



Republic of the Philippines
DEPARTMENT OF FINANCE

Roxas Boulevard Corner Pablo Ocampo, Sr. Street
 Manila 1004

DEPARTMENT ORDER NO. 17-09
 Manila, 24 March 2009

TO : THE REVENUE OFFICE
 This Department

THE BUREAU OF CUSTOMS
 Port Area, Manila

All Concerned

RE : Clarificatory Guidelines on Duty-Free Importation of Books

These guidelines are being issued pursuant to Section 105 of the Tariff and Customs Code of the Philippines (TCCP), as amended; Section 3(3), Book IV of the Administrative Code of 1987; and, the Department's power of control over the Bureau of Customs (BOC) and the Bureau of Internal Revenue.

1.0 Purpose

To clarify the treatment of duty-free importation of books allowed under existing laws and international agreement/s, and to provide the guidelines for the availment thereof.

2.0 Coverage

This Department Order shall cover all applications for duty-free importation of books allowed under Section 105(s) of the TCCP, as amended, including the United Nations Educational Scientific and Cultural Organization (UNESCO) Florence Agreement on the Importation of Educational, Scientific and Cultural Materials,¹ and, Section 12 of Republic Act (RA) No. 8047, or the "Book Publishing Industry Development Act".

Section 105(s) speaks of importation of books for economic, technical, vocational, scientific, philosophical, historical and religious purposes; while the UNESCO Florence Agreement refers to educational, scientific or cultural materials listed in or covered by the aforesaid Agreement.² Upon the other

¹ UNESCO Florence Agreement is already incorporated in Section 105(s) of the TCCP, as amended.

² The Florence Agreement contains Annexes "A" to "E". Annex "A" (Books, publications and documents); Annex "B" (Works of art and collectors' pieces of an educational, scientific or cultural characters); Annex "C" (Visual and auditory materials of an educational, scientific or cultural character); Annex "D" (Scientific instruments or apparatus); and, Annex "E" (Articles for the blind)

hand, Section 12 of RA 8047 refers to importation of books or raw materials to be used in book publishing and its related activities.

The guidelines herein provided do not cover the treatment of imported books for Value-Added Tax (VAT) purposes as Section 109(r) of the 1997 Tax Code, as amended, provides that the importation of books is VAT-exempt³, though applicant/importer still needs to secure DOF confirmatory-exemption clearance for this purpose.

Also, duty-free importation of books by non-stock, non-profit educational institutions is separately governed by Section 4(3), Article XIV of the 1987 Constitution, as implemented by Department Order No. 137-87.

3.0 Definition

For the purpose of this Department Order, the following terms shall be understood to mean, as follows⁴:

3.1 Book - it is a printed non-periodical publication of at least forty-eight (48) pages, exclusive of cover pages, published in the country and made available to the public⁵.

3.2 Educational books – consisting essentially of textual matter of any kind, and printed in any language or characters. This includes textbooks including educational workbooks sometimes called writing books, with or without narrative texts, which contain questions or exercises. Such books may be bound (in paper or with soft or stiff covers) in one or more volumes, or may be in the form of printed sheets comprising the whole or a part of the complete work and designed for binding. Educational books are instructive and informative books; it relates to teaching and learning. Examples: Textbooks, workbooks, writing books for grade school, high school and college students and used as a basis for study in the academe.

3.3 Technical books – these are specialized books, other than textbooks, consisting essentially of textual matter of any kind and printed in any language or characters. This includes technical publications, with or without narrative texts, which contain questions or exercises. Such books may be found (in paper or with soft or stiff covers) in one or more volumes, or may be in the form of printed sheets comprising the whole or a part of the complete work and designed for binding. Examples: these are specialized books on

³ "Sale, importation, printing or publication of books and any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of paid advertisements."

⁴ The definition of educational, technical, scientific, historical and cultural books provided by the Tariff Commission. Educational, technical, scientific, historical and cultural books fall under the Asean Harmonized Tariff Nomenclature (AHTN) Heading 4901.99.10, with one percent (1%) rate of duty.

