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NEW POLICY ON FIREARMS AND AMMUNITION DEALERSHIP

FED CIRCULAR NO. 99-009, March 16, 1999

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1. References

a. Presidential Decree 1866 dated 29 June 1983

b. Republic Act No. 8294 dated 06 June 1997

c. Executive Order 256 dated 21 December 1995

d. Complimentary Policy on Firearms and Ammunition Dealership

e. Section 878 of the Revised Administrative Code

2. Rationale

This Circular will reduce the volume and the processing time of the request for new applications and renewal of Licenses to Operate Dealership, Licenses to Manufacture, Licenses to Repair and Licenses of Indentor in firearms and ammunition, spare parts and accessories and related matters. This will also reduce paper works of such nature requiring the signature of C, PNP.

3. Purpose

This Circular prescribes the procedures in the issuance of new and renewal of licenses to operate and the general supervision in the control on the sales of firearms, ammunition, spare parts, etc.

4. Definition of Terms

a. License to Deal — License authorizing the importation, purchase, sale and general business in handling firearms and ammunition, spare parts and accessories, airguns reloading machine and components, and bullet-proof vest.

b. License to Manufacture — License authorizing the manufacture of firearms, ammunitions, airguns, load/reload ammunition, spare parts & accessories, ammo components, sporting rifle scope and bullet vests.

c. License to Repair — License authorizing the repair of defective firearms to restore its original composition or to enhance or upgrade firearms.

d. Indent License to Deal — License authorizing the importation and sales of firearms, ammunition, spare parts, etc. for the AFP, PNP and other government entities.

e. Authority to Import — Official document authorizing the importation of firearms, ammunition, spare parts, accessories, raw materials, etc.

f. Authority to Export — Official document authorizing the exportation of firearms, ammunition, spare parts, accessories, raw materials, etc.

5. Processing of Applications

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a. All licenses to operate whether for new applications or renewal shall henceforth be valid for a period of two (2) years from the date of issuance. Application for renewal thereof shall be filed at Headquarters FED, CSG, Camp Crame, Quezon City not later than ninety (90) days from the date of its expiration month regardless of the place of business upon application of the licensee.

b. In addition, all applications for issuance of licenses to operate, whether for new or renewal, covered by this policy shall be grouped and combined according to their business activity as applied, to wit:

Group I — License to Operate Dealership

a. Firearms & Ammunition

b. Firearm spare parts & accessories

c. Air gun

d. Ammunition Reloading Components

e. Bullet Proof Vests

Group II — License to Operate as Manufacturer

a. Firearms & Ammunition

b. Load/Reload Ammunition

c. Air gun

d. Military Firearms & Ammunition

e. Bullet Proof Vest

f. Ammunition Components

g. Firearm spare parts & accessories

h. Sporting Riflescope

Group III — License to Operate Gun Repair Shop

Group IV — License to Operate as Indentor

Group V — Authority to Import Firearms, Ammunition, Spare Parts, Components etc.

Group VI — Authority to export Firearms, Ammunition, Spare Parts, Components, etc.

c. Application to operate several licenses of new applicant - for main (mother) license — with the same business activity will be processed as one and will be issued with only one (1) license to operate indicating therein the type of business subject to the approval of the C, PNP. The application for new license to operate as manufacturer will be processed on the same manner, except that the application shall be approved by the Office of the President prior to the issuance of license by C, PNP. The license to operate issued shall authorize the licensee concerned to engage in business only in the given address as indicated in the license. However, the amount of license fee to be collected shall depend on the number of business activities applied in accordance with Executive Order No. 256. Considering that the LTO had been previously approved/issued by C, PNP, succeeding renewal thereof shall be issued at the level of D, CSG unless certain amendment/changes in the license is needed which require the approval of C, PNP anew.

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d. Applicant to operate new branch store for several licenses with the same business activity shall be approved by D, CSG. Each branch store shall be issued individual licenses without prejudice to the payment of license fees required in Executive Order No. 256 depending on business activities in the license. In no case shall applicant for branch store by any firm be allowed without mother license. Succeeding renewal of branch license shall be issued at the level of C, FED, unless certain changes in the license will be made which will require the approval of D, CSG anew.

6. Importation of Firearms, Ammunition and others

A licensed dealer or manufacturer may import firearms, ammunition, raw materials for manufacturing, etc., shall be based on the highest importation made by concerned dealer or manufacturer during the past three (3) years minus current stock on hand following the ratio of 70% and 30% for low-powered and high-powered handgun respectively based on their present quantity as reflected in their approved LTO and/or Import Authority. The number of firearms, ammunition, raw materials, etc., on Import Authority maybe applied not exceeding the quantities approved in the license including the actual stock on hand when the application was filed. All imported firearms, ammunition, spare parts, accessories, raw materials, etc., except importation of ammunition components by manufacturer, upon arrival and payment of taxes due on imported articles with the Bureau of Customs shall be transferred to the Firearms & Explosives Division, Civil Security Group for deposit. In no case shall a branch be allowed to import other than that of the main license. Only the store with the mother (main) license shall be allowed to import.

