



USDA Foreign Agricultural Service

# GAIN Report

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## Philippines

### Trade Policy Monitoring

### Voluntary Disclosure Program

## 2007

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**Report Highlights:**

In an effort to enhance revenue collection, the Philippine Department of Finance has approved a Voluntary Disclosure Program that provide legitimate importers the opportunity to voluntarily disclose any underpayment of customs duties resulting from honest errors in the customs value declaration in their import shipments.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Manila [RP1]  
[RP]

The Philippine Department of Finance (DOF) recently approved Customs Administrative Order No.5- 2007, which provide rules for a Voluntary Disclosure Program (VDP) for importers. The program gives bona fide importers the opportunity to disclose voluntarily any underpayment of duties and taxes resulting from honest errors in customs value declaration in their import entries, without waiting to be selected under the post entry audit program of the Bureau of Customs (BOC).

Qualified importers under the VDP program enjoy incentives in the form of non-imposition of penalties for the underpayments disclosed, subject to verification as to its accuracy and completeness. Qualified importers, at the same time and under certain conditions, will be given a last priority status for post entry audit.

However, to prevent abuse, the program excludes the following:

- those covered by a final assessment issued by the Commissioner of Customs or subject of pending ruling requests with the Customs Valuation Classification Review and Ruling Committee or any other similar customs office;
- those covered by cases already filed and pending in courts;
- those who have already been issued Audit Notification Letters (ANL) and are currently undergoing enforced compliance audit; and
- those involving fraud cases.

The VDP aims to improve the import industry's level of customs compliance and at the same time seeks to enhance the BOC's revenue generation efforts through the immediate payment and collection of delinquent import duties and taxes.

Owing to the complexity of the WTO transaction value system, there is a high incidence of honest errors in the computation of taxes and duties. As a result, reputable importers, including multinational companies, have expressed interest in such a program that would allow them to correct honest errors without having to be severely penalized.