

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



Seventeenth Congress
Second Regular Session

HOUSE BILL NO. 7126

Introduced by Representative Fredenil H. Castro

EXPLANATORY NOTE

This bill seeks to abolish the Bureau of Customs, creating for the purpose the Customs Development Authority.

In 1902, during the American regime, the Philippine Customs Service was established under Philippine Administrative Act No. 355 to collect all the revenue warranted by law. Then, under the same regime and pursuant to Public Act No. 430, the Philippine Customs Service was transferred to the Bureau of Customs and Immigration under the supervision and control of the Department of Finance and Justice. When the Department of Justice became a separate office from the Department of Finance, the customs service remained under the Department of Finance.

Through the years, the Bureau of Customs has undergone several reorganizations pursuant to several customs laws and amendments and the reorganization of the Bureau of Customs arising from the reorganization of the different bureaus, offices and agencies of the government. In 1957, Republic Act No. 1937, otherwise known as the "*Tariff and Customs Code of the Philippines*" was passed into law and took effect on July 1, 1957.

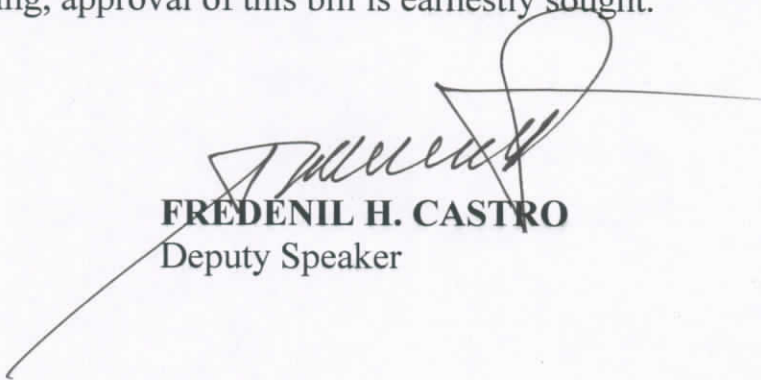
Many changes in global and regional trade policies, rules and processes have since then given effect and addressed through legislative amendments and administrative issuances on piecemeal bases. Consequently, on 30 May 2016, Republic Act No. 10863, otherwise known as the "*Customs Modernization and*

Tariff Act (CMTA)” was signed into law. The CMTA amended the Tariff and Customs Code of the Philippines. It aims to modernize the customs laws, rules and procedures to improve customs service delivery and supply chain for faster trade, and reduce the opportunities for corruption.

The Bureau of Customs is the second biggest revenue earner among government agencies. Through the years, the Bureau of Customs had significantly contributed to the economic development and progress of the country. However, it has been reported that corruption at the Bureau of Customs has become a malady without a cure. Corruption seems to have been part of the Bureau’s culture. Surveys on the most bureaucratic and corrupt government offices have consistently placed the Bureau of Customs at the top. It is much publicized that the government is losing a huge amount of much needed revenue due to corruption at the Bureau of Customs.

This bill abolishes the Bureau of Customs and replaces it with a new entity with a corporate structure to be known as the Customs Development Authority to enhance customs efficiency and administration. Under this measure, the Customs Development Authority will be allowed to outsource or privatize some administrative functions of the Authority, subject to some terms and conditions to curtail customs bureaucracy and corruption. This measure also intends to promote competition and encourage private participation in customs operations.

In view of the foregoing, approval of this bill is earnestly sought.



FREDENIL H. CASTRO
Deputy Speaker

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

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HOUSE BILL NO. 7126

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1 **AN ACT**
2 **ABOLISHING THE BUREAU OF CUSTOMS, CREATING FOR THE**
3 **PURPOSE THE CUSTOMS DEVELOPMENT AUTHORITY AND**
4 **APPROPRIATING FUNDS THEREFOR**
5

6 *Be it enacted by the Senate and the House of Representatives of the Philippines*
7 *in Congress assembled:*
8

9 SECTION 1. **Short Title.** – This Act shall be known as the “*Customs*
10 *Development Authority Act.*”

11 SEC. 2. **Declaration of Policy.** – It is the policy of the State to enhance
12 the development and efficiency of customs administration to ensure the efficient
13 collections of customs duties and taxes.

14 The State also recognizes the need to reorganize and streamline the
15 operations and functions of the Bureau of Customs, and create an entity with
16 appropriate structure to improve the efficiency of customs operations and
17 services. It recognizes the indispensable role of the participation of private

1 sector to bring about maximum efficiency in the collection of customs revenue
2 and eliminate graft and corruption in the government. Towards this end, the
3 Customs Development Authority shall replace the Bureau of Customs to carry
4 out the desired objectives of the government in customs administration and
5 management.

6 **SEC. 3. *Customs Development Authority.*** – The Bureau of Customs
7 is hereby abolished. To replace the Bureau of Customs, there is hereby created
8 a corporate body to be known as the Customs Development Authority,
9 hereinafter referred to as the Authority, with principal office in Metro Manila.
10 The Authority shall have general jurisdiction and control over all customs
11 services and shall supervise, regulate and exercise its powers in accordance with
12 the provisions of this Act. For purposes of policy coordination, it shall be an
13 attached agency of the Department of Finance.

14 **SEC. 4. *Powers and Functions.*** – The Authority shall have the
15 following powers and functions:

16 (a) Assess and collect customs revenues from imported goods and
17 other dues, fees, charges, fines and penalties accruing under Republic Act (RA)
18 No. 10863, otherwise known as the “*Customs Modernization and Tariff Act*;”

19 (b) Simplify and harmonize customs procedures to facilitate movement
20 of goods in international trade;

21 (c) Prevent entry of smuggled goods through border control;

22 (d) Prevent and suppress smuggling and other customs fraud;

(e) Ensure security of international trade and commerce through an informed compliance program;

(f) Supervise and control the entrance and clearance of vessels and aircrafts engaged in foreign commerce;

(g) Supervise and control the handling of foreign mails arriving in the Philippines for the purpose of collecting revenues and preventing the entry of contraband;

(h) Supervise and control all import and export cargoes, landed or stored in piers, airports, terminal facilities, including container yards and freight stations for the protection of government revenue and prevention of entry of contraband;

(i) Conduct a compensation study for developing and recommending to the President a competitive compensation and remuneration system to attract and retain highly qualified personnel, while ensuring that the Authority remains financially sound and sustainable;

(j) Exercise exclusive original jurisdiction over forfeiture cases under this Act;

(k) Enforce this Act and all other laws, rules and regulations related to customs administration;

(l) Construct or maintain facilities or properties under the jurisdiction or belonging to the Authority, and supervise, control and regulate their operations; and

1 (m) Provide training programs and training facilities for its staff and
2 stakeholders for the efficient discharge of its functions, duties and
3 responsibilities, including the adoption of necessary measures for efficient
4 assessment and collection of customs revenues in coordination with the other
5 government agencies.

6 SEC. 5. *Corporate Powers of the Authority.* – The Authority shall have
7 the following corporate powers:

- 8 (a) Succeed in its corporate name;
- 9 (b) Sue and be sued in such corporate name;
- 10 (c) Adopt, alter and use a corporate seal;
- 11 (d) Adopt, amend or repeal its by-laws;
- 12 (e) Enter into contracts, transactions and undertakings of whatever
13 nature to enable it to discharge its functions;
- 14 (f) Exercise all the powers of a corporation under the Corporation Law
15 insofar as they are not inconsistent with the provisions of this Act; and
- 16 (g) Perform such acts or provide such services as may be deemed
17 proper or necessary to carry out and implement the provisions of this Act.

