

JAN 04 2002

PPA Administrative Order  
Number 01 - 2002

To : All Concerned

Subject : Guidelines on the Imposition of Interest and Penalty Charges, as Amended

1. Authority

- 1.1. Section 6a)(iii) of Presidential Decree No. 857
- 1.2. Section 22 of Presidential Decree No. 857

2. Coverage

This guideline shall cover all trade transactions of the Authority. It shall likewise be applicable to transactions covered by contract, agreement or undertaking unless the manner and rate of interest and penalty charges are specifically provided in the current contract, agreement, undertaking or the like, however, the rates specified herein will be applicable in their succeeding renewals.

3. Payment Due Date Per Collection System

- 3.1. Cash and Carry System is a collection system in which payment is made by the party primarily liable (the Shipping Line, the Shipper or the Consignee) in cash, manager's/cashier's check or PPA pre-approved company check prior to withdrawal of cargoes from the port/ loading of cargoes unto vessel for charges against cargoes or before departure of the vessel for charges against vessel.
- 3.2. Cash and Carry System with Cash Revolving Deposit is a variant of the cash and carry system where the party primarily liable (the Shipping Line, the Shipper or the Consignee) maintains a cash revolving deposit with PPA equivalent to one month transaction volume and pays cargo charges and replenishes the cash deposit not later than 25<sup>th</sup> day of the month, or anytime that the shipment can no longer be sufficiently covered by the balance of the cash deposit.
- 3.3. Centralized Collection System for Oil Companies is prescribed specifically for this industry where the oil company maintains a cash revolving deposit with PPA and both inbound and outbound wharfage dues are paid at the loading port not later than 10<sup>th</sup> and 25<sup>th</sup> of the month

for companies with 15-day cash deposit or every 25<sup>th</sup> day of the month for companies with 30-day cash deposit.

- 3.4. Modified Cash and Carry System is an alternative collection system where the shipping line acting as representative of its client-shippers/consignees is given the privilege to pay cargo charges on a per vessel per voyage basis within a period of seven (7) calendar days from date of vessel departure provided that it has complied with the posting of fixed cash/guarantee deposit equivalent to 7-day transaction volume and other requirements of the system.

#### 4. Rate and Reckoning Date of Interest Charges

- 4.1. An interest charge at the rate of Twelve Percent (12%) per annum shall be imposed on unpaid accounts reckoned as specified hereunder:
- 4.1.1. For port charges and cargo handling charges collected on cash and carry system, the reckoning date shall be on the day following the withdrawal/loading of cargoes or departure of vessel.
- 4.1.2. For port charges and cargo handling charges collected on cash and carry system with cash revolving deposit, the reckoning date shall be on the day following the withdrawal/loading of cargoes or departure of vessel based on the amount not covered by the remaining balance of the cash deposit.
- 4.1.3. For wharfage dues collectible from the oil companies under the centralized collection system, the reckoning date shall be the due date as provided in Sec. 3.3 hereof based on the amount not covered by the remaining balance of the cash deposit.
- 4.1.4. For port charges and cargo handling charges collected under the modified cash and carry system, the reckoning date shall be on the day following the expiration of seven (7) calendar days after actual date of departure of the vessel.
- 4.1.5. For rental charges, fixed and variable fees or percentage government share under the remittance system, post-billed additional charges, other fees, charges and claims which are covered by a contract, agreement, guidelines or undertaking, the reckoning date shall be the day following the due date as provided in those documents.
- 4.1.6. For share in electric and water consumption, reckoning date shall be the day following the due date set by the utilities company concerned.

#### 4.2. Formula:

$$\text{Interest Charge} = \text{Principal} \times 12\% \times \frac{\text{No. of Days}}{360}$$

5. Rate and Reckoning Date of Penalty Charges

5.1. A penalty charge shall also be imposed on unpaid accounts at the rate of Twenty-Five Percent (25%) per annum, the reckoning date shall be as provided in Sections 4.1.1 to 4.1.6 hereof.

5.2. Formula:

$$\text{Penalty Charge} = \text{Principal} \times 25\% \times \frac{\text{No. of Days}}{360}$$

6. Audit Assessments

The reckoning date for the imposition of interest and penalty charges on all accounts under audit shall be as provided in Sections 4 and 5 hereof.

7. Impositions on Old Accounts/Assessments

All receivables or assessments which are outstanding or unpaid as of the effectivity date of this Administrative Order shall be charged interest of 12% per annum and penalty charge of 12% per annum based on the principal amount until fully paid.

8. Booking of Interest and Penalty Charges

8.1. Unlike the basic charge, which is recorded on accrual basis, interest and penalty charges shall be recorded in the books of accounts upon collection thereof, retroactively computed in accordance with the preceding sections.

8.2. To ensure total awareness by the port user of this imposition, all Computation Sheets, Bill of Charges, assessment notices and the like shall bear a bold printed notation which reads as follows:

**“Subject to interest charge of 12% p. a. and penalty charge of 25% p.a.”**

8.3. The Statement of Account periodically issued for unpaid accounts shall include the computation of estimated interest and penalty charges as of the end of that month.

9. Application of Payment

Payment shall be applied against the earliest unpaid account and in accordance with the following priority:

- First - Penalty Charges
- Second - Interest Charges
- Third - Principal and Value Added Tax

10. Separability Clause

If, for any reason, any section or provision of this Order is declared to be invalid, the other sections or provisions which are not affected shall continue to be in full force and effect.

## 11. Repealing Clause

This Administrative Order revokes the following orders:


- 11.1 PPA Administrative Order No. 08-82 - Guidelines on the Imposition of Uniform Interest & Penalty Charges on Late Payment of Port Dues and Other Charges
- 11.2 PPA Administrative Order No. 02-84 - Amendment to PPA Admin. Order No. 08-82
- 11.3 PPA Administrative Order No. 01-87 - Amendment to PPA Admin. Order No. 02-84
- 11.4 PPA Administrative Order No. 01-91 - Addendum to Guidelines on the Imposition of Interest & Penalty Charges under PPA Admin. Order No. 08-82
- 11.5 PPA Administrative Order No. 10-2000 - Revised Guidelines on the Imposition of Interest and Penalty Charges

It likewise repeals, amends or modifies all orders, regulations, circulars and other issuances, which are inconsistent herewith.

## 12. Effectivity

This Administrative Order shall take effect 30 days after publication in the Official Gazette and in a newspaper of general circulation.

For strict compliance.

  
**ALFONSO G. CUSI**  
General Manager

Published in the Philippine Star - March 11, 2002

Published in the Official Gazette - March 11, 2002  
Vol 98, No. 10, Page 1263

**Effectivity Date - April 10, 2002**