



**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7245



Introduced by Representative Rudys Caesar G. Fariñas I

EXPLANATORY NOTE

This bill seeks to improve the operations of the Bureau of Customs (BOC).

This measure provides, among others:

That the BOC shall establish and impose a pre-shipment inspection of containerized cargoes, relying on risk parameters as determined by the BOC and other competent authorities. Additionally, the BOC must maintain an Off-Dock Container Yard or Cargo Freight Station (CY/CFS) and Customs Bonded Warehouses (CBWS) operating in a port to a number consistent with the business requirement.

The BOC may engage private service providers to conduct public auctions. The service provider shall take all BOC's public auctions and activities limited to non-sovereign and ancillary functions.

The BOC Commissioner shall issue rules and regulations to govern and regulate the conduct of all third parties dealing directly with the BOC concerning the importation, exportation, movement, storage, and clearance of goods for and on behalf of another person. A committee composed of representatives from the BOC and the Departments of Finance, Trade and Industry, Transportation, and the National Economic and Development Authority, and other government agencies regulating third parties that transact with the bureau, shall prescribe and regulate rates and other charges for services rendered by third parties following the trade facilitation plans and programs of the country.

Hence, this representation seeks the passage of this measure.


RUDYS CAESAR G. FARIÑAS I

1 [(tt)] **(SS)** *Traveler* refers to any person who temporarily enters the
2 territory of a country in which he or she does not normally reside (non-
3 resident), or who leaves that territory, and any person who leaves the
4 territory of a country in which he or she normally resides (departing
5 resident) or who returns to that territory (returning resident); and

6 [(uu)] **(TT)** *Third Party* refers to any person who deals directly with
7 the Bureau, for and on behalf of another person, **WHICH MAY ALSO**
8 **INCLUDE IMPORTERS, EXPORTERS, LOGISTICS PROVIDERS,**
9 **CARRIERS, AIRLINES, SHIPPING LINES, SHIPPING AGENTS,**
10 **FORWARDERS, CONSOLIDATORS, AND WAREHOUSE OPERATORS,**
11 **IF SUCH PERSONS OR ENTITIES TRANSACT WITH THE BUREAU ON**
12 **MATTERS** relating to the importation, exportation, movement or storage
13 of goods.”

14
15 SEC. 2. Section 104 of RA No. 10863 is hereby amended to read as follows:

16 “SEC. 104. *When Duty and Tax are Due on Imported Goods.* – Except
17 as otherwise provided for in this Act or in other laws, all goods, when
18 imported into the Philippines, shall be subject to duty upon importation,
19 including goods previously exported from the Philippines.

20 Unpaid duties, taxes and other charges shall incur legal interest of
21 twenty percent (20%) per annum computed from the date of final
22 assessment under Section 429 of this Act **OR UPON RECEIPT OF THE**
23 **DEMAND TO PAY DEFICIENCIES IN DUTIES AND TAXES ISSUED BY**
24 **THE COMMISSIONER IN CASE OF POST CLEARANCE AUDIT**, when
25 payment becomes due and demandable. The legal interest shall likewise
26 accrue on any fine or penalty imposed.

27 Upon payment of the duties, taxes and other charges, the Bureau
28 shall issue the necessary receipt or document as proof of such payment.”

29
30 SEC. 3. Section 119 (b) of RA No. 10863 is hereby amended to read as
31 follows:

32 “SEC. 119. *Restricted Importation, and Exportation.* – Except when
33 authorized by law or regulation, the importation and exportation of the
34 following restricted goods are prohibited:

35 (a) x x x

36 (b) Roulette wheels[,]; gambling outfits[,]; [loaded dice, marked cards,]
37 machines, apparatus or mechanical devices used in gambling; or the
38 distribution of money, cigars, cigarettes or other goods when such
39 distribution is dependent on chance, including jackpot and pinball
40 machines or similar contrivances, or parts thereof;

41 x x x.”

