



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

MAR 17 2003

**CUSTOMS MEMORANDUM ORDER**  
NO 4-2003

**SUBJECT: GUIDELINES IMPLEMENTING CUSTOMS CONCERNS  
UNDER EXECUTIVE ORDER 156**

Pursuant to Executive Order No. 156, PROVIDING FOR A COMPREHENSIVE INDUSTRIAL POLICY AND DIRECTIONS FOR THE MOTOR VEHICLE DEVELOPMENT PROGRAM AND ITS IMPLEMENTING GUIDELINES, dated 12 December 2002, which took effect on 01 January 2003; and the letter, dated 05 February 2003, of the Department of Trade and Industry (DTI), clarifying certain issues related thereto, and circularized through Customs Memorandum Circular No. 42-2003, dated 07 February 2003; the following is hereby prescribed:

**SECTION I – CKD IMPORTATIONS UNDER THE MOTOR VEHICLE  
DEVELOPMENT PROGRAM OF THE PHILIPPINES (MVDP)**

1. Only brand-new CKD parts and components for assembly purposes and sourced from a foreign Original Equipment Manufacturer (OEM) shall be allowed for importations under the Motor Vehicle Development Program (MVDP).
2. Brand-new CKD parts and components imported by participants of the MVDP and covered by a Certificate of Authority to Import CKD at CKD tariff rates, duly issued by the Board of Investment, Department of Trade and Industry (BoI-DTI) on a per shipment basis, shall be subject to the applicable CKD duty rates specific to MVDP importations in accordance with existing rules and regulations and/or as may be determined by BoI-DTI.
3. Brand-new CKD parts and components importations not covered by a Certificate of Authority to Import CKD at CKD tariff rates shall be subject to the regular rates following the "essential character" principle under the rules of classification laid down in Sec. 103 of the Tariff and Customs Code of the Philippines (TCCP).
4. To ensure the proper application of E.O. 156 and this Order, the Bureau of Customs shall closely and continually coordinate with BoI to maintain an updated list of MVDP participants and of their respective foreign OEMs.

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5. For the purpose of this Section, the following terms as defined in E.O. 156 are hereby adopted:
- a. "CKD" - refers to completely knocked down parts and components, including sub-parts/ parts and sub-assemblies/ assemblies of motor vehicles for assembly into a complete unit.
  - b. "Sub-assemblies/assemblies/components" - refers to major parts and components such as engines, transmissions, axle assemblies, chassis, body assemblies and the like.
  - c. "Sub-parts/parts" - refers to parts that are necessary for producing sub-assemblies/assemblies/components and/or other parts forming part of the CKD pack.
  - d. "Original Equipment Manufacturer" - refers to a producer of CKD parts/components, sub-assemblies/assemblies or sub-parts/parts to be supplied to an MVDP participant.

**SECTION II -- MOTOR VEHICLE PARTS/COMPONENTS, AND MOTORCYCLES, PARTS AND COMPONENTS**

The importation of the following motor vehicle parts/components, and motorcycles, parts and components, shall be governed by Central Bank Circular (CBC) No. 1389, as amended, and accordingly shall require prior clearance from the Board of Investments (BoI-DTI):

1. Used reciprocating piston engines of a cylinder capacity exceeding 50 cc, for tractors
2. Used reciprocating piston engines of a cylinder capacity exceeding 250 cc, for trucks and buses
3. Used diesel and semi-diesel engines for tractors
4. Chassis fitted with engines, for motor-vehicles for the transport of persons other than public transport type
5. Bodies (including cabs) for motor vehicles for the transport of persons other than public transport type
6. Seats of a kind used for motor vehicles *Am*

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7. Other parts and accessories of motor vehicles for the transport of persons other than public transport type, to wit:

dashboards	plate brackets
doors	running boards
fenders	radiator cowlings
floor boards	trunk/trunk lids
grille	visors
hood	wings
luggage compartments	mudguards
luggage racks (exterior)	floor mats (other than of textile material/rubber)

8. Used motor scooters

9. Other used motorcycles

10. Parts of sidecars of all kinds

11. Saddles of motorcycles

12. Other parts of motorcycles (excluding rubber tires, engines, electric parts, completely knocked-down parts, storage batteries, chassis and frames), to wit:

handles of all kinds	handle bars, handle bar grips
clutches	kick starter, levers
forks and parts thereof	luggage rack
fuel tanks	mud guards
gearing, gear boxes	shock absorbers
stands	transmission and parts thereof
valves and parts thereof (tubes, rims, spokes, etc.)	

