



CUSTOMS GAZETTE

Updates on Customs-Related Matters

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CAO NO. 03-2021

Issue Date: May 31, 2021

Introduction

This implements Sections 818 to 821, Chapter 4, Title VIII, and other related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Scope

- Stores for use or consumption by the passengers and the Crew on board vessels or aircraft engaged in foreign trade, whether or not sold;
- Stores carried by vessels or aircraft docking or landing at one or more ports or airports in the Customs Territory, for use or consumption on board during the stay of said vessels or aircraft at such intermediate ports or airports and during her voyage or its flight between such ports or airports, or while the vessel is undergoing repairs in a dock or shipyard;
- Stores for sale to the passengers and the Crew of vessels or aircraft with a view to being landed, which are either on board upon arrival or are taken on board during the stay in the customs territory of vessels or aircraft used, or intended to be used, in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration; and
- Supplies which are necessary for the reasonable requirements of vessels or aircraft in her voyage or its flight outside the Philippines, including those goods transferred from a Customs Bonded Warehouse (CBW) to an aircraft or vessel.

CMTA, Title VIII, Chapter 4, Section 818
(a)

CMTA, Title VIII, Chapter 4, Section 818
(a)

CMTA, Title VIII, Chapter 4, Section 819

Objectives

- To expedite the clearance and delivery of Stores for Consumption and Stores to be Taken Away to vessels or aircraft engaged in foreign trade intended for the use or consumption of the passengers or its Crew and those goods deemed necessary for the operation and maintenance of said vessels or aircraft;
- To establish an Information and Communication Technology (ICT)-enabled inventory system for monitoring of Stores;

- To institute appropriate measures to prevent any unauthorized use of Stores; and
- To implement uniformly the exemption from duties and taxes of Stores regardless of the country of registration or ownership of vessels or aircraft.

Definition of Terms

Air Operator — shall refer to any organization which undertakes to engage in domestic commercial air transport or international commercial air transport, whether directly or indirectly, or by a lease or any other arrangement.

Republic Act No. 9497, Section 3 (s)

Crew — shall refer to person/s assigned by an operator to duty on an aircraft or vessel during a flight or voyage duty period.

cf. International Civil Aviation Organization, Annex 9, Chapter 1(A)

Customs Bonded Warehouse — shall refer to a facility established and authorized by the Bureau of Customs pursuant to Title VIII, Chapter 2 of the CMTA. This may include Customs Bonded Manufacturing Warehouse (CBMW), Miscellaneous Customs Bonded Warehouse (MMBW), Customs Common Bonded Warehouse (CCBW), Industry-Specific Customs Bonded Warehouse (ICBW), Bonded Non-Manufacturing Warehouse (BNMW), Public Bonded Warehouse and Private Bonded Warehouse as defined by regulation

CAO No. 5-2017, Section 3.5.

Customs Control — shall refer to the measures applied to ensure compliance with the laws and regulation which Customs are responsible for enforcing.

CAO No. 3-2019 citing WCO Glossary of Customs Terms.

Prohibited Goods — shall refer to the following goods, the importation and exportation of which are prohibited:

- Written or printed goods in any form containing any matter advocating or inciting treason, rebellion, insurrection, sedition against the government of the Philippines, or forcible resistance to any law of the Philippines, or written or printed goods containing any threat to take the life of, or inflict bodily harm upon any person in the Philippines;
- Goods, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises, describes or gives direct or indirect information where, how or by whom unlawful abortion is committed;
- Written or printed goods, negatives or cinematographic films, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character;

- Any goods manufactured in whole or in part of gold, silver or other precious metals or alloys and the stamp, brand or mark does not indicate the actual fineness of quality of the metals or alloy;
- Any adulterated or misbranded food or goods for human consumption or any adulterated or misbranded drug in violation of relevant laws and regulations;
- Infringing goods as defined under the Intellectual Property Code and related laws; and
- All other goods or parts thereof which importation are explicitly prohibited by law or rules and regulations issued by the competent authority.

cf. CMTA, Title I, Chapter 3, Section 118

Regulated Goods — shall refer to goods, the importation and exportation of which are subject to regulation and shall only be allowed after securing the necessary clearances, licenses, and any other requirements, prior to importation or exportation. In case of importation, submission of requirements after arrival of the goods but prior to release from customs custody shall be allowed but only in cases provided for by governing laws or regulations.

cf. CMTA, Title I, Chapter 3, Section 117

Restricted Goods — shall refer to the following goods, the importation and exportation of which are prohibited, except when authorized by law or regulation:

- 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 therein;
- 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;
- Weapons of Mass Destruction and goods included in the National Strategic Goods List (NSGL) as provided under Republic Act No. 10697 or the Strategic Trade Management Act (STMA);

cf. CAO No. 01-2018

cf. CMTA, Title I, Chapter 2, section 102 (dd)

- Toxic and hazardous goods under Republic Act No. 6969 or the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990"; and
- Any other goods whose importation and exportation are restricted.

cf. CMTA, Title I, Chapter 3, Section 119;
CAO No. 6-2016

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

Seal — shall refer to a piece of metal or other material used to join together two ends of a fastening in a secure manner.

Definition of Terms, WCO

Security — shall refer to a form of a deposit or of a legal obligation, e.g., a bond which ensures to the satisfaction of the Customs that an obligation to the Customs will be fulfilled.

Definition of Terms, WCO

Stores — shall refer to Stores for Consumption and Stores to be Taken Away.

cf. CMTA, Title VIII, Chapter 4, Section 818 and 819

Stores List — shall refer to the goods declaration for stores providing the particulars concerning stores carried on board the means of transport, to be presented as required by the Bureau.

cf. Glossary of Customs and Trade Terms

Transfer Note — shall refer to a document that accompanies the transfer of imported articles from the terminal facility to a Customs Bonded Warehouse or vice versa, including transfers of Stores to another vessels or aircraft, and serves as proof of delivery or receipt of the articles at its intended destination duly acknowledged on its face by the customs officer stationed thereat. It is also commonly referred to as "boat note"

cf. CAO No. 13-2019, Section 4.3.2 (c).

Transit/Transfer Permit — shall refer to customs document authorizing the transport of imported Goods from the port of exit to the point of destination. This is previously called "special permit to transfer"

cf. CAO No. 15-2019, Section 3.28.

General Provisions

- Customs treatment of Stores should apply uniformly, regardless of the country of registration or ownership of vessels or aircraft.
- Stores classified as Regulated Goods must comply with the necessary requirements of the concerned regulatory agency.
- Prohibited Goods and Restricted Goods shall not be allowed as Stores.
- All transfers of Stores to another vessel or aircraft assigned to an international route shall be covered by a Transfer Note.

cf. CAO No. 15-2019, Section 3.30.

- The Bureau shall require a carrier to take appropriate measures to prevent any unauthorized use of Stores including sealing of the Stores, when necessary.

It shall require the removal of Stores from the vessel or aircraft for transfer and storage in a CBW or elsewhere during its stay in the Customs Territory only when the Bureau considers it necessary and subject to continuous underguarding.

- Replenishment of Stores that are exempt from duties and taxes shall be allowed for vessels or aircraft which have arrived in the Customs Territory, and which need to replenish their Stores for the journey to their final destination in the Customs Territory, subject to the following conditions:
 - Stores in such quantities as the Bureau deems reasonable with due regard to the number of the passengers and the crew, to the length of the voyage or flight, and to any quantity of such stores already on board; and
 - Stores necessary for the operation and maintenance of a vessel or aircraft in such quantities as are deemed reasonable for operation and maintenance during the voyage or flight, after due regard of the quantity of such stores already on board.

CMTA, Title VIII, Chapter 4, Section 820, paragraph 4

CMTA, Title VIII, Chapter 4, Section 820, paragraph 6

Types of Stores

Stores which are either on board upon arrival or are taken on board during the Stay in the Customs Territory of vessels or aircraft used, or intended to be used, in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration, are classified as follows:

- **Stores for Consumption.** Stores for consumption shall include:
 - Goods intended for use by the passengers and the crew on board vessels or aircraft, whether or not sold; and
 - Goods necessary for the operation and maintenance of vessels or aircraft including fuel and lubricants but excluding spare parts and equipment.
- **Stores to be Taken Away.** This type of Stores shall include goods for sale to the passengers and the crew of vessels and aircraft with a view to being landed.

cf. CMTA, Title VIII, Chapter 4, Section 820

CMTA, Title VIII, Chapter 4, Section 819

Duty and Tax Treatment of Stores

The following Stores are exempt from duties and taxes:

- Stores which are carried in a vessel or aircraft arriving in the Customs territory provided that they remain on board.
- Stores for consumption by the passengers and the Crew imported as provisions on international express vessels or aircraft. Provided, that such goods are purchased only in the countries crossed by the international vessels and aircraft in question, and any duties and taxes chargeable on such goods are paid in the country where they were purchased.
- Stores necessary for the operation and maintenance of vessels or aircraft which are on board these means of transport while in the Customs Territory.

