



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

CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. _____

**SUBJECT: REWARDS TO PERSONS INSTRUMENTAL IN THE ACTUAL
COLLECTION OF ADDITIONAL REVENUES ARISING FROM THE
DISCOVERY OF VIOLATIONS OF THE CMTA**

Introduction. This CAO implements Sections 1512, Title XV and other related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA) in relation to NIRC.

Section 1. Scope. This CAO covers the cash reward to informers or whistleblowers instrumental in the actual collection of revenues, surcharges and fees arising from discovery of violation of the CMTA.

Section 2. Objectives.

- 2.1.** To encourage the public to extend full cooperation in eradicating smuggling.
- 2.2.** To provide guidelines on procedures for giving cash reward to customs and non – customs informers or whistleblowers.

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

- 3.1. Additional revenue** – shall refer to actual proceeds from the sale of smuggled goods and confiscated goods or actual collection of additional income for the government.¹
- 3.2. Cash reward** – shall refer to reward herein authorized to be paid out of revenues, surcharges, compromises, and penalties established by law, collected and accounted for as a result of the information furnished by the informer.²

¹ cf. CMTA Title XV, Section 1512.

² cf. RA 2338, Section 1, Paragraph 2.

3.3. Confiscated goods – shall refer to articles, wares, merchandise and any other items which are subject of importation or exportation seized by the Bureau of Customs for violation of the CMTA and other related laws, rules and regulations.³

3.4. Informer – shall refer to any qualified person who voluntarily provides definite and sworn information not yet in the possession of the BOC nor of public knowledge, leading to actual collection of additional revenues arising from the discovery of violations of the CMTA.⁴

3.5. Whistleblower – shall refer to a Customs employee who informs or discloses to the Bureau any violation of the CMTA and other related laws, rules and regulations.⁵

3.6. Instrumental in the Discovery – shall refer to Customs employees and private informers whose information led directly or indirectly to the seizure of smuggled goods without which information such seizure and discovery could not have been effected and known, or whose information led to the actual collection of revenues, surcharges and fees arising from discovery of violation of the CMTA and other related laws, rules and regulations.⁶

Section 4. General Provisions.

4.1. The Bureau shall establish a Committee on Rewards which shall exercise exclusive authority to evaluate and act on claims for reward filed with the Bureau. Subject to existing laws, rules and regulations, the Committee shall create and maintain accurate and reasonably complete customs records on all informers' reward granted by the Bureau.

4.2. A cash reward equivalent to twenty percent (20%) of the actual proceeds from the sale of smuggled goods and confiscated goods or actual collection of additional revenues shall be given to the customs and non-customs informers or whistleblowers who are instrumental in the collection of additional revenues arising from the discovery of violation of the CMTA.⁷

³ cf. CMTA, Title I, Chapter 2, Section 102 (x).

⁴ cf. BIR RR No. 16-2010, Section 2.1.

⁵ cf. Black's Law Dictionary.

⁶ cf. Department of Finance Department Order 92-1966.

⁷ CMTA, Title XV, Section 1512.

- 4.3.** The cash reward shall be subject to income tax collected as a final withholding tax at a rate of ten percent (10%).⁸
- 4.4.** The BOC shall submit to the Department of Budget and Management (DBM), the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on the amount of informer's reward paid and the list of beneficiaries.⁹

Section 5. Operational Provisions.

5.1. To Whom Affidavit of Information May Be Given. Information may be given to any of the following:

- 5.1.1.** Office of the Commissioner;
- 5.1.2.** Office of the District Collector; and
- 5.1.3.** Committee on Reward

5.2. Committee on Rewards. The Committee on Rewards is hereby created which shall be composed of the following ex-officio members:

Chairman – Deputy Commissioner, RCMG
Members – Director, Legal Service
 Director, Financial and Management Office
 Chief, Revenue Accounting Division
 Representative from the Office of the Commissioner
Head, Secretariat – Chief, Ruling and Research Division, Legal Service

The Committee on Rewards shall exercise the following duties and functions:

- 5.3.1.** Act as custodian of Department of Finance-registered informant's logbook on rewards;¹⁰
- 5.3.2.** Receive and safe-keep all informant's affidavits of information and all other relevant documents required in the processing of reward claims;¹¹

⁸ Republic Act 8424 also known as "National Internal Revenue Code of 1997" Title X, Chapter IV, Section 282 (b) Paragraph 2.

⁹ cf. General Appropriation Act of 2017, Special Provision 292.

