



Republic of the Philippines  
**DEPARTMENT OF FINANCE**

Roxas Boulevard Corner Pablo Ocampo, Sr. Street  
Manila 1004

DEPARTMENT ORDER NO. 032.2014  
14 May 2014

**Subject : Requirement of Presentation of Proof of Payment of Duties and Taxes on Importation of Automobiles**

**WHEREAS**, there is a proliferation of individuals/entities selling imported automobiles through car exchanges, car garages, car expos, auto trades and other public showrooms in the country;

**WHEREAS**, there is a need to determine whether duties and taxes on these imported automobiles have been paid by the owner/importer to the Bureau of Customs prior to their release from the customshouse;

**WHEREAS**, Section 171 of the National Internal Revenue Code ("Tax Code"), as amended, allows revenue officers, in the discharge of their official duties, to enter any house, building or place where articles subject to tax are kept or believed by him upon reasonable grounds to be kept, to discover, examine, or seize the same; and

**WHEREAS**, Section 2536 of the Tariff and Customs Code of the Philippines ("TCCP") as amended by Republic Act No. 9135, authorizes the Commissioner of Customs, Collector of Customs and any other customs officer, with the prior written authorization from the Commissioner, to demand evidence of payment of duties and taxes on foreign articles openly offered for sale or kept in storage

**NOW THEREFORE** in consideration of the foregoing premises, the following rules are hereby promulgated:

**Section 1. Coverage.** -- This Order shall apply to owners/lessors/operators of car exchanges, car garages, car expos, auto trades and public showrooms, or to all individuals/entities who/which have imported, or who have caused the importation of automobiles into the Philippines.

**Section 2. Proof of Identification and Payment.** -- Persons/entities covered in Section 1 hereof must be able to show proof that the applicable duties and taxes on the imported automobiles have been duly paid. For purposes of identification of the automobiles, the persons/entities covered by Section 1 hereof must also present copies of the Certificate of Registration and Official Receipt issued by the Land Transportation Office.

For purposes of this Order, "*Proof of Payment*" shall include copies of any of the following: 1) Certificate of Payment, 2) Authority to Release Imported Goods (ATRIG), 3) Import Entry and Internal Revenue Declaration, 4) Official Receipt issued by the Bureau of Customs, and 5) Certificate of Tax Exemption, if applicable.

provided, that the submitted Proof of Payment shall only pertain to the relevant tax stated therein.

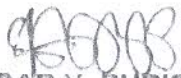
**Section 3. Seizure and Forfeiture.** — Pursuant to Section 2536 of the TCCP, as amended, if upon demand by the Commissioner of Customs or his duly authorized representative of evidence of payment of duties and taxes on the imported automobiles, Proof of Payment thereof is not presented, said imported automobiles may be seized and subjected to forfeiture proceedings.

**Section 4. Deficiency Value-added and Excise Taxes on Automobiles.** — Sections 107 (B) and 131 (A), in relation to Section 149, of the Tax Code, provide that VAT and excise tax due constitute a lien on the articles subject of these taxes, and such lien shall be superior to all other charges or liens, regardless of the possessor thereof. Thus, subsequent owners/possessors of untaxed imported automobiles are liable for the VAT and excise tax due thereon which have not been paid by the previous owner/possessor or importer, and the corresponding assessment shall be issued against the person/s in possession of said automobiles.

**Section 5. Repealing Clause.** — All orders, memoranda, circulars or other issuances or parts thereof which are inconsistent with this Department Order are hereby deemed repealed and/or modified accordingly.

**Section 6. Separability Clause.** — If any part of this Department Order is declared by the courts as unconstitutional or contrary to existing laws, the other parts shall remain in full force and effect.

**Section 7. Effectivity.** — This Department Order shall take effect fifteen (15) days after publication.

  
CESAR V. PURISIMA  
Secretary  
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