



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

CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. _____

**SUBJECT: DIFFERENT TYPES OF STORES FOR INTERNATIONAL VESSELS
AND AIRCRAFT**

INTRODUCTION. This CAO implements Section 818 to 821, Chapter 4, Title VIII, Section 800 (o) (v) and (x), Chapter 1, Title VIII and other related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This CAO covers the following:

- 1.1.** Stores for use or consumption by the passengers and the crew on board vessels or aircraft engaged in foreign trade, whether or not sold;
- 1.2.** Stores carried by vessels or aircraft to dock or land at one or more ports or airports in the Customs territory, for use or consumption on board during the stay of said vessels or aircraft at such intermediate ports or airports and during her voyage or its flight between such ports or airports;
- 1.3.** Stores for sale to the passengers and the crew of vessels or aircraft with a view to being landed, which are either on board upon arrival or are taken on board during the stay in the customs territory of vessels or aircraft; and
- 1.4.** Supplies which are necessary for the reasonable requirements of vessels or aircraft in her voyage or its flight outside the Philippines, including those goods transferred from a Customs Facility Warehouse (CFW) to aircraft.

Section 2. Objectives.

- 2.1.** To expedite the clearance and delivery of ship stores and air stores to vessels or aircraft engaged in foreign trade intended for the use or consumption of the passengers or its crew and those goods deemed necessary for the operation and maintenance of said vessels or aircraft;
- 2.2.** To establish an Information and Communication Technology (ICT)-enabled inventory system for monitoring of stores;

- 2.3. To institute appropriate measures to prevent any unauthorized use of stores; and
- 2.4. To implement uniformly the exemption from duties and taxes of stores regardless of the country of registration or ownership of vessels or aircraft.

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

- 3.1. **Air Operator** – shall refer to an airline company engaged in both domestic and foreign air transportation of goods, passengers or both.¹
- 3.2. **Air Stores** – shall refer to items supplied for consumption or use on board an aircraft such as supplies for crew and passenger.
- 3.3. **Crew** – shall refer to person/s assigned by an operator to duty on an aircraft or vessel during a flight or voyage duty period.²
- 3.4. **Customs Control** – shall refer to measures applied by the Customs to ensure compliance with the Customs law. Measures maybe general e.g., in relation to all goods entering the Customs territory or may be specifically related to e.g.,
 - a. The location of goods;
 - b. The nature of goods (liable to a high rate of duty, etc.); and
 - c. Customs procedure applied to the goods. (Customs transit)³
- 3.5. **Customs Territory** – shall refer to areas in the Philippines where customs and tariff laws may be enforced⁴.
- 3.6. **Prohibited Importation and Exportation** – The importation of the following goods are prohibited:
 - a. Written or printed goods in any form containing any matter advocating or inciting treason, rebellion, insurrection, sedition against the government of the Philippines, or forcible resistance to any law of the Philippines, or written or printed goods containing

¹ cf. Republic Act 9497, Section 3 (s)

² ICAO, Annex 9

³ Definition of Terms, World Customs Organization (WCO)

⁴ CMTA, Title I, Chapter 2, Section 102 (q)

any threat to take the life of, or inflict bodily harm upon any person in the Philippines;

- b.** Goods, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises, describes or gives direct or indirect information where, how or by whom unlawful abortion is committed;
- c.** Written or printed goods, negatives or cinematographic films, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character;
- d.** Any goods manufactured in whole or in part of gold, silver or other precious metals or alloys and the stamp, brand or mark does not Indicate the actual fineness of quality of the metals or alloy;
- e.** Any adulterated or misbranded food or goods for human consumption or any adulterated or misbranded drug in violation of relevant laws and regulations;
- f.** Infringing goods as defined under the Intellectual Property Code and related laws; and
- g.** All other goods or parts thereof which importation are explicitly prohibited by law or rules and regulations issued by the competent authority.⁵

3.7. Regulated Importation and Exportation – Goods which are subject to regulation shall be imported only after securing the necessary goods declaration, clearances, licenses, and any other requirements, prior to importation. In case of importation, submission of requirements after arrival of the goods but prior to release from customs custody shall be allowed but only in cases provided for by governing laws or regulations.⁶