CMTA, Title VIII, Chapter 4, Section 820, paragraph 1.

CMTA, Title VIII, Chapter 4, Section 820, paragraph 1.

Provided, that they remain on board while these means of transport are in the Customs Territory.

Stores List

- **Uniform Stores List.** The Bureau shall devise a uniform format for the Stores List to be provided by airline and shipping line operators which shall be accomplished and signed by the latter and submitted to the Customs Officer upon entry and departure of the vessels or aircraft and shall contain the following information:

<p>Vessel</p> <ol style="list-style-type: none"> 1. Name of Ship 2. Voyage Number 3. Registry Number 4. Port of Origin 5. Date of Arrival/Departure 6. Port of Arrival/Departure 7. Port of Destination 8. Nationality of Ship 9. Number of Persons On-Board <p>Vessel</p> <ol style="list-style-type: none"> 10. Period of Stay 11. Place of Stay 12. Name of Articles 13. Type of Stores 14. Quantity of Stores 15. Place of Storage 16. Name of the Master 17. Date and signature by master, authorized agent or officer 	<p>Aircraft</p> <ol style="list-style-type: none"> 1. Aircraft Configuration 2. Flight Number 3. Registry Number 4. Port of Origin/Destination 5. Date of Arrival/Departure 6. Passenger Load 7. Aircraft Type 8. Control Number 9. Description of Articles 10. Unit of Measure <p>Aircraft</p> <ol style="list-style-type: none"> 11. Quantity Loaded 12. Total Consumed 13. Unconsumed 14. Outgoing Bonded Set-Up <ol style="list-style-type: none"> 14.1. Prepared By/Date 14.2. Customs Officer/Date 14.3. Released By/Date 15. Aircraft Turn-Over <ol style="list-style-type: none"> 15.1. Account Officer 15.2. Departure Cabin Attendant
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- **Submission of Stores List.** Upon arrival of the vessel or aircraft, the Bureau shall require the submission of the Stores List to the Piers and Inspection Division (PID) or equivalent office or to the Aircraft Operations Division (AOD), as the case may be, indicating therein the list of inflight commissary items including the duty-free bonded items arriving in the Customs Territory. Upon departure, no separate Stores List should be required from the vessels or aircraft.
- Duty-free items and Stores for use or consumption by passengers or Crew delivered from a CBW to aircraft shall also be included in the uniform Stores List.

Importations by Philippine-Registered or Foreign Shipping Lines or Airlines

- The following are conditionally-free importations by persons engaged in international shipping or air transport operations:
 - Supplies for use or consumption of the passengers or crew on board the vessel or aircraft as sea or air stores in its voyage or flight outside the Philippines including goods transferred from a CBW in any Customs District to any vessel or aircraft engaged in foreign trade; or
 - Goods purchased abroad for sale on board a vessel or aircraft as saloon stores or air store supplies.

Provided that, any surplus or excess of such vessel or aircraft supplies arriving from foreign ports or airports shall be dutiable.

- Conditionally-free importations made by Philippine-registered or foreign shipping lines or airlines engaged in international shipping or air transport operations which do not operate a CBW may be exempt from payment of duties and taxes, provided that a TEI, together with other required documentary requirements shall be filed with the Bureau.
- Conditionally-free importations made by Philippine-registered or foreign shipping lines or airlines engaged in international shipping or air transport operations that operate a CBW shall no longer need a TEI.
- Stores unconsumed by the passengers of vessels or aircraft during the voyage or flight shall be returned to CBW for inventory and/or final exportation, Unconsumed stores remaining in the CBW beyond the period prescribed for storage shall be deemed abandoned and be disposed of in accordance with the rules on abandonment.
- ICT-enabled inventory system shall be established and maintained by the operator of the CBW and made accessible on-line to the Customs Officer for Customs Control.

cf. CMTA, Title VIII, Chapter 1, Section 800 (o); cf. National Internal Revenue Code (NIRC) as amended by RA No. 10963, Section 109 (U).

cf. CAO No. 13-2019, Section 5.14

Stores On Board

- **Checking and Inventory Stores during Boarding Formalities.** Upon arrival of the vessel or aircraft, the Bureau shall ensure that checking and inventory of remaining Stores are conducted.
- **Sealing of Containers or Storage Areas for Stores.**
 - The Bureau shall ensure that containers or storage areas for Stores are properly closed, locked and sealed for arriving and departing vessels and aircraft engaged in international traffic for the transport of persons for remuneration or for the industrial or commercial transport of goods, whether or not for remuneration.

The design and specifications of the serialized Seal to be placed on containers or storage areas for Stores shall be devised and pre-approved by the Bureau and provided by the airlines or shipping lines concerned.

The Bureau shall establish a system for the color-coding of the Seals to be placed on containers or storage areas for Stores, in accordance with international standards.

- In case of aircraft, the Bureau shall likewise conduct the following:
 - Ensure that the containers are secured on board until departure for quick turn-around flights where the unconsumed Stores may remain on board until departure; and
 - Ensure the secure removal of the locked and cleared containers to the bonded warehouse for terminating flights.
- In case of vessels, the containers or storage areas for sea stores shall be sealed in the presence of ship's officer and the Customs Inspector assigned on board. Only the Customs Senior Boarding Officer, in the presence of the Customs Inspector, may break the Seal and allow the withdrawal of such quantities as may be authorized, and re-seal the sea store compartment after such withdrawal.

cf. CMO No. 22-2010, Section 3, A (3).

Stores for Vessel or Aircraft with Multiple Ports of Call

For international aircraft or vessel with intent to call at one or more ports in the Customs Territory, the operator shall provide an accurate Stores List for all the food and supplies needed during the stay of such aircraft or vessel at such intermediate ports and during its transit between such ports.

The Bureau shall allow the transport and delivery of Stores from one port to another upon request of the CBW Operator.

Reportorial System

A reportorial system shall be established by the Bureau for statistical purposes and monitoring of different types of Stores.

Penal Provision

Violations of this CAO committed by any person, officer or employee shall be penalized in accordance with Title of the CMTA and other applicable penal provisions.

- **Penalty for Breaking of Seal.** If any Seal placed by a Customs Officer upon any vessel or aircraft or compartment thereof, or upon any box, trunk or other package of goods on board is broken, the owner, operator, or agent of the vessel or aircraft shall be liable with the following fines:
 - First Offense – Php100,000.00 for each broken or destroyed Seal
 - Second Offense – Php200,000.00 for each broken or destroyed Seal
 - Third Offense or more – Php300,000.00 for each broken or destroyed Seal
- **Sanctions for Unauthorized Breaking of Seals on CBW.** Unauthorized breaking of Seals or taking away of stores shall subject the CBW Operator to suspension or closure pursuant to existing rules and regulations, including a fine of Three Hundred Thousand Pesos (Php300,000.00) for each broken or removed Customs Seal or other fastening or mark.

CMTA, Title XIV, Chapter 1, Section 1420

cf. CAO No. 13-2019, Section 8.7.

CMTA, Title XIV, Chapter 1, Section 1421

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 previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

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 publication at 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.

CMO NO. 24-2021

Issue Date: August 5, 2021

Objectives

- To provide a mechanism to expedite the disposition and release of shipments for condemnation and assist the Ports in decongesting the overstaying containers stored thereat;
- To provide for a uniform procedure and specific requirements in the accreditation by the Bureau of service contractors for the condemnation of goods in line with the Ease of Doing Business and Efficient Government Service Delivery Act of 2018;
- To ensure the integrity and transparency in the condemnation process; and
- To provide for the accountability and liability of service providers and Bureau of Customs (Bureau) personnel involved in the condemnation process and impose sanctions for violations of customs rules and regulations pertaining thereto.

Goods Subject to Condemnation

The following goods shall be disposed through condemnation:

- Restricted goods which are highly dangerous to be kept or handled;
- Goods that are absolutely prohibited unless the mode of disposition is specifically provided by the Customs Modernization and Tariff Act (CMTA);
- Goods that are prohibited by law to be released, unless the mode of disposition is specifically provided by the CMTA or by regulation;
- Goods that have no commercial value; and
- Goods that are injurious to public health.

