

enumerated in Section 1139 of this Act to private service providers: *Provided*, That the Bureau shall retain jurisdictional control and supervision over these goods as well as the operations of the service provider so contracted;

(b) To facilitate customs seizure, abandonment and forfeiture proceedings and the disposition of goods under Section 1139 of this Act, particularly those to be disposed of other than through public sale;

(c) To enhance customs intelligence and enforcement capability to prevent smuggling; and

(d) To support the modernization program and other operational efficiency and trade facilitation initiatives of the Bureau.

The DOF and the Department of Budget and Management (DBM) shall, upon the recommendation of the Bureau, issue a joint regulation to implement the provisions of this section.

TITLE XII

THIRD PARTIES

CHAPTER 1

CUSTOMS SERVICE PROVIDERS

SEC. 1200. *Customs Brokers and Other Service Providers.* – Upon the recommendation of the Commissioner, the Secretary of Finance shall issue the necessary rules and regulations for the registration of customs brokers and the accreditation of other customs service providers to ensure compliance with this Act and the rules and regulations that shall be promulgated to implement it.

CHAPTER 2

CARRIERS, VESSELS, AND AIRCRAFTS

SEC. 1201. *Ports Open to Vessels and Aircrafts Engaged in Foreign Trade.* – Vessels and aircrafts engaged in foreign trade shall visit designated ports of entry only except as otherwise especially allowed by law: *Provided*, That no existing and valid government contract covering the handling of import and export cargo shall be diminished or impaired. Every vessel or aircraft arriving within a Customs District of the Philippines from a foreign port shall dock at the designated port of entry and shall be subject to the authority of the District Collector of the port while within its jurisdiction.

SEC. 1202. *Control of Customs Officer Over Boarding or Leaving of Incoming Vessel and Over Other Vessel Approaching the Former.* – Upon the arrival in port of any vessel engaged in foreign trade, it shall be unlawful for any person, except the pilot, consul, quarantine officers, customs officers, or other duly authorized persons, to board or leave the vessel without permission of the customs officer concerned. It shall likewise be unlawful for any tugboat, rowboat, or other craft to go alongside such vessel and for any person so authorized to board the vessel to take any unauthorized person to board the same, or allow loitering near or alongside such vessel. Unauthorized tugboats and other vessels shall keep away from such vessel engaged in foreign trade at a distance of not less than fifty (50) meters.

SEC. 1203. *Documents to be Produced by the Master Upon Entry of Vessel.* – Upon entry of a vessel engaged in foreign trade, the master thereof shall present the following certified documents to the customs boarding officers:

(a) The vessel's general declaration;

(b) The original manifest of all cargoes destined for the port, to be returned with the endorsement of the boarding officers;

(c) Three (3) copies of the original manifest, one of which, upon certification by the boarding officer as to the correctness of the copy, shall be returned to the master;

(d) A copy of the cargo stowage plan;

(e) Two (2) copies of the store list;

(f) One (1) copy of the passengers list;

(g) One (1) copy of the crew list;

(h) The original copy of all through cargo manifest, for deposit with the customs officer who has jurisdiction over the vessel while in port;

(i) The passengers manifest containing the names of all foreigners, in conformity with the requirements of the immigration laws in force in the Philippines;

(j) One (1) copy of the original duplicate of fully accomplished bill of lading;

(k) The shipping goods and register of the vessel of Philippine registry; and

(l) Such other related documents.

SEC. 1204. *Manifest Required of Vessel from Foreign Port.* — Every vessel from a foreign port must have on board a complete manifest of all its cargoes.

All cargoes intended to be landed at a port in the Philippines must be described in separate manifests for each port of call. Each manifest shall include the port of departure and the port of delivery with the marks, numbers, quantity, and description of the packages and the names of the consignees. Every vessel from a foreign port must have on board complete manifests of passengers and baggage, in the prescribed form, setting forth

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

A true and complete copy of the cargo manifest shall be electronically sent in advance by the shipping company, NVOCC, freight forwarder, cargo consolidator, or their agents within the cut-off period as may be determined by the Bureau before the arrival of the carrying vessel at the port of entry. Upon arrival of the carrying vessel, the shipping company, NVOCC, freight forwarder, cargo consolidator, or their agents shall provide two (2) hard copies of the cargo manifest to the Bureau in case the port of entry is either the Port of Manila (PoM) or the Manila International Container Port (MICP), and one (1) copy only in the case of the other ports of entry.

