

NMM

NAGUE MALIC MAGNAWA & ASSOCIATES
Customs Brokers

COMPLIANCE BEYOND BORDERS

CUSTOMS GAZETTE

Updates on Customs-Related Matters

Disclaimer

THIS IS NOT A LEGAL DOCUMENT AND
MAY NOT BE USED AS SUCH. IT IS AN
ADVISORY AND INFORMATION TOOL
ONLY.

In Brief

Transshipment of Goods - CAO 12-2019 (page 02)

Customs-bonded Warehouses - CAO 13-2019 (page 13)

Amendment of CAO NO. 1-2013 on Providing New Rates of Services, Storage, and Other Charges on Goods or Merchandise Stored at Customs Bonded Warehouse (CBW) Nos. 31, 55, 83, 124, 125, 182, and 185 Operated by Philippine Skylanders Int'l. (PSI), Inc., Philippine Airlines, People's Air Cargo (PAIRCARGO), Delbros, Cargohaus, DHL Philippines and TMW Worldwide Express, Within NAIA Complex - CAO 14-2019 (page 36)

Rules and Regulations For Customs Transit in the Customs Territory - CAO 15-2019 (page 41)

Mandatory X-Ray of Containerized Shipment For CBW - MEMORANDUM 2019-09-013 (page 49)

Standard Format of Letters for Commissioner's Signature - MEMORANDUM 2019-09-23 (page 50)

Preventive Measure on E2M Slowdown - MEMORANDUM 2019-09-025 (page 52)

Submission of Scanned Copies of Documents of Customs Brokers with Renewed Accreditations to the Accounts Management Office (AMO) - MEMORANDUM 2019-09-026 (page 53)

Disposition of Pending Applications for Accreditation with the AMO - MEMORANDUM 2019-10-001 (page 54)

Freight and Insurance as Part of Transaction Value - MEMORANDUM 2019-10-002 (page 55)

Tariff Commission Circulars/Advance Rulings (TCC/AR) - MEMORANDUM 2019-09-017 (page 56)

Tariff Commission Circulars/Advance Rulings (TCC/AR) - MEMORANDUM 2019-10-005 (page 59)

CAO 12-2019

Issue Date: August 13, 2019
UP Law Center Received: September 20, 2019

Introduction

This CAO implements Section 603, Chapter 2, Title VII and other relevant provisions of Republic Act (R.A) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), and other related laws.

Scope and Coverage

- Covers all foreign goods for transshipment.
- The following activities are excluded and shall fall outside the purview of this CAO:
 - Foreign Goods subject of Co-loading under Section 4 of R.A. No. 10668 "An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Goods for Domestic Transshipment and for Other Purposes, and its Implementing Rules and Regulations"
 - Foreign Goods for shifting, temporarily unloaded due to emergency or necessity, and to be re-loaded on board the same carrier and voyage or flight

Objectives

- Provide guidelines for the movement, transfer, and clearance of Transshipment Goods
- Protect revenues and public welfare through the institution of safeguards and control measures over Transshipment Goods

cf. Revised Kyoto Convention

Definition of Terms

Airway Bill – a transport document for airfreight used by airlines and international freight forwarders which specifies the holder or consignee of the bill who has the right to claim delivery of the goods when they arrive at the port of destination. It is a contract of carriage that includes carrier conditions, such as limits of liability and claims procedures. In addition, it contains transport instructions to airlines and carriers, a description of the goods, and applicable transportation charges

CMTA, Title I, Chapter 2, Section 102 (d)

Authorized Agent Bank (AAB) – a commercial bank authorized by the Bureau to collect payment of duties, taxes, and other charges

Manual on Goods Clearance, Definition of Terms, page vii; Customs Administrative Order No. 5-2017

Carrier – the person actually transporting goods or in charge of or responsible for the operation of the means of transport such as airlines, shipping lines, freight forwarders, cargo consolidators, non-vessel operating common carriers, and other international transport operators

CMTA, Title I, Chapter 2, Section 102 (j)

Customs Broker – any person who is a bona fide holder of a valid Certificate of Registration or Professional Identification Card issued by the Professional Regulatory Board and Professional Regulation Commission pursuant to R.A. no. 9280, otherwise known as the “Customs Brokers Act of 2004”, as amended by R.A. No. 9853

cf. CMTA, Title I, Chapter 2, Section 102 (n)

An Act Amending Republic Act No. 9280, otherwise known as the “Customs Brokers Act of 2004”, and for other purposes

Customs Facilities and Warehouses (CFW) – facilities for temporary storage of goods established and authorized by the Bureau pursuant to Title VIII, Chapter 2 of the CMTA. These include:

- container yards
- container freight stations
- seaport temporary storage warehouses
- airport temporary storage warehouses
- other premises for customs purposes

cf. CMTA, Title VIII, Chapter 2, Section 803

Derogatory Information - verifiable information indicating that a certain shipment is in high risk of probable violation of the provisions of the CMTA and related laws

Foreign Goods – goods of foreign origin

Goods – articles, wares, merchandise, and other items which are subject of importation, exportation, or transshipment

cf. CMTA, Title I, Chapter 2, Section 102 (x)

Inward Foreign Cargo Manifest (IFCM) - also known as inward goods declaration, which contains the particulars of an import shipment such as:

- the transport document numbers
- name of carrier
- voyage or flight number
- name of consignor and consignees
- marks and numbers

CMTA, Title II, Chapter 1, Section 202 (j)

- container information for sea-freight
- kinds and number of packages
- description and quantities, weights, and measures of the goods
- port of loading
- intended destination

cf. World Customs Organization
Glossary of Customs International
Terms 2018

Marshalling Yard – a place where containers are stacked and arranged according to the sequence of withdrawal to inside the port or customs zone. It is also where the containers are arranged prior to loading to a carrying vessel in accordance with the sequence of loading on the stowage plan. This also serves as temporary storage area for Transshipment Goods where containers are arranged, stacked, and stored temporarily

cf. PPA Administrative Order 13-77,
Section 2 (yy)

Master of the Vessel – the term that is given to the captain of a ship or the chief commanding officer of a ship

Perishable Goods – goods liable to perish or goods that depreciate greatly in value while stored or which cannot be kept without great disproportionate expense

cf. CMTA, Title I, Chapter 2, Section 102
(gg)

Pilot-in-Command – a person aboard the aircraft who is ultimately responsible for its operation and safety during flight

Port of Entry – the first Philippine port of call of a foreign carrier. These shall be ports designated as such by applicable laws or by the President in the exercise of his authority to open or close any port

cf. CMC 77-2016 Re: DOF-DOJ-DOTC-DTI
Joint Department Administrative Order
001-2016/Implementing Rules and
Regulations of Republic Act No. 10668,
Section 3 (u)

Port of Final Destination (of Goods) – the last foreign port of call of a carrier to unload foreign goods

cf. CMC 77-2016 Re: DOF-DOJ-DOTC-DTI
Joint Department Administrative Order
001-2016/Implementing Rules and
Regulations of Republic Act No. 10668,
Section 3 (u)

Shifting of Goods - the movement of goods for any purpose other than regular handling, such as discharging of goods destined for another port from carrier to pier or tarmac and shall be reloaded to the same carrier

Transfer Note – a document that accompanies the transfer of Transshipment Goods to a Customs Facility and Warehouse (CFW) and serves as proof of delivery or receipt of the articles at its intended destination duly acknowledged on its face by the Collector of Customs or their duly authorized representative. It is also commonly referred to as a “boat note”.

Transshipment – the customs procedure under which goods are transferred under customs control from the importing means of transport to the exporting means of transport within the area of one customs office, which is the office of both importation and exportation

CMTA, Title I, Chapter 2, Section 102 (ss)

Transshipment Goods – goods that are transferred under customs control from the importing means of transport to the exporting means of transport within the area of one customs office, which is the office of both importation and exportation

cf. CMTA, Title I, Chapter 2, Section 102 (ss)

Transshipment Goods Declaration – the document which is required by the BOC to be submitted, particularly describing the nature and quantity of the goods subject of transshipment duly supported by transport documents

Twenty-Foot Equivalent Unit (TEU) – a unit of the capacity of a container ship. The dimension is one (1) TEU is equal to that of a standard twenty-footer shipping container (20 ft. long and 8 ft. high)

cf. Organisation for Economic Co operation and Development, Glossary of Statistical Terms

Weapons of Mass Destruction (WMD) – any destructive device or weapon that is designed or intended to cause death or serious bodily injury through the release, dissemination, or impact of toxic or poisonous chemicals, or their precursors; any weapon involving a biological agent, toxin, or vector; or any weapon that is designed to release radiation or radioactivity at a level dangerous to human life. This includes, but is not limited to:

- nuclear and radiological explosive devices and their major sub-systems
- chemicals covered in Schedule I, II, and III of the Chemical Weapons Convention
- biological agents and biologically derived substances specifically developed, configured, adapted, or modified for the purpose of increasing their capability to produce casualties in humans or livestock, degrade equipment, or damage crops

Republic Act No. 10697 Sec. 5 (cc)

General Provisions

Treatment of Transshipment Goods

Goods intended for transshipment shall not be subjected to the payment of duties and taxes, provided that the Transshipment Goods Declaration particularly indicates such nature of goods, duly supported by commercial or transport documents or evidence as required by the Bureau

cf. CMTA, Title VI, Chapter 2, Section 603

Period to Load

Goods intended for Transshipment must be loaded in the exporting means of transport within thirty (30) days from the date of arrival. For this purpose, the exportation commences upon the actual loading on board the exporting carrier of the Transshipment Goods. the Bureau shall allow an extension of such period for valid causes, such as the following:

- Force majeure
- Act of public enemy in war, whether international or civil
- If the container is damaged or is leaking
- Legal order or act of competent public authority
- Other causes beyond the control of shipper or agent or other analogous situation

Provided, that the Transshipment Goods must be loaded on board the exporting carrier within a reasonable period when the causes for such extension cease to exist.

Failure to Load

In case of failure to load within the period allowed, the Transshipment Goods shall be treated by the Bureau as regular importation. When the owner or interested party, after due notice, fails to file the goods declaration within the prescribed period under Section 407 of the CMTA, the goods shall be subjected to the provisions of Chapter 6 of the CMTA on abandonment.

Transfer Note

Transfers of Transshipment Goods from the carrier to the designated CFW and vice versa shall be accompanied by a Transfer Note or any other document or system to be adopted and utilized for the purpose.

Customs Supervision in the Handling and Movement of Transshipment Goods

The Bureau shall develop a system for the data capture of all transshipment transactions for effective monitoring and statistical reporting.

Until such time, monitoring and statistical reporting of transshipments shall be governed by existing rules and regulations issued by the Bureau.

cf.cf. CMTA, Title VI, Chapter 2, Section 603

Republic Act No 386, The Civil Code of the Philippines, Book IV, Title VIII, Chapter 3, Section 4, Subsection 2, Article 1734

cf. CMTA, Title IV, Chapter 1, Section 402

- For outbound goods by sea subject to transshipment, the Carrier or its Customs Broker or authorized representative shall electronically submit the Transshipment Goods Declaration in the Bureau's automated system prior to loading into the carrying vessel
- For outbound goods by air subject to transshipment, the Customs Inspector on board shall allow the loading of goods to the aircraft by tagging the Airway Bill in the Bureau's automated system. For this purpose, the presentation of the IFCM or Airway Bill shall suffice as Transshipment Goods Declaration. All other customs formalities in the movement of goods as provided above shall be complied with.

