

**[CDC MEMORANDUM CIRCULAR NO. ERD-11-35,
September 12, 2011]**

**POLICY GUIDELINES ON THE ADMISSION OF DUTY-FREE AND
TAX-EXEMPT AIRCRAFTS (TEAS)**

Adopted: 12 September 2011

Date Filed: 03 February 2012

To ensure Tax Exempt Aircrafts (TEA's) are principally used in connection with Clark related flights, the CDC Board in its meeting held on 26th of August 2011 approved the following policy guidelines with regard to said subject matter.

A. Requirements for Approval of Importation of TEAs:

CFZ locators shall be allowed importation of TEAs on the premise that the units shall be used in relation to Clark activities. The threshold limit established by CDC that unit is principally based on Clark is that at least 51% of total flight hours of the TEA must have been connected with Clark, i.e., flights are made to/from Clark. If such threshold limit is not met, locators will have to pay duties and taxes for the particular TEA. Locators will not be allowed to import new TEA if duties and taxes have not been paid for previously imported TEAs not meeting the 51% threshold limit.

1. Clark locators engaged in aviation and logistic activities are allowed TEA importation as long as they can justify the need for the importation of aircraft units in relation to their business operations in Clark. It must be established, however, that all TEAs previously imported through Clark were used with Clark as base of operations, that is, at least 51% of total flight hours were made to/from Clark.
2. Non-aviation and non-logistics companies may be allowed to import TEAs as long as they can justify the need for the units and as long they are able to prove they have put up actual investment of P100 million for every TEA to be imported.
3. Locators must have a valid Lease Agreement with CDC/CIAC, Certificate of Registration and Tax Exemption (CORTE), and clearance to fly aircraft units from the Civil Aviation Authority of the Philippines (CAAP).
4. For locators with previous TEAs, they must submit to CDC within the period provided under Item B herein, a CAAP certification of TEAs previous year's flight schedules and total flight hours reflecting that at least 51% of total TEA flight hours are connected with Clark routes.