42
43 SEC. 4. Section 201 of RA No. 10863 is hereby amended to read as
44 follows:

45 “SEC. 201. *Powers and Functions of the Commissioner.* – The
46 Commissioner shall have the following powers and functions:

47 (a) x x x;

1 (b) x x x;

2 (c) x x x;

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

6 (e) x x x

7 (f) Assignment or reassignment of any customs officer subject to the
8 approval of the Secretary of Finance: [Provided, That District Collectors
9 and other customs officers that perform assessment functions shall not
10 remain in the same area of assignment for more than three (3) years;]
11 **PROVIDED, THAT THE MOVEMENT OF A CUSTOMS OFFICER WITH**
12 **SALARY GRADE 24 AND ABOVE OR THOSE DESIGNATED AS**
13 **DIVISION CHIEF SHALL BE BASED ON REVENUE TARGET**
14 **COLLECTION PERFORMANCE;**

15 (g) x x x.”

16
17 SEC. 5. Section 209 of RA No. 10863 is hereby amended to read as
18 follows:

19 “SEC. 209. *Assignment of Customs Officers and Employees to other*
20 *Duties.* – The Commissioner[, with the approval of the Secretary of
21 Finance,] may assign any employee of the bureau to any port, service,
22 division or office of the Bureau within the Bureau's staffing pattern or
23 organizational structure, or may assign any employee other duties,
24 **SUBJECT TO SECTION 201 (F) OF THIS ACT:** *Provided,* That such
25 assignment shall not affect the employee's tenure of office nor result in a
26 change of status, demotion in rank [and/] or [salary deduction]
27 **REDUCTION IN SALARY:**

28 **PROVIDED FURTHER, THAT DISTRICT COLLECTORS AND**
29 **OTHER CUSTOMS OFFICERS PERFORMING ASSESSMENT**
30 **FUNCTIONS SHALL REMAIN IN THE SAME AREA OF ASSIGNMENT**
31 **FOR A MINIMUM PERIOD OF SIX (6) MONTHS FROM THE DATE OF**
32 **ASSUMPTION, CONSISTENT WITH SECTION 3 OF REPUBLIC ACT NO.**
33 **9335, OTHERWISE KNOWN AS THE ATTRITION ACT OF 2005, AND A**
34 **MAXIMUM PERIOD OF THREE (3) YEARS, EXCEPT FOR DUE CAUSE,**
35 **SUCH AS VIOLATION OF ANTI-GRAFT AND CORRUPT PRACTICES**
36 **AND OTHER RELEVANT LAWS.”**

37
38 SEC. 6. Section 307 of RA No. 10863 is hereby amended to read as
39 follows:

40 “SEC. 307. *Temporary Storage of Goods.* – Subject to the rules
41 and regulations to be issued by the Secretary of Finance, the
42 Commissioner shall establish a system for temporary storage of imports
43 prior to **THE LODGMET OF** goods declaration [in cases of abandoned or
44 overstaying goods].”

45
46 SEC. 7. Section 402 of RA No. 10863 is hereby amended to read as
47 follows:

1 “SEC. 402. *Goods Declaration for Consumption.* – All goods
2 declaration for consumption shall be cleared through a formal entry
3 process except for the following goods which shall be cleared through an
4 informal entry process:

5 (a) x x x; and

6 (b) Personal and household effects or goods, not in commercial
7 quantity [imported in a passenger’s baggage or mail].

8 x x x

9 x x x.”

10
11 SEC. 8. Section 407 of RA No. 10863 is hereby amended to read as
12 follows:

13 “SEC. 407. *Goods Declaration and Period of Filing.* –

14 x x x

15 x x x

16 Goods declaration [must] **SHALL** be lodged within fifteen (15) days
17 from the date of discharge of the last package from the vessel or aircraft
18 **AND THE CORRESPONDING DUTIES, TAXES, AND OTHER CHARGES**
19 **SHALL BE PAID UPON LODGEMENT.** [The period to file the goods
20 declaration may, upon request, be extended on valid grounds for another
21 fifteen (15) days: Provided, That the request is made before the expiration
22 of the original period within which to file the goods declaration: Provided,
23 However, That the] **THE** period of the lodgement of the goods declaration
24 may be adjusted by the Commissioner.”

25
26 SEC. 9. Section 423 (2) of RA No. 10863 is hereby amended to read as
27 follows:

28 “SEC. 423. *Determination of the De Minimis Value.* – No duties and
29 taxes shall be collected on goods with an FOB or FCA value of ten thousand
30 pesos (₱10,000.00) or below. The Secretary of Finance [shall adjust] **MAY**
31 **INCREASE OR DECREASE** the *de minimis* value as provided herein, every
32 three (3) years after the effectivity of this Act. [The value herein stated shall
33 be adjusted to its present value using the CPI, as published by the PSA].”