18 SEC. 6. *Board of Directors.* – The corporate powers of the Authority shall
19 be exercised by and vested in a Board of Directors, hereinafter referred to as the
20 Board, which is composed of the following:

- 21 (a) Secretary of Finance, as chairperson;
- 22 (b) General manager of the Authority, as vice-chairperson;

- 1 (c) Commissioner of Internal Revenue;
- 2 (d) Director-General of the National Economic and Development
- 3 Authority;
- 4 (e) Secretary of Trade and Industry;
- 5 (f) Secretary of Public Works and Highways;
- 6 (g) Secretary of Environment and Natural Resources; and
- 7 (h) A representative from the private sector who shall be appointed by
- 8 the President of the Philippines; as members.

9 The representative from the private sector shall hold office for a period
10 of three (3) years from the date of appointment and shall be eligible for
11 reappointment upon completion of the term.

12 The members of the Board or their respective alternates are entitled to
13 receive compensation, *per diem*, allowances, and incentives in accordance with
14 the guideline promulgated by the Governance Commission for Government-
15 Owned or -Controlled Corporations.

16 **SEC. 7. *Functions of the Board.***— In addition to the powers vested in the
17 Authority under this Act, the Board shall exercise the following functions:

18 (a) Define and approve the programs, plans, policies, procedures and
19 guidelines for the development and operation of the Authority and customs
20 districts;

21 (b) Recommend the general manager of the Authority who shall be the
22 chief executive officer of the Authority;

1 (c) Approve the Authority's organizational and administrative
2 structure, staffing pattern, operating and capital expenditures, and financial
3 budgets upon recommendation of the general manager, subject to existing laws,
4 rules and regulations;

5 (d) Approve salary ranges, benefits and other terms and conditions of
6 service for all officers and employees of the Authority, upon recommendation
7 of the general manager, which shall, as far as possible, be competitive with
8 those offered in the private sector, subject to existing laws, rules and
9 regulations; and

10 (e) Exercise all the functions and powers necessary or incidental to
11 attain the purposes and objectives of this Act.

12 SEC. 8. **General Manager.** –The President of the Philippines shall, upon
13 the recommendation of the Board, appoint the general manager of the Authority.
14 The general manager shall be directly responsible to the Board, and shall have
15 the following powers and duties:

16 (a) Implement, enforce and apply the policies, programs, guidelines,
17 procedures, decisions, rules and regulations promulgated, prescribed, issued or
18 adopted by the Authority;

19 (b) Manage the day-to-day affairs of the Authority and ensure the
20 operational efficiency of the customs districts;

1 (c) Sign contracts, approve expenditures and payments within the
2 budget provisions, and generally do any and all acts or things for the proper
3 operations of the Authority or any of the customs districts and services;

4 (d) Submit an annual budget to the Board for recurrent income and
5 expenditure and the estimated capital expenditure at its option not later than two
6 (2) months before the commencement of the ensuing fiscal year;

7 (e) Undertake research, studies, investigations, and other activities and
8 projects and submit comprehensive reports and appropriate recommendations to
9 the Board for its information and approval;

10 (f) Determine and recommend to the Board for approval the staffing
11 pattern and the number of personnel of the Authority, define the duties,
12 responsibilities, and fix the salaries and emoluments of personnel. For
13 professional and technical positions, the general manager shall recommend
14 salaries and emoluments that are comparable to those of similar positions in
15 other government-owned and -controlled corporations, and in accordance with
16 the provisions of existing rules and regulations on wage and position
17 classification;

18 (g) Exclusive and original jurisdiction to interpret the provisions of
19 this Act and RA 10863 in collaboration with other relevant government
20 agencies, subject to review by the Secretary of Finance;

21 (h) Exercise any customs power, duties and functions, directly or
22 indirectly;

(i) Review any action or decision of any customs officer performed pursuant to the provisions of this Act;

(j) Review and decide disputed assessments and other matters related thereto, subject to review by the Secretary of Finance and exclusive appellate jurisdiction of the Court of Tax Appeals (CTA);

(k) Delegate the powers vested under this Act to any customs officer with the rank equivalent to division chief or higher, except the following powers and functions: (1) promulgation of rules and regulations; (2) issuance, revocation or modification of rulings; and (3) assignment or reassignment of any customs officer subject to the approval of the Secretary of Finance;

(l) Appoint and remove personnel below the rank of assistant general manager; and

(m) Perform such other duties as the Board may delegate or assign and such acts as may be necessary for the effective implementation of this Act.

