.

This Order shall take effect fifteen days (15) after its publication in newspapers of general circulation. Let a copy of this Administrative Order be filed with the Office of the National Administrative Register, UP Law Center.

  
**ANGELITO A. ALVAREZ**  
Commissioner



**APPROVED:**

  
**CESAR V. PURISIMA**  
Secretary of Finance  
002601

Date: July 12, 2011