

**GUIDELINES TO IMPLEMENT EXECUTIVE ORDER NO. 156, PROVIDING A COMPREHENSIVE
INDUSTRIAL POLICY AND DIRECTIONS FOR THE
MOTOR VEHICLE DEVELOPMENT PROGRAM**

Pursuant to the provisions of Executive Order 156 (the EO), the following guidelines (the Guidelines) are hereby issued to effectively implement the EO and attain the following objectives:

1. To adopt a clear and stable industrial policy framework consistent with the core requirements of the laws and executive issuances promulgated for the development of the Philippine motor vehicle industry;
2. To create a level-playing field both within and outside among competitors; and
3. To encourage proactive participation among players and ensure success of the Motor Vehicle Development Program to enhance capabilities of the Philippine motor vehicle manufacturing firms to be globally competitive producers of completely-built-up (CBU) units and their parts and components for the local and export markets

Part I – Restructuring of the Motor Vehicle Development Program (MVDP)

Section 1. Implementing Agency

The Department of Trade and Industry (DTI), through the Board of Investments (BOI) shall continue to implement the Guidelines for the MVDP.

Section 2. Definition of Terms

- a. *Participant* shall refer to a domestic enterprise formed, organized or existing under the laws of the Philippines engaged in the manufacture/assembly operation of passenger cars, commercial vehicles and/or motorcycles, collectively referred to as motor vehicles, and duly registered under the MVDP.
- b. *Passenger car* shall be as defined under Section 1, Article 1 of the EO and referred to as any four-wheeled motor vehicle, which is propelled by gasoline, diesel, electricity or any other motive power and principally designed to transport persons and not primarily to transport goods.
- c. *Commercial Vehicle* shall be as defined under Section 1, Article 1 of the EO and referred to as any four or more wheeled motor vehicle, which is propelled by gasoline, diesel, electricity and any other motive power and principally designed to transport persons and/or goods/cargoes, such as light commercial vehicles, buses, trucks, and special purpose vehicles (for example, ambulances, fire trucks, and the like). Trucks shall include but not limited to cab chassis and chassis cowl.
- d. *Light Commercial Vehicle* shall be as defined under Section 1, Article 1 of the EO and referred to as vehicles whether 4-wheeled drive or not, which may be classified under but not limited to the following: utility vehicles, sports utility vehicles, Asian Utility Vehicles, commuter vans, pick-ups, which are designed to carry both passengers and goods/cargoes.
- e. *Motorcycle* shall be as defined under Section 1, Article 1 of the EO and referred to as any two or three-wheeler vehicle fitted with an auxiliary motor, with or without sidecars.
- f. *CKD* shall be as defined under Section 1, Article 1 of the EO and referred to as completely knocked-down parts and components that are either locally produced or imported for assembly purposes by registered participant of the MVDP.
- g. *Imported CKD* shall be as defined under Section 1, Article 1, of the EO and referred to as sub-parts/parts and sub-assemblies/assemblies/components minus local parts and components, as may be determined by the Board of Investments.

- h. *Sub-assemblies/assemblies/components* shall be as defined under Section 1, Article 1 of the EO and referred to as major parts and components such as engines, transmissions, axle assemblies, chassis, body assemblies and the like.
- i. *Sub-parts/parts* shall be as defined under Section 1, Article 1 of the EO and referred to as parts that are necessary for producing sub-assemblies/assemblies/components and/or other parts forming part of the CKD pack.
- j. *Assembly operation* shall be as defined under Section 1, Article 1 of the EO and referred to as the activity by which the participant of the MVDP shall engage into which shall involve at least the basic assembly processes, i.e., welding, painting, trimmings, final assembly, and quality testing/inspection to produce completely-built-up (CBU) motor vehicles.
- k. *CBU* shall refer to a vehicle in completely assembled form.

Section 3. Coverage.

- a. The MVDP covers the manufacture and assembly of passenger cars, commercial vehicles and motorcycles. The motor vehicles covered by the MVDP shall be as classified under Section 1, Article 1 of the EO as follows:
 - 1) Classification I - Passenger Cars
 - 2) Classification II - Commercial Vehicles
 - 3) Classification III - Motorcycles
- b. The assembly of motor vehicles covered in the MVDP shall be only in CKD (completely knocked down) condition and shall cover brand-new Original Equipment Manufacturer (OEM) CKD parts and components.

Section 4. Qualification for Participation

- a. Any foreign-owned or Filipino-owned companies organized under the Philippine laws that will engage in the manufacture/assembly of motor vehicles shall qualify as participant under the MVDP.
- b. Specific Requirements
 - 1) Additionally, the participant shall:
 - i. Obtain a technical licensing agreement with the foreign Original Equipment Manufacturer (OEM) that will supply the knocked down parts and components and provide technology transfer/technical assistance, and other support services;
 - ii. Establish new assembly facility, or utilize an existing assembly facility, which is either idle or in operation;
 - iii. Assemble/manufacture brand-new quality motor vehicles; and
 - iv. As a major commitment under the MVDP, each new participant, over a period of one (1) year, shall invest and/or bring in investments in the assembly and manufacture of motor vehicles and parts and components for both export and domestic markets, equivalent to US\$ 10 million for passenger car assembler, or US\$8 million for commercial vehicle assembler or US\$2 million for motorcycle assembler.
 - 2) The technical licensing agreement shall be authenticated by the official of the Philippine Embassy where the manufacturing plant of the foreign licensor is located. The agreement shall provide, among others, the following provisions:

- i. Agreement to supply CKD parts and components;
- ii. Provision of technology transfer and/or technical assistance;
- iii. Support for spare parts; and
- iv. Agreement that the foreign licensor shall abide by all the applicable rules and regulations of the Philippine government and all its instrumentalities

The original copy of the technical licensing agreement shall be presented to the BOI for authentication.

3) The investments in the manufacture of motor vehicle parts and components shall be in any of the following schemes:

- i. Equity investment, either minor or major stockholdings in new or existing motor vehicle parts manufacturing company; or
- ii. Investments in in-house motor vehicle parts manufacturing; or
- iii. Cost sharing schemes with existing motor vehicle parts manufacturing companies in terms of tooling and/or modernization/upgrade of facilities; or
- iv. Participation under the DTI's SME Assistance Program (Center Satellite Company for SME Guarantee and Facility); or
- v. Other investments that BOI may consider for the development of the motor vehicle industry.

4) A new participant of the MVDP refers to a local assembler/manufacturer, which is neither registered under any of previously issued Memorandum Orders (MO) on MVDP and its predecessor programs.

5) Existing participant covered by the parts investment requirement under the previous MO shall continue to comply with such requirement under the Program. The posting of performance shall no longer be required from existing participant, provided that it can submit a firm commitment to invest within one (1) year in the manufacture of parts and components in any of the above schemes.

Section 5. Application for Registration of Participation and Board Action

- a. Application for registration as participant in the MVDP shall be submitted to BOI, together with commitment/s and undertaking to invest/bring in investments for the manufacture of motor vehicle parts.
- b. All applications shall be made upon forms prescribed by the BOI, accomplished in two (2) copies and sworn to before a notary public.
- c. The commitment/s and undertaking to invest/bring in investments within one (1) year, reckoned from date of registration, for the manufacture of motor vehicle parts shall be submitted together with the application for registration, signed by the highest official of the enterprise and sworn to before a notary public. The undertaking specifically includes, among others, amount of investments, description of the investment scheme/s (e.g., any or combination of the schemes mentioned above.), description of parts and components to be manufactured and timetable.
- d. Participation for the manufacture and assembly of any or all of the motor vehicles classified hereto shall require separate registration under the Program.
- e. The BOI shall decide on the accepted application within sixty - (60) workings days from the date of official application thereto.

- f. The approval of registration for participation under the MVDP shall be considered withdrawn in case of failure to comply with all the pre-registration requirements and conditions within thirty (30) days from receipt of notice of approval.