SEC. 9. *Salaries.* – The general manager of the Authority shall receive a salary to be determined by the Board and approved by the President of the Philippines.

SEC. 10. *Assistant General Managers.* –The President of the Philippines shall, upon the recommendation of the Board, appoint two (2) assistant general managers of the Authority, one for operations and another for border control and customs compliance. The assistant general managers are entitled to receive a salary as determined by the Board and approved by the President of the

1 Philippines. They shall be responsible to the general manager of the Authority.

2 The assistant general managers shall exercise the following powers and
3 functions:

4 (a) Assist the general manager in implementing, enforcing, and
5 applying the policies, programs, guidelines, procedures, decisions, rules and
6 regulations promulgated, prescribed, issued or adopted by the Authority; and

7 (b) Perform such other duties as the general manager may assign from
8 time to time.

9 **SEC. 11. *Assessment, Collections and Operations Department.*** – There
10 shall be created a Collections and Operations Department which shall be headed
11 by the Assistant Manager for Operations. The Assessment, Collections and
12 Operations Department shall exercise all the powers and perform the duties
13 pertaining to the assessment and collection of customs tariffs and corresponding
14 fees, charges and penalties accruing to the National Government under RA
15 10863. Twenty-five *per centum* (25%) of the monthly total revenues collected
16 shall be retained by the Authority to constitute as its additional fund for the
17 continuity of its task in maximizing the efficiency in the collection of customs
18 revenue, as mandated by this Act.

19 The Collections and Operations Department shall perform the following
20 customs operations and services:

21 (a) Ensure entry of all imported goods at the customs office;

(b) Ensure legal compliance of regulated goods and facilitate the flow of legitimate trade;

(c) Examine, classify and value imported goods;

(d) Assess and collect duties, taxes and other charges on imported goods;

(e) Dispose of or hold imported goods in accordance with this Act and RA 10863; and

(f) Perform other necessary duties that may be assigned by the general manager for the effective implementation of this Act.

SEC. 12. *Outsourcing of Customs Services.*— Subject to the approval of the Secretary of Finance, the Authority may engage the services of a private entity or corporation to perform specific customs operations and services and the general manager is authorized to call for bids in open public competition from prospective investors for this purpose.

A prospective investor is qualified to offer its bid and tender for the outsourcing of specific customs functions or services if it offers to pay the national government the minimum bid price which is fixed by the Board. The contract of outsourcing shall be awarded to the highest qualified bidder whose bid as evaluated complies with all the terms and conditions in the call for the bid.

1 A bidder must be a Philippine corporation registered and created under
2 the provisions of Batas Pambansa Blg. 68, otherwise known as the Corporation
3 Code of the Philippines.

4 Without prejudice to prosecution for violation of criminal laws, the
5 authority granted herein shall be forfeited by the President of the Philippines, if,
6 after due notice and hearing, it is found that the outsourcing company or
7 operator causes, authorizes, or sanctions, wilfully or with gross negligence, the
8 entry into Philippine customs territory of prohibited drugs, guns, ammunition,
9 explosives and similar contraband as defined under R.A. 10863.

10 For purposes of this Act, *specific customs operation and services* refer to
11 customs administrative functions which may be delegated to private entity
12 under specific terms, conditions and standards without prejudice to the exercise
13 of powers and functions of the Authority to implement and enforce customs
14 laws and regulation, customs control and supervision under its jurisdiction.

15 SEC. 13. ***Border Control, Compliance and Law Enforcement***
16 ***Department.*** – There shall be created a Border Control, Compliance and Law
17 Enforcement Department of the Authority which shall be headed by the
18 Assistant General Manager for Border Control and Customs Compliance. The
19 Border Control, Compliance and Law Enforcement Department is in charge of
20 customs law enforcement, and border and trade security. It shall:

21 (a) Enforce compliance of regulated goods with customs laws, rules
22 and regulations to facilitate the flow of legitimate trade;

1 (b) Prevent importation and exportation of prohibited goods;

2 (c) Prevent smuggling and other customs fraud; and

3 (d) Exercise police power and control to ensure compliance with
4 customs laws and regulations.