¹⁰ Executive Order No. 724 s. 2008, Section 3 (2) (a) (i).

¹¹ Executive Order No. 724 s. 2008, Section 3 (2) (a) (ii).

- 5.3.3.** Process, discuss, deliberate, evaluate and recommend to the Commissioner all claims for rewards including the issue of preference, amounts and all issues relative to claims of rewards, filed by persons instrumental in the discovery and seizure of smuggled goods;¹²
- 5.3.4.** Coordinate with the appropriate office of the Bureau in identifying the informers who are instrumental in the discovery and seizure of such smuggled goods;
- 5.3.5.** Draft, review, and revise rules and regulations to effectively implement Section 1512 of the CMTA in coordination with the DOF Rewards Committee;
- 5.3.6** Study and propose measures to automate claims for rewards including the BOC-DOF interface on reward matters;¹³
- 5.3.7** Organize a Secretariat which shall carry on the daily business of the Committee on Rewards;¹⁴ and
- 5.3.8** Other functions as may be assigned by the Commissioner of Customs.

5.4. Procedure in Filing and Processing Claims for Reward.

- 5.4.1. Form of Claim.** No claim for reward shall be entertained unless it is based on information entered in the Registry Book. Claims for reward shall be in writing and sworn to by the informer-claimant in quintuplicate and shall state, among other things, the following material facts¹⁵:
 - a.** Name and/or pseudonym, address and signature of the informer-claimant;¹⁶
 - b.** The office or unit to which the information was reported;¹⁷
 - c.** The time and date when the information was reported;¹⁸
 - d.** Registry number assigned to the information;¹⁹ and

¹² Executive Order No. 724 s. 2008, Section 3 (2) (a) (iii).

¹³ Executive Order No. 724 s. 2008, Section 3 (2) (a) (iv).

¹⁴ Executive Order No. 724 s. 2008, Section 3 (2) (a) (v).

¹⁵ Department of Finance Department Order No. 46-66, Title II, Section 6, Paragraph 1.

¹⁶ Department of Finance Department Order No. 46-66, Title II, Section 6 (1).

¹⁷ Department of Finance Department Order No. 46-66, Title II, Section 6 (2).

¹⁸ Department of Finance Department Order No. 46-66, Title II, Section 6 (3).

¹⁹ Department of Finance Department Order No. 46-66, Title II, Section 6 (4).

- e. A summary of the information.²⁰

5.4.2. Identity of Informer to be Kept Confidential. Except when the information is proven to be malicious or false, the identity of the informer shall be kept confidential at all times either before or after termination of the case and shall not be disclosed to unauthorized persons, especially to the tax payer, importer or exporter involved, without the informer's consent. Any government official or employee who maliciously reveals the identity of any informer without his consent shall be subject to severe disciplinary action.²¹

5.4.3. Action in Cases of False or Malicious Information. Should the information later turn out or be proved to be false or to have been made only for the purpose of harassing, molesting or in any way prejudicing the person denounced, the latter shall be entitled to any action, criminal or civil, as the facts may warrant. ²²

5.4.4. Conflicting Claims.

- a. Whenever two or more persons claim to be the informer entitled to a reward arising from the same case, the person who gave the information which fully satisfies all the conditions herein outlined shall be entitled to the reward. However, the informer who gave the information that was acted upon successfully even though not fully complying with all conditions herein outlined, shall be entitled to the rewards;²³
- b. In the event two or more informers meet fully all the conditions herein outlined, the informer who first furnished the information shall be entitled to the reward;²⁴
- c. Where two or more informers supplied the information simultaneously in point of time and their information fully satisfy the conditions herein outlined, the informer whose information was acted upon first in point of time shall be entitled to the reward;²⁵ and

²⁰ Department of Finance Department Order No. 46-66, Title II, Section 6 (5).

²¹ Department of Finance Department Order No. 46-66, Title II, Section 12.

²² Department of Finance Department Order No. 46-66, Title II, Section 13.

²³ Department of Finance Department Order No. 46-66, Title II, Section 11 (1).

²⁴ Department of Finance Department Order No. 46-66, Title II, Section 11 (2).

²⁵ Department of Finance Department Order No. 46-66, Title II, Section 11 (3).