The authority to import shall be issued by C, PNP with validity period co-terminus with the expiration date of the license to operate of the concerned firm.

All importation by license firearm dealers/indentors/manufacturers for the purpose of demonstration shall be re-exported back to the country of origin upon completion of the demonstration by the requesting unit/agency or before the expiration of the import authority issued by the C, PNP or his authorized representative.

7. Exportation of Firearms, Ammunition and others

a. A licensed manufacturer of commercial and military firearms, ammunition, spare parts, accessories, etc may upon request and approved by C, PNP export their products to countries with whom the Philippines maintains diplomatic relations. Export authority for sample, demonstration, test and evaluation maybe issued at the level of Director, CSG.

b. The request for authority to export shall be accompanied by a Letter of Intent and End User’s Certificate of foreign buyer/importer and specific information such as the quantity & nomenclature of the articles sought for export, the purpose and the name & address of the foreign buyer/importer.

c. The export of commercial firearms, ammunition, spare parts, ammo components, etc and defense/military items shall not be allowed when such export will have an adverse effect on Philippine foreign relations with any foreign government. The request to export defense/military items shall be indorsed by Director, Directorate for Intelligence, PNP. The requirements of the AFP and PNP for any defense/military items sought to be exported shall have priority over the export of same and shall not be re-exported to any third country. The exporter shall submit a report of foreign sales under approved export application to the C, FED.

8. Control on the Sale of Ammunition, Spare Parts and Ammunition Components

a. All sales of ammunition by authorized dealers must be to licensed firearm holders only and upon approval and issuance of the required Permit to Purchase Ammunition (PPA) by Chief, FED. PPA issued to buyers shall form

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part of Monthly Report on Sales to be submitted to FED on or before the 10th day of the succeeding month. The monthly report submitted shall be the consolidation of all sales made by main license and their branch stores.

b. Permit to Purchase Ammunition maybe issued upon request of the licensee on quantities not more than 50 rounds, except for caliber .22, wherein a licensee is authorized up to 100 rounds. Juridical entities as Security Agencies, Company Guard Forces, PNP AFP units maybe allowed to purchase ammunition on large quantities at any given time as need arises.

c. Branch dealers in the provinces may keep in their respective depository vault a maximum of 100,000 rounds of various calibers ammunition for sale to licensee in the area with approved PPA. Only when the dealer can account on the previous ammunition acquired maybe allowed to replenish their inventory stock in the store by C, FED.

d. All imported firearm spare parts, accessories and ammunition components by licensed dealers, upon arrival and payment of taxes due on importation, shall be transferred to FED for inspection, inventory and recording and thereafter maybe allowed to be kept in the store vault of importing dealer, except major firearm parts such as frame, slide and barrel which maybe allowed to serve as store display provided such is covered with appropriate Authority to Display issued by C, FED. The dealer concerned shall maintain its own Record Book where the names and addresses of buyers of spare parts will be logged. In the same manner, the FED shall maintain its own records of importation and withdrawal of major spare parts by dealer. The buyer shall furnish a copy of his valid firearm license to dealer concerned prior to the sale of spare parts is made. Monthly report on sales shall be submitted to FED, CSG together with the copies of licenses to possess of buyers as basis of allowing the dealer to replenish his inventory stock.

e. Control on firearms frame/conversion kit, slide and barrel:

1) Firearm frame/conversion kit shall be treated as a firearm and such, purchase shall be treated as if buying a new firearm complying with the requirements stated in SOP 13. The caliber of firearm to be assembled out of the purchase frame shall be indicated in the application form.

2) An individual who is a licensed firearm holder who desires to purchase/own a new frame, shall first dispose/transfer ownership of the said license firearm frame to qualified person or surrender/turn-over same to FED for proper disposition. However, individual gun club member may retain the purchase frame provided the item shall be licensed to him as another firearm in accordance with SOP 13.

3) Purchase of slide and/or barrel shall be accompanied by a permit to purchase slide and /or barrel compatible/similar in caliber and make with the buyer’s license.

4) A qualified individual who desires to purchase/own a slide and/or barrel of different caliber from that which is indicated in his firearm license shall apply same using a new temporary license (TL) for the above stated slide and/or barrel assembly indicating the same serial number of his licensed firearm together with the new caliber formed by the said purchase.