⁵ As defined by UNESCO.

economics, accounting, business and marketing, engineering (engines, vehicles, automotives, aircraft and other technological books.

3.4 Scientific books – these are specialized books, other than textbooks, consisting essentially of textual matter of any kind, and printed in any language or characters. This includes scientific publications, with or without narrative texts, which contain questions or exercises. Such books may be found (in paper or with soft or stiff covers) in one or more volumes, or may be in the form of printed sheets comprising the whole or a part of the complete work and designed for binding. Examples: medical books, agricultural books, veterinary books and scientific theses.

3.5 Historical books – these are specialized books, other than textbooks, consisting essentially of textual matter of any kind, and printed in any language or characters. This includes historical publications, with or without narrative texts, which contain questions or exercises. Such books may be bound (in paper or with soft or stiff covers) in one or more volumes, or may be in the form of printed sheets comprising the whole or a part of the complete work and designed for binding. Examples: texts with history such as with chronological dates and events.

3.6 Cultural books – these are specialized books, other than textbooks, consisting essentially of textual matter of any kind, and printed in any language or characters. This includes cultural books, with or without narrative texts, which contain questions or exercises. Such books may be bound (in paper or with soft or stiff covers) in one or more volumes, or may be in the form of printed sheets comprising the whole or a part of the complete work and designed for binding. Examples: text on languages, literature, fine arts and culture.

3.7 Book publishing – the process of choosing and making books dealing with everything known to the human spirit, philosophy, religious beliefs, intellectual ideas, and physical world, all the arts and sciences⁶.

3.8 Related activities – the domestic manufacturing industries, which have direct bearing on the long-term viability of the book publishing⁷.

4.0 Guidelines

4.1 Applicant/Importer must clearly state, at the outset, the basis under which he is claiming duty-free importation of books/materials, and must clearly indicate the nature or purpose thereof.

⁶ As defined in Section 3(g) of RA 8047.

⁷ As defined in Section 3(i) of RA 8047.

4.2 For importation under Section 105(s) of the TCCP, as amended, applicant/importer must show that:

- (a) the imported books and/or publications are for economic, technical, vocational, scientific, philosophical, historical, cultural or religious purposes, as herein defined; and,
- (b) the imported books and/or publications are not for sale, barter or hire (their quantities do not exceed ten (10) copies of any work when imported by an institution and two (2) copies of any one work when imported by an individual).

4.3 For importation under the UNESCO Florence Agreement, applicant/importer must show that:

- (a) that imported items are educational, scientific or cultural materials, as herein defined, covered by or listed in the Florence Agreement; and,
- (b) the imported materials are not for sale, barter or hire (their quantities do not exceed ten (10) copies of any work when imported by an institution and two (2) copies of any one work when imported by an individual).

4.4 For importation under RA 8047, applicant/importer must show that:

- (a) the books or raw materials to be imported shall be used for book publishing and its related activities as defined in Section 3(g)(i) of RA 8047;
- (b) the importer is duly registered with the National Book Development Board (NBDB);
- (c) the importer is duly authorized by the NBDB to make the importation; and,
- (d) the NBDB shall certify as to the quality and volume of the imported books and raw materials.

4.5 Failure of the applicant/importer to satisfy the foregoing requirements shall subject the importation to the payment of duties (which is generally 1% rate of duty for educational, technical, scientific, historical or cultural books/materials or 5% rate of duty for books/materials other than educational, technical, scientific, historical or cultural and those books or raw materials not to be used for book publishing and its related activities) and other charges or forfeiture as the circumstances may warrant.

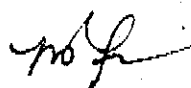
5.0 Repealing Clause

All Department Orders or Circulars or parts thereof, which are inconsistent herewith are hereby repealed or modified accordingly.

6.0 Effectivity

This Department Order shall take effect fifteen (15) days after publication.

APPROVED this 24th day of March 2009


MARGARITO B. TEVES
Secretary
007640