NOTICE TO THE SURETY/BONDING COMPANIES AND OTHER CONCERNED ON MATURED BONDS/STANDBY LETTERS OF CREDIT

Read online (full-text search, related cases, audio case brief): https://batas.org/library/1bd0f284faa2/

OBJECTIVES:

- To increase revenue collections.

- To make the surety companies and banks aware of their obligations to indemnify on time the Bureau of Customs when the bonds/irrevocable Standby Letters of Credit they issued become due and demandable.

- To expedite the cancellation of matured bonds/Standby Letters of Credit.

COVERAGE:

- This order shall apply to all bonding companies and authorized agent banks with Customs obligations.

- All Chiefs of the Bonds Division, Liquidation & Billing Division and the Bonded Warehouse Divisions, WDRD and Legal Services, (OCOM) shall take coordinative actions in making the bonds and standby letters of credit as effective instrument to safeguard the revenue collections of the Bureau.

- The Bonds Division shall give prior notices to the surety companies, the banks and importers one month before maturity of the bonds, and enforce the settlement of the obligation of the surety companies.

- The District/Port Collector of Customs shall direct and monitor the movements of customs bonds and standby letters of credit and all other guarantees, i.e. re-export/written commitments, to make them effective instruments to safeguard revenue collections.

GENERAL OPERATIVE AND ADMINISTRATIVE PROVISIONS:

- The Chief, Bonds Division through registered mail and copy furnished the Legal Service shall advise the importers, the authorized agent banks issuing the standby letter of credit and the surety companies one month before the bond matures reminding them to comply with the conditions of the bond. Copies thereof shall be furnished the LBD of the port concerned and the BWD (with WDRD at the Port of Manila for these three (3) offices to adopt security measures over the working copies of the Import Entry and Internal Revenue Declarations (IEIRD) concerned and make them available when needed.

- The surety companies and/or the importers shall be obligated to show proof that the conditions of the bonds had been complied with and that such bonds may now be applied for cancellation after liquidation of the Import Entry & Internal Revenue Declarations (IEIRD).

- The surety companies shall initiate the payment of the duties, taxes and penalties when there is failure by the importer to comply with the conditions of the bond in accordance with CMO No. 28-90.

- If within three (3) days after the bond matures, no payment or notice of liquidation are received and/or no cancellation are effected, the Chief, Bonds Division shall give notice that the current accreditation of the company shall be suspended until such time that their accounts are settled. In cases where payments have been made, the

Bonds Division should issue a certification to that effect, copy furnished the District Collector, for accreditation purposes and the Legal Service for monitoring purposes.

- A list of all surety companies with outstanding liabilities shall be furnished the Commissioner of Customs (Attn. Deputy Commissioner for Revenue Collection Monitoring Group)., Office of the Insurance Commission, Collection Service and the Legal Service for appropriate action.

- If after one (1) month no payment or cancellation of bonds is effected, forfeiture proceedings against the bond with due notice to the insurance company shall be immediately initiated by sending certified copies of the documents to the Legal Service which shall take the necessary action for filing of the case.

- No surety companies shall be accredited to issue Customs bonds for as long as 20% of their Bureau accountability for the preceding quarters remain unpaid.

- As provided in the Policy Contract, the mere presentation of the certified true copy thereof to the surety company is enough demand to make them liable to settle the duties, taxes and penalties, if there is any, for failure of the importer to comply with the conditions of the bond/standby L/C.

- The original copy of the Policy Contract shall be made available upon cancellation.

AMENDATORY PROVISIONS:
All Customs Memorandum Orders found inconsistent herewith are considered amended and/or superseded accordingly.

EFFECTIVITY CLAUSE:
This shall be made effective immediately until further amended or revoked.

Adopted: 10 Aug. 1999

(SGD.) NELSON A. TAN
Commissioner

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