



**REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099**

**CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. _____**

**SUBJECT: Guidelines in the Implementation of Civil Remedies for the Collection
of Duties and Taxes**

Introduction. This CAO implements Sections 1132 to 1134, Chapter 8 of Title XI and other relevant Sections of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This CAO covers all civil remedies for the collection of import duties, taxes, fees, or charges resulting from the conduct of a post clearance audit when the amount of duties and taxes involved is more than ten thousand pesos (₱10,000.00).

Section 2. Objectives.

- 2.1.** To provide procedure and remedies for the collection of duties, taxes, fees or charges resulting from the conduct of a post clearance audit; and
- 2.2.** To adopt clear and transparent customs rules, regulations, policies and procedures, consistent with international standards and customs best practices.

Section 3. Definition of Terms. For purposes of this CAO, the following terms are defined as follows:

- 3.1. Civil Action** – shall refer to the one by which a party sues another for the enforcement or protection of a right, or the prevention or redress of a wrong¹;
- 3.2. Criminal Action** – shall refer to the one by which the State prosecutes a person for an act or omission punishable by law²;
- 3.3. Customs Clearance** – shall refer to the completion of customs and other government formalities necessary to allow goods to enter for consumption, warehousing, transit or transshipment, or to be exported or placed under another customs procedure under the following Customs regimes;

¹ cf. Rules Of Court, Rule 1, Section 1, paragraph 2

² cf. Rules Of Court, Rule 1, Section 3, paragraph 3 (b)

- 3.4.1. Customs Clearance for Consumption Entries** – shall refer to procedure of making the final payment of duties and taxes and other charges and the legal permit for withdrawal has been granted.
- 3.4.2. Customs Clearance for Warehousing Entries** – shall refer to the procedure of filing of goods declaration and the duties and taxes has been secured to be paid and the legal permit for withdrawal has been granted.
- 3.4.3. Customs Clearance for Transit Entries** – shall refer to the customs procedure under which goods, in its original form, are given permit to be transported under customs control from one customs office to another, or to a free zone.
- 3.4. Customs Clearance for Transshipment Entries** – shall refer to the customs procedure under which goods are given permit to be transferred under customs control from the importing means of transport to the exporting means of transport within the area of one customs office, which is the office of both importation and exportation.
- 3.5. Delinquent Importer** – shall refer to the importer who fails or refuses to pay or settle specified duties, taxes, fines, surcharges, interest and other charges despite receipt of written demand letter signed by the Commissioner of the Bureau of Customs directing payment no later than fifteen (15) calendar day from receipt thereof.
- 3.6. Distraint** – shall refer to the remedy of obtaining the collection of delinquent duties, taxes, fines, surcharges, interest and other charges resulting from the conduct of a post clearance audit thru serving of notice to the concerned delinquent importer or actual seizure of his or its goods, chattels or effects, or other personal properties of whatever character, including stocks and other securities, debts, credits, bank accounts and interest in and rights to personal property; followed by corresponding public sale thereof in case of failure to pay the subject delinquency within fifteen (15) days from receipt of the demand letter³.
- 3.7. Fines** - shall refer to the pecuniary criminal punishment or civil penalty payable to the public treasury;
- 3.8. Fraud** – shall refer to the commission or omission of any act resulting in material false statements such as, as but not limited to, the submission of false or altered documents in connection with any importation knowingly, voluntarily, and intentionally done to reduce the taxes and duties paid or to avoid compliance with government regulations related to the entry of Regulate, Prohibited or Restricted goods into Philippine customs territory through Misdeclaration, Misclassification or Undervaluation;

³ cf. The National Internal Revenue Code of The Philippines (NIRC), Title VIII, Chapter II, Section 205

3.9. Importer – shall refer to the following:

3.9.1. Importer-of-record or consignee, owner or declarant, or a party who:

- a.** imports goods into the Philippines or withdraws admitted goods from the Free Zones into the customs territory for consumption or warehousing; files a claim for refund or drawback; or transports or stores such goods carried or held under security; or
- b.** knowingly causes the importation or transportation or storage of imported goods referred to above, or the filing of refund or drawback claim.

