CLARIFICATION ON AMOUNTS TO BE COLLECTED FOR REGULAR LC IMPORTATIONS

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The following procedures must be followed in the declaration of duties and charges when a shipment is covered by a Letter of Credit:

1. Importer/broker shall indicate on box #28 LC as mode of payment.

2. Computation of box 44 shall be the summation of amounts indicated on box #s 45 + 46 + 47 + 48.

3. Box # 48 shall indicate the computed amount of duties payable for particular shipment at hand.

This amount should be equal to the advance duty in the IED if the latter has been properly computed at the time of LC opening. However, there are situations when the advance duty is more than the amount in box 48 as follows:

1. When the shipment at hand is just a partial shipment against a LC opened for a transaction with partial shipments allowed;

2. When the parameters of duty computation such as the rate of duty and exchange rates are higher at the time of LC opening;

There are also reverse situations, i.e., when the amount in box 48 is higher than the advance duty such as when the parameters in the computation at the time of filing of entry with the Bureau of Customs are higher.

4. The amount to be collected by the bank for final duties, taxes and charges shall be as follows:

a. For ONE-TIME SHIPMENTS (Total LC)

Box 44 xxx

* Less Advance Duty Paid

(Per IED) xxx

Net Amount to be collected xxx

* Provided: That when box 48 is lower than the advance duty in the IED and the importer/broker wishes to charge the whole advance duty against the total amount per box # 44 which he must manifest, such will only be allowed upon submission of proof coming from the importer that there will be no other shipment against the LC, i.e., that this transaction is really a ONE TIME SHIPMENT.

b. For PARTIAL SHIPMENTS

Box 44 xxx

* Less Box 48 xxx

Net Amount to be Collected xxx

* Provided: That this amount is not more than the advance duty in the IED and subject to no. 5 below.

5. To enable the banks to properly determine the net amount of final duties, taxes and other charges, importer/broker should present the two (2) BOC copies of the IED which indicates the amount of advance duty collected upon LC opening. Ho deduction on box # 44 shall be made if importer/broker is unable to present the two (2) BOC copies of the IED or in case of a partial shipment where the two (2) BOC copies of the IED has already been presented for an earlier part shipment, a CERTIFICATE OF BALANCE from the Bureau of Customs showing the balance on the advance duty in the IED that may be deducted from Box # 44.

6. To implement No. 5 above, the two (2) BOC copies of the IED shall be given to the importer at the time of LC opening in addition to the importer's copy so that the same be presented at the time of filing of entry with the banks.

7. Banks shall not be responsible in checking if advance duties indicated on box # 48 has been applied to previous shipments.

8. Final assessment of duties and charges for the shipment shall be made by Bureau of Customs (BOC). Any excess or shortage of amount collected by the Banks shall be settled directly with BOC.

Please be guided accordingly.

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