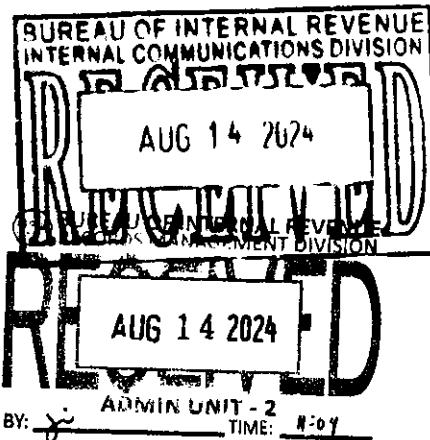




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

National Office Building
Quezon City



MAY 30 2024

REVENUE REGULATIONS NO. 014 - 2024

SUBJECT : Rules and Regulations Governing the Modes of Disposition of Seized/Forfeited Articles in Line with Sections 130, 131 and 225 of the National Internal Revenue Code (NIRC) of 1997, as Amended.

TO : All Internal Revenue Officers, Officials and Others Concerned

SECTION 1. SCOPE. – Pursuant to the provision of Section 244, in relation to Section 245, of the National Internal Revenue Code of 1997, as amended (Tax Code), these Regulations are hereby promulgated to implement Section Nos. 130 and 131 of Title VI and Section 225 of Title VIII of the same Code, imposing the modes of disposition of seized/forfeited articles.

“SEC. 131. Payment of Excise Taxes on Imported Articles. –

(A) Persons Liable. - Excise taxes on imported articles shall be paid by the owner or importer to the Custom Officers, conformably with the regulations of the Department of Finance and before the release of such articles from the customs house, or by the person who is found in possession of articles which are exempt from excise taxes other than those legally entitled to exemption.

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Articles confiscated shall be destroyed using the most environmentally friendly method available in accordance with the rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioners of Customs and Internal Revenue.

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SEC. 225. When Property to be Sold or Destroyed. – Sales of forfeited chattels and removable fixtures shall be effected, so far as practicable, in the same manner and under the same conditions as the public notice and the time and manner of sale as are prescribed for sales of personal property distrained for the non-payment of taxes.

Distilled spirits, liquors, cigars, cigarettes, other manufactured products of tobacco, and all apparatus used in or about the illicit production of such articles may, upon forfeiture, be destroyed by order of the Commissioner, when the sale of the same for consumption or use would be injurious to public health or prejudicial to the enforcement of the law.

All other articles subject to excise tax, which have been manufactured or removed in violation of this Code, as well as dies for the printing or making of internal revenue stamps and labels which are in imitation of or purport to be lawful stamps, or labels may, upon forfeiture, be sold or destroyed in the discretion of the Commissioner.

Forfeited property shall not be destroyed until at least twenty (20) days after seizure."

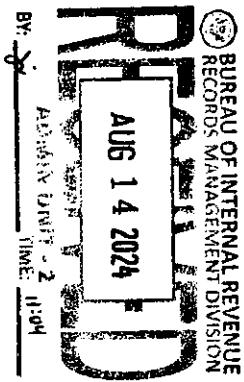
SECTION 2. OBJECTIVE. – In light of the increasing enforcement operations on the illicit trade of cigarettes, vape, perfumes, toilet waters, sweetened beverages, and other locally manufactured and imported articles subject to excise tax leading to confiscation, there is a pressing need to dispose of such articles deemed either as injurious to public health or prejudicial to the enforcement of the law.

In addition, these Regulations are being issued to decongest the offices, facilities, or premises used for storage pursuant to the powers of the Commissioner of Internal Revenue (CIR) provided under Section 225 of the Tax Code. Provided, however, the disposition of seized or forfeited articles shall adhere to the procedures hereunder.