34
35 SEC. 10. Section 427 of RA No. 10863 is hereby amended to read as
36 follows:

37 “SEC. 427. *Readjustment of Appraisal, Classification or Return.* –
38 Such appraisal, classification or return, as finally passed upon and
39 approved or modified by the District Collector, shall not be altered
40 or modified in any manner, except:

41
42 (1) x x x

43 (2) Within fifteen (15) days after such payment, upon request for
44 reappraisal or reclassification addressed to the Commissioner by the
45 District Collector, if the appraisal or classification is [deemed to be low]
46 **INCORRECT**;

- (3) x x x;
(4) x x x.”

SEC. 11. Section 431 of RA No. 10863 is hereby amended to read as follows:

“SEC. 431. *Release of Goods after Payment of Duties and Taxes.* – Goods declared shall be released when duties and taxes and other [lawful] charges **AS FINALLY ASSESSED BY THE BUREAU** have been paid or secured and all the pertinent laws, rules and regulations have been complied with.

x x x.”

SEC. 12. A new Section 440-A in RA No. 10863 is hereby inserted to read as follows:

SEC. 440-A. PRE-SHIPMENT INSPECTION. – THE BUREAU SHALL ESTABLISH AND IMPLEMENT A PRE-SHIPMENT INSPECTION OF CONTAINERIZED CARGOES: PROVIDED, THAT THE PRE-SHIPMENT INSPECTION SHALL DEPEND ON RISK PARAMETERS AS DETERMINED BY THE BUREAU AND OTHER COMPETENT AUTHORITIES: PROVIDED FURTHER, THAT PRE-SHIPMENT INSPECTION SHALL NOT BE USED FOR CLASSIFICATION AND VALUATION PURPOSES PURSUANT TO SECTION 5 OF THE WORLD TRADE ORGANIZATION (WTO) AGREEMENT ON TRADE FACILITATION.

THE RULES AND REGULATIONS SHALL BE ISSUED BY THE BUREAU UPON CONSULTATION WITH THE CONCERNED SECTORS AND APPROVED BY THE SECRETARY OF FINANCE.

SEC. 13. Section 709 of RA No. 10863 is hereby repealed.

SEC. 14. Section 800 (g) of RA No. 10863 is hereby amended to read as follows:

“SEC. 800. *Conditionally Tax and/or Duty-Exempt Importation.* – x x x

- (a) x x x
(b) x x x
(c) x x x
(d) x x x
(e) x x x
(f) x x x

(g) [Residents of the Philippines,] OFWs or other Filipinos while residing abroad or upon their return to the Philippines shall be allowed to bring in or send to their families or relatives in the Philippines balikbayan boxes which shall be exempt from applicable duties and taxes imposed

1 under the NIRC of 1997, as amended: *Provided*, That balikbayan boxes
2 shall contain personal and household effects only and shall neither be in
3 commercial quantities nor intended for barter, sale or for hire and that the
4 FCA value of which shall not exceed one hundred fifty thousand pesos
5 (₱150,000.00); *Provided, Further*, That every three (3) years after the
6 effectivity of this Act, the Secretary of Finance shall adjust the amount
7 herein stated to its present value using the CPI as published by the PSA;
8 *Provided, Finally*, That [residents of the Philippines,] OFWs or other
9 Filipinos **WHILE RESIDING ABROAD** can only avail of this privilege up
10 to [three times] **A MAXIMUM FCA VALUE OF THREE HUNDRED**
11 **THOUSAND PESOS (PHP300,000.00)** in a calendar year. Any amount in
12 excess of the allowable non-dutiable value shall be subject to the
13 applicable duties and taxes;

14 1) x x x.”

15
16 SEC. 15. Section 802 of RA No. 10863 is hereby amended to read as
17 follows:

18 “SEC. 802. *Types of Customs Bonded Warehouses (CBWs)*. – x x
19 x.

20 Manufacturing customs bonded warehouse may be of the following types;
21 (a) miscellaneous customs bonded warehouse; (b) customs common
22 bonded warehouse; [or] (c) industry-specific bonded warehouse; **OR (D)**
23 **GARMENTS AND TEXTILES BONDED WAREHOUSE.**

24 x x x.”