3.9.2. A person ordering imported goods from a local importer or supplier in a domestic transaction shall be considered an Importer if:

- a.** the person placing the order controls the material terms and conditions of the importation; or
- b.** the person placing the order and the Importer or supplier are related in such a way that the former may be considered as the beneficial or true owner of the imported goods, as may be exemplified by the following circumstances:
 - i.** the person placing the order is the sole buyer of the goods imported by the Importer on record;
 - ii.** the Importer on record is an affiliate of the juridical entity which placed the order;
 - iii.** the Importer on record and the entity which placed the order are owned by the same set of majority stockholders, whether nominal or beneficial, in both corporations; or
 - iv.** the person or entity placing the order furnished the Importer or the exporter with technical data, molds, equipment, other production assistance, material, components, or parts with knowledge that these will be used in the manufacture or production of imported goods or the goods to be imported.

A person whose activities require the filing of a goods declaration.

3.10. Levy – shall refer to the preparation of a duly authenticated certificate showing the name of the delinquent importer; the amounts of duties, taxes, fines, surcharges, interest and other charges due resulting from the conduct of a post clearance audit; and description of property intended to secure payment thereof; and service of written notice thereof upon the concerned register of deeds of the province or city where the property is located and upon the concerned delinquent importer, or if the latter is not in the Philippines, upon the agent or the manager of the business from which the liability arose, of it there be none, to the occupant of the property in question⁴.

⁴ cf. Customs Modernization and Tariff Act (CMTA), Title XI, Chapter 8, Section 1134

- 3.11. Personal Properties** – shall refer to movable properties as enumerated under Articles 416 and 417 of the New Civil Code.⁵
- 3.12. Post Clearance Audit** – shall refer to the authority of the Bureau to conduct an audit examination, inspection, verification, and investigation of records pertaining to any goods declaration, which shall include statements, declarations, documents and electronically generated or machine readable data, for the purpose of ascertaining the correctness of the goods declaration and determining the liability of the importer for duties, taxes and other charges, including any fine or penalty, within three (3) years from the date of final payment of duties and taxes or Customs Clearance, as the case may be⁶.
- 3.13. Real Properties** – shall refer to immovable properties as enumerated under Article 415 of the New Civil Code.⁷
- 3.14. Summary Remedies** – shall refer to the proceeding that settles a controversy or disposes of a case in a relatively prompt and simple manner;
- 3.15. Surcharges** – shall refer to an additional tax, charge, or cost;

Section 4. General Provisions. The civil remedies for the collection of import duties, taxes, fees, or charges resulting from the conduct of a post clearance audit shall be obtained by:

- a. Distraint of goods, chattels, or effects, and other personal property of whatever character, including stocks and other securities, debts, credits, bank accounts, and interest in and rights to personal property;
- b. Levy upon real property and interest in rights to real property;
- c. Civil Action thru the Office of the Solicitor General; and
- d. Criminal Action thru the Department of Justice.

Either or both remedies may be pursued at the discretion of the Bureau. However, the remedies of distraint and levy shall not be allowed when the amount of duties and taxes involved is not more than Ten Thousand Pesos (₱10,000.00).

The Bureau shall advance the amounts needed to defray costs of collection by means of civil or criminal action, including the preservation or transportation of personal property distrained and the advertisement and sale thereof as well as of real property and improvements thereon.

4.1. Distraint of Property.

- 4.1.1. Actual Distraint** – Upon failure of the importer to pay at the time required the delinquent duties, taxes, fees, or charges resulting from the conduct of a post clearance audit, the Commissioner or authorized

⁵ cf. Republic Act (RA) No. 386, Book II, Title I, Chapter 2

⁶ cf. Customs Modernization and Tariff Act (CMTA), Title X, Section 1000

⁷ cf. RA No. 386, Book II, Title I, Chapter 1

representative may seize and take possession personal properties of such person, including goods, chattels, or effects, and other personal property of whatever character, stocks and other securities, debts, credits, bank accounts, and interest in and rights to personal property, in sufficient quantity to satisfy the said delinquency and expenses of the distraint and cost of the subsequent sale;