5 (e) SEC. 14. **Customs Adjudication Board.** – There shall be
6 established a Customs Adjudication Board which shall be composed of the
7 general manager as chairperson and of the two (2) assistant managers as
8 members.

9 The Customs Adjudication Board shall perform the quasi-judicial
10 function and the adjudication mandate of the Authority under this Act and RA
11 10863. It shall exercise original and exclusive jurisdiction in custom's forfeiture
12 cases, assessment dispute settlement, and other customs-related cases.

13 All the present powers and functions of the Custom's Commissioner
14 under Title XI of RA 10863, entitled "*Title XI Administrative and Judicial*
15 *Procedures*" shall be transferred to the general manager of the Authority.

16 SEC. 15. **Capital.** – The Authority shall have an authorized capital stock
17 equal to and consisting of:

18 (a) The value of fixed assets, including facilities and equipment and
19 such other properties, movable and immovable, currently belonging to the
20 Bureau of Customs as valued on the date of the effectivity of this Act and after
21 deducting or taking into account their loans and other liabilities at the time of
22 the transfer of their assets and other properties to the Authority; and

(b) Government contribution in such amount as may be deemed an appropriate initial amount. Such initial amount, as approved by the President of the Philippines, which is more or less equivalent to the six (6) months working capital requirement of the Authority, is hereby authorized to be appropriated in the General Appropriations Act of the year following the passage of this Act.

Thereafter, the government contribution to the capital of the Authority shall be provided for in the annual General Appropriations Act.

SEC. 16. ***Creation of Reserves.*** – The balance of any revenue or income of the Authority remaining at the end of each year shall be applied to the creation of a general reserve or such other reserves as the Authority may deem appropriate.

SEC. 17. ***Investment of Funds.*** – The Authority may, from time to time, invest any of its funds not immediately required to be expended in meeting its obligations or in the discharge of the functions of the Authority, in such government securities approved by the Board.

SEC. 18. ***Borrowing Powers.*** –

(a) The Authority may, after consultation with the Bangko Sentral ng Pilipinas and the Department of Finance, and with the approval of the President of the Philippines, raise funds, either from local or international sources, by way of loans, credits or indebtedness or issue bonds, notes, debentures, securities, and other borrowing instruments, including the power to create pledges,

1 mortgages, and other voluntary liens or encumbrances on any of its assets or
2 properties.

3 (b) All loans contracted by the Authority under this section, together with
4 all interests and other sums payable in respect thereof, constitute a charge upon
5 all the revenues and assets of the Authority and rank *pari passu* with one
6 another, but shall have priority over any other claim or charge on the revenue
7 and assets of the Authority. This provision shall not be construed as a
8 prohibition or restriction on the power of the Authority to create pledges,
9 mortgages and other voluntary liens or encumbrances on any property of the
10 Authority.

11 (c) Except as expressly authorized by the President of the Philippines, the
12 total outstanding indebtedness of the Authority in the principal amount in local
13 and foreign currency shall not at any time exceed the net worth of the Authority
14 at the relevant time.

15 (d) The President of the Philippines, or a duly authorized representative,
16 shall guarantee in the name and on behalf of the Republic of the Philippines, the
17 payments of the loans or other indebtedness of the Authority up to the amount
18 herein authorized.

19 (e) All interests paid or payable by the Authority on its loans or other
20 forms of indebtedness are exempt from taxes of whatsoever nature.

1 SEC. 19. *Annual Budget.* – The Board shall adopt annual estimates of
2 income and expenditures and estimates of capital expenditure of the Authority
3 for the ensuing year.

4 Supplementary estimates may be adopted at any of the meetings of the
5 Board.

6 SEC. 20. *Annual Accounts.* –

7 (a) The Board shall cause to be kept proper accounts and other records of
8 the Authority. An annual statement of account shall be rendered in respect to
9 each year. The Authority shall maintain such accounts and other records under a
10 commercial system of accounting.

