JOINT IMPLEMENTING RULES AND REGULATIONS ON THE IDENTIFICATION, CONTROL AND USE OF TAX EXEMPT VEHICLES UNDER REPUBLIC ACT NO. 8424, SECTION 149 FOR THE CLARK SPECIAL ECONOMIC ZONE

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Whereas, Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997, has been enacted, and Section 149 of said Act provides that:

“Sec 149. Automobiles. x x x

“Automobiles acquired for use by persons or entities operating within the freeport zone shall be exempt from excise tax: Provided, that utility vehicles of registered zone enterprises, which are indispensable in the conduct and operations of their business, such as delivery trucks and cargo vans with gross vehicle weight above three (3) metric tons may be allowed unrestricted use outside the freeport zone: Provided, further, that vehicles owned by tourist oriented enterprises, such as tourist buses and cars with yellow plates, color-coded and utilized exclusively for the purpose of transporting tourists in tourism-related activities and service vehicles of freeport registered enterprises and executives such as company service cars and expatriates ‘and investors’ automobiles brought in the name of such enterprises, may be used outside the freeport zone for such periods as may be prescribed by the Department of Finance, and Trade and Industry, the Bureau of Customs and the Freeport authorities concerned, which in no case shall exceed fourteen (14) days per month.

“In case such tourist buses and cars, service vehicles of registered freeport enterprises and company service cars are used for more than an aggregate period of fourteen (14) days per month outside of the freeport zone, the owner or importer shall pay the corresponding customs duties, taxes and charges.

“In the case of personally-owned vehicles of residents, including leaseholders of residences inside the freeport zone, the use of such vehicles outside of the freeport zone shall be deemed an introduction into the Philippine customs territory and such introduction shall be deemed an importation into the Philippines and shall subject such vehicles to customs duties, taxes and charges including excise tax due on such vehicle.

The Secretaries of Finance, and Trade and Industry, together with the Commissioner of Customs and the administrators of the freeports concerned, shall promulgate rules and regulations for the proper identification and control of said automobiles.”

Whereas, pursuant to said Section 149, the Secretaries of Finance, and Trade and Industry, together with the Commissioner of Customs and the Clark Development Corporation , as administrator of the Clark Special Economic Zone (CSEZ), have agreed to jointly promulgate rules and regulations for the proper identification, control, and use of vehicles imported duty-free into the Clark Special Economic Zone (CSEZ).

NOW, THEREFORE, by virtue of the powers vested under Section 149 of Republic Act No. 8424, the Secretaries of Finance, and Trade and Industry, together with the Commissioner of Customs and the Clark Development Corporation (CDC), as administrator of the Clark Special Economic Zone (CSEZ), have agreed to jointly promulgate rules and regulations for the proper identification, control, and use of vehicles imported duty-free into

the Clark Special Economic Zone (CSEZ).

NOW, THEREFORE, by virtue of the powers vested under Section 149 of Republic Act No. 8424, the Secretaries of Finance, and Trade and Industry, together with the Commissioner of Customs and the Clark Development Corporation (CDC), administrator of the Clark Special Economic Zone (CSEZ), herewith issue the following rules and regulations:

SECTION 1. Scope — All vehicles which were imported tax and duty free into the Clark Special Economic Zone pursuant to R.A. 7227 otherwise known as the Bases Conversion Act of 1992 for use by the CSEZ registered enterprises and/or its expatriates/investors shall be covered by these rules and regulations.

SECTION 2. Definition of Terms — As used in this Circular, the following shall be construed to mean:

a. Tax-exempt Vehicles — Those vehicles which were imported tax and duty free into the Clark Special Economic Zone (CSEZ) pursuant to R.A. 7227 otherwise known as the Bases Conversion and Development Act of 1992.

b. Utility Vehicles — vehicles which are indispensable in the conduct and operations of the CSEZ registered enterprises' authorized business activities, such as delivery trucks and cargo vans with gross vehicle weight above three (3) metric tons.

c. Tourist/Service Vehicles — vehicles which are owned by tourist-oriented CSEZ registered enterprises and utilized exclusively for the purpose of transporting tourists in tourism-related activities.

d. Company/Service Vehicles — vehicles which are owned/imported by CSEZ registered enterprises for the use and service of its expatriates/investors.

e. Personally-Owned Vehicles — vehicles of residents inside the CSEZ, including leaseholders of residences inside the zone.

f. Zone Registered Enterprises — enterprises and companies which are duly registered by Clark Development Corporation (CDC) to engage in business or operate project(s) in the CSEZ.

g. Zone Registered Enterprises of Good Standing — CSEZ registered enterprises which possess the following qualifications:

a. valid CDC Registration and Permit to Operate;
b. no outstanding financial obligations to CDC as of date of filing of application for Permit to Bring-out; and
c. no violation of rules and regulations of other governmental regulatory agencies.

