

PROPER IDENTIFICATION AND DETERMINATION OF RAW MATERIALS OR GOODS AT THE CBWs BEFORE TRANSFER MAYBE ALLOWED TO ACCREDITED SUBCONTRACTORS, ACCREDITED MEMBERS OF COMMON BONDED WAR...

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Reports reaching this Office confirmed the practice of the Operating Divisions of approving requisition slips/withdrawal permits/authorities to withdraw filed simultaneously with the Warehousing Entries, thus, shipments are transferred directly from the piers to Accredited Subcontractors, Accredited Members of Common Bonded Warehouse and Special Economic Locators from CBWs Operating under Section 105 of the TCCP without previous transfer and/or storage at the Operator's warehouse.

This Office noted that the aforesaid practice did not comply with the mandated requirements that before the transfer, Customs Warehouseman shall verify and subsequently certify on the identification and determination on the exact quantity of raw materials or goods sought to be transferred to accredited subcontractors, accredited members of Common Bonded Warehouse and Special Economic Zone Locators from CBWs operating under Section 105 of the TCCP. In short, prevailing practice condones the acts of Customs Warehouseman of certifying the descriptions and quantity of goods sought to be transferred based solely on the requisition slips/withdrawal permits/authorities to withdraw filed simultaneously with the warehousing entries. With this, the control mechanism instituted to safeguard against misdeclaration, over quantity in the farming out of raw materials or goods and the expeditious monitoring of imports is rendered ineffective or inutile. Clearly, the aforesaid practice is contrary to the pertinent provisions of CMO No. 39-91 implementing CAO No. 2-91 embodying the rules and regulations for the establishment, supervision, and control of Customs Bonded Warehouses.

Henceforth, you are hereby directed to observe the following:

- That all importations shall be physically transferred and deposited to the Customs Bonded Warehouse in accordance with the pertinent provisions of CMO No. 39-91 implementing CAO No. 2-91.
- Transfer of articles from the CBW to accredited subcontractors, accredited members of Common Bonded Warehouse and Special Economic Zone Locators from CBWs operating under Section 105 of the TCCP shall be allowed only after compliance of the following conditions:
 - a) Warehousing Entry must be filed.
 - b) Upon submission of formula of manufacture, the stages to be subcontracted shall, whenever practicable, be specified.
 - c) Certification by the Customs Warehouseman on the description and quantity of goods sought to be transferred.
 - d) For garment manufacturer, unless otherwise approved by GTEB, only pre-cut or cut-to-pattern materials shall be transferred.
 - e) The transfer shall be covered by a corresponding boatnote/withdrawal permit/authority to withdraw, the

same shall be recorded in a logbook by the Customs Warehouseman.

For immediate and strict compliance.

Adopted: 20 Jan. 1999

(SGD.) NELSON A. TAN

Acting Commissioner

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