

D. BUREAU OF CUSTOMS

STRATEGIC OBJECTIVES

MANDATE

The Bureau of Customs (BOC) implements an effective revenue collection by preventing and suppressing smuggling and the entry of prohibited imported goods. It supervises and controls the entrance and clearance of vessels and aircrafts engaged in foreign commerce. It also enforces the Tariff and Customs Code of the Philippines and all other laws, rules and regulations related to tariff and customs administration.

VISION

A modernized and efficient customs administration that every Filipino can trust and be proud of

MISSION

1. To assess and collect lawful revenues efficiently
2. To effectively curb illicit trade and all forms of customs fraud
3. To facilitate trade in a secured manner
4. To implement relevant technology for an efficient and effective customs management aligned with international customs best practices

KEY RESULT AREAS

Anti-Corruption/Transparent, Accountable and Participatory Governance

SECTOR OUTCOME

Fiscal Strength, Enhancement of Trade and National Security

ORGANIZATIONAL OUTCOME

Customs Revenue Collection, Trade Facilitation and Community and Business Protection

New Appropriations, by Program/Project

	<u>Current Operating Expenditures</u>			<u>Total</u>
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
PROGRAMS				
100000000 General Administration and Support	P 165,989,000	P 234,789,000		P 400,778,000
300000000 Operations	954,818,000	583,839,000		1,538,657,000
WFO 1: Collection of Duties and Taxes	954,818,000	583,839,000		1,538,657,000
Total, Programs	1,120,807,000	818,628,000		1,939,435,000
TOTAL NEW APPROPRIATIONS	P 1,120,807,000	P 818,628,000		P 1,939,435,000

New Appropriations, by Central/Regional Allocation

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REGION	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
Central Office	P 347,402,000	P 558,744,000		P 906,146,000
Regional Allocation	773,405,000	259,884,000		1,033,289,000
National Capital Region (NCR)	530,793,000	139,769,000		670,562,000
Region I - Ilocos	12,274,000	14,532,000		26,806,000
Region II - Cagayan Valley	2,815,000	1,372,000		4,187,000
Region III - Central Luzon	31,003,000	12,726,000		43,729,000
Region IVA - CALABARZON	20,295,000	13,825,000		34,120,000
Region V - Bicol	11,463,000	3,673,000		15,136,000
Region VI - Western Visayas	11,750,000	9,993,000		21,743,000
Region VII - Central Visayas	34,053,000	16,083,000		50,136,000
Region VIII - Eastern Visayas	14,869,000	8,412,000		23,281,000
Region X - Northern Mindanao	53,458,000	14,114,000		67,572,000
Region XI - Davao	35,764,000	20,647,000		56,411,000
Region XIII - CARAGA	14,868,000	4,738,000		19,606,000
TOTAL NEW APPROPRIATIONS	P 1,120,807,000	P 818,628,000		P 1,939,435,000

Special Provision(s)

1. **Super Green Lane Fund.** In addition to the amounts appropriated herein, Thirty Six Million Pesos (P36,000,000) sourced from service fees charged for every shipment of qualified importers utilizing the Super Green Lane Facility shall be used for the maintenance and improvement of the operation of the Super Green Lane Facility, including the Automated Customs Operation System and related computer systems of the BOC and such other activities and programs needed to enhance the effectiveness and efficiency of the facility, as determined by the BOC.

Releases from said Fund shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, s. 1987.

The BOC shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the financial and physical accomplishments of this Fund. The Commissioner of Customs and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the BOC.

2. **Non-Intrusive Container Inspection System Project Fund.** In addition to the amounts appropriated herein, Two Hundred Eighty Eight Million Seven Hundred Twenty Eight Thousand Pesos (P288,728,000) sourced from the mandatory container security fee imposed on every 40 and 20-footer container or twenty equivalent units under the Non-Intrusive Container Inspection System (NOCIS) shall be used for the maintenance and improvement of the operation of the NOCIS, including the upgrading thereof and such other activities and programs needed to enhance the effectiveness and efficiency of the system as determined by the BOC.

Releases from said Fund shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

The BOC shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the financial and physical accomplishments of this Fund. The Commissioner of Customs and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the BOC.

3. **Tax Refund.** The amount of Six Billion Five Hundred Thirty Two Million Four Hundred Seventy Five Thousand Pesos (P6,532,475,000), recorded as trust receipts from the current year's revenue tax collections of the BOC and deposited with the National Treasury, shall be used for the settlement of the following claims: (i) refund of input value-added tax (VAT) on importations attributable to zero-rated transactions in accordance with Section 112 of R.A. No. 8424, as amended, and (ii) payment for the monetization of the VAT component of outstanding Duty Drawback Tax Credit Certificates (TCCs) as part of the TCC Monetization Program in accordance with pertinent issuances and guidelines: PROVIDED, That payment of tax refunds shall be subject to COA audit: PROVIDED, FURTHER, That any unutilized amount from said amount at the end of the year shall revert to the unappropriated surplus of the General Fund in accordance with Section 45, Chapter 5, Book VI of E.O. No. 292.