11 (b) The accounts of the Authority shall be kept and made up to the last
12 day of December in each year.

13 (c) The annual statement of accounts of the Authority shall present a true
14 and fair value of the financial position of the Authority and of the results of the
15 operations of the Authority for the year to which it relates.

16 SEC. 21. *Annual Report.* – On or before March 31 of the following year,
17 the general manager shall submit to the President, Congress of the Philippines
18 and NEDA an annual report on the performance of the Authority.

19 SEC. 22. *Auditor.* – The Commission on Audit shall appoint a
20 representative who shall be the auditor of the Authority, together with the
21 necessary personnel to assist the representative in the performance of duties.
22 The number and salaries of the auditor and said personnel shall be determined

1 by the Chairperson of the Commission on Audit, subject to the rules and
2 regulations of the Commission on Audit.

3 The auditor shall, as soon as practicable, but not later than three (3)
4 months after the accounts have been submitted for audit, send an annual report
5 to the Board. The auditor may also submit such periodical or special reports as
6 the Board may deem necessary.

7 The auditor shall be paid such remuneration, compensation or expenses
8 as the Board may determine out of the revenues of the Authority.

9 The Board may engage the services of any person or firm, duly
10 authorized by law for the audit of accounts, to audit the accounts of the
11 Authority.

12 SEC. 23. *Customs Jurisdiction.* – For the effective implementation of
13 this Act, the Authority shall exercise jurisdiction over all seas within Philippine
14 territory and all coasts, ports, airports, harbors, bays, rivers and inland waters
15 whether navigable or not from the sea and any means of conveyance.

16 The Authority shall pursue imported goods subject to seizure during its
17 transport by land, water and air and shall exercise jurisdiction as may be
18 necessary for the effective enforcement of this Act and RA10863. When a
19 vessel or aircraft becomes subject to seizure for violation of this Act or RA
20 10863, a pursuit of such vessel or aircraft which begins within the territorial
21 waters or air space may continue beyond the same, and the vessel or aircraft
22 may be seized in the high seas or international air space.

1 SEC. 24. *Enforcement Authority.* – The Authority shall have the power
2 to exercise enforcement authority within the customs jurisdiction administered
3 by it, as may be necessary to carry out its powers and functions and attain its
4 purposes and objectives, without prejudice to the exercise of the functions of
5 other law enforcement agencies within the area.

6 SEC. 25. *Customs Districts.* – For administrative purposes, the general
7 manager of the Authority shall, subject to the approval of the Secretary of
8 Finance, divide the country into as many customs districts as necessary, the
9 respective limits of which may be changed from time to time.

10 All ports of entry shall be under the supervision and control of the
11 Authority. The choice of the location of a district office, its business hours and
12 the staffing pattern thereof shall be based on particular requirements of each
13 district.

14 SEC. 26. *Ports of Entry.* – The principal ports of entry shall be located in
15 Aparri, San Fernando, Manila, Manila International Container Port, Ninoy
16 Aquino International Airport, Subic, Clark, Batangas, Legaspi, Iloilo, Cebu,
17 Tacloban, Surigao, Cagayan de Oro, Zamboanga, Davao, Limay and such other
18 ports that may be created pursuant to this Act.

19 For the effective enforcement of the Authority's functions and without
20 hampering business and commercial operations of the ports, sea ports and
21 airport authorities and private ports and airport operators shall provide suitable

1 areas for examination and for other customs equipment free of charge within a
2 definite period of time, as agreed with private port and airport operations, if any.

3 SEC. 27. *Power of the President.* – When public interest requires, the
4 President may, by executive order, declare any public wharf, landing place,
5 infrastructure, street or land, in any port of entry, under the jurisdiction of the
6 Authority for customs purposes or to authorize a port or terminal operator to
7 transfer overstaying cargoes in an inland depot or terminal.

