

LETTER OF INSTRUCTIONS NO. 942, October 16, 1979

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TO :

The Minister of Trade

Ministry of Trade

The Governor

Central Bank of the Philippines

The Chairman

Board of Investments

The Commissioner

Bureau of Internal Revenue

The Commissioner

Bureau of Customs

All Concerned

SUBJECT: Simplification of Export Procedures and Availment of Tax Credits and Duty Drawbacks

WHEREAS, for the purpose of accelerating the country's export promotion program, there is a need to extend assistance to enterprises whenever possible;

WHEREAS, there is a need to simplify export documentation and procedures to assist exporters;

WHEREAS, the facilitation of tax credit/duty drawbacks is extremely important to exporters;

NOW, THEREFORE, I FERDINAND E. MARCOS, President of the Republic of the Philippines by virtue of the powers vested in me by the Constitution, do hereby order and direct:

- The Ministry of Trade and the commodity offices under it, in their clearance requirements; The Central Bank, in providing foreign exchange requirements for exports and financing; the Board of Investments in registering export

producers, traders and service exporters; and the Bureau of Customs, shall simplify their documentation requirements for the purpose of assisting exporters.

- All commodity offices, including the Philippines Bureau of Standards, and other officers, whether or not under the Ministry of Trade, issuing commodity clearances are required to issue such clearances on a yearly basis. The approved duration of the commodity clearances shall not in any way prejudice the right of the commodity offices to make an on-the-spot inspection of particular commodities during the year on written directive of the based of the office, particularly when there are reported quality problems.

- The required report of foreign sale (RFS) to the Central Bank for every export sale made shall henceforth be a quarterly report for non-traditional exports,

- The Central Bank shall coordinate with the Bankers Association of the Philippines to further liberalize the marginal deposit requirements for exporters opening letters of credit for the importation of their raw materials and equipment.

- Exporters need not present BIR tax clearances before allowing them to export.

- Duty drawback may be granted en the basis of standard costing, instead of an attempt to arrive at the "exact figures" to be allowed as drawback, subject to such guidelines as the Board of Investments and the Bureau of Customs may formulate.

- Sales and delivery of products to bonded warehouses of export-oriented manufacturers and to export processing zone enterprises can be considered as "export sales" and products "constructively" exported, so that tax credit and duty drawback can be availed of immediately, without awaiting for actual exportation of the finished products abroad. For this purpose, the requirement that the exporter has in fact "exported" shall include constructive "exportation" as above defined.

- For BOI-registered enterprises, the Central Bank release clearances on imports prior to release of goods may be eliminated. In lieu thereof, a report on such importation shall be made after the release of the goods from Customs, subject to such requirements as the Central Bank and the Board of Investments may impose.

- For BOI-registered enterprises, equipment on consignment may be accepted by the registered firm for a period of more than one (1) year.

This Letter of Instructions shall take effect immediately.

DONE in the City of Manila, this 16th day of October, the year of Our Lord, nineteen hundred and seventy-nine.

(Sgd.) FERDINAND E. MARCOS

President of the Philippines

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