

due from service in the government, including the separation and retirement benefits, shall be forfeited.

SEC. 1417. *False Statement of Vessel's or Aircraft's Destination.* – When the master or pilot-in-command of a vessel or aircraft loaded with goods shall make a false statement as to the next destination of such vessel or aircraft when that information is required by a customs officer, 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). The arrival of a vessel or aircraft at a different port other than the one it had been originally authorized and cleared for without having been impelled to do so by necessity, shall be *prima facie* proof that the original statement of the actual destination of the vessel or aircraft was false.

SEC. 1418. *Affixing Seals.* – Any person who, without authority, affixes or attaches a customs seal, fastening, or any mark, or fastening purporting to be a customs seal, to any vessel, aircraft, vehicle, warehouse, or package, 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 an additional penalty of perpetual disqualification to hold public office and disqualification from exercising the right to vote and to participate in any election.

SEC. 1419. *Breaking of Seal Placed by Customs Officers.* – If any seal placed by a customs officer upon any vessel or aircraft or compartment thereof, or upon any box, trunk or other package of goods on board is broken, 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) for each broken or destroyed seal.

SEC. 1420. *Breaking of Lock or Fastening Placed by Customs Officers.* – If any lock or other fastening device placed by a customs officer upon any hatch door, or other means of communication in the hold of a vessel or aircraft, or other part thereof for the security of the same during the night time, is unlawfully opened, broken or removed, or if any of the goods contained in the hold or in the other compartments so secured is clandestinely abstracted and landed, 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. 1421. *Removal, Breakage, and Alteration of Marks.* – Any person who, without authority, willfully removes, breaks, injures, defaces or alters any customs seal or other fastening or mark placed upon any vessel, vehicle, on land, sea or air, warehouse or package containing merchandise or baggage in bond or in customs custody, shall be punished with the penalty prescribed in Section 1420 hereof.

SEC. 1422. *Unauthorized Withdrawal of Imported Goods from Bonded Warehouse.* – Any person who causes the unauthorized withdrawal of imported goods stored from a CBW shall be liable for payment of a surcharge of fifty percent (50%) of duties, taxes, customs fees, and charges, found to be due and unpaid. The amount of surcharge shall be added to the duties, taxes and charges due on the goods withdrawn. If the delinquency lasts for more than one (1) year, the surcharge shall be increased by twenty-five percent (25%) of the unpaid duties and taxes annually: *Provided*, That where the withdrawal is attended with fraud, such as when a fake or altered withdrawal permit is submitted, the warehouse operator shall be held liable under the pertinent provisions of this Act, without prejudice to the suspension or revocation of the warehousing privileges granted by the Bureau pursuant to this Act.

SEC. 1423. *Removing or Repacking Goods in Warehouse.* – Any person who fraudulently conceals, removes, or repacks merchandise in any warehouse or fraudulently alters, defaces, or obliterates any mark or numbers placed upon packages deposited

in such warehouse, or shall aid or abet any such acts, shall be punished with the penalties prescribed in Section 1418 hereof.

Merchandise so concealed, removed, or repacked, or packages upon which marks, numbers or the values thereof have been so altered, defaced, or obliterated shall be forfeited in favor of the government.

SEC. 1424. *Removing Goods from Customs Custody.* — Any person who enters any warehouse, or any vehicle loaded with or containing merchandise with intent to unlawfully remove therefrom any merchandise or baggage in such vessel, vehicle or warehouse or otherwise in customs custody or control, or any person who receives or transports any merchandise or baggage unlawfully removed from any such vessel, vehicle or warehouse, or shall aid or abet such removal, shall suffer the penalties provided in Section 1401 hereof.

SEC. 1425. *Failure to Pay Duties, Taxes and Other Charges.* — For failure to pay the duties, taxes and other charges of an assessment within fifteen (15) days from the date of final assessment, a surcharge of ten percent (10%) of the total assessed amount or balance thereon shall be added and collected, which surcharge shall be increased to twenty-five percent (25%) if the delinquency lasts for more than one (1) year.

SEC. 1426. *Breach of Security.* — Upon breach of security required to be filed under this Act, the District Collector, subject to the approval of the Commissioner, may accept in satisfaction thereof a smaller sum than that mentioned in the penalty clause of the security, but in no case less than the amount necessary to indemnify the government for the damage occasioned by such breach.

SEC. 1427. *Failure to Keep Importation Records and Full Access to Customs Officers.* — Any person who fails to keep all the records of importations or books of accounts, business and computer systems and all customs commercial data in the manner prescribed under this Act, shall be punished with imprisonment

of not less than three (3) years and one (1) day but not more than six (6) years and/or a fine of one million pesos (P1,000,000.00). This penalty shall likewise be imposed against importers and brokers who deny an authorized customs officer full and free access to such records, books of accounts, business and computer systems, and all customs commercial data including payment records, without prejudice to the imposition of the administrative sanctions by the Bureau against contumacious importers, including the authority to hold delivery or release of their imported goods.

SEC. 1428. *Concealment or Destruction of Evidence of Fraud.* — Any person who willfully conceals or destroys any invoice, book, or document relating to any goods liable to duty after an inspection thereof has been demanded by the District Collector or at any time conceals or destroys any such invoice, book, or document for the purpose of suppressing any evidence of fraud therein contained, shall be penalized with imprisonment of not less than three (3) years and one (1) day but not more than six (6) years and shall be liable for a fine of not less than three hundred thousand pesos (P300,000.00) but not more than one million pesos (P1,000,000.00).

SEC. 1429. *Other Offenses.* — The owner or operator of a vessel, aircraft or train shall be liable for a fine for the following acts:

(a) For anchoring at any dock, pier, wharf, quay, or bulkhead other than a port of entry, a fine of not less than five hundred thousand pesos (P500,000.00) but not more than one million pesos (P1,000,000.00) for overseas vessels;

(b) For dumping of garbage or slops over the sides of the vessel within three (3) miles from the nearest coastline, a fine of not less than one million pesos (P1,000,000.00) but not more than ten million pesos (P10,000,000.00);

(c) For dumping or causing to spread crude oil, kerosene, or gasoline in the bay or at the piers within three (3) miles from the nearest coastline, a fine of not less than one million pesos

(P1,000,000.00) but not more than ten million pesos (P10,000,000.00) for each offense;

(d) For loading gasoline or any other petroleum products at a place other than that designated by the regulations, a fine of not less than five hundred thousand pesos (P500,000.00) but not more than one million pesos (P1,000,000.00) for each offense;

(e) For causing the emission and spread of harmful gas, fumes and chemicals, a fine of not less than one million pesos (P1,000,000.00) but not more than ten million pesos (P10,000,000.00) for each offense; and

(f) For transporting hazardous waste, radioactive waste and other toxic substances as provided under the Basel Convention and Republic Act No. 6969, otherwise known as the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990", the penalty shall be forfeiture of the vessel in favor of the government.

The fines imposed herein shall be without prejudice to the application of fines or penalties provided under special laws and regulations.

SEC. 1430. *Violations of this Act and Rules and Regulations in General.* – Any person who violates any other provision of this Act or the rules and regulations issued pursuant thereto, shall be penalized with imprisonment of not less than thirty (30) days and one (1) day but not more than one (1) year, or 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), or both. 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 be disqualified from holding public office, from exercising the right to vote and to participate in any public election for ten (10) years.

CHAPTER 2

PENALTIES IMPOSED UPON BUREAU EMPLOYEES

SEC. 1431. *Statutory Offenses of Officers and Employees.*
– Every officer, agent, or employee of the Bureau or of any other agency of the government charged with the enforcement of the provisions of this Act, who shall be found guilty of any delinquency as described below shall be penalized with imprisonment of not less than six (6) years and one (1) day but not more than twelve (12) years, and perpetual disqualification to hold public office, from exercising the right to vote and to participate in any public election and a fine of not less than five hundred thousand pesos (P500,000.00), but not more than one million pesos (P1,000,000.00):