4.1.2. Constructive Distraint – To safeguard the interest of the government, the Commissioner or authorized representative, may place under constructive distraint, the personal properties of an importer, who, in the opinion of the Commissioner:

- a. Is retiring from any business subject to duty and tax;
- b. Is intending to leave the Philippines;
- c. Is removing property or properties therefrom;
- d. Is hiding or concealing property or properties; or
- e. Is performing any act tending to obstruct the proceedings for collecting the duty and tax due, or which may be due.

4.2. Levy of real property and interest in rights to real property. Upon failure of the importer to pay at the time required the delinquent duties, taxes, fees, or charges resulting from the conduct of a post clearance audit, the Commissioner or authorized representative, before, simultaneously, or after the distraint of personal properties, may levy real properties and interest in rights to real properties of delinquent importer;

4.3. Civil Action thru the Office of the Solicitor General. Civil actions and proceedings instituted on behalf of the Government shall be brought in the name of the government of the Philippines through the Office of the Solicitor General. No civil action for the collection of import duties, taxes, fees, or charges resulting from the conduct of a post clearance audit shall be filed in court without the approval of the Commissioner;⁸ (Section 1135, CMTA); and

4.4. Criminal Action thru the Department of Justice. Criminal actions arising from the collection of import duties, taxes, fees, or charges resulting from the conduct of a post clearance audit shall be prosecuted and handled by the Bureau with the assistance of the Department of Justice (DOJ). Provided, that the determination of the existence of probable cause and the subsequent filing of any criminal case with the proper court against violators of this Act shall exclusively belong to the DOJ. However, no criminal complaint shall be filed in DOJ without the approval of the Commissioner.⁹

Section 5. Procedures.

⁸ cf. CMTA, Title XI, Chapter 9, Section 1135

⁹ cf. CMTA, Title XI, Chapter 9, Section 1135

5.1. Actual Distraint of Personal Property.

5.1.1. Issuance of Warrant of Distraint or Garnishment.

Upon failure of the person owing any delinquent duty, tax and other charges to pay at the time required, the Legal Service, Bureau of Customs, may recommend to the Commissioner issuance of Warrant of Distraint or Garnishment directing the seizure and taking of possession of the goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property of such person, in sufficient quantity, to satisfy the duty, tax or other charge and the expenses of the distraint and the cost of the subsequent sale.

The Warrant of Distraint or Garnishment must specifically state with certainty:

- a.** Name of Delinquent Importer;
- b.** Delinquent duties, taxes and other charges sought to be collected; and
- c.** Time and Place of Sale;

Upon issuance of the said Warrant of Distraint, the same shall be recorded and docketed by the Legal Service, Bureau of Customs, and shall cause the proper service and implementation thereof.

5.1.2. Service of Warrant.

The designated officer serving the Warrant of Distraint shall make or cause to be made a detailed account of the goods, chattels, effects, or other personal property actually seized. The detailed account must be signed by the said officer.

During the service of the Warrant of Distraint, a copy of the Warrant and Detailed Account must be served or left either with:

- a.** the owner or person from whose possession such goods, chattels, or effects or other personal property were taken; or
- b.** the owner or person at the dwelling or other place of business of such person and with someone of suitable age and discretion.

For Warrant of Distraint covering stocks and other securities, the same shall be distrained by serving a copy thereof upon:

- a.** the importer; and
- b.** the president, manager, treasurer, or other responsible officer of the corporation, company or association, which issued the said stocks or securities.

For Warrant of Distraint covering debts and credits, the same shall be distrained by leaving with:

- a. the person owing the debts or having in his or her possession or under his or her control such credits; or
- b. his or her agent.

The warrant of distraint shall be sufficient authority to the person owing the debts or having in his possession or under his control any credits belonging to the importer to pay to the Commissioner the amount of such debts of credits.

