

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



Eighteenth Congress
Second Regular Session

HOUSE BILL NO. 1387

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.

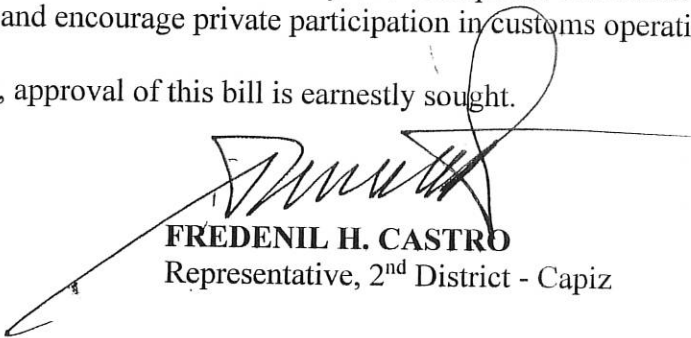
Many changes in global and regional trade policies, rules and processes have since then given effect and addressed through legislative amendments and administrative issuances on piecemeal bases. Consequently, on 30 May 2016, Republic Act No. 10863, otherwise known as the "*Customs Modernization and Tariff 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
Representative, 2nd District - Capiz

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

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 1387

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AN ACT

ABOLISHING THE BUREAU OF CUSTOMS, CREATING FOR THE PURPOSE THE
CUSTOMS DEVELOPMENT AUTHORITY AND APPROPRIATING FUNDS THEREFOR

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

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

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

The State also recognizes the need to reorganize and streamline the
operations and functions of the Bureau of Customs, and create an entity with appropriate
structure to improve the efficiency of customs operations and services. It recognizes the
indispensable role of the participation of private sector to bring about maximum efficiency in
the collection of customs revenue and eliminate graft and corruption in the government.
Towards this end, the Customs Development Authority shall replace the Bureau of Customs to
carry out the desired objectives of the government in customs administration and management.

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

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

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

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

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

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

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

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

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

23 (h) Supervise and control all import and export cargoes, landed or stored in piers,
24 airports, terminal facilities, including container yards and freight stations for the protection of
25 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

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

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

(a) Succeed in its corporate name;

(b) Sue and be sued in such corporate name;

(c) Adopt, alter and use a corporate seal;

(d) Adopt, amend or repeal its by-laws;

(e) Enter into contracts, transactions and undertakings of whatever nature to enable it to discharge its functions;

(f) Exercise all the powers of a corporation under the Corporation Law insofar as they are not inconsistent with the provisions of this Act; and

(g) Perform such acts or provide such services as may be deemed proper or necessary to carry out and implement the provisions of this Act.

1 SEC. 6. **Board of Directors.**—The corporate powers of the Authority shall be exercised
2 by and vested in a Board of Directors, hereinafter referred to as the Board, which is composed
3 of the following:

- 4 (a) Secretary of Finance, as chairperson;
- 5 (b) General manager of the Authority, as vice-chairperson;
- 6 (c) Commissioner of Internal Revenue;
- 7 (d) Director-General of the National Economic and Development Authority;
- 8 (e) Secretary of Trade and Industry;
- 9 (f) Secretary of Public Works and Highways;
- 10 (g) Secretary of Environment and Natural Resources; and
- 11 (h) A representative from the private sector who shall be appointed by the President
12 of the Philippines; as members.

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

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

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

- 22 (a) Define and approve the programs, plans, policies, procedures and guidelines for
23 the development and operation of the Authority and customs districts;
- 24 (b) Recommend the general manager of the Authority who shall be the chief
25 executive officer of the Authority;

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

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

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

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

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

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

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

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

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

4 (f) Determine and recommend to the Board for approval the staffing pattern and
5 the number of personnel of the Authority, define the duties, responsibilities, and fix the salaries
6 and emoluments of personnel. For professional and technical positions, the general manager
7 shall recommend salaries and emoluments that are comparable to those of similar positions in
8 other government-owned and -controlled corporations, and in accordance with the provisions
9 of existing rules and regulations on wage and position classification;

10 (g) Exclusive and original jurisdiction to interpret the provisions of this Act and RA
11 10863 in collaboration with other relevant government agencies, subject to review by the
12 Secretary of Finance;

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

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

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

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

24 (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 Philippines. They shall be responsible to the general manager of the Authority. The assistant general managers shall exercise the following powers and functions:

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

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

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

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

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

- 1 (b) Ensure legal compliance of regulated goods and facilitate the flow of legitimate
2 trade;
- 3 (c) Examine, classify and value imported goods;
- 4 (d) Assess and collect duties, taxes and other charges on imported goods;
- 5 (e) Dispose of or hold imported goods in accordance with this Act and RA 10863;
6 and
- 7 (f) Perform other necessary duties that may be assigned by the general manager for
8 the effective implementation of this Act.

