

**BDB Law**

DU-BALADAD AND ASSOCIATES

# ADVISORY

SERIES OF 2025

Customs Duty Treatment  
of Local Sales by  
Registered Business  
Entities

**CUSTOMS DUTY TREATMENT OF LOCAL SALES**  
**BY REGISTERED BUSINESS ENTITIES**

**I. General Tax Treatment**

- Sales of goods and services to domestic market enterprises or non-Registered Business Entities are considered as local sales for VAT purposes within the jurisdiction of the BIR.

**II. Customs and Duty Obligations**

The Registered Business Entities with local sales shall observe the following:

- In addition to the BIR Form 0605 used to pay the VAT to the BIR, **appropriate duties, applicable taxes other than VAT, and other fees and/or charges on the imported raw materials sold or made as component of the finished product shall be paid** to the BOC officer handling the release of the goods subject of the local sale.

*Note: Under Section 295(D) of the Tax Code, as amended, importation of capital equipment, raw materials, spare parts, or accessories, including goods used for administrative purposes, of the registered project or activity shall be exempt from duties.*

- The **duty rate at the time of withdrawal** shall be applicable on the goods originally admitted, whether withdrawn in its original or advanced form.
- The appropriate **goods declaration for such raw materials** shall be prepared.

Source:  
Customs Memorandum Circular No. 113-2025  
June 2, 2025

**Learn more:**

email us at [info@bdblaw.com.ph](mailto:info@bdblaw.com.ph)  
or call **+632 8403-2001**  
visit us at: [wwwbdblaw.com.ph](http://wwwbdblaw.com.ph)

\*DISCLAIMER: This is for general information only and is not intended, nor should be construed as a substitute for tax, legal or financial advice on any specific matter.

Du-Baladad and Associates (BDB Law) is a multi-awarded, global tax law firm in the Philippines that offers services around 3 major areas of practice – **tax, legal and consulting.**

**BDB Law**

DU - BALADAD AND ASSOCIATES

© 2025 Du-Baladad and Associates. All Rights Reserved.