

**REVENUE REGULATIONS NO. 14-2024** issued on August 14, 2024 prescribes the rules and regulations governing the modes of disposition of seized/forfeited articles in line with Sections 130, 131 and 225 of the National Internal Revenue Code (NIRC) of 1997, as amended.

Per Section 131 of the NIRC, as amended, Excise Taxes on imported articles shall be paid by the owner or importer to the Custom Officers, conformably with the regulations of the Department of Finance and before the release of such articles from the customs house, or by the person who is found in possession of articles which are exempt from Excise Taxes other than those legally entitled to exemption.

Articles confiscated shall be destroyed using the most environmentally friendly method available in accordance with the rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioners of Customs and Internal Revenue.

Per Section 225 of the NIRC, as amended, sales of forfeited chattels and removable fixtures shall be effected, so far as practicable, in the same manner and under the same conditions as the public notice and the time and manner of sale as are prescribed for sales of personal property distrained for the non-payment of taxes.

Distilled spirits, liquors, cigars, cigarettes, other manufactures products of tobacco and all apparatus used in or about the illicit production of such articles may, upon forfeiture, be destroyed by order of the Commissioner, when the sale of the same for consumption or use would be injurious to public health or prejudicial to the enforcement of law.

All other articles subject to Excise Tax, which have been manufactured or removed in violation of this Code, as well as dies for the printing or making of internal revenue stamps and labels which are imitation of or purport to be lawful stamps, or labels may, upon forfeiture, be sold or destroyed in the discretion of the Commissioner.

Forfeited property shall not be destroyed until at least twenty (20) days after seizure.

Articles subject to Excise Tax that are injurious to public health and prejudicial to the enforcement of the law and other regulated articles that were seized/forfeited during the enforcement operations (relative to the unlicensed/illicit/unauthorized production, importation, trade, sale, or possession) may be disposed in any of the following manner:

- a. Public Auction - refers to a mode of sale being made on behalf of the government in which seized/forfeited articles are being sold to multiple buyers thru competitive bidding where the potential buyers are given equal chance to compete on the basis of their bid prices/offers which should be equal to or more than the set minimum bid/floor price.
- b. Negotiated or Private Sale - refers to the sale of seized/forfeited articles that remain unsold after the conduct of two (2) failed public auctions that are not suitable either for official use or donation, subject to prior approval of the Secretary of Finance. In the case of personal properties, however, the foregoing requirements of two (2) failed public biddings and approval of the Secretary of Finance can be dispensed with for purposes of entering into a negotiated or private sale of seized/forfeited articles.
- c. Official Use of the BIR - seized/forfeited articles subject to disposition, which remains unsold after at least two (2) public auctions and are suitable for official use to promote

intensive collection of taxes, may be declared by the CIR for official use of the BIR, subject to the approval of the Secretary of Finance.

- d. Donation - refers to the donation to another government agency after the approval of the Secretary of Finance, which remain unsold after at least two (2) public auctions, upon recommendation of the CIR. This mode of disposition shall only be resorted after it has been determined that the Seized/Forfeited Articles are not suitable for official use of the BIR.
- e. Destruction - refers to the process of removal, disposal, and any other processes that render the seized/forfeited articles unusable, in an appropriate and most practicable manner, upon the order of the CIR or his/her duly authorized representative, if such are injurious to public health or prejudicial to the enforcement of the law.

A separate Revenue Memorandum Order shall be issued to prescribe the detailed procedures, mechanisms, and requirements for the effective implementation of the provisions of these Regulations.