



Legal Watch

CUSTOMS ADMINISTRATIVE ORDER NO. 02-2026



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SUMMARY

The Bureau of Customs issued CAO No. 02-2026 to govern the conditional importation or temporary admission of foreign-owned and foreign-registered International Cable-Laying and Repair Vessels (ICLRVs). Aligned with the Customs Modernization and Tariff Act (CMTA) and the Istanbul Convention, the order officially recognizes ICLRVs as "professional equipment". Consequently, these vessels qualify for total conditional relief from import duties and taxes when brought into the Philippines for the survey, installation, maintenance, upgrading, or repair of submarine fiber-optic and power cables.

To qualify for tax-free temporary admission, the following must be complied with: 1) the vessel must be owned, and is imported by a person established or a resident outside the Philippines; 2) the vessel is used solely by or under the personal supervision of the person visiting the Philippines; 3) a goods declaration for conditional importation shall be filed in accordance with Section 401 of the CMTA; and 4) upon the expiration of the approved period of temporary admission, an Export Declaration shall be filed, accompanied by an Exit Clearance to evidence compliance with the re-exportation requirement.

Importers are generally required to file a conditional goods declaration, secure a MARINA Special Permit, and post a security bond equivalent to 100% of the duties and taxes. The vessel must be reexported within six months, subject to a one-time six-month extension under meritorious grounds like force majeure or technical operational delays.

Notably, the order provides relaxed rules for a short-term presence not exceeding 15 days (extendible by another 15 days). Under this short-term setup, vessels are exempt from filing a formal goods declaration and posting a security bond, provided they submit essential documentation, such as a Notice of Arrival and MARINA Special Permit, and undergo continuous customs underguarding while operating in Philippine waters. Auxiliary materials not forming a permanent part of the vessel remain fully subject to regular duties and taxes.

* Agency Name

Bureau of Customs (BOC)

* Issuance Title

Rules on Conditional Importation (Temporary Admission) of International Cable-Laying and Repair Vessels (ICLRVs)

* Issuance Date

21 May 2026

* Link

<https://customs.gov.ph/wp-content/uploads/2026/05/2026C-AO-2-2026.pdf>





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ACTIONABLE ADVICE

Clients operating foreign-registered ICLRVs for telecommunications or energy projects must proactively evaluate their project timelines to choose the correct customs entry track. For long-term projects, clients must prepare to lodge a formal goods declaration and secure a security bond covering 100% of the estimated duties and taxes. To prevent forfeiture, any extension requests for the initial six-month re-exportation period must be filed before expiration, explicitly citing valid justifications like mechanical issues or project delays.

If the operational presence will not exceed 30 days, clients should utilize the short-term presence pathway to bypass the rigorous declaration and bonding requirements. However, they must strictly coordinate with the Port Intelligence Division to accommodate mandatory vessel underguarding during their stay in Philippine territory.

Additionally, clients must carefully segregate their inventory prior to arrival. Any auxiliary cables, pipes, or installation materials that will be left behind or laid permanently on the seabed are not covered by the vessel's tax exemption. These items must be declared separately under regular importation channels with all corresponding duties and regulatory permits settled upon entry. Finally, when a project spans multiple collection districts, operators must submit timely notices to the next customs jurisdiction prior to movement to maintain seamless, penalty-free transit.

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