For Bank accounts, the same shall be garnished by serving a Warrant of Garnishment upon:

- a. the importer; and
- b. the president, manager, treasurer, or other responsible officer of the bank.

Upon receipt of the Warrant of Garnishment, the bank shall turn over to the Commissioner so much of the bank accounts as may be sufficient to satisfy the claim of the government.

5.1.3. Reportorial Requirement to the Commissioner.

Upon service and implementation of the Warrant of Distraint or Garnishment, the designated officer shall submit to the Commissioner thru the Director, Legal Service:

- a. Proof of Service; and
- b. Detailed Account of seized and distrained goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property of delinquent importer.

Within ten (10) days from receipt thereof, the Commissioner thru the Director, Legal Service, shall submit to the Secretary of Finance list of the following:

- a. Warrant of Distraint or Warrant of Garnishment;
- b. Proof of Service; and
- c. Detailed Account of seized and distrained goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property of delinquent importer.¹⁰

5.1.4. Motion for Reconsideration or Lifting.

¹⁰ cf. Customs Modernization and Tariff Act (CMTA), Title XI, Chapter 8, Section 1134

On just and equitable grounds, aggrieved importers may seek the reconsideration or lifting of Warrant of Distraint or Garnishment by filing with fifteen (15) days from service thereof a Motion for Reconsideration or Lifting with the Commissioner thru the Legal Service, Bureau of Customs.

In this regard, the Commissioner may ask for sufficient bond as a condition for the cancellation or lifting to Warrant of Distraint or Garnishment.

5.1.5. Custody of Distrainted Properties.

The Bureau shall endeavor to construct or maintain corresponding warehouses, security vaults and facilities for safe-keeping of the goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property in connection with this CAO.

Meanwhile, goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, and interests in and rights to personal property in connection with this CAO, shall be turned over for immediate disposition to nearest Auction and Cargo Disposal Division (ACDD) or equivalent unit of the Collection District where the same were seized.

On the other hand, turned over bank accounts shall be deposited with the nearest Cash Division or equivalent unit of the Collection District where the same were garnished.

5.1.6. Sale of Property Distrainted and Disposition of Proceeds.

The District Collector or his duly authorized representative upon receipt of distrainted properties shall forthwith cause a notification to be exhibited in not less than two (2) public places in the municipality or city where the distraint is made, specifying; the time and place of sale and the articles distrainted. The time of sale shall not be less than twenty (20) days after notice. One place for the posting of such notice shall be at the Office of the Mayor of the city or municipality in which the property is distrainted.

At the time and place fixed in such notice, the said District Collector or his duly authorized representative shall sell the goods, chattels, or effects, or other personal property, including stocks and other securities so distrainted, at public auction, to the highest bidder for cash, or with the approval of the Commissioner, through duly licensed commodity or stock exchanges.

In the case of stocks and other securities, the District Collector or his duly authorized representative making the sale shall execute a bill of sale which he shall deliver to the buyer, and a copy thereof furnished

the corporation, company or association which issued the stocks or other securities. Upon receipt of the copy of the bill of sale, the corporation, company or association shall make the corresponding entry in its books, transfer the stocks or other securities sold in the name of the buyer, and issue, if required to do so, the corresponding certificates of stock or other securities.

Any residue over and above what is required to pay the entire delinquent the duties, taxes, expenses and other charges, shall be returned to the owner of the property sold. The expenses chargeable upon each seizure and sale shall embrace only the actual expenses of seizure and preservation of the property pending sale, and no charge shall be imposed for the services of the District Collector or his duly authorized representative.¹¹

5.1.7. Release of Distraigned Property Upon Payment Prior to Sale

If at any time prior to the consummation of the sale all proper charges are paid to the District Collector or his duly authorized representative conducting the sale, the goods or effects distraigned shall be restored to the owner.¹²

5.1.8. Report of Sale to Commissioner

Within two (2) days after the sale, the District Collector or his duly authorized representative making the same shall make a report of his proceedings in writing to the Commissioner thru the Director, Legal Service, and shall himself preserve a copy of such report as an official record.¹³

5.1.9. Purchase by Government at Sale Upon Distraint

When the amount bid for the property under distraint is not equal to the amount of the tax or is very much less than the actual market value of the articles offered for sale, the Commissioner or his duly authorized representative may purchase the same in behalf of the national Government for the amount of taxes, penalties and costs due thereon.

