

RULES AND REGULATIONS IMPLEMENTING EXECUTIVE ORDER NO. 444, ON THE RATIONALIZATION OF DUTY FREE STORES/OUTLET AND THEIR OPERATIONS

BOC CUSTOMS MEMORANDUM ORDER NO. 33-97, October 17, 1997

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By authority of Section 608 of the TCCP as amended, and for the proper and effective implementation of Executive Order No. 444, the following rules and regulations are hereby promulgated.

I

OBJECTIVE:

To effectively enforce observance of the provisions of Executive Order No. 444.

II

OPERATIONAL PROVISIONS

A. Prohibition on certain Commodities/Products

The following commodities/products shall not be allowed duty/tax free importation into and sale at duty free shops/trading warehouse at the freeports/special economic zones:

- a. rice
- b. sugar
- c. corn and cornstarch
- d. flour
- e. coffee beans
- f. garlic

B. Prohibition on Pull-outs

1. Duty tax free goods imported by duty free shops/trading warehouse operators/locators shall only be sold at authorized duty free shops within the freeports/special economic zones or at international ports of entry.
2. Pull-out/bring-out of duty free goods for transfer to the Customs territory under Consumption entry, by duty free shop/trading warehouse operators is prohibited.
3. Payment of duties and taxes shall not be reason nor justification in allowing the transfer of duty free goods to the Customs territory.

C. Additional Control Measures

1. The zone authorities are hereby enjoined to require the trading/warehousing zone firms to submit proofs of the firm's current and/or prospective markets/buyers such as previous deliveries to duty free shops, purchase orders or

letters of intent of duty free shops to buy from the subject trading/warehousing firm. Such proofs shall be submitted by the trading/warehousing firm to the zone authority prior to the issuance of (zone) import permits.

2. For new applications for duty free shops or trading/warehousing projects, the conduct of thorough background check to ascertain track records of the proponents/stockholders/officers shall be a pre-requisite to the approval by the zone authorities of new contracts/lease agreements.

III

EFFECTIVITY

This memorandum Order shall take effect immediately.

Adopted: 17 Oct. 1997

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

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