The report on the current year's revenue tax collection of the BOC shall be correspondingly adjusted equivalent to the amounts refunded for taxes collected in current and prior years.

The BOC shall submit, either in printed form or by way of electronic document, to the DBM, the House Committee on Appropriations and Senate Committee on Finance, separate quarterly reports on the amount of tax refunds and the recipient taxpayers. The Commissioner of Customs and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the BOC.

Implementation of this provision shall be subject to guidelines to be jointly issued by the DOF, BOC and DBM.

4. Informers Reward. Pursuant to Section 282 (b) of R.A. No. 8424, ten percent (10%) of the fair market value of the smuggled and confiscated goods or One Million Pesos (P1,000,000) per case, whichever is lower, shall be recorded as trust receipts by the BOC and deposited with the National Treasury. Such amount may be released and used for the payment of informer's reward to persons instrumental in the discovery and seizure of such goods, except all public officials, whether incumbent or retired, who acquired the information in the course of the performance of their duties during their incumbency.

The BOC shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the amount of informer's reward paid and the list of beneficiaries. The Commissioner of Customs and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the BOC.

Implementation of this provision shall be subject to guidelines to be jointly issued by the DBM, DOF, BOC and BTr.

5. Disposition of Forfeited Motor Transport Equipment and other Articles. Motor transport equipment and other articles forfeited or abandoned in favor of the government shall be sold at public auction by the DOF upon the recommendation of the Commissioner of Customs, subject to applicable laws, rules and regulations: PROVIDED, That any government agency participating in the said auction shall pay for the value of such equipment or articles out of its programmed budget for the purpose, subject to applicable rules and regulations on the acquisition and use of government motor vehicles: PROVIDED, FURTHER, That the proceeds of the sale shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

The Commissioner of Customs and the Bureau's web administrator or his/her equivalent shall be responsible for ensuring that the list of motor transport equipment and other articles forfeited or abandoned in favor of the government, including its disposition, are posted on the official website of the BOC.

6. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

MAJOR FINAL OUTPUTS (NFOs) / PERFORMANCE INDICATORS (PIs)

NFO 1: COLLECTION OF DUTIES AND TAXES

Collection Performance

	Targets
Amount of duties and taxes	
Number of inspections of containers and packages containing or suspected of containing commercial goods	P408,096,000,000
Estimated potential customs tax effort	670,000
Percentage of inspections resulting in 10% or greater increase in assessment of duties or taxes	0
Percentage of customers whose goods are cleared that rate the service as good or better	1%
Percentage of prosecutions that result in a favourable judgment for Government	100%
Percentage of imported goods cleared within 10 days from filing of import declaration	80%
	100%

Passenger Processing

Number of inspections that result in detection of one or more irregularities	6,000
Percentage of passengers and crew who rate the service as good or better	90
Percentage of prosecutions that result in a favourable judgment for Government	80
Percentage of arriving international passengers and crew processed within 30 minutes of baggage presentation to customs	90

Enforcement

Number of enforcement actions (alerts) undertaken	290
Percentage of actions that result in favourable judgement	85%

Percentage of shipment selected and physically examined or x-rayed resulting to seizures	15%
Percentage of enforcement actions (alerts) completed within 30 days from issuance of alert orders	100%
Exports and Warehouse Operations	
Volume of imported goods entered for warehousing and to special economic zones	110M kls
Percentage of customers who report irregularities with respect to their stored goods	0%
Percentage of customers who rate the service as good or better	85%
Percentage of customers who rate timeliness of access to facilities as good or better	90%
Percentage of shipments entered for warehousing legally withdrawn for various purposes within the prescribed period	10%

Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.

C. BUREAU OF INTERNAL REVENUE

STRATEGIC OBJECTIVES

MANDATE

The BIR is mandated by law to assess and collect all national internal revenue taxes, fees and charges, and to enforce all forfeitures, penalties and fines connected therewith, including the execution of judgements in all cases decided in its favor by the Court of Tax Appeals and the ordinary courts. (Sec. 2 of the National Internal Revenue Code of 1997)

VISION

The Bureau of Internal Revenue is an institution of service excellence, a partner in nation-building, manned by globally competitive professionals with integrity and patriotism. (RMO No. 23-2011)

MISSTON

The Bureau of Internal Revenue is committed to collect taxes for nation-building through excellent, efficient and transparent service, just and fair enforcement of tax laws, uplifting the life of every Filipino. (RMO No. 23-2011)

KEY RESULT AREAS

Anti-Corruption, Transparent, Accountable and Participatory Governance

SECTOR OUTCOME

Fiscal Strength

ORGANIZATIONAL OUTCOME

Improved Internal Revenue Collection

New Appropriations, by Program/Project

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PROGRAMS	<u>Current Operating Expenditures</u>				Total
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Financial Expenses</u>	<u>Capital Outlays</u>	
100000000 General Administration and Support	P 442,396,000	P 748,034,000	P 185,370,000	P 120,755,000	P 1,496,555,000