

## **[ BOC - BIR JOINT ORDER, May 05, 2004 ]**

### **REVENUE DECLARATION ON IMPORTED VEHICLES**

Pursuant to the provisions of 1997 Manual of Immunities and Privileges of the Department of Foreign Affairs in relation to Section 107 (b) of the National Internal Revenue Code (NIRC), Republic Act 9224 and Sec. 105 of the Tariff and Customs Code of the Philippines (TCCP), the Commissioner of Internal Revenue and Commissioner of Customs hereby issue the herein regulations pertaining to the disposition of tax-exempt vehicles registered or owned by Diplomatic Mission and Consular Offices/Officials, its officers including its administrative and technical staff members enjoying tax and duty free privileges.

#### **I. Objectives**

1. To insure proper collection of duties and taxes on imported vehicles.
2. To expedite the processing, release and registration of said vehicles.

#### **II. Coverage**

The regulation shall apply in the disposition/transfer of tax-exempt vehicles registered in the name of a Diplomatic Mission, Consular Office or owned by Diplomatic Officials, Consular Officers and their administrative and technical staff members enjoying tax and duty privilege under Section 105 of the TCCP , by way of sale or donation to non-privileged persons or entities.

#### **III. General Provisions**

1. A tax and duty free motor vehicle cannot be sold or donated (unless covered by an agreement with the Government of the Philippines) by its privileged owner to a non-privileged party before the lapse of three years from registration date.
2. The transfer (sale or donation) of a vehicle registered for less than two years due to an officer's transfer or termination of his tour of duty can be effected only to a privileged party otherwise, the vehicle must be re-exported.
3. "In case of tax-free articles brought or imported into the Philippines by person, entity or agency exempt from tax which are subsequently sold transferred or exchanged in the Philippines to

non-exempt person or entities, the purchaser or recipient shall be considered the importer thereof and shall be liable for the duty and internal revenue tax due on said importation" (Sec. 131 NIRC)

4. Sale of vehicles to non-tax exempt individual or entity after three years may be effected only with the express permission of the Office of Protocol, Department of Foreign Affairs (DFA) and only when taxes on vehicles are paid by the buyer.

#### **IV. Administrative Provisions**

##### **A. Transfer by Sale**

1. Owner/buyer shall file with the Section 5, Formal Entry Division, Port of Manila, BC Form 177 which could be secured at the Public Assistance Center of Administrative Division, Port of Manila.
2. The informal entry shall be supported by the following:
  - 2.1 DFA Protocol-authority to transfer
  - 2.2 DOF endorsement (authority to pay)
  - 2.3 Notarized Deed of Sale
  - 2.4 Present OR/CR or verified copy
  - 2.5 Stencil of Engine and Chassis
3. Appraisal of the vehicle shall for the purpose of computing the duty be based on the invoice/contract price.
  - 3.1 If Method 1 cannot apply, Method 2 and 3 shall apply sequentially.
  - 3.2 In applying Method 2,3 and 6 the computation of the value shall be based in accordance with the Japanese or US Red Book as the case may be depreciated in a straight line method of 10% for every year but not to exceed 90%.
4. The rate of exchange shall be rate of exchange as of the date of the filing of entry.
5. The rate of duty, ad valorem, excise taxes and VAT shall be the rate of duty, excise taxes and VAT at the time of filing of entry.
6. For the purpose of computing the ad valorem tax, the value shall be based on the higher of (i) actual consideration between the tax-exempt person/entity and the non-exempt person/entity; or (ii) the