

**[BOC ADMINISTRATIVE ORDER NO. 3-95,
December 06, 1995]**

**GUIDELINES IMPLEMENTING CERTAIN PROVISIONS OF
EXECUTIVE ORDER NO. 250**

I
Coverage

The following rules are hereby provided to carry into effect certain provisions of Executive Order No. 250 re Implementing the Rationalization of Duty Free Shops/Outlets and their Operations in the Philippines pursuant to Executive Order No. 140.

II
Definition of Terms

For purposes of implementing E.O. No. 250, the following terms shall be construed as follows:

A. Duty Free Shop - a retail establishment located within the premises of international ports of entry, airport or seaport, authorized to sell tax and duty-free merchandise, consisting of consumables and light durables, for the convenience of travellers. Such establishments have been introduced to special economic zones in Subic and Clark on contention that these are permissible on free port area.

B. International Port of Entry - any airport or seaport declared as such by the relevant authorities where international aircraft or vessels flying routes customarily stop to discharge and load foreign trade goods, repairs, transshipment of cargo, or disembarkation of passengers, and for which reasons customs and immigration officers are stationed thereat for purposes of enforcing the collection of corresponding duties, taxes or fees.

C. Consumables - items for consumption (i.e. for satisfying a personal need rather than for producing goods or services).

D. Light Durables - non consumable items portable or transportable as accompanied personal baggage in the course of travel.

E. Heavy Durable - any durable item not portable or too large to be shipped as accompanied personal item in the course of travel.

F. Special Economic Zone/Freeport - any territory within the former military reservations and their extensions identified under Republic Act No. 7227, otherwise known as the "Bases Conversion and Development Act of 1992" and declared as such and whose territorial jurisdiction as such has been officially circularized by the concerned authorities. As such, exportation or removal of goods from territory of

zone/freeport to the other parts of the Philippine territory shall be subject to payment of corresponding taxes and duties.

G. International travellers - any individual who arrives from a cargo foreign destination, as evidenced by a passport and passenger ticket.

H. Zone resident in secured area - any individual who, by virtue of domicile or employment, resides on permanent basis in the secured area. The term does not include individuals who have entered into short or long-term property lease but are not engaged in registered business activity in the zone, outsiders engaged in doing business within the zone, transients and/or week-enders.

I. Other zone resident - any individual who, by virtue of domicile or employment resides on a permanent basis within the zone but outside the secured area.

III

General Provisions

A. Phase Out of Duty Free Shop - the following duty free stores/outlets located outside international port of entry and/or outside the secured and fenced in areas of SBMA (Subic) and CDC (Clark) shall be closed effective 01 January 1995.

a. DFP Paskuhan Village, San Fernando, Pampanga

b. DFP Philippine International Convention Center, Roxas Boulevard, Manila

Sales in the above stores/outlets shall not be allowed beginning 01 January 1996.

No other Duty Free Shop shall be allowed to operate outside the international ports of entry and/or outside the secured and fenced are of economic zone/freeports.

For the purposes of this provision the Bureau of Customs shall coordinate with the operator of duty free stores/outlets to be phased out for the winding down of their operations and shall submit an inventory report on the merchandise, equipment, and other paraphernalia involved therein. The operator shall be held accountable for all items and shall dispose of the same in accordance with rules and regulations of the Bureau of Customs.

B. Duty Free Shopping Privileges

1. The following may avail of duty free shopping privileges in accordance with their respective purchase limits:

a. Tourists and Filipinos arriving from foreign destinations - One Thousand Dollars (US\$1,000) [but not to exceed Ten Thousands (US\$10,000)] in any given year. Such privilege can only be availed within the forty-eight (48) hours from arrival and on a one-time shopping basis only.

b. Overseas Contract Workers and Balikbayans, pursuant to the terms and conditions of R.A. No. 6768 (An Act Instituting a Balikbayans Program) - An additional One Thousand Dollars (US\$1,000) [but not exceed Eleven Thousand Dollars (US\$11,000)] in any given year. Such privilege can only be availed of within forty-eight (48) hours from arrival and on a one-time shopping basis only.