3.8. Restricted Importation and Exportation – Except when authorized by law or regulation, the importation of the following restricted goods are prohibited:

- a.** Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, or parts thereof;
- b.** Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other goods when such

⁵cf CMTA, Title I, Chapter 3, Section 118

⁶cf CMTA, Title I, Chapter 3, Section 117

distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof;

- c. Lottery and sweepstakes tickets, except advertisements thereof and lists of drawings therein;
- d. Marijuana, opium, poppies, coca leaves, heroin or other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes;
- e. Opium pipes or parts thereof, of whatever material;
- f. Weapons of Mass Destruction and goods included in the National Strategic Goods List (NSGL) as provided under Republic Act No. 10697 or the Strategic Trade Management Act (STMA);
- g. Toxic and hazardous goods under Republic Act No. 6969 or the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990"; and
- h. Any other goods whose importation and exportation are restricted⁷.

The restriction to import or export the above stated goods shall include the restriction on their transit.

- 3.9. Seal** – shall refer to a piece of metal or other material used to join together two ends of fastening in a secure manner⁸.
- 3.10. Security** – shall refer to a form of a deposit or of a legal obligation e.g. a bond which ensures to the satisfaction of the Customs that an obligation to the Customs will be fulfilled⁹.
- 3.11. Ships' Stores** – shall refer to stores that consists of spare equipment such as chains, anchor and the likes, necessary for the safe navigation of the ship.
- 3.12. Stores for consumption** – shall refer to goods intended for consumption by the passengers and the crew on board vessels or aircraft, and for use in the maintenance of vessels or aircraft, whether or not sold and goods necessary for operation and maintenance of vessels or aircraft including fuel and lubricants but excluding spare

⁷ cf. CMTA, Title I, Chapter 3, Section 119

⁸ Definition of Terms, WCO

⁹ Definition of Terms, WCO

parts and equipment; which are either on board upon arrival in the Customs territory of vessels or aircraft used, or intended to be used, in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration.

3.13. Stores in Vessel – shall refer to articles specially foodstuff, such as food, wine, cigarettes for use or consumption only of the passenger and crew on board the vessel upon its voyage.

3.14. Stores List – shall refer to a document providing the particulars concerning stores carried on board the means of transport, to be presented as required by the Customs¹⁰.

3.15. Stores to be taken away – shall refer to goods for sale to the passengers and the crew of vessels and aircraft with a view to being landed, which either on board upon arrival or a taken on during the in the Customs territory of vessels and aircraft used, or intended to be used, in international traffic for transport of persons for remuneration or for industrial or commercial transport of goods, whether or not for remuneration.

3.16. Vessel – shall refer to every kind of boats, watercraft, or other contrivance used, or capable of being used, as means of transportation on navigable water, river, sea, or ocean, and carries cargoes and/or passengers¹¹.

Section 4. General Provisions.

4.1. The Bureau shall require the submission of a Stores List indicating therein the list of inflight commissary items including the duty free bonded items arriving in the Customs territory. Upon departure, no separate declaration concerning stores should be required from the vessels or aircraft.

