

[PRESIDENTIAL DECREE NO. 2028, February 04, 1986]

AMENDING SECTIONS 106 (c) AND 2004 OF THE TARIFF AND CUSTOMS CODES OF THE PHILIPPINES

I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution; do hereby amend pertinent provisions of the Tariff and Customs Code as follows:

SECTION 1. Section 108 (c) of the Tariff and Customs Code, as amended, is hereby further amended to read as follows:

"(c) On Articles made from Imported Materials— Upon exportation of articles manufactured or produced in the Philippines, including the packing, covering, putting up, marking or labeling; thereof either in whole or in part of imported materials for which duties have been paid, refund or tax credit shall be allowed for the duties paid on the imported materials so used including the packing, covering, putting up, marking or labeling; thereof, subject to the following conditions:

1. The actual use of the imported materials in the production or manufacture of the article exported with their quantity, value and amount of duties paid thereon, having been established;
2. The duties refunded or credited shall not exceed one hundred (100) per cent of duties paid on the imported materials used;
3. There is no determination by the National Economic and Development Authority of the requirement for certification or non-availability of locally-produced or manufactured competitive substitutes for the imported materials used at the time of importation.
4. The exportation shall be made within one (1) year after the importation of materials used and claim of refund or tax credit shall be filed within six (6) months from the date of exportation;
5. When two or more products results from the use of the same imported materials, an apportionment shall be made on its equitable basis.

For every application of a drawback, there shall be paid to and collected by the Bureau of Customs as filing, processing and supervision fees the sum of Five Hundred (P500.00) Pesos which amount may be increased or decreased when the need arises by the Minister of Finance upon the recommendation of the "Commissioner of Customs."

"Section 2004. *Verification by the Commissioner.*—A careful account shall be kept by the Collector of all articles delivered by him to any bonded manufacturing warehouse, and a sworn monthly return, verified by the custom officer in charge, shall be made by the manufacturer containing a detailed statement of all imported articles used by him in the manufacture of the exported articles.

All documents, books and records of accounts concerning the operation of any bonded manufacturing warehouse shall, upon demand, be made available to the Collector or his representative for examination and/or audit.