CMTA, Title XI, Chapter 10, Section 1147 (f)

CMTA, Title XI, Chapter 10, Section 1145

Modes of Condemnation

Goods shall be condemned in any of the following manner:

- Rendering;
- Crushing;
- Thermal decomposition;
- Breaking;
- Shredding;
- Pyrolysis;

- Dumping if applicable and deemed as most practicable among other modes; or
- Any other method deemed appropriate by the Condemnation Committee and approved by the District Collector.

The Port shall ensure that the chosen mode of condemnation is in compliance with all environmental laws, rules and regulations.

Condemnation Committee

There shall be a Condemnation Committee which shall be composed of the following:

- Chairman
 - Chief, Auction and Cargo Disposal Division (ACDD) or equivalent unit
- Vice Chairman
 - Chief, Law Division of Equivalent Unit
- Members
 - Representative, Office of the District Collector
 - Representative, Customs intelligence and Investigation Service (CIIS)
 - Representative, Enforcement and Security Service (ESS)

The representative of the Association of International Shipping Lines (AISL) or other organizations/associations of shipping lines may be present during the deliberations relative to the awarding of contracts for the condemnation of containerized cargoes to accredited service contractors.

Functions of the Condemnation Committee

The Condemnation Committee shall be tasked to perform the following functions, to wit:

- Approve/disapprove the recommendation of the ACDD or its equivalent unit for the accreditation of a service contractor;
- Issue the Order of Condemnation for the approval of the District Collector based on the Detailed Plan of Condemnation prepared by the ACDD or its equivalent unit;
- To impose, administer and/or recommend to the District Collector the imposition of administrative and/or such other sanctions as maybe appropriate against any service contractor, person or entity found to have committed disorderly act or any act prejudicial or inimical to the interest of the Government or violated any law, rules and regulations, in connection with any condemnation activity; and

- Perform other related functions as may be directed by the District Collector.

The District Collector may authorize the creation of Condemnation Committees at their respective Sub-pod and delegate the issuance of the Order of Condemnation to the Sub-port collectors subject to institution of strict control measures. Accreditation of contractors shall however, be subject to the final approval of the District Collector.

Accreditation of Service Contractors

Applications for accreditation of service contractors shall be evaluated by the Condemnation Committee. For this purpose, the following requirements must be submitted by the applicant to the ACDD or equivalent unit of the port, for evaluation, to wit:

- Letter of Intent duly signed by the applicant or his authorized representative. The authorized representative of a Corporation must present a Corporate Secretary's Certificate, certifying that the Board of the corporation has authorized the holder to represent the company; for partnerships, a Notarized Special Power of Attorney signed by the registered owner/s of the entity; for sole proprietorship, the owner must be the signing applicant.
- Company Profile;
- List of Services;
- Diagram of Operations for all the services;
- Plant/Facility Lay-out (including those of extension warehouses, if applicable);
- Memorandum of Agreement with dumpsite owners/operators where one of the modes of condemnation is through dumping;
- List of machinery and equipment that are being utilized and located at the facility/plant. In cases where the said machinery and equipment are leased, copies of Lease Agreements must also be submitted;
- For corporate entities: SEC Registration, Articles of Incorporation, By-Laws, and latest General Information Sheet duly stamped and received by SEC;

For other entities: DTI Certificate of Registration and List of

- Officers
- Current Income Tax Return (of the entity) duly stamped and received by the BIR;

- Current Mayor's/Business Permit;
- Current Environmental Compliance Certificate;
- Current Sanitary Permit to Operate;
- Current City/Municipal Environmental Certificate;
- Current Transporter Registration Certificate (for applicants engaged in the transportation of wastes);
- Audited Financial Statement for two (2) years immediately preceding the application, if available. For new companies, Feasibility Study shall be submitted in lieu of the audited Financial Statement; and
- Payment of accreditation fee of Php10,000.00 and Customs Documentary Stamp of Php265.00.

The above-enumerated documents must be certified true copies of the original. Failure to submit any of the above requirements shall preclude the ACDD or its equivalent unit from processing the application.

Evaluation and Approval of Applications from Service Contractor

- Upon submission of the documents referred to in the immediately preceding Section, the ACDD or equivalent unit shall evaluate the application to ensure its compliance with the requirements listed in the preceding section.
- After completion of the documentary requirements of the applicant and within twenty-four (24) hours from receipt thereof, the Chief of the ACDD or equivalent unit shall create a composite team made up of personnel from the ACDD/equivalent unit, CIIS and ESS to conduct an ocular inspection of the facility. The composite team shall submit a Comprehensive Report indicating therein their evaluation on the capability of the applicant's facility to perform the services being offered.
- Upon evaluation of the above-stated requirements, the ACDD/equivalent unit shall, within three (3) working days, recommend the approval/disapproval of the application to the Condemnation Committee. The Condemnation Committee shall within three (3) working days forward the application for final approval/disapproval by the District Collector.
- A Certificate of Accreditation signed by the District Collector shall be issued to the service contractor.

- In cases where the application was disapproved due to lack of requirements or inconsistencies in the documents submitted with the application, the applicant may be allowed to refile his application upon completion or correction of the necessary documents.

The performance of each service contractor shall be evaluated by the Condemnation Committee on a regular basis.

Validity Period of Accreditation

The Certificate of Accreditation shall be valid for three (3) years from the date of accreditation, unless sooner revoked for cause by the District Collector, subject to the annual submission of updated documents mentioned above.

Responsibilities of Accredited Service Contractors

Accredited service contractors shall be responsible for the following:

- Post annual performance bond in the amount equivalent to Php500,000.00 in the form of surety as a guarantee to secure performance of its obligations;
- Ensure that the goods are condemned in accordance with the Detailed Plan of Condemnation approved by the port;
- Submit a completion report with photos and videos to the ACDD in five (5) days from termination of the condemnation proceedings. The condemnation process is deemed terminated upon the issuance of Certification by the Port confirming that the condemnation of goods is complete;
- Ensure that the goods for condemnation are withdrawn within the period as provided in the Order of Condemnation;
- Return the empty container to the shipping line within five (5) days unless a longer period is given by the shipping line for the return; and
- Comply with other conditions as may be imposed by the Condemnation Committee.

Clearance from Legal Service

Immediately after the finality of the Order of Forfeiture or Decree of abandonment, the Law Division and the ACDD/equivalent Unit shall submit a request to the Legal Service for clearance that the goods to be condemned are not subject of any pending complaint filed with the Department of Justice or subject of a pending criminal or civil proceedings in any judicial tribunal.

The following documents shall be attached to the request for clearance:

- Matrix of goods subject of disposal;
- Copy/ies of the Order of Forfeiture or Decree of Abandonment; and
- Certificate of Finality

In its certification, the Legal Service should categorically state if the shipment subject of the request can be disposed or not.

The Legal Service shall, within five (5) working days from receipt of the request and the complete set of documents shall issue the said clearance.

The port must ensure that the clearance from the Legal Service is obtained prior to the preparation of the Detailed Plan of Condemnation. Failure to obtain the clearance shall be penalized under Section 1430 and Title XIV, Chapter 2 of the CMTA, Neglect of Duty, and other administrative liability in accordance with existing civil service laws, rules and regulations.

Conduct of Examination

Within two (2) days from receipt of the Clearance from the Legal Service, the ACDD shall cause the examination/inventory of forfeited/abandoned goods to determine its mode of disposition.

Preparation of the Detailed Plan of Condemnation

The ACDD/equivalent unit shall immediately prepare the Detailed Plan of Condemnation based on the results of examination/inventory conducted on the goods which shall include the following details:

- Mode of Condemnation;
- Nature of the items or Goods to be destroyed or condemned, including their packaging and markings, if any;
- Certification by the ACDD Examiner or equivalent that the goods are subject for condemnation;
- Legal basis or justification for the condemnation of the goods;
- Special or technical requirements needed to ensure the complete destruction and to prevent the subsequent retrieval by persons or even by animals;
- In case of regulated goods, that the mode of condemnation is in accordance with the rules and regulation of the appropriate government agency;
- Notice and invitation to government agencies to participate as witnesses to the condemnation process and to ensure that their own regulations on such activities are observed;
- Expected contingencies such as crowd control, looters and scavengers and the general security concerns;
- Required reports to be submitted after the destruction or condemnation and the signatories thereof; and
- Timeline to complete the condemnation. For this purpose, below shall be the maximum period given to service contractors to finish the condemnation of goods awarded to them save in cases of fortuitous event or force majeure and other analogous reasons:

No. of Containers	Maximum No. of Days to Complete Condemnation
1-5 Twenty Equivalent Units (TEUs)	5 days
6-10 TEUs	10 days
11 or More TEUs	30 days
For goods subject of Letter of Authority (LOA)	30 days

If the goods for condemnation is subject of litigation before the Department of Justice or the courts, the Detailed Plan of Condemnation shall indicate the representative quantity of the whole shipment for segregation, if necessary, which shall be kept under custody, while the rest of the goods shall be disposed in the manner prescribed under the preceding section.