Section 6. Certificate of Registration

- a. Approved participant shall be issued a Certificate of Registration by the BOI and shall comply with the terms and conditions specified therein. The Certificate of Registration shall include the commitments made by the participant in the proposal. The participant shall present to BOI proof of investments in motor vehicle parts manufacturing in accordance with its commitment submitted to BOI, within one (1) year from date of registration; otherwise the BOI shall automatically cancel after due process the Certificate of Registration, subject to imposition of penalties prescribed herein.
- b. Before the issuance of Certificate of Registration, the following requirements shall be submitted:
- 1) Board resolution of the applicant's board of directors formally accepting the proposed terms and conditions; and
 - 2) All pre-registration requirements, if any, imposed by the BOI.

Section 7. Registration of Models and Variants

- a. There shall be no limitation in the number of models that participant may assemble/manufacture provided the same are registered with the BOI.
- b. Every basic and variant model shall be registered with the BOI prior to importation of knocked down parts and components for assembly.
- c. A basic model is a vehicle model taking into consideration the following criteria: a) body shell, chassis, b) size of engine/engine family, according to engine displacement, and/or type of engine whether diesel or gasoline, and c) drive line specification, i.e., 4x2, 4x4, 6x2, 6x4, 6x6, manual or automatic transmission.
- A change in any two of the criteria from the basic model shall constitute a new basic model. A variant is derived from the basic model, but the change in any one of the criteria.
- d. Minor changes, such as upgrade/change of interior and exterior features of the vehicle shall not require registration with the Board. In such cases, the participant shall notify the BOI any change in model names/codes before any changes is effected.
- e. The participant shall notify the BOI of any phase-out of model registered with the BOI to be deleted from the participant's registered participating models.
- f. A participant may register multi brands of motor vehicles, provided that the assembly in the country of such brand is covered by a technical licensing agreement for the supply of knocked down parts and components, provision of technology transfer/technical assistance, and other support services between the existing participant and the foreign OEM.
- g. The BOI shall not register the same models under two (2) participants. To determine whether motor vehicles are of different models, the following major technical features shall be considered:
- 1) Engineering support resources are different;
 - 2) Body components, both exterior and interior are different;
 - 3) Major parts and technical specifications are different;
 - 4) Styling, brand identification and marketing system are different.

prescribed by the BOI sworn to before a notary public and shall be supported by a Certification from Intellectual Property Office (IPO) of no pending IPR case.

Section 8. Submission of Reports and other Documents

a. The applicant shall submit the following reports in accordance with the following schedules:

- 1) Annual reports submitted one (1) month after the end of each year:
 - i. Production and Sales Report (itemized by model/variants)
 - ii. Computation of Suggested Retail Price (SRP)
 - iii. Local content report (until phased-out of the requirement pursuant to MO 73)
 - iv. Export earnings (until phased-out of the requirement pursuant to MO 73)
- 2) Audited Financial Statements and Income Tax Returns submitted on or before May 15 of each year or one (1) from end of filing of Income Tax Returns to the BIR;
- 3) Liquidation report on issued Certificates of Authority to import submitted one (1) month from end of each quarter; and
- 4) Other documents or statistical data that may be required by the BOI.

b. These reports must be submitted using the prescribed forms of the BOI.

Section 9. Privileges

- a. The participants shall continue to avail of knocked down tariff rate under the parts and components tariff lines as may be determined by BOI. The parts and components tariff rate shall be established taking into consideration the availability of local parts and components pursuant to Article 3 of the EO.
- b. The BOI shall continue to issue Certificates of Authority (CA) to import to allow the participant to import knocked down parts and components at parts and component tariff rate. As determined by BOI, the list of allowable imported knocked down parts and components for importation at parts and components tariff lines shall be an integral part of the Guidelines.
- c. The BOI may suspend the availment of privileges under the EO in case of violation of any of the terms and conditions of registration, including such reports and statistical data that may be required by the BOI.
- d. Existing participants registered under previous MOs shall continue to be member of the MVDP and continue to avail of the privilege hereof, provided that they are in good standing. The participant should have complied with all the terms and conditions of registration, and/or in case of violation, it has complied with whatever penalties the BOI imposed to allow continue registration under the MVDP.

