

**[ CUSTOMS MEMORANDUM CIRCULAR NO. 310-2002, OCTOBER 21, 2002, October 21, 2002 ]**

**IMPORTED ARTICLES EXEMPT FROM AUTHORITY TO RELEASE IMPORTED GOODS (ATRIG) FROM THE BIR**

For the information and guidance for all concerned, the Bureau of Internal Revenue and the Bureau of Customs entered into a MEMORANDUM OF AGREEMENT (MOA) on October 9, 2002, copy of which is hereto attached as Annex "A", to provide a mechanism for the gradual phase-out of the issuance of Authority to Release Imported Goods (ATRIG) by the Bureau of Internal Revenue.

Conformably with the MOA, the Commissioner of Internal Revenue and the Commissioner of Customs signed on October 9, 2002 issued on September 11, 2002, BIR-BOC JOINT MEMORANDUM CIRCULAR No. 1-2002, copy of which is attached as Annex "B" and likewise deemed an integral part of this Circular, containing a list of imported articles that are exempt from the imposition of value-added tax under Section 109 of the Tax Code of 1997 and ATRIG shall no longer be issued by the BIR prior to the release of the articles from the BOC.

All Customs officials and employees are advised to give this circular as wide a publicity as possible.

Strict compliance is enjoined.

Adopted: 21 October 2002

(SGD.) EMMA M. ROSQUETA  
*Deputy Commissioner*  
*Internal Administration Group*

**Annex "A"**

**Memorandum of Agreement Between the Bureau of Internal Revenue And the Bureau of Customs**

Know All Men By These Presents:

This Memorandum of Agreement, entered into this 9th day of October, 2002, by and between:

The BUREAU OF INTERNAL REVENUE, a government bureau organized and existing under Republic Act No. 1189, as amended, with offices at the Bureau of Internal Revenue Building, BIR Road, Diliman, Quezon City, represented herein by its Commissioner, GUILLERMO L. PARAYNO, JR., and hereinafter referred to as BIR;

and

The BUREAU OF CUSTOMS, also a government bureau organized and existing under Republic Act No. 1937, as amended, with offices at the Bureau of Customs Building, South Harbor, Port Area, Manila, represented herein by its Commissioner, ANTONIO M. BERNARDO, and hereinafter referred to as BOC.

WITNESSETH

WHEREAS, the BIR and the BOC are government instrumentalities under the administrative supervision and control of the Department of Finance;

WHEREAS, Sections 107 and 131 of the Tax Code of 1997 prescribe the imposition of value-added tax and excise tax, respectively, on importation of certain goods or articles;

WHEREAS, under Section 12(a) of the Tax Code of 1997, the Commissioner of Customs and his subordinates have been constituted as agents of the Commissioner of Internal Revenue with respect to the collection of national internal revenue taxes on imported goods;

WHEREAS, in the discharge of their respective functions, the BIR and BOC have instituted systems and procedures to ensure collection of the correct taxes and duties on imported articles;

WHEREAS, for the effective implementation of their common mandates to provide efficient and timely delivery of service to the taxpaying public, there is a need to streamline processes and procedures relative to the release of imported goods from customs custody;

WHEREAS, to improve the level of monitoring and control over the business activities of the importers, including the BIR disposition of imported articles, there is a need to strengthen the field of collaboration between the BIR and the BOC;

WHEREAS, under existing procedures, the BIR issues AUTHORITY TO RELEASE IMPORTED GOODS (ATRIG) on the following imported articles prior to release from customs custody:

1. Articles subject to excise tax;
2. Raw materials, machineries and mechanical contrivances specially used in the manufacture of articles subject to excise tax; and
3. Articles exempt from the value-added tax.

WHEREAS, the BIR and the BOC have an existing Memorandum of Agreement on Electronic Information Interchange which was entered into on April 24, 1999.