Property so purchased may be resold by the Commissioner or his duly authorized representative, and the net proceeds therefrom shall be remitted to the National Treasury and accounted for as cash collection.¹⁴

5.2. Constructive Distraint of the Property.

¹¹ cf. NIRC, Title VIII, Chapter II, Section 209

¹² cf. NIRC, Title VIII, Chapter II, Section 210

¹³ cf. NIRC, Title VIII, Chapter II, Section 211

¹⁴ cf. NIRC, Title VIII, Chapter II, Section 212

5.2.1. Issuance of Warrant of Constructive Distraint of Property

To safeguard the interest of the government, the Head, Post Clearance Audit Group (PCAG) thru the Legal Service, Bureau of Customs, may recommend to the Commissioner issuance of Warrant of Constructive Distraint directing the seizure and taking of possession of the goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property of importer who is a subject of on-going post entry audit, when in their opinion:

- a.** Is retiring from any business subject to duty and tax;
- b.** Is intending to leave the Philippines;
- c.** Is removing property or properties therefrom;
- d.** Is hiding or concealing property or properties; or
- e.** Is performing any act tending to obstruct the proceedings for collecting the duty and tax due, or which may be due.

The Warrant of Constructive Distraint must specifically state with sufficient certainty:

- d.** Name of Importer subject of Post Entry Audit;
- e.** Estimated Duties, taxes and other charges sought to be collected; and
- f.** Directive to the importer concerned or any person in possession or control of such property to sign a receipt covering the property distrained;
- g.** Directive to importer concerned or any person in possession or control of such property to preserve the distrained property on the state and condition at the time of the government's seizure of the same, and not to dispose of the same in any manner whatsoever, without the express authority of the Commissioner;
- h.** Directive that in case importer concerned or any person in possession or control of the property sought to be placed under constructive distraint refuses or fails to sign the receipt herein referred to, the customs officer effecting the constructive distraint shall proceed to prepare a list of such property and, in the presence of two (2) witnesses, leave a copy thereof in the premises where the property distrained is located, after which the said property shall be deemed to have been placed under constructive distraint.
- i.** In case the importer or the person in possession and control of the property sought to be placed under constructive distraint refuses or fails to sign the receipt herein referred to, the customs officer effecting the constructive distraint shall proceed to prepare a list of such property and, in the presence of two (2) witnesses, leave a copy thereof in the premises where the property distrained is located, after which the said property shall be deemed to have been placed under constructive distraint.

Upon issuance of the said Warrant of Constructive Distraint, the same shall be recorded and docketed by the Legal Service, Bureau of Customs, and shall cause the proper service and implementation thereof.¹⁵

5.2.2. Release of Distrainted Property Upon Payment Prior to Sale

If at any time after the issuance of the Warrant of Constructive Distraint, all proper charges are paid to the District Collector or his duly authorized representative conducting the sale, the goods or effects distrainted shall be restored to the owner.¹⁶

5.3. Levy on Real Property.

5.3.1. Issuance of Warrant of Levy

After the expiration of the period within which to pay the duty tax and other charges, the Legal Service, Bureau of Customs may, before, simultaneously, or after the distraint of personal property belonging to the importer, also recommend to the Commissioner issuance of Warrant of Levy directing the seizure of the real property of such person, or a part thereof, in sufficient value, to satisfy the duty, tax or other charges and the expenses of the levy and the cost of the subsequent sale.

The Warrant of Levy in the form of a duly authenticated certificate prepared by the Legal Service, Bureau of Customs and signed by the Commissioner must specifically state with sufficient certainty:

- a.** Name of Delinquent Importer;
- b.** Delinquent duties, taxes and other charges sought to be collected; and
- c.** A description of the property on which levy is made.

The certificate or warrant of levy shall operate with the force of a legal execution throughout the Philippines.