Section 10. Penalties and Cancellation of Registration

a. A registered participant found in violation of any of the terms of conditions of registration under the EO shall be imposed any or all of the following penalties:

- 1) Suspension of the issuance of Certificate of Authority to import knocked down parts and

components

- 2) Refund of tax and duty differential between the CBU and knocked down parts and components on all importations and other government incentives, if any
- 3) Suspension or Cancellation of registration
- 4) Other appropriate penalties

b. The registration of participant that is inactive for the past five (5) years and/or that had continuously failed to comply with its obligations/commitments under the Program shall be automatically cancelled after due process, subject to imposition of penalties prescribed herein.

Section 11. Fees

The following fees shall be collected by the BOI:

- a. Filing fee for application for registration for participation under the MVDP
Classification I & II P 50,000 Classification III P 30,000
- b. Filing fee for application for registration of participating model (per basic and/or variant model of motor vehicle)
Classification I & II P 5,000 Classification III P 3,000
- c. Application, Renewal or Extension of Certificate of Authority to Import P1,500
- d. Processing fee for application for accreditation of foreign exchange earnings, as committed prior to the phased-out of NFEE, as provided for under MO 73 P1,500

Section 12. General Provisions

a. Other Conditions

- 1) The participant shall observe and abide by the provisions of the EO and its implementing guidelines, as well as the commitments and representations it made in its application for registration. It shall take adequate measures to ensure that its obligations therein are faithfully discharged.
- 2) The participant shall comply with the directives and instructions that the BOI shall issue from time to time in pursuance of its authority under the EO and its implementing guidelines, and its powers and duties under Executive Order 226, otherwise known as the Omnibus Investments Code of 1987.
- 3) The participant shall allow the duly authorized representatives of the BOI to inspect its assembly and manufacturing facilities, examine pertinent books of account, record and documents in order to ascertain compliance with the provisions of the EO and its implementing guidelines, its commitments and representations, as well as the general and specific terms and conditions of its registration.
- 4) Any material falsehood or misrepresentation in its application for registration, or other documents it has submitted to the BOI in connection with its application as a participant in the MVDP shall render the registration null and void from the beginning.
- 5) The registration under the Program is non-transferable. The BOI shall be notified of its withdrawal from the Program. Such act shall automatically cancel its Certificate of Registration.
- 6) The participant shall not transfer ownership and/or control of the company without expressed and written approval of the Board.

b. MVDP Policy Review Committee

An MVDP Policy Review Committee shall be formed to serve as the consultative body to recommend measures that will enhance competitiveness of the motor vehicle industry. It shall be

composed of government and private sector representatives. The Secretary of DTI shall approve the Terms of Reference of the Committee.

