

RULES AND REGULATIONS ON EXAMINATION OF SHIPMENTS IN PORTS WITH SELECTIVITY SYSTEMS AND DESIGNATED EXAMINATION AREAS

BC CUSTOMS ADMINISTRATIVE ORDER NO. 6-96, September 11, 1996

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1.0

Objectives

- 1.1 To implement the second phase of the ASYCUDA++, i.e. Selectivity System, under the Philippine Tax Computerized Project -BOC Component.
- 1.2 To provide the conditions for examination pursuant to Section 1401 of the Tariff and Customs Code of the Philippines (TCCP), as amended by R.A. No. 7650 in ports with Selectivity Systems and Designated Examination Areas (DEAs).
- 1.3 To facilitate the Customs clearance of legitimate imported goods.
- 1.4 To delineate responsibilities in the conduct of examination of shipments.
- 1.5 To enhance the Bureau's capability to detect shipments attendant with fraud.

2.0

Coverage

This Order shall apply to all ports with ASYCUDA++ system already operational and with DEAs in place and shall cover regular consumption entries, either containerized or breakbulk.

3.0

General Provisions

3.1 Shipments subject to Examination — Only the following shipments shall be subjected to examination:

- 3.1.1 Those containerized shipments selected by ASYCUDA Selectivity, the number of which shall be governed by the guideline that shall be issued by the Commissioner of Customs.
- 3.1.2 Those alerted/held shipments pursuant to CMO 104-92 and other subsequent CMOs that may be thereafter issued by the Commissioner pursuant to this Order.
- 3.1.3 Those shipments subject to regular physical examination as enumerated in Section 1401 of the TCCP, as amended by R.A. No. 7650. For the purpose of the implementation of this provision, Bureau officials and personnel with knowledge of the conditions referred to in the enumeration must recommend and/or cause the issuance of an alert order so that the required examination can be carried out pursuant to CMO 104-92 and its amendatory orders.

3.2 Place of Examination — Considering that the DEAs established for the Port of Manila and the MICP can only handle containerized shipments and pending the establishment of DEAs for breakbulk cargo, only containerized shipments shall be mandatorily examined at the DEAs except reefer cargoes selected RED which will be examined by DEA Examiners in the reefer cargoes area until such time that the DEA will be equipped to handle the same. Until further orders, breakbulk cargoes shall be examined where they are stored. However, the place of examination for those shipments allowed for release under Tentative Liquidation may be specified by the Commissioner of Customs in a separate CMO he may issue for this purpose.

3.3 Time of Examination — Examination of goods required under this Order shall be in the course of delivery of the goods and after the duty stop has been lifted under the On-Line-Release-System.

3.4 Extent of Examination — Only regular examination shall be undertaken unless a more detailed examination is called for based on the outcome of the regular examination. To avoid congestion in the DEA and to speed up the process, examination of cargo should be on-board the trucks, i.e. there is no need to dismount the cargo from the truck unless it would be physically difficult to examine without the goods being dismounted. If discrepancy evidencing prima facie fraud is discovered in the course of examination, the goods must be taken to the HOLD CONTAINER AREA (containerized) or the Security Warehouse (Breakbulk) for proper disposition.

3.5 Responsibility for Triggering of Selectivity — The selection process shall be managed within ASYCUDA++ and shall be triggered by the COO V (or designated official) when the clearance process reaches his (her) level.

3.6 Procedure Prior to Triggering of Selectivity — Current procedures shall be observed up to the level of the COO III. The COO III shall undertake all the processes required of him as of the date of the order except for the physical examination of the goods, which must now be pursued following the procedures and conditions provided herein.

3.7 Responsibility to Bring Shipment to DEA — It shall be the responsibility of the arrastre operator to transfer all shipments selected for examination under ASYCUDA++ selectivity and correspondingly tagged for examination under the OLRS to bring the shipment to the DEA by generating a job order form.

3.8 Responsibility of Importer/Representative — It shall be the lookout of the importer/representative to be present during the transfer of the goods to the DEA and to witness the examination thereat as well as to immediately pull the shipment out when cleared. Examination shall immediately be undertaken upon arrival of the goods at the DEA. In the absence of the importer/representative, a representative from the Chamber of Customs Brokers shall witness the examination on behalf of the importer/representative.

3.9 Responsibility in the Examination

3.9.1 Examination of containerized shipments subject to examination pursuant to this Order shall be the responsibility of those assigned to the DEA at that time. The Chief, FED should assign as many officers on rotation basis as are necessary for the efficient operation the DEA to insure immediate examination of shipments transferred thereat for examination.