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

SEC. 1205. *Translation of Manifest.* — The cargo manifest and each copy thereof shall be accompanied by a translation in English, if originally written in another language.

SEC. 1206. *Manifests for the Commission on Audit and District Collector.* — Upon arrival of a vessel from a foreign port, the Bureau shall provide electronic copies of the manifest to the Chairperson of the COA. The master shall immediately present to the District Collector the original copy of the cargo manifest

properly endorsed by the boarding officer, and for inspection, the ship's register, or other documents in lieu thereof, together with the clearance and other papers granted to the vessel at the port of departure for the Philippines.

SEC. 1207. *Production of Philippine Crew.* — The master of a Philippine vessel returning from abroad shall produce the entire crew listed in the vessel's shipping crew manifest. If any member is missing, the master shall produce proof satisfactory to the District Collector that the member has died, or absconded, has been forcibly impressed into another service, or has been discharged. In case of discharge in a foreign country, the master shall produce a certificate from the consul, vice consul, or consular agent of the Philippines there residing, showing that such discharge was effected with the consent of the aforesaid representative of the Philippines.

SEC. 1208. *Record of Arrival and Entry of Vessels and Aircraft.* — A record shall be made and kept open to public inspection in every Customs District of the date of arrival and entry of all vessels and aircraft.

SEC. 1209. *Arrest of Vessel or Aircraft Departing Before Entry Made.* — When a vessel or aircraft arriving within the limits of a Customs District from a foreign port departs or attempts to depart before entry shall have been made, not being thereunto compelled by stress of weather, duress of enemies, or other necessity, the District Collector of the port may cause the arrest and bring back such vessel or aircraft to the most convenient port with the assistance of other concerned agencies.

SEC. 1210. *Discharge of Ballast.* — When not brought to port as goods, ballast of no commercial value may be discharged upon permit granted by the District Collector for the purpose.

SEC. 1211. *Time of Unloading Cargo.* — Unloading of cargo from a vessel or aircraft from a foreign port during official nonworking hours shall be allowed subject to payment of service fees by shipping lines, airlines, or other interested parties at rates prescribed by the Commissioner.

SEC. 1212. *Entrance of Vessel through Necessity.* — When a vessel from a foreign port is compelled, by stress of weather or other necessity to put into any other port than that of its destination, the master within twenty-four (24) hours after its arrival, shall make a protest under oath setting forth the causes or circumstances of such necessity. This protest, if not made before the District Collector, must be produced and lodged with the District Collector.

Within the same time, the master shall make a report to the District Collector if any part of the cargo was unloaded from necessity or lost by casualty before arrival, and produce sufficient proof to the District Collector of such necessity or casualty before the latter who shall give the approval thereto and the unloading shall be deemed to have been lawfully effected.

SEC. 1213. *Unloading of Vessel in Port from Necessity.* — If a situation arises where the unloading of the vessel is required pending sojourn in port, the District Collector shall, upon sufficient proof of the necessity, grant a permit therefore, and the goods shall be unloaded and stored under the supervision of customs officers.

At the request of the master of the vessel or the owner thereof, the District Collector may grant permission to enter the port and pay duties, taxes and other charges on, and dispose of, such part of the cargo as may be perishable in nature or as may be necessary to defray the expenses attending the vessel.

Upon departure, the cargo, or a part thereof, may be reloaded on board the vessel, and the vessel may proceed with the same to its destination, subject only to the charge for storing and safekeeping of the goods and the fees for entrance and clearance. No port charges shall be collected on vessels entering through stress of weather, duress or other urgent necessities.

SEC. 1214. *Entry and Clearance of Vessels of a Foreign Government.* — The entry and clearance of transport or supply ship of a foreign government shall be in accordance with the agreement by and between the Philippines and the foreign government.

