

RULES AND REGULATIONS TO GOVERN THE TRANSFER OF IMPORT SHIPMENTS EXEMPTED FROM PAYMENT OF DUTIES AND TAXES, FROM SEAPORTS OF DISCHARGE TO PEZA-REGISTERED ECONOMIC ZONE

JOINT BOC-PEZA MEMORANDUM ORDER NO. 02-2005, June 10, 2005

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Pursuant to the Memorandum of Agreement entered into by and between the Bureau of Customs (BOC) and the Philippine Economic Zone Authority (PEZA) dated 28 April 2001, and as supplement to the implementation of BOC-PEZA Joint Memorandum Order No. 1-2001 (herein referred to as JMO No. 1-2001 and herewith attached as "Annex" A[*]), the following rules and regulations are hereby prescribed to govern the transfer of import shipments exempted from payment of duties and taxes, from seaports of discharge to PEZA-registered economic zone locator enterprises.

I. Objectives

1. To establish ownership of all import shipments attributed to PEZA-registered economic zone locator enterprises discharged at seaports and to be released without payment of taxes and duties;
2. To facilitate and simplify procedures and requirements in the filing, processing and releasing of import shipments of PEZA-registered enterprises;
3. To confirm delivery of import shipments of PEZA-registered enterprises released at the seaports to their respective economic zone locations;
4. To develop and maintain a database on importations of PEZA-registered economic zone enterprises.
5. To generate and report trade and statistical data that may be utilized in the formulation of trade and investment policies.

II. Scope

This JMO shall apply to tax and duty-free import shipments of PEZA-registered economic zone locator enterprises arriving at and discharged from seaports for delivery to economic zone locations.

III. Administrative Provisions

1. A Customs-PEZA Clearance Office (CPCO) shall be established in each of the seaports where this Order shall be implemented.
 - 1.1. The CPCO shall be responsible for processing Transit-Import Entries and Internal Revenue Declarations (Transit-IEIRDs). It shall approve the release and transfer of import shipments to the economic zone locations of the importing PEZA-registered enterprises, as prescribed in JMO No. 1-2001.
 - 1.2. The CPCO shall be manned by BOC and PEZA officials and personnel.

1.3. The CPCO shall be under the direct supervision and control of the BOC Deputy Collector for Operations, who shall be responsible for the efficient and effective monitoring and accounting of all import shipments processed, released and transferred from the port of discharge to the economic zone locations of PEZA-registered enterprises.

1.4. The CPCO shall be equipped with ACOS workstations, electronic broadcasting facility and an automated system that will confirm actual delivery of import shipments received at the economic zone locations of the importing PEZA-registered enterprises.

1.5. The CPCO shall utilize an Auto-Debit mobile and/or similar cashless payment system.

1.6. For every import shipment processed and released from the port of discharge, the BOC shall collect a total P 1,015.00, as follows:

P 710.00 Cargo Transfer Fee (CTF)

40.00 Transit-IEIRD Form

265.00 Documentary Stamps

1,015.00 Total

IV. Operational Provisions

1. Import shipments of PEZA-registered economic zone enterprises shall be covered by Import Permits (IPs) issued by PEZA through its Electronic Import Permit System (EIPs).

1.1. Electronic Import Permits may be printed out as bar-coded hard copies.

1.2. The Electronic Import Permit shall be compatible with the Transit-IEIRD regarding its information content.

2. PEZA-registered enterprises shall lodge their Transit-IEIRDs in the CPCO.

2.1 In the case of a Direct Trader Input (DTI) lodgment, no separate printed Transit-IEIRD shall be required. Instead, the Single Administrative Document (SAD) generated, signed by the duly designated official of the PEZA-registered enterprise or its representative, shall serve as the Transit-IEIRD.

3. BOC shall develop and implement an Electronic to Mobile Broadcasting (e2m-Broadcasting) facility to verify ownership of import shipments attributed to PEZA-registered enterprises. Basically, using the facility, BOC will inform registered enterprises of all import shipments attributed to them, as well as the status of each including the moment the shipment is cleared for release.

3.1. The filing of the Transit-IEIRD at the CPCO will trigger the sending of e-mail and/or SMS message to enrolled e-mail addresses and/or cellular phone numbers to the PEZA-registered enterprise to which ownership of the import shipment is attributed.

3.2. Upon receipt of e-mail and/or SMS message from the BOC, PEZA-registered enterprises shall acknowledge or confirm ownership of the import shipments attributed to them by using pre-formatted text e-mails/SMS messages.

3.3. Denial of ownership of the import shipment by the PEZA-registered enterprise shall cause such shipments to be the subject to an immediate Hold and Alert Order.

3.4. Failure of PEZA-registered enterprises to acknowledge/confirm ownership of import shipments attributed to them shall cause such shipments to be held and released only after ownership of the import shipments shall have been established.

3.5. Failure of PEZA-registered enterprises to acknowledge/confirm ownership of import shipments attributed to them within 12 hours shall cause the import shipment to be subject to an appropriate Hold and Alert Order.

3.6. PEZA-registered enterprises shall enroll with BOC and PEZA the authorized e-mail addresses and cellular phone numbers as recipient of the e2m-Broadcasting messages.

4. PEZA-registered enterprises shall post General Transportation Bonds (GTBs) to cover all taxes and duties of import shipments while in transit through the customs territory, from the port of discharge to their economic zone locations.