5) Only person/individual with licensed firearm can purchase/own slide and/or barrel compatible with the make as stated in the approved license.

f. Ammunition Components of Dealers must be sold to authorized entities only, such as licensed manufacturer, duly recognized gun clubs and units of the AFP and PNP. Ammo Components, like gun powder and primer, need an approved Permit to Purchase Components issued by C, FED prior to sale, which shall form part of the monthly report submitted by dealers. Licensed manufacturers are not allowed to sell components intended for their own consumption. The monthly report of production on ammunition submitted shall indicate the quantities of

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ammunition produced and the number of primers, brass, shells, heads/wads, etc. and the amount of powder used.

9. Miscellaneous Provisions:

a. The Firearms and Explosives Division, Civil Security Group is the authorized custodian and depository of all commercial imported firearms, ammunition, spare parts, components, etc., by licensed dealers.

b. New applicants for dealership, for corporation, shall be required a paid-up capital stock of P500,000.00 and shall maintain office/store in a commercial district. If the applicant is single proprietorship firm, the same amount of business capitalization is needed. A certification or affidavit of the Corporate Treasurer and Bank Statement as a proof of capitalization is a requirement. Henceforth, no person will be allowed to engage, operate or have interest in more than one dealership with similar business activity. A licensee may establish branch stores provided a separate registration from the Bureau of Domestic Trade and Mayor's Permit to operate branch in the locality are secured.

c. Licensed gun dealer maybe allowed to keep a few number of firearms and few rounds of ammunition in their respective stores upon request of dealer concerned to serve as display for appreciation of their customers. These firearms and ammunition, however, shall be duly covered by Authority to Display issued by C, FED.

d. Imported ammunition components, such as primers, blank shells, gun powder and others made by licensed manufacturers for their operational needs in the manufacturing process shall be kept in the factory of importing firm after inspection is made by FED, CSG representative. Regular inspection will be conducted by FED, CS personnel on the said imported articles.

e. The sale on imported firearms intended for demonstration/test/evaluation is prohibited unless written authorization from their foreign supplier/manufacturer is submitted and prior approval of the C, PNP is secured.

f. Reloading Machines used in the manufacturing process and in the loading/reloading of ammunition shall be registered with FED. Individuals are not authorized to own or possess reloading machine.

g. All firearms and ammunition locally produced by licensed manufacturers shall be deposited with FED, CSG for safekeeping and may be sold only commercially through licensed gun dealers or exported abroad upon approval of the request.

h. Licensed gun repair shop is prohibited from doing repair on unlicensed/unregistered firearms. Altering, engraving serial number, make or brand of any firearm and conversion of semi-automatic to full automatic firearm is likewise prohibited.

10. Administrative Sanction

a. There shall be an Administrative Sanction of suspension or cancellation of license depending on the gravity and nature of the offense on the following prohibited acts:

1) Selling of ammunition to unauthorized persons, entities, security agencies, etc.

2) Selling of display firearm without authority.

3) Failure to maintain the basic requirement of a gun dealer, manufacturer and gun repair shop such as vault, fire fighting equipment, etc.

4) Failure to submit monthly sales report on time,

5) Selling of firearms intended for demonstration/test evaluation purposes.

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6) Submission of spurious documents in the application for licenses.

7) Other similar offenses.

b. Surcharges/penalties shall be imposed on late renewal of aforementioned licenses, as follows:

Surcharge

Month/s After Expiration

Ten Percent (10%)

One (1) Month

Twenty Percent (20%)

Two (2) Months

Thirty Percent (30%)

Three (3) Months

Forty Percent (40%)

Four (4) Months

Fifty Percent (50%)

Five (5) Months

One Hundred Percent (100%)

Six (6) Months

c. Holders of license to operate with unrenewed license shall have six (6) months from the effectivity of the Circular within which to renew their expired licenses, otherwise, their licenses are deemed cancelled. Those with cancelled licenses will be given another six (6) months to dispose remaining stocks, if any, after which stocks left will be confiscated in favor of the government upon due process.

d. The Inspectorate Branch, FED, CSG shall conduct and determine penalties on violations of the above provisions. Chief FED shall recommend same to the C, PNP for approval.

11. The Chief, Firearms and Explosives Division may formulate supplementary rules and regulations on matters not covered by this new circular.

12. Repealing Clause.

All procedures, policies and rules and regulations not in conformity with this new policy are hereby rescinded, amended or modified accordingly.

13. Effectivity

This policy shall take effect immediately.

Adopted: 16 March 1999

(SGD.) ROBERTO T. LASTIMOSO

Police Deputy Director General
Acting Chief, PNP

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