SEC. 1215. *Clearance of Vessel for Foreign Port.* — Before a clearance shall be granted to any vessel bound to a foreign port, the master or the agent thereof shall present to the District Collector the following properly authenticated documents:

(a) A bill of health from the quarantine officer or officer of the public health service in the port;

(b) Three (3) copies of the manifest of export cargo, one of which, upon certification by the customs officer as to the correctness of the copy, shall be returned to the master;

(c) Two (2) copies of the passengers list, showing foreigners and other passengers;

(d) The register and shipping goods, if the vessel is of Philippine registry;

(e) Clearance issued by the last port of entry; and

(f) A certificate from the Philippine Postal Corporation to the effect that it received timely notice of the sailing of the vessel: *Provided*, That the District Collector shall not permit any vessel to sail for a foreign port if the master or agent thereof refuses to receive bags of mail delivered to the same by the Philippine Postal Corporation for transport upon reasonable compensation. In case the Postmaster General and the master or agent do not come to an agreement concerning the amount of the compensation to be paid for the carriage of the mail, the matter shall be submitted for decision to a Board of Referees to be composed of three (3) members appointed, respectively, by the Philippine Postal Corporation, the agency of the company to which the vessel concerned belongs, and the Bureau, who shall fix a reasonable rate of compensation.

SEC. 1216. *Detention of Warlike Vessel Containing Arms and Munitions.* — District Collectors shall report to the proper authorities or detain any vessel of commercial registry manifestly built for warlike purposes and about to depart from the Philippines with a cargo consisting principally of arms and munitions of war,

when the number of men shipped on board or other circumstances render it probable that such vessel is intended to be employed by the owner or owners to cruise or commit hostilities upon the subjects, citizens, or property of any foreign principality or state, or of any colony, district, or people with whom the Philippines is at peace, until the decision of the President of the Philippines is rendered thereon, or until the owner or owners shall give a security, in double the value of the vessel and cargo, that it will not be so employed, if in the discretion of the District Collector such security will prevent the violation of the provisions of this section.

SEC. 1217. *Oath of Master of Departing Vessel.* — The master of a departing vessel shall state under oath that:

(a) All cargoes conveyed on the vessel, destined for the Philippines, have been duly discharged or accounted for;

(b) A true copy of the outgoing cargo manifest has been furnished to the Bureau;

(c) No letters or packets, not enclosed in properly stamped envelope sufficient to cover postage, have been received or will be conveyed, except those relating to the vessel; and that all mails placed on board the vessel before its last clearance from the Philippines have been delivered at the proper foreign port; and

(d) If clearing without passenger, the vessel will not carry upon the instant voyage, from the Philippine port, any passenger of any class, or other person not entered upon the ship's declaration.

SEC. 1218. *Extension of Time for Clearance.* — At the time of clearance, the master of a departing vessel shall be required to indicate the time of intended departure, and if the vessel should remain in port forty-eight (48) hours after the time indicated, the master shall report to the District Collector for an extension of time of departure, and without such extension the original clearance shall be nullified.

SEC. 1219. *Advance Notice of Aircraft Arrival.* — (A) Nonscheduled Arrivals. — Before an aircraft comes into any area in the Philippines from any place outside thereof, a timely notice of the intended flight shall be furnished to the District Collector or other customs officer-in-charge at or nearest the intended place of first landing, and to the quarantine and immigration officers-in-charge at or nearest such place of landing. If dependable facilities for giving notice are not available before departure, the use of any radio equipment shall be appropriate as long as it will result in the giving of adequate and timely notice of the aircraft's approach, otherwise landing shall be made at a place equipped with navigational facilities. If, upon landing in any area, the government officers have not arrived, the pilot-in-command shall hold the aircraft and any baggage and goods thereon intact and keep the passengers and crew members in a segregated place until the inspecting officers arrive.

(B) Scheduled Arrivals. — Such advance notice will not be required in the case of an airline arriving in accordance with the regular schedule filed with the District Collector for the Customs District in which the place of first landing area is situated, and also with the quarantine and immigration officers-in-charge of such place.

SEC. 1220. *Landing at International Airport of Entry.* — Except in case of emergency or forced landings, aircraft arriving in the Philippines from any foreign port or place shall make the first landing at an international airport of entry, unless permission to land elsewhere other than at an international airport of entry is first obtained from the Commissioner. In such cases, the owner, operator, or person in charge of the aircraft shall pay the expenses incurred in inspecting the aircraft, goods, passengers, and baggage carried thereon, and such aircraft shall be subject to the authority of the District Collector at the airport while within its jurisdiction.

Should an emergency or forced landing be made by an aircraft coming into the Philippines at a place outside the jurisdiction of the latter, the pilot-in-command shall not allow goods, baggage, passenger, or crew member to be removed or to depart from the landing place without permission of a customs officer, unless such removal or departure is necessary for purposes

of safety, communication with customs officers, or preservation of life, health, or property. As soon as practicable, the pilot-in-command, or a member of the crew-in-charge, or the owner of the aircraft, shall communicate with the customs officer at the intended place of first landing or at the nearest international airport or other customs port of entry in the area and make a full report of the circumstances of the flight and of the emergency or forced landing.

