

[BOC MEMORANDUM ORDER NO. 4-98, February 17, 1998]

SUSPENSION OF TAX EXPENDITURES SUBSIDIES

Pursuant to Item No. 3 of Administrative Order No. 372 entitled "**Adoption of Economy Measures in Government for Fiscal Year 1998**" and in line with the letter dated January 14, 1998 of Secretary Emilia T. Boncodin of the Department of Budget and Management (DBM), it is advised that the provision of automatic/incremental budget allocations in the form of tax expenditure subsidies for Government-Owned and Controlled Corporations (GOCCs), Local Government Units (LGUs) and National Government Agencies (NGAs) as provided under Section 13 of the General Appropriations Act of 1997 has been ordered suspended. Accordingly, all assessed duties and taxes on importations therefore are to be funded in the manner provided for in the attached letter from Secretary Boncodin. In view of this change, the procedure of processing the import documents shall be as follows:

1. For NGA importations, the import documents together with the Certificate of Undertaking shall be coursed through the Collection Service. Inasmuch as the fund to settle the duties shall be derived from the realignment of available budget sources, and in the meantime that the corresponding amendment to Joint Circular No. 2-91 is not yet released, the procedure in releasing NGA shipments as provided in CMO No. 23-92 shall remain the same with the exception of the amended **CERTIFICATE OF UNDERTAKING** (Annex A^[*]) which has been reconstructed to conform with the above-mentioned letter and following the accepted practice of reserving the government funds required to cover the importing National Government Agencies' obligation to the Bureau.

2. For shipments consigned to LGUs, the general rule is that the duties, taxes and other charges shall be paid before the cargoes are released from Customs custody, in which case, there is no need for this kind of shipment to pass through the Collection Service. However, the duties, taxes and other charges therefor may be secured to be paid subject to the following conditions:

a. The LGU shall execute a Certificate of Undertaking (Annex B^[*])

b. The Collector of Customs shall verify that the shipment actually belongs to the concerned LGU and submit this with the other documents to the Collection Service for processing.

c. The Collection Service shall verify with the DBM if there is an Internal Revenue Allotment (IRA) already earmarked for the concerned LGU, and if so, advise the DBM about the undertaking of the LGU concerned that the duties; and taxes due corresponding on its shipment shall be deducted from its IRA and credited in favor