- (a) Extortion or willful oppression under color of law;
- (b) Knowingly demanding other or greater sums that are authorized by law or receive any fee, compensation, or reward except as by law prescribed, for the performance of any duty;
- (c) Willfully neglecting to give receipts, as required by law, for any sum collected in the performance of duty, or who willfully neglect to perform any of the duties enjoined by law;
- (d) Conspiring or colluding with another or others to defraud the customs revenue or otherwise violate the law;
- (e) Providing an opportunity for any person to defraud the government of customs revenue or failing to do any act with the intent to enable any person to defraud the government of customs revenue;
- (f) Negligently or designedly ^{allowing} permitting the violation of the law by any other person;
- (g) Making or signing for any false entry or entries in any book, making or signing any false certificate or return in any

case where the law requires the making by them of such entry certificate or return;

(h) Failing to report knowledge or information to their superior officer about an act or acts of fraud committed in revenue collection as required by law;

(i) Demanding or accepting or attempting, without authority, to collect directly or indirectly as payment or otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of law;

(j) Unlawfully disclosing confidential information gained during any investigation or audit, or using such information for personal gain or to the detriment of the government, the Bureau, or third parties.

All the benefits due from service in the government, including separation and retirement benefits, of an officer, agent, or employee of the Bureau or of any other agency of the government charged with the enforcement of the provisions of this Act found guilty of the foregoing violations shall be forfeited.

SEC. 1432. *Failure to Report Fraud.* – Any employee of the Bureau who has knowledge of any fraud committed against the government pertaining to customs revenue, and who fails to report all information relative thereto to the District Collector, shall be penalized with imprisonment of not less than six (6) years and one (1) day but not more than twelve (12) years and a fine of not less than five hundred thousand pesos (P500,000.00) but not more than one million pesos (P1,000,000.00). The offender shall suffer the additional penalty of perpetual disqualification to hold public office, to vote and to participate in any election. All the benefits of the offender due from service in the government, including separation and retirement benefits, shall be forfeited.

SEC. 1433. *Liability for Other Offenses.* – The fines and penalties imposed in this chapter shall be without prejudice to

the application of fines or penalties provided under Chapter 1 of this title and special laws and regulations.

TITLE XV

MISCELLANEOUS PROVISIONS

SEC. 1500. *Information, Decisions, and Rulings.* – The Bureau shall ensure that all information of general application pertaining to customs, including revisions or amendments thereto, shall be available to the general public.

SEC. 1501. *Period to Issue Ruling.* – Unless otherwise provided in this Act, the issuing authority shall act on the application for ruling within thirty (30) days from receipt of the application and supporting documents as may be required by regulation. Within three (3) days from issuance of a ruling, the issuing authority shall notify the requesting party of such ruling.

SEC. 1502. *Publication and Confidentiality of Certain Information in Ruling.* – The Bureau and the Commission shall regularly publish its rulings in a manner accessible to the public. For this purpose, each application for ruling shall be assigned a title and unique ruling number for easy reference. The publication shall contain information on the goods involved, the body or summary of the ruling, particularly the grounds relied upon to support the ruling, but shall exclude the name of the requesting party and other information which by their very nature are confidential, including those which the requesting party indicated in its application as confidential in nature. Except in the context of judicial proceedings, any disclosure of confidential information under this section shall not be made except upon the written consent of the beneficiary of the advance ruling.

SEC. 1503. *Duty of District Collector to Report Rulings to the Commissioner.* – When any new or unsettled question shall be determined by a District Collector, and if the matter is not otherwise appealed for review in the ordinary course, the

District Collector shall notify the Commissioner of the decision and submit an adequate statement of the facts involved.

SEC. 1504. Application of Established Ruling or Decision.

— A ruling or decision of the Commissioner which determines the construction or application of any provision of law imposing customs duties and taxes, and which changes any existing established valuation, classification, rules of origin and other customs rules, interpretation or practice shall not take effect until thirty (30) days after public notice shall have been given in the form of a published decision. When the ruling or decision favors the taxpayers, it shall become effective immediately.