25
26 SEC. 16. Section 806 of RA No. 10863 is hereby amended to read as
27 follows:

28 “SEC. 806. *Customs Control Over CBWs and CFWs*. – The Bureau
29 shall, for customs purposes, exercise control over, direct and manage
30 CBWs and CFWs pursuant to Section 303 of this Act and [likewise] over
31 the goods thereat pursuant to Section 301 of this Act.[:] **THE BUREAU**
32 **SHALL MAINTAIN THE NUMBER OF OFF-DOCK CONTAINER YARD OR**
33 **CONTAINER FREIGHT STATION (CY/CFS) AND CBWS OPERATING IN**
34 **A PORT TO A NUMBER CONSISTENT WITH THE BUSINESS**
35 **REQUIREMENT OF THE PORT. THE UTILIZATION RATE, SERVICES**
36 **PROVIDED, AND FACILITIES OF THE EXISTING OFF-DOCK CY/CFS**
37 **SHALL BE CONSIDERED IN THE APPLICATION AND RENEWAL FOR**
38 **AUTHORITY TO OPERATE AN OFF-DOCK CY/CFS:** *Provided*, That the
39 Bureau shall not be liable for any loss or damage of the goods stored for
40 safekeeping in any CBW, CFW, yard or premises.”

41
42 SEC. 17. Section 900 of RA No. 10863 is hereby amended to read as
43 follows:

44 “SEC. 900. *Basis of Duty Drawback*. (A) x x x

45 (B) x x x

46 (C) x x x

47 (1) x x x

1 (2) x x x

2 (3) x x x

3 (4) The exportation shall be made within one (1) year after
4 the importation of materials used, and **THE** claim of refund
5 or tax

6 credit shall be filed within [six (6) months] **ONE (1) YEAR**
7 from the date of exportation; and

8 (5) x x x”
9

10 SEC. 18. Section 1100 of RA No. 10863 is hereby amended to read as
11 follows:

12 “SEC. 1100. *Classification Ruling.* – An importer or exporter may
13 file a written application for an advance ruling on the tariff classification
14 of goods with the Commission. The Commission shall render a ruling
15 within thirty (30) days from receipt of a properly documented application.

16 When a declared tariff classification of goods, **WHICH IS** not **THE**
17 subject of a pending application for advance ruling, is in dispute **AND THE**
18 **DISTRICT COLLECTOR DETERMINES THAT IT INVOLVES A HIGHLY**
19 **TECHNICAL QUESTION OF TARIFF CLASSIFICATION**, [the importer,
20 exporter, or] the Bureau shall submit the matter to the Commission for a
21 ruling, without prejudice to the application of Section 1106 of this Act on
22 “protest”: *Provided*, That such rulings of the Commission on commodity
23 classification shall be binding upon the Bureau, unless the Secretary of
24 Finance [shall] rules otherwise.

25 FOR THIS PURPOSE, TARIFF CLASSIFICATION SHALL BE CONSIDERED
26 AS A HIGHLY TECHNICAL QUESTION WHEN THE GOODS ARE CLASSIFIABLE
27 UNDER MORE THAN ONE ASEAN HARMONIZED TARIFF NOMENCLATURE
28 (AHTN) CHAPTER, HEADING, OR SUBHEADING; OR THE PRODUCT
29 DESCRIPTION IS NOT PROVIDED UNDER ANY AHTN HEADING OR
30 SUBHEADING.”
31

32 SEC. 19. Section 1111 of RA No. 10863 is hereby amended to read as
33 follows:

34 “SEC. 1111. *Alert Orders.* – Alert orders are written orders issued
35 by customs officers as authorized by the Commissioner on the basis of
36 derogatory information regarding possible noncompliance with this Act.
37 An alert order will result in the suspension of the processing of the goods
38 declaration and the conduct of [physical or nonintrusive] inspection of the
39 goods within forty-eight (48) hours from issuance of the order: **PROVIDED,**
40 **THAT THE TERMINAL OPERATORS SHALL ENSURE THAT THE**
41 **INSPECTION IS SCHEDULED AND CONDUCTED WITHIN THE SAID**
42 **PERIOD.** Within forty-eight (48) hours or, in the case of perishable goods,
43 within twenty-four (24) hours from inspection, the alerting officer shall
44 recommend the continuance of processing of goods in case of a negative
45 finding, or issuance of a warrant of seizure and detention if a discrepancy
46 between the declaration and actual goods is found. The Bureau's
47 information system shall immediately reflect the imposition or lifting of an
48 alert order.