SEC. 1221. *Report of Arrival and Entry of Aircraft.* — The pilot-in-command of any aircraft arriving from a foreign port or place shall immediately report its arrival to the District Collector at the airport of entry or to the customs officer detailed to meet the aircraft at the place of first landing. Upon arrival, such aircraft shall be boarded by a quarantine officer, and after *pratique* or health clearance is granted, shall be boarded by a customs officer; subsequently no person shall be permitted to board or leave the aircraft without the permission of the customs officer. The pilot-in-command or any other authorized agent of the owner or operator of the aircraft shall make the necessary entry. No such aircraft shall, without previous permission from the District Collector, depart from the place of first landing or discharge goods, passengers, or baggage.

SEC. 1222. *Documents Required in Making Entry for Aircraft.* — (a) For the purpose of making entry, there shall be presented to the boarding customs officer four (4) copies of a general declaration which shall contain the following data, unless any of such data is otherwise presented on a separate official form:

- (1) Name of owner or operator of aircraft, registration marks and nationality of aircraft, and flight number of identification;
- (2) Points of clearance and entry, and date of arrival;
- (3) Health and customs clearance at the last airport of departure;

(4) Itinerary of aircraft, including information as to airport of origin and departure dates;

(5) Names and nationality of crew members;

(6) Passengers manifest showing places of embarkation and destination;

(7) Cargo manifest showing information as to airway bill number, the number of packages related to each airway bill number, nature of goods, destination, and gross weight, together with a copy of each airway bill securely attached thereto;

(8) Store list; and

(9) Such other documents as may be required by the Bureau.

(b) The general declaration shall be written in English and duly signed by the pilot-in-command or operator of the aircraft, or the authorized agent. The section on health, and customs clearances, however, shall be signed only by the pilot-in-command or when necessary, by a crew member when the general declaration itself has been signed by a non-crew member. If the aircraft does not carry cargoes or passengers, such facts must be shown in the manifest.

(c) A cargo manifest shall in no case be changed or altered after entry of the aircraft, except by means of an amendment by the pilot-in-command or authorized agent thereof, under oath, and attached to the original manifest: *Provided*, That after the invoice and/or goods declaration covering an importation have been received and recorded in the office of the appraiser, no amendment shall be allowed except when it is obvious that a clerical error or any other discrepancy has been committed without any fraudulent intent in the preparation of the manifest, the discovery of which could not have been made until after complete examination of the importation.

SEC. 1223. *Manifests for the Commission on Audit (COA) and District Collector.* – Upon arrival of an aircraft from a foreign port, the Bureau shall provide electronic copies of the manifest to the Chairperson of the COA. The master shall immediately present to the District Collector the original copy of the cargo manifest properly endorsed by the boarding officer, and for inspection, the aircraft's register or other documents in lieu thereof, together with the clearance and other papers granted to the aircraft at the port of departure for the Philippines.

SEC. 1224. *Clearance of Aircraft for Foreign Port.* – (a) Any aircraft bound to a foreign port shall, before departure, be granted clearance by the Commissioner at an airport of entry where such aircraft has been authorized to make its landing; and

(b) Before clearance shall be granted to an aircraft bound to a foreign port, there shall be presented to the District Collector or to the customs officer detailed at the place of departure four (4) copies of a general declaration signed by the pilot-in-command or authorized agent of an aircraft which shall contain the following data:

(1) Name of owner or operator of aircraft, registration marks and nationality of aircraft, and flight number of identification;

(2) Port of clearance, data thereof and destination;

(3) Health and customs clearance;

(4) Itinerary of aircraft, including information as to airport of destination and departure date;

(5) Names and nationality of crew members;

(6) Passengers manifest showing places of destination;

(7) Export cargo manifest showing information as to airway bill number, the number of packages related to each airway bill

number, nature of goods, destination, and gross weight, together with a copy of each airway bill securely attached thereto; and

- (8) Store list showing stores loaded.