SEC. 1505. Authority of Official to Administer Oaths and Take Testimony. — The Commissioner, District Collectors and their deputies, and other customs officers especially deputized by the District Collector shall have authority to administer oaths and take testimony in connection with any matter within the jurisdiction of the Bureau and, in connection therewith, may require the production of relevant papers, documents, books and records in accordance with law.

SEC. 1506. General Security. — In cases where securities are required to be given under the provisions of this Act and related customs laws, the District Collector, instead of requiring separate special security where transactions of a particular party are numerous, may accept general security extending over such periods of time and covering such transactions of the party in question as may be satisfactory to the District Collector.

SEC. 1507. Security. — The Bureau shall prescribe the forms and amount of security required to guarantee the payment of duties and taxes and other obligations provided for in this Act.

Any party required to provide security shall have the option to choose from any form of security prescribed by the Bureau. The Bureau may not require security if satisfied that an obligation to the Bureau will be fulfilled, but shall require and accept a general security from declarants who regularly declare goods at different offices in customs territory under such terms and conditions as may be determined by the Commissioner.

The required amount of security shall be the lowest possible and shall not exceed the amount of impossible duties, taxes and other charges.

When the obligation under which the security was required has been satisfied, the security shall be discharged immediately.

SEC. 1508. Customs Service Fees. — Customs personnel may be assigned by a District Collector to render overtime work and other customs services and shall be paid for such services by the Bureau according to service fees fixed by the Commissioner and approved by the Secretary of Finance. The Bureau may charge additional customs service fees when applicable, subject to the rates prescribed under existing rules and regulations.

SEC. 1509. Testimony in Writing. — When testimony is taken in any proceeding or matter under the authority of the Bureau, either party may require that the testimony shall be made in writing, and when so taken, the written testimony shall be filed with the Office of the District Collector and to be preserved for use or reference until the final decision has been reached.

SEC. 1510. District Collector Not Liable in Respect to Ruling in Customs Cases.— Every District Collector or other officials of the Bureau shall not be in any way personally liable on account of any official ruling or decision as to which the person claiming to be aggrieved has the right to obtain either an administrative or judicial review. Except for misdelivery of goods, a District Collector may not, in the absence of abuse of authority, be liable to any person for any loss occasioned either by the official act or the acts of the subordinates.

SEC. 1511. Interest Prohibited to be Held by Customs Employees. — Any person employed under the authority of the government in the assessment of duties, taxes, fees and other charges in connection with imports or exports, shall not own, either in whole or in part, any vessel or aircraft or act as attorney, agent or consignee for the owner of any vessel or aircraft or of any cargo loaded on board the vessel or aircraft; and shall not import or be involved, directly or indirectly, in the importation of any goods for sale into the Philippines.

SEC. 1512. *Reward to Persons Instrumental in the Actual Collection of Additional Revenues Arising from the Discovery of Violations of this Act.* – A cash reward equivalent to twenty percent (20%) of the actual proceeds from the sale of smuggled goods and confiscated goods or actual collection of additional revenues shall be given to the customs and non-customs informers or whistleblowers who are instrumental in the collection of additional revenues arising from the discovery of violations of this Act in accordance with the rules and regulations to be issued by the Secretary of Finance.

SEC. 1513. *Outsourcing of Non-Sovereign Customs Functions to Private Entities.* – Subject to the approval of the Secretary of Finance, the Bureau may outsource any of its non-sovereign and ancillary function to a qualified and competent private entity in accordance with government rules on service procurement.

SEC. 1514. *International Standards and Best Practices.* – The Bureau may adopt international standards and best practices in customs administration laid down by international agreement or convention pertaining to trade facilitation, supply chain security, and related matters, whether or not the Philippines is a signatory to such international agreement or convention.

