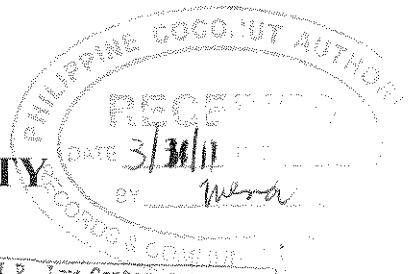
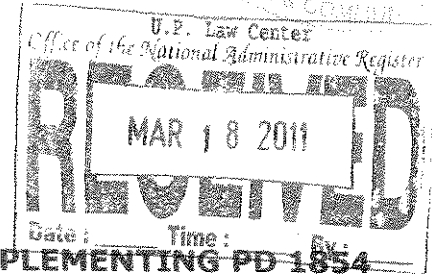


REPUBLIC OF THE PHILIPPINES  
**DEPARTMENT OF AGRICULTURE**  
**PHILIPPINE COCONUT AUTHORITY**

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**ADMINISTRATIVE ORDER NO. 01**  
Series of 2011



**AMENDED RULES AND REGULATIONS IMPLEMENTING PD 1854**

**WHEREAS**, the Philippine Coconut Authority was authorized by P.D. 1854 to assess and collect a PCA Fee of Three Centavos for every kilogram of copra or husked nuts or their equivalent in copra terms of other coconut products delivered to and/or purchased by copra exporters, oil millers, desiccators and other end-users of coconut products;

**WHEREAS**, Executive Order No. 292 otherwise known as The Administrative Code of 1987, authorizes all government agencies empowered by law to collect fees, upgrade and increase their rates of fees and charges equivalent to the full cost of service;

**WHEREAS**, said authority was reiterated by Executive Order No. 159, Series of 1994, the PCA Governing Board after conducting industry consultations and hearings, promulgated Resolution No. 035-95 authorizing a revised schedule of the rates of PCA Fees as follows: Six Centavos per kilogram effective January 1, 1996; Nine Centavos per kilogram effective January 1, 1997; and Twelve Centavos effective January 1, 1998;

**WHEREAS**, since 1996 until the present, the rate of assessment has been pegged at Six Centavos and collected through Administrative Order No. 01, Series of 1996, after publication in a national newspaper of general circulation, but the other revised rates authorized by Resolution No. 035-95 have been deferred by the Authority in view of market resistance owing to low prices of copra in the industry;

**WHEREAS**, Executive Orders No. 197 and No. 218, both series of 2000, further reiterated the call for national agencies to revise their fees to recover the full cost of service, which in no case shall not be less than twenty percent, to commensurately compensate the rising cost of administration;

**WHEREAS**, the administrative cost of services rendered to the end-users and beneficiaries of the services had significantly increased since the adoption of the Six Centavo rate in 1996, which necessitates the full implementation of the maximum upgraded rate of the PCA Fee authorized under Resolution No. 035-95;

NOW, THEREFORE, premises considered, Administrative Order No. 01, Series of 2010, is hereby amended to provide the following rules and regulations to implement the upgraded PCA Fee:

**Section 1. Coverage and Amount of the PCA Fee.** - There shall be imposed and collected a PCA Fee of Twelve Centavos (P0.12) for every kilo of copra or copra equivalent of husked/de-husked nuts, fresh young nuts ("buko"), and copra equivalent in other coconut products delivered to and/or purchased by the coconut product exporters, oil millers, desiccators, exporters and other payor contemplated in Section 3 of this Order.

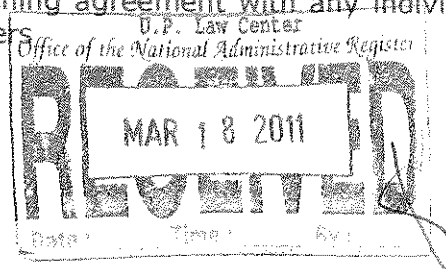
**Section 2. Assessment Rates of Copra and other Coconut based Commodities** - Until otherwise provided or prescribed by the Authority, collection of PCA Fee imposed in Section 1 above shall be based on the following copra equivalent of the assessed commodity:

COMMODITY	CONVERSION FACTOR in copra terms	PCA FEE Per kg.	RATE Per MT
1. Copra	1.00	<u>P 0.12</u>	<u>P 120.00</u>
2. Whole or Husked Nuts (HN) Fresh Young Nuts (Buko)	0.235	<u>0.02820</u>	<u>28.20</u>
3. Crude Coconut Oil	1.6129	<u>0.19355</u>	<u>193.55</u>
4. Desiccated Coconut (DCN)	1.5461	<u>0.18553</u>	<u>185.53</u>
5. Cochin Oil (CO)	1.6978	<u>0.20374</u>	<u>203.74</u>
6. Edible Coconut Oil /Refined Bleached Deodorized Oil (RBD)	1.7068	<u>0.20482</u>	<u>204.82</u>
7. Toilet Soap/Bath Soap*			
8. Laundry Soap *			
9. Methyl Ester *			
10. Fatty Alcohol *			
11. Fatty Acid *			
12. <u>Diethanolamide *</u>			
13. <u>Alkanolamide *</u>			
14. Coconut Milk (Liquid)	0.9676	<u>0.11611</u>	<u>116.11</u>
15. Coconut Milk Powder (CMP)	4.6260	<u>0.55512</u>	<u>555.12</u>
16. Virgin Coconut Oil (VCO)	3.8357	<u>0.46028</u>	<u>460.28</u>

- Assessment rates shall be determined on the basis of the company's production data. The PCA Fee shall be computed based on the crude coconut oil content of these products.

**Section 3. Who Shall Pay The PCA Fee.** - The PCA Fee imposed herein shall be paid and collected from the following in the manner hereinafter prescribed:

- Pure oil millers - including those who entered into toll-crushing agreement with any individual, trader, broker or others
- Oil millers who are also refiners - including those who entered into toll-crushing agreement with any individual, trader, broker or others
- Desiccators



- d) Exporters of copra, whole or husked nuts and fresh young nuts ("buko")
- e) Processors or producers of coconut milk, flour or powder, coconut oil and other products derived from fresh coconut meat or kernel, irrespective of classification and process used
- f) Other end-users of coconut products including refiners, cocochemical producers, other coconut processors and traders; Provided that, such end-users shall not be required to pay upon their submission of Certification **made** by their suppliers that they have previously paid the PCA Fee corresponding to the assessable supplies delivered indicating therein the official receipt number, date of issuance, volume and amount paid; Provided further, that said end-users shall ensure that their suppliers are payors of the PCA Fee who are registered as such by the PCA in accordance with Section 9 hereinbelow. For this purpose, and in case of doubt, said end-users are hereby enjoined to verify with PCA if their suppliers are registered PCA Fee payors.

In the case of crude coconut oil purchased from sources other than the oil millers, the PCA Fee assessable on the copra or its equivalent in other coconut products shall be paid by the buyer/end-user. The Authority may exempt the buyer/end-user from the payment of PCA Fee upon the latter's presentation of the document as contemplated in the above Section 3(f).

**Section 4. How The PCA Fee Shall Be Paid and Collected.** -

The PCA Fee shall be paid and collected in the following manner:

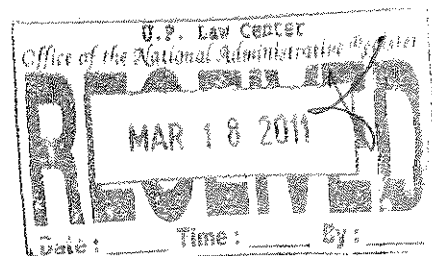
The PCA Fee shall be assessed, paid and collected corresponding to purchases and/or receipt of copra or the copra equivalent of husked nuts/de-husked nuts, fresh young nuts ("buko") and copra equivalent in other coconut products delivered to the coconut product exporters, oil millers, desiccators or other payor contemplated in Section 3 of this Order.

Remittance shall be made on the basis of the volume of purchase declared by the responsible officer of the miller, desiccator, or other payor contemplated in Section 3 of this Order, in an Assessment Order of Payment as prescribed by PCA.

Remittance shall be made on the Friday immediately following the weekly period when the deliveries/purchases were made.

Remittances and payments shall be made in cash, Manager's Check or company check.

**Section 5. Where to Pay the PCA Fee.** - **The PCA Fee shall be paid at the PCA Central Office or at the PCA Regional Office where the payor is situated.** (n)



**Section 6. Transitory Provisions. –**

a) The following shall still be covered by the old PCA Fee provided for under Section 2 of Administrative Order No. 01, Series of 2010:

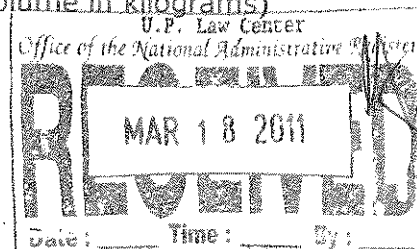
1. Purchases and deliveries against outstanding contracts entered into before the effectivity hereof, only under the following conditions:
  - (a) The contracts were previously reported to PCA in Form No. 061, 065 and 070;
  - (b) The contracts are in writing;
  - (c) The deliveries for contracts with specific expiry dates are made within the contracted date of deliveries but in no case beyond thirty (30) days from the effectivity of this Order;
  - (d) The deliveries for contracts with no specific expiry date are made within thirty (30) days from the effectivity of this Order;
  - (e) The outstanding contracts are not assigned to persons other than the contracted original parties.
2. Inventories are properly established on the basis of the reports submitted in accordance with existing schedule of reporting requirements.

b) Unless proven otherwise by competent documentary evidence, for volumes purchased and/or delivered but not properly reported within the period or whose reports are not complete, all payors contemplated in Section 3 of this Order, shall pay the increased fee or the new rate of Twelve Centavos (P0.12) per kilogram of copra or its equivalent in copra terms of other coconut products.(n) It is understood therefore, that whatever reports previously submitted shall remain binding.

c) Within ten (10) days from date of effectivity of these Rules, all payors contemplated in Section 3 of this Order, shall submit to PCA sworn statements of their cut-off stock inventories and balances of undelivered volume based on outstanding purchase contracts as of 12 o'clock midnight immediately preceding the date of effectivity of these Rules.

1. For outstanding purchase contracts, the sworn statements shall include the following data and information:
  - (a) Coconut products contracted
  - (b) Contract dates and numbers
  - (c) Names and addresses of suppliers
  - (d) Volume contracted in kilograms and
  - (e) Undelivered balances (volume in kilograms)

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2. For cut-off stock inventories, the sworn statements shall include the following data and information:

- (a) Volume in kilograms of coconut products in commodity and in copra terms which are in the possession or under the control of the payors contemplated in Section 3.

The sworn statements must bear the certification of the company's Plant Manager.

**Section 7. Toll Crushing Agreements.** - Certified true copies of all Toll Crushing Agreements entered into by the end-users before the effectivity of these Rules, shall be submitted to the PCA within fifteen (15) days from the effectivity of these Rules. Thereafter, any Toll Crushing Agreement entered into by end-users shall likewise, be submitted to the PCA not later than seven (7) days upon perfection of such agreements.

**Section 8. Effect of Burning, Loss or Destruction of Coconut Products Subject To PCA Fee.** - The burning, loss or destruction of coconut products delivered to or purchased by PCA Fee payors shall be exempted from the coverage of PCA Fee. However, the exemption shall not cover the following:

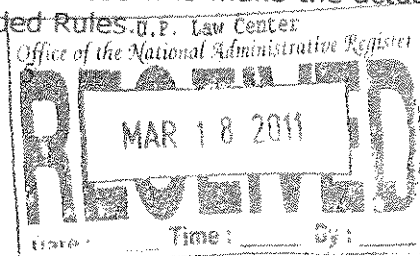
- a) Existing outstanding PCA Fee obligations which have already accrued prior to the burning;
- b) Coconut products which have not been damaged as determined by the fire insurance adjuster, if insured. If not insured, the PCA fee payor shall notify within twenty-four (24) hours from the occurrence of the fire, the nearest PCA Regional or Provincial Manager who shall send a representative to conduct an ocular inspection/investigation and thereafter, shall file a report on the extent of damage of the coconut products in the premises.

Any unburned copra or coconut product reported by the Provincial Officer based on his ocular observation/inspection shall be subject to the payment of the PCA Fee under these Rules.

Failure of the payor to report the incident within the period in subparagraph (b) shall amount to the forfeiture of the exemption provided herein.

The exemption shall not apply in whatever circumstance of intentional burning as determined by the arson investigator. PCA, however, reserves the right to validate the arson investigation report and if necessary, to conduct its own investigation.

**Section 9. Monitoring of Payments and Collections; Register of PCA Fee Payors.** - The PCA shall maintain a Register of PCA Fee payors which shall automatically include any person or entity who paid or remitted the fees during the previous Rules, and those who make the actual payment or remittance pursuant to this amended Rules.



**Section 10. Submission of Reports.** - All exporters and domestic processors and end-users of coconut products subject to PCA Fee, herein referred to as payors contemplated in Section 3 hereof, shall in lieu of the weekly report, continue to submit the Monthly Summary Report covering every four (4) consecutive weeks' transactions on the following:

- a) Purchases of Coconut Products
- b) Domestic Sales of Coconut Products
- c) Export Sales of Coconut Products
- d) Production of Coconut Products and
- e) Inventory of Coconut Products

For domestic sales, oil millers, virgin coconut oil producers, desiccators and traders of such products shall, in their reports on sales, disclose and identify the names and addresses of their buyers and volume sold, supported by sales invoices.

Refiners, cocochemical producers and other coconut processors and traders shall, in their reports on purchases of crude coconut oil, disclose and identify the names and addresses of their suppliers and the names of the supplier's officers and/or the supplier's duly designated representatives in case of juridical entities, supported by purchase invoices

In addition to purchase and sales reports, the millers, desiccators, refiners, cocochemical processors, virgin coconut oil producers and other processors of coconut meat based products shall submit production reports in simplified forms indicating the classification and volume of raw materials used as well as the commodities produced.

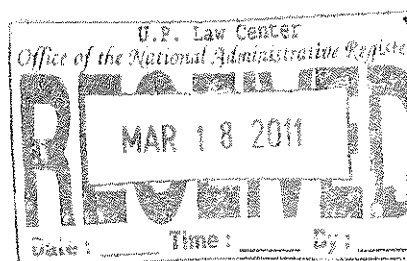
**Section 11. Year-End Reports of Cut-Off Stock Inventory and Balances of Outstanding Purchase Contracts.** - All payors contemplated in Section 3 above shall, within the first fifteen (15) days of every succeeding year beginning 2012, submit to the PCA sworn statements of their cut-off stock inventory and balances of outstanding purchase contracts as of December 31 of the preceding year. The sworn statements shall include the data and information specified in Section 6(c), as certified by the company's Chief Executive Officer or authorized Plant Manager.

**Section 12. Withholding of Customs Loading Permit.** - The PCA shall promptly seek the assistance of the Bureau of Customs with respect to any and all failure or refusal to pay the PCA Fee and shall thereby advise the Bureau of Customs to withhold the issuance of loading permit for exportable coconut products in accordance with a Memorandum of Agreement to be executed between the Authority and the Bureau, without prejudice to the imposition of sanctions provided for under existing rules, orders and regulations.

**Section 13. Sanctions.** - For any violation of the provisions of these Rules, the Authority shall impose any or all of the following sanctions:

- a) Interest equal to fourteen percent (14%) per annum of the PCA Fee unpaid and/or paid after the due date thereof;

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- b) Non-processing of application for export and/or non-issuance of export clearance and/or permit to load;
- c) Cancellation/suspension/non-renewal of the Certificate of Registration;

The PCA shall notify in writing, any PCA fee payor for short/non-payment of the assessment for any particular CISF period/s, non-submission of reports within the time prescribed for such particular period/s or submission of false reports, and the subsequent failure to pay, submit the required reports, or failure to rectify the false or incorrect report after receipt of the written notice, shall be considered as prima facie evidence of fraudulent failure to pay the assessment due in violation of PD 1854 and this Implementing Rules; Provided, however, that this Section shall be without prejudice to the applicability of the provisions of the Revised Penal Code on falsification of official documents.

The PCA Administrator or his duly designated representative shall initiate investigation, inspection, and prosecution of any person or entity found to be violating any of the provisions of this Administrative Order, including the inspection of records, reports, inventories, equipment, and facilities of PCA Fee payors to ensure that the PCA Fee or the correct amount thereof is properly remitted to the PCA.

The PCA may issue subpoena and subpoena duces tecum for purposes of any investigation conducted by it pursuant to its powers granted under P. D. 1468.

In addition to the administrative sanctions mentioned above, the person or entity responsible for such violation shall, upon conviction by the Court, be punished by a fine of not more than TWENTY THOUSAND PESOS (P20,000.00) and by imprisonment of not more than five (5) years. If the offender be a corporation, partnership or juridical person, the penalty shall be imposed on the officer or officers authorizing, permitting or tolerating the violation. Aliens found guilty of any offense shall, after having served his sentence, be immediately deported and, in case of a naturalized citizen, his certificate of naturalization shall be cancelled.

**Section 14. Supplementary Rules.** - All provisions of Administrative Order No. 001, Series of 1983, Administrative Order No. 01, Series of 1996, Administrative Order No. 01, Series of 2010, and other existing rules, orders and circulars not otherwise inconsistent herewith shall remain effective.

**Section 15. Effectivity.** - These rules and regulations shall take effect after fifteen (15) days from date of publication in two (2) newspapers of national and general circulation.

Quezon City, March 11, 2011.

**EUCLIDES G. FORBES**  
Administrator