Part II - Prohibition of Used Vehicle Importation

Section 1. Definition of Terms

- a. The following motor vehicles shall be as defined under Section 1, Article 2 of the EO for purposes of determining the type of used left-hand drive (LHD) CBU motor vehicles, which importation is allowed, either liberalized or regulated:
- 1) *Vehicle imported under the no-dollar import program* shall refer to a vehicle with gross vehicle weight not exceeding 3 tons, personally owned and registered under the name of a returning resident or immigrant at least six (6) months prior to the date of application for permit to import with the Bureau of Import Services (BIS) pursuant to the provisions of EO 248.
 - 2) *Returning resident* shall refer to a Filipino citizen who has stayed in a foreign country for at least one (1) year and, which residency shall be accumulated within the three (3) year period immediately preceding the date of filing of the application.
 - 3) *Immigrant* shall refer to a person issued any of the following types of visa under the Philippine Immigration Act of 1940, as amended:
 - i. A Filipino citizen and a holder of 13G Visa under Sec. 13 Sub g (13g); or
 - ii. A foreign national married to a Filipino and a holder of 13A Visa under Section 13, Sub a (13a).
 - iii. A Filipino citizen and holder of 47A and 47A2 issued to awardees of Special Government Projects (SPG) e.g. Philippine Retirement Authority and Balik-Scientist Program
 - 4) *Truck* shall refer to any motor vehicle whose body configuration is designed to carry heavy loads, general freight, or for special purpose regardless of gross vehicle weight. For purposes of the EO, pick-ups are not considered trucks.
 - 5) *Bus* shall refer to a motor vehicle intended for mass transport for carrying of passengers.
 - 6) *Pickup truck* shall refer to a light truck having an enclosed cab and an open body with low sides and tailgate. For purposes of this EO, pick up truck is a vehicle with gross weight up to 3 tons. (Pick-up trucks with GVW exceeding 3 tons fall under the classification of trucks.) The BOI shall determine allowable vehicles that can be considered as pick-up based on its listing. BOI may revise said list upon consultation with the industry and concerned agencies.
- b. *Special Purpose Vehicles* shall be as defined under Section 2, Article 2 of the EO and referred to as a range of motor vehicles specially constructed or adapted, equipped with various devices that enable them to perform certain non-transport functions or a specialized type of motor vehicles used for the transport of persons or goods, which types of vehicles are enumerated under Section 2, Article 2 of the EO.
- c. *Brand-new motor vehicle* shall be as defined under Section 2, Article 2 of the EO and referred to as motor vehicle (a) of current or advance year model in the country of origin and/or manufacture, or (b) of year model immediately preceding year in the country of origin and/or manufacture, provided that:
- 1) The motor vehicle has a mileage of not more than 200 kilometers; and,
 - 2) The motor vehicle has been acquired by the importer from the dealer as first owner.
- c. *Imported used CBU motor vehicle* shall refer to a motor vehicle not considered brand-new as

defined hereto, and/or which has been sold, registered and operated on the roads/highways of any foreign state or country.

- d. *Imported used parts and components* shall refer only to used motor vehicle engines, transmissions/drivelines, axles and steering column and gear box allowed for importation for the sole purpose of rebuilding/remanufacturing.
- e. *Rebuilt/remanufactured motor vehicle* shall refer to a motor vehicle made to undergo rebuilding/remanufacturing process using brand new imported or local parts and components and other parts and components as in paragraph d above.

Section 2. Coverage

- a. The importation into the country, inclusive of all Freeports, of all types of used motor vehicles is prohibited, except used motor vehicles that are liberalized and those which importation is regulated, as provided for under Section 3.1, Article 2 of the EO.
- b. The provisions of these guidelines shall apply to the importation of used motor vehicles that are liberalized and those which importation is regulated, subject to compliance with roadworthiness and emission standards in the country of origin and with the Philippine roadworthiness and emission regulations prior to registration and use on the roads and highways of the Philippines.
- c. The importation of the following used motor vehicles or parts and components require prior authorization from the BIS:
 - i. A vehicle that is owned and for the personal use of a returning resident or immigrant;
 - ii. A vehicle for the use of an official of the Diplomatic Corps and authorized to be imported by the Department of Foreign Affairs;
 - iii. Trucks, excluding pick-up trucks, with GVW of 2.5 – 6.0 tons;
 - iv. Buses, with GVW of 6 – 12 tons; and
 - v. Used motor vehicle engines, transmissions/drivelines, axles (front & rear) or steering system for rebuilding/remanufacturing purposes. Importation of used replacement motor vehicle parts and components shall be covered by the existing Guidelines of Central Bank Circular No. 1389.
- d. The following motor vehicles are liberalized for importation and require no prior authorization from the BIS:
 - i. Trucks, excluding pick-ups, with GVW above 6 tons;
 - ii. Buses, with GVW above 12 tons; and
 - iii. Special purpose vehicles enumerated under Section 2, Article 2 of the EO.