SEC. 1225. *Oath of Person-in-Charge of Departing Aircraft.* – The pilot-in-command or authorized agent of such departing aircraft shall also state under oath to the effect that:

(a) All cargoes conveyed on the aircraft destined to the Philippines have been duly discharged and accounted for; and

(b) The aircraft has not received nor will convey any letter or packet not enclosed in properly stamped envelope sufficient to cover postage, except those relating to the cargo of the aircraft, and that there was delivery to the proper foreign port of all mails placed on board said aircraft before clearance from the Philippines.

If an aircraft is cleared to depart without passengers, the aircraft shall not carry any passenger thereon.

A record shall be made and kept open to public inspection in every customs office at an airport of entry of the dates of arrival and entry of all aircraft.

CHAPTER 3

OTHER THIRD PARTIES

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

Third parties transacting with the Bureau shall be liable for acts committed in violation of this Act and related laws.

Upon the recommendation of the Commissioner, 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 and shall provide a written notice in case such third parties are, for valid reasons, barred from transacting with the Bureau. Third party is defined under Section 102(uu) 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.

CHAPTER 4

AUTHORIZED ECONOMIC OPERATORS (AEOs)

SEC. 1227. *Treatment of Authorized Economic Operators (AEOs).* – The Bureau shall promulgate the necessary procedures and requirements for the compliance of Authorized Economic Operators (AEOs). For AEOs who have displayed diligence in complying with the rules and the submission of official customs requirements, and have satisfactorily managed their commercial records, the Bureau shall extend the following incentives:

(a) Release of the goods upon provision of the minimum information necessary to identify the goods and permit the subsequent completion of the final goods declaration;

(b) Grant of clearance of the goods at the declarant's premises or another place authorized by the Bureau; and

(c) Other special procedures such as: *etc.*

(i) Allowing a single goods declaration for all imports or exports in a given period where goods are imported or exported frequently by the same person;

(ii) Use of commercial records to self-assess their duty and tax liability and, where appropriate, to ensure compliance with other customs requirements; and

(iii) Allowing the lodgement of goods declaration by means of an entry in the records by the authorized person to be supported subsequently by a supplementary goods declaration.

SEC. 1228. *Trade Facility for AEO.* – The Secretary of Finance shall, upon the recommendation of the Commissioner, issue the necessary rules:

(a) To supervise and regulate the conduct and operations of the AEOs, consistent with international best practices, the World Customs Organization (WCO) framework of standards to secure and facilitate global trade, and other international conventions and agreements;

(b) To develop a trade facilitation program for AEOs and other authorized persons consistent with international best practices and international conventions and agreements; and

(c) To recognize existing facilities where the authority or right to operate AEOs has been granted by the relevant government agency or regulator through a contract, where the Bureau shall:

(i) Only require an endorsement by the relevant agency or regulator;

(ii) Issue a certificate of authority as a matter of course; and

(iii) Ensure that the term of the certificate of authority shall be coterminous with the applicable government contract or any extension thereof.

The Bureau shall implement the provisions of this chapter without interfering, or impeding AEO operations as well as existing operations of wharves, container yards, container freight stations, warehouses, examination areas and other facilities located

in customs territory and/or in airports and seaports. The Bureau shall likewise ensure that any subsequent rules, regulations, orders or memoranda issued in relation to AEOs shall be consistent with the appropriate government agency's or regulator's prevailing operating procedures and international best practices.

Existing contracts of private operators with appropriate government agency or regulator, such as, but not limited to, the PPA, SBMA and PIA and their respective authorities and powers already granted by law pertinent to such contract, shall not be impaired or adversely affected with the Bureau's implementing rules and regulations on AEOs.

TITLE XIII

CUSTOMS FEES AND CHARGES

SEC. 1300. *Customs Dues, Fees and Charges.* – For services rendered and documents issued by the Bureau, dues, fees and charges shall be collected as may be provided under existing regulations issued by the Secretary of Finance, upon the recommendation of the Commissioner.

SEC. 1301. *General Provision on the Authority to Increase or Decrease Dues, Fees and Charges.* – The Secretary of Finance may, upon the recommendation of the Commissioner, increase or decrease the dues, fees and charges collectible by the Bureau to protect the interest of the government.

TITLE XIV

OFFENSES AND PENALTIES

CHAPTER 1

CRIMES AND OTHER OFFENSES

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 is less than ten percent (10%), or when the declared tariff heading is rejected in a formal customs dispute settlement process involving difficult or highly technical question of tariff classification, or when the tariff classification declaration relied on an official government ruling.