TITLE XVI

TARIFF ADMINISTRATION AND POLICY

CHAPTER I

TARIFF COMMISSION

SEC. 1600. *Chief Officials of the Tariff Commission and Qualifications.* – The officials of the Tariff Commission shall consist of a Chairperson and two (2) Commissioners to be appointed by the President of the Philippines. The Chairperson and the Commissioners shall be natural-born citizens of the Philippines, of good moral character and proven integrity, and who, by

experience and academic training possess the necessary qualifications requisite for developing expert knowledge of tariff and trade related matters. During their terms of office, the Chairperson and the Commissioners shall not engage in the practice of any profession, or intervene directly or indirectly in the management or control of any private enterprise which may, in any way, be affected by the functions of their office. They shall not be, directly or indirectly, financially interested in any contract with the government, or any subdivision or instrumentality thereof.

SEC. 1601. *Appointment and Compensation of Officials and Employees.* – All employees of the Commission shall be appointed by the Chairperson in accordance with the Civil Service Law except as the private secretaries to the offices of the Chairperson, Commissioners and Executive Director.

SEC. 1602. *Official Seal.* – The Commission is authorized to adopt an official seal.

SEC. 1603. *Functions of the Commission.* – The Commission shall have the following functions:

- (a) Adjudicate cases on the application of trade remedies against imports pursuant to Sections 711, 712 and 713 of this Act;
- (b) Study the impact of tariff policies and programs on national competitiveness and consumer welfare in line with the economic objectives of the government;
- (c) Administer the Philippine tariff schedules and tariff nomenclatures;
- (d) Issue advance rulings on tariff classification of imported goods and render rulings on disputes over tariff classification of goods pursuant to Section 1100 of this Act, except in cases involving goods on which the Commission has provided advance ruling on tariff classification;

(e) Provide the President and Congress with independent analysis, information and technical support on matters related to tariff and nontariff measures affecting Philippine industries and exports for policy guidance;

(f) Analyze the nature and composition, and the classification of goods according to tariff commodity classification and heading number for customs and other related purposes, which information shall be furnished the NEDA, DTI, DA, DOF, DENR, and BSP;

(g) Review the trade agreements for negotiation and trade agreements entered into by the Philippines and make recommendations, if necessary, on the consistency of the terms of the agreements with the national policy objectives;

(h) Conduct public consultations and public hearings pursuant to its functions; and

(i) Deputize or delegate, to appropriate government agency its function of rendering rulings on disputes over tariff classification of goods, until the plantilla positions necessary for undertaking such function have been approved and filled-up: *Provided*, That such delegation of function shall not extend beyond three (3) years from the effectivity of this Act.

SEC. 1604. *Reports of the Commission.* – The Commission shall place at the disposal of the President and any Member of the Congress of the Philippines all information at its command. It shall conduct such investigation and submit reports as may be required by the President and the Congress of the Philippines. It shall likewise report to the President and Congress on the first Monday of December of each year and hereafter, a statement of methods adopted and a summary of all reports made during the year.

SEC. 1605. *Access to Documents and Assistance to the Commission.* – The Commission or its duly authorized representative shall have access to any document, paper or record pertinent to the subject matter under investigation, in the

possession of any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of goods under investigation, and shall have power to summon witnesses, take testimony, administer oaths, and to issue *subpoena duces tecum* requiring the production of books, papers, or documents relating to the matter under investigation. The Commission may also request the views, recommendations, and assistance of any government office, agency, or instrumentality who shall be expected to cooperate fully with the Commission.

SEC. 1606. *Sworn and Verified Statements.* – The Commission may order the taking of sworn statements at any stage of any proceeding or investigation before it. The sworn statements must be made before a person duly authorized to administer oaths.

The Commission is authorized to require any importer, grower, producer, manufacturer or seller to file with the Commission a statement, under oath, giving the selling prices in the Philippines of goods imported, grown, produced, fabricated or manufactured by such person.

SEC. 1607. *Implementing Rules and Regulations.* – The Commission shall promulgate and adopt such rules and regulations as may be necessary to carry out the provisions of this Act.