All motor vehicles falling below the abovementioned Gross Vehicle Weight (GVW) limits shall be prohibited from being imported.

Section 3. General Conditions on Importation and Registration of Used Motor Vehicles Prior to Use on the Roads and Highways of the Philippines

- a. The importation of used motor vehicles stated under Section 2 above shall comply with the following:
 - 1) Original left-hand drive vehicles (i.e., conversion from original right-hand drive to left-hand drive) will only be allowed when it is covered by a road safety certificate issued by appropriate government agency in the country where the used motor vehicle will be imported, and,
 - 2) Roadworthiness and emission standards as certified by authorized agency in the country of origin and duly authenticated by the Philippine Embassy or Commercial Attaché; and,
 - 3) For regulated used motor vehicles and used parts and components: Covered by prior

- authorization from the BIS, DTI; and.
- 4) Requirements that shall be imposed by the Department of Transportation and Communications such as but not limited to Certificate of Payment and Tax certificates from the Bureau of Customs and Bureau of Internal Revenue.
- b. Other condition for registration of used motor vehicles prior to use on roads and highways of the Philippines:
- 1) Philippine vehicle emission as certified by the DTI-accredited and DOTC- authorized Private Emission Testing Center (PETC) and roadworthiness regulations as certified by the LTO Motor Vehicle Inspection System (MVIS), consistent with the provisions of Rule 32, Section 2 of the Implementing Rules and Regulations (IRR) of RA 8749 or the Philippine Clean Air Act.
- c. Other conditions on the importation of used parts and components:
- 1) All importations of engines, transmissions/drivelines, axles and/or steering system shall be for the sole purpose of rebuilding/remanufacturing;
 - 2) Only DTI-accredited road vehicle rebuilders may import used parts and components; and,
 - 3) Importation of regulated completely built-up (CBU) second hand motor vehicles and used parts/components for rebuilding purposes shall comply with the National CFC Phase Out Plan (NCCPP) requirements.
- d. Other conditions under the No Dollar Importation Program, in addition to above:
- 1) The importer shall be an immigrant or returning resident as defined under Section 1, Part II of the guidelines;
 - 2) The vehicle shall comply with the definitions under Section 1, Part II of the guidelines;
 - 3) The importer shall be allowed only one (1) vehicle per family (composed of the husband, wife and unemancipated minor children) and can avail of the Program only once; and
 - 4) The vehicle cannot be sold for at least three (3) years from release from the Bureau of Customs.

Section 4. Specific Duties and Responsibilities of Concerned Government Agencies on the Importation and Registration of Used Motor Vehicles

The following are duties and responsibilities of the BIS, BOC, BIR and LTO on authorizing importation and allowing registration of used motor vehicles prior to use on Philippine roads and highways:

- a. Bureau of Import Services (BIS)/Department of Trade and Industry (DTI):
- 1) Prior to importation, importer shall secure authorization from BIS. The BIS shall issue Certificate of Authority to Import. The following requirements for importation of used motor vehicles or used parts and components under Section 2, paragraph c above, shall be required by and processed by the BIS prior to importation:
 - i. Under the No Dollar Importation Program:

Application for importation of used motor vehicle under the No Dollar Importation Program shall be submitted to BIS, together with the following documents:

 - (a) Duly notarized/authenticated application form.
 - (b) Certificate of compliance with roadworthiness and emission standards as certified by authorized agency in the country of origin and duly authenticated by the Philippine Embassy or Commercial Attaché;
 - (c) Notarized/Authenticated affidavit of undertaking;
 - (d) One (1) 2x2 picture with signature;
 - (e) Original or authenticated copy of old and new passport, with complete pages and

- stamped with valid 13A or 13G visa for immigrant applicant;
- (f) Original or authenticated copy of car registration or title, with English translation if necessary;
- (g) Duty notarized waiver of ownership by registered co-owner/s in case the vehicle is registered in the names of two or more persons;
- (h) Alien Certificate of Registration (ACR) and Immigrant Certificate of Residence (ICR) for immigrant applicant (to be presented upon arrival of applicant in the Philippines); and,
- (i) Processing fee of One Thousand Five Hundred Pesos (Php1, 500.00) for cars and Nine Hundred Pesos (Php900) for motorcycles.