There is undervaluation when: (a) the declared value fails to disclose in full the price actually paid or payable or any dutiable adjustment to the price actually paid or payable; or (b) when an incorrect valuation method is used or the valuation rules are not properly observed, resulting in a discrepancy in duty and tax to be paid between what is legally determined as the correct value against the declared value. When the undervaluation is established without the need to go through the formal dispute settlement process provided for in this Act, a surcharge shall be imposed equivalent to two hundred fifty percent (250%) of the duty and tax due. No surcharge shall be imposed when the discrepancy in duty is less than ten percent (10%), or the declared value is rejected as a result of an official ruling or decision under the customs dispute settlement process involving difficult or highly technical question relating to the application of customs valuation rules.

A discrepancy in duty and tax to be paid between what is legally determined and what is declared amounting to more than thirty percent (30%) shall constitute a *prima facie* evidence of fraud.

When the misdeclaration, misclassification or undervaluation is intentional or fraudulent, such as when a false or altered document is submitted or when false statements or information are knowingly made, a surcharge shall be imposed equivalent to five hundred percent (500%) of the duty and tax due and that the goods shall be subject to seizure regardless of the amount of the discrepancy without prejudice to the application of

finer or penalties provided under Section 1401 of this Act against the importer and other person or persons who willfully participated in the fraudulent act.

SEC. 1401. *Unlawful Importation or Exportation.* – Any person who shall fraudulently import or export or bring into or outside of the Philippines any goods, or assist in so doing, contrary to law, or shall receive, conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of such goods after importation, or shall commit technical smuggling as defined in this Act shall be penalized by:

(a) Imprisonment of not less than thirty (30) days and one (1) day but not more than six (6) months, or a fine of not less than twenty-five thousand pesos (P25,000.00) but not more than seventy-five thousand pesos (P75,000.00), or both, if the appraised value of the goods unlawfully imported, to be determined in the manner prescribed under this Act, including duties and taxes, of the goods unlawfully imported does not exceed two hundred fifty thousand pesos (P250,000.00);

(b) Imprisonment of not less than six (6) months and one (1) day but not more than one (1) year, or a fine of not less than seventy-five thousand pesos (P75,000.00) but not more than one hundred fifty thousand pesos (P150,000.00), or both, if the appraised value of the goods unlawfully imported, to be determined in the manner prescribed under this Act, including duties and taxes, exceeds two hundred fifty thousand pesos (P250,000.00) but not more than five hundred thousand pesos (P500,000.00);

(c) Imprisonment of not less than one (1) year and one (1) day but not more than three (3) years, or a fine of not less than one hundred fifty thousand pesos (P150,000.00) but not more than three hundred thousand pesos (P300,000.00), or both, if the appraised value of the goods unlawfully imported, to be determined in the manner prescribed under this Act, including duties and taxes, exceeds five hundred thousand pesos (P500,000.00) but not more than one million pesos (P1,000,000.00);

(d) Imprisonment of not less than three (3) years and one (1) day but not more than six (6) years, or a fine of not less than three hundred thousand pesos (P300,000.00) but not more than one million five hundred thousand pesos (P1,500,000.00), or both, if the appraised value of the goods unlawfully imported, to be determined in the manner prescribed under this Act, including duties and taxes, exceeds one million pesos (P1,000,000.00) but not more than five million pesos (P5,000,000.00);

(e) Imprisonment of not less than six (6) years and one (1) day but not more than twelve (12) years, or a fine of not less than one million five hundred thousand pesos (P1,500,000.00) but not more than fifteen million pesos (P15,000,000.00), or both, if the appraised value of the goods unlawfully imported, to be determined in the manner prescribed under this Act, including duties and taxes, exceeds five million pesos (P5,000,000.00) but not more than fifty million pesos (P50,000,000.00);

(f) Imprisonment of not less than twelve (12) years and one (1) day but not more than twenty (20) years, or a fine of not less than fifteen million pesos (P15,000,000.00) but not more than fifty million pesos (P50,000,000.00), or both, if the appraised value of the goods unlawfully imported, to be determined in the manner prescribed under this Act, including duties and taxes, exceeds fifty million pesos (P50,000,000.00) but not more than two hundred million pesos (P200,000,000.00);

(g) If the appraised value of the goods unlawfully imported to be determined in the manner prescribed under this Act, including duties and taxes, exceeds two hundred million pesos (P200,000,000.00) or if the aggregate amount of the appraised value of the goods which are the subject of unlawful importation committed in more than one instance, including duties and taxes, exceeds two hundred million pesos (P200,000,000.00), the same shall be deemed as a heinous crime and shall be punishable with a penalty of *reclusion perpetua* and a fine of not less than fifty million pesos (P50,000,000.00); and

(h) The penalty of *prision mayor* shall be imposed when the crime of serious physical injuries shall have been committed, and the penalty of *reclusion perpetua* shall be imposed when the

crime of homicide shall have been committed by reason or on the occasion of the unlawful importation.