Order of Condemnation

Within twenty-four (24) hours from the receipt of the Detailed Plan of Condemnation, the Condemnation Committee shall cause the preparation of the Order of Condemnation for the approval of the District Collector, containing the information in the Detailed Plan of Condemnation and the service contractor chosen to perform the destruction/condemnation of the goods. The District Collector shall approve or disapprove the Order of Condemnation within twenty-four (24) hours from receipt thereof.

In selecting the active and accredited service contractor/s who shall undertake the condemnation, the Condemnation Committee shall observe the following guidelines:

- Only service contractors with sufficient facility/equipment/machineries to perform the required mode of condemnation will be considered;
- Capability of the chosen service contractor to safe-keep the emptied container/s;
- Track record/reputation of the service contractor; and
- For containerized cargoes and pursuant to Section 9.6.5 of CAO No. 03-2020, contractors nominated by the Association of International Shipping Lines (AISL), Inc. shall be given priority in the selection of the accredited contractor who will undertake the condemnation/destruction of the goods loaded in containers owned by their member Shipping Lines.

Notice of the Date of Condemnation

It shall be the responsibility of the Condemnation Committee to ensure that all concerned offices are duly notified three (3) days prior to the time, date and schedule of the condemnation. Such notice shall be sent electronically and accompanied by relevant documents, including the documentary requirements as stated below:

- Approved Order of Condemnation;
- Gate Pass; and
- Clearance from the Legal Service

The sending of electronic notice to the official email address of the concerned offices and duly acknowledged by such offices shall be sufficient for purposes of notification of the schedule of condemnation.

Likewise, electronic notice shall also be provided twenty-four (24) hours in advance for any rescheduled activities resulting from cancellation/postponement of the condemnation for valid reasons.

Unless authorized by the Bureau, only concerned Bureau officials or their representatives or deputized law enforcement officer/s shall be allowed entry to the condemnation facility from the arrival of the goods until termination of the condemnation activity.

Issuance of Gate Pass, Notice of Award/Release

Within twenty-four (24) hours from the approval of the Order of Condemnation, the corresponding Gate Pass and Notice of Award for the release of goods shall be prepared by the ACDD or its equivalent unit for approval of the District Collector. The accredited contractor shall be given the Notice of Award, certified copy of the Order of Condemnation and duplicate copy of the Gate Pass. During the same period, same documents shall be transmitted electronically by the Chief, ACDD or its equivalent unit to the Director, Port Operations Service (POS), the Office of the Commissioner, the apprehending unit if applicable, and the ESS for monitoring purposes.

The District Collector shall, within the same period, also, write the terminal operator a letter-request for the extension of the storage period.

Issuance of Container Release Order by Shipping Lines

The ACDD or equivalent unit shall, within twenty-four (24) hours from receipt of the Order of Condemnation, furnish the shipping line concerned or the AISL. If a member, via email or other electronic means, the approved Order of Condemnation and supporting documents for the issuance of the required Container Release Order (CRO) covering the shipment for condemnation. For this purpose, the ACDD shall secure from the shipping lines or AISL their respective email address or other means of electronic transmission.

The Shipping Line shall within seventy-two (72) hours from receipt of the Order of Condemnation and supporting documents from the ACDD or equivalent unit, issue the CRO in favor of the nominated service contractor. The shipping lines shall also send copies of the CRO electronically to the terminal operators for issuance of their Gate Pass.

Without prejudice to the preceding paragraph, the contractor and shipping line concerned may enter into an internal arrangement on how the return of the empty container from the contractor's facility to the shipping line's depot can be effected.

Action in Case of Non-issuance of CRO by Shipping Lines

In the event the CRO is not issued despite the lapse of the 72 hours as prescribed in the preceding paragraph, the District Collector shall write the terminal operator for the issuance of the corresponding gate pass to allow the transfer of the container to the condemnation facility.

The service contractor shall execute a duly notarized Affidavit of Undertaking for submission to the District Collector of the Port concerned (Attention: The Deputy Collector for Operations) committing to safekeep the empty containers and retain physical custody of the same until further disposition by the Bureau. For this purpose, the service contractor shall designate a marshalling area within his facility where these emptied containers shall be kept until their return to the owner-shipping line.

The service contractor shall inform the port, through its Container and Cargo Control Division (CCCD) or equivalent unit twenty-four (24) hours after the containers have been emptied, of such fact for sending of notice to the shipping line to claim the emptied containers.

Release of Containers Owned by Inactive Shipping Line

In cases where the goods for condemnation are loaded in containers whose owners are unknown or are owned by shipping lines which are no longer operating in the Philippines and issuance of the CRO is no longer possible, the District Collector concerned shall directly inform the terminal operator of such fact and request the terminal operator to issue the corresponding gate pass even without the requisite CRO.

The accredited service contractor, as nominated by the Port concerned shall likewise be required to submit the notarized Affidavit of Undertaking mentioned in the preceding Section.

After two (2) days from receipt of notice from the service contractor, the District Collector shall issue a WSD or institute abandonment proceedings against the emptied container/s.

Pull-out of Containers by Contractors

Service contractors shall commence the pull-out of containers within twenty-four (24) hours from issuance of the CRO by the shipping line. For cases falling under Sections 17 and 18, pull-out of containers shall commence upon receipt by the terminal operator of the letter-request from the District Collector.

Unless a different period is indicated in the Order of Condemnation, the nominated service contractors must complete the pull-out of containers within five (5) days from issuance of the CRO or authority from the Bureau, whichever is applicable. Contractors who fail to complete the pull-out within the period provided shall be liable for payment of liquidated damages as may be provided in the Order of Condemnation and/or Notice of Award, without prejudice to other administrative sanctions or penalties that may be imposed by the Bureau.

Supervising Team for Condemnation

A Supervising Team for Condemnation is hereby created which shall be headed by the Chief, ACDD or its equivalent unit, and shall include representatives from ACDD, ESS, CIIS and such other Bureau personnel that the District Collector may authorize. The Supervising Team shall have the following duties and responsibilities.

- Ensure the faithful compliance to the Detailed Plan of Condemnation. All goods shall be under continuous underguarding by the unit specified in the Detailed Plan of Condemnation until it reaches the facility of the service contractor. - For containerized goods, the transfer must be compliant with the guidelines provided under CMO 04-2020 on Establishment of an Electronic Tracking of Containerized Cargo System (E-TRACC System) and Accreditation of a Service Provider for the Purpose. Upon arrival of the goods for condemnation at the facility of the service contractor, the same shall be immediately unloaded and transferred to a secured area within the facility.

- Give the instruction to the service contractor to proceed with the condemnation of the goods in the mode specified in the Order of Condemnation. For purposes of this Order, the actual condemnation of goods shall be undertaken during working hours and may be extended for some justifiable circumstances beyond working hours.
- May temporarily suspend the condemnation process and shall make a report as to the quantity of goods actually condemned for the day including the remaining goods for condemnation. For this purpose, the Supervising Team shall maintain a logbook wherein a detailed report on the activity done for the day will be declared, with the following information:
 - Date;
 - Name of Consignee;
 - Container Number (if available);
 - Time of Start/End of Condemnation;
 - Quantity and Specific description of goods to be condemned;
 - Number and description of goods actually condemned for the day;
 - Basis for extension of the condemnation activity beyond working hours;
 - Ending balance of goods to be condemned; and
 - Names of Bureau of Customs personnel, including representatives from the regulating agency and Commission on Audit (COA) present during the condemnation with their signatures affixed therein, including their time of arrival and departure.

The same process shall be observed by the Supervising Team until such time all goods have actually been condemned.

Completion Report

Upon termination of the condemnation activity, the Supervising Team for Condemnation or equivalent unit shall cause the preparation of the Completion Report which shall be signed by all the members of the Supervising Team including the authorized signatory of the service contractor. The Completion Report shall include in detail all the activities done during the condemnation process with the following information:

- Final Inventory Report of the subject shipment duly prepared and certified by the assigned ACDD examiner or equivalent;

- Detailed description of items condemned;
- Total number of goods condemned;
- Number of goods condemned daily;
- Duration of the entire condemnation activity;
- Number of hours rendered by members of the Supervising including those beyond working hours;
- Number of containers which have been pulled-out that are in the possession and custody of the service contractor and stored in the marshalling area of his facility; and
- All pertinent documents (including photographs and video clips) relative to the process of disposal, duly certified by head of disposing office.

The Completion Report shall be submitted to the District Collector, copy furnished the CIIS and ESS.