CHAPTER 2

FLEXIBLE TARIFF

SEC. 1608. *Flexible Clause.* – (a) In the interest of the general welfare and national security, and subject to the limitations prescribed under this Act, the President, upon the recommendation of the NEDA, is hereby empowered to:

(1) Increase, reduce, or remove existing rates of import duty including any necessary change in classification. The existing rates may be increased or decreased to any level, in one or several

stages, but in no case shall the increased rate of import duty be higher than a maximum of one hundred percent (100%) *ad valorem*;

(2) Establish import quotas or ban imports of any commodity, as may be necessary; and

(3) Impose an additional duty on all imports not exceeding ten percent (10%) *ad valorem* whenever necessary: *Provided*, That upon periodic investigations by the Commission and recommendation of the NEDA, the President may cause a gradual reduction of rates of import duty granted in Section 1611 of this Act, including those subsequently granted pursuant to this section.

(b) Before any recommendation is submitted to the President by the NEDA pursuant to the provisions of this section, except in the imposition of an additional duty not exceeding ten percent (10%) *ad valorem*, the Commission shall conduct an investigation and shall hold public hearings wherein interested parties shall be afforded reasonable opportunity to be present, to produce evidence and to be heard. The Commission shall also hear the views and recommendations of any government office, agency, or instrumentality. The Commission shall submit its findings and recommendations to the NEDA within thirty (30) days after the termination of the public hearings.

(c) The power of the President to increase or decrease rates of import duty within the limits fixed in subsection (a) hereof shall include the authority to modify the form of duty. In modifying the form of duty, the corresponding *ad valorem* or specific equivalents of the duty with respect to imports from the principal competing foreign country for the most recent representative period shall be used as basis.

(d) Any order issued by the President pursuant to the provisions of this section shall take effect thirty (30) days after promulgation, except in the imposition of additional duty not exceeding ten percent (10%) *ad valorem* which shall take effect at the discretion of the President.

(e) The power delegated to the President as provided for in this section shall be exercised only when Congress is not in session.

(f) The power herein delegated may be withdrawn or terminated by Congress through a joint resolution.

The NEDA shall promulgate rules and regulations necessary to carry out the provisions of this section.

SEC. 1609. *Promotion of Foreign Trade.* - (a) For the purpose of expanding foreign markets for Philippine products as a means of assisting in the economic development of the country, in overcoming domestic unemployment, in increasing the purchasing power of the Philippine peso, and in establishing and maintaining better relations between the Philippines and other countries, the President, shall, from time to time:

(1) Enter into trade agreements with foreign governments or instrumentalities thereof; and

(2) Modify import duties, including any necessary change in classification and other import restrictions as are required or appropriate to carry out and promote foreign trade with other countries: *Provided*, That in modifying import duties or fixing import quota, the requirements prescribed in subsection (a) of Section 1608 of this Act shall be observed: *Provided, however*, That any modification in import duties and the fixing of import quotas pursuant to the various trade agreements the Philippines has entered into, shall not be subject to the limitations of aforesaid subsection (a) of Section 1608.

(b) The duties and other import restrictions as modified in subsection (a) of this section, shall apply to goods which are the growth, produce, or manufacture of the specific country, whether imported directly or indirectly, with which the Philippines has entered into a trade agreement: *Provided*, That the President may suspend the application of any concession to goods which are the growth, produce, or manufactured product of the specific country because of acts or policies which tend to defeat the purposes

set in this section, including the operations of international cartels; and the duties and other import restrictions as negotiated shall be in force and effect from and after such time as specified in the order, without prejudice to the Philippine commitments in any ratified international agreement or treaty.

(c) Nothing in this section shall be construed to give any authority to cancel or reduce in any manner the indebtedness of any foreign country to the Philippines or any claim of the Philippines against any foreign country.

(d) Before any trade agreement is concluded with any foreign government or instrumentality thereof, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that interested persons may have an opportunity to present their views to the Commission. The Commission shall seek information and advice from the DTI, DA, DOF, DENR, DFA and BSP, and from such other sources as it may deem appropriate.