8 SEC. 28. *Power of the President to Open and Close Any Port.* – Upon
9 the recommendation of the Secretary of Finance, the President may open or
10 close any port of entry. Upon closure of a port of entry, the existing personnel
11 shall be reassigned by the general manager, subject to the approval of the
12 Secretary of Finance.

13 SEC. 29. *Control Over Premises Used for Customs Purposes.* – The
14 Authority shall, for customs purposes, have exclusive control, direction and
15 management of customs offices, facilities, warehouses, ports, airports, wharves,
16 infrastructure and other premises in the customs districts, in all cases without
17 prejudice to the general police powers of the local government units (LGUs),
18 the Philippine Coast Guard and of law enforcement agencies in the exercise of
19 their respective functions.

20 SEC. 30. *Customs Control Over Goods.* – All goods, including means of
21 transport, entering or leaving the customs territory, regardless of whether they

1 are liable to duties and taxes, shall be subject to customs control to ensure
2 compliance with customs laws.

3 In the application of customs control, the Authority shall employ audit-
4 based controls and risk management systems, use automation to the fullest
5 extent possible, and adopt a compliance measurement strategy to support risk
6 management.

7 The Authority shall seek to cooperate and conclude mutual administrative
8 assistance agreements with other customs administrations to enhance customs
9 control. The Authority shall consult, coordinate, and cooperate with other
10 government regulatory agencies, free zones authorities, and the customs
11 stakeholders, in general, to enhance customs control.

12 SEC. 31. *Enforcement of Port Regulation of the Bureau of*
13 *Quarantine.* – Customs officials and employees of the Authority shall
14 cooperate with the quarantine authorities in the enforcement of the port
15 quarantine regulations promulgated by the Bureau of Quarantine and shall give
16 effect to the same insofar as connected with matters of shipping and navigation.

17 SEC. 32. *Trespass or Obstruction of Customs Premises.* – No person
18 shall enter or obstruct a customs office, warehouse, port, airport, wharf, or other
19 premises under the control of the Authority without prior authorization by the
20 Authority including the streets or alleys where these facilities are located.

21 SEC. 33. *Special Surveillance for the Protection of Customs Revenue*
22 *and Prevention of Smuggling.* – The Authority shall conduct surveillance on

vessels or aircrafts entering Philippine territory and on imported goods entering the customs office. The function of the Philippine Coast Guard to prevent and suppress the illegal entry of these goods, smuggling and other forms of customs fraud and violations of maritime law and its proper surveillance of vessels entering or leaving Philippine territory as provided in RA 9993, otherwise known as the "*Philippine Coast Guard Law of 2009*," shall continue to be in force.

SEC. 34. *Temporary Storage of Goods.* – Subject to the rules and regulations to be issued by the Secretary of Finance, the general manager shall establish a system for temporary storage of imports prior to goods declaration in case of abandoned or overstaying-goods.

SEC. 35. *Police Authority.* – The Authority shall have such police authority within the customs districts and premises administered by it as may be necessary to carry out its powers and functions and attain its purposes and objectives, without prejudice to the exercise of the functions of other law enforcement agencies.

SEC. 36. *Assignment of Customs Officers and Employees to Other Duties.* – With the approval of the Secretary of Finance, the general manager, may assign any employee to any customs district, port, service, division or office within the staffing pattern or organizational structure of the Authority, or may assign any employee other duties. Such assignment shall not affect the

1 employee's tenure of office nor result in a change of status, demotion in rank or
2 salary deduction.

3 SEC. 37. *Records to be Kept.* – District collectors, deputy district
4 collectors, and customs officers acting in such capacities shall maintain
5 permanent records of official transactions and turn-over all records and official
6 papers to their respective successors or other authorized officials. The records
7 shall be made available for inspection by other authorized officials of the
8 Authority.

9 SEC. 38. *Copies of Goods Declaration.* – The general manager shall
10 regularly furnish the NEDA, Philippine Statistics Authority (PSA), Bureau of
11 Internal Revenue (BIR) and Tariff Commission electronic copies of all customs
12 goods declaration processed and cleared by the Authority.