After receipt of the Completion Report, the District Collector shall issue the Certificate of Condemnation attesting that the goods have been fully condemned at the facility of the nominated service contractor.

Monitoring by CCCD of Emptied Containers

The Container and Cargo Control Division (CCCD) or equivalent unit shall ensure that empty containers stored at the condemnation facility are still intact thereat for final disposition by the Port. It shall be the responsibility of the CCCD to ensure that the shipping lines concerned are given notice to claim their respective containers within five (5) days from receipt of the notice to claim. The service contractor shall release the empty container to the shipping line upon full payment of the agreed amount in relation to the services rendered in the condemnation of the cargo.

Emptied containers which have not been pulled-out by the shipping lines five (5) days after receipt of the notice to claim from the CCCD shall be deemed abandoned and shall be proceeded against by the Bureau pursuant to the rules on abandonment and disposal of forfeited shipments.

Close Coordination with Shipping Lines and Arrastre Operators

All ports are hereby directed to closely coordinate with the Shipping Lines and the terminal operators to expedite the disposition and pull-out of goods for condemnation and ensure the effective implementation of this Order.

Overtime Service

Members of the Supervising Team for Condemnation shall be entitled to overtime payment for services rendered beyond official working hours. For this purpose, an authority to render overtime service (ATROS) shall be given by the District Collector to the Supervising Team for Condemnation members.

Sanctions

In case the accredited service contractor defaulted in condemning the goods or is found to be in violation of any rules, the Condemnation Committee shall recommend the imposition of the following sanctions to the District Collector, to wit:

- 1st Offense: Suspension for one (1) year
- 2nd Offense: Suspension for five (5) years
- 3rd Offense: Perpetual disqualification

The service contractor may file a motion for reconsideration of the penalty within fifteen (15) days from receipt of the Order. In case of denial thereof, the aggrieved service contractor may file an appeal to the Commissioner, Attn: Legal Service

The District Collector upon receipt of the recommendation shall immediately issue a Suspension/Disqualification Order against the erring service contractor. A copy of the Suspension Order shall be forwarded to the Condemnation Committee, one (1) day from its issuance. This is without prejudice to the forfeiture of the performance bond posted by the service contractors for non-compliance for any of the provision in the order of condemnation, without prejudice to any administrative or criminal action that the Bureau may institute against the latter.

Any officer or employee of the Bureau who violates any or part of the provisions or non-compliance with the effective

implementation of this CMO, shall be administratively liable and shall be immediately relieved, transferred to another office, or assigned to a less sensitive position in the Bureau pursuant to Civil Service laws, rules and regulations, without prejudice to civil and/or criminal liability, if so warranted under the circumstances.

Appeal to the Commissioner

Any service contractor who has been sanctioned pursuant to the preceding Section may appeal the decision of the District Collector to the Commissioner (Attn: Legal Service) within fifteen (15) days from receipt of the Order of Suspension or Perpetual Disqualification.

An Appeal Fee in the amount of Three Thousand Pesos (PhP3,000.00) plus Legal Research Fee of Thirty Pesos (PhP 30.00) shall be paid by the service contractor, the official receipt therefor shall be attached to the appeal memorandum. Otherwise the appeal shall be deemed as not filed.

Transitory Provisions

- All active accredited service contractors are hereby required to post the annual performance bond in the amount of Php500,000.00 in the form of surety as a guarantee to secure performance of its obligations at the Bonds Division or equivalent unit of the port.
- All District Collectors are hereby directed to review the documentary requirements previously submitted by active accredited contractors in their respective ports within fifteen working (15) days from effectivity of this Order. Any lacking documentary requirement in accordance with Section 6 of this Order shall be complied with by the contractor within two (2) months from notice. Otherwise, the accreditation shall be revoked.
- Active accredited contractors who do not have existing marshalling areas are given a period of five (5) months from the effectivity of this Order to comply with the said requirement. Otherwise, the accreditations shall be suspended until such time the contractors satisfy the said requirement.
- All active contractors whose accreditations are at least three (3) years from date of approval shall be required to apply for renewal within fifteen (15) working days from effectivity of this Order. Otherwise, the accreditation shall be suspended until such time the accreditation is renewed.

Repealing Clause

All CMOS, Orders and Memoranda which are inconsistent herewith are deemed modified or repealed accordingly.

Effectivity

This Order shall take effect fifteen (15) days after its posting in the official website of the Bureau.

CMC NO. 148-2021

Date Issued: July 7, 2021

This memo is in line with the letter of DTI-EMB Director Perlada providing information on the transitioning to online processing of its frontline services in compliance to stringent physical distancing measures to address COVID-19. This is also in line with the DTI's initiative anchored on the Ease of Doing Business and Efficient Government Service Act of 2018, where automation of frontline services is aimed at streamlining procedures to reduce processing time in securing permits and licenses for business related transaction through a zero-contact policy.

The Coffee Export Clearance (CEC) and Certificate of Exemption (COE) are coffee export documentation services of DTI-Export Marketing Bureau (DTI-EMB), in accordance with Chapter XII, Article 32-33 of the International Coffee Agreement (ICA) to which the Philippines is a member country, will be streamlined through digitalization. In this regard, starting 13 July 2020, the EMB shall adopt an electronic submission and approval of CEC and COE.

The Clearance and Certificate will have a Digital Signature and Timestamp of the processor as security measure and emailed to clients in a Portable Document Format (.pdf). To this effect, document veracity audits may be freely conducted by your District in coordination with the Approving Officer.

For inquiries, DTI-EMB named Ms. Suraida Guro, Chief of the Export Assistance & Business Matching Division as its contact person thru SuraidaGuro@dti.gov.ph or the Coffee Services Officer Mr. Rodelio A. Torre thru embcoffee@dti.gov.ph. or RodelioTorre@dti.gov.ph.

For information and guidance.

CMC NO. 154-2021

Issue Date: July 5, 2021

With reference to the letter dated June 25, 2021 from Marcial C. Amaro, Jr., CESO III, Assistant Secretary for Policy, Planning and Foreign Assisted and Special Projects, and Director, Forest Management Bureau (FMB), DENR, all concerned are informed that the reference policy on wood importation PAO No. 99-26 was already repealed by DAO No. 2021-06 dated April 21, 2021, otherwise known as the Revised Regulations Governing the Entry and Disposition of Imported Wood Products.

Further, the newly promulgated policy has finally adopted the ASEAN Harmonized Tariff Nomenclature (AHTN) covering wood products with their corresponding tariff codes, which will be directly regulated by the DENR through its respective regional offices. The salient features of the new DAO are as follows:

- the ports of entry were expanded under Section 6;
- the transport documents from the port of entry to the point of destination were simplified under Section 8; and
- the documentary requirements for registration were limited to the following: proof of juridical personality, electronic copy of Purchase Order and the list of wood species for imported products belonging to AHTN Code Nos. 44.03 and 44.07.

Moreover, the FMB is requesting to circulate that the new DAO is already enforced, with emphasis on the AHTN codes, for the guidance of all agents/contractors and dealers engaged in wood and wood products importation.

For information and guidance.

CMC NO. 157-2021

Issue Date: July 15, 2021

With reference to the letter dated 30 June 2021 from Director General Rolando Enrique D. Domingo, FDA, please be informed of the following FDA's digitization initiatives to streamline the issuance of market authorizations for health products:

- **eServices Portal System** — an online application system for obtaining FDA market authorizations, such as License to Operate (LTO) of establishments of health products. The said system is available to the following applications:
 - application for initial, renewal, and variation LTO of establishments, such as Drugstores, Retail Outlet for Non-Prescription Drugs, and Distributor (Wholesaler/Importer/Exporter) of drugs, foods, medical and health-related products;
 - application for automatic renewal for drug products, including biologicals, vaccines, and veterinary products; and
 - Compassionate Special Permit (CSP) which grants individuals or institutions access to investigational or unregistered drug products.
- **Modified Electronic Registration System** — was launched for the application of Certificate of Product Registration (CPR) of processed food product. This covers initial, renewal, reapplication, and amendment registration of prepackaged processed food products such as raw materials or ingredients, low risk, medium risk and high risk.

Through the said electronic systems, the LTO, CPR and CSP are issued through the valid and official email of FDA clients and stakeholders. Thus, security paper is no longer necessary, and FDA no longer prints the aforesaid certificates that were approved through above-mentioned platforms. Nonetheless, the FDA ensures that the certificates are secured and protected through the use of watermark and unique quick response (QR) code embedded therein.

In addition, the FDA also established the FDA Verification Portal, an online system that provides lists of licensed health establishments and registered health products available in the market that fall within the jurisdiction of the FDA. The said portal can be accessed through verification.fda.gov.ph. However, for verification related to CSP, it can be verified by sending an e-mail to clinicalresearch@fda.gov.ph.

For information and reference.

CMC NO. 162-2021

Issue Date: July 19, 2021

With reference to the letter dated 07 July 2021 from Reildrin G. Morales, OIC-Director, Bureau of Animal Industry, Department of Agriculture (BAI-DA), bearing a copy of MC No. 1 of 2021 on the "Regulation of Feed Premixes and Water-soluble Supplements under the RA 1556", please be informed that effective March 1, 2021, the licensing, registration and certification of feed premixes and water soluble supplements such as but not limited to: feed supplements, drinking water supplements, feed additives, drinking water additives, etc., in addition to animal feeds and feed products shall be strictly implemented by the BAI Animal Feeds, Veterinary Drugs and Biologics Control Division (BAI-AFVDBCD).

Relative thereto, as mandated under the RA No. 1556 to regulate and control the manufacture, importation, labeling, distribution and sale of livestock and poultry feeds and products, the BAI-DA issues Sanitary and Phytosanitary (SPS) Import Clearance as a requirement for shipment of the aforementioned products.

In view of the foregoing, you are hereby directed to strictly monitor and examine all importations of such shipments verifying the authenticity of the required SPS Import Clearance/s.

In addition, submit consolidated weekly reports to the Port Operations Service, AOCG on said importations, together with a list of such shipments which are subject to seizure for being imported without the required SPS Import Clearance. The report must follow the prescribed format and must be submitted electronically thru pocd@customs.gov.ph starting August 2 to 8, 2021.

For strict compliance.

IAG MEMO NO. 26-2021

Issue Date: July 15, 2021

In order to ensure that the newly released customs issuances/directives transmitted to the ports/subports through the DTS are retrieved from the system and properly disseminated to the concerned office/unit, the Chiefs, Administrative Divisions/Equivalent Units or authorized users are required to submit an acknowledgement receipt and proof of dissemination.

For consolidation purposes, kindly transmit your accomplished acknowledgement receipts and proof of dissemination to the Central Records Management Division (CRMD) through edricray.cruz@customs.gov.ph

For strict compliance.

IG MEMO NO. 08-2021

Issue Date: July 15, 2021

Relative to the above subject matter, you are hereby directed to submit a copy of Warrant of Seizure and Detention (WSD) issued by your Ports to AMO within twenty-four (24) hours from issuance thereof **including the details of the concerned broker** as per above said CMO, to be sent to AMO at amo@customs.gov.ph and amoscandocs@gmail.com.

For strict compliance.

IG MEMO NO. 09-2021

Issue Date: July 22, 2021

Background

- Reference/s:
 - Memorandum dated 22 December 2020 signed by Rey Leonardo B. Guerrero, Commissioner of Customs re: SUBMISSION OF REPORTS REGARDING SEIZURES, APPREHENSIONS, OPERATIONS, INCIDENTS AND OTHER ACCOMPLISHMENTS OF INTELLECTUAL PROPERTY RIGHTS INFRINGING GOODS TO THE INTELLECTUAL PROPERTY RIGHTS DIVISION, CIIS, IG.

Discussions

- Pursuant to the Customs Administrative Order (CAO) 09-2008, otherwise known as the creation of the permanent Intellectual Property Rights Division (IPRD), CIIS, IG which is mandated to gather and manage all data relative to Intellectual Property Rights -infringing goods.
- In this regard, you are hereby directed to submit to the IPRD (iprd.ciis@customs.gov.ph) a WEEKLY REPORT every last working day of the week of seizures, apprehensions, operations, incidents, and other accomplishment related IPR-infringing goods.
- For strict compliance.

OCOM MEMO NO. 106-2021

Issue Date: July 8- 2021

To ensure the effective implementation of the provisions of the Customs Modernization and Tariff Act (CMTA) and its relevant rules and regulations, a clarification is hereby issued relative to the sufficient security required for shipments released under tentative assessment.

Section 3.9 of **Customs Administrative Order No. 02-2020** on "Dispute Settlement and Protest," provides that:

3.9. Release Under Tentative Assessment — shall refer to a situation wherein the assessment is disputed and pending review, an importer or consignee **may put up a cash bond or any sufficient security equivalent** to the duties, taxes and other charges that is disputed before the importer or consignee can obtain the release of said goods.

The cited provision is based on Section 425 of the CMTA which states:

(xxx)

The District Collector may allow the release of the imported goods under tentative assessment upon the posting of sufficient security to cover the applicable duties and taxes equivalent to the amount that is disputed.

Additionally, Section 1507 of the CMTA provides that:

Sec. 1507. Security. — The Bureau shall prescribe the forms and amount of security required to guarantee the payment of duties and taxes and other obligations provided for in this Act.

Any party required to provide security shall have the option to choose from any form of security prescribed by the Bureau. The Bureau may not require security if satisfied that an obligation to the Bureau will be fulfilled, but shall require and accept a general security from declarants who regularly declare goods at different offices in customs territory under such terms and conditions as may be determined by the Commissioner.

(xxx)

The aforementioned provisions are in line with Standard 5.3 of the Revised Kyoto Convention (RKC), which the Philippines is a signatory to and where the CMTA is patterned after:

"Standard 5.3. - Any person required to provide security shall be allowed to choose any form of security provided that it is acceptable to the Customs.

Anchored on the premise that the security should be acceptable to the Bureau under RKC, what is only required under the CMTA and as implemented by CAO 022020 is the posting of a **cash bond OR any sufficient security** to secure the payment of duties and taxes when required.

For strict compliance.

OCOM MEMO NO. 107-2021

Issue Date: July 13, 2021

All concerned are hereby DIRECTED to strictly comply with the provisions of CAO No. 02-2020 and OCOM Memorandum Order No. 1 10-2020 in resolving all cases involving dispute settlement.

Further, pursuant to the Repealing Clause of CAO No. 02-2020, the Central Valuation and Classification Review and Ruling Committee (CVCRRRC) constituted under CMO No. 07-2006, as may be amended, and the Valuation and Classification Review Committee (VCRC) constituted under CMO No. 03-2000, as amended, are deemed **ABOLISHED**.

In view of the foregoing, all VCRC cases pending before the Collection Districts shall be resolved pursuant to CAO No. 02-2020 and OCOM Memorandum Order No. 110-2020. Finally, all existing requests and records before the CVCRRRC shall be turned over to the Office of the Commissioner **on or before 19 JULY 2021**.

For immediate and strict compliance.

OCOM MEMO NO. 108-2021

Issue Date: July 2, 2021

To ensure seamless processing in accordance with existing policies and regulations on clearance procedure, and ensure continuous information dissemination, you are hereby mandated to reiterate the current guidelines on clearance process with heightened compliance as well as the imposition of penalties relative to the accreditation of importers and brokers.

Further, to ensure that stakeholders are well informed on the remedial process, close collaboration between ports and AMO must be enforced as stated in CMO 12-2021 Guidelines on the Imposition of penalties relative to the Customs Accreditation of Importers and Brokers, to wit:

"3.1. The District Collector shall furnish the Accounts Management Office (AMO), a copy of the Warrant of Seizure and Detention (WSD), or any other notice from the ports or other offices of the Bureau involving violation of the CMTA and other customs laws, rules and regulations within 24 hours from issuance thereof, to evaluate and determine possible suspension, cancellation or revocation of the customs accreditation of the importer or broker. "

For strict compliance.

OCOM MEMO NO. 109-2021

Issue Date: July 16, 2021

In line with the continuous improvement of the E2M System, please be informed that the activation of the FORFEITED Status in the E2M System will be on **15 July 2021**.

Upon implementation, electronically-lodged goods declarations with issued Warrants of Seizure and Detention (WSDs) or Decrees of Abandonment (AP) by the District Collector/Sub-Port Collector, as the case may be, shall be tagged as FORFEITED in the system for suspension of processing and release of goods.

In updating the status of the goods declaration, the District Collector/Sub-Port Collector or his authorized representative shall indicate the Warrant of Seizure and Detention (WSD) Number (S.I. No.) or Decree of Abandonment Number (AP No) in the Remarks Box in the E2M System.

The status of the goods declaration should likewise be further updated, whether the issuance of the WSD results in the Issuance of a Decree/Order of Release or Settlement or Forfeiture. The SI No. or AP No must be indicated in the first line of the Remarks Box for uniformity.

Other details and information on the WSD and AP must be indicated in the succeeding lines of the Remarks Box, such as Date of Issuance of Decree/Order of Release, Settlement or Forfeiture, and in the case of WSD, Date of Finality of the Order/Decision in the SI or AP or if Under Appeal.