Prohibited Goods covered by International Conventions or Agreements

- Hazardous and nuclear wastes, WMD, nationally controlled goods without the requisite prior authorization from the appropriate regulatory agency, if applicable, and other goods subject of prohibitory laws or international conventions wherein the Philippines is a signatory, e.g. the Basel Convention, CITES, etc. shall not be discharged from the carrier even for transshipment purposes
- Goods covered by the above discharged at the port shall be seized by the Bureau and proceeded against in accordance with this CAO and other existing rules and regulations without prejudice to the filing of appropriate prosecution against the persons liable for administrative or criminal offenses, if any
- Transshipment Goods covered by Basel Convention and R.A. No. 6969, otherwise known as the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990", discharged at the port shall be immediately returned to the country of origin by the importing carrier or agent either before or after the seizure proceeding, without prejudice to the filing of administrative or criminal charges, if any, against any person involved

cf. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal

cf. R.A. No. 10697, Chapter I, Sec. 5 (o) Nationally controlled goods refer to a strategic goods placed under unilateral controls for reasons of national security, foreign policy, anti-terrorism, crime control, and public safety

Convention on International Trade in Endangered Species of Wild Fauna and Flora

Seizing of Transporting Vessel

In case of hazardous waste, radioactive waste and other toxic substances provided under the Basel Convention and R.A. No. 6969, the transporting vessel shall be seized by the Bureau and proceeded against in accordance with the CMTA

Goods with Derogatory Information

Transshipment Goods with derogatory information shall be subjected to non-intrusive inspection or physical examination, for verification, upon order of the District Collector, in the presence of representative from the carrier and concerned regulatory agency, if applicable

Seizure of Transshipment Goods

Prohibited goods for transshipment covered by international conventions or any laws shall be seized by the Bureau. The procedure on the seizure and forfeiture shall be governed by existing rules and regulations on seizure and forfeiture.

Data Monitoring

The Bureau of Customs shall institutionalize a reporting system for the proper monitoring of all transshipments.

The collection, recording, storage maintenance, processing, sharing of data and information, and maintenance of data information under this CAO shall be secured consistent with the principles and policy of R.A. No. 10173, also known as "The Data Privacy Act."

Risk Management

A risk management system shall be used to carry out necessary control mechanisms for Transshipment Goods.

Operational Provisions

Responsibilities of the Carrier

The Carrier shall submit an electronic copy of the IFCM to the Bureau thru the Advance Manifest System (AMS) within the prescribed period in accordance with the existing regulation issued by the Bureau

Responsibilities of the Custom Facility and Warehouse (CFW) Operators Inside the Port

- Provide a Marshalling yard where the containers for transshipment will be stored

- Match the advanced manifest to the discharging sequence list from the Master of the Vessel as received on arrival
- Submit inventory report every two (2) weeks on the status and exact location of all Transshipment Goods within the container yard
- Provide adequate security in the Marshalling yard to prevent unauthorized withdrawal of Transshipment Goods stored therein

Special Permit to Load

The importing carrier or shipping agent shall secure a Special Permit to Load for Transshipment Goods from the District Collector through the Deputy Collector for Operations specifying the goods to be transshipped.

Supervision Fees

The Bureau shall collect the following fees for all Transshipment Goods:

CMTA, Title XIII, Sec. 1300

- In case the port of entry is Port of Manila or Manila International Container Port – Php1,000/TEU
- In case of other ports of entry – Php100.00/TEU
- For Goods to be transshipped via air, a service fee amounting to Php1.00 per kilo shall be paid by the freight forwarders or authorized agent.

A copy of the original receipt issued by the AAB shall be attached to the print-out copy of Transshipment Declaration or Airway Bill submitted to the Bureau prior to the loading of the Transshipment Goods.

Schedule of Penalties

Unloading of Goods for Transshipment before Arrival at Port of Entry

cf. CMTA, Title XIV, Chapter 1, Section 1408

If, upon the arrival within the limits of any Customs District of the Philippines of any Carrier engaged in foreign trade, the Master of the vessel or Pilot-in-Command thereof permits any part of the Goods to be unloaded before arrival at the Port of Entry, and without authority from proper customs officer, the owner, operator, or agent of such Carrier shall be liable for the following fines:

- First Offense – Five Hundred Thousand Pesos (Php500,000.00)
- Second Offense – One Million Pesos (Php1,000,000.00)
- Third Offense – Two Million Pesos (Php2,000,000.00)

Provided, that no fine shall accrue upon satisfactory proof to the proper District Collector that the unloading was rendered necessary by stress of weather, accident, or other necessity, provided, however, that the fine imposed herein shall be without prejudice to the application of fines or penalties provided under Section 1401 of the CMTA.

Unloading of Goods for Transshipment at Improper Time and Place After Arrival

cf. CMTA, Title XIV, Chapter 1, Section 1409

The owner or operator of any Carrier from which Transshipment Goods are discharged upon arrival in the Philippines at a time or place other than that designated by the District Collector, shall be liable for the following fines:

- First Offense – One Hundred Thousand Pesos (Php100,000.00)
- Second Offense – Two Hundred Thousand Pesos (Php200,000.00)
- Third Offense – Three Hundred Thousand Pesos (Php300,000.00)

Provided, that no fine shall accrue upon satisfactory proof to the proper District Collector that the unloading was rendered necessary by stress of weather, accident, or other necessity.

Failure to Supply Advance and Requisite Manifest

cf. CMTA, Title XIV, Chapter 1, Section 1412

Except for causes beyond the control of the owner, operator or agent of the Carrier, failure to transmit the electronic copy of the IFCM within the required time prior to the arrival of the Carrier at the Port of Entry shall make the owner, operator, or agent of the Carrier liable for the following fines:

- First Offense – One Hundred Thousand Pesos (PhP100,000.00)
- Second Offense – Two Hundred Thousand Pesos (Php200,000.00)
- Third Offense – Three Hundred Thousand Pesos (Php300,00.00)

Failure to present the requisite manifest to the Bureau during boarding formalities shall likewise make the owner, operator, or agent of the vessel or aircraft liable for the fines above.

Disappearance of Manifested Goods for Transshipment

cf. CMTA, Title XIV, Chapter 1, Section 1430

When any package or goods for transshipment mentioned in the manifest meant to be unloaded upon the arrival of the carrier is not unloaded or is missing or has disappeared, its agent shall be liable for the following fines unless the disappearance of the package or goods in question was not due to the negligence of the Master of the vessel or Pilot-in-command of an aircraft and is explained to the satisfaction of the District Collector:

- First Offense – One Hundred Thousand Pesos (PhP100,000.00)
- Second Offense – Two Hundred Thousand Pesos (Php200,000.00)
- Third Offense – Three Hundred Thousand Pesos (Php300,00.00)

The owner, operator, or agent of a Carrier shall be liable for the payment of the same fine when a package or goods listed in the manifest do not tally materially in character or otherwise with the description thereof in the manifest.

False Statement of Port of Final Destination of Transshipment Goods

cf. CMTA, Title XIV, Chapter 1, Section 1417

When the Master of a Vessel or the Pilot-in-command of the aircraft loaded with goods shall make a false statement as to the final destination of Transshipment Goods loaded on-board such carrier, the owner or operator of such carrier shall be liable for the following fines:

- First Offense – One Hundred Thousand Pesos (PhP100,000.00)
- Second Offense – Two Hundred Thousand Pesos (Php200,000.00)
- Third Offense – Three Hundred Thousand Pesos (Php300,00.00)

The arrival of a carrier at a different port other than the one it had been originally authorized and cleared for shall be enough to support the conclusion that the original statement as to the actual destination of the carrier was false, unless such arrival occurred due to necessity, e.g. arrival under stress, ship repairs, replenishment of stores, and other analogous circumstances.

In Case of Failure to Load Within the Period Allowed

The Importing means of transport shall be liable for the following fines:

- For sea Goods, Five Hundred Pesos (Php500.00) per TEU per day
- For air Goods, One Hundred Pesos (Php100.00) per kilogram per day

cf. CMTA, Title XIV, Chapter 1, Section 1430

Any Person Who Violates Any Provision of This CAO or Customs Memorandum Order

If no specific penalty is provided for the delinquency, they shall be liable for the following fines:

cf. CMTA, Title XIV, Chapter 1, Section 1430

- First Offense – One Hundred Thousand Pesos (PhP100,000.00)
- Second Offense – Two Hundred Thousand Pesos (Php200,000.00)
- Third Offense – Three Hundred Thousand Pesos (Php300,00.00)

Periodic Review

Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Separability Clause

If any part of this CAO is declared by Courts as unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Repealing Clause

Rules and regulations or parts thereof inconsistent with the provisions of this CAO are hereby expressly repealed, amended, and/or modified accordingly.

Effectivity

This order shall take effect thirty (30) days after its complete publication in the Official Gazette or a newspaper of general circulation.

The Office of the National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.

CAO 13-2019

Issue Date: August 5, 2019
UP Law Center Received: September 20, 2019

Introduction

This CAO implements sections 301 and 303, Chapter 2, Title III, and Sections 801 to 813, Chapter 2, Title VIII, in relation to Section 204 and other relevant sections of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Scope

This CAO applies to all types of Customs Bonded Warehouses (CBWs) listed in the CMTA and those that may be created by the Secretary of Finance, upon the recommendation of the Commissioner pursuant to Section 803 of the CMTA.

Objectives

- Provide guidelines for the establishment, operation, supervision, and control of CBWs
- Protect revenue through the institution of safeguard and control measures over CBWs
- Define the rights and corresponding obligations of operators of CBWs
- Improve level of compliance of CBW operators with customs warehousing laws and regulations and provide penalties for non-compliance
- Establish, develop, and implement a CBW management system making full use of information and communications technology

Definition of Terms

Alert Order – a written Order issued by the Commissioner, District Collector, or other customs officers authorized in writing by the Commissioner after the Lodgement of Goods Declaration and before their actual release from customs custody, on the basis of derogatory information regarding possible non-compliance with the CMTA and other laws, rules, and regulations enforced by Customs

CMTA, Title II, Chapter 2, Section 210 (6)

cf. CMTA, Title XI, Chapter 3, Section 1111

Authority to Operate – the authority given by the Bureau allowing persons, natural or juridical, to establish and operate a CBW

CMTA, Section 102 (w)

Authority to Transfer – the document issued by the District Collector to a CBW allowing transfer or sale of imported raw materials, semi-finished products, or finished products to another CBW, member of a Common Bonded Warehouse, client-exporter/client end-user of an Industry Specific Customs Bonded warehouse (ICBW) of subcontractor, or Freeport Zone locator for subsequent export

Certificate of Authority to Operate – the document issued by the Bureau to persons, natural or juridical, duly authorized to operate a CBW

CMTA, Section 102 (x)

Certificate of Identification (CI) – the document certifying that the finished products to be exported are from a particular warehousing entry, and also to determine whether or not a particular entry is partially or fully consumed

CMTA, Section 102 (y)

Certificate of Importer Accreditation – the document issued by the Bureau to an entity registered as importer and recognized to electronically lodge goods declaration in the Bureau's existing registration system

CMTA, Section 102 (z)

Certificate of Inspection and Loading (CIL) – the document issued by the Bureau certifying the conduct of inspection over the cargo for export and its actual loading on the exporting carrier

CMTA, Section 102 (dd)

