

# MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 491

**EXEMPTING MOTOR VEHICLES OF EMBASSY OFFICIALS AND MEMBERS OF THE DIPLOMATIC CORPS AND INTERNATIONAL ORGANIZATIONS, FILIPINO DIPLOMATS, RECALLED PERSONNEL OF THE DEPARTMENT OF FOREIGN AFFAIRS (DFA) OR ANY OFFICER OR EMPLOYEE RETURNING FROM A REGULAR ASSIGNMENT FOR REASSIGNMENT TO THE DFA HOME OFFICE, GOVERNMENT OFFICES WHO WERE GIVEN THE PRIVILEGE TO IMPORT MOTOR VEHICLES TAX AND DUTY FREE UNDER RELEVANT LAWS AND INTERNATIONAL AGREEMENTS, INCLUDING FOREIGN LOANS AND DONATIONS, AND OTHER SIMILARLY SITUATED INDIVIDUALS, FROM THE IMPOSITION OF ADDITIONAL SPECIFIC DUTY OF P500,000.00 UNDER EXECUTIVE ORDER NO. 418, S. 2005, UPON THE SALE OR TRANSFER OF SAID VEHICLES TO NON-TAX EXEMPT INDIVIDUALS IN THE LOCAL MARKET**

**WHEREAS**, it is the policy of the State to maintain a balance between development and environment protection;

**WHEREAS**, there is a need to mitigate the impact of used motor vehicle trading on air quality and road safety;

**WHEREAS**, to carry out this purpose, EO 418, dated April 4, 2005, ordered the imposition of an additional specific duty of Php 500,000.00 in addition to the regular rates of import duty, on the articles specifically listed in Annex "A" thereof, as classified under Section 104 of the Tariff and Customs Code of 1978;

**WHEREAS**, embassy officials, members of the diplomatic corps and international organizations, and similarly situated individuals, are allowed to bring motor vehicles into the Philippines tax and duty free under the Vienna Convention, the Asian Development Bank (ADB) Headquarters Agreement, and other relevant international agreements;

**WHEREAS**, Filipino diplomats, recalled personnel of the Department of Foreign Affairs (DFA) or any officer or employee returning from a regular



assignment for reassignment to the DFA home office are allowed to bring motor vehicles into the Philippines tax and duty free under Republic Act No. 7157;

**WHEREAS**, the Government of the Republic of the Philippines has acquired motor vehicles brought into the country tax and duty free under relevant international agreements including foreign loans and donations;

**WHEREAS**, some of these vehicles were brand new when withdrawn from customs warehouses and first operated on Philippine roads, therefore, subsequent transfer thereof would not increase the environmental risk that EO 418 aims to curb;

**WHEREAS**, the imposition of additional duties of P500,000.00 on said motor vehicles shall effectively prevent the disposition of the same, whether by sale or by donation; thereby rendering their exemption meaningless by placing them in a more disadvantageous position;

**WHEREAS**, Section 401 of the Tariff and Customs Code of 1978, as amended, empowers the President of the Republic of the Philippines to increase, reduce, or remove existing rates of import duty, as well as to modify the form of duty and the tariff nomenclature under Section 104 of the Code;

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order the exemption of motor vehicles of embassy officials, members of the diplomatic corps and international organizations, Filipino diplomats, recalled personnel of the Department of Foreign Affairs (DFA), or any officer or employee returning from a regular assignment for reassignment to the DFA home office, motor vehicles of government offices, acquired duty free under international agreements including loans and donations, and similarly situated individuals, from the imposition of additional specific duty of P500,000.00 under E.O. No. 418, S. 2005, upon the subsequent sale or transfer of said vehicles to non-tax exempt individuals in the local market.

All other Presidential issuances, administrative rules and regulations or parts thereof, which are inconsistent with this Executive Order are hereby revoked or modified accordingly.



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This Executive Order shall take effect thirty (30) days following its complete publication in two (2) newspapers of general circulation in the Philippines.

Done in the City of Manila, this 12th day of January, in the year of Our Lord, Two Thousand and Six.

*Gloria Arroyo*

By the President:

  
**EDUARDO R. ERMITA**  
Executive Secretary

