



Republic of the Philippines
House of Representatives
Batasan Hills, Quezon City

Seventeenth Congress
Second Regular Session

House Bill No. **7052**



Introduced by Representative Rodante D. Marcoleta

EXPLANATORY NOTE

Section 13, Article XII (*National Economy and Patrimony*) of the 1987 Constitution of the Philippines provides that “*The State shall pursue a trade policy that serves the general welfare and utilizes all forms and arrangements of exchange on the basis of equality and reciprocity*”. Moreover, Republic Act No. 10863, otherwise known as the “*Customs Modernization and Tariff Act*,” declares as a State policy the protection and enhancement of government revenue and the institution of fair and transparent customs and tariff management to efficiently facilitate international trade, prevent and curtail any form of customs fraud and illegal acts, and modernize customs and tariff administration.

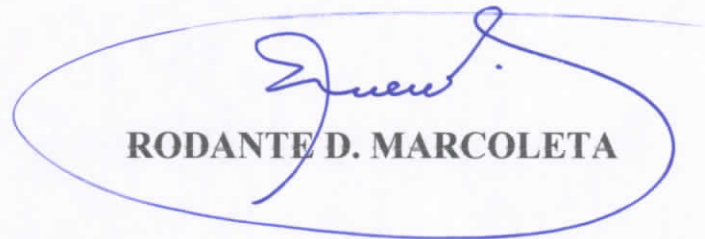
Despite the procedures and requirements laid down by the law, illegal importation activities still abound in the Philippine ports. Many smuggled and prohibited items get through customs scrutiny using spurious commercial and shipping documents. The fraud is perpetuated by the fact that cargo manifests of vessels from a foreign port, airway bills and bills of lading do not indicate the value of the goods and articles being imported. Actual purchase and customs fees that need to be collected are not required to be declared in these commercial documents: thus, giving the importer and consignee the opportunity to misdeclare, undervalue and misclassify the goods and articles.

With this bill, I seek to address these illicit trading practices. By requiring common to declare the value of the goods and articles in the cargo manifest of vessels from a foreign port, bill of lading and airway bill as it appears in the commercial invoice and letters of credit, authorities can have adequate basis in assessing and collecting correct taxes, duties and charges.

This bill also prohibits making any changes in the electronic cargo manifest already transmitted electronically to the Bureau of Customs computer system. To ensure consistency of commercial documents transmitted and presented to Philippine authorities, the Pier Inspection Division or the Aircraft Operations Division, as the case may be, are tasked to reconcile the hard copy of the cargo manifest with the electronic cargo manifest of a vessel from a foreign port.

With these measures in place, we hope to significantly deter the use of commercial and shipping documents in smuggling and illegal importation activities.

In view of the foregoing, immediate passage of this bill is earnestly requested.



RODANTE D. MARCOLETA



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AN ACT
REQUIRING THE DECLARATION OF THE VALUE OF IMPORTED
GOODS IN COMMERCIAL DOCUMENTS AND PROHIBITING
FRAUDULENT ALTERATION OF CARGO MANIFEST, AMENDING
FOR THE PURPOSE REPUBLIC ACT NO. 10863, OTHERWISE
KNOWN AS THE “CUSTOMS MODERNIZATION AND TARIFF ACT”

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 1204 of Republic Act No. 10863 is hereby amended to read as follows:

“SEC. 1204. *Manifest Required of Vessel from Foreign Port.*

– Every vessel from a foreign port must have on board a complete manifest of all its cargoes.

“All cargoes intended to be landed at a port in the Philippines must be described in separate manifests for each port of call. Each manifest shall include the port of departure and the port of delivery with the marks, numbers, quantity, and description of the packages

and the names of the consignees. Every vessel from a foreign port must have on board complete manifests of passengers and baggage, in the prescribed form, setting forth the destination and all particulars required by immigration laws. Every vessel shall present to the proper customs officers upon arrival in ports of the Philippines a complete list of all sea stores then on board. If the vessel does not carry cargo or passengers, the manifest must show that no cargo or passenger is carried from the port of departure to the port of destination in the Philippines.