**SECTION III -- USED MOTOR VEHICLES**

1. Used motor vehicles are banned importations through all ports, including special economic zones and/or free ports, except the following under certain conditions herein specified:

- a. Personally owned motor vehicles (MVs), imported by returning residents/emigrants for personal use under the No-Dollar Importation (NDI) Scheme, provided said vehicles are covered by an Import Authority issued by the Department of Trade and Industry-Bureau of Import Services (DTI-BIS); provided further that the vehicles do not exceed GVW of 3 tons and are not sold within three years from date of importation;

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- b. Motor vehicles for the use of officials of the Diplomatic Corps, authorized for importation by the Department of Foreign Affairs;
  - c. Trucks, but excluding pick-up trucks, with GVW of 2.5-6.0 tons, provided these are covered by an authority to import issued by DTI-BIS. Those with GVW of more than 6.0 tons do not require such authority;
  - d. Buses with GVW of 6-12 tons, provided they are covered with authority to import issued by DTI-BIS. Those with GVW of more than 12 tons do not require such authority; and
  - e. Special Purpose Vehicles, which also do not require any import authority. Specifically, these are:
    - Fire trucks
    - Ambulances
    - Funeral hearses/coaches
    - Crane lorries
    - Tractor heads or truck tractors
    - Boom trucks
    - Tanker trucks
    - Tank lorries with high pressure spray gun
    - Reelers or refrigerated trucks
    - Mobile drilling derricks
    - Transit/concrete mixers
    - Mobile radiological units
    - Wreckers or tow trucks
    - Concrete pump trucks
    - Aerial/bucket platform trucks
    - Street sweepers
    - Vacuum trucks
    - Garbage compactors
    - Self loader trucks
    - Man lift trucks
    - Lighting trucks
    - Trucks mounted with special purpose equipment
    - All other types of vehicles designed for a specific purpose
2. The importation of liberalized used motor vehicles (those whose importation does not require import authority from DTI-BIS as herein provided) shall also be covered by a Certificate of Roadworthiness and Certificate of Compliance to Emission Standards issued by the appropriate agency in the country of origin.

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3. The importation of regulated used motor vehicles (those that require import authority from DTI-BIS as herein provided) shall also be covered by a Release Certificate issued by DTI-BIS.
4. In the absence of the above documents (Release Certificate, Certificate of Roadworthiness/Compliance of Emission Standard), the covering Certificate of Payment shall be withheld until the above requirements are complied with accordingly, or a similar certification to that effect shall have been issued by the competent authority.
5. For purposes of this Section, the following terms as defined in E.O. 156 are hereby adopted:
  - a. Truck - any motor vehicle whose body configuration is designed to carry heavy loads, general freight, or for special purposes regardless of gross vehicle weight, provided that pick-ups are not considered as trucks.
  - b. Bus - a motor vehicle intended for mass transport or carrying of passengers.
  - c. Special Purpose Vehicles - a range of motor vehicles specially constructed or adapted, equipped with various devices that enable them to perform certain non-transport functions.
  - d. Fire Truck - a motor vehicle designed for fire fighting, equipped with a water pump that is usually driven by the vehicle's engine.
  - e. Crane Lorry - an equipment consisting of a motor vehicle chassis on which a cab and a rotating crane are permanently mounted.
  - f. Mobile Drilling Derrick - a lorry fitted with a derrick assembly, winches and other appliances for drilling.
  - g. Ambulance - a vehicle equipped with medical equipment or facilities and used for transporting the injured or sick.
  - h. Hearse - a vehicle for conveying the dead.
  - i. Truck Tractor/Tractor Head - a vehicle constructed essentially for hauling or pushing another vehicle, appliance or load.