In applying the above scale of penalties, an offender who is a foreigner shall be deported without further proceedings after serving the sentence. If the offender is a public officer or employee, the penalty which is the next higher in degree shall be imposed in addition to the penalty of perpetual disqualification from public office, and disqualification to vote and to participate in any public election. If the offender fails to pay the fine, subsidiary imprisonment shall be served.

When, upon trial for violation of this section, the defendant is shown to have had possession of the goods in question, possession shall be deemed sufficient evidence to authorize conviction unless the defendant shall explain the possession to the satisfaction of the court: *Provided*, That each act of unlawful importation or exportation shall be deemed as a separate offense: *Provided*, however, That payment of the tax due after apprehension shall not constitute a valid defense in any prosecution under this section: *Provided*, further, That outright smuggling shall also be punishable under this section: *Provided*, finally, That the rights and privileges provided in this Act for the importers, consignees, exporters, service providers, third parties and other third parties who committed this offense shall be revoked.

SEC. 1402. *Failure or Refusal of Party to Give Evidence or Submit Documents for Assessment.* — When the owner, importer or consignee of any imported goods, or the agent of either, fails or refuses, upon lawful demand in writing by any customs officer to appear, lawfully depose, or submit to examination or to answer any material question or refuses to produce records, accounts or invoices in possession pertaining to the value, classification or disposition of the goods in question and deemed material in assessing the same, the District Collector shall assess a surcharge of twenty percent (20%) on the dutiable value of the goods which is the subject of the importation.

SEC. 1403. *Other Fraudulent Practices Against Customs Revenue.* — Any person who makes or attempts to make any entry of imported or exported goods by means of any false or

fraudulent statement, document or practice or knowingly and willfully files any false or fraudulent claim for payment of drawback or refund of duties shall, for each act, be punished in accordance with the penalties prescribed in Section 1401 of this Act.

SEC. 1404. *Failure to Declare Baggage.* – Whenever dutiable goods are not declared by any person arriving within the Philippines, such goods shall be seized and the person may obtain release of such goods, if not imported contrary to any law, upon payment of a surcharge equivalent to thirty percent (30%) of the landed cost of such goods, in addition to all duties, taxes and other charges due. Nothing in this section shall preclude the filing of criminal action against the offender.

SEC. 1405. *Vessel, Seacraft, or Aircraft Departing Before Undergoing Customs Formalities.* – Any vessel, seacraft, or aircraft arriving within the limits of a Customs District from a foreign port which departs before undergoing customs formalities, without being compelled to do so by stress of weather, pursuit or duress of enemies, or other necessity, shall be liable for a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

SEC. 1406. *Obstruction to Boarding Officer.* – If the master or pilot-in-command or any member of the complement of any vessel or aircraft arriving at the Philippine port obstructs or hinders any officer from lawfully going on board such vessel or aircraft for the purpose of enforcing this Act, or intentionally causes any officer to be so obstructed or hindered, the vessel or aircraft shall be liable to a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

SEC. 1407. *Unlawful Boarding or Leaving of Vessel or Aircraft.* – If, upon arrival at the Philippine port, any master of a vessel or pilot-in-command of an aircraft engaged in a foreign trade permits any person to board or leave the vessel or aircraft without the permission of the customs officer-in-charge, the owner or operator of such vessel or aircraft shall be liable for a fine of

not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

SEC. 1408. *Unloading of Cargo Before Arrival at Port of Entry.* – If, upon the arrival within the limits of any Customs District of the Philippines of any vessel or aircraft engaged in foreign trade, the master or pilot-in-command thereof permits any part of the cargo to be unloaded before arrival at the port of entry, and without authority from a proper customs officer, the owner, operator, or agent of such vessel or aircraft shall be liable for a fine of not less five hundred thousand pesos (P500,000.00) but not more than two million pesos (P2,000,000.00): *Provided*, That no fine shall accrue upon satisfactory proof to the proper District Collector that the unloading was rendered necessary by stress of weather, accident or other necessity: *Provided, however*, That the fine imposed herein shall be without prejudice to the application of fines or penalties provided under Section 1401 of this Act.

