

Customs Administrative Order No. 5-2017

BUREAU OF CUSTOMS, July 17, 2017

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Introduction. This CAO implements Sections 1227 and 1228, Chapter 4, Title XII and related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This CAO shall cover the establishment of an Authorized Economic Operator (AEO) Program in the Philippines by providing, among others, the infrastructure, facility, mechanism, process, and benefits necessary for the full implementation thereof.

Section 2. Objectives.

2.1 To establish an AEO Program to comply with the commitments of the Philippines to implement international trade agreements such as (a) the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework); (b) WCO Integrated Supply Chain Management Guidelines (ISCM Guidelines); (c) the Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention); and (d) the WTO Agreement on Trade Facilitation (WTO ATF).

2.2 To develop an AEO Program in such a manner that would help enable it to attain a mutual recognition status in relation to the AEO or similar programs of other countries.

2.3 To provide benefits to accredited members of the AEO Program, by way of incentive to customs stakeholders with high level of compliance with customs rules and regulations on import and export clearance and cargo Security.

2.4 To establish a special customs cargo clearance lane to further facilitate and Secure international trade at the same time increase the level of customs compliance through the optimum use of information and communication technology and risk assessment principles.

Section 3. Definition of Terms. For purposes of this CAO, the following terms are defined accordingly:

3.1 Airlines - shall refer to an airline Corporation engaged in both domestic and international air transportation of goods, passengers, or both.

3.2 Authorized Agent Banks (AABs) - shall refer to Commercial banks authorized by the Bureau to collect payment of duties and taxes.[1]

3.3 Authorized Economic Operator (AEO) - shall refer to the Importer, Exporter, customs broker, forwarder, freight forwarder, transport provider, and any other entity duly accredited by the Bureau based on the WCO SAFE Framework, the RKC, the WCO ISCM Guidelines, and the various national best practices to promote trade facilitation and to provide seamless movement of goods across borders through Secure international trade supply chains with the use of risk management and modern technology.[2]

3.4 Customs Administration - shall refer to the Government Service which is responsible for the administration of customs law and the collection of duties and taxes and which also has the responsibility for the application of other laws and regulations relating to the importation, exportation, movement, or storage of goods.[3]

3.5 Customs Bonded Warehouse (CBW) - shall refer to a facility established and authorized by the Bureau of Customs pursuant to Title VIII, Chapter 2 of the CMTA. This may include Customs Bonded Manufacturing Warehouse (CBMW), Miscellaneous Customs Bonded Warehouse (MMBW), Customs Common Bonded Warehouse (CCBW), Industry-Specific Customs Bonded Warehouse (ICBW), Bonded Non-Manufacturing Warehouse (BNMW), Public Bonded Warehouse and Private Bonded Warehouse as defined by regulation.

3.6 Customs Facility Warehouse (CFW) - shall refer to a facility established and authorized by the Bureau of Customs pursuant to Title VIII, Chapter 2 of the CMTA. This shall include Container Yard, Container Freight Station, Seaport Temporary Storage Warehouse and Airport Temporary Storage Warehouse as defined by regulation.

3.7 Customs Brokers - shall refer to any person who is a bona fide holder of a valid Certificate of Registration or Professional Identification Card issued by the Professional Regulatory Board and Professional Regulation Commission pursuant to Republic Act No. 9280, as amended, otherwise known as the "Customs Brokers Act of 2004".[4]

3.8 Freight Forwarder - shall refer to a local entity that acts as a cargo intermediary and facilitates transport of goods on behalf of its client without assuming the role of a carrier, which can also perform other forwarding services, such as booking cargo space, negotiating freight rates, preparing documents, advancing freight payments, providing packing/crating, trucking and warehousing, engaging as an agent/representative of a foreign non-vessel operating as a common carrier/cargo consolidator named in a master bill of lading as consignee of a consolidated shipment, and other related undertaking.[5]

3.9 Exporter - shall refer to a natural or juridical person engaged in the export of any goods or commodities to a foreign country from the Philippines.[6]

3.10 Foreign Supplier or Manufacturer - shall refer to a natural or juridical person, including a manufacturer, seller or other person whose name appears on the commercial invoice as such.[7]

3.11 Importer - shall refer to a natural or juridical person engaged in the import of any goods into the Philippines.[8]

3.12 International Freight Forwarder - shall refer to persons responsible for the assembly and consolidation of shipments into single lot, and assuming, in most cases, the full responsibility for the international transport of such shipment from point of receipt to the point of destination.[9]

3.13 International Supply Chain - shall refer to the end-to-end process for shipping goods to or from the Philippines beginning at the point of origin (including manufacturer, Supplier, or vendor) through a point of distribution to the destination.[10]

3.14 Local Transport Operators - shall refer to individuals, corporations, firms, or associations engaged in the business of carrying or transporting goods, by land, water or air, from the time the goods are unloaded from the carrying vessel or aircraft for transport to the Importer's warehouse or point of local distribution.

