

**[PPA ADMINISTRATIVE ORDER NO. 10-2000,
September 25, 2000]**

**REVISED GUIDELINES ON THE IMPOSITION OF INTEREST AND
PENALTY CHARGES**

1. AUTHORITY

- 1.1 Section 6(a)(iii) of Presidential Decree No. 857
- 1.2 Section 22 of Presidential Decree No. 857

2. COVERAGE - This guideline shall cover all trade transactions of the Authority. It shall likewise be applicable to transactions covered by contract, agreement, undertaking or the like unless the manner and rate of interest and penalty charged are specifically provided otherwise.

3. DEFINITION OF TERMS

3.1 Cash and Carry System is a collection system in which payment is made by the party primarily liable (the Shipping Line, the Shipper or the Consignee) in cash, manager's/cashier's check or PPA pre-approved company check prior to withdrawal of cargoes from the port/loading of cargoes unto vessel for charges against cargoes or before issuance of departure clearance for charges against vessel.

3.2 Cash and Carry System with Cash Revolving Deposit is a variant of the cash and carry system where the party primarily liable (the Shipping Line, the Shipper or the Consignee) maintains a cash revolving deposit with PPA equivalent to its/his one month transaction volume and replenished any time the remaining balance is no longer sufficient to cover the amount of transaction in process.

3.3 Centralized Collection System for Oil Companies is prescribed specifically for this industry where the oil company maintains a cash revolving deposit with PPA and payment for both loading and unloading wharfage dues are paid at the loading port and due on the 10th and 25 of the month for companies with 15-day cash revolving deposit or every 25th day of the month for the companies with 30-day cash revolving deposit.

3.4 Modified Cash and Carry System is an alternative collection system where the party availing (party acting as representative of its client-shippers/consignees) has complied with the posting of fixed cash deposit equivalent to 3-day transaction volume and other requirements of the system and given the privilege to pay one a per vessel per voyage basis within a period of three (3) working days from date of vessel departure.

4. RATE AND RECKONING DATE OF INTEREST CHARGES

4.1 An interest charge at the rate of Twelve Percent (12%) per annum shall be imposed reckoned from the day specified hereunder:

4.1.1 For port charges and cargo handling charges collected on cash and carry system, the reckoning date shall be upon withdrawal/loading of cargoes or departure clearance of the vessel.

4.1.2 For port charges and cargo handling charges collected on cash and carry system with cash revolving deposit, the reckoning date shall be upon withdrawal/loading of cargoes or departure of the vessel based on the amount not covered by the remaining balance of the cash revolving deposit.

4.1.3 For port charges and cargo handling charges collected under the modified cash and carry system, the reckoning date shall be three (3) working days after the date of departure of the vessel.

4.1.4 For wharfage dues collectible from the oil companies, the reckoning date shall be the due date as provided in Sec. 3.3 hereof based on the amount covered by the remaining balance of the cash revolving deposit.

4.1.5 For rental charges, fixed and variable fees or percentage government share under the remittance system, other fees, charges and claims which are covered by a contract, agreement or undertaking, the reckoning date shall be the due date as provided in those documents.

4.2 Formula:

$$\text{Interest Charge} = \text{Principal} \times 12\% \times \frac{\text{No. of Days}}{360}$$

5. **RATE AND RECKONING DATE OF PENALTY CHARGES**

5.1 A penalty charge shall be imposed at the rate specified below and reckoned from the day the account becomes due and payable as provided in Sections 4.1.1 to 4.1.5 hereof.

5.1.1 A flat rate of 25% for an account which remains unpaid for one (1) up to thirty (30) calendar days

$$\text{Formula: Penalty Charge} = \text{Principal} \times 25\%$$

5.1.2 Additional penalty of 50% per annum if the account still remains unpaid after thirty (30) calendar days

$$\text{Formula : } \text{Penalty Charge} = (\text{Principal} \times 25\%) + (\text{Principal} \times 50\% \times \frac{\text{No. of Days} - 30}{360})$$