



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

07 January 2003

**CUSTOMS MEMORANDUM ORDER**

NO. 1-2003

**SUBJECT :** Procedures to Implement Executive Order 142 in relation to Joint Department Order No. 2002-82 and Department Order No. 79-2002 as clarified by Department Order No. 1-2003 Requiring Owners of Imported Motor Vehicles to Secure BOC-BIR Clearance as a Precondition for their Initial Registration or Renewal of Registration with the Land Transportation Office

**I. OBJECTIVES**

To ensure that the payment of duties and taxes as provided for under Executive Order 142, Joint Department Order No. 2002-82 and Department Order No. 79-2002 as clarified by Department Order No. 1-2003 are properly collected before any imported vehicle covered by the Executive Order is given Customs clearance and registered.

**II. SCOPE**

This Order shall initially cover taxable completely built-up (CBU) units of imported motor vehicles, including motorcycles, except those imported under the Motor Vehicles Development Program by manufacturers and assemblers duly registered with the Board of Investments.

**III. ADMINISTRATIVE PROVISIONS**

- 1) For unregistered motor vehicles the provisions of this Order may be availed of only from the effectivity of EO 142 extended to April 30, 2003.
- 2) As a general rule, renewal of registration of imported motor vehicles shall be done as they fall due.

However, an owner of a registered imported motor vehicle may at any time cause the renewal of the registration of his vehicle under this scheme within the period stated herein.

- 3) A Customs Collection Office to be called the Customs Clearance Unit (CCU) directly under the Office of the Commissioner shall be set up at the Land Transportation Office Compound, East Avenue, Quezon City ( at any other location hereinafter determined by the Secretary of Finance upon recommendation of the Commissioner of Customs taking into consideration the convenience of the transacting public).
- 4) All vehicles covered by Executive Order 142 whose owners fail to avail of this program within the period stated shall be issued Warrants of Seizure and Detention under Section 2503 in relation to Section 2530 of the Tariff and Customs Code in relation to Executive Order No. 142.

- 5) The CCU shall issue customs receipts for payment of duties and taxes and the corresponding customs clearance and BOC stickers after receipt of the payment or complete settlement of the deficiency in duty and tax.
- 6.) LTO registered motor vehicles covered by spurious Certificate of Registration (CR), Official Receipt (OR) and/or Certificate of Payment (CP) shall be considered as unregistered motor vehicles.

#### IV. OPERATIONAL PROCEDURE

##### 1. Unregistered Imported Motor Vehicles.

After receipt of the referral by CCU from LTO the following procedures shall be followed:

- 1.1 The owner or his duly authorized representative shall file a sworn application offering to pay duties and taxes on his imported motor vehicles together with an accomplished Informal Entry Form, (B.C. No. 177).
- 1.2 The assigned COO III shall examine the motor vehicle, stencil the chassis and engine numbers and assess duties and taxes based on the following:
  - 1.2.1) Appraisal of the vehicle shall be based on existing valuation system at time of payment.
  - 1.2.2) The straight line method of 10% per year up to 90% depreciation shall be applied.
  - 1.2.3) An allowance not to exceed 20% of the dutiable value shall be allowed for damages other than those resulting from the ordinary wear and tear of the motor vehicle.
  - 1.2.4) Rate of exchange shall be the rate of exchange as of the date of payment.
  - 1.2.5) Rates of duty, ad valorem and VAT shall be the rates existing at the time of payment.
- 1.3 The Principal Appraiser (COO V) shall review the findings and the computation of the assessed duties and taxes.
- 1.4 The Head of the CCU shall approve/correct the assessment made based on the guidelines in 1.2 above.
- 1.5 The owner or his duly authorized representative shall pay in Manager or Cashier's check payable to Land Bank for credit to the Bureau of Customs for the account of the owner/applicant.
- 1.6 After issuance of the Official Receipt covering the assessed duties and taxes by the CCU Cashier, the CCU Chief shall issue the Certificate of Payment and the Certificate of Clearance. The originals shall be forwarded to the Registration Division of LTO and the green copy of the Certificate of Payment given to the owner/applicant.

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- 1.7 The Security Sticker specially issued for this purpose shall be affixed by the assigned personnel, Warrant and Motor Vehicles Office (WMVO) personnel at the upper right hand corner of the windshield of the motor vehicle.

## 2. Registered Imported Motor Vehicles.

After receipt by CCU of the referral by LTO together with supporting documents, the following procedures shall be followed:

- 2.1 The owner or his duly authorized representative shall file with the CCU a sworn application for clearance.
- 2.2 The assigned COO III shall examine the vehicle, stencil the chassis and engine numbers.
- 2.3 The WMVO personnel assigned at CCU shall retrieve the copies of Certificate of Payment and IEIRD on file at the BOC and submit certified true copy to the assigned COO III for verification.
- 2.4 If found to have no discrepancy, the CCU Chief shall issue the Certificate of Clearance, original copy to be forwarded to LTO Diliman Office and the duplicate copy to the owner/applicant who shall be notified by phone, text message or fax.
- 2.5 The assigned WMVO personnel shall then affix the Security Sticker at the upper right hand corner of the windshield of the motor vehicles.
- 2.6 If found to have paid insufficient duties and taxes the owner/applicant shall file an Informal Entry (BC Form 177).
- 2.7 The COO III shall indicate in BC 177 the computation of the duties and taxes that should have been paid at the time of entry and deduct the amount originally paid to arrive at the discrepancy.
- 2.8 The COO V shall review the findings and computation of duties and taxes.
- 2.9 The owner/applicant shall pay the deficiency in Manager's/ Cashier's check payable to Land Bank for credit to the Bureau of Customs for the account of owner/applicant.
- 2.10 After payment of the deficiency, the CCU Chief shall issue the Certificate of Clearance, original copy to be forwarded to LTO, Diliman Office and the duplicate copy to the owner/applicant who shall be notified by phone/fax or text.
- 2.11 The assigned WMVO personnel shall affix the security sticker at the upper right hand corner of the windshield of the motor vehicles.

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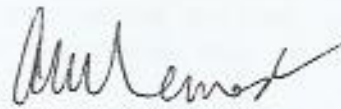
The provisions of this Order shall not apply to those motor vehicles still in Customs custody as well as those undergoing seizure proceedings.

**V. REPEALING CLAUSE**

Customs Memorandum Orders and other regulations inconsistent with this Order are hereby revoked or modified accordingly.

**VI. EFFECTIVITY**

This Order shall take effect immediately.



**ANTONIO M. BERNARDO**  
Commissioner

Class motor vehicles