4.2. The following Stores delivered to aircraft from bonded warehouse shall be covered by Stores' List:

4.2.1. Inflight duty free items; and

4.2.2. Catering supplies and equipment

¹⁰ cf. Glossary of Customs and Trade Terms

¹¹ Dictionary of Tariff and Customs Terms, page 201

- 4.3.** Importations of stores arriving in the Customs territory shall be exempt from duties and taxes under the following circumstances:
- 4.3.1.** When carried in a vessel or aircraft arriving in the Customs territory provided they remain on board.
 - 4.3.2.** For consumption by the passengers and the crew imported as provisions on international vessels or aircraft provided that: (1) Such goods are purchased only in the countries crossed by the international vessels and aircraft in question and any duties and taxes chargeable on such goods are paid in the country where they were purchased; and (2) Quantity of stores as verified by the Bureau as regards to the number of passengers and the crew, length of the voyage or flight and the quantity of such stores already on board are reasonable.
 - 4.3.3.** Stores necessary for the operation and maintenance of vessels or aircraft which are on board and shall remain therein while in customs territory.
 - 4.3.4.** Replenishment of stores which have arrived in the customs territory and which need to replenish their stores for the journey to their final destination in the customs territory.
- 4.4.** The following importations made by foreign airlines which do not operate a CFW shall be exempted from payment of duties and taxes provided Tax Exemption Indorsement (TEI) shall be presented to the Bureau:
- 4.4.1.** Aircraft spare parts, equipment and machinery which are necessary for the reasonable requirements of vessels or aircraft in her voyage or its flight outside the Philippines, including goods transferred from a bonded warehouse in any Customs District to any vessel or aircraft engaged in foreign trade, for use and consumption of the passengers or its crew on board such vessel or aircraft as sea or air stores¹²;
 - 4.4.2.** Goods purchased abroad for sale on board a vessel or aircraft as saloon stores or air store supplies: Provided, that any surplus or excess of such vessel or aircraft supplies arriving from foreign ports or airports shall be dutiable¹³;
 - 4.4.3.** Aircraft, equipment and machinery, spare parts, commissary and catering supplies, aviation gas, fuel and oil, whether crude or refined except when directly or indirectly used for domestic

¹² cf. CMTA, Title VIII, Chapter 1, Section 800 (o)

¹³ cf. CMTA, Title VIII, Chapter 1, Section 800 (o)

operations, and such other goods or supplies imported by and for the use of scheduled airlines operating under congressional franchise: Provided, that such goods or supplies are not locally available and are necessary or incidental to the proper operation of the scheduled airline importing the same¹⁴; and

- 4.4.4.** Spare parts of vessels or aircraft of foreign registry engaged in foreign trade when brought into the Philippines exclusively as replacements or for the emergency repair thereof, upon proof satisfactory to the District Collector that such spare parts shall be utilized to secure the safety, seaworthiness or airworthiness of the vessel or aircraft, to enable it to continue its voyage or flight¹⁵.
- 4.5.** Stores on board arriving vessels or aircraft in the Customs territory shall be subject to the following customs procedures:
 - 4.5.1.** Clearance for consumption or other customs procedure, as defined in the Customs Memorandum Order (CMO), subject to compliance with the conditions and formalities applicable in each case; or
 - 4.5.2.** Prior authorization shall be required by the Bureau in the event of transfer to another vessel or aircraft assigned to an international route.
- 4.6.** For international aircraft with an intent to land at one or more airports in each Port of entry, the Bureau shall establish procedures in the transport and delivery of stores needed during the stay of the aircraft at such intermediate airports and during its flight between such airports.
 - 4.6.1.** The Bureau shall allow the transport and delivery of stores upon request of the Airline Catering Operator or Airline CFW Operator for food and supplies or spare parts, respectively.
- 4.7.** Stores classified as regulated goods shall be required to comply with the necessary requirements of the concerned government agency.
- 4.8.** Stores shall not be subject to physical examination by the Bureau except those subject of derogatory information or alert order issued by the Commissioner or authorized Customs Officer. The Bureau shall apply risk management principles on the conduct of physical examination of stores.

¹⁴ CMTA, Title VIII, Chapter 1, Section 800 (v)

¹⁵ CMTA, Title VIII, Chapter 1, Section 800 (x)

4.9. Sealing of Stores.

4.9.1. Arrival of Foreign Vessel or Aircraft. The Customs Officer on-board the vessel or aircraft, after checking the stores, shall put a seal on the stores.

4.9.2. Arrival of Philippine registered Vessel or Aircraft. The Customs Officer on-board the vessel or aircraft, after checking the stores, shall put a seal on the stores and transfer underguard to the Customs Bonded Warehouse accompanied by a Transfer Note to be received by the assigned Customs Officer at the Customs Bonded Warehouse.

4.9.3. Departure. The Customs Officer at the Bonded Warehouse shall check the stores that are placed in the meal cart and seal the same.

Seal to be placed on stores shall be provided by the Bureau and serialized. The Bureau establish a system for the color-coding of the seals to be placed on stores in accordance to international standards.

4.10. Penalty. If any seal placed by a Customs Officer upon any vessel or aircraft or compartment thereof, or upon any box, trunk or other package of goods on board is broken, the owner, operator, or agent of the vessel or aircraft shall be liable with the following fines:

1st offense- PhP100,000.00 for each broken or destroyed seal

2nd offense- PhP200,000.00 for each broken or destroyed seal

3rd offense or more- PhP300,000.00 for each broken or destroyed seal¹⁶

4.11. To prevent any unauthorized use of stores, the Bureau may allow the removal of such from the vessel or aircraft for transfer to CFW during its stay in the Customs territory when the Bureau considers it necessary subject to continuous underguarding.

4.12. Sanctions for Unauthorized Breaking of Seals on CFW. Unauthorized breaking of seals or taking away of stores shall subject the CFW Operator to suspension or closure pursuant to existing rules and regulations.

4.13. ICT-enabled inventory system shall be established and maintained by the operator of the CFW and made accessible to the Customs Officer on-line for customs control.

¹⁶ cf CMTA, Title XIV, Chapter 1, Section 1419

4.14. The Bureau shall devise a uniform Stores List to be provided by airline and shipping line operator which shall be accomplished and signed by the latter and submitted to the Customs Officer upon entry and departure of the vessels or aircraft, which shall contain the following information:

Vessel	Aircraft
1. Name of Ship	1. Aircraft Configuration
2. Voyage Number	2. Flight number
3. Registry Number	3. Registry Number
4. Port of Origin	4. Port of Origin/Destination
5. Date of Arrival/Departure	5. Date of arrival/departure
6. Port of Arrival/Departure	6. Passenger Load
7. Port of Destination	7. Aircraft Type
8. Nationality of Ship	8. Control Number
9. Number of Persons On-Board	9. Description of Articles
10. Period of Stay	10. Unit of Measure
11. Place of Stay	11. Quantity Loaded
12. Name of Articles	12. Total Consumed
13. Type of Stores	13. Unconsumed
14. Quantity of Stores	14. Outgoing Bonded Set-Up
15. Place of Storage	14.1. Prepared By/Date
16. Name of the Master	14.2. Customs Officer/Date
17. Date and signature by master, authorized agent or officer	14.3. Released By/Date
	15. Aircraft Turn-Over
	15.1. Account Officer
	15.2. Departure Cabin Attendant
	15.3. Arriving Cabin Attendant/Caterer Destination
	16. Incoming Bonded Set-Up
	16.1. Turn-Over By/Date
	16.2. Received By/Date
	16.3. Inventoried By/Date
	17. Cabin Attendant-IBM No.
	18. Purser
	19. Remarks

4.15. Catering supplies, parts, equipment, machinery of international aircrafts or vessels which have been replaced or determined to be unserviceable shall be immediately exported in compliance with rules and regulations issued by the Bureau.

4.16. Stores unconsumed by the passengers of vessels or aircraft during the voyage shall be returned back to CFW for inventory and final exportation. Unconsumed stores remaining in the CFW beyond the period prescribed shall be disposed in accordance to existing rules and regulations.

Section 5. Reportorial System. A Reportorial System shall be established in the Bureau for statistical purposes and monitoring of different types of stores.

Section 6. Operational Procedure. The Commissioner shall issue a CMO containing the procedures for effective implementation of this Order.

Section 7. Penal Provision. Violations of this CAO committed by any person, officer or employee shall be penalized in accordance with Title XIV of the CMTA and other applicable penal provisions.

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 shall remain in full force and effect.

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

The Office of 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

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. This is the first CAO dealing on different types of stores for international vessels and aircraft.

2. Related Policies.

- Republic Act 10863: An Act Modernizing the Customs and Tariff Administration otherwise known as Customs Modernization and Tariff Act (CMTA)
- Republic Act 9497: An Act Creating the Civil Aviation Authority of the Philippines, Authorizing the Appropriation of Funds Therefor and for Other Purposes

3. Webpage, Forms, Handbooks and other References.

- Revised Kyoto Convention
- Definition of Terms, World Customs Organization
- Glossary of Customs and Trade Terms
- Dictionary of Tariff and Customs Terms