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- j. Concrete-Mixer Lorry – a vehicle consisting of a cab and a chassis, on which is permanently mounted a concrete mixer, capable of use for both making and transporting concrete.
- k. Mobile Radiological Unit – a vehicle fitted with an examination room, dark room and complete radiological equipment.
- l. Pick-up Truck – a light truck having an enclosed cab and an open body with low sides and tailgate. For purposes of this Order, a pick-up truck is a vehicle with a gross weight of up to three (3) tons.

#### SECTION IV – BRAND-NEW MOTOR VEHICLES

- 1. Brand-new motor vehicles of whatever type/kind shall remain liberalized importations, pursuant to E.O. 264 s. 1995 and Monetary Board Circular No. 92, s. 1995, thus, do not require any import authority.
- 2. For this purpose, brand-new motor vehicles shall be defined as the current/advance year models or immediately preceding year models, provided that the latter have 200-km. or less mileage and the same was acquired from the dealer by the importer as the first owner.
- 3. Also for this purpose, motor vehicles falling outside the definition of brand-new vehicles shall be considered used and thus banned importation, except as prescribed in Sec. 2 hereof.

#### SECTION V – REPORTING

The District/Port Collector concerned is hereby directed to submit a monthly report, on the 15<sup>th</sup> of the succeeding month, with the following information pertaining to the importation of motor vehicles to the Office of the Secretary, DTI, copy furnished the Office of the Customs Commissioner :

- 1. Name of importer
- 2. Importer's address
- 3. Make, model and identification numbers of vehicles
- 4. Tariff classification and rate of duty per vehicle
- 5. Quantity and invoice values of vehicles
- 6. Assessed values of the vehicles
- 7. Total amount of taxes and duties paid on the shipment
- 8. Date of importation
- 9. Other relevant information on the importation of the vehicles

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#### **SECTION VI - ACCOUNTABILITIES**

The Customs officers and personnel are directed to perform their responsibilities as required herein, otherwise they shall be liable to administrative/criminal sanctions as mandated by law:

1. The District Collectors shall ensure that this Order shall be implemented efficiently.
2. The examiners/appraisers shall be liable for any error caused by/emanating from their examination/appraisal.
3. All signatories to any certificate/report required under this Order shall be liable for any flaw/defect found therein.

#### **SECTION VII - PENALTIES**

Violations of this Order shall be dealt with in accordance with the TCCP and, additionally, as provided under E.O. 156, as follows:

1. The motor vehicle involved shall be subject to seizure by the Bureau of Customs, without benefit of redemption.
2. Any person, entity, government instrumentality or institution, found to be violating or grossly negligent in executing the mandates of this EO shall result in the expulsion from office of any or all of the following personnel: the chief executive; responsible directors, responsible rank and file and other responsible operating officers. Notwithstanding any provision of law to the contrary, they shall likewise be prohibited from holding any government position for at least two (2) years.

#### **SECTION VIII - CONTINUITY/REPEALING CLAUSE**

Except as herein provided, existing rules and regulations, as well as their documentary requirements, governing the importation, assessment and clearance of motor vehicles shall remain in force and effect.

Motor vehicles allowed to be imported under E.O. 156 and this Order shall be subject to payment of taxes, duties and other applicable charges, unless otherwise exempted by law.

Right hand vehicles (RHD), brand-new or used, shall remain banned importations as mandated by R.A. 8506.

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All rules and regulations inconsistent with this Order are hereby deemed repealed, superseded or modified accordingly.

**SECTION IX - SEPARABILITY CLAUSE**

Pursuant to Section 3, Article 7 of E.O. 156, the provisions of this Order are hereby declared separable and in the event any of the provisions is declared unconstitutional, the other provisions that are not affected thereby shall remain in force and effect.

**SECTION X - EFFECTIVITY**

This Order shall take effect immediately.

This Order, however, shall not cover used motor vehicles imported prior to 01 January 2003, and falling under any of the following conditions:

1. Those that were already in transit;
2. Those covered by L/Cs already opened. In the case of amended L/Cs, the amendment shall not increase the quantity of used vehicles prohibited or regulated under EO 156;
3. Those covered by B/Ls already issued; and
4. Those whose payments have been effected as evidenced by bank certifications.

  
**ANTONIO M. BERNARDO**  
Commissioner

Date signed 17 March 2003