49 x x x

- 1 (a) x x x
- 2 (b) x x x
- 3 (c) x x x
- 4 (d) x x x

5 x x x

6 An alert order may be issued [only after lodgement of the goods
7 declaration and] prior to the release of goods from customs custody. Under
8 no circumstances shall the suspension of the processing of goods
9 declaration be allowed except through an alert order issued by an
10 authorized customs officer.

11 x x x.”

12
13 SEC. 20. Section 1117 of RA No. 10863 is hereby amended to read as
14 follows:

15 “SEC. 1117. *Warrant of Seizure or Order of Release.* – The District
16 Collector shall have the authority to issue a warrant of seizure of the goods
17 upon determination of the existence of probable cause and in case of
18 nonexistence thereof, [the issuance of the order of release] **RECOMMEND**
19 **THE LIFTING OF THE ALERT ORDER.** In case the District Collector
20 [issued an order of release,] **RECOMMENDS THE LIFTING OF THE**
21 **ALERT ORDER,** the District Collector shall immediately transmit all the
22 records to the Commissioner, who shall automatically review **THE**
23 **LIFTING OF THE ALERT ORDER** within forty-eight (48) hours, or **IN**
24 **CASE OF PERISHABLE GOODS,** within twenty-four (24) hours. [, in case
25 of perishable goods.] When no decision is made by the Commissioner
26 within the prescribed period, the imported goods shall be deemed lifted.

27 The **ORDER TO RELEASE** [lifting of the alert order] shall be issued
28 by the District Collector only upon the affirmation of [the] **THIS** decision
29 [of the District Collector] by the Commissioner, or after the lapse of the
30 period of review by the Commissioner, whichever is earlier.”

31
32 SEC. 21. Section 1118 of RA No. 10863 is hereby amended to read as
33 follows:

34 “SEC. 1118. *Sale of Perishable Goods During Forfeiture*
35 *Proceedings.* – [Upon motion of the importer of the perishable goods, the]
36 **PERISHABLE** goods may be sold at a public auction during the pendency
37 of the forfeiture proceedings. The proceeds of the auction shall be held in
38 escrow until the final resolution of the proceedings.”

39
40 SEC. 22. Section 1129 of RA No. 10863 is hereby amended to read as
41 follows:

42 “SEC. 1129. *Abandonment, Kinds and Effects of.* – Imported goods
43 are deemed abandoned under any of the following circumstances:

44 (a) x x x; or

45 (b) When the owner, importer, consignee, or interested party after
46 due notice, fails to [file] **LOGDE** the goods declaration **AND PAY THE**

1 **DUTIES AND TAXES BASED ON SELF-ASSESSMENT** within the
2 prescribed period in Section 407 of this Act: *Provided*, That the term goods
3 declaration shall include provisional or incomplete goods declaration
4 deemed valid by the Bureau as provided in Section 403 of this Act. For this
5 purpose, it is the duty of the District Collector to post a list of all packages
6 discharged and their consignees, whether electronically or physically in
7 the District Office, or send a notice to the consignee within five (5) days
8 from the date of discharge; or

9 (c) Having [filed] **LODGED** such goods declaration **AND PAID THE**
10 **DUTIES AND TAXES BASED ON SELF-ASSESSMENT**, the owner,
11 importer, consignee or interested party after due notice, fails to pay the
12 [assessed] **READJUSTED** duties, taxes and other charges thereon, or, if
13 the **OWNER, IMPORTER, CONSIGNEE, OR INTERESTED PARTY OF**
14 **THE** regulated goods [failed] **FAILS** to comply with Section 117 of this
15 Act[,] within fifteen (15) days from the date of final assessment: *Provided*,
16 That if such regulated goods are the subject of an alert order and the
17 assessed duties, taxes and other charges thereof are not paid within fifteen
18 (15) days from notification by the Bureau of the resolution of the alert
19 order, the same shall also be deemed abandoned; or

20 [(d) Having paid the assessed duties, taxes and other charges, the
21 owner, importer or consignee or interested party after due notice, fails to
22 claim the goods within thirty (30) days from payment. For this purpose,
23 the arrastre or warehouse operator shall report the unclaimed goods to the
24 District Collector for disposition pursuant to the provisions of this Act; or]

25 [(e)] **(D)** When the owner or importer fails to claim goods in customs
26 bonded warehouses within the prescribed period.

