

[**NBDB, January 08, 1998**]

GUIDELINES ON THE TAX-AND DUTY FREE IMPORTATION AND MONITORING OF THE UTILIZATION OF RAW MATERIALS FOR BOOK PUBLISHING

Pursuant to Section 13, RA 8047, otherwise known as the Book Publishing Industry Development Act, the following guidelines are hereby promulgated to implement the intent and provisions of the said Act.

General Principles

The National Book Development Board (NBDB), pursuant to Section 13 of RA 8047, in consultation with the Department of Finance, the Bureau of Customs, and the appropriate agencies from the private and public sector, shall issue and prescribe guidelines on the tax and duty-free importation and monitoring of the utilization of raw materials used in book publishing.

The principle of transparency, equity and fidelity in the implementation of these guidelines shall be observed without sacrificing the objectives of promoting the economic efficiency and viability of the book publishing industry entailing the least government intervention.

**Rule I
Definition of Terms**

Section 1. As used in these guidelines, the following shall be construed to mean, unless the context clearly provides otherwise:

a. **Raw Materials** — refer to all types of paper, carton, book cloth, and ink which shall form part of the book.

The description and tariff headings of the different raw materials in book publication/printing are the following:

<u>Description</u>	<u>Tariff Heading</u>
Newsprint	4801.00
Bookpaper or Bond Paper	
- Not more than 150 GSM	4802.52
- Not more than 300 GSM	4802.60
- 150 GSM or more	4802.53
Solid Bleached Board (for Cover) 240 GSM or less	4810.12
Printing Ink	3215.11
	3215.19
	3215.90

b. **Importer** — refers to the following persons or entities or groups or association of bonafide book publishers duly registered and accredited by the NBDB to be habitually engaged in book publishing, who shall import raw materials to be used in book publishing;

1. **Book Publisher Importer** (hereinafter referred to as BPI) — refers to persons or entities duly registered and accredited by the NBDB to be habitually engaged in book publishing, who shall import raw materials to be used for its own publications;

Registration is understood to mean the inclusion in the register or list of persons/enterprises engaged in book publishing.

Accreditation, on the other hand, implies qualifying to the standards set by the NBDB which shall include the production, marketing, organizational and functional capabilities in relation to the publishing or printing business which culminates in the issuance of a Certificate of Accreditation.

2. **Book Publisher Association Importer (hereinafter referred to as BPAI)** — refers to an association duly registered with the NBDB comprising of bonafide publishers habitually engaged in book publishing which shall import raw materials for and in behalf of its members;

c. **Bonafide publisher or book association habitually engaged in book publishing** — refers to a persons or an entity who in good faith have been operating as a book publisher/been recognized as a book association for not less than two years from the time of applicant's importation;

d. **Date of Importation** — shall mean the date of actual release of the raw materials to the importer.

Rule II

Persons and Entities Entitled, and Security Bond Required

Section 1. The Governing Board of the NBDB shall have the power to import raw materials in behalf of persons or entities duly registered with and accredited by the NBDB, provided the appropriate bond shall be posted by the persons and entities concerned equivalent to the taxes, duties and charges waived. Provided, however, that the Governing Board of NBDB may delegate this function to the aforesaid persons or entities subject to the conditions provided herein and such other conditions as may be imposed by the Board.

Section 2. The bond to be posted by persons or entities duly registered and accredited by the NBDB shall secure the commitments and representations made in connection with the application for the tax and duty free importation of raw materials.

Section 3. Importers shall have the power to import raw materials to be used for its

own publication or, in the case of BPAI, for and in behalf of its members.

Rule III
**Criteria for the Evaluation of Application for Tax and Duty Free Importation
of Raw Materials**

The Board will endorse the tax and duty-free importation of raw materials subject to the following conditions:

1. That the raw materials to be imported are not domestically available in sufficient quantity, of comparable quality and at reasonable prices. Raw materials shall not be considered available in sufficient quantity if they cannot be made available to the registered and accredited persons and entities at the time of need or within a reasonable period of time. In determining whether quality is comparable, the test, among others, will be whether or not production process and efficiency will be adversely affected or will result in poor quality products or increased cost of production. In determining reasonableness of the prices quoted by domestic manufacturers, the Board may be guided by the acquisition cost of similar raw materials imported into the Philippines, if all applicable taxes and duties were paid, plus fifteen (15) percent mark-up.
2. That the raw materials to be imported are reasonably needed and will be used exclusively by the registered and duly accredited persons/entities for book publishing.
3. That the recommendation of the Board and the approval of the Department of Finance are obtained by the registered and duly accredited persons/entities before the importation is made or before the corresponding letters or credit are opened.
4. In the event a publisher who is allowed to import tax and duty-free raw materials has stopped operations or closed shop for whatever reasons, it should pay the corresponding duties and taxes on the unused quantity of raw materials.
5. Failure to fully liquidate the previous tax and duty-free importation shall be valid grounds for disapproval of subsequent application to import aside from penalties and sanctions to be imposed.

Rule IV
Procedure in the Importation of Raw Materials

Section 1. Tax and duty-free importation of raw materials shall be governed by the following:

A. Documentary Requirements

Persons and entities duly registered with and accredited by the NBDB, shall file the following with the NBDB: