

**Administrative Order
No. 80
December 28, 1987**

**SUBJECT: Regulations Governing the Measurement,
Assessment and Payment of Forest Charges
on Timber and Other Forest Products**

Pursuant to the provisions of Executive Order No. 192 dated June 10, 1987, Presidential Decree 705, as amended, Batas Pambansa Bilang 83, and the second paragraph of Section 22 of Executive Order No. 273, dated July 25, 1987, the following rules and regulations governing the measurement, assessment and payment of forest charges on timber and other forest products are hereby promulgated for the guidance of all concerned.

Section 1. Definition of Terms. For the purposes of these regulations, the following definition of terms are hereby adopted:

- 1.1 **Chipwood** - wood materials used for conversion into chips for the manufacture of paper, chipboard, fibreboard, hardboard, and other wood-based fibre products.
- 1.2 **Destination** - the place where the forest products are discharged either for processing/manufacturing or for transshipment.
- 1.3 **Firewood/Fuelwood** - wood materials utilized for domestic, industrial or commercial energy generation.
- 1.4 **Forest products** - shall mean timber, pulpwood, firewood, bark, tree top, resin, gum, wood oil, honey, beeswax, nipa, rattan, or other forest growth such as grass, shrub and flowering plant, the associated water, fish, game, scenic, historical, recreational and geologic resources in forest lands.
- 1.5 **Log** - any section of the bole, or of a large branch, of a felled tree after cross-cutting.
- 1.6 **Logging wastes** - wood materials or residues generated during logging operation such as log trims, tree tops, branches, buttresses, culls, and the like.
- 1.7 **Manufactured timber** - pieces of sawn wood produced from one round timber, the sawing of which was done without the benefit of scaling. This includes pieces of wood commonly known as flitches.

- 1.8 **Pulpwood** - any wood of whatever form or size commercially used for pulp-making.
- 1.9 **Reshipment** - the transport of forest products from point of origin to a specific destination as appearing in the Certificate of Origin.
- 1.10 **Squared timber** - a large piece of wood produced from one round timber using any mechanical tools, the conversion of which was done without the benefit of scaling of the said round timber.
- 1.11 **Timber** - a piece of wood with an average diameter of at least 15 centimeters and a length of at least 1.5 meter, except all mangrove species which in all cases shall be considered as timber regardless of size.
- 1.12 **Transshipment** - the transport of forest products from point of origin passing through different loading points before reaching the final destination as appearing in the Certificate of Origin.

Section 2. Classification of Timber

- 2.1 **Timber** - is further sub-classified into four (4) categories in accordance with existing Forestry Administrative Order No. 32-1, as follows:

2.1.1 First Group

Akle	Gisok-gisok	Manggasinoro
Akleng-parang	Guijo	Maranggo
Afu	Igem	Margapali
Almaciga	Ipil	Matang-usa
Almon	Kaburo	Mayapis
Amugis	Kalamansanai	Molave
Apitong	Kalantas	Narek
Aranga	Kaliot	Narig
Bagtikan	Kamagong	Narra
Bakan	Kamuning	Nato
Balu	Kulilisiau	Palosapis
Banaba	Lanete	Pagatpat
Bansalagin	Lanutan	Pahunan
Banuyo	Liusin	Piagao
Batikuling	Lokinai	Pine, Benguet
Batitinan	Lumbayao	Red Lauan
Betis	Lumbayao-bato	Sangilo

Bitanghol	Magasusu	Saplungan
Bitaoag	Mahogany	Sudiang
Bolong-eta	Makaasim	Supa
Cana-fistula	Malaanonang	Tabau
Dagang	Malabunga	Tabigui
Dangula or Sasalit	Malakadios	Tangile
Dao	Malakauayan	Tambulian
Dungon	Malugai	Teak
Dungon-late	Malaguijo	Tiaong
Duyok-duyok	Mangkono	Urung
Ebony	Manggachapui	White Lauan
Gisok		Yakal

2.1.2 Second Group

Agoho	Katmon	Marabitaog
Agoho del Monte	Katmon-kalabau	Oak
Alupag	Kayugalu	Pamitaogen
Alupag-Amo	Kubi	Phil. Chestnut
Bagras	Lamio	Pili
Batete	Lanipau	Raintree(Acacia)
Batino	Loktob	Taba
Bayok	Malabatino	Tamayuan
Binggag	Malabayabas	Tanglin
Dita	Malakatmon	Tiga
Kamatog	Manggis	Toog
Anubing	Mangkang	Tukang-kalau
	Mapilig	Yemane

2.1.3 Third Group

Amayan	Gugas	Miau
Anislag	Marang	Moluccan sau or falcata
Antipolo	Kaatoan-bangkal	
Api-api	Kalingag	Nangka
Bakauan	Kalumpit	Pototan
Balakat	Kansulud	Sakat
Balibbikan	Kato	Salakin
Balobo	Kayatao	Salingkugi
Bangkal	Kuling-manuk	Sandit
Balukanag	Lago	Santol
Bayanti	Lamog	Tanghas

Busaing	Langarai	Tangal
Bogo	Malakamias	Talisai
Bolon	Malapinggan	Talisai-gubat
Bulala	Malapapaya	Taluto
Bulog	Malasaging	Tinaang-lantai
Dalinsi	Malatumbaga	Tuai
Gisihan	Matamata	Unik

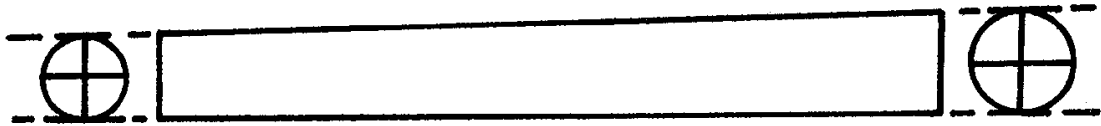
2.1.4 **Fourth Group** - the fourth group shall include all species not included in any of the other groups.

Section 3. Measurement

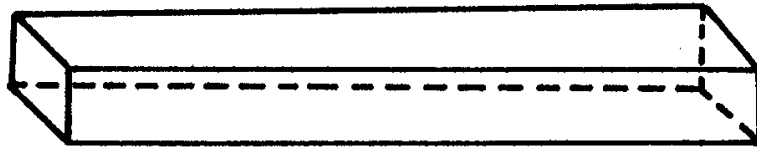
3.1 **Mode of Measurement** - All forest products shall be measured by scaling using the metric system and following the standard procedure of this Order.

3.1.1 **Round timber** - the volume of all round timber including pulpwood and chipwood, shall be ascertained by multiplying the average cross section of both ends of the timber or the cross section thereof at half the length (midpoint), as the case may be, exclusive of the bark (underbark), by the length of the timber. For practical purposes, the average cross section of the timber shall be determined on the basis of the average diameters at both ends regardless of length. Diameter values shall be expressed in whole odd or even centimeters; fractions over half centimeter shall be counted up and fractions less than half shall be ignored. Lengths shall be measured to the nearest whole decimeter value; over half decimeter shall be counted up while less than half shall be ignored.

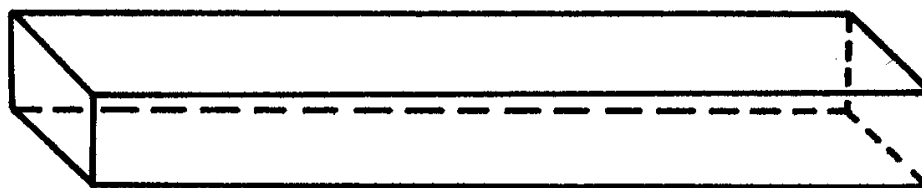
If a timber in the round, cut under license is measured and manifested by authorized forest officer, the Director of the Forest Management Bureau (FMB) shall make due allowance for rot and cavities, or other natural defects but from any decision of the FMB Director in this respect, an appeal shall lie to the Secretary of Environment and Natural Resources (DENR) whose decision shall be final. The manifest of timber cut by licensees operating sawmills and other wood processing plants in or near the forest, shall be attested to by authorized forest officers whenever practicable.



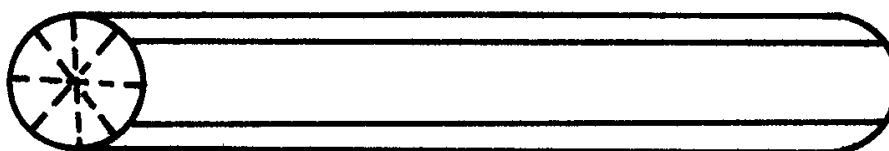
- 3.1.2 **Manufactured Timber** - The thickness and width of squared timber are measured in even or odd centimeters. The Length of manufactured timber is measured in the same manner as the length of round timber is measured. For purposes of computing the tax base upon which the forest charges are to be levied, the 100% loss in manufacturing should be added back to the volume.



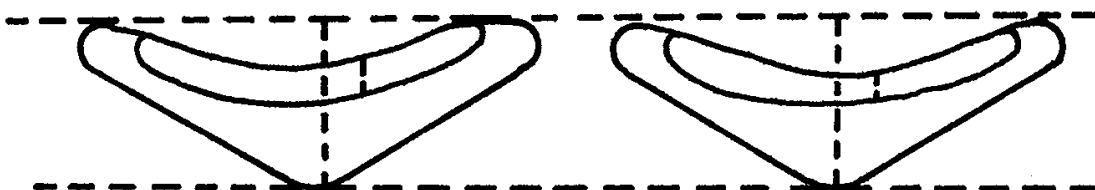
- 3.1.3 **Squared Timber** - The volume of squared timber shall be ascertained by multiplying the average of the cross section measured by the length. The volume so ascertained represents only 60% of the round timber. For purposes of computing the tax base upon which the forest charges is to be levied, the 40% loss in squaring should be added back to the volume of the squared timber as above determined; Provided, however, that if squared timber cut under license is measured and manifested by forest officers, the FMB Director shall make due allowance for rot and cavities or other natural defects, but from any decision of the FMB Director in this respect, an appeal shall lie to the DENR Secretary whose decision shall be final. The privilege of manifesting timber after squaring shall, however, be granted only to licensees who have squared their timber in the forest with the axe and intend to take it to the market in this form.



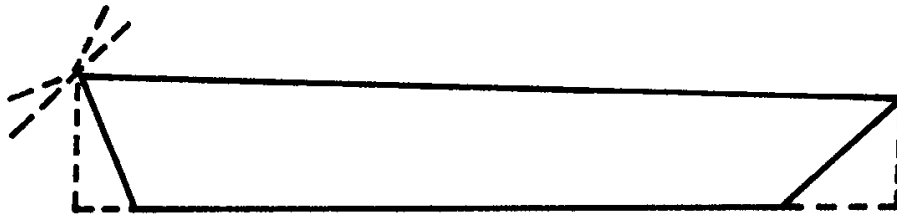
3.1.4 **Octagonal timber** - In computing the volume of approximately octagonal timber (four sides being hewn and the other four unhewn), the average diameter connecting the two pairs of opposite unhewn sides of the small end shall be used.



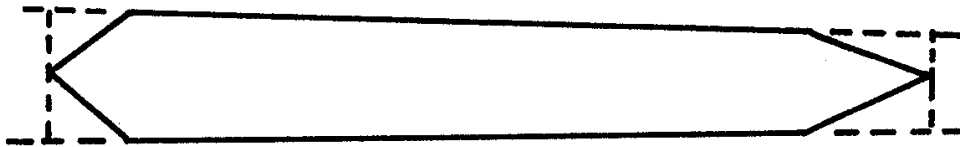
3.1.5 **Banca** - In measuring a banca for assessment, the diameter shall be determined by drawing a line from the highest point on the stern to the highest point on the bow and measuring from this line to the bottom of the banca provided that the diameter thus measured is not less than the beam of the banca, otherwise, the beam shall be taken as the diameter of the timber from which the banca was made.



3.1.6 **Pointed timber** - In computing the volume of a piece of timber which comes to a point of nearly to a point at one end, the average diameter will be used instead of the diameter of the small end, if the diameter of the small end is less than, or equal to, one-half of the diameter of the large end.



- 3.1.7 **Nosed or sniped timber or otherwise irregular cut** - Butt timber with deep undercuts shall be measured for length from point midway between the extreme end of the undercut and the saw cut line. In case of nosed or sniped timber the full length shall be taken.



- 3.1.8 **Firewood/Fuelwood** - The volume of firewood/ fuelwood shall be ascertained by first measuring the stack volume (talaksan/stere) of the firewood/fuelwood billets, thence, convert the stack volume of one (1) cubic meter (1m x 1m x 1m) to its solid volume by multiplying stack volume by the factor 4/5 or 80% which shall be the basis for the forest charges. However, weight scaling may be authorized with the use of a certified weighbridge after a weight to volume factor has been established and validated and approved for use by the Secretary of Environment and Natural Resources upon recommendation of the Director of Forest Management Bureau.
- 3.1.9 In any commercial sale of timber in the local market, the timber shall be measured only in accordance with the provisions of this section. In cases where deductions are to be made from the total volume of the timber to provide for sapwood, rot, cavities or other natural defects, such deductions shall be limited only to the extent of actual defects of the timber and shall not include such parts thereof as may otherwise be found of commercial value. For purposes of these regulations, "other natural defects" shall be limited only to brash center and rot.

3.2 **Place of Measurement** - All forest products shall be measured by duly authorized Department personnel in the cutting area whenever feasible or other specific places designated by the Regional Executive Director concerned.

Section 4. Forest Products Assessment - All timber and other forest products shall be assessed by DENR Scalers or duly authorized forest officers after the measurement thereof, and the same shall be manifested in an auxiliary invoice (DENR Form No. _____ for timber and DENR Form No. _____ for minor forest products) which shall be the basis for the collection of forest charges.

4.1 **Timber** - Before cut timber are manifested in the prescribed invoice, the same shall be marked in the following manner:

4.1.1 **Round timber** - Soon after topping or bucking and before removal from the cutting areas, the timber licensee concerned shall, under the supervision of the DENR forest officer either by painting/chiseling place at one end stamp prominently his duly registered private log marker including the following:

- a. Set-up number where the timber were cut;
- b. Tree number;
- c. Log number;

4.1.2 **Squared and Manufactured Timber** - The following markings shall be painted on one end:

- a. Registered Private Log marked;
- b. Set-up number;
- c. Serial number;

After the timber marking is done, the DENR Scaler or duly authorized forest officer shall scale the timber and stamp on each end his official marking hatchet. After which he shall prepare the auxiliary invoice and submit the same to the Community Environment and Natural Resources Officer (CENRO) concerned, together with the scale sheets and demand letter for approval.

These auxiliary invoices are accountable forms, printed in quintuplicate, serially numbered and bound in book form. The auxiliary invoices shall be distributed as follows:

Original	-	Regional Executive Director
Duplicate	-	Permanent file of the licensee/ permittee
Triplicate	-	Retained by the CENRO
Quintuplicate	-	For licensee/permittee to accompany shipment
Quadruplicate	-	Forwarded to the PENRO

Section 5. Rates of charges on Forest Products - There shall be collected charges on the following forest products:

5.1 **Timber** - On each cubic meter of timber cut in forest land in the Philippines, whether removed therefrom or not:

5.1.1 On timber in the first and second groups - Thirty Pesos (P30.00);

5.1.2 On timber in the third and fourth groups - not including firewood - Fifteen Pesos (P15.00)

5.1.3 On branches and other recoverable wood wastes of timber such as timber ends, tops and stumps, regardless of group classification, when used as fuelwood or raw materials for the manufacture of finished wood products - Two Pesos (P2.00).

5.2 **Firewood** - On each cubic meter of firewood cut in forest land, except all mangrove species - Two Pesos (P2.00)

5.3 **Minor Forest Products** - Tax base and rates of charges on forest products:

PRODUCTS	UNIT	ACTUAL MARKET VALUES	FOREST CHARGES
Anahaw leaves or palma grava leaves	100 leaves	P 30.00	P 30.00
Anahaw trunk			
Bamboo from public forest	100 pieces	300.00	30.00
Barks of cutch (dry)	100 pieces	50.00	5.00
Barks of cutch (green)	100 pieces	25.00	2.50
Beeswax	100 kilograms	360.00	36.00

Beeswax, refined	100 kilograms	720.00	72.00
Birds nest & staghorn ferns			
Boho or cana-boho (Spanish-Filipino) bolo, boho, lumanpau, bokau, Tagalog, Bagakan, Bagakai (Visayan) Bulu, Bolo, (Visayan) (Iloco) Gras (Bicol)	100 pieces	500.00	50.00
Buri (dried & rolled in bundles)	100 pieces	60.00	6.00
Buri (green leaves attached to the stem)	100 kilograms	12.00	1.20
Buri fiber	1 piece	30.00	3.00
Cabo-negro	100 kilograms	30.00	3.00
Canela or cinnamon bark	100 kilograms	100.00	10.00
Charcoal (carbon vegetal)	Cubic meter	100.00	10.00
Kamagsa	100 kilograms	36.00	3.60
Diliman, nito and other vines	100 kilograms	100.00	10.00
Dipterocarp resins (balao, etc.)	100 kilograms	100.00	10.00
Doluru	Cubic meter	120.00	12.00
Dyebark (nigue)	100 kilograms	120.00	12.00
Dyebark (sibucan)	100 kilograms	12.00	1.20
Gogo bark	100 kilograms	120.00	12.00
Guta-percha	100 kilograms	420.00	42.00
Hingiw	100 kilograms	24.00	2.40
Honey syrup, unfined	Liter	50.00	5.00
Lumbang or Baguilumbang nuts (husked)	100 kilograms	60.00	6.00
Lumbang or Baguilumbang nuts (unhusked)	100 kilograms	30.00	3.00
Manila copal (Almaciga resin)	100 kilograms	250.00	25.00
Manila elimi (pili resin)	100 kilograms	120.00	12.00
Nipa leaves - 1,000 shingles or less than 1.5 meters in length)	400 kilograms	210.00	21.00
Nipa sap	1,000 liters	3.60	.36
Oleo resin (balao)	liter	3.00	.03
Orchids (waling-waling, butterfly, etc.)	piece		3.00
Round table tops mftd. from buttresses of trees of			

first group:			
a. 50 cm. in diameter or less	1 table top	30.00	3.00
b. 100 cm. in diameter or less	1 table top	30.00	3.00
c. 150 cm. in diameter or less	1 table top	60.00	6.00
d. over 150 cm. in diameter	1 table top	90.00	9.00
Round table tops mftd. from buttresses of trees of second group of lower:			
a. 50 cm. in diameter or less	1 table top	15.00	1.50
b. 100 cm. in diameter or less	1 table top	30.00	3.00
c. 150 cm. in diameter or less	1 table top	60.00	6.00
d. over 150 cm. in diameter	1 table top	90.00	9.00
Salago bark (clean)	100 kilograms	42.50	4.25
Split rattan	100 kilograms	500.00	50.00
Unsplit rattan (2 cm or less in diameter)	1,000 linear meters	300.00	30.00
Unsplit rattan (over 2 cm. in diameter)	1,000 linear meters	750.00	75.00
Tan bark (cascalotes) other than Tangal)	100 kilograms	120.00	12.00
Tangal bark for tuba drink	100 kilograms	150.00	15.00
Tree ferns	Whole tree	15.00	1.50

The market value of the various forest products on which forest charges may thus be collected shall be determined annually by assessment of the FMB Director and to be approved by the DENR Secretary, the same to be published for the information of the public in the Official Gazette or in two daily newspapers of national circulation, and posted in a conspicuous place in the municipal building of a municipality concerned.

Section 6. Payment of Forest Charges - The charges of forest products herein imposed shall be payable at the time of the removal from or utilization of the same within the concession area.

However, where the prepayment of forest charges at the point of origin would result in undue hardship to the concessionaire or licensee, forest products under auxiliary invoices may be removed from the cutting area without prepayment, conditioned upon filing of a forestry bond with the DENR in the form and amount and with such sureties as the DENR Secretary may require conditioned upon the payment of forest charges at the point of destination or at such time and place as the Secretary may direct. In such case, the forest charges shall be due and payable as follows:

- 6.1 When timber or other forest products are intended for export - In no case shall a customs collector allow a timber and/or forest products to be loaded without being shown a Certificate issued by the CENRO or the Regional Executive Director of the region where the cutting area of such timber is located or where the forest products were gathered and removed.

For this purpose, the shipper-concessionaire shall pay all charges due on such timber and/or forest products to be exported before loading on board a vessel. The CENRO or Regional Executive Director concerned shall issue the required Certificate only after ascertaining that the auxiliary invoices are properly prepared and that the forest charges due on such declaration were actually collected.

- 6.2 When timber and other forest products are to be removed for domestic sales - The forest charges shall be due and payable within thirty (30) days from removal thereof at the cutting area, or where the forest products were gathered; Provided, that such date of removal shall in no case be beyond thirty (30) days when the products were cut, gathered and removed.

The amount of the surety bond which may be filed by a licensee pursuant to and under the conditions set forth in the next preceding sub-section, shall be equal to the estimated forest charges due within one calendar quarter based on the annual allowable cut granted in the license, and that all additional cuts granted shall be covered with additional bonds before cutting the same; Provided, that, the minimum amount of the surety bond shall not be less than TEN THOUSAND PESOS (P10,000.00). All shipments of forest products shipped under bond must be accompanied with an authentic copy of the letter of approval of the said bond by the DENR Secretary or his duly authorized representative. The mere filing of a forestry bond with the DENR without the corresponding approval thereof is deemed without bond.

Copies of the letter of approval of a forestry bond must be furnished to the CENRO at the point of origin, Provincial Environment and Natural Resources

Officer (PENRO) and the corresponding Regional Executive Director who have jurisdiction of the municipality of origin.

Section 7. Penalties - The licensee/concessionaire shall be liable to the following penalties for any violation hereof, without prejudice to the imposition of other penalties under existing laws:

- 7.1 For illegal cutting - When forest products are unlawfully cut or gathered without license/permit issued by the DENR Secretary the same shall be subject to confiscation including the tools/implements and conveyances used in the commission of the offense without prejudice to the filing of criminal complaint against the offender. In addition thereto a 300% surcharge shall be imposed thereof.
- 7.2 Forest products without auxiliary invoice - When forest products are lawfully cut under license/permit but transported without auxiliary invoice, there shall be added to the forest charges an amount equal to fifty per centum (50%) of the forest charges due.
- 7.3 Discharge of forest products without permit - When forest products are discharged from boat, truck or other means of transportation without the proper discharge permit issued by the CENRO or his duly authorized representative at point of discharge, there shall be added to the forest charges an amount equal to fifty per centum (50%) of the forest charges due.
- 7.4 For late payment of forest charges - In case the forest charges are not paid within the prescribed period not due to willful neglect, there shall be added thereat a surcharge of twenty five per centum (25%) of the tax due, the increment to be a part of the tax and the entire unpaid amount shall be subject to interest at the rate of twenty per centum (20%) per annum.

In all cases, the amount so added shall be collected in the same manner and as part of the forest charges, as the case may be.

- 7.5 Any person who fails or refuses to remit to the proper authorities said forest charges collectible pursuant to the provisions of this Order, or who delays, obstructs or prevents the same, or who orders, causes or effects the transfer or diversion of funds for purposes other than those specified in this Order, for each such offense shall, upon conviction, be punished by a fine of not exceeding ONE HUNDRED THOUSAND PESOS (P100,000.00) and/or imprisonment for a period not exceeding six (6) years in the discretion of the court. If the offender is a government official or employee, he shall, in addition, be dismissed from the

service with prejudice to reinstatement and with disqualification from holding any effective or appointive office.

If the offender is a corporation, partnership or association, the Officers and Directors thereof shall be liable.

Section 8. Transitory Provision - All uncollected forest charges payable and due as of December 31, 1987 shall continue to be collected by the Bureau of Internal Revenue.

Section 9. Repealing Clause - BIR Revenue Regulations No. 2-81 dated November 18, 1980 and all other orders, rules and regulations, circulars and memoranda which are inconsistent herewith are hereby repealed or amended accordingly.

Section 10. Date of Effectivity - This Order shall take effect January 1, 1988.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommending Approval:

CIRILO B. SERNA
Director

NOTE: Attachments not included