27 x x x.”

28 SEC. 23. Section 1131 of RA No. 10863 is hereby amended to read as
29 follows:

30 “SEC. 1131. *Authority of the Commissioner to [Make] Compromise.* –
31 [Subject to the approval of the Secretary of Finance,] The Commissioner
32 may compromise any **CIVIL OR** administrative case arising under this Act
33 involving the imposition of fines and surcharges, including those arising
34 from the conduct of a post clearance audit, unless otherwise specified by
35 law.

36 Cases involving forfeiture proceedings shall, however, not be subject
37 to any compromise **UNLESS APPROVED BY THE COURT, ON APPEAL.**
38 **PROVIDED, THAT ANY COMPROMISE INVOLVING THE IMPOSITION**
39 **OF FINES AND SURCHARGES AMOUNTING TO TEN MILLION PESOS**
40 **(PHP10,000,000.00) AND ABOVE SHALL BE SUBJECT TO THE**
41 **APPROVAL OF THE SECRETARY OF FINANCE.”**

43 SEC. 24. Section 1135 of RA No. 10863 is hereby amended to read as
44 follows:

45 “SEC. 1135. *Supervision and Control over Criminal and Civil*
46 *Proceedings.* – Civil and criminal actions and proceedings instituted on
47 behalf of the Government under the authority of this Act or other laws
48 enforced by the Bureau shall be brought in the name of the [g]Government
49 of the Philippines and shall be prosecuted and handled by the Bureau
50 with the assistance of the Department of Justice **(DOJ) OR OFFICE OF**

1 **THE SOLICITOR GENERAL (OSG):** Provided, That the determination of
2 the existence of probable cause and the subsequent filing of any criminal
3 [or civil] case with the proper court against violators of this Act shall
4 exclusively belong to the DOJ: *Provided, however,* That no civil or criminal
5 action for the recovery of duties or the enforcement of any fine, penalty,
6 forfeiture [under] **OR ANY VIOLATION OF** this Act shall be filed in court
7 without the approval of the Commissioner.”

8
9 SEC. 25. Section 1138 of RA No. 10863 is hereby amended to read as
10 follows:

11 “SEC. 1138. *Fraud Investigation and Prosecution.* – No criminal
12 case for violation of this [title] **ACT** shall be instituted without the approval
13 of the Commissioner. [pursuant to the provisions of this Act.]

14 x x x.”

15
16 SEC. 26. Section 1141 of RA No. 10863 is hereby amended to read as
17 follows:

18 “SEC. 1141. *Mode of Disposition.* – x x x.

19 x x x.

20 **THE BUREAU MAY ENGAGE PRIVATE SERVICE PROVIDERS**
21 **TO CONDUCT PUBLIC AUCTIONS PURSUANT TO SECTION 1513 OF**
22 **THIS ACT: PROVIDED, THAT THE SERVICE PROVIDER ENGAGED**
23 **SHALL BE RESPONSIBLE FOR UNDERTAKING ALL THE PUBLIC**
24 **AUCTIONS OF THE BUREAU: PROVIDED FURTHER, THAT**
25 **ACTIVITIES OF THE SERVICE PROVIDER SHALL BE LIMITED TO**
26 **NON-SOVEREIGN AND ANCILLARY FUNCTIONS OF THE BUREAU:**
27 **PROVIDED FINALLY, THAT THE BUREAU SHALL RETAIN**
28 **JURISDICTIONAL CONTROL AND SUPERVISION OVER THESE GOODS**
29 **AS WELL AS THE OPERATIONS OF THE SERVICE PROVIDER SO**
30 **CONTRACTED.”**

31
32 SEC. 27. Section 1147 (a) of RA No. 10863 is hereby amended to read as
33 follows:

34 “SEC. 1147. *Disposition of Restricted Goods.* – Restricted goods
35 as described in Section 119 of this Act shall be disposed as follows:

36 (a) Dynamite, gunpowder, ammunitions and other explosives,
37 firearms and weapons of war, and parts thereof shall be turned over
38 to the [AFP] **PHILIPPINE NATIONAL POLICE (PNP);**

39 (b) x x x;

40 (c) x x x;

41 (d) x x x;

42 (e) x x x;

43 (f) x x x.”