3.15 Material Change - shall refer to any change in the member's status as recipient of certain official privileges, general information sheet, name of contact person/s and contact number/s and/or email addresses, importation process flow, product sourcing, list of imported items, pricing structure, terms of trade, product description, tariff

classification, security policy or profile and such other information as may be material in enabling the Bureau to monitor and evaluate the continuing eligibility of the accredited member.

3.16 Non-Vessel Operating Common Carrier (NVOCC) - shall refer to an entity, which may or may not own or operate a vessel that provides a point-to-point service which may include several modes of transport and/or undertakes groupage of less container load (LCL) shipments and issues the corresponding transport document.[11]

3.17 Shipping Lines - shall refer to a shipping corporation engaged in both domestic and international sea transportation of goods, passengers, or both.

3.18 Trade Documents - shall refer to timely, accurate, complete and verifiable documents relating to importation and exportation.[12] This may include commercial records of business processes that facilitate a full audit trail of customs activities or tax relevant movement of goods or accounting entries.[13]

3.19 Validation - shall refer to a procedure whereby the supply chain of an AEO, and all relevant processes employed by them to reach that status, are Subject to full and transparent review by a Customs Administration.[14]

Section 4. General Provisions.

4.1 Establishment of an AEO Program

4.1.1 The AEO Program shall have three (3) components:

- a. Cargo Security System - a system that ensures the integrity and security of imported goods in accordance with the principles of the WCO SAFE Framework.
- b. Trade Clearance System - a system that enables highly compliant stakeholders to clear their goods with minimum or zero customs border intervention.
- c. Mutual Recognition Arrangement (MRA) - refers to a formal document between two or more Customs Administrations outlining the circumstances and conditions in which AEO Programs are recognized and accepted between the signing parties. The MRA sets out the process to implement, evaluate, monitor and maintain mutual recognition. In addition, the MRA defines the benefits mutually provided to the AEOs by the participating Customs Administrations and lays down the practical arrangements enabling the participating Customs Administrations to provide those benefits.[15]

4.1.2 The AEO Program may be fully implemented or implemented by phases, depending on the available resources and capacity of the Bureau.

4.2 Who May Participate in the AEO Program. The following stakeholders may apply for accreditation under the AEO Program:

4.2.1 Importers;

4.2.2 Exporters;

4.2.3 CBW and CFW;

4.2.4 Customs Brokers;

4.2.5 NVOCC, Freight Forwarders, and International Freight Forwarders with offices in the Philippines;

4.2.6 Shipping Lines or Airlines and their agents;

4.2.7 AABs;

4.2.8 Local Transport Operators and their facilities and equipment; and

4.2.9 Foreign suppliers, manufacturers, and other entities in the logistics and International Supply Chain accredited as AEO by another country with which the Philippines has a Mutual Recognition Arrangement.

For applicants with multiple services in the International Supply Chain, one (1) application form may be submitted for several categories but the AEO certificate of accreditation is per category.

4.3 AEO Membership Accreditation Criteria. The applicant must meet the standard of reliability and trustworthiness, which shall be measured by its level of risk, the nature of its business and the conduct of its importation as against customs revenue, compliance, and cargo security. To assess the risk, the Bureau shall look into the following:

4.3.1 General Criteria:

- a. Business ownership, structure, and organization;
- b. Corporate or business profile and projected business activity;
- c. End-to-end import or export process (goods, documentation, and payment flow) and local distribution system, if any;
- d. Entities involved in foreign supply and/or local distribution chain;
- e. List of goods imported or exported including the nature, specific description in tariff terms, customs value, preferential rates to be availed of, and volume (over time);
- f. Internal customs compliance control;
- g. Customs compliance history;
- h. Business process continuity mechanism; and
- i. Other similar factors to be determined by the Bureau

4.3.2 Security Infrastructure:

- a. Cargo handling and Safekeeping;
- b. Record keeping and IT System;
- c. Supply and trading partner;
- d. Physical premises and access control;
- e. Personnel complement;
- f. Security training, threat awareness, and outreach; and
- g. Other similar factors to be determined by the Bureau

4.3.3 The applicant entity must have been in operation for at least one (1) year prior to the date of application.

4.3.4 The applicant shall ensure that it has obtained the necessary permits, licenses, and/or concession if regulated by another government agency.

4.3.5 That none of the executive officers and directors directly engaged in customs procedures and shareholders, as s applicable, have been criminally found liable for violations of customs laws and procedures.

4.3.6 The applicant must have a dedicated office or unit and responsible officer whose main function is to ensure the applicant's compliance with its duties and responsibilities under the AEO Program as an accredited member.

4.4 AEO Application Processing and Approval. The Bureau shall establish a simplified system of processing, evaluation and action on applications for AEO accreditation.

4.4.1 The processing of AEO applications shall consist of the following Levels:

a. Level 1 - The Bureau shall offer limited benefits to a Level 1 member who has been certified in accordance with the guidelines referred to in Section 4.3 of this CAO.[16]

i. Time frame. The Bureau shall complete the Level 1 certification process within ninety (90) calendar days from receipt of an application for participation in AEO.[17]

ii. Benefits.

1. Exemption from Renewal of Accreditation. An AEO member shall not be required to renew its membership under any customs accreditation system (e.g., accreditation as Importer).

2. For AEO members with a satisfactory system for managing their Trade Documents, the Bureau may allow the use of Trade Documents to self-assess their duty and tax liability and, where appropriate, to ensure compliance with other customs requirements;

3. Allowing the lodgement of goods declaration by means of an entry in the BOC database system by the authorized person to be supported subsequently by a supplementary goods declaration.[18]

4. Dedicated help desk for AEO applicants.

5. Such other benefits consistent with the standards of the RKC and SAFE Framework on AEO, which the country is committed to adopt and implement.

iii. Any additional expenses, if any, such as, but not limited to port charges, in connection with the above benefits shall be for the account of the AEO members which benefit therefrom.

b. Level 2 - The Bureau shall validate the security measures and supply chain security practices of a Level 1 member in accordance with the criteria referred to in Section 4.3 of this CAO. Such validation shall include on-site assessments at appropriate foreign locations utilized by the Level 1 member in its supply chain and shall, to the extent practicable, be completed no later than one (1) year after certification as a Level 1 member.[19]

i. Benefits. In addition to the benefits enjoyed by a Level 1 member, the Bureau shall extend benefits to each AEO member that has been validated as a Level 2 member under this section, which may include:

1. Dedicated processing lane. Dedicated processing and selectivity lane for AEO shipments with no documentary, physical and non-intrusive inspection.

Only in instances of derogatory information may the Commissioner direct the examination of an AEO importation, which shall be done at the premises of the operator in case of physical examination. When non-intrusive examination is required, members shall be given priority.

2. Advance clearance process. The processing of import documents prior to the arrival of the carrying vessel or aircraft provided that the e-manifest has been uploaded in the system.

3. Periodic lodgement. Allowing a single goods declaration for a given period of the following:

- a. Freely-importable goods of the same kind regularly imported or exported.
- b. Regulated goods of the same kind regularly imported or exported in coordination with and subject to the conformity by the concerned regulatory government agencies.

4. One-time Exemption Certificate. For goods to be imported over a period of time and are subject to duty and/or tax exemption privilege, the AEO member may Secure a one-time duty and/or tax exemption certificate to cover all the importations subject to the approval by the Department of Finance, provided that the goods are properly identified and listed in the duty and/or tax exemption certificate.

5. Expedited Customs Clearance for Exports. Reduced intervention for export to countries under an MRA.

6. Such other benefits consistent with the standards of the RKC and SAFE Framework on AEO, which the country is committed to adopt and implement.

ii. Any additional expenses, if any, such as, but not limited to port charges, in connection with the above benefits shall be for the account of the AEO members which benefit therefrom.

c. Level 3 - The Bureau shall establish a third level of AEO participation that offers additional benefits to members who demonstrate a sustained commitment to maintaining security measures and supply chain security practices that exceed the guidelines established for Validation as a Level 2 member in AEO.[20]

i. Criteria. The Commissioner, subject to the approval of the Secretary of Finance, shall designate a criteria for validating an AEO member as a Level 3 member under this Section. Such criteria may include:

1. Compliance with any additional guidelines established by the Bureau that exceed the guidelines established pursuant to Section 4.3 of this CAO for validating an AEO member as a Level 2 member, particularly with respect to controls over access to cargo throughout the supply chain;

2. Submission of additional information regarding cargo prior to loading, as determined by the Bureau;

3. Utilization of container security devices, technologies, policies, or practices that meet standards and criteria established by the Bureau; and

4. Compliance with any other cargo requirements established by the Bureau.[21]

ii. Benefits. The Commissioner, in consultation with the AEO Office, shall extend benefits to each AEO member that has been validated as a Level 3 member under this Section.

iii. Deadline. Not later than two (2) years after the date of the effectivity of this CAO, the Commissioner, subject to the approval of the Secretary of Finance, shall designate appropriate criteria pursuant to Section 4.4.1.c.i. and provide benefits to validated Level 3 members pursuant to Section 4.4.1.c.ii.[22]

4.4.2 Grounds for Denial of Application.

a. If at any time an AEO member's security measures and supply chain security practices fail to meet any of the requirements under Section 4.3, the Commissioner may deny the member benefits otherwise available under this subtitle, in whole or in part. The Commissioner shall develop procedures that provide appropriate protections to AEO members before benefits are revoked. Such procedures may not limit the ability of the Commissioner to take actions to protect the national security of the Philippines.[23]

b. False or misleading information. If an AEO member knowingly provides false or misleading information to the

Bureau during the validation process provided for under this CAO, the Commissioner shall suspend or expel the member from the AEO Program for an appropriate period of time. The Bureau, after the completion of the process, shall publish a list of members who have been suspended or expelled from the AEO Program pursuant to this subsection, and shall make such list available to AEO members.[24]

4.4.3 Request for Reconsideration

a. An AEO member may file a request for reconsideration of the adverse decision of the Head of AEO Office pursuant to Section 4.4.2.a. It shall be filed with the Commissioner not later than ninety (90) calendar days after the date of the decision, and the Commissioner shall resolve the request not later than one hundred eighty (180) Calendar days after the request is filed.[25]

b. Reconsideration of other decisions. An AEO member may file a request for reconsideration of the adverse decision of the Head of AEO Office pursuant to Section 4.4.2.b. It shall be filed with the Commissioner not later than thirty (30) calendar days after the date of the decision, and the Commissioner shall resolve the request not later than one hundred eighty (180) calendar days after the request is filed.[26]

c. Implied Affirmation of the Decision by the Head of AEO Office. In Case the Commissioner fails to act on the appeal within thirty (30) working days from receipt of the complete records, the decision of the Head of AEO Office denying the application shall be deemed affirmed.

4.4.4 Capacity Building. In order to establish and maintain an effective AEO authorization program, the Bureau of Customs may hold regular seminars to discuss the development of the AEO Program, to identify and address common problems, and to share good practices.[27]

The Bureau of Customs shall undertake efforts to educate affected Customs personnel with regard to the risks associated with movements of goods in the international trade supply chain, in cooperation with AEOs.[28]

4.5 AEO Membership Responsibilities.

4.5.1 Full disclosure at all times of information is required or requested by Customs under the AEO Program. Information, particularly those bearing on trade or business secrets or advantage, provided by the member in the course of the application or as a result of AEO import clearance operations shall be deemed confidential and shall not be disclosed to anyone without the written consent of the applicant, except in the context of judicial proceedings.

4.5.2 To designate an office or unit and personnel in the member's organization that shall be responsible to ensure full and prompt compliance with AEO regulations and serve as a liaison with the AEO Office to ensure prompt exchange of information and close cooperation necessary for a smooth AEO operation.[29]

4.5.3 To update the Bureau on any change in the member's status as recipient of certain official privileges, general information sheet, name of contact person/s and contact number/s and/or email addresses, importation process flow, product sourcing, list of imported items, pricing structure, terms of trade, product description, tariff classification, security policy or profile, and such other information as may be material in enabling the Bureau to monitor and evaluate the continuing eligibility of the accredited member.

4.5.4 To submit a yearly Statement of "No Material Change", if such is the case, in relation to the information referred to in the immediately preceding provision.

4.5.5 To voluntarily disclose to the Bureau any inadvertent errors or innocent deviation from the AEO procedure with an undertaking and concrete proposal to rectify the lapse. The disclosure is without prejudice to the application of any sanction or action provided for in existing rules and regulations applicable in the premises.

