

**[BIR REVENUE MEMORANDUM CIRCULAR NO. 52-
2010, June 22, 2010]**

**PUBLISHING THE FULL TEXT OF JOINT ORDER NO. 1-2010
DATED APRIL 5, 2010 BY THE SECRETARY OF THE DEPARTMENT
OF FINANCE (DOF) AND COMMISSIONERS OF BUREAU OF
CUSTOMS (BOC) AND BUREAU OF INTERNAL REVENUE (BIR),
RESPECTIVELY, ENTITLED VALUATION OF MOTOR VEHICLES**

For the information and guidance of all concerned, quoted hereunder is the full text of Joint Order No. 1-2010 dated April 5, 2010 by the Secretary of the Department of Finance and Commissioners of Bureau of Customs and Bureau of Internal Revenue:

“Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

JOINT ORDER NO. 1-2010

April 5, 2010

Pursuant to the provision of Section 6 in relation to Sections 105, 106 and 149 of the National Internal Revenue Code (NIRC), Republic Act 9224 and Sec. 602 (a) of the Tariff and Customs Code of the Philippines (TCCP) in relation to Section 12 of the NIRC, the Commissioner of Internal Revenue and Commissioner of Customs hereby issue the herein regulations pertaining to the importation of automobiles, whether for personal use or for resale.

I. OBJECTIVES

1. To ensure the proper collection of duties, VAT, excise tax and other charges due on imported automobiles by providing a uniform basis in the appraisal thereof.
2. To expedite the processing, release and registration of said automobiles by simplification of the procedures involved.

II. COVERAGE

This regulation shall apply to all imported motor vehicles, whether or not subject to payment of duties, VAT, excise tax and other charges under the TCCP and Sec. 149 of the NIRC as amended by RA 9224 imported under the following conditions:

1. Importation of brand new Completely Built Units which are allowed under CB Circular No. 92, Series of 1996.

2. Motor vehicles exempted from the coverage of Executive Order 156 and those automobiles imported under the no-dollar importation program administered by the DTI-BIS.

3. In case of duty and/or tax-free automobiles imported into the Philippines by person/s, entity/ies or agency/ies exempt from duty and/or tax which are subsequently sold or transferred or exchanged in the Philippines to non-exempt person or entities.

4. Importations under Section 105 of the Tariff and Customs Code of the Philippines, as amended.

III. DEFINITION OF TERMS

For purposes of this Joint Order, the following words and phrases shall have the meaning as indicated below:

a. Automobile – shall refer to any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power. Buses, trucks, cargo vans, jeeps, single cab, chassis and special purpose vehicles shall not be considered as automobiles.

b. Special Purpose Vehicles – shall refer to a motor vehicle other than trucks, cargo van, jeep/jeepney, bus, single cab chassis designed for specific application such as cement mixer, fire truck, boom truck, ambulance and/or medical unit and off-road vehicles for heavy industries and not for recreational activities. For this purpose, “designed for specific application” shall mean the motor vehicle is designed in such a manner that it can only be used strictly for the intended purpose for which it was manufactured.

c. Brand New Automobiles – an automobile shall be considered brand-new if the same is:

1. Of current or advance year model in the country of origin and/or manufacture; or

2. Year model of the immediately preceding year in the country of origin and/or manufacture provided that

a. The motor vehicle has a mileage of not more than 200 kms. and

b. The motor vehicle has been acquired by the importer from the dealer as first owner.

A brand new motor vehicle with year model of the immediately preceding year shall not be accorded

any depreciation allowance.

d. Personally-Owned Motor Vehicles and/or for Personal Use – a motor vehicle shall be deemed personally-owned or for personal use if the invoice, bill of sale and bill of lading are made out in the name of a natural person provided that the number of units imported by that person shall not exceed two in any given twelve-month period. Should there be importations of automobiles made in the name of several buyers but represented by a single person/entity, such importation shall be deemed an importation of automobile for resale; therefore subject to ad valorem tax based on importer's selling price to be paid by such person/entity representing the individual buyers.

e. Manufacturer's or Importer's Selling Price – The net manufacturer's or importer's selling price shall refer to the price, net of excise and value added taxes, at which locally manufacture/assembled or imported automobiles are offered for sale by the manufacturer/ assembler or importer to the dealers, or to the public directly or through their sales agents, as reflected in the manufacturer's/assembler's or importer's sworn statement duly filed with the BIR, or in their sales invoices/official receipts, whichever is higher, Provided, that in computing the manufacturer's/assembler's or importer's selling price, it shall always include the value of car airconditioner, radio and mag wheels including the cost of installation thereof whether or not the same were actually installed in the automobile. Provided, further, that in no case shall the manufacturer's/ assembler's or importer's selling price be less than the amount computed as follows:

$80\% \times (\text{Suggested Retail Price} - \text{Excise Tax} - \text{Value- Added Tax})$

Provided, furthermore, that the manufacturer 's/ assembler's or importer's selling price shall in no case be less than the cost of manufacture/assembly/ importation plus the industry profit margin of ten percent (10%) and other expenses incurred before the automobiles are sold to the market, provided, finally that the suggested retail price shall not be less than the actual selling price of the automobiles when sold to the market.

IV. ADMINISTRATIVE PROVISIONS

1. The rate of duty, ad valorem, excise taxes and VAT shall be the rate of duty, excise taxes and VAT applicable under existing laws, regulations at the time of filing of entry. The rate of exchange shall be the rate as of the date of the filing of entry.

2. For purposes of arriving at the total landed value, the following procedures shall be adopted: