

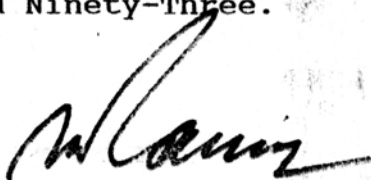
MEMORANDUM ORDER NO. 134

FURTHER MODIFYING THE GUIDELINES TO THE CAR DEVELOPMENT PROGRAM  
(CDP) AS APPROVED UNDER MEMORANDUM ORDER NOS. 68 (S. OF 1992)  
AND 136 (S. OF 1987)

Pursuant to the provisions of Executive Order No. 248 dated 24 July 1987, the Modifications to the Guidelines to the Car Development Program (CDP), which are contained in Annex "A" hereof, as recommended by the Board of Investments (BOI), are hereby APPROVED.

This Memorandum Order shall take effect after fifteen 15 days from its publication.

Done in the City of Manila, this 31st day of May, in the year of Our Lord, Nineteen Hundred and Ninety-Three.



By the President:



ANTONIO T. CARPIO

Chief Presidential Legal Counsel

PMS LIBRARY

Received

JUN 11 1993 *fdm*

Date



PMS LIBRARY BCODE006752

**ANNEX "A"**

**MODIFICATIONS TO THE GUIDELINES TO THE  
CAR DEVELOPMENT PROGRAM (CDP)**

**WHEREAS**, Memorandum Order No. 68 (Series of 1992) approved amendments to the Guidelines to the Car Development Program (CDP) pursuant to Sec. 2 of Executive Order No. 248 dated 27 July 1987 and Sec. 14 of the aforesaid Guidelines as approved under Memorandum Order No. 136 dated 1 December 1991;

**WHEREAS**, there is a need to introduce modifications to said Guidelines in order to further enhance the development objectives of the program; and

**WHEREAS**, additional revenues can be generated by the government by collecting the appropriate duty, excise tax, and value-added tax on imported Completely Built-Up (CBU) passenger vehicles, which will be realized through the relaxation of the restriction on the importation of certain types of passenger vehicles;

**WHEREFORE**, the following Modifications to the Guidelines the Car Development Program (CDP) are hereby promulgated, to wit:

**SECTION 1. COVERAGE**

Section 1.2 of MO No. 68 is hereby modified to read as follows:

"The passenger cars under the CDP shall have following categories:

"CATEGORY I with engine displacement of 1,200 cc or below for gasoline engine, or with a diesel engine with corresponding displacement; and with a reasonable price ceiling as determined by the Board. A car with a larger engine displacement may be allowed: PROVIDED, That its selling price shall be in accordance with the price ceiling established for this category.

"CATEGORY II with engine displacement greater than 1,200 cc up to 2,800 cc for gasoline engine; or equivalent displacement for diesel engine.

"CATEGORY I with engine displacement over 2,190 cc for gasoline engine; or equivalent displacement for diesel engine."

**SECTION 2. NUMBER OF BASIC MODELS.**

The number of basic models specified in Sec. 6.3 of M.O. No. 136 Series of 1987, is hereby increased from three (3) basic models to four (4) basic models.

**SECTION 3 IMPORTATION OF COMPLETELY BUILT-UP UNITS (CBUs).**

- 3.1 The existing restriction on the importation of passenger vehicles in CBU condition under Sec. 5.4 of M.O. No. 136 (Series of 1987), is hereby relaxed for a period of one (1) year from the date of effectivity hereof: PROVIDED, That the relaxation shall apply only to new passenger vehicles with engine displacement of 2,800 cc or greater for gasoline-fed engines or 3,100 cc or greater for diesel-engines.
- 3.2 The importation of CBU passenger vehicles shall be subject to the Rules to Implement the Relaxation On the Importation of Certain Types of Passenger Vehicles, which are attached hereto as Annex "1".
- 3.3 The DTI/BOI, in coordination with the concerned government agencies and industry association is hereby authorized to make revisions to the attached Rules in order to effectively monitor and realize the revenues from imported CBU passenger vehicles.

**SECTION 4. EFFECTIVITY.**

The foregoing Modifications to the Guidelines to the Car Development Program (CDP) shall take effect 15 days after its publication.

ANNEX "1"

**RULES ON THE IMPORTATION  
OF CERTAIN TYPES OF PASSENGER VEHICLES**

Pursuant to Sec. 3 of the Modifications to the Guidelines to the Car Development Program (CDP), the following rules shall govern the importation and registration of certain types of passenger vehicles, to wit:

Only passenger vehicles with an engine displacement of 2,800 cc or greater for gasoline-fed engines or 3,100 cc or greater for diesel-fed engines may be imported into the country.

Only new passenger vehicles, excluding utility vehicles, shall be allowed to be imported. A passenger vehicle shall be considered new when the following conditions are met:

It has never been registered nor used in the country of origin, or any other country;

It is of the current model;

It has a valid certification of first ownership issued by the manufacturer and/or dealer.

3. Only passenger vehicles with a book value of at least \$25,000.00 may be imported. The blue book/red book/world car value or similar reference shall be used in determining the dutiable value for the imported passenger vehicle. Hence, the dutiable value therefor shall be at least US\$ 25,000.00 plus cost of freight, insurance, and other dutiable charges.
4. Being new, the passenger vehicle shall not be subject to any depreciation (rate of depreciation =0%).

5. All passenger vehicles imported pursuant to these Rules shall be subject to excise tax.

6. All imported passenger vehicles shall be levied the prevailing rate of duty (on the date of importation), 100% excise tax, and 10% VAT.

All passenger vehicles imported under these Rules shall be subject to the CISS pre-shipment inspection. The SGS shall issue a clean report of findings (CRF) which shall contain, among others, the vehicle's make, engine and body serial numbers, color, and other basic information which will be needed in identifying the vehicle upon arrival.

8. Upon the arrival of the passenger vehicle, the Bureau of Customs shall examine the same to verify and ascertain that it conforms with the data contained in the application/permit for importation and the CRF.

9. The BOC shall release the imported passenger vehicle only upon payment in full of the taxes and duties due thereon.

The Port of Manila shall be the only point of entry for all importation of CBU passenger vehicles.

The registration of the imported passenger vehicles shall be centralized at the LTO Head Office in Quezon City and a distinct series of sticker shall be used exclusively for such vehicles to effectively monitor the revenues generated from this type of importation.

12. The registration of the imported passenger vehicles shall be subject to such other existing regulations and those that may be promulgated during the effectivity of these Rules.

In accordance with Sec. 3 of Central Bank Circular 1348, the importation of passenger vehicles, parts and components listed in Appendix 8 thereof, shall require the appropriate clearance/permits from the DTI/BOI. All applications for permit to import passenger vehicles under these Rules shall be processed and acted upon by the DTI/BOI within 48 hours from receipt of the application. The application shall include a sworn statement that the importer understands and accepts these Rules on importation and shall abide by the same. The permit shall be presented to an authorized agent

/s/

bank for purposes of opening a letter of credit, and/or in releasing the imported passenger vehicle from the Bureau of Customs after all the taxes and duties thereon have been paid.

- 14 Importation of passenger vehicles under these Rules may be effected through the use of the importer's FCDU (Foreign Currency Deposit Unit) account with or through the use of a letter of credit opened by an authorized agent bank. The letter of credit may be opened by an authorized agent bank upon presentation of the import permit issued in favor of the importer.