4.1. The GTB shall be an annual chargeable bond equivalent to twice the amount of taxes and duties due on an average import shipment discharged and released at the seaport based on the following formula:

Total taxes and duties due on all import
shipments during the preceding year

Amount of GTB = 2x

Total No. of import shipments during the
preceding year

4.2. The outstanding GTB shall not be less than the total duties and taxes for the import shipment being filed.

4.3. PEZA-registered enterprises shall register the GTBs at the BOC Bonds Division in the respective ports where their import shipments are discharged and released.

4.3.1 The Bonds division of that particular port shall provide the CPCO a copy of the list of authorized PEZA-registered enterprises with sufficient bonds.

4.3.2. The BOC shall provide the CPCO with electronic GTB data as soon as the Automated Bonds Management System is operational.

4.4. Only GTB's issued by surety companies duly accredited by the BOC at the time of filing of the Transit-IEIRD (pursuant to CMO No. 22-2003) shall be honored.

4.5. PEZA under-guarding of import shipments during the transit through the customs territory, from the port of discharge to the economic zone locations of the importing PEZA-registered enterprises shall be discontinued effective upon the date to be announced by the Director General, PEZA, pending completion of posting of GTB's and the full operation of the Automated Delivery Confirmation System.

5. Transfer of import shipments from the port of discharge to the economic zone locations of PEZA-registered enterprises shall be covered by the Transit-IEIRDs instead of the Transshipment Permit. Transit-IEIRDs shall conform with the requirements for a full declaration and coded as Transit for PEZA procedure which shall render the following documents unnecessary:

- 5.1. Customs EPZA Warehousing Entry (CEWE);
- 5.2. Transshipment Permit;
- 5.3. Transit Cargo Manifest;
- 5.4. Boatnote;
- 5.5. Mission Order; and
- 5.6. Telegram

6. BOC shall implement an Auto-Debit Processing Fee Payment System and other cashless Electronic to Mobile Payment Systems (e2m-Payment) which will allow the automatic transfer of payments for processing fees, from accounts established by PEZA-registered enterprises, in favor of the corresponding BOC and PEZA accounts.

7. The BOC shall develop and implement an Electronic to Mobile Delivery Confirmation System (e2m-Delivery Confirmation) that will allow real-time monitoring of actual delivery of shipments releases to PEZA-registered enterprises at their economic zone locations.

V. Operational Procedures

1. Issuance of Import Permits

1.1. A PEZA registered enterprise shall apply for an Import Permit for raw materials needed in the production of its export goods. The application shall contain information that shall sufficiently state the volume, value and description of the raw materials being applied for.

1.2. Approved PEZA import permits shall be electronically transmitted to the PEZA officers at the CPCO. The same shall be reproduced in bar-coded hard copies for the use of the PEZA enterprises in the processing of their transit declarations.

1.3. The EIPS shall be linked with the BOC system as soon as the Licensing and Clearance System and other related automated system becomes operational

2. Processing of Transit-IEIRDs

2.1. A PEZA enterprise shall file an application for a Transit-IEIRD to cover its import shipments, attaching the following as supporting documents:

- 2.1.1. Bill of Lading
- 2.1.2. Commercial Invoice
- 2.1.3. Packing List
- 2.1.4. Import Permit

2.2. After encoding the transit data into the ACOS, the electronic copy of the Transit-IEIRD shall be transmitted to the CPCO for document processing.

2.3. PEZA officials at the CPCO shall verify the correctness of the Import Permit presented in support of the application for Transit-IEIRD.

2.4 The system shall automatically broadcast appropriate shipment information to the authorized e-mail addresses and/or cellular phone of the PEZA-registered enterprise to which the shipment was attributed.

2.4.1 The BOC Officer shall wait for the response from the PEZA-registered enterprise regarding ownership of the subject shipment.

2.5. Receipt of the e2m-Broadcasting response from authorized PEZA-registered enterprise confirming ownership

of the subject shipment shall trigger the On-line Release System (OLRS) to process and issue a release message to the Arrastre operator.

3. Transfer of Shipment

The Customs Gatekeepers shall check or tally the information on the gatepass and the marks and numbers of the shipment. He shall also ensure that the transit shipment is being transferred by the accredited personnel of the PEZA enterprise.

4. Receipt of Shipment

Upon the arrival of the transit shipment at the PEZA zone, BOC and PEZA shall acknowledge receipt of the same by signing on delivery copy of the IEIRD, which copy shall be returned to the CPCO by the PEZA enterprise representative. Additionally, officers shall submit their reports of receipt of shipment to their respective agencies, via the e2m Delivery Confirmation System for confirmation of delivery.

5. Reportorial Provisions

5.1. The CPCOs in the ports shall prepare and submit the following annual reports:

5.1.1. List of Registered PEZA enterprises and their basic profile i.e. address, line of business, products

5.1.2. Copies of accreditation of PEZA enterprise representatives (together with their specimen signatures and company identification cards)

5.1.3. List of Accredited Truckers and their registered transport vehicles

5.2. The CPCOs shall also prepare and submit the following daily reports:

5.2.1. Import Permits Issued and Processed

5.1.4. List of Open Transshipment Processed

VI. Effectivity

This Order shall take effect upon the issuance of the corresponding BOC and PEZA Memorandum Orders for the implementation of its provisions.

Adopted: 10 June 2005

(SGD.) ALBERTO D. LINA

(SGD.) LILIA B. DE LIMA

Commissioner

Director General

Bureau of Customs (BOC)

Philippine Economic Zone Authority (PEZA)

[*] Not Filed with ONAR.

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