Client-Exporter – a natural or juridical person engaged in the manufacture of products utilizing goods, raw materials, accessories, and packing materials sourced from an ICBW subject to the condition that finished products shall be exported within the period prescribed by existing laws and regulations

Customs Bonded Warehouse (CBW) – a warehouse facility licensed by the Bureau to import, receive, and store, without payment of duties and taxes and under bond, goods, raw materials, accessories, and packing materials either for manufacture into finished products for export or storage for the account of authorized end users or clients

cf. Customs Administrative Order 1-2009

Customs Premises – includes customs offices, facilities, warehouses, ports, airports, wharves, infrastructure and other

premises over which the Bureau shall have exclusive control, direction, and management for customs purposes

cf. CMTA, Title III, Chapter 2, Section 303

Customs Territory – areas in the Philippines where customs and tariff laws may be enforced

CMTA, Title I, Chapter 2, Section 102 (q)

Diversión – an act of bringing bonded articles to some place other than its intended destination without prior authority from the Bureau

Entry – the act, documentation, and process of bringing imported goods into the customs territory, including goods coming from the free zones

CMTA, Title I, Chapter 2, Section 102 (r)

Exportation – the act, documentation, and process of bringing goods out of Philippine territory

CMTA, Title I, Chapter 2, Section 102 (s)

Extension Warehouse – a separate CBW facility granted by the Bureau to an already duly authorized CBW operator to optimize capacity and efficiency in its operations

CAO No. 1-2009, Title II, Section 2.16

Free Zone – special economic zones registered with the Philippine Economic Zone Authority (PEZA) under Republic Act No. 7916, as amended, duly chartered or legislated special economic zones and freeports such as:

- Clark Freeport Zone
- Poro Point Freeport Zone
- John Hay Special Economic Zone and Subic Bay
- Freeport Zone under Republic Act No. 7227, as amended by Republic Act No. 9400
- Aurora Special Economic Zone under Republic Act No. 9490, as amended
- Cagayan Special Economic Zone and Freeport under Republic Act no. 7922
- Zamboanga City Special Economic Zone under Republic Act No. 7903
- Freeport Area of Bataan under Republic Act No. 9728
- Such other freeports as established or may be created by law

Formula of Manufacture – the formula of conversion issued by the duly authorized government institution to the CBW operator, determining the raw material usage and wastages of a particular finished product for export and subsequent liquidation

CMTA, Title I, Chapter 2, Section 102 (w)

Goods – articles, wares, merchandise, and any other items which are subject of importation or exportation

CMTA, Title I, Chapter 2, Section 102 (x)

Goods Declaration – a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the persons concerned indicate the procedure to be observed in the application for the entry or admission of imported goods and the particulars of which the customs administration shall require

CMTA, Title I, Chapter 2, Section 102 (y)

Importation – the act of bringing in goods from a foreign territory into Philippine territory, whether for consumption, warehousing, or admission

CMTA, Title I, Chapter 2, Section 102 (z)

Liquidation of Raw Materials – the process of accounting the usage of bonded raw materials, including wastages, in the manufacture of finished products for export as against the importation of CBWs of raw materials using the formula of manufacture

Lodgement – the registration of a goods declaration with the Bureau

CMTA, Title I, Chapter 2, Section 102 (dd)

Member – an entity accredited to operate under an existing Customs Common Bonded Warehouse (CCBW) facility established for the manufacture of products using imported duty and tax-free raw materials or components subject to the condition that finished products shall be exported within the period prescribed by existing laws and regulations

Members may either be accredited by the Bureau alone or jointly with the Garments and Textiles Industry Development Office (GTIDO) in case of entities engaged in the manufacture of garments.

Perishable Goods – goods liable to perish or goods that depreciate greatly in value while stored or which cannot be kept without great disproportionate expense

Physical Security Feature – a system to secure and monitor premises, storage, and production areas of CBWs including the safety of personnel

CMTA, Title I, Chapter 2, Section 102 (gg)

Security – any form of guarantee, such as a surety bond, cash bond, standby letter of credit or irrevocable letter of credit, which ensures the satisfaction of an obligation to the Bureau

CMTA, Title I, Chapter 2, Section 102 (mm)

Sub-contractor – a person or company licensed by the Bureau, and GTIDO in case of garments, to undertake or perform, for a definite period, certain manufacturing operations or activities incidental to the manufacture of bonded raw materials into finished products in behalf of a licensed CBW in cases where the latter's facilities are insufficient to address its immediate requirements or due to lack of material time to meet export commitments

Unauthorized Withdrawal or Repacking – the act of fraudulent concealment, removal, or repacking merchandise in any CBW; or fraudulent alteration, defacement, or obliteration of any markings of numbers placed upon packages deposited in such warehouse, or aiding or abetting any such acts

CMTA, Title XIV, Chapter I, Section 1423

General Provisions

Establishment of Customs Warehouses

When the business of the port and trade requires such facilities, the District Collector, subject the approval of the Commissioner, shall designate and establish customs warehouses for the storage of imported goods or for other special purposes

Supervision and Control Over Customs Warehouses

All warehouses and facilities, including their expansion, extensions, and additional facilities shall be subject to the supervision and control of the District Collector for the protection of government revenue, and of the goods stored. The supervision and control of the District Collector over warehouses shall extend to the warehouse and facilities of duly authorized members, clients, exporters and sub-contractors of CBWs.

In cases when the client-exporter of ICBW or sub-contractor of Manufacturing Customs Bonded Warehouse (MCBW) is also a locator in Free Zones, the exercise of supervision and control shall be made in coordination with the government agency concerned.

CMTA, Title VIII, Chapter 3, Section 817

Types of Customs Bonded Warehouse

- **Manufacturing Customs Bonded Warehouse (MCBW)** - a warehouse facility established for the manufacture of products utilizing raw materials or components that are imported duty and tax-free conditioned on the exportation of the finished products within the period prescribed herein or withdrawal for domestic consumption upon payment of duties and taxes. A MCBW shall include:
 - **Miscellaneous Manufacturing Bonded Warehouse (MMBW)** – a warehouse facility established and duly authorized to import, receive, and store, duty and tax free and under bond, raw materials, accessories, packaging and packing materials for products and commodities not covered under any specific industry, for manufacture into finished products for export within a specified period
 - **Garments and Textiles Manufacturing Bonded Warehouse (GTMBW)** – a warehouse facility established and jointly authorized by the Bureau and the GTIDO to import, receive, and store duty and tax free and under bond, raw materials, accessories, packaging and packing materials for the manufacture of garments or textiles for export within a specified period
 - **Customs Common Bonded Warehouse (CCBW)** – a warehouse facility established and duly authorized by the Bureau alone and jointly with the GTIDO, in case of garments industry, to import, receive, and store, duty free and under bond, raw materials, accessories, packaging and packing materials for the account of its accredited members for manufacture into finished products for export
 - **Industry-Specific Customs Bonded Warehouse (ICBW)** – a warehouse facility duly licensed by the BOC to import under bond and under its name and account, raw materials (except fibers, yarns, fabrics, and accessories for the manufacture of garments) for storage and subsequent sale and transfer to the following where these shall be manufactured into export products:
 - Licensed client exporter
 - MCBW
 - PEZA or Freeport locator
 - **Private Bonded Manufacturing Warehouse (PvtBMW)** – a warehouse facility licensed by the Bureau to import, receive, and store goods for production for export, or for domestic consumption the withdrawal of which shall be made only upon payment of duties and taxes and other charges due

CMTA, Title VIII, Chapter 2, Section 802

cf. CAO No. 1-2009, Title III, Section 3.3.6

cf. CAO No. 1-2009, Title III, Section 3.3.4

cf. CAO No. 1-2009, Title III, Section 3.3.3

- **Bonded Non-Manufacturing Warehouse (BNMW)** – a facility where goods are stored duty-and-tax-free conditioned on the eventual withdrawal of the goods for consumption, or for export, or for transit, or for any other clearance regime, within the period described, such as:
 - **Public Bonded Warehouse** – a warehouse facility duly authorized to receive and store general cargoes for exportation, transfer to another CBW, free zones, or for local consumption, in the same state when the cargoes were imported. Goods for local consumption shall only be withdrawn upon payment of the assessed duties, taxes, and other charges.
 - **Private Bonded Warehouse** – a warehouse facility duly authorized to import, receive, and store goods intended for domestic consumption, withdrawal of which shall be made only upon payment of the corresponding duties, taxes, and other charges
 - **Airlines Customs Bonded Warehouse and Airlines Catering Customs Bonded Warehouse** – a special type of CBW which stores supplies, spare parts, in-flight duty-free items and other such goods necessary for the reasonable requirements of the aircraft, its crew and passengers
 - **Multinational Regional Bonded Warehouse** – a warehouse facility licensed by the BOI in proper cases, to serve as the supply depot for the storage, deposit, safe-keeping of spare parts components, semi-finished products, and raw materials, including the packing, covering, putting-up, marking, labeling, cutting or altering to customer's satisfaction, mounting and/or packing into kits or marketable lots thereof to fill up transactions and sales made by its officers of parent companies and to serve as a storage of goods purchased locally by the home office of the multinational for export abroad under the supervision of the Bureau

Creation or Dissolution of CBW

The Secretary of Finance may, upon the recommendation of the Commissioner, create or dissolve certain types of warehouses subject to consultation with the National Economic and Development Authority (NEDA) and the Department of Trade and Industry (DTI) based on prevailing economic circumstances

CMTA, Title VIII, Chapter 2, Section 802

cf. CAO No. 1-2009, Title III, Section 3.3.8

cf. CAO No. 1-2009, Title III, Section 3.3.2

cf. CAO No. 1-2009, Title III, Section 3.3.7

cf. CMTA, Title VIII, Chapter 2, Section 803, 2nd par.

Issuance of Authority to Operate

The Bureau shall be responsible for the issuance of an Authority to Operate CBWs, including the imposition of requirements for their establishment and operation, setting forth the rights and obligations of operators, and the penalties and sanctions for violation of these rules

Establishment or Renewal of Authority to Operate CBW

Application for the Establishment or Renewal of Authority to Operate

- **Application for Authority to Operate a CBW** – The application to operate a CBW, including applications for accreditation as member, subcontractor, or client-exporter of an existing warehouse, shall be filed with the District Collector where the CBW is located, describing the premises, location, capacity, and purpose of such establishment
- **Documentary Requirements** - Any person or firm desiring to establish and operate and CBW shall submit the following documents:
 - BOC Certificate of Accreditation as importer
 - Certified True Copy of Articles of Incorporation or Articles of Partnership, and by-laws
 - Department of Trade and Industry (DTI)
 - Certificate of Business Registration for sole proprietorship
 - Certified True Copy (CTC) of Mayor's Permit
 - Barangay Clearance
 - Certificate of Bureau of Internal Revenue (BIR) Registration
 - Income Tax Return (ITR) and Latest Audited
 - Financial Statements, of applicable
 - Lease contract or certificate of title to the real property where the proposed CBW is located
 - Warehouse location or vicinity map showing the area and means of access
 - Warehouse layout showing and describing the following:
 - Floor plan and building structure
 - Storage areas for raw materials, finished products, and wastages
 - Production area
 - Office spaces for both CBW and customs personnel
 - Physical security feature

cf. CAO No. 1-2009, Title VI, Sections 4.1 and 4.2

- List of machineries and equipment
- Feasibility study
- List of materials to be imported
- Formula of Manufacture or Conversion, if applicable
- **Evaluation of Application** – The District Collector of the Port shall:
 - Determine the completeness of the documents submitted in support of the application
 - Cause the conduct of physical inspection and taking of photographs of the premises
 - Evaluate and review the documents, including the physical inspection report
 - Recommend to the Commissioner the approval of the application upon compliance with all the requirements

The District Collector may deny the application at any stage of the evaluation process in cases where the application is attended with fraud or material misrepresentation, or the applicant does not meet the regulatory requirements to operate a CBW

- **Action by the District Collector** – The District Collector shall recommend approval of the application within five (5) working days from completion of documents and inspection report; provided, however, that in case of failure to act within the said period, the application for establishment or renewal is deemed favorably acted upon by the District Collector, who shall forward the records to the Commissioner for appropriate action.
- **Denial of the Application by the District Collector** – In case of denial, the District Collector shall send a notice to the applicant stating clearing the grounds for the denial of the application.
- **Action by the Commissioner** – The Commissioner shall act on the recommendation of the District Collector within twenty (20) working days from receipt of the recommendation.

If the Commissioner fails to act on the application within the prescribed period, said application shall be deemed approved: Provided, that all required documents have been submitted and all required fees and charges have been paid. The acknowledgement receipt together with the official receipt for payment of all required fees issued to the applicant and the date of receipt of the complete documents from the District Collector shall be enough proof or has the same force and effect of an Authority to Operate under this automatic approval mechanism.

In case the Commissioner fails to act on the application for renewal within the prescribed period, the Authority to Operate shall be deemed automatically extended until the regular Authority to Operate is issued. The effectivity of any Authority to Operate shall retroact to the first day immediately after the expiration of the previous authority.

- **Notice of Denial** – In case of denial of application by the Commissioner, a notice shall be sent to the applicant stating clearly the grounds for denial
- **Appeal from the Denial of the Application by the District Collector** – The applicant may appeal the denial of the application to establish or renew a CBW by filing an appeal to the District Collector within fifteen (15) days from receipt of the notice of denial, copy furnished the Office of the Commissioner, stating clearly the grounds why the application should be approved.
- **Records of Appeal** – The District Collector shall forward the complete records of the application to the Commissioner within five (5) days from receipt of the appeal
- **Customs Bonded Warehouse Committee** – The Commissioner of Customs shall constitute a CBW Committee for purposes of evaluation, reviewing, and consolidating all applications for the establishment and renewal of CBW and other related matters pertaining to the operations of CBW
- **Certificate of Authority to Operate** – Upon approval of the CBW application, the District Collector shall issue a Certificate of Authority to Operate a CBW, which shall be conspicuously displayed at all times at the CBW and its extension offices
- **Amendment of Certificate of Authority** – Upon the request of the CBW operator, the District Collector may amend the Certificate of Authority based on any of the following grounds:
 - Change of company name
 - Change of the name of the street or building number without actual change of the physical location of the CBW
 - Such other changes which do not substantially alter the conditions specified in the existing Authority to operate CBW

cf. CSO 2-2018

The Commissioner shall be notified of any amendment to the Certificate of Authority to Operate CBW as approved by the District Collector

- **Post Approval Requirements** – CBWs granted Authority to Operate shall submit annually their ITRs duly filed with the BIR, CTC of Mayor's Permit, Audited Financial Statement, Export and Import Performance, and Year-end Stock Inventory Report. Non-submission of these requirements is grounds for suspension or cessation of operations of the CBW.

- **Membership in a Customs Common Bonded Warehouse (CCBW)** – Membership in a CCBW shall be governed by the following rules and regulations:
 - A company which is considered as micro or small enterprise shall have the option to establish its own CMBW or apply as a member of a CCBW
 - Medium and Large-Scale enterprises can be accredited as members in meritorious cases such as when the bonded manufacturing operation is only a minor component of their business operations as may be determined during the evaluation of its application as member
- **Application for Accreditation and Renewal as Member, Sub-Contractor, or Client-Exporter of CBWs** – The CCBW Operator and its applicant member, the CBMW Operator and its applicant sub-contractor or the ICBW Operator and its applicant client-exporter of CBMWs, as the case may be, shall jointly file the application for accreditation and control over the applicant CBW. In such case, the rules provided herein on application and renewal of CBWs shall apply

cf. RA 9501, Magna Carta for Micro, Small, and Medium Enterprises, Page 11 of 27

cf. CAO No. 1-2009, Title IV, Section 4.2

Validity of Authority to Operate

The Authority to Operate a CBW including warehouse extensions and additional facilities issued pursuant to this CAO shall be valid for three (3) years counted from the date of the approval of the application for establishment, as stated in the Certificate of Authority to Operate. If the term of the lease of contract submitted during the application is less than three (3) years, the validity of the Authority to Operate shall be coterminous with the lease contract unless a new contract of lease with a longer period is submitted. In such case, the Authority to Operate shall be amended to its maximum period of three (3) years counted from its date of original issue.

Filing of Application for Renewal of Authority to Operate CBW

The application for renewal of Authority to Operate a CBW shall be filed not later than ninety (90) days but not earlier than one hundred twenty (120) days before its expiration. For CCBWs or ICBWs with more than ten (10) members or client-exporter respectively, application for renewal shall be filed not later than one hundred twenty (120) days before its expiration.

Requirements for Renewal

- The application for renewal of Authority to Operate CBW shall be supported by the following:
 - If applicable, Certified Copy of Amended Articles of Incorporation or Articles of Partnership, and by-laws
 - Updated General Information Sheet (GIS)
 - Certified True Copy (CTC) of Mayor's Permit
 - Barangay Clearance
 - Income Tax Return (ITR) and Latest Audited Financial Statement, if applicable
 - Copy of the certificate of title to the real property or, if applicable, copy of renewal of lease contract
 - Warehouse location or vicinity map showing the area and means of access
 - Updated list of machineries and equipment, if applicable
 - Updated list of materials to be imported
 - Formula of Manufacture, if applicable
 - Affidavit of change of circumstances with supporting documents

In case of CBMW with sub-contractors, CCBW, and ICBW, the joint application for renewal shall be supported with all of the above requirements complied by all CBMW, CCBW, ICBW and each sub-contractor, member and client exporter, respectively.

- **Post Application Requirements** – Upon submission of application for renewal of Authority to Operate, the Operator shall secure and the Bureau shall issue the required Inspection Report, Clearances or Certificate of No Accountability to the CBW. In doing so, the Bureau shall be subject to the provisions of the Anti-Red Tape Act (ARTA)

Late Filing of Application for Renewal of Authority to Operate

Non-filing within the prescribed period shall cause the imposition of penalties, which may take the form of fines, suspension, or revocation of the Authority to Operate, as may be warranted.

Validity of Renewed Authority to Operate

Period of validity of renewed Authority to Operate shall follow the section on Validity of Authority to Operate, described above.

Application for Structural Changes or Additional Facilities within the CBW

- The CBW Operator may introduce structural changes or additional facilities in the CBWs provided that the ingress and egress or the physical security feature of the CBW shall now be altered or compromised
- The CBW Operator shall file the application with the District Collector prior to the introduction of any structural changes or additional facilities
- The application shall be supported by the following documents:
 - Building permit, if applicable
 - Description of the proposed structural changes or additional facilities
 - CBW layout, estimated capacity and physical security features after the introduction of
 - Such other documents that may be required by the District Collector in the exercise of power of supervision and control

Application for Extension Warehouse

- The CBW Operator may apply for an extension warehouse which should be located within the territorial jurisdiction of the District Collector who has control over the main warehouse
- The application shall be supported by the following documents:
 - Certified True Copy (CTC) of Mayor's Permit for the new CBW, if applicable
 - Barangay Clearance, if applicable
 - Lease contract or certificate of title to the real property where the proposed extension warehouse is located
 - Location or vicinity map of the proposed extension warehouse showing the area and means of access
 - Layout of the proposed extension warehouse showing and describing the following:
 - Floor plan and building structure
 - Storage areas for raw materials, finished products and wastes, and production area, as appropriate
 - The spaces for both CBW and customs personnel
 - Physical security features
 - List of machineries and equipment, as appropriate
- In case the proposed extension warehouse or facility is located in a place outside the territorial jurisdiction of the District Collector where the main warehouse or facility is situated,

such shall be treated as a new application and shall be filed with the District Collector who has territorial jurisdiction over the area where the new warehouse is located

The supporting documents to be submitted for such application shall be the same as those provided under the Documentary Requirements for Establishment or Renewal of Authority to Operate CBW, mentioned above

- Existing extension warehouses shall be governed by the transitory provision of this CAO

Application for Relocation

As a general rule, any application for relocation of a CBW shall be approved by the Commissioner as recommended by the District Collector. In cases where the CBW is relocated to another structure or warehouse within the same compound or building, the application shall be approved by the District Collector concerned subject to compliance with the requirements for a proposed extension warehouse or facility outside the territorial jurisdiction of the District Collector where the main warehouse or facility is situated, as mentioned in the Application for Extension Warehouse section.

Any unauthorized relocation shall be grounds for the suspension or revocation of the Authority to Operate issued to the CBW, its members or sub-contractors, as the case may be.

cf. CAO No. 1-2009, Title V, Section 5.3

Physical Inspection by the Bureau

In all cases of application for structural changes or additional facilities, extension warehouse or relocation of CBW, physical inspection of the premises must first be conducted prior to approval.

Annual Supervision Fee and Other Charges

The Bureau shall impose an annual supervision fee, service fee, and other charges on the operations of CBWs, including extensions and additional facilities, if any, in accordance with the schedule provided under the CAO on Service Fees.

Administrative Provisions of CBWs

• General Policies

- **Exemption from Duty and Tax of Goods in CBWs** - Goods duly entered for warehousing in CBWs shall be exempt from duty and tax within the allowed period for storage unless withdrawn for consumption, exportation, or transit to a free zone or another CBW, in which case, such withdrawal will be subject to the applicable rules and regulations on liquidation of the warehousing entry
- **Raw Materials Importation** – CBW may import articles based on its approved formula of manufacture as duly authorized
- **Compliance Rating System** – The Commissioner shall establish a Compliance Rating System (CRS) which shall be used to measure and assess the compliance and performance levels of all CBWs especially with regard to applicable laws, rules and regulations and other performance factors such as import-export and economic viability, among others, in consultation with stakeholders. The system shall be utilized by the Bureau as a risk management mechanism in its evaluation of any application or used as basis in any action which may be taken by the Bureau for or against a CBW.
- For Record purposes, all documents shall be kept for three (3) years

CMTA, Title VIII, Chapter 2, Section 812

• Requirements Prior to Operation

- **Customs Officers and Personnel** – In pursuit of the supervisory and control functions over CBWs by the District Collector, assigned customs officers and personnel shall monitor and implement control measures for customs purposes, in accordance with its existing organizational structure and staffing pattern
- **Provision for a Suitable Working Space for Bureau Personnel** – The CBW operator shall provide customs personnel with suitable working areas complete with office equipment and supplies necessary to perform their basic functions
- **Work Hours** - Customs personnel assigned to CBWs shall strictly observe regular office hours and record their attendance in accordance with Civil Service Rules and Regulations. The CBW operator shall promptly report to the District Collector any unauthorized absences
- **Locks and Keys** – The door and entrance to a CBW and the designated compartments for new materials, finished goods and wastages, rejects and by-products shall have a secured

cf. CMTA, Title VIII, Chapter 2, Section 813, 2nd par.

cf. CAO No. 1-2009, Title IV, Section 4.7

locking system which complies with the standard and specification set by the Bureau. Access to the areas shall be limited to personnel duly authorized by both the Bureau and the CBW Operator

- **Requirements During Operations**

- **Principal Books of Accounts** – The Bureau and the CBW operator shall keep and maintain Principal Books of Accounts containing the records of importation and exportation of all goods delivered to and withdrawn from a CBW [note:]. As far as practicable, the Bureau and CBW operator shall develop and maintain an ICT-enabled inventor and liquidation system of all goods delivered to and withdrawn from a CBW, which may serve as the principal books of accounts.
- **Submission of the Audited Financial Statements** – For monitoring purposes, the CBW operator shall submit its annual Audited Financial Statements for the immediately preceding calendar or fiscal year, as the case may be, to the District Collector not later than thirty (30) days from its filing with the Bureau of Internal Revenue
- **Stock Inventory** – All CBWs shall establish and maintain a computer-based inventory system for bonded goods which is accessible to the Bureau
- **Inspection of CBW and Bonded Goods** – The District Collector may issue a Mission Order authorizing a representative to conduct inspection of the CBW and the bonded goods stored in the CBW and to examine the documents, books, and records of accounts concerning the operation of any CBW. Mission Order shall contain the names of the representative, time and date of inspection, and the documents, books, and records of accounts to be examined.

- **Operational Provisions**

- **Goods Declaration for Warehousing** – A goods declaration for warehousing shall be filed at the port where the goods for warehouse are discharged. In cases where the goods to be entered for warehousing are under the jurisdiction of another port of entry, the same goods declaration shall also act as the transit document for the transfer of the goods from the port of discharge to the other port of entry.

Pending implementation of the use of multi-purpose declaration, existing procedures on the filing of goods declaration shall govern the clearance procedures for goods entered under warehousing

cf. CAO No 1-2009, Title IV, Section 4.9

cf. CAO 1-2009, Title IV, Section 4.10

cf. CAO No 1-2009, Title IV, Section 4.14

CMTA, Title VIII, Chapter 2, Sections 805 and 813

- **Provisional Goods Declaration** – The Bureau may allow the lodgement of a provisional goods declaration for goods entered under warehousing in accordance with the rules and regulations on the filing of a provisional goods declaration.
- **Posting of Security of Goods Stored in CBWs** – For goods declared and entered under the CBW scheme, the District Collector shall require the importer to post sufficient security equivalent to the assessed duties, taxes and other charges, as a condition for the storage and withdrawal of the bonded goods within the period prescribed by Section 811, Chapter 2, Title VIII of the CMTA, or the payment of duties, taxes and other charges upon compliance with all importation requirements
- **Examination of Bonded Goods** – Unless the goods entered for warehousing is placed under Alert Order or selected for physical or non-intrusive examination, the District Collector shall allow immediate transfer of bonded goods to the CBW where the examination shall be conducted. The Bureau shall establish a mechanism to ensure the integrity of the bonded goods during the transfer of shipment from the port of entry to the CBW
- **Bonded to Bonded Transfer** – For CBMW operator which sources its raw materials from enterprises in Free Zones or from existing customs manufacturing bonded warehouse, the Bureau shall prescribe the specific form of goods declaration and supporting documents covering the transfer
- **Withdrawal of Goods for Production** – The CBMW operator shall, within the prescribed storage period, apply for withdrawal of the bonded goods for production.
- **Identification of Bonded Goods Prior to Stuffing for Export** – The CBW operator shall notify the District Collector in advance before any actual stuffing into a container shall be made

All goods for export by CBW shall be stuffed only upon prior examination by a customs officer who shall issue the Certificate of Identification (CI)

- **Exportation of CBW Products** – The CBW operator shall lodge an export declaration for finished products which are manufactured in CBWs within the prescribed period.

For CBMW or ICBW operator which supplies its raw materials or packaging materials to enterprises in Free Zones or to existing customs manufacturing bonded goods

CMTA, Title VIII, Chapter 2, Sections 805 and 813

warehouse, the Bureau shall prescribe the specific form of goods declaration and supporting documents to be submitted.

- **Wastages** – Wastages, rejects and by-products in the manufacture of export products shall be properly accounted for and disposed of in accordance with existing rules and regulations
- **Liquidation of Warehousing Entry and Cancellation of Bond** – The CBW operator shall cause the liquidation of the warehousing entry and the cancellation of the bonds related to the finished product.

The Bureau shall establish and maintain an ICT-enabled system to account for the raw materials used in the manufacture of goods and the resulting wastages for liquidation, and to monitor the posting, charging, cancellation and aging of bonds for CBMW

- **Period of Storage in CBWs**

- Goods entered for warehousing may remain in a CBW for a maximum period of one (1) year from the time of its arrival at the warehouse, without prejudice to the provisions of the reasonable storage period limit explained below
- For perishable goods, the storage period shall be three (3) months from the date of arrival at the warehouse, extendible for valid reasons, and upon written request, for another three (3) months.

Imported goods shall be withdrawn from the CBWs when the necessary withdrawal permit has been filed, together with any related document as may be required by the Bureau. Goods not withdrawn after the expiration of the prescribed period shall be deemed abandoned, as provided under paragraph (e), Section 1129, Chapter 6, Title XI of the CMTA, unless the CBW operator expressly abandons the goods prior to the expiration of the period to withdraw the same within the prescribed storage period

- Bonded raw materials withdrawn within the prescribed storage period shall be manufactured and exported within one (1) year from the time of arrival at the CBW. Goods withdrawn within the prescribed period of one (1) year but re-exported beyond the said period shall be subject to the applicable penalties under this CAO
- The Commissioner shall, in consultation with the Secretary of Trade and Industry, establish a reasonable storage period limit beyond one (1) year for particular bonded goods for manufacturing and intended for export, the processing into

CAO No. 1-2009, Title IV, Section 4.18

cf. CAO No. 1-2009, Title IV, Section 4.19

cf. CAO No. 1-2009, Title IV, Section 4.20

CMTA, Title VIII, Chapter 2, Section 811

cf. CMTA, Title VIII, Chapter 2, Section 809, 1st par.

CMTA, Title VIII, Chapter 2, Section 811, 1st par., last sentence

finished products of which requires and longer period based on industry standard and practice, subject to the approval of the Secretary of Finance.

- **Suspension of the Authority to Operate and Closure of CBW**

- The District Collector shall, without prejudice to the imposition of administrative penalties and filing of criminal cases against the responsible person, initiate suspension or closer proceeding against any CBW in the following instances:
 - In case of discontinuance requested by the CBW operator or when the conditions warrant pursuant to Section 807, Chapter 2, Title VIII of the CMTA
 - Filing an application containing false information for establishment or renewal of CBW Authority to Operate
 - Failure to file application for renewal
 - Being inactive for a continuous period of at least one (1) year, i.e. no importation, or if there is one, no corresponding legal withdrawal of imported goods or exportation of finished products
 - When the operator or any responsible official shall knowingly allow the use of the warehouse for illegal activities
 - Unauthorized relocation or use of extension warehouse
 - Violation of customs rules and regulations
- Upon the closure of the CBW, a careful examination of the account of the warehouse shall be made and the remaining dutiable goods shall be disposed by the District Collector in accordance with existing rules and regulations
- Closure of the CBW shall be effective upon approval of the District Collector, who shall within ten (10) days inform the Commissioner of such action in writing. The decision ordering the closure of the CBW may be appealed to the Commissioner
- Notice of discontinuance made by the operator shall not result in the discharge from any duties, taxes, fees, and other charges imposed on dutiable goods in said warehouse

cf. CAO No. 1-2009, Title V, Section 5.7

cf. CMO No. 02-2003, Section II, General Provisions

cf. CMTA, Title VIII, Chapter 2, Section 807

Responsibilities of CBW Operators

- Operators of CBWs shall comply with the requirements of the Bureau on establishment security, suitability, sustainability, and management, including stock-keeping and accounting of the goods introduced.
- Upon lawful demand, the operators shall allow duly authorized representatives of the Bureau access to the premises at a reasonable time, and to inspect all documents, books, and records of accounts pertaining to the operations of the CBW.
- In case of loss of goods stored in CBWs due to the operators gross negligence or willful misconduct, the operator shall be made liable for the payments of duties and taxes due. The government assumes no legal responsibility over safekeeping of goods stored in CBW
- Operators shall ensure a secured and safe environment for both persons and goods stored in CBWs by implementing effective security measures, such as the employment of a 24-hour security scheme and the installation of Closed Circuit Television Camera (CCTV) and similar devices.

cf. CAO No. 1-2009, Title V, Section 5.7

CMTA, Title VIII, Chapter 2, Section 805

Customs Supervision and Control Over CBWs

- The Bureau shall exercise supervision and control over CBWs and the same shall, for all intents and purposes, be considered an extension of the customs premises insofar as the dutiable goods stored and introduced are concerned.
- The Bureau, however, shall not be liable for any loss or damage of the goods stored in any CBW.

CMTA, Title VIII, Chapter 2, Section 806

Penalties

Without prejudice to the criminal and other administrative liability provided under the CMTA, the following administrative sanctions shall be imposed on the operator for the following offenses:

- **Diversion or Unauthorized Withdrawal or Repacking**
 - First Offense – Duties, taxes, and charges due on the goods withdrawn; and Surcharge of fifty percent (50%) of duties, taxes, customs fees, and charges, found to be due and unpaid

cf. CAO No. 1-2009, Title V, Section 5.4

cf. CMTA, Title XIV, Chapter 1, Section 1422

- Second Offense – Suspension of warehousing privileges for six (6) months
- Third Offense – Closure of the CBW
- Where the withdrawal is attended with fraud – Closure of the CBW
- **Unauthorized Relocation**
 - First Offense – Duties, taxes and charges due on the goods withdrawn; and Surcharge of fifty percent (50%) of duties, taxes, customs fees, and charges, found to be due and unpaid
 - Second Offense – Suspension of warehousing privileges for six (6) months
 - Third Offense – Closure

cf. CMTA, Title XIV, Chapter 1, Section 1422

Any person who enters any CBW with intent to unlawfully remove any merchandise, or who shall aid or abet such removal, shall suffer the penalties provided in Section 1401 of the CMTA

cf. CMTA, Title XIV, Chapter 1, Section 1424

- **Penalties for the late filing of application for rebewal of the Authority to Operate a CBW shall be as follows:**
 - For members of CCBW and ICBW:

cf. CAO No. 1-2009, Title V, Section 5.6

| | |
|--|--|
| 91-199 days before expiration of the validity period of Authority to Operate | Php100,000.00 |
| 61-90 days before expiration of the validity period of Authority to Operate | Php 150,000.00 |
| 31-60 days before expiration of the validity period of Authority to Operate | Php200,000.00 |
| 1-30 days before expiration of the validity period of Authority to Operate | Php250,000.00 [note: cf. CMTA, Title XIV, Chapter 1, Section 1430] and suspension of privilege as CBW operator |

| | |
|---|--|
| 61-89 days before expiration of the validity period of the Authority to Operate | Php150,000.00 |
| 31-60 days before expiration of the validity period of the Authority to Operate | Php200,000.00 |
| 1-30 days before expiration of the validity period of the Authority to Operate | Php250,000.00 [note: cf. CMTA, Title XIV, Chapter 1, Section 1430] and suspension of privilege as CBW operator |

- **Late Re-Exportation of Bonded Raw Materials**
 - Up to six (6) months – 2% per month of the collectible duties and taxes counted from the date of expiration of the bond to date of actual exportation
 - Beyond six (6) months – Penal amount of the bond in addition to the 2% per month of the collectible duties and taxes from the date of expiration of the bond to date of actual exportation
- Late submission of documents such as proof of re-exportation or authority to cancel bonds issued by the Commissioner and such other documents required for reconciliation or liquidation of raw materials, liquidation of entries or cancellation of re-export or surety bonds

cf. CAO No. 5-91, Section II, (1a)

CAO No. 5-91, Section II, (1b)

cf. CAO No. 5-91, Section II, (2a)

| | |
|---|--------------------------|
| 1-30 days from expiration of the bond | Php1,000.00 |
| 31-60 days from expiration of the bond | Php2,000.00 |
| 61-90 days from expiration of the bond | Php3,000.00 |
| 91-120 days from expiration of the bond | Php4,000.00 |
| 121-150 days from expiration of the bond | Php5,000.00 |
| 151-180 days from expiration of the bond | Php6,000.00 |
| Beyond six (6) months from expiration of the bond | Penal amount of the bond |

- against the importer or surety company for breach of bond or take action on the importation pursuant to the CMA, the provisions on existing regulations on fines, penalties, or surcharges shall be applied on erring importers or warehouse operators
- The penalties provided by this CAO shall be without prejudice to the criminal and other liabilities imposed under the CMTA and other laws

Non-impairment Clause

Any existing contracts of private operators with concerned government agencies and regulatory bodies, such as but not limited to the Philippine Ports Authority (PPA), Subic Bay Metropolitan Authority (SBMA), Phividec Industrial Authority (PIA) and their respective affiliates and subsidiaries, including the powers and privileges already granted by virtue of such contracts, shall not be impaired or adversely affected.

Transitory Provisions

The Commissioner shall, without prejudice to all the rights, conditions, and obligations already acquired or vested prior to the effectivity of this CAO, cause the re-evaluation, reclassification and reorganization of all existing CBWs to ensure compliance with the requirements and conditions specified in this CAO.

This notwithstanding, CBWs already existing and given Authority to Operate by the Bureau prior to the effectivity of this CAO are required to comply with all the administrative and reportorial requirements set forth in this CAO after six (6) months from effectivity of this CAO.

Periodic Review

Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Repealing Clause

All other rules and regulations issued by the Bureau which are inconsistent with this CAO are deemed repealed or modified accordingly.

Separability Clause

If any part of this CAO is declared unconstitutional or contrary to existing laws, other parts not so declared shall remain in full force and effect.

Effectivity

This CAO shall take effect thirty (30) days after its publication at the Official Gazette or a newspaper of national circulation.

The Office of National Administrative Registrar (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.

CAO 14-2019

Issue Date: September 4, 2019
UP Law Center Received: September 24, 2019

Introduction

This CAO implements Section 201 and 204, Chapter 1, Title II of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Scope

This CAO shall be applicable to Customs Collection District III – NAIA and the different Public Bonded Warehouses.

Objectives

- Provide new rates of service, storage, and other charges on imported goods or merchandise stored in CBWs being operated by the PSI Inc., Philippine Airlines, PAIRCARGO and Warehousing Co., Inc., Delbros Inc., Cargohaus Inc., DHL Express Philippines Inc., and TMW Worldwide Express, all Customs Bonded Warehouses within the NAIA Complex
- Standardize various charges for the operations affecting imported goods before actual delivery to the importer or consignee and taking into account the present economic conditions and the facilities given by CBW operators, the service, storage, and other charges on goods or merchandise stored in CBWS
- Provide clear and transparent regulation to stakeholders in the collection of rates of service, storage, and other charges on goods or merchandise stored at Public Bonded Warehouse.

Classification of Goods or Cargo

General Cargo - All goods not included in the below enumeration for special cargo, each kind, class, or nature is described herein

Special Cargo - Classified as follows:

CAO No. 11-91, Section IV, A

- **Baggage and Personal Effects** – shipments that are handled with special care and provided special storage locations
- **Perishables** - shipments shown as such in the Cargo Manifest (CM) and Airway Bill (AWB) or labeled or identified on the package(s) as such, hence requiring storage under specified temperatures (e.g. All aquatic products fall under this classification)
- **Valuable Cargo** – shipments shown in the CM and/or AWB as such or so labeled or identified on the package(s) pursuant to IATA regulations
- **Restricted Goods** – except when authorized by law or regulation, the following restricted goods are prohibited:
 - Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, or parts thereof
 - Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other goods when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof
 - Lottery and sweepstakes tickets, except advertisements thereof and lists of drawings thereof
 - Marijuana, opium, poppies, coca leaves, heroin or other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes
 - Opium pipes or parts thereof, of whatever material
 - Any other goods whose importation and exportation are restricted

The restriction to import or export the above stated goods shall include the restriction on their transit

- **Livestock and Plants** – live animals and plants which need special attention and feedings
- **Human Remains** – coffins or urns, bones or ashes of the deceased person

CAO No. 11-91, Section IV, B1

cf. CAO No. 11-91, Section IV, B2

cf. CAO No. 11-91, Section IV, B3

cf. CMTA, Section 119

Basic Storage Ranges on Imported Goods

General Cargo (No Free Storage)

| | From | To |
|---|-----------------------|-----------------------|
| Rate | Php2.64/kg/day | Php3.43/kg/day |
| Minimum Charge | Php151.91/day | Php197.48/day |
| Exemption: Documents and Diplomatic Pouches | Php101.25/day | Php131.63/day |

Special Cargo

| | From | To |
|---------------------------------|------------------------|-----------------------|
| Minimum Charge | Php302.63/day | Php393.42/day |
| Baggage and Personal Effects | Php2.964/kg/day | Php3.43/kg/day |
| Perishables | Php5.30/kg/day | Php6.89/kg/day |
| Valuable Cargo | Php5.30/kg/day | Php6.89/kg/day |
| Restricted Goods | Php5.30/kg/day | Php6.89/kg/day |
| Live Animals, Foods, and Plants | Php5.30/kg/day | Php6.89/kg/day |
| Human Remains | Php5.30/kg/day | Php6.89/kg/day |

Service Charge

| Rates of Charge | From | To |
|--|-----------------------|-----------------------|
| For shipments whose weight per AWB is less than one hundred (100) kg | Php1.04/kg/day | Php1.35/kg/day |
| For shipments whose weight per AWB is one hundred (100) kg or more | Php1.53/kg/day | Php1.99/kg/day |

Ancillary Charges

Backdoor Release

All shipments to be released from the warehouse outside of the normal 0800H to 1700H customs release period during weekdays, and anytime during Saturdays, Sundays, and Holidays.

| | From | To |
|----------------|-----------------------|------------------------|
| Rate | Php8.45/kg/day | Php10.99/kg/day |
| Minimum Charge | Php505.13/kg | Php656.67/kg |
| Maximum Charge | Php843.75/AWB | Php1,096.88/AWB |

Deconsolidation Fee

A charge designed to compensate the warehouse operator for the extra effort of physically break bulking and individually checking the consolidated shipment against the consolidated manifest to ensure completeness.

| | From | To |
|------------|-----------------------|-----------------------|
| Fixed Rate | Php425.25/HAWB | Php552.83/HAWB |

Return Shipment Fee

Formulated to compensate the warehouse operator for the additional task of rechecking, re-taping, and restoring the shipment which was originally released from the warehouse for customs examination but was not cleared by the Collector of Customs for some reasons and returned to the warehouse for safekeeping.

| | From | To |
|----------------|------------------------|-------------------------|
| Rate | Php84.41/kg/day | Php109.73/kg/day |
| Minimum Charge | Php506.00 | Php657.80 |
| Maximum Charge | Php843.75 | Php1,096.88 |

Periodic Review

Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Repealing Clause

This CAO specifically amends or repeals CAO No. 1-2013.

Separability Clause

If any part of this CAO is declared unconstitutional or contrary to existing laws, other parts not so declared shall remain in full force or effect.

Effectivity

This CAO shall take effect thirty (30) days after its publication in the Official Gazette or a newspaper of national circulation.

The Office of National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.

CAO 15-2019

Issue Date: February 26, 2019
UP Law Center Received: September 26, 2019

Introduction

This CAO implements Sections 600, 601, and 602, Chapter 1, Title VI; and other related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Scope

This CAO shall cover the movement within Customs Territory of Foreign Goods for Outright Exportation, Warehousing and those admitted to Free Zones, their liability for duties and taxes for non-compliance with the conditions on Transit, if any, and the necessary security in order to protect the revenue due the government.

This shall also include transfer of goods from Customs Facilities and Warehouses.

Goods covered by R.A. 10668 known as "An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes" shall be governed by a separate CAO.

Objectives

- Institute safeguard measures over Transit Goods for Outright Exportation, Warehousing, Admission into and withdrawal from Free Zones, and movement from one customs office to another and transfer of Goods to Customs Facilities and Warehouses
- Generate timely and accurate information on Transit of Goods in the Customs Territory through the use of tracking device and linking it with the electronic documentation system for Admission into Free Zones, Customs Facilities and Warehouses and for Outright Exportation through the full use of Information and Communications Technology (ICT)-enabled system

- Ensure the proper collection of duties and taxes of Goods allowed for Transit under R.A. 10668, otherwise known as “An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes”.

Definition of Terms

Admission – the act of bringing in imported Goods directly or through Transit into a Free Zone

CMTA, Title 1, Chapter 2, Section 102 (c)

Authority to Load – the permission given by the international sea carriers whereby a sea carrier bound for a specified destination agrees to load, transport, and unload the container van, or cargo of another carrier bound for the same destination

Co-loading – agreements between two (2) or more international sea carriers whereby a sea carrier bound for a specified destination agrees to load, transport, and unload the container van, or cargo of another carrier bound for the same destination

cf. R.A. 10668, otherwise known as “An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes”

Container Freight Station – a facility duly authorized to accept and store containers containing consolidated shipments, for temporary storage, examination, stripping, stuffing, unstuffing, and other related activities as may be allowed under customs laws, rules, and regulations, A Container Freight Station may be established either within the seaport or off-dock, as may be allowed under customs laws, rules, and regulations.

Container Yard – a facility duly authorized to accept and store container vans, laden or empty, intended for international shipping for storage within the period allowed under applicable customs laws, rules, and regulations. A Container Yard may be established either within the seaport or off-dock, as may be allowed under customs rules, laws, and regulations.

Customs Facilities and Warehouses (CFW) – facilities for temporary storage of Goods established and authorized by the Bureau pursuant to Title VIII, Chapter 2 of the CMTA. These include Container Yards, Container Freight Stations, seaport temporary storage warehouses, airport temporary storage warehouses and other premises for customs purposes

cf. CMTA, Title VII, Chapter 2, Section 803

Customs Territory – areas in the Philippines where customs and tariff laws may be enforced

CMTA, Title I, Chapter 2, Section 201 (q)

Customs Transit – customs procedure under which Goods are transported under customs control from one customs office to another

cf. CMTA Title I, Chapter 2, Section 102 (rr)

Entry – the act, documentation, and process of bringing imported Goods into the Customs Territory, including Goods coming from Free Zones

CMTA, Title I, Chapter 2, Section 102 (r)

Exportation – the act, documentation, and process of bringing Goods out of Philippine territory

CMTA, Title I, Chapter 2, Section 102 (s)

Foreign Goods – Goods originating from a foreign country which are neither imported into Customs Territory nor admitted into Free Zones which are discharged in a Port of Entry for Transit to a port of exit for Outright Exportation

Free Zone – special economic zones registered with the Philippine Economic Zone Authority (PEZA) under Republic Act No. 7916, as amended, duly chartered or legislated special economic zones and Freeport such as Clark Freeport Zone, Clark Special Economic Zone, Clark Green City; Poro Point Freeport Zone; John Hay Special Economic Zone and Subic Bay Freeport Zone under Republic Act No. 7227, as amended by Republic Act No. 9400; the Aurora Pacific Economic Zone and Freeport Authority under Republic Act No. 9490, as amended by Republic Act no. 10083; the Cagayan Special Economic Zone and Freeport Under Republic Act No. 7922; the Zamboanga City Special Economic Zone Authority under Republic Act No. 7903; the Freeport Area of Bataan under Republic Act No. 9728; Morong Special Economic Zone under Proclamation no. 984 s. 1997; and such other Freeports as established or may be created by law

cf. CMTA, Title I, chapter 2, Section 102 (w)

Free Zone Locator – a sole proprietorship, partnership, corporation or entity duly registered with the Free Zone Authority and issued a Certificate of Registration and/or Tax Exemption that is not expired or has not been revoked, suspended, or cancelled

Goods – articles, wares, merchandise, and any other items which are subject of Importation or Exportation

CMTA, Title I, Chapter 2, Section 102 (x)

Goods Declaration – a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the persons concerned indicate the procedure to be observed in the application for the Entry or Admission of imported Goods and the particulars of which the customs administration shall require

CMTA, Title I, Chapter 2, Section 102 (y)

Importation – the act of bringing Goods from a foreign territory into Philippine territory, whether for consumption, Warehousing, or Admission as defined in this CAO

cf. CMTA, Title I, Chapter 2, Section 102 (z)

Inland Customs Office – any customs administrative unit outside a Port of Entry that is competent and authorized to perform all or any of the functions enumerated under customs and tariff laws

cf. CMTA, Title I, Chapter 2, Section 102 (o)

Lodgement – the electronic registration of a Goods Declaration with the Bureau and the Free Zone Authority

Multi-Purpose Declaration – a customs single administrative document (SAD) accomplished by the importer, or their authorized representative, under oath and submitted to the BOC for purposes of declaring and identifying among others the nature of the Goods being imported, its value, volume, weight, and any relevant description thereof, whether entered through consumption, Warehousing or by Admission which will assist the BOC in determining the true description of the Goods, the correct classification and the assessment of the duties and taxes due to the imported Goods, if any

cf. CAO 1-2009

Office of Departure – any customs office at which a customs Transit operation commences

Revised Kyoto Convention Specific Annex C, Chapter 1, E6./F2.

Outright Exportation – the customs procedure applicable to Goods which, being in free circulation, leave the Customs Territory and are intended to remain permanently outside it

Revised Kyoto Convention Specific Annex C, Chapter 1, E1./F1.

Port of Destination – the last port of call of a carrier to unload foreign cargo

cf. CMC 77-2016 Re: DOF-DOJ-DOTC-DTI Joint Department Administrative Order 001-2016/Implementing Rules and Regulations of Republic Act no. 10668, Section 3 (u)

Port of Discharge – port of unloading, which is a place where a vessel or aircraft unloads its shipments, from where they will be dispatched to their respective consignees

cf. CMTA, Title I, Chapter 2, Section 102 (ii)

Port of Entry – a domestic port open to both domestic and international trade, including principal ports of entry and sub ports of Entry. A principal Port of Entry is the chief Port of Entry of the Customs District wherein it is situated and is the permanent station of the District Collector of such port. Sub ports of Entry are under the administrative jurisdiction of the District Collector of the principal Port of Entry of the Customs District. Port of Entry as used in this CAO shall include airport of Entry

CMTA, Title I, Chapter 2, Section 102 (hh)

Port of Loading – a place where shipments are loaded and secured aboard a vessel

Transfer Note – a document that accompanies the transfer of cargo to a Customs Facility and Warehouse (CFW) and serves as proof of delivery or receipt of the article as its intended destination duly acknowledge on its face by the customs official stationed thereat. It is also commonly referred to as a “boat note”.

Transit – customs procedure under which Goods, in its original form, are transported under customs control from one customs office to another, or to a Free Zone

CMTA, Title I, Chapter 2, Section 102 (rr)

Transit/Transfer Permit – customs document authorizing the transport of imported Goods from the port of exit to the point of destination. For Transit of Goods to CFW, it is previously called special permit to transfer

Warehousing – a privilege given to qualified persons to import and store, tax and duty free, raw materials for manufacture, processing and subsequent Exportation within the period allowed by law

General Provisions

- Goods transported for Outright Exportation, destined to customs bonded warehouse at the Port of Destination or admitted in an Inland Customs Office, and Goods intended for Transit covered by Republic Act No. 10668, otherwise known as “An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes”, shall not be subject to the payment of duties and taxes at the Port of Entry: Provided, That any conditions and security required by the Bureau are complied with

- Customs Transit within the Customs Territory shall be as follows
 - From Port of Entry to another Port of Entry as exit point for Outright Exportation
 - From Port of Entry to another Port of Entry or Inland Customs Office
 - From Inland Customs Office to a Port of Entry as exit point for Outright Exportation
 - From one Port of Entry or Inland Customs Office to another Port of Entry or Inland Customs Office
- Guidelines and Documentary Requirements
 - For Port of Entry to another Port of Entry as exit point for Outright Exportation – Foreign Goods shall be allowed for Transit in Customs Territory for Outright Exportation at the Office of Destination when the Goods Declaration for Transit together with the required documents as provided by the existing laws and regulations are electronically lodged at the Port of Entry and the corresponding Authority to Load is issued at the Port of Exit
 - For Port of Entry to another Port of Entry or Inland Customs Office – Imported Goods shall be allowed for Transit in Customs Territory to another Port of Entry or to an Inland Customs Office for manufacturing, processing, Warehousing when the Goods Declaration for Transit together with the required documents as provided by the existing laws and regulations are electronically lodged at the Office of Departure together with the required security

In case of transfer of Goods to Customs Facilities and Warehouses, the transfer of Goods should be covered by an electronic permit to transfer issued by the Office of Departure together with the required documents and duly acknowledged by the responsible customs officer at the Office of Destination

- For Inland Customs Office to a Port of Entry as exit point for Outright Exportation – Imported Goods admitted in Free Zones that have undergone processing, manufacturing or manipulation shall be withdrawn from the Free Zones for Transit to the Port of Loading for Outright Exportation upon Lodgement of Export Declaration with the concerned Free Zones Authority. The Export Declaration shall serve as the Transit Permit while being transported from the Office of Departure to the Office of Destination where the corresponding Authority to Load must be issued by the latter for Outright Exportation

- For one Port of Entry or Inland Customs Office to another Port of Entry or Inland Customs Office – Transit of Goods from one Port of Entry or from a Free Zone into another Port of Entry or to another Inland Customs Office, or from one Inland Customs Office to another Inland Customs office for Admission into Free Zones shall be covered by the necessary Goods Declaration for Transit and upon posting of sufficient security to guarantee the complete and immediate delivery of Goods to the Office of Destination subject of Transit under such guidelines to be issued by the Bureau in coordination with the Free Zone Authorities
- A Transfer Permit is required for Goods transported under Customs Transit. However, transfer of Goods in Customs Transit from one means of transport to another shall be allowed; Provided, that any customs seal or fastening is not broken or tampered
- Obligation of Parties Responsible for Customs Transit
 - Upon arrival of the Goods, the Deputy Collector for Operations in the Office of Destination or point of exit, or a person authorized by the District Collector, shall tag in the system the arrival of the Transit Goods
 - The carrier, broker, consignee, or any of its agents responsible for the compliance of the obligations imposed on Customs Transit shall ensure that the Goods are on Customs Transit shall ensure that the Goods are presented intact and in due course at the customs Office of Destination. Failure to comply with the aforementioned obligations or likewise failure to follow a prescribed itinerary or period for delivery of the Goods may immediately subject the Goods to the corresponding duties, taxes and other applicable fines, penalties, and surcharges
 - The Management of Information and System Technology Group (MISTG) shall establish an electronic transit cargo monitoring system that would monitor and track the movement of goods under customs Transit that will generate accurate information on Transit of Goods, risk management and responsibilities of parties
- Carrier's Security and Amount – Carriers that transport imported Goods that shall be placed under customs Transit from a port of Entry to other ports, shall post a general transportation security which shall be equivalent to the duties and taxes of the Goods for Transit but not less than fifty thousand pesos (Php50,000.00). Such security shall ensure the complete and immediate delivery of Goods to the customs officer at the Port of Destination and the payment of pertinent

cf. CMTA, Title VI, Chapter 1, Section 600

customs charges and expenses and other transfer costs. The amount of the security may be adjusted by the Commissioner, upon approval of the Secretary of Finance

CMTA, Title VI, Chapter 1, Section 602

Accreditation of Solution Providers

The Bureau shall provide guidelines for the accreditation of solution providers for the electronic transit cargo monitoring system for use pursuant to this CAO, including the specifications thereof and the free structure, provided however that engagement of solution providers must comply with Procurement laws.

Periodic Review

Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Repealing Clause

All other rules and regulations issued by the Bureau which are inconsistent with this CAO are deemed repealed or modified accordingly.

Separability Clause

If any part of this CAO is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Effectivity

This CAO shall take effect thirty (30) days after its complete publication in the Official Gazette or a newspaper of general circulation.

The Office of the National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.

MEMORANDUM 2019-09-013

Issue Date: September 12, 2019

This is to reiterate the 14 September 2017 Memorandum requiring the mandatory x-ray examination of all containerized cargoes bound for Customs Bonded Warehouses

For immediate and strict compliance.

MEMORANDUM 2019-09-023

Issue Date: September 25, 2019

Consistent with Customs Memorandum Order No. 22-2017, institutionalizing the Completed Staff Works (CSW) in the Bureau of Customs, aimed to improve the Bureau's efficiency, timeliness, and effectiveness in its delivery of services to its stakeholders, a standard format is herein prescribed for letters that are for the Commissioner's signature.

All letters shall be prepared in semi-block format. Attached herewith is a sample with instructions on spacing, margins, font size and style and other details.

For your reference and strict compliance.

See succeeding page for format.

25 September 2019

3 spaces }

CARLOS G. DOMINGUEZ
 Secretary
DEPARTMENT OF FINANCE
 BSP Complex, Roxas Boulevard
 corner Pablo Ocampo St., Manila

2 spaces }

THRU : name (all caps and bold) } center
 position

3 spaces }

Dear **Sec. Dominguez:**

2 spaces }

This is to submit our accomplishment report for FY 2018, in consonance to the revenue collection mandate under the Customs Modernization and Tariff Act (CMTA).