NOW, THEREFORE, for and in consideration of the foregoing premises, the herein Parties, through their respective representatives, do hereby agree to undertake the following:

1. Provide a mechanism for the gradual phase-out of the issuance of ATRIG by the BIR as follows:

Phase 1 Issuance of Joint Memorandum Circular enumerating the imported articles that are clearly exempted from the imposition of the value-added tax, the release of which from BOC's custody shall not require prior issuance of ATRIG

Phase 2 Issuance of amendatory Circular expanding the coverage of VAT-exempt imported articles that should not be covered by ATRIG after resolution of certain legal and procedural issues

Phase 3 Issuance of amendatory Circular on ATRIG-free importation to cover articles subject to excise tax, as well as raw materials, machineries and mechanical contrivances specially used in the manufacture thereof effective at the time when the direct on-line access facility of the BOC database shall be available to the BIR

2. Promulgate and disseminate rules and regulations that will clearly delineate responsibilities between the BIR and the BOC in the implementation of this Memorandum of Agreement.
3. Resolve promptly any operational, technical and/or legal issues involving taxation of imported articles before and after their release from customs custody.
4. Establish appropriate mutual information exchange and feedback mechanism, subject to the limitation on unlawful divulgence of information under Section 270 of the Tax Code of 1997 and Customs Administrative Order No. 5-2001.
5. Create an Inter-Agency Committee that shall oversee and monitor the proper implementation of this Memorandum of Agreement and shall convene immediately from the signing of this Agreement to prepare the necessary implementing rules and regulations.
6. Upon mutual agreement, issue supplemental provisions and/or amendments to extant provisions herein, as may be necessary from time to time.

This Agreement shall take effect on \_\_\_\_\_ and shall remain in force until otherwise modified or rescinded, mutually agreed, approved and duly signed by the concerned parties.

IN WITNESS WHEREOF, the Parties have signed this Agreement this 9th day of October, 2002 at Manila.

BUREAU OF INTERNAL REVENUE  
By:

**(SGD.) GUILLERMO L.  
PARAYNO, JR.**  
*Commissioner*

BUREAU OF CUSTOMS  
By:

**(SGD.) ANTONIO M. BERNARDO**  
*Commissioner*

SIGNED IN THE PRESENCE OF:

**(SGD.) LILIAN B. HEFTI**  
*Deputy Commissioner, Operations  
Group*  
  
*Bureau of Internal Revenue*

**(SGD.) GEORGE M. JEREOS**  
*Deputy Commissioner for  
Assessment & Operations  
Coordinating Group*  
  
*Bureau of Customs*

ACKNOWLEDGMENT

Republic of the Philippines )

City of \_\_\_\_\_ )

BEFORE ME, a Notary Public for and in MANILA on this 22nd day of October, 2002, personally appeared the following:

NAME	COMMUNITY TAX CERTIFICATE NO.	PLACE AND DATE OF ISSUE
GUILLERMO L. PARAYNO, JR., ANTONIO M. BERNARDO	02323435  11947810	Parañaque City / April 29, 2002 Makati City / March 11, 2002

known to me and to me known to be the same persons who executed the foregoing Memorandum of Agreement, which consists of four (4) pages, including this page, and they acknowledged the same is their free and voluntary act and deed of the entities herein respectively represented.

IN TESTIMONY WHEREOF, I have hereunder set my hand and affixed my notarial seal at the place and on the date just above written.

(SGD.) EDUARDO A. SALINAS

NOTARY PUBLIC

UNTIL DEC. 31, 2003

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**ANNEX "B"**

**BIR-BOC JOINT MEMORANDUM CIRCULAR NO. 1-2002**

List of Imported Articles that No Longer Require the Issuance of Authority to Release Imported Goods (ATRIG) from the Bureau of Internal Revenue Prior to Release from the Custody of the Bureau of Customs

For the information and guidance of all concerned, provided below is a list of imported articles that are clearly exempt from the imposition of value-added tax under Section 109 of the Tax Code of 1997. As such, the prescribed Authority to Release Imported Goods (ATRIG) shall no longer be issued by the Bureau of Internal Revenue (BIR) prior to the release of these articles from the Bureau of Customs (BOC).

A. LIVE ANIMALS, AND UNPROCESSED MEAT CARCASS/ES OR PARTS THEREOF (Whether fresh, frozen, chilled, salted, dried or boneless), EXCEPT RACE HORSES, GAME COCKS OR CHICKEN FOR COCK FIGHTING, AND PETS

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|-------------------|-------------|
| 1. Asses          | 13. Hinnies |
| 2. Buffalo        | 14. Horses  |
| 3. Chicken/Chicks | 15. Lambs   |
| 4. Cows           | 16. Mules   |