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

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

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

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

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

6 SEC. 13. ***Border Control, Compliance and Law Enforcement Department.*** – There
7 shall be created a Border Control, Compliance and Law Enforcement Department of the
8 Authority which shall be headed by the Assistant General Manager for Border Control and
9 Customs Compliance. The Border Control, Compliance and Law Enforcement Department is
10 in charge of customs law enforcement, and border and trade security. It shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

24 SEC. 18. **Borrowing Powers.** –

1 (a) The Authority may, after consultation with the Bangko Sentral ng Pilipinas and the
2 Department of Finance, and with the approval of the President of the Philippines, raise funds,
3 either from local or international sources, by way of loans, credits or indebtedness or issue
4 bonds, notes, debentures, securities, and other borrowing instruments, including the power to
5 create pledges, mortgages, and other voluntary liens or encumbrances on any of its assets or
6 properties.

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

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

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

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

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

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

24 SEC. 20. **Annual Accounts.** –

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

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

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

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

12 SEC. 22. **Auditor.** – The Commission on Audit shall appoint a representative who shall
13 be the auditor of the Authority, together with the necessary personnel to assist the
14 representative in the performance of duties. The number and salaries of the auditor and said
15 personnel shall be determined by the Chairperson of the Commission on Audit, subject to the
16 rules and regulations of the Commission on Audit.

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

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

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

24 SEC. 23. **Customs Jurisdiction.** – For the effective implementation of this Act, the
25 Authority shall exercise jurisdiction over all seas within Philippine territory and all coasts,

1 ports, airports, harbors, bays, rivers and inland waters whether navigable or not from the sea
2 and any means of conveyance.

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

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

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

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

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

24 For the effective enforcement of the Authority's functions and without hampering
25 business and commercial operations of the ports, sea ports and airport authorities and private

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

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

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

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

18 **SEC. 30. *Customs Control Over Goods.*** – All goods, including means of transport,
19 entering or leaving the customs territory, regardless of whether they are liable to duties and
20 taxes, shall be subject to customs control to ensure compliance with customs laws.

21 In the application of customs control, the Authority shall employ audit-based controls
22 and risk management systems; use automation to the fullest extent possible, and adopt a
23 compliance measurement strategy to support risk management.

24 The Authority shall seek to cooperate and conclude mutual administrative assistance
25 agreements with other customs administrations to enhance customs control. The Authority

1 shall consult, coordinate, and cooperate with other government regulatory agencies, free zones
2 authorities, and the customs stakeholders, in general, to enhance customs control.

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

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

11 SEC. 33. ***Special Surveillance for the Protection of Customs Revenue and Prevention***
12 ***of Smuggling.*** – The Authority shall conduct surveillance on vessels or aircrafts entering
13 Philippine territory and on imported goods entering the customs office. The function of the
14 Philippine Coast Guard to prevent and suppress the illegal entry of these goods, smuggling and
15 other forms of customs fraud and violations of maritime law and its proper surveillance of
16 vessels entering or leaving Philippine territory as provided in RA 9993, otherwise known as
17 the “*Philippine Coast Guard Law of 2009,*” shall continue to be in force.

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

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

1 SEC. 36. *Assignment of Customs Officers and Employees to Other Duties.* – With
2 the approval of the Secretary of Finance, the general manager, may assign any employee to any
3 customs district, port, service, division or office within the staffing pattern or organizational
4 structure of the Authority, or may assign any employee other duties. Such assignment shall
5 not affect the employee's tenure of office nor result in a change of status, demotion in rank or
6 salary deduction.

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

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

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

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

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

24 SEC. 40. *Promulgation of Rules and Regulations.* – The general manager shall,
25 subject to the approval of the Secretary of Finance, promulgate rules and regulations for the

1 enforcement of this Act. The general manager shall regularly prepare and publish an updated
2 customs manual, and the rules, regulations and decisions of the Authority. The general
3 manager shall furnish the Congress of the Philippines, NEDA and Tariff Commission with
4 electronic copies of department orders, administrative orders, circulars, and rules and
5 regulations promulgated pursuant to this Act or RA 10863.

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

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

15 SEC. 42. ***Transfer of Existing Facilities and Intangible Assets.*** – All existing facilities
16 within the territorial jurisdiction of the Bureau of Customs, buildings and other properties,
17 movable or immovable, belonging to or presently administered by the Bureau of Customs; and
18 all assets, powers, rights, interest and privileges relating to their customs or operations,
19 including all equipment, are hereby transferred to the Customs Development Authority.

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

1 Upon the transfer to and acceptance by the Authority of the existing physical facilities,
2 intangible assets and completed projects referred to in the preceding sections, all debts,
3 liabilities and obligations of the Bureau of Customs in respect of such physical facilities,
4 tangible assets and completed projects within the ports shall likewise be assumed by the
5 Authority.

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

9 Qualified personnel of the Bureau of Customs may be retained by the Authority. All
10 officials and employees who are separated from the service shall, if not eligible for retirement,
11 be given gratuities equivalent to one (1) month salary for every year of service on the basis of
12 the highest salary received, in addition to other benefits accorded to them by existing laws.

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

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

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

23 Approved,