(e) In advising the President, on a trade agreement entered into by the Philippines, the following shall be observed:

(1) The Commission shall determine whether or not the domestic industry has suffered or is being threatened with injury and whether or not the wholesale prices at which the domestic products are sold are reasonable, taking into account the cost of raw materials, labor, overhead, a fair return on investment, and the overall efficiency of the industry.

(2) The NEDA shall evaluate the report of the Commission and submit recommendations to the President.

(3) Upon receipt of the report of the findings and recommendations of the NEDA, the President may prescribe adjustments in the rates of import duties, withdraw, modify or suspend, in whole or in part, any concession under any trade agreement, establish import quota, or institute such other import restrictions, as the NEDA recommends to be necessary in order to fully protect domestic industry and the consumers, subject to

the condition that the wholesale prices of the domestic products shall be reduced to, or maintained at, the level recommended by the NEDA unless, for good cause shown, an increase thereof, as recommended by the NEDA, is authorized by the President. Should increases be made without such authority, the NEDA shall immediately notify the President who shall allow the importation of competing products in such quantities as to protect the public from the unauthorized increase in wholesale prices.

(f) This section shall not prevent the effectivity of any executive agreement or any future preferential trade agreement with any foreign country.

(g) The NEDA and the Commission shall promulgate such reasonable procedures, rules and regulations as they may deem necessary to execute their respective functions under this section.

CHAPTER 3

TARIFF NOMENCLATURE AND RATE OF DUTY

SEC. 1610. *General Rules for the Interpretation (GRI).*
—The classification of goods and its tariff nomenclature as provided pursuant to this Act shall be governed by the following principles:

(1) The titles of sections, chapters and subchapters are provided for easy reference only. For legal purposes, classification shall be determined according to the terms of the headings and any relative section or chapter notes and, provided such headings or notes do not otherwise require, according to the following provisions:

(2)(a) Any reference in a heading to the goods shall be taken to include a reference to the same in their incomplete or unfinished form or state: *Provided*, That the incomplete or unfinished goods have the essential character, as presented, of the complete or finished goods. It shall also be taken to include a reference to the same, in their complete or finished form or state (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.

(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.

(3) When by application of Rule 2(b) or for any other reason, goods are, *prima facie*, classifiable under two (2) or more headings, classification shall be effected as follows:

(a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two (2) or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

(b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3(a), shall be classified as if they consisted of their essential character, insofar as this criterion is applicable.

(c) When goods cannot be classified by reference to 3(a) or 3(b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration;

(4) Goods which cannot be classified in accordance with the above Rules shall be classified under the heading appropriate to the goods to which they are most akin.

(5) In addition to the foregoing provisions, the following Rules shall apply with respect to the goods referred to therein:

(a) Camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain specific goods or set of goods, suitable for long-term use and presented with the goods for which they are intended, shall be classified with such goods when of a kind normally sold therewith. The Rule does not, however, apply to containers which give the whole its essential character; and

(b) Subject to the provisions of Rule 5(a), packing materials and packing containers presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods. However, this provision does not apply when such packing materials or packing containers are clearly suitable for repetitive use.

(6) For legal purposes, the classification of goods in the subheadings of a heading shall be determined according to the terms of those subheadings and any related subheading notes and, *mutatis mutandis*, to the above Rules, on the understanding that only subheadings at the same level are comparable. For the purposes of the Rule, the relative section and Chapter Notes also apply, unless the context otherwise requires.

SEC. 1611. *Tariff Nomenclature and Rates of Import Duty.*

— The provisions of Section 104 on Rates of Import Duty of Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines of 1978, as amended, specifically providing for the tariff sections, chapters, headings and subheadings and the rates of import duty, shall still apply and shall supplement this Act. There shall be levied, collected and paid upon all imported goods the rates of duty indicated thereon except as otherwise specifically provided for in this Act: *Provided*, That the maximum rate shall not exceed one hundred percent (100%) *ad valorem*.

The rates of duty provided or subsequently fixed pursuant to Sections 1608 and 1609 of this Act shall be subject to periodic investigation by the Tariff Commission and may be revised by the President, upon the recommendation of the NEDA.