Upon issuance of the said Warrant of Levy, the same shall be recorded and docketed by the Legal Service, Bureau of Customs, and shall cause the proper service and implementation thereof.

5.3.2. Service of Warrant

A written notice of the levy shall be mailed to or served upon the register of deeds of the province or city where the property is located and upon the importer, or if the latter is not in the Philippines, upon the agent or the manager of the business from which the liability arose, or if there be none, to the occupant of the property in question.

¹⁵ cf. CMTA, Title XI, Chapter VIII, Section 1133

¹⁶ cf. NIRC, Title VIII, Chapter II, Section 210

5.3.3. Reportorial Requirement to the Commissioner

Upon service and implementation of the Warrant of Levy, the designated officer shall submit to the Commissioner thru the Director, Legal Service:

- a.** Proof of Service;
- b.** Detailed Account of seized and levied real property and interests in and rights to real property of delinquent importer.

Within ten (10) days from receipt thereof, the Commissioner thru the Director, Legal Service, shall submit to the Secretary of Finance the list of following:

- a.** Warrant of Levy;
- b.** Proof of Service; and
- c.** Detailed Account of seized real property and interests in and rights to rights property of delinquent importer;

5.3.4. Motion for Reconsideration or Lifting

On just and equitable grounds, aggrieved importers may seek the reconsideration or lifting of Warrant of Levy by filing with fifteen (15) days from service thereof a Motion for Reconsideration or Lifting with the Commissioner thru the Legal Service, Bureau of Customs.

In this regard, the Commissioner may ask for sufficient bond as a condition for the cancellation or lifting to Warrant of Levy.

5.3.5. Sale of Property Levied upon and Disposition of Proceeds.

Within twenty (20) days after levy, the officer conducting the proceedings shall proceed to advertise the property or a usable portion thereof as may be necessary to satisfy the duties, taxes, expenses and other charges.

It shall be effectuated by posting a notice at the main entrance of the municipal building or city hall and in public and conspicuous place in the barrio or district in which the real estate lies and by publication once a week for three (3) consecutive weeks in a newspaper of general circulation.

The advertisement shall contain a statement of the amount of the duties, taxes, expenses and other charges and the time and place of sale, the name of the taxpayer against whom taxes are levied, and a short description of the property to be sold. At any time before the day fixed for the sale, the taxpayer may discontinue all proceedings by paying the taxes, penalties and interest. If he does not do so, the sale shall proceed and shall be held either at the main entrance of the

municipal building or city hall, or on the premises to be sold, as the officer of the Auction and Cargo Disposal Division (ACDD) or equivalent office conducting the proceedings shall determine and as the notice of sale shall specify.¹⁷

Within five (5) days after the sale, a return by the levying officer of the proceedings shall be entered upon the records of the Legal Service.

The ACDD or its equivalent office thru the District Collector, shall then make out and deliver to the purchaser a certificate from his records, showing the proceedings of the sale, describing the property sold stating the name of the purchaser and setting out the exact amount of all duties, taxes and other charges: Provided, however, That in case the proceeds of the sale exceeds the duties, taxes, expenses and other charges, the excess shall be turned over to the owner of the property.

The ACDD or its equivalent office, upon approval by the District Collector may, out of the auction fund, advance an amount sufficient to defray the costs of collection by means of the summary remedies provided for in this Order, the advertisement and subsequent sale of real property including improvements found on the latter.¹⁸

5.3.6. Release of Levied Property Upon Payment Prior to Sale

If at any time prior to the consummation of the sale, all proper charges are paid to the Bureau, the property levied shall be restored to the owner.¹⁹

5.3.7. Report of Sale to Commissioner

Within two (2) days after the sale, the District Collector or his duly authorized representative making the same shall make a report of his proceedings in writing to the Commissioner thru the Director, Legal Service, and shall himself preserve a copy of such report as an official record.²⁰

5.3.8. Purchase by Government at Sale Upon Levy

When the amount bid for the property under distraint is not equal to the amount of the tax or is very much less than the actual market value of the articles offered for sale, the Commissioner or his duly authorized representative may purchase the same in behalf of the national Government for the amount of taxes, penalties and costs due thereon.