(Authentication by the Philippine Consulate/Embassy abroad is required only when original documents cannot be presented.)

ii. Used Trucks and Buses/Used Parts and Components

Application for importation of used trucks (with GVW of 2.5 tons to 6 tons) or buses (with GVW of 6 tons to 12 tons) or used engines, transmission/driveline, axles, or steering system, shall be submitted to BIS, together with the following:

(a) One (1) original proforma invoice indicating the following:

- (1) Name of supplier;
- (2) Description of the commodity:
For used truck or bus: the brand of truck or bus, number of wheels, gross vehicle weight, and model year
For used parts/components: brand, model, and engine number/models
- (3) Quantity;
- (4) Unit price;
- (5) Total value;
- (6) Terms of payment; and,
- (7) Authorized agent bank.

(b) For used truck or bus: Certificate of compliance with roadworthiness and emission standards as certified by authorized agency in the country of origin and duly authenticated by the Philippine Embassy or Commercial Attaché;

(c) For used parts and components: DTI Certificate of Accreditation of Road Vehicle Rebuilders; and,

(d) Processing fee of Six Hundred Pesos (Php600.00) per unit of truck or bus or per unit of engine, transmission, axle (front & rear) or steering system

iii. All applications shall be made upon forms prescribed by the BIS, accomplished in two (2) copies and sworn to before a notary public.

iv. The Certificate of Authority to import issued for the importation of used motor vehicle under the No Dollar Importation Program shall be valid for a period of 180 days from the date of issue.

v. The Certificate of Authority to import issued for the importation of used trucks or buses or parts and components shall be valid, as follows depending on the mode of payment, reckoned from the date of issue:

(e) Sixty (60) days for importation under Letter of Credit (L/C); or

(f) One hundred twenty (120) days for importation under non L/C (e.g., self-funded, Documents Against Payments, etc.)

vi. The Certificate of Authority to import used truck or bus or parts and components cannot be

extended nor renewed, without prejudice to reapplication should the authority expired. Under the self-funded importation, the authority addressed to the importer shall be used to transact business with the Bureau of Customs (BOC).

vii. Any amendment on the authority to import used truck or bus or parts & components except extension of validity of L/C, shall require prior clearance/authority from BIS. Extension of validity of L/C shall be undertaken directly by the importer with authorized agent bank.

2) Upon arrival of the imported used motor vehicle or used parts and components at the Bureau of Customs, the importer shall secure from the BIS Release Certificate to be used as basis for the release of the goods from the BOC and for registration of the vehicle at the LTO. The BIS shall issue the Release Certificate addressed to the BOC and LTO upon compliance with the following:

- i. Personal appearance of importer at the Bureau of Import Services for Non-Dollar Importation applicants of used motor vehicles;
- ii. Submission of the following, together with the Certificate of Authority to import:
 - (a) Complete set of shipping documents (i.e., commercial invoice, packing list, bill of lading);
 - (b) Certificate of cancellation of registration (including English translation, if necessary);
 - (c) Certified true copy of BOC Import Entry documents, and,
 - (d) Original copy of Certificate of Emission issued by authorized agency in the country of origin and duly authenticated by the Philippine Embassy or Commercial Attaché.
- iii. Confirmation of the actual description of the imported used motor vehicle or used parts and components as described in the application for Certificate of Authority to import upon conduct of ocular inspection.

3) The BIS shall monitor all importations of used motor vehicles and parts and components and submit a monthly report on the result of the monitoring and the impact of imports shall be submitted to the DTI Secretary.

b. Bureau of Customs (BOC)

1) The BOC shall issue Certificate of Payment (CP) on appropriate duties, taxes and other fees. The CP shall be issued upon strict compliance of the following:

- i. Submission of BIS Release Certificate for motor vehicles under Section 2, paragraph c above; and
- ii. Payment of appropriate duties, taxes and other fees due.

