

REVISED DEPRECIATION SCHEDULE FOR IMPORTED MOTOR VEHICLES

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Adopted: 29 October 2014

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Pursuant to Section 608 of the Tariff and Customs Code of the Philippines (TCCP), as amended, in relation to Section 149 of the Tax Code of 1997 as amended by Republic Act 9224, and DOF Joint Order pertaining to the disposition of tax-exempt vehicles registered or owned by Diplomatic Mission and Consular Offices/Officials enjoying tax and duty free privilege, the following guidelines in the determination of the rate of depreciation for motor vehicles are hereby issued for the guidance and uniform implementation of all concerned:

1. No-Dollar Importations of Motor Vehicles (NDI). The rates of depreciation for No-Dollar importations of motor vehicles shall follow the schedule prescribed below:

Depreciation Table (Straight Line Method)

Automobile
Year Model

Allocated
Depreciation

Depreciation rate
(Multiplier)

Current Year

0 %

None

1 year old

10 %

x 0.90

2 years old

20%

x 0.80

3 years old

30 %

x 0.70

4 years old

40 %

x 0.60

5 years old

50 %

x 0.50

2. For tax-exempt vehicles registered in the name of a Diplomatic Mission, Consular Office or owned by Diplomatic Officials, Consular Offices and their administrative and technical staff members enjoying tax and duty privilege disposed or transferred by way of sale or donation to non-privileged persons or entities, the rate of depreciation shall be as follows:

2.1 For purposes of computing the duties due where either Methods 2, 3, and 6 are used to determine the value of the motor vehicle based on the Japanese or Red Book as the case may be, the rate of depreciation shall be computed using the straight line method at ten percent (10%) for every year but not exceeding fifty percent 50%.

2.2 For purposes of computing the ad valorem tax where the value is based on the depreciated value of the automobile at the time of sale or transfer, the depreciation rate shall be at ten percent (10%) per year but in no case shall the total amount of depreciation be more than fifty percent (50%) of the original cost or value.

3. For used trucks and heavy equipment, the rate of depreciation shall follow the straight line method at ten percent (10%) per year but in no case shall it exceed ninety percent (90%).

4. This Order repeals Customs Administrative Order (CAO) No. 5-2011. All other Orders, Memoranda, Circulars or parts thereof, which are inconsistent with this Order, are deemed revoked, amended and/or modified accordingly.

5. This Order shall take effect fifteen (15) days upon publication in the Official Gazette or newspaper of general circulation and three (3) certified copies deposited to the UP Law Center.

Approved by:

(SGD) JOHN P. SEVILLA
Commissioner

(SGD) CESAR V. PURISIMA
Secretary of Finance

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