4.5.6 Complete, up-to-date, and accessible record keeping system for all documents in electronic or hard copies pertaining to business and import operations.[30]

4.6 Suspension and Revocation of Accreditation.

4.6.1 Once granted, accreditation under AEO Program shall last until suspended or revoked. The accreditation may be suspended or revoked, depending on the degree of culpability and resulting injury to the government, under any of the following conditions, after due notice and hearing:

- a. The member intentionally violates any provision of the CMTA, or related laws, rules and regulations resulting in significant loss of customs revenues or serious injury to public welfare.
- b. Repeated and unjustified failure or refusal to comply with official directives or mandates from the Bureau.
- c. Habitual delinquency in complying with AEO regulations or in abiding by the terms and conditions of AEO membership.
- d. Recommendation based on routine evaluation by the Post Validation Group of the member's performance in its AEO operations over a given period of time indicating the existence of significant risk to customs revenue or to the cargo supply chain security.

4.6.2 The Bureau shall establish a formal procedure for the suspension or revocation of accreditation of AEO members.

4.6.3 AEO accreditation may be withdrawn at the instance of the accredited member. The withdrawal shall, however, be without prejudice to any liability it may have incurred while still a member of the AEO Program.

4.7 AEO Organization.

4.7.1 The Head of the AEO Office shall be designated by the Commissioner, subject to the approval of the Secretary of Finance.

4.7.2 The Commissioner shall, upon the recommendation of the Head of AEO Office, determine the specific functions, structure and composition of the AEO Office and sub-groups

4.7.3 The AEO Office shall perform the following tasks:

- a. Manage the overall implementation of the AEO Program, including the strengthening of the core competency of the Bureau of Customs to effectively operationalize the AEO Program.
- b. Make Optimum use of information and communications technology in carrying out its mandate under this CAO, in coordination with the Management and Information System Technology Group (MISTG), to help create an AEO database, the configuration, access to, usage, maintenance, and management of which shall be determined by regulation.
- c. Perform such other functions necessary for the effective and efficient implementation of the AEO Program.

Section 5. Authority of the Commissioner to Issue Supplementary Rules and Regulations. The Commissioner may issue supplementary rules and regulations to effectively implement the provisions of this CAO.

Section 6. Periodic Review. Unless otherwise provided this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 7. Separability Clause. If any part of this CAO is declared by courts as unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 8. Repealing Clause. Customs Administrative Order (CAO) 01-2012 is deemed revoked, amended and/or modified accordingly.

Section 9. Effectivity. This CAO shall take effect fifteen (15) days from publication at the Official Gazette or a newspaper of national circulation.

The Office of the National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) copies of this CAO.

(SGD) NICANOR E. FAELDON
Commissioner

(SGD) CARLOS G. DOMINGUEZ III
Secretary

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Customs Memorandum Order No. 15-2017

Guidelines on the Implementation of Customs Administrative Order (CAO) No. 06-2016 on Conditionally Tax and/or Duty-Exempt Importation of Returning Residents and Returning Overseas Filipino Workers (OFWs)

Adopted: 28 July 2017

Date Filed: 06 September 2017

Section 1. Scope. This CMO implements Section 800 (f) of the Customs Modernization and Tariff Act (CMTA) pertaining to tax and duty-free importations of personal and household effects belonging to Returning Residents and Returning Overseas Filipino Workers (OFWs). This also covers the additional tax and/or duty exemption of Returning OFWs for home appliances and other durables in the amount not exceeding Php 150,000.00.

Section 2. Objectives.

2.1 To prescribe simplified customs clearance procedures for tax and/or duty-free importations of personal and household effects belonging to Returning Residents and Returning Overseas Filipino Workers (OFWs) in recognition of their significant contribution to the Philippine economy;

2.2 To delineate the duties and responsibilities of the different offices of the Bureau involved in the customs 'clearance process of shipments covered by this Order;

2.3 To set guidelines in the availment of the additional tax and/or duty exemption for Returning OFWs for their home appliances and other durables in the amount not exceeding Php150,000.00; and

2.4 To guide customs personnel and stakeholders on customs clearance formalities of the importations covered by this Order.

Section 3. General and Administrative Provisions.