For your information and compliance.

OCOM MEMO NO. 110-2021

Issue Date: July 15, 2021

In order to safeguard the revenue collection efforts of the Bureau and as part of the intensified campaign against smuggling and other forms of violation of the Customs Modernization and Tariff Act (CMTA) and other related laws, all transit shipments bound for PEZA and other Special Economic Zones (SEZs) tagged as "ORANGE" and "RED" are required to undergo 100% X-Ray Examination and/or Physical Examination prior to release from the port of discharge.

Shipments tagged as ORANGE, identified as cargoes ranging from medium to high risk shall pass through the x-ray scanning and should the images be found to be suspicious, shall be subjected to physical examination. Shipments tagged as such shall among others include shipments covered by existing policies and regulations for mandatory x-ray scanning and random selection by the Selectivity System.

Shipments tagged as RED, identified as high risk shall be subjected to x-ray scanning and physical examination. Shipments tagged as such including but not limited to commodities covered by existing policies and regulations, those which are high risk in nature such as goods which are less dense and cannot be purely detected by x-ray scanners, shipments with derogatory information, those with highly suspicious declarations and random selection by the Selectivity System.

In view of the foregoing, the X-Ray Inspection Project (XIP) is hereby directed to coordinate with the Deputy Collectors for Operations to ensure the smooth implementation of these measures.

Similarly, the Special Monitoring Team (SMT) on Transit Cargoes bound for PEZA and other Special Economic Zones (SEZs) under the direct supervision of the Director, Port Operations Service, AOCG (POS-AOCG) shall witness the conduct of physical examination of subject shipments prior to their release from the port of discharge. If physical examination is not possible at port of discharge, the same may be conducted at the intended PEZA and SEZs destination. The concerned Port shall notify ETRACC control tower to authorize and allow disarming of ETRACC Seals only in the presence of SMT.

Finally, the Intelligence Group (IG) shall provide immediate feedback on derogatory findings to the Risk Management Office (RMO) for the timely updating of the selectivity settings of PEZA and SEZ bound shipments for the purpose of red-tagging and to intensify the data sharing with the POS-AOCG.

For strict compliance.

OCOM MEMO NO. 111-2021

Issue Date: July 13, 2021

To effectively calibrate information provided in the Inspection Act which shall form part of the evaluation of the Risk Management Office (RMO) for its regular update and increase compliance by assessing familiarity and truthfulness in filling out the said fraud codes, you are hereby mandated to respond and complete the online Inspection Act Compliance questionnaire through Microsoft Forms, which is available at:
<https://forms.office.com/r/nu9RL5KNmx>.

Deadline of submission will be on or before **July 16, 2021**. Those who fail to comply shall be required to explain.

For widest dissemination and strict compliance.

OCOM MEMO NO. 115-2021

Issue Date: July 26, 2021

In line with the continuous enhancement of the E2M System, please be informed that the implementation of the X-RAY Findings in the E2M System is on **26 July, 2021**.

All goods declarations that underwent non-intrusive examination are required to input the corresponding examination results/findings in the Examination Remarks Tab of the E2M System by the XIP officers.

The Risk Management Office will closely monitor the compliance of this order.

For your information and compliance.

OCOM MEMO NO. 116-2021

Issue Date: July 26, 2021

- In line with the Republic Act 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, the foregoing tools (1) BOC Growing Communities QR Code and (2) Citizen/Client Feedback Form incorporated to CCPS, aim to acquire the efficiency and effectivity of both BOC information awareness campaign and business processes and services both for the internal and external stakeholders of the Bureau of Customs.
- The BOC Growing Communities QR Code was created to provide a coherent visual material for the stakeholders to get an access to all BOC Social Media Accounts such as Facebook, Instagram, Twitter, Youtube, Viber, E-Mail, and BOC Hotline Number, while the Citizen/Client Feedback Form was incorporated in the CCPS to supplement the efficiency drive of informing the stakeholders to fill-out the same form for Bureau's reference.
- In this regard, the recipients are required to include the foregoing tools in their communication and information-dissemination plans to further echo the stated objectives of the above.
- The Memorandum shall take effect immediately.

RCMG MEMO NO. 02-2021

Issue Date: August 2, 2021

The Department of Finance (DOF) issued a letter from Antonette C. Tionko, Undersecretary, Revenue Operations Group in relation to the importations of various capital equipment of existing Board of Investments (BOI)-registered business enterprise.

In the said letter, Usec. Tionko indicated that on 11 June 2021, a letter from the Commissioner was received by the FIRB Secretariat seeking guidance on whether importations of various capital equipment of existing BOI-registered business enterprises may be released using as basis CMO No. 07-2020 (Interim Procedure on Provisional Goods Declaration) pending the finalization of the CREATE IRR, wherein under the said CMO, a posting of the required bond equal to the amount of taxes and/or duties due is needed for the provisional release of imported goods but which bond will be released upon submission of the proof of exemption (of the duties) information within 45 days from said release of imported goods.

Notably, it was mentioned that the proof of exemption that these BOI-registered entities should submit to the Bureau pertains to the Certificate of Authority to Import (CAI) that the BOI shall issue upon effectivity of the CREATE IRR, which bridges the gap from the repeal of E.O. No. 85, series of 2019 and the transitory provisions under the CREATE Act providing, to wit:

RULE 18, Section 5, Non-Income related tax incentives. – All registered business enterprises that will continue to avail of their existing tax incentives subject to Sections 1, 2 and 3 of this Rule, may continue to enjoy the duty exemption until the expiration of the CAI/Admission Entry or until the expiration of the transitory period under Section 311 of the Code, Provided, that the VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity with the concerned IPA: Provided further that, transactions falling under Section 106 (A) (2)(a)(3), (4), and (5) and Section 108 (B)(l) and (5) of the Code, as amended, shall be subject to the twelve percent (12%) VAT pursuant to Revenue Regulations No. 09-2021. Provided finally, that excess input taxes attributable to zero-rated sales by VAT-registered RBEs, may at the RBE's option, be refunded or applied for a tax credit, subject to the guidelines provided under Revenue Regulation No. 13-2018, as amended.

After the expiration of the transitory period under Section 311 of the Code and without prejudice to Rule 3, Section 3, all applicable taxes shall apply.

Further, Usec. Tionko stated that considering, however, that the CREATE IRR has already been issued, the BOI can proceed with the issuance of the CAI on subject capital equipment importations of existing BOI-registered enterprises whose entitlement of the duty exemption thereon has been extended until the expiration of the transitory period under Section 311 of the Code, further suggesting that the Bureau require the submission of the CAI by the importers under the circumstances.

Therefore, the Bureau shall require the submission of the CAI by the importers as a requirement for the release of importations of various capital equipment of existing BOI-registered business enterprises.

For your information and strict compliance.

AOCG MEMO NO. 398-2021

Issue Date: July 19, 2021

Pursuant to the implementation of Customs Memorandum Order No. 04-2020 all offices concerned are hereby directed to ensure that all covered containers processed import transactions shall adhere to the following:

Scope and Coverage

This memorandum shall include shipments from the Port of Cebu, Port of Davao, Port of Cagayan De Oro and Port of Subic not yet included in the previously issued implementing guidelines.

- **Destination** - Shipments bound for Customs Bonded Warehouses (CBW), Off-dock Container Yards/Container Freight Stations (CY/CFS) and Cold Storage Warehouses (CSW).
- **Operational Guidelines** - Per CMO No. 04-2020 the following sections pertain specifically for CBW, Off-dock CFS and CSW:
 - Section 10.2 – Booking a Trip
 - Section 10.3 – Transfer Cargo to a CY/CFS or other CFWs
 - Section 10.5 – Transit to CBW
 - Section 10.7 – Transfer of Shipments Subject to Further Verification and/or Monitoring
 - Section 10.8 – Sealing of Import Cargo Using the Electronic Customs Seal
 - Section 10.10 – Approval of Start Trip Authorization
 - Section 10.12 – E-TRACC System Trip Monitoring
 - Section 10.3 – Approval of PID or equivalent office for the End Trip Authorization

Required Information for E-TRACC Setup

The Ports are directed to coordinate and provide the required data for the setup of the E-TRACC System to Ascent Solutions Philippines, Inc not later than 31 July 2021. The required information includes volume of transactions, consignee name and destination warehouses and their respective addresses.

Start of Registration

Stakeholders are required to self-register in the E-TRACC System at www.ecms.ph from July 19 - August 6, 2021. Failure to register on the said period will cause undue delay in the processing of customs clearance.