13 The Tariff Commission shall have access to, and the right to be furnished
14 with copies of liquidated goods declaration and other documents supporting the
15 goods declaration as finally filed in the Commission on Audit (COA).

16 For this purpose, the Authority shall maintain electronic records of goods
17 declaration and other documents supporting the declaration.

18 SEC. 39. *Reports of the Custom Officer.* – The custom officer shall
19 report to the general manager any probable or initiated litigation within the
20 customs district and shall submit regular monthly reports on all district
21 transactions.

1 SEC. 40. *Promulgation of Rules and Regulations.* – The general
2 manager shall, subject to the approval of the Secretary of Finance, promulgate
3 rules and regulations for the enforcement of this Act. The general manager
4 shall regularly prepare and publish an updated customs manual, and the rules,
5 regulations and decisions of the Authority. The general manager shall furnish
6 the Congress of the Philippines, NEDA and Tariff Commission with electronic
7 copies of department orders, administrative orders, circulars, and rules and
8 regulations promulgated pursuant to this Act or RA 10863.

9 SEC. 41. *Applicability of Civil Service Laws.* – The Authority and its
10 officials and employees are subject to the civil service laws and other existing
11 rules and regulations.

12 All other officials and employees of the Authority shall be selected and
13 appointed on the basis of merit and fitness based on a comprehensive and
14 progressive merit system to be established by the Authority immediately upon
15 its organization and consistent with civil service rules and regulations. All
16 professional and technical positions are considered policy determining,
17 primarily confidential and highly technical in nature. The recruitment, transfer,
18 promotion, and dismissal of all personnel of the Authority, including temporary
19 workers, are governed by such merit system.

20 SEC. 42. *Transfer of Existing Facilities and Intangible Assets.* – All
21 existing facilities within the territorial jurisdiction of the Bureau of Customs,
22 buildings and other properties, movable or immovable, belonging to or

1 presently administered by the Bureau of Customs; and all assets, powers, rights,
2 interest and privileges relating to their customs or operations, including all
3 equipment, are hereby transferred to the Customs Development Authority.

4 SEC. 43. *Assumption of Rights and Obligations.* –The Authority shall
5 be subrogated to all the rights and assume all the obligations of the Bureau of
6 Customs. The transfer of powers and functions includes all applicable funds,
7 personnel record, properties and equipment as may be necessary and all powers
8 and obligations under the Customs Modernization and Tariff Act and other
9 customs laws and regulations.

10 Upon the transfer to and acceptance by the Authority of the existing
11 physical facilities, intangible assets and completed projects referred to in the
12 preceding sections, all debts, liabilities and obligations of the Bureau of
13 Customs in respect of such physical facilities, tangible assets and completed
14 projects within the ports shall likewise be assumed by the Authority.

15 SEC. 44. *Separation Pay.* –The Commissioner of Customs shall perform
16 all powers and functions of the Authority until such time as the general manager
17 of the Authority is appointed to ensure the smooth transfer of responsibility
18 from the abolished entities to the Authority.

19 Qualified personnel of the Bureau of Customs may be retained by the
20 Authority. All officials and employees who are separated from the service shall,
21 if not eligible for retirement, be given gratuities equivalent to one (1) month

1 salary for every year of service on the basis of the highest salary received, in
2 addition to other benefits accorded to them by existing laws.

3 SEC. 45. **Repealing Clause.** – Title II, Chapter 1 of Republic Act No.
4 10863, otherwise known as the “*Customs Modernization and Tariff Act*” is
5 hereby repealed. All other laws, decrees, executive orders, proclamations, rules
6 and regulations, and other issuances or parts thereof which are inconsistent with
7 the provisions of this Act are hereby amended or modified accordingly.

8 SEC. 46. **Separability Clause.** – If any part or provision of this Act is
9 declared unconstitutional or invalid, the remaining provisions or parts which are
10 not affected shall continue to be in full force and effect.

11 SEC. 47. **Effectivity.** – This Act shall take effect fifteen (15) days after
12 its publication in the *Official Gazette* or in a newspaper of general circulation.

13 Approved,