1 SEC. 28. Section 1204 of RA No. 10863 is hereby amended to read as
2 follows:

3 "SEC. 1204. Manifest Required of Vessel from Foreign Port. – Every
4 vessel from a foreign port must have on board a complete manifest of all
5 its cargoes.

6 All cargoes intended to be landed at a port in the Philippines must
7 be described in separate manifests for each port of call. Each manifest
8 shall include the port of departure and the port of delivery with the marks,
9 numbers, quantity, and description of the packages and the **ULTIMATE**
10 consignees **COVERED BY THE BILL OF LADING OR AIRWAY BILL**.
11 Every vessel from a foreign port must have on board complete manifests
12 of passengers and baggage, in the prescribed form, setting forth the
13 destination and all particulars required by immigration laws. Every vessel
14 shall present to the proper customs officers upon arrival in ports of the
15 Philippines a complete list of all sea stores then on board. If the vessel
16 does not carry [cargo] **CARGOES** or passengers, the manifest must show
17 that no cargo or passenger is carried from the port of departure to the port
18 of destination in the Philippines.

19 **IN ADDITION, A VESSEL OR AIRCRAFT FROM A FOREIGN PORT**
20 **MUST DECLARE IN THE INWARD CARGO MANIFEST, BILL OF LADING**
21 **OR AIRWAY BILL THE VALUE OF THE ARTICLES OR GOODS AS THEY**
22 **APPEAR IN THE COMMERCIAL INVOICE OR LETTER OF CREDIT, OR**
23 **BOTH. THE VALUE STATED THEREIN MAY BE THE BASIS FOR RISK**
24 **ASSESSMENT.**

25 A true and complete copy of the cargo manifest shall be
26 electronically sent in advance by the shipping company, NVOCC, freight
27 forwarder, cargo consolidator, or their agents within the cut-off period as
28 may be determined by the Bureau before the arrival of the carrying vessel
29 at the port of entry.

30 Upon arrival of the carrying vessel, the shipping company, NVOCC,
31 freight forwarder, cargo consolidator, or their agents shall provide two (2)
32 hard copies of the cargo manifest to the Bureau in case the port of entry
33 is either the Port of Manila (PoM) or the Manila International Container
34 Port (MICP), and one (1) copy in the case of the other ports of entry.

35 A cargo manifest shall in no case be changed or altered after entry
36 of vessel, except by means of an amendment, under oath, by the master,
37 consignee or agent thereof, which shall be attached to the original
38 manifest: *Provided*, That after the invoice and/or goods declaration
39 covering an importation have been received and recorded in the office of
40 the appraiser, no amendment of the manifest shall be allowed, except
41 when it is obvious that a clerical error or any other discrepancy has been
42 committed in the preparation of the manifest, without any fraudulent
43 intent, the discovery of which would not have been made until after
44 examination of the importation has been completed."

45
46 SEC. 29. Section 1226 of RA No. 10863 is hereby amended to read as
47 follows:

48 "SEC. 1226. *Supervision and Regulation of Third Parties*. – Third
49 parties transacting with the Bureau on behalf of importers and consignees
50 shall be treated equally as true importers or consignees[.Third parties

transacting with the Bureau] **AND** shall **LIKEWISE** be liable for acts committed in violation of this Act and related laws.

A. [Upon the recommendation of the] **THE** Commissioner, **WITH THE APPROVAL OF** the Secretary of Finance, shall issue rules and regulations to govern and regulate the conduct of all third parties dealing directly with the Bureau in relation to the importation, exportation, movement, storage and clearance of goods for and on behalf of another person. The rules and regulations shall provide for specific conditions when third parties may or may not directly transact with the Bureau **WHICH SHALL INCLUDE A RISK MANAGEMENT SYSTEM FOR THIRD PARTIES, TAKING INTO ACCOUNT THEIR CAPITALIZATION, VOLUME OF TRANSACTIONS, TRACK RECORD, AND ANY OTHER FACTOR AFFECTING THEIR CAPABILITY TO IMPORT, EXPORT, MOVE, STORE OR CLEAR GOODS.** [shall provide a written notice in case such third parties are, for valid reasons, barred from transacting with the Bureau]