“IN ADDITION, A VESSEL FROM A FOREIGN PORT MUST DECLARE IN THE CARGO MANIFEST, BILL OF LADING OR AIRWAY BILL THE VALUE OF THE ARTICLES OR GOODS AS THEY APPEAR IN THE COMMERCIAL INVOICE OR LETTER OF CREDIT, OR BOTH. THE VALUE STATED IN THE CARGO MANIFEST, BILL OF LADING AND AIRWAY BILL SHALL BE THE BASIS FOR ASCERTAINING CORRECT DUTIES, TAXES AND OTHER CHARGES DUE.

“THE CARGO MANIFEST WITH CONSOLIDATED CARGO AND THE NAMES OF THE CONSIGNEES COVERED BY THE BILL OF LADING OR AIRWAY BILL SHALL BE ENUMERATED UNDER THEIR RESPECTIVE MASTER BILL OF LADING OR AIRWAY BILL.

“A true and complete copy of the cargo manifest shall be electronically sent in advance by the shipping company, NON-VESSEL OPERATING COMMON CARRIER (NVOCC), freight forwarder, cargo consolidators, or their agents within the cut-off period as may be determined by the Bureau before the arrival of the carrying vessel at the port of entry. Upon arrival of the carrying vessel, the shipping company, NVOCC, freight forwarder, cargo consolidator, or their agents shall provide two (2) hard copies of the cargo manifest to the Bureau in case the port of entry is either the Port of Manila (PoM) or the Manila International Container Port (MICP), and one (1) copy only in the case of the other ports of entry. THE PIER INSPECTION DIVISION (PID) OR AIRCRAFT OPERATION DIVISION (AOD) SHALL RECONCILE HARD COPIES OF THE CARGO MANIFEST AGAINST THE ELECTRONIC CARGO MANIFEST. ALL UNMANIFESTED CARGOES SHALL BE REPORTED IMMEDIATELY TO THE DISTRICT COLLECTOR OF THE PORT TO INSTITUTE SEIZURE AND FORFEITURE PROCEEDINGS PURSUANT TO SECTION 113 OF THIS ACT.

UPON TRANSMITTAL OF THE ELECTRONIC CARGO MANIFEST TO THE BUREAU OF CUSTOMS COMPUTER SYSTEM, AND AFTER THE SUBMISSION OF THE HARD

COPY OF THE CARGO MANIFEST UPON ENTRY OF THE VESSEL, NO CHANGE OR ALTERATION SHALL BE ALLOWED, except by means of an amendment, under oath, by the master, consignee or agent thereof, which shall be attached to the original manifest: *Provided*, That after the invoice and/or goods declaration covering an importation have been received and recorded in the office of the appraiser, no amendment of the manifest shall be allowed except when it is obvious that a clerical error or any other discrepancy has been committed in the preparation of the manifest, without any fraudulent intent, the discovery of which would not have been made until after examination of the importation has been completed. AFTER THE ARRIVAL OF THE CARRYING VESSEL OR AIRCRAFT, THE DEPUTY COLLECTORS AND THE MANAGEMENT INFORMATION SYSTEM AND TECHNOLOGY GROUP SHALL NOT ACCEPT ANY COMPACT DISK, DISKETTE, FLASH DRIVE, MEMORY CARD OR OTHER FORMS OF DATA STORAGE DEVICE FROM SHIPPING OR AIRLINE AGENTS FOR OPERATIONS TO INCORPORATE A CHANGE OR ALTERATION IN THE ELECTRONIC CARGO MANIFEST. UNLESS WITH PRIOR APPROVAL OF THE MANAGEMENT INFORMATION SYSTEM AND TECHNOLOGY GROUP, CUSTOMS OFFICERS

AND EMPLOYEES WITH SUPERVISORS' PASS AND SYSTEMS ADMINISTRATORS SHALL LIKEWISE REFRAIN FROM ENCODING ANY DATA INTO THE COMPUTER SYSTEM."

SEC. 2. ***Implementing Rules and Regulations.*** – Within ninety (90) days from the approval of this Act, upon the recommendation of the Commissioner of Customs, the Secretary of Finance shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 3. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,