3.9.2 Until such time that a DEA is set up for breakbulk cargo, examination thereof shall be the responsibility of those not assigned to the DEA. The regular examiner at the FED shall be responsible for the examination.

4.0

Operational Provisions

4.1 Formal Entry Division

4.1.1 Containerized Shipments

4.1.1.1 The COO V triggers selectivity after a documentary check has been made on the declaration and the necessary documents, if any, have been made on the computer record of the entry.

4.1.1.2 The COO V processing a containerized shipment shall mark the entry “RED-DEA” at the designated space in the working copy of the entry. The COO V then re-routes, assesses, prints out a final assessment notice and forwards the working copy of the entry to the Collection Division (CD).

4.1.2 Breakbulk Shipments

4.1.2.1 The COO V triggers selectivity after a documentary check has been made on the declaration and the necessary amendments, if any, have been made on the computer record of the entry.

4.1.2.2 The COO V processing a breakbulk shipment and at the same time selected RED by the ACOS shall mark the entry “RED-FED” at the designated space in the working copy of the entry. The COO V then re-routes, assesses, prints out a final assessment notice and forwards the working copy of the entry to the CD.

4.2 Collection Division

4.2.1 At the CD, the entries will be matched with payments made at the bank and additional payments made at the designated branch of the port.

4.2.2 The OLRs clerk then shall check the working copy for the presence of RED marks. If the copy is marked “RED-DEA” or “RED-FED”, the clerk lifts the duty stop and raises the examination flag.

4.2.3 If the entry is not marked with either “RED-DEA” the clerk just lifts the duty stop.

4.2.4 Until such time that an electronic copy of the entry can be made available at the DEA, the Chief, CD gathers all entries marked “RED-DEA” and transmits the entries officially to DEA for examination. Entries marked “RED-FED” will be returned to the FED section concerned for the examination.

4.3 Examination

4.3.1 Entries marked “RED-DEA” (containerized) will be examined by the DEA COO III at the DEA or reefer cargo area as the case may be. Entries marked “RED-FED” will be examined by the FED COO III where the shipment is stored.

4.3.2 The assigned DEA COO V assigns entry to the DEA COO III for examination.

4.3.3 The assigned DEA COO III spotchecks the shipment along with ESS/CHS, importer/representative and arrastre personnel.

4.3.4 Entry without discrepancy

4.3.4.1 The DEA COO III shall accomplish the examiner’s return and submit the entry to the DEA COO V/Supervisor who shall lower the examination flag thru the computer terminal provided at the DEA. For breakbulk shipments, the FED-COO III will forward the entry to the office of the Chief, FED for the lowering of the examination flag.

4.3.4.2 The entry documents are thereafter forwarded to the Pre-Liquidation Unit at CD for final disposition at the end of the day.

4.3.5 Shipment subject to Additional Payment

4.3.5.1 The COO III and the COO V shall prepare the assessment notice and attaches this to the working copy

of the original entry.

4.3.5.2 The entry is then forwarded to the CD for collection of additional assessment payable.

4.3.5.3 The Chief, CD will officially transmit the entry to the FED Chief for lowering of the examination flag.

4.3.5.4 The entry is then brought back to the CD thru the same messenger for pre-liquidation. The CD thereafter triggers signal to the arrastre operator for the release of the shipment.

4.3.6 Shipment subject to Seizure

4.3.6.1 The DEA COO III ensures transfer of shipment to the Container Hold Area.

4.3.6.2 The DEA COO III prepares the discrepancy, inventory and seizure reports.

4.3.6.3 The DEA COO V evaluates findings/reports of the DEA COO III and forwards all documents with his recommendation to the District Collector thru Channels.

4.3.6.4 The District Collector forwards the necessary documents to the Law Division for issuance of Warrant of Seizure and Detention and then initiates transfer of the container from the Container Hold Area to the Security Warehouse.

5.0

Repealing Clause

All rules and regulations inconsistent with this Order are hereby deemed repealed, superseded or modified accordingly.

6.0

Additional Guidelines

The Commissioner of Customs is hereby authorized to issue additional and/or amendatory guidelines for the effective, efficient and appropriate implementation of the Selectivity Systems of ASYCUDA++.

7.0

Effectivity

This Order shall take effect immediately.

Adopted: 11 Sept. 1996

(SGD.) GUILLERMO L. PARAYNO, JR.
Commissioner

Approved:

(SGD.) ROBERTO F. DE OCAMPO
Secretary of Finance

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