B. **THE BUREAU SHALL CREATE A COMMITTEE COMPOSED OF REPRESENTATIVES FROM THE BUREAU OF CUSTOMS AND THE DEPARTMENTS OF FINANCE, TRADE AND INDUSTRY, TRANSPORTATION, AND THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY, AND OTHER GOVERNMENT AGENCIES REGULATING THIRD PARTIES THAT TRANSACT WITH THE BUREAU. THE COMMITTEE, WHICH SHALL BE CHAIRED BY THE SECRETARY OF FINANCE, SHALL PRESCRIBE AND REGULATE RATES AND OTHER CHARGES FOR THE SERVICES RENDERED BY THESE THIRD PARTIES IN ACCORDANCE WITH THE TRADE FACILITATION PLANS AND PROGRAMS OF THE COUNTRY.**

Third party is defined under Section 102 [(uu)] (TT) of this Act. [For purposes of this section, third parties may also refer to logistics providers, importers, exporters, carriers, airlines, shipping lines, shipping agents, forwarders, consolidators, port and terminal operators, and warehouse operators, if such persons or entities transacted with the Bureau.]”

SEC. 30. Section 1400 of RA No. 10863 is hereby amended to read as follows:

“SEC. 1400. *Misdeclaration, Misclassification, Undervaluation in Goods Declaration.* – Misdeclaration as to quantity, quality, description, weight, or measurement of the goods, or misclassification through insufficient or wrong description of the goods or use of wrong tariff heading resulting to a discrepancy in duty and tax to be paid between what is legally determined upon assessment and what is declared, shall be subject to a surcharge equivalent to two hundred fifty percent (250%) of the duty and tax due. No surcharge shall be imposed when the discrepancy in duty **AND TAX** is less than ten percent (10%), or when the declared tariff heading is rejected in a formal customs dispute settlement process involving [difficult or] **A** highly technical question of tariff classification, or when the tariff classification declaration relied on an official government ruling.”

x x x

1 SEC. 31. Section 1505 of RA No. 10863 is hereby amended to read as
2 follows:

3 "SEC. 1505. *Authority of Official to Administer Oaths and Take*
4 *Testimony.* – The Commissioner, District Collectors and their deputies,
5 and other customs officers especially deputized by the **COMMISSIONER**
6 **OR THE** District Collector shall have authority to administer oaths and
7 take testimony in connection with any matter within the jurisdiction of the
8 Bureau and, in connection therewith, **ISSUE SUBPOENA DUCES TECUM**
9 **REQUIRING THE PRODUCTION** [may require the production] of relevant
10 papers, documents, books and records in accordance with law."
11

12 SEC. 32. Section 1512 of RA No. 10863 is hereby amended to read as
13 follows:

14 "SEC. 1512. *Reward to Persons Instrumental in the Actual Collection*
15 *of Additional Revenues Arising from the Discovery of Violations of this Act.* –
16 A cash reward equivalent to twenty percent (20%) **OR TEN MILLION**
17 **PESOS (PHP 10,000,000.00), WHICHEVER IS LOWER**, of
18 the actual proceeds from the sale of smuggled goods and confiscated goods
19 or actual collection of additional revenues shall be given to the [customs
20 and] non-customs informers or whistleblowers who are instrumental in
21 the collection of additional revenues arising from the discovery of violations
22 of this Act in accordance with the rules and regulations to be issued by
23 the Secretary of Finance: **PROVIDED, THAT THE NON-CUSTOMS**
24 **INFORMERS OR WHISTLEBLOWERS ARE NOT RELATED TO ANY**
25 **CUSTOMS OFFICER OR EMPLOYEE WITHIN THE FOURTH CIVIL**
26 **DEGREE OF CONSANGUINITY OR AFFINITY.**"
27

28 SEC. 33. *Implementing Rules and Regulations.* – The Secretary of Finance
29 shall, upon the recommendation of the Commissioner of Customs, promulgate
30 the necessary rules and regulations for the effective implementation of this Act.
31

32 SEC. 34. *Separability Clause.* – If any provision of this Act shall be held
33 unconstitutional or invalid, the other provisions not otherwise affected shall
34 remain in full force and effect.
35

36 SEC. 35. *Repealing Clause.* – All laws, decrees, executive orders, rules and
37 regulations or parts thereof which are contrary to or inconsistent with this Act
38 are hereby repealed, amended or modified accordingly.
39

40 SEC. 36. *Effectivity.* – This Act shall take effect fifteen (15) days after its
41 publication either in the *Official Gazette* or in a newspaper of general circulation.

Approved,