¹⁷ cf. NIRC, Title VIII, Chapter II, Section 213

¹⁸ cf. NIRC, Title VIII, Chapter II, Section 213

¹⁹ cf. NIRC, Title VIII, Chapter II, Section 210

²⁰ cf. NIRC, Title VIII, Chapter II, Section 211

Property so purchased may be resold by the Commissioner or his duly authorized representative, and the net proceeds therefrom shall be remitted to the National Treasury and accounted for as cash collection.²¹

5.3.9. Redemption of Property Sold.

Within one (1) year from the date of sale, the delinquent importer shall have the right of paying to the Bureau the amount of the duties, taxes, expenses and other charges thereon from the date of delinquency to the date of sale, together with interest on said purchase price at the rate of fifteen percent (15%) per annum from the date of purchase to the date of redemption, and such payment shall entitle the person paying to the delivery of the certificate issued to the purchaser and a certificate from the said District Collector that he has thus redeemed the property, and the District Collector shall forthwith pay over to the purchaser the amount by which such property has thus been redeemed, and said property thereafter shall be free from the lien of such taxes and penalties.

The owner shall not, however, be deprived of the possession of the said property and shall be entitled to the rents and other income thereof until the expiration of the time allowed for its redemption.

5.3.10. Forfeiture to Government for Want of Bidder.

In case there is no bidder for real property exposed for sale as herein above provided or if the highest bid is for an amount insufficient to pay the duties, taxes, expenses and other charges, the ACDD or its equivalent office conducting the sale shall declare the property forfeited to the Government in satisfaction of the duties, taxes, expenses and other charges in question and within two (2) days thereafter, shall make a return of his proceedings and the forfeiture which shall be spread upon the records of his office.

It shall be the duty of the Register of Deeds concerned, upon registration with his office of any such declaration of forfeiture, to transfer the title of the property forfeited to the Government without the necessity of an order from a competent court.

Within one (1) year from the date of such forfeiture, the delinquent importer may redeem said property by paying to the Commissioner or the latter's District Collector the full amount of the taxes and penalties, together with interest thereon and the costs of sale, but if the property be not thus redeemed, the forfeiture shall become absolute.²²

²¹ cf. NIRC, Title VIII, Chapter II, Section 212

²² cf. NIRC, Title VIII, Chapter II, Section 215

Section 6. Further Distraint or Levy. - The remedy by distraint of personal property and levy on realty may be repeated if necessary until the full amount due, including all expenses, is collected.²³

Section 7. Injunction not Available to Restrain Collection of Tax. Except for the CTA, no court may issue any order or decision until all the remedies for administrative appeal have been exhausted.²⁴

Section 8. Implementing Office. The Post Clearance Audit Office, the Office of the Commissioner, the Office of the Deputy Commissioner, RCMG, the Legal Service, ACDD, District Collector and Personnel designated to enforce the Warrant of Distraint shall implement this CAO.

Section 9. Penal Provision. Accountability of the designated warrant of distraint/levy officer as provided in Title XIV, Chapter 2.

Section 10. Separability Clause. If any part of this CAO is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 11. Effectivity. – This CAO shall take effect fifteen (15) days after its publication at the Official Gazette or in a newspaper of general circulation.

The Office of National Administrative Registrar (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO

NICANOR E. FAELDON

Commissioner

Approved:

CARLOS G. DOMINGUEZ III

Secretary

Informational Section. As the title denotes this section only provides information and does not give rise to any substantive or formal rights or obligations.

1. History.

Related Policies.

²³ cf. NIRC, Title VIII, Chapter II, Section 217

²⁴ cf. CMTA, Title XI, Chapter IX, Section 1137

- The National Internal Revenue Code Of The Philippines (Tax Reform Act Of 1997) Republic Act No. 8424, An Act Amending The National Internal Revenue Code, As Amended, And For Other Purposes

2. Webpage, Forms, Handbooks and other References.