

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

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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:

Description

Tariff Heading

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;

- 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.

- 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:

- 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.
- 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.
- 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.
- 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.
- 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:

- A duly accomplished and notarized NBDB application form;
- A certificate of non-availability of the raw materials to be imported issued by the local domestic producer/supplier;
- A Pro-Forma invoice/price quotation;
- The quantity and sufficient description of raw materials to be used in book publication;
- Corresponding production schedule per title;
- End-use justification as to the reasonable necessity of the raw materials proposed to be imported;

- Computation of taxes and duties to be waived with tariff heading and duty rate indicated;
- Such other documents/information as may be required.

B. Procedure

- The applicant fills-up two (2) complete sets of application form together with the documents required, and pay the corresponding processing fee of five hundred (P500.00) pesos.
- Within three (3) working days, the staff of the NBDB checks and/or pre-evaluates the application as to the applicant's eligibility and completeness of documents. The staff shall also check whether the description and quantity of importation applied for tally with the pro-forma invoice price quotation.
- The applicant submits the correct pro-forma invoice if the description and quantity of importation applied for shall not tally with the pro-forma invoice-price quotation.
- The applicant submits a price quotation from local suppliers/manufacturer and justification as to quality of the importation, both from local and foreign supplier, if the said importation are found to be locally available.
- Applicant files with the NBDB copies of the application form after paying the corresponding filing fee and after the same has been checked.
- Within seven (7) working days from official filing of the application, the NBDB staff, shall evaluate and prepare the evaluation for endorsement by the Executive Director for Board consideration.
- Upon approval of the application by the Board, an endorsement addressed to the Department of Finance (DOF), Mabuhay Lane to import tax and duty free raw materials shall be prepared to be signed by the Executive Director.
- The Department of Finance shall process the application in accordance with the existing procedures of the Mabuhay Lane.
- If the DOF is not satisfied with the documents submitted, it shall notify the applicant, through the NBDB of the deficiencies and require the accomplishment within 10 days from the date of notice. Non-compliance would mean disapproval of application.
- If the application meets the criteria set for the approval of tax exemption, the DOF shall issue an endorsement letter addressed to the Bureau of Customs.
- The BOC shall require the importer to post the required bond equivalent to the cost of importation in order that the raw materials may be released to the importer.
- The BOC shall furnish NBDB copy of documents regarding the release of the raw materials for monitoring purposes.

C. Monitoring

- The importer, after 6 months from date of importation, shall provide NBDB with a status report duly certified by an accountable officer on the usage of raw materials;
- In case another application for importation is filed within the six-month period from date of last importation, the applicant shall file with the NBDB a status report on the previous importation.
- The NBDB shall verify such status report before processing the new applications for importation.

The status report, among others, shall serve as a basis to verify whether or not there is compliance with the sworn

statement earlier filed.

Rule V

Duration of Benefits

Section 1. Subject to the provisions of applicable laws, rules and regulations, the benefits granted to individuals and enterprises herein shall continue as long as they remain registered and commit no violation of the Act, the Rules and Regulations to Implement the Act, these Guidelines, or the terms and conditions of their Registration and/or accreditation.

Rule VI

Board Action

Section 1. The Board shall render its decision within ten (10) working days from official acceptance of the application by the NBDB Secretariat. The decision of the Board shall be communicated in writing to the applicant.

Rule VII

Penalties

Section 1. The NBDB shall after due notice conduct an administrative inquiry into any reported violation of these guidelines:

- The NBDB shall issue summons, subpoena and/or subpoena duces tecum, and shall initiate a fact finding inquiry to ascertain whether or not a violation exists;
- In the event a violation is found to exist, the respondent shall be informed and be given an opportunity to be heard. Any adverse decision may be appealed to the Board within 72 hours from receipt of the decision. The Board sitting en banc shall decide on the violation within five (5) days after the case is deemed submitted for decision.
- Should the Board decide not to give consideration to the appeal, the Board shall order, after due notice, the cancellation of the Certificate of Registration/Accreditation of the respondent, without prejudice to the imposition of the penalties provided for in the Act.
- The NBDB shall also recommend the filing of appropriate action with the proper prosecuting agencies.

Section 2. In the event a publisher who was allowed to import tax and duty free raw materials had stopped operations or closed shop for whatever reasons, it would pay the corresponding duties and taxes on the unused quantity of raw materials.

Section 3. Failure to fully liquidate the previous tax and duty-free importation should be valid grounds for disapproval of subsequent application to import aside from penalties and sanctions to be imposed.

Rule VIII

Notices

Section 1. Notices sent by the Board shall be addressed to the registered and/or duly accredited enterprises at its principal place of business. Such notices may, with like effect, be delivered to its authorized representative as appearing in the records of the Board.

Rule IX

Remedies

Section 1. All decisions of the Board relative to the implementation of these guidelines may be appealed within fifteen (15) days from receipt of the decision by the aggrieved party to the Office of the President, otherwise, the

same shall become final and executory, without prejudice thereafter into seeking redress to the proper courts.

When an appeal has been filed, such decision shall become final and executory ninety (90) days after the perfection of taking appeal, unless reversed.

Rule X

Separability Clause

Section 1. If any provision of these Guidelines is declared to be invalid, the part or parts thereof not affected thereby shall remain valid.

Section 2. These Guidelines shall take effect fifteen (15) days following the completion of its publication in at least two (2) newspapers of general circulation.

Adopted: 08 Jan. 1998

For the NBDB:

(SGD.) ANGEL C. ALCALA
Chairman of the Board

For the DOF:

(SGD.) EDGARDO B. ESPIRITU
Secretary

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