It shall also apply to all products, whether imported directly or indirectly, of all foreign countries, which do not discriminate against Philippine export products. An additional one hundred percent (100%) across-the-board duty shall be levied on the products of any foreign country which discriminates against Philippine export products.

SEC. 1612. *Tariff Nomenclature and Rates of Export Duty.* – The provisions of Section 514 on Export Products Subject to Duty and Rates of Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of 1978, as amended, specifically providing for the export products subject to duty and rates, shall still apply and shall supplement this Act.

TITLE XVII

CONGRESSIONAL OVERSIGHT COMMITTEE

SEC. 1700. *Congressional Oversight Committee.* – The Congressional Customs and Tariff Oversight Committee, herein referred to as the Committee, is hereby constituted in accordance with the provisions of this Act. The Committee shall be composed of the Chairpersons of the Committee on Ways and Means of the Senate and House of Representatives and four (4) additional members from each House, to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The Committee shall, among others, in aid of legislation:

- (a) Monitor and ensure the proper implementation of this Act;
- (b) Review the collection performance of the Bureau; and
- (c) Review the implementation of the programs of the Bureau.

In furtherance of the hereinabove cited objectives, the Committee shall require the Bureau to submit all pertinent information which includes:

- (1) Industry audits;
- (2) Collection performance data; and
- (3) Status report on administrative, civil and criminal actions initiated against persons.

TITLE XVIII

FINAL PROVISIONS

SEC. 1800. *Implementing Rules and Regulations.* – The Secretary of Finance shall, upon the recommendation of the Commissioner, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 1801. *Transitory Provisions.* – All suits, proceedings, or prosecutions whether civil or criminal, for causes arising or acts done or committed prior to the effectivity of this Act, shall be commenced and prosecuted within the same time in the same manner and with the same effect as if this Act had not been enacted and all rights acquired, offenses committed, and penalties or forfeitures or liabilities waived prior to the said effectivity shall not be affected thereby.

SEC. 1802. *Saving Clause.* – All other laws, acts, executive orders, and Customs Administrative Orders (CAOs), Customs Memorandum Orders (CMOs), orders, memoranda, circulars, rules and regulations issued by the Bureau, under the provisions of Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines of 1978, as amended, not inconsistent with the provisions of this Act, shall remain valid unless the same will be repealed or amended accordingly, pursuant to the provisions of this Act.

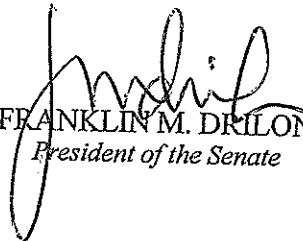
SEC. 1803. *Repealing Clause.* – Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines of 1978, as amended, and Presidential Decree No. 1853 which require any applicant for letter of credit covering imports to deposit the full amount of duties due on the


importation, are hereby expressly repealed. All other laws, acts, presidential decrees, executive orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby expressly repealed, amended or modified accordingly.

SEC. 1804. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the remaining provisions or parts shall remain in full force and effect.

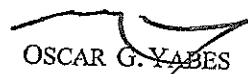
SEC. 1805. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.


Approved,


FRANKLIN M. DRILON
President of the Senate


FELICIANO BELMONTE JR.
Speaker of the House of Representatives

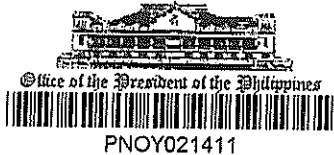
This Act which is a consolidation of House Bill No. 5525 and Senate Bill No. 2968 was finally passed by the House of Representatives and the Senate on February 2, 2016.

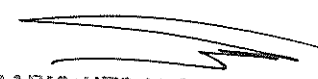

OSCAR G. YABES
Secretary of the Senate


MARILYN B. BARIUA-YAP
Secretary General House of Representatives

Approved: MAY 30 2016


BENIGNO S. AQUINO III
President of the Philippines



CERTIFIED COPY:

MARIANITO M. DIMAANDAL
DIRECTOR IV
MALACANANG RECORDS OFFICE
MAY 31 2016