{ 3 spaces

Respectfully,

{ 3 spaces

REY LEONARDO B. GUERRERO
 Commissioner

- Semi-block format
- Margins: Left – 1inch, Right – 1inch
- Spacing (body): single, justified
- Font size: 12
- Font style: Tahoma
- Complimentary close: Very respectfully – President of the Republic of the Philippines
- Respectfully – Secretary, Senators, Ambassador and the likes
- Very truly yours – all others

MEMORANDUM 2019-09-025

Issue Date: September 25, 2019

It has been observed that the bulk of Goods Declarations/Single Administrative Documents (GD/SAD) are filed late in the afternoon, while very few are filed in the morning, resulting in the afternoon slowdown of E2M system due to sheer volume.

In view of the foregoing, **beginning 01 October 2019 cut-off time for the filing of GD/SAD on weekdays shall be at 3:00 p.m.** to avoid slowdown of the E2M system in the afternoon, thereby resulting in the faster processing of their filed GD/SAD. This will also ensure that the EPU will have time to review and scrutinize the documents submitted and that the assigned Examiner will have sufficient time to devote to each entry to maintain quality of examination and computation of duties and taxes, taking into account also sub-section 4.2 of CMO 39-2019 which mandates the completion of the assessment process within 24-hours from filing of the consumption GD/SAD.

In this regard, please inform your respective stakeholders of the 3:00 p.m. cut-off time and encourage them to avail of the morning window to file their GD/SAD.

The EPU shall immediately post a notice that beginning 01 October 2019 cut-off time for the filing of the GD/SAD on weekdays shall be 3:00 p.m.

For strict compliance.

MEMORANDUM 2019-09-026

Issue Date: September 24, 2019

In line with the thrust of continuously improving and enhancing our accreditation system for importers and customs brokers, there is the need to digitize all the data of importers and customs brokers alike and store them in one, centralized electronic repository.

Owing to the decentralization of the renewal of the accreditation of customs brokers to the Districts, all District Collectors are hereby directed to submit to AMO, on a weekly basis, scanned copies of all the data of customs brokers whose accreditations were renewed by them.

The said scanned copies can be sent directly to their email address at amo@customs.gov.ph or to their main office at PUC Bldg. Gate 3, Port Area Manila.

For strict compliance.

MEMORANDUM 2019-10-001

Issue Date: September 27, 2019

In order to fast-track and resolve the processing of all pending applications for accreditation of importers and customs brokers with lacking/improper documentary requirements submitted, you are hereby directed to notify the applicants to submit the proper documentary requirements within 7 days, or else said applications shall be deemed disapproved without prejudice to reapplication.

The grace period of 7 days shall be reckoned from the date of receipt of notice to the applicants thru their registered e-mail addresses registered in their Accreditation Application forms.

For immediate and strict compliance.

MEMORANDUM 2019-10-002

Issue Date: September 27, 2019

Please be reminded that “transaction value” should include both freight from the port of exportation to the Philippine port of entry and insurance, the Philippines being a CIF (Cost, insurance, Freight) country.

The 4th paragraph of Section 701 of the CMTA on “Transaction Value System – Method One”, provided that—

“In determining the transaction value, the following shall be added to the price actually paid or payable for the imported goods:

xxx

(3) cost of transport of the imported goods from the port of exportation to the port of entry in the Philippines;

xxx

(5) cost of insurance.

In the event that the declared value only covers cost of the imported shipment, the insurance and freight shall be added thereto based on submitted documents or using the computation provided in CMO 22-2007, whichever is higher.

For immediate and strict compliance.

MEMORANDUM

2019-09-017

Issue Date: September 19, 2019

Pursuant to the provisions of Section 1603 (f) of the Customs Modernization and Tariff Act (Republic Act 10863), the Tariff Commission issued Advance Rulings (AR) on Tariff Classification with Tariff Classification Circulars (TCC/AR) issued 11-13 September 2019, for various imported articles, and the same were submitted and reviewed by the Office summarized as follows:

| TCC. NO | DESCRIPTION OF ARTICLES | 2017 AHTN CODE | 2019 RATES OF DUTY |
|---------|---|----------------|---|
| 19-250 | "SAMSUNG LED TV with BUILT-IN WLAN MODULE" | 8528.72.92 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* ATIGA – Zero* AKFTA – Zero* |
| 19-274 | "SARVAL PORCINE MEAL" | 2309.90.20 | MFN- Zero |
| 19-312 | "SAMSUNG LED TV, MODEL: QA75Q75RAWXXY" | 8528.72.92 | MFN – 10% Ad Valorem ATIGA – Zero* ACFTA – 5% Ad Valorem AKFTA – Zero* |
| 19-337 | "OPT ENGINE ASSY;A" | 8529.90.99 | MFN – Zero ACFTA – Zero* |
| 19-339 | "OPT ENGINE ASSY;A-WU-WH-E1;1" | 8529.90.99 | MFN – Zero ACFTA – Zero* |
| 19-374 | "SAMSUNG CURVED GAMING MONITOR, MODEL: LC32JG54QQEXXP" | 8528.52.00B | MFN – 15% Ad Valorem ATIGA – Zero* ACFTA – Zero* AKFTA – Zero* |
| 19-379 | "SAMSUNG LED TV, MODEL HG49AE460HGXXP" | 8528.72.92 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* ATIGA – Zero* AKFTA – Zero* |
| 19-386 | "JAC S4 1.5T +CVT, Model: HFC1752MTV" | 8703.22.59 | MFN – 30% Ad Valorem ACFTA – 5% Ad Valorem* |
| 19-388 | "JAC S2 1.5VVT+5MT, Model: HFC7151EAV" | 8703.22.59 | MFN – 30% Ad Valorem ACFTA – 5% Ad Valorem* |
| 19-394 | "FORD TRANSIT MINIBUS" | 8702.10.99 | MFN – 20% Ad Valorem |
| 19-416 | "SAMSUNG WASHING MACHINE, MODEL: WA70H40000SG/TC" | 8450.11.90 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* AKFTA – 5% Ad Valorem* ATIGA – Zero* |
| 19-417 | "SAMSUNG WASHING MACHINE, MODEL: WA70H4400SS/TC SILVER" | 8450.11.90 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* AKFTA – 5% Ad Valorem* ATIGA – Zero* |

| | | | |
|--------|---|------------|---|
| 19-420 | "SAMSUNG WASHING MACHINE, MODEL: WA65H4200SW/TC" | 8450.11.90 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* AKFTA – 5% Ad Valorem* ATIGA – Zero* |
| 19-421 | "SAMSUNG WASHING MACHINE, MODEL: WA60H4000SG/TC" | 8450.11.90 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* AKFTA – 5% Ad Valorem* ATIGA – Zero* |
| 19-425 | "SAMSUNG FRONT LOAD WASHER-DRYER MODEL: WD85K54100W/TC" | 8450.11.90 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* AKFTA – 5% Ad Valorem* ATIGA – Zero* |
| 19-435 | "SAMSUNG WASHING MACHINE, MODEL: WA18M8700GV/TC" | 8450.20.00 | MFN – 1% Ad Valorem ATIGA – Zero* ACFTA – Zero* |

***Subject to submission of their corresponding CERTIFICATE OF ORIGIN (CI)**

For your information, guidance and strict compliance.

MEMORANDUM

2019-10-005

Issue Date: September 30, 2019

Pursuant to the provisions of Section 1603 (f) of the Customs Modernization and Tariff Act (Republic Act 10863), the Tariff Commission issued Advance Rulings (AR) on Tariff Classification with Tariff Classification Circulars (TCC/AR) issued 17-24 September 2019, for various imported articles, and the same were submitted and reviewed by the Office, summarized as follows:

| TCC. NO. | DESCRIPTION OF ARTICLES | 2017 AHTN CODE | 2019 RATES OF DUTY |
|----------|--|----------------|---|
| 19-271 | "ATOX" | 2508.10.00 | MFN – 1% Ad Valorem |
| 19-273 | "CAPTOX EU" | 3802.90.20 | MFN – 5% Ad Valorem |
| 19-356 | "PETKUS UNIVERSAL CLEANER U 15" | 8437.10.10 | MFN - Zero |
| 19-358 | "PE LL HF2508 X" | 3901.40.00 | MFN – 3% Ad Valorem |
| 19-359 | "PE LL HF1820 X" | 3901.40.00 | MFN – 3% Ad Valorem |
| 19-360 | "PE LL HF1810 PX" | 3901.40.00 | MFN – 3% Ad Valorem |
| 19-361 | "PE LL HF1810 X" | 3901.40.00 | MFN – 3% Ad Valorem |
| 19-362 | "PE LL HF2508 GX" | 3901.40.00 | MFN – 3% Ad Valorem |
| 19-363 | "PE LL HF1832 X" | 3901.40.00 | MFN – 3% Ad Valorem |
| 19-368 | "HAAS-MEINCKE BISCUIT FORMING MACHINE MODEL: V60-1" | 8438.10.10 | MFN -Zero |
| 19-382 | "ENDOPROST" | 3004.39.00 | MFN – 1% Ad Valorem AIFTA – Zero* |
| 19-399 | "WASHING MACHINE KIT 1 – TOP COVER ASSEMBLY, PART NO: CBDYTA077PLA0" | 8450.90.10 | MFN – 3% Ad Valorem AIFTA – Zero* |
| 19-407 | "BIMOLI® SPECSIAL" | 1511.90.35 | MFN – 15% Ad Valorem ATIGA – Zero* |
| 19-408 | "WAFFELO" | 1905.32.30 | MFN – 15% Ad Valorem ACFTA – Zero* ATIGA – Zero* |
| 19-427 | "SAMSUNG WASHING MACHINE, MODEL: WA80J5712SW/TC" | 8450.11.90 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* AKFTA – 5% Ad Valorem* ATIGA – Zero* |
| 19-429 | "SAMSUNG WASHING MACHINE, MODEL: WA75H4200SW/TC" | 8450.11.90 | MFN – 10% Ad Valorem ACFTA – 5% Ad Valorem* AKFTA – 5% Ad Valorem* ATIGA – Zero* |
| 19-431 | "SAMSUNG WASHING MACHINE, MODEL: WA12J5750SP/TC" | 8450.20.00 | MFN – 1% Ad Valorem ACFTA – Zero* AKFTA – Zero* ATIGA – Zero* |

| | | | |
|---|--------------------------------|------------|--------------------------------------|
| 19-437 | "CHIA SEEDS" | 1207.99.90 | MFN – 1% Ad Valorem |
| 19-442 | "KOPIKO® ICED BROWN COFFEE" | 2202.99.40 | MFN – 10% Ad Valorem ATIGA- Zero* |
| <i>*Subject to submission of their corresponding CERTIFICATE OF ORIGIN (CO).</i> | | | |

For your information, guidance and strict compliance.

ABOUT US

Nague Malic Magnawa & Associates Customs Brokers (NMM) is a general professional partnership of customs brokers duly registered by the Securities and Exchange Commission and the Bureau of Customs. As the first general professional partnership of customs brokers registered with SEC and BOC, it complies with RA 9280, or the Customs Brokers Act of 2004. It has offices in Metro Manila and Cebu, and brokers in Clark, Subic, Davao, Cagayan de Oro, Batangas, and other major ports and special economic zones in the Philippines.

To learn more about the company, please visit our website at:

<http://www.nmmcustomsbrokers.com/>

If you have questions or comments, you may send them to:

Atty. Ferdinand Nague

Managing Partner
rnague@nmm.ph

© 2019 Nague Malic Magnawa & Associates Customs Brokers

Digital copies of this Gazette may be viewed and downloaded from:

<http://www.nmmcustomsbrokers.com/content/nmm-gazette>