- d. In order that the reward may be paid to the proper person, the identity of the informer shall be duly established by requiring him to present copies of his information and claim and receipts issued to him by the government agency to whom he gave the information and filed his claim. He may be required to submit additional evidence that will satisfactorily established his identity.²⁶

5.4.5. Period to File Claim Reward. The claimant shall file his claim for reward not later than one (1) year from realization of the proceeds with the office to which he gave the information, which in turn shall forward it to the Committee on Rewards, together with the sealed envelope containing the original copy of the information. The claimant will retain a copy of the claim.²⁷

5.4.6. Handling of Claims for Reward. The office receiving the claim shall attach to the original copy of the claim, in addition to the sealed envelope containing the sworn statement previously given by the informer, a sworn statement of the officer receiving the information, and a sworn statement of the apprehending officer, and forward the same to the Committee on Rewards. Extract of the information from the Registry Book shall also be forwarded accordingly.²⁸

5.4.7. Rewards Payable from Proceeds Realized from Additional Assessment and Collection of Custom Duties, Taxes, Fees, Surcharges, Fines, Penalties, and Compromises.

- a. The office which effects confiscation, seizure, or catch, based from the information received shall immediately submit a report, by the fastest means available, to the Committee on Rewards. The report shall include a statement that such confiscation, seizure or catch was the result of the information (specify registry number) and that a claim for reward is being filed. The office shall also forward to the Committee all the papers, documents and records of the cases including the informer's report and a copy of the affidavit of

²⁶ Department of Finance Department Order No. 46-66, Title II, Section 11 (4).

²⁷ cf. Department of Finance Department Order No. 46-66, Title II, Section 6, Paragraph 3.

²⁸ cf. Department of Finance Department Order No. 46-66, Title II, Section 7.

information, together with its comment and recommendation.²⁹

- b.** The office which effect confiscation, seizure or catch based on the information described in Section 5.4.1 shall immediately submit a report thereof, by the fastest available means Committee on Rewards. He shall include a statement that such confiscation, seizure or catch was the direct result of an information (specify number), and that a claim for reward in the form and manner described in Section 5.4.1.³⁰
- c.** The Chairman, Committee on Rewards, shall forward all the claim papers with his recommendation to the Commissioner.³¹
- d.** The Commissioner shall approve or disapprove the recommendation.

5.4.8. Payment of Rewards. Payment of the reward shall be effected as follows:

- a.** The Accounting Division, shall prepare General Voucher (Gen. Form No. 5 (A), Revised July 1962) in four (4) copies. Paragraph 2 of the voucher shall be under the signature of the Chief, Accounting Division and paragraph 2 shall be under the signature of the Commissioner.³²
- b.** The check shall be delivered personally to the informer upon presentation and verification of the sealed copy of information, copy of his claim and receipts given to him by the agency to which he gave the information and with whom he filed his claim, except when he expressed in writing his desire to have the check mailed to his mailing address.³³

²⁹ Department of Finance Department Order No. 46-66, Title II, Section 9.

³⁰ cf. Department of Finance Department Order No. 46-66, Title II, Section 8 (a).

³¹ cf. Department of Finance Department Order No. 46-66, Title II, Section 8 (b).

³² cf. Department of Finance Department Order No. 46-66, Title II, Section 10 (a).

³³ cf. Department of Finance Department Order No. 46-66, Title II, Section 10 (d).

Section 6. Exclusions. All public officials, whether incumbent or retired, who acquired the information in the course of the performance of their duties during their incumbency, are prohibited from claiming informer's reward.³⁴

Section 7. Additional Regulations. A CMO shall be issued prescribing the detailed procedures in the processing of informer's reward.

Section 8. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 9. Repealing Clause. This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

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

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

The Office of the National Administrative Register (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 of Finance

³⁴ Republic Act 8424 also known as "National Internal Revenue Code of 1997" Title X, Chapter IV, Section 282 (b) Paragraph 3.

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

History. This is the first CAO dealing with Reward to Persons Instrumental in the Actual Collection of Additional Revenue Arising from the Discovery of Violation of CMTA.

Webpage, Forms, Handbooks and other References.

- Revised Kyoto Convention
- Republic Act No. 10863 "Customs Modernization and Tariff Act"
- Republic Act No. 8424 "National Internal Revenue Code of 1997"
- Republic Act No. 2338 "An Act to Provide for Reward to Informers of Violations of the Internal Revenue and Customs Laws "
- Department of Finance Department Order 92-1966
- Department of Finance Department Order 46-1966
- Executive Order 724 s. 2008
- Bureau of Internal Revenue, Revenue Regulation No. 16-2010