SECTION 3. Admission Requirements — Subject vehicles shall be covered by import permits issued by the CDC and by import entry declaration duly processed by the Bureau of Customs (BOC):

SECTION 4. Registration with LTO — Subject vehicles must be registered with the Land Transportation Office (LTO) and must have been issued LTO certificates of Registration and appropriate LTO plates and/or conduction stickers.

SECTION 5. Registration with CDC — subject vehicles must also be registered with the CDC and must have been issued CDC stickers and/or plates or markings indicating that the vehicles are imported tax and duty free pursuant to R.A. 7227.

The above CDC stickers shall be affixed by the authorized CDC personnel and must be visibly displayed at all times on the front and back windshields of the vehicles. At any time considered necessary, CDC may require their placement.

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SECTION 6. Use Outside the CSEZ — No tax exempt vehicle of CSEZ-registered enterprises or entities shall be allowed to exit from the CSEZ and/or used outside the Zone unless the following are complied with: (a) Land Transportation Office Certificate of Registration, (b) CDC stickers and/or markings; (c) Approved and Valid CDC Permit to Bring Out Exempt Vehicle; and Bureau of Customs approved bond.

The BOC approved bond may be in cash, irrevocable Letters of Credit, bank guarantee or surety bond equivalent to the amount of duties, taxes and other charges due on the subject vehicle and conditioned on the use of the subject vehicle in accordance with the guidelines issued herein, provided however, that in case of surety bond, the same should be secured from a BOC accredited bonding company.

Any vehicle when used outside the zone without the abovementioned requisites shall be subject to impoundment by the Land Transportation Office (LTO) and/or the Bureau of Customs (BOC), as may be appropriate, without prejudice to other sanctions which may be imposed by LTO, BOC, or CDC.

Under no circumstances shall personally-owned vehicles be authorized exit from the CSEZ and entry into the Customs territory, unless duties, taxes and other charges shall have been paid.

SECTION 7. Allowable Number of Days — Tourist and Service vehicles may be allowed by law limited and qualified use outside the CSEZ for a period not exceeding fourteen (14) calendar days in any calendar month. CDC permits may be issued for this purpose with a validity period of seven (7) calendar days each.

Utility vehicles such as delivery truck and cargo vans with gross vehicle weight above three (3) metric tons may be allowed unrestricted use outside the CSEZ and may be issued CDC permits with a validity period of one (1) month.

The above CDC permits must be presented to the Officer-in-Charge-SFD at the CSEZ gates at the time of exit/entry of the covered vehicle for his signature and recording of the date and time of its exit/entry.

BOC may verify such recordings prior to exit/entry of vehicles at the gates and outside CSEZ.

The CDC permit to bring out should be surrendered to CDC within seven (7) calendar days from its expiration and/or attached to the succeeding application for a CDC permit as supporting document, whichever comes first. CDC shall devise a system where the use of the vehicle outside CSEZ shall be monitored to ensure the same shall not exceed the allowable period. BOC shall be furnished with a monthly report of CDC permits issued, indicating the number of days such vehicle has been used outside the zone.

SECTION 8. Spot Inventory Inspection — CDC or BOC in coordination with CDC may require a periodic or spot inventory of any or all vehicles covered by this Issuance.

SECTION 9. CDC Procedures — CDC shall issue Rules and Regulations covering the issuance of import permits, the issuance and affixing of required CDC stickers and/or plates or marking and the issuance and monitoring of the Permit to Bring Out the motor vehicles.

SECTION 10. Penalty Clause — Any tax exempt vehicle found violating these implementing rules and regulations may be impounded by CDC and/or BOC for seizure/forfeiture proceedings, without prejudice to other sanctions which may be imposed by BOC, such as forfeiture of the guarantee/bond posted pursuant to the herein rules, and/or by CDC.

CSEZ-registered enterprises, its members or officers, or residents, or other persons involved in the aforesaid violation, or in the violation of these rules, may be similarly subject to appropriate sanctions by LTO, BOC, or CDC, and/or as may otherwise be imposed by law.

SECTION 11. Separability Clause — If any provision of this Circular is declared to be invalid, the part or parts thereof not affected thereby shall remain valid.

SECTION 12. Effectivity — This Circular shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Adopted: 26 June 1998

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