Start of Implementation

The following are the target implementation dates for the following ports:

Port/Type	Start of Implementation
Port of Subic - Reefer	Aug 9, 2021
Port of Cebu - CBW	Aug 9, 2021
Port of Cebu - Reefer	Aug 16, 2021
Port of Davao - Reefer	Aug 23, 2021
Port of CDO - Reefer	Aug 23, 2021

COO V will not approve any customs clearance without the required E-TRACC Booking as prescribed in Section 10.4 of CMO 04-2020.

For further inquiries or concerns, please feel free to call Ascent Customer Support Hotline 632-82757766 and mobile nos. 0919-0793049, 0919-0806209 and 09190806210.

This shall take effect immediately.

For strict compliance.

AOCG MEMO NO. 416-2021

Issue Date: July 5, 2021

Pursuant to the provisions of Section 1603 (f) of the Customs Modernization and Tariff Act (Republic Act 10863) and Section 4.9 of Commission Order No. 2017-1 (Procedure on Application for an Advance Ruling on Tariff Classification related to Importation of Goods), the Tariff Commission furnished copies of the Advance Ruling (AR) on Tariff Classification with Tariff Classification Circulars (TCC/AR) issued on 24 June 2021 and the same having been reviewed and summarized as follows:

TCC NO.	DESCRIPTION OF ARTICLES	2017 AHTN CODE	2020 RATES OF DUTY
21-109	"CONDALAB EC MEDIUM ISO"	3821.00.10	MFN - 3% Ad Valorem
21-110	"CONDALAB HAEMOPHILUS TEST MEDIUM"	3821.00.10	MFN - 3% Ad Valorem
21-111	"CONDALAB KING A MEDIUM (PSEUDOMONAS P AGAR)"	3821.00.10	MFN - 3% Ad Valorem
21-112	"CONDALAB KING B MEDIUM (PSEUDOMONAS F AGAR)"	3821.00.10	MFN - 3% Ad Valorem
21-113	"CONDALAB LB AGAR (LENNOX)"	3821.00.10	MFN - 3% Ad Valorem
21-114	"CONDALAB PHENOL RED DEXTROSE BROTH"	3821.00.10	MFN - 3% Ad Valorem
21-116	"CONDALAB MYCOBIOTIC AGAR (FUNGAL SELECTIVE AGAR)"	3821.00.10	MFN - 3% Ad Valorem
21-117	"CONDALAB TRYPTICASEIN SOY BROTH (TSB) EP/USP/ISO"	3821.00.10	MFN - 3% Ad Valorem
21-120	"CONDALAB BACTERIOLOGICAL PEPTONE"	3504.00.00	MFN - 1% Ad Valorem
<i>*Subject to submission of their corresponding CERTIFICATE OF ORIGIN (CO).</i>			

AOCG MEMO NO. 417-2021

Issue Date: July 5, 2021

Pursuant to the provisions of Section 1603 (f) of the Customs Modernization and Tariff Act (Republic Act 10863) and Section 4.9 of Commission Order No. 2017-1 (Procedure on Application for an Advance Ruling on Tariff Classification related to Importation of Goods), the Tariff Commission furnished copies of the Advance Ruling (AR) on Tariff Classification with Tariff Classification Circulars (TCC/AR) issued on 28 June 2021 and the same having been reviewed and summarized as follows:

TCC NO.	DESCRIPTION OF ARTICLES	2017 AHTN CODE	2020 RATES OF DUTY
21-030	"PANASONIC VIXELL™ VACUUM-INSULATED COOLING BOX TYPE-S (AE-V06 SERIES)"	9617.00.10	MFN-3% Ad Valorem PJEPA - Zero* AJCEPA - Zero*
21-074	"CONDALAB BIGGY AGAR"	3821.00.10	MFN - 3% Ad Valorem
21-108	"CONDALAB DEXTROSE AGAR"	3821.00.10	MFN - 3% Ad Valorem
21-115	"CONDALAB TRYPTONE ZOY AGAR ISO 9308-1"	3821.00.10	MFN - 3% Ad Valorem
21-118	"CONDALAB ORANGE SERUM AGAR"	3821.00.10	MFN - 3% Ad Valorem
21-126	"FIL WOVEN LINER COFFEE CREAMER BAG"	6305.32.90	MFN - 15% Ad Valorem AANZFTA - Zero* ATIGA - Zero*
21-133	"CONDALAB TETRATHIONATE BROTH BASE"	3821.00.10	MFN - 3% Ad Valorem
21-134	"CONDALAB DNASE TEST AGAR (DEOXYRIBONUCLEASE ACTIVITY)"	3821.00.10	MFN - 3% Ad Valorem
21-135	"CONDALAB BRILLIANT GREEN BILE BROTH 2% ISO"	3821.00.10	MFN - 3% Ad Valorem
<i>*Subject to submission of their corresponding CERTIFICATE OF ORIGIN (CO).</i>			

AOCG MEMO NO. 418-2021

Issue Date: July 5, 2021

Pursuant to the provisions of Section 1603 (f) of the Customs Modernization and Tariff Act (Republic Act 10863) and Section 4.9 of Commission Order no. 2017-1 (Procedure on Application for an Advance Ruling on Tariff Classification related to Importation of Goods), the Tariff Commission furnished copies of the Advance Ruling (AR) on Tariff Classification with Tariff Classification Circulars (TCC/AR) issued on 29 June 2021 and the same having been reviewed and summarized as follows:

TCC NO.	DESCRIPTION OF ARTICLES	2017 AHTN CODE	2020 RATES OF DUTY
21-136	"CONDALAB MRS AGAR"	3821.00.10	MFN - 3% Ad Valorem
<i>*Subject to submission of their corresponding CERTIFICATE OF ORIGIN (CO).</i>			

AOCG MEMO NO. 419-2021

Issue Date: July 9, 2021

Pursuant to the provisions of Section 1603 (f) of the Customs Modernization and Tariff Act (Republic Act 10863) and Section 4.9 of Commission Order no. 2017-1 (Procedure on Application for an Advance Ruling on Tariff Classification related to Importation of Goods), the Tariff Commission furnished copies of the Advance Ruling (AR) on Tariff Classification with Tariff Classification Circulars (TCC/AR) issued on 2 June 2021 and the same having been reviewed and summarized as follows:

TCC NO.	DESCRIPTION OF ARTICLES	2017 AHTN CODE	2020 RATES OF DUTY
21-158	"HARVEST GOURMET™ SCHNITZEL"	2106.90.99	MFN - 7% Ad Valorem ATIGA - Zero*
21-162	"VELO NICOTINE POUCH (TROPIC BREEZE, MEDIUM STRENGTH)"	3824.99.99	MFN - 3% Ad Valorem
21-163	"VELO NICOTINE POUCH (BERRY FROST, MEDIUM STRENGTH)"	3824.99.99	MFN - 3% Ad Valorem
21-123	"CONDALAB PHARMACEUTICAL AGAR"	1302.31.00	MFN - 3% Ad Valorem
21-157	"HARVEST COURMET™ SENSATIONAL BURGER"	2106.90.99	MFN - 7% Ad Valorem ATIGA - Zero*
21-161	"PULMOBOOST P L"	3824.99.99	MFN - 3% Ad Valorem
<i>*Subject to submission of their corresponding CERTIFICATE OF ORIGIN (CO).</i>			

AOCG MEMO NO. 420-2021

Issue Date: July 5, 2021

Pursuant to the provisions of Section 1603 (f) of the Customs Modernization and Tariff Act (Republic Act 10863) and Section 4.9 of Commission Order no. 2017-1 (Procedure on Application for an Advance Ruling on Tariff Classification related to Importation of Goods), the Tariff Commission furnished copies of the Advance Ruling (AR) on Tariff Classification with Tariff Classification Circulars (TCC/AR) issued on 1 June 2021 and the same having been reviewed and summarized as follows:

TCC NO.	DESCRIPTION OF ARTICLES	2017 AHTN CODE	2020 RATES OF DUTY
21-031	"DXN ZHITEA"	0902.30.10	MFN - 3% Ad Valorem ATIGA - Zero*
<i>*Subject to submission of their corresponding CERTIFICATE OF ORIGIN (CO).</i>			

AOCG MEMO NO. 438-2021

Issue Date: August 5, 2021

In accordance with the approval by the Secretary of Finance last 28 July 2021 of the accreditation of E-Science Corporation as the Service Provider of the Automated Inventory Management System (AIMS) for Off-dock Container Freight Stations (CFS), the holding in abeyance of the implementation of IMS is hereby lifted.

Implementation on the use of IMS by all Off-dock CFS shall start immediately as mandated by CMO No. 21-2021. You may coordinate with said Service Provider for the necessary actions needed to ensure the smooth implementation of the Automated IMS.

For the information of all concerned.

ABOUT US

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

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