SEC. 1409. *Unloading of Cargo at Improper Time or Place After Arrival.* – The owner or operator of any vessel or aircraft from which cargo is discharged upon arrival in the Philippines at a time or place other than that designated by the District Collector, shall be fined not less one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00): *Provided*, That no fine shall accrue upon satisfactory proof to the proper District Collector that the unloading was rendered necessary by stress of weather, accident or other necessity.

SEC. 1410. *Failure to Exhibit or Deposit Documents.* – When the master of a vessel or pilot-in-command of an aircraft engaged in foreign trade fails to submit to the District Collector at the time of entry of the vessel or aircraft the register or other documents in lieu thereof, together with the clearance and other documents granted by the customs officers to the vessel or aircraft at the last foreign port of departure, or fails to exhibit any certificate or other documents required to be then exhibited, the owner or operator of such vessel or aircraft shall be liable for a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

SEC. 1411. *Bringing of Unmanifested Arms, Explosives or War Equipment.* – The owner, operator, or agent of a vessel or aircraft arriving at a port in the Philippines bearing cargo consisting of firearms, gunpowder, cartridges, dynamite or any other explosives, munitions or equipment of war not contained in the manifest of the vessel or aircraft, or which are concealed on board, shall be liable for a fine of not less than five hundred thousand pesos (P500,000.00) but not more than one million pesos (P1,000,000.00).

SEC. 1412. *Failure to Supply Advance and Requisite Manifests.* – Failure to transmit the electronic manifest within the required time as may be prescribed by the Bureau, prior to arrival of the carrying vessel or aircraft at the port of entry shall make the owner, operator, or agent of the vessel or aircraft liable for a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

If the transit time from port of origin to port of entry is at least seventy-two (72) hours, the shipping or forwarding agent of the carrier or the vessel who fails to submit the manifest at least twenty-four (24) hours before entry shall likewise be liable for a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

SEC. 1413. *Disappearance of Manifested Goods.* – When any package or goods mentioned in the manifest meant to be unloaded at the port of destination is not unloaded upon the arrival of the vessel or aircraft, its agent shall be liable for a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00) unless the disappearance of the package or the goods in question was not due to the negligence of the master of the vessel or pilot-in-command of an aircraft, and is explained to the satisfaction of the District Collector.

The owner, operator, or agent of a vessel or aircraft shall be liable for the payment of the same fine when a package or

goods listed in the manifest does not tally materially in character or otherwise with the description thereof in the manifest.

SEC. 1414. *Discrepancy Between Actual and Declared Weight of Manifested Goods.* – If the gross weight of goods or package described in the manifest or bill of lading exceeds the declared weight by more than ten percent (10%), and such discrepancy was due to the negligence of the master or pilot-in-command, the owner, employee, operator or agent of the importing vessel or aircraft shall be liable for a fine of not more than twenty percent (20%) of the value of the package or goods in respect to which the deficiency exists.

SEC. 1415. *Discrepancy With the Master's or Pilot's-in-Command Report.* – When a vessel or aircraft arriving from a foreign port is compelled by necessity to unload in another port other than the port of entry and permission is granted by the District Collector for the unloading of the vessel or aircraft or the delivery of any part of the cargo and it shall be found that there is discrepancy between the cargo unloaded and the report of the master or the pilot-in-command and such discrepancy is not satisfactorily explained, the owner, operator or agent of the vessel or aircraft shall be liable for a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00).

SEC. 1416. *Failure to Report Fraud.* – A master, pilot-in-command or other officer, owner or agent of any vessel or aircraft trading with or within the Philippines who has knowledge of the commission of fraud that shall result in the loss or diminution of customs revenue but fails to report all information relative thereto to the District Collector shall be penalized with imprisonment of not less than six (6) months and one (1) day but not more than one (1) year and shall be liable for a fine of not less than one hundred thousand pesos (P100,000.00) but not more than three hundred thousand pesos (P300,000.00). If the offender is a foreigner, the offender shall be deported after serving the sentence. If the offender is a public officer or employee, the offender shall suffer additional penalty of perpetual disqualification to hold public office, to vote and to participate in any election. All the benefits