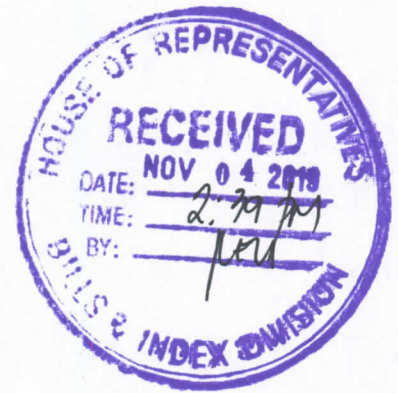


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila
EIGHTEENTH CONGRESS
First Regular Session
HOUSE BILL NO. 5278



Introduced by Honorable Rodante D. Marcoleta

EXPLANATORY NOTE

Section 13, Article XII (*National Economy and Patrimony*) of the 1987 Constitution of the Philippines provides that “*The State shall pursue a trade policy that serves the general welfare and utilizes all forms and arrangements of exchange on the basis of equality and reciprocity*”. Moreover, Republic Act No. 10863, otherwise known as the “*Customs Modernization and Tariff Act*”, declares as a State policy the protection and enhancement of government revenue and the institution of fair and transparent customs and tariff management to efficiently facilitate international trade, prevent and curtail any form of customs fraud and illegal acts, and modernize customs and tariff administration.

Despite the procedures and requirements laid down by the law, illegal importation activities still abound in the Philippine ports. Many smuggled and prohibited items get through customs scrutiny using spurious commercial and shipping documents. The fraud is perpetuated by the fact that cargo manifests of vessels from a foreign port, airway bills and bills of lading do not indicate the value of the goods and articles being imported. Actual purchase and customs fees that need to be collected are not required to be declared in these commercial documents: thus, giving the importer and consignee the opportunity to misdeclare, undervalue and misclassify the goods and articles.

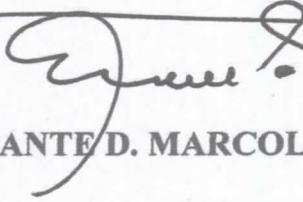
This bill seeks to curb these illicit trading practices. By requiring common carrier to declare the value of the goods and articles in the cargo manifest of vessels from a foreign port, bill of lading and airway bill as it appears in the commercial invoice and letters of credit, authorities can have adequate basis in assessing and collecting correct taxes, duties and charges.

This bill also prohibits making any changes in the electronic cargo manifest already transmitted electronically to the Bureau of Customs computer system. To ensure consistency of commercial documents transmitted and presented to Philippine

authorities, the Pier Inspection Division or the Aircraft Operations Division, and the District Collector of the Port, as the case may be, are tasked to reconcile the hard copy of the cargo manifest with the electronic cargo manifest of a vessel from a foreign port.

This proposed measure is expected to significantly deter the use of commercial and shipping documents in smuggling and illegal importation activities.

In view of the foregoing immediate passage of this bill is earnestly requested.



RODANTE D. MARCOLETA

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

EIGHTEENTH CONGRESS
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HOUSE BILL NO. 5278

Introduced by Honorable Rodante D. Marcoleta

AN ACT
REQUIRING THE DECLARATION OF THE VALUE OF IMPORTED
GOODS IN SHIPPING AND AIRLINE DOCUMENTS AND
PROHIBITING FRAUDULENT ALTERATION OF CARGO
MANIFEST, BILL OF LADING, AND AIRWAY BILL AMENDING FOR
THE PURPOSE REPUBLIC ACT NO. 10863, OTHERWISE KNOWN AS
THE "CUSTOMS MODERNIZATION AND TARIFF ACT"

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

SECTION 1. Section 1204 of Republic Act No. 10863 is hereby amended to read as follows:

“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.

“IN ADDITION, A VESSEL OR AIRCRAFT FROM A FOREIGN PORT MUST DECLARE IN THE INWARD CARGO MANIFEST, BILL OF LADING OR AIRWAY BILL THE VALUE OF THE ARTICLES OR GOODS AS THEY APPEAR IN THE COMMERCIAL INVOICE OR LETTER OF CREDIT, OR BOTH. THE VALUE STATED THEREIN SHALL BE THE BASIS FOR ASCERTAINING CORRECT DUTIES, TAXES AND OTHER CHARGES DUE THEREON.

“THE MANIFEST SHALL CONTAIN INDIVIDUAL NAMES OF THE CONSIGNEES COVERED BY THE BILL OF LADING OR AIRWAY BILL.

“A true and complete copy of the inward foreign cargo manifest shall be electronically sent in advance by the shipping or

airline company 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 vessel or aircraft, the master of the vessel or aircraft shall provide two (2) hard copies of the cargo manifest the port of discharge. THE PIER INSPECTION DIVISION (ND) OR AIRCRAFT OPERATION DIVISION (AOD) SHALL RECONCILE HARD COPIES OF THE CARGO MANIFEST AGAINST THE ELECTRONIC CARGO MANIFEST AND THE SAME SHALL FURNISH THE OFFICE OF THE BUREAU OF CUSTOMS, INTELLIGENCE AND INVESTIGATION AGENCIES, MANAGEMENT AND INFORMATION SYSTEMS, TECHNICAL ASSESSMENT AND OPERATIONS GROUP AND THE COMMISSION ON AUDIT. ALL UNMANIFESTED CARGOES SHALL BE REPORTED TO THE DISTRICT COLLECTOR OF THE PORT TO INSTITUTE SEIZURE AND FORFEITURE PROCEEDINGS PURSUANT TO SECTION 113 OF THIS ACT.

AFTER THE ARRIVAL OF THE ELECTRONIC CARGO MANIFEST TO THE BUREAU OF CUSTOMS COMPUTER SYSTEM AND AFTER THE SUBMISSION OF THE HARD COPY OF THE CARGO MANIFEST UPON ENTRY OF THE VESSEL, NO CHANGE OR ALTERATION SHALL BE

ALLOWED, 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. AFTER THE ARRIVAL OF THE CARRYING VESSEL OR AIRCRAFT, THE DEPUTY COLLECTORS AND THE MANAGEMENT INFORMATION SYSTEM AND TECHNOLOGY GROUP SHALL NOT ACCEPT ANY COMPACT DISK, DISKETTE, FLASH DRIVE, MEMORY CARD OR OTHER FORMS OF DATA STORAGE DEVICE FROM SHIPPING OR AIRLINE AGENTS FOR NON-VESSEL OPERATING COMMON CARRIER, FREIGHT FORWARDER CARGO CONSOLIDATED OR THEIR AUTHORIZED AGENT TO INCORPORATE A CHANGE OR ALTERATION IN THE ELECTRONIC CARGO MANIFEST AT THE PORT OF ENTRY.”

SEC. 2. ***Penalties.*** – Any person who violates any of the provisions of this Act shall be punished in accordance with the penalties prescribed in Section

1401 and 1412 of RA 10863.

SEC. 3. ***Implementing Rules and Regulations.*** - Within ninety (90) days from the approval of this Act, upon the recommendation of the Commissioner of Customs, the Secretary of Finance shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 4. ***Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,