2) On all imported motor vehicles and parts/components found to be in violation of any provision of the EO and provisions of these guidelines, the BOC shall be guided by the following courses of action:

- i. prohibited vehicles and parts/components - seize without redemption;
- ii. regulated and liberalized vehicles and parts/components - seize with redemption

The BOC shall dispose the imported used motor vehicles and parts/components in accordance with the Tariff and Customs Code.

3) The BOC shall submit report on all importations of used motor vehicles and used parts and components to the DTI as provided for under Section 4.1.2 of the EO. Such information shall be

submitted every month not later than 15 days after the end of the reference month.

- 4) The BOC shall issue additional directives, circulars or orders if necessary to implement the provisions of these guidelines.
- c. Bureau of Internal Revenue (BIR)
- 1) The BIR shall issue Tax Clearance on excise taxes and/or other applicable taxes paid.
- d. Land Transportation Office (LTO)
- 1) The application for registration of used motor vehicle shall be accepted by the LTO. The LTO shall register the vehicle upon strict submission/compliance with the following:
 - i. Release Clearance from the BIS (for motor vehicles under Section 2, paragraph c above);
 - ii. Certificate of Payment and Tax Certificate from BOC and BIR, respectively; and
 - iii. Philippine vehicle roadworthiness and emission regulations.
 - 2) The LTO shall not register any used motor vehicles found in violation of any provisions of the EO and these guidelines.
 - 3) The LTO shall submit report to the DTI on all registrations of used motor vehicles as provided under Section 4.1.3 of the EO. Such information shall be submitted every month not later than 15 days after the end of the reference month.
 - 4) The LTO shall issue additional directives, circulars or orders if necessary to implement the provisions of these guidelines.

Section 5. General Provisions

a. Suspension

The DTI Secretary may, upon review when necessary and upon consultation with concerned industry group, issue an order suspending or restricting the entry of certain types of used motor vehicles without prior approval from the President.

b. Penalty

The following penalties shall be imposed as provided for under Section 5 of the EO:

- 1). All imported used motor vehicles and parts and components found to be in violation of any provision of the EO and provisions of these guidelines shall be subject to the following:
 - i. For prohibited vehicles - seizure without redemption by BOC;
 - ii. For regulated and liberalized vehicles - Seizure with redemption by BOC
- 2). Any person, entity, government instrumentality or institution, found to be violating or grossly negligent in executing the mandates of EO 156 and the provisions of these guidelines shall result in the expulsion from office or any or all of the following personnel: the chief executive, responsible directors, responsible rank and file and other responsible operating officers. Notwithstanding any provision of law to the contrary, they shall likewise be prohibited from holding any government position for at least two (2) years.

c. Applicability

Prior to Dec. 17, 2002, the effectivity of EO 156, all used motor vehicles, parts/components under any of the following conditions, shall be governed by regulations existing at the time.

- 1). Those which are already in transit and covered by corresponding authority from concerned government agencies;

- government agencies:
- 2). Those whose L/C has already been opened;
 - 3). Those whose B/L has already been issued; and
 - 4). Those whose payments have been effected as evidenced by bank certifications/documents

Part III – Final Provisions

Section 1. Amendments

The DTI may consult concerned industry and government agencies in amending the guidelines, as it is deemed necessary.

Section 2. Repealing Clause

All guidelines that are not consistent with the provisions of these guidelines are hereby repealed, amended or modified accordingly.

Section 3. Separability Clause

All provisions of this Guidelines are hereby declared separable and in the event any such provisions is declared unconstitutional, the other provisions, which are not affected, thereby shall remain in force and in effect.

Section 4. Effectivity

These Guidelines shall take effect immediately upon publication in at least two (2) national newspapers of general circulation in the Philippines.