SECTION 3. GENERAL PROVISIONS. –

A. Seized/Forfeited Articles Subject to Excise Tax During the Enforcement Operations, Relative to the Unlicensed/Illicit/Unauthorized Production, Importation, Trade, Sale, or Possession:

1. **Injurious to public health** refers to articles that pose a threat or harm to the well-being of persons, encompassing physical health risks such as illness, injury, or disease.
 - a. Tobacco products, heated tobacco products, vapor products, novel tobacco products, cigars, and cigarettes, including but not limited to, raw materials, packages, cigarette paper, tipping paper, cigarette filter tips, ingredients, used for their production;
 - b. Distilled spirits, wines and fermented liquors, including but not limited to, raw materials, packages, ingredients, used for their production; and
 - c. Sweetened beverages, including but not limited to, raw materials, packages, ingredients, used for their production.

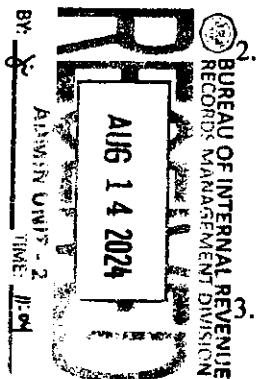


2. **Prejudicial to the enforcement of the law and other regulated articles** refers to articles that obstruct or undermine the effective implementation of tax laws and revenue issuances. These include articles that facilitate evasion of taxes or impede the implementation of laws and revenue issuances.
 - a. Non-essential goods, such as but not limited to perfumes and toilet waters, jewelries, yachts and other vessels intended for pleasure or sports;
 - b. Manufactured oils and other fuels;
 - c. Automobiles;
 - d. Mineral products;
 - e. Machinery, equipment, apparatus, mechanical contrivances, and removable fixture of any sort used for their production;
 - f. All other articles subject to excise tax, which have been manufactured or removed in violation of this Code, as well as dies for the printing or making of internal revenue stamps and labels which are in imitation of or purport to be lawful stamps, or labels; and
 - g. All other seized/forfeited articles in violation of the Tax Code.

B. Modes of Disposition

Seized/forfeited articles referred to in the preceding section may be disposed in any of the following manner:

1. **Public Auction** – refers to a mode of sale being made on behalf of the government in which seized/forfeited articles are being sold to multiple buyers thru competitive bidding where the potential buyers are given equal chance to compete on the basis of their bid prices/offers which should be equal to or more than the set minimum bid/floor price.
2. **Negotiated or Private Sale** — refers to the sale of seized/forfeited articles that remain unsold after the conduct of two (2) failed public auctions that are not suitable either for official use or donation, subject to prior approval of the Secretary of Finance. In the case of personal properties, however, the foregoing requirements of two (2) failed public biddings and approval of the Secretary of Finance can be dispensed with for purposes of entering into a negotiated or private sale of seized/forfeited articles.
3. **Official Use of the BIR** – seized/forfeited articles subject to disposition, which remains unsold after at least two (2) public auctions and are suitable for official use



to promote intensive collection of taxes, may be declared by the CIR for official use of the BIR, subject to the approval of the Secretary of Finance.

4. **Donation** – refers to the donation to another government agency after the approval of the Secretary of Finance, which remain unsold after at least two (2) public auctions, upon recommendation of the CIR. This mode of disposition shall only be resorted after it has been determined that the Seized/Forfeited Articles are not suitable for official use of the BIR.
5. **Destruction** – refers to the process of removal, disposal, and any other processes that render the seized/forfeited articles unusable, in an appropriate and most practicable manner, upon the order of the CIR or his/her duly authorized representative, if such are injurious to public health or prejudicial to the enforcement of the law.

SECTION 4. ADMINISTRATIVE PROVISION. – A separate Revenue Memorandum Order shall be issued to prescribe the detailed procedures, mechanisms, and requirements for the effective implementation of the provisions of these Regulations.

SECTION 5. SEPARABILITY CLAUSE. – If any of the provisions of these Regulations is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 6. REPEALING CLAUSE. – All revenue regulations and other issuances or parts thereof inconsistent with the provisions of these Regulations are hereby repealed or modified accordingly.

SECTION 7. EFFECTIVITY. – These Regulations shall take effect fifteen (15) days after publication in the Official Gazette, Bureau's official website, or in any newspaper of general circulation, whichever comes earlier.

RALPH G. RECETO
Secretary of Finance

AUG 06 2024

Recommending Approval:

ROMEO D. LUMAGUI JR.
Commissioner of Internal Revenue

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