3.1 Returning Residents and Returning Overseas Filipino Workers (OFWs) availing of the privilege under this

Order must apply with the Revenue Office of the Department of Finance (DOF) for the issuance of a Tax Exemption Indorsement (TEI).[1]

3.2 The application for TEI may be submitted to the DOF either personally or through a representative with a duly notarized authorization, together with the following:[2]

- a. Letter-request addressed to the Secretary of Finance, Attention: Director IV, Revenue Office;
- b. Affidavit of End-Use or Ownership;
- c. Import Bill of Lading/Airway Bill (BL/AWB) indicating the Port of Discharge, properly endorsed by the shipping agent/air carrier, respectively;
- d. Import Invoice and/or Packing List;
- e. Proof of residency/employment abroad for returning Filipino residents/returning OFWs, as the case may be;
- f. Original Passport (to be presented only for verification purposes) with attached photocopy of the biographical page and page/s with Immigration stamp of the last departure and latest arrival; and
- g. Tax Identification Number (TIN).

3.3 Submission of Documentary Requirements.

3.3.1 Personal and Household Effects Declaration (PHED) Form. To expedite cargo clearance formalities, the Returning Resident, Returning OFW or his authorized representative shall accomplish, sign and submit to the Bureau, a fully accomplished Personal and Household Effects Declaration (PHED) Form (Annex "A") which may be down loaded from the BOC website or secured at the Customs arrival area and shall contain, among others, the following basic information:

- a. Complete name of the shipper, date of birth, citizenship, passport number, address abroad and in the Philippines, contact number and e-mail address, if any;
- b. Names of accompanying family members and their respective passport numbers;
- c. Date of last departure from the Philippines;
- d. Estimated or actual date of arrival of the Returning Resident or Returning OFW in the Philippines;
- e. Length of stay abroad;
- f. Packing List Information which shall contain an itemized listing of all goods and their respective quantities and description;
- g. Unit value of each item and total value of the goods; and
- h. Shipment details (Letter B, page 2 of PHED form).

In cases where the Returning Resident or Returning OFW opts for the conditional release of their shipments arriving before their actual date of return in the country, the PHED must be submitted in advance to the Informal Entry Division (EID) or equivalent unit of the port concerned for cargo clearance formalities.

For shipments arriving as accompanied baggage, the Returning Resident or Returning OFW shall submit to the Customs Officer the accomplished PHED Form upon arrival.

3.3.2 Supporting Documents. The Bureau shall, in addition to the Informal Import Declaration and Entry (IIDE),

require the submission of the following documents:

- a. Duly filled out PHED Form;
- b. TEI;
- c. BL or AWB duly endorsed by the shipping agent or air carrier, respectively;
- d. Certificate of Identification (CI), if any;
- e. Permits/Licenses, if necessary;
- f. Accomplished Permit To Deliver Imported Goods (PDIG), for sea freight shipment; and
- g. Other necessary documents as may be required by the Bureau.

3.4 Conditional Release of Shipments Arriving in Advance. Shipments arriving in advance of the date of return of a Returning Resident or Returning OFW and without the requisite TEI may be allowed conditional release upon the posting of a cash bond equivalent to one hundred percent (100%) of the assessed duties and taxes due thereon.

3.5 Importation of Personally-Owned Vehicles (POVs). Personal effects and household goods shipped together with personally-owned motor vehicles, even if stowed in one shipping or aircraft container shall be covered by separate BLs/AWBs, one to cover the personal effects and household goods and another BL/AWB to cover the motor vehicle which shall be cleared under the formal entry process and subject to existing rules and regulations.

In cases where a single BL/AWB has been issued for said goods, a formal request from the consignee or his authorized representative shall be made to the Collector of Customs for the amendment of the manifest and the splitting of the BL/AWB.

Importation of personally-owned motor vehicles shall not be entitled to the exemption-privilege granted under Section 800 (f) of the CMTA.

3.6 All shipments under this Order shall be subjected to mandatory non-intrusive inspection. To prevent delays in the processing and release thereof, issuance of Alert Orders, if warranted, against shipments of personal effects and household goods may be made only after the same has undergone the mandatory non-intrusive inspection.

Section 4. Operational Provisions. Pending full automation, the procedures on the advance submission of the Electronic-Inward Foreign Manifest (E-IFM) and clearance of cargoes under the informal entry process shall be observed.

4.1 Advance Submission of Electronic-Inward Foreign Manifest (E-IFM), BL and AWB. Submission of the E-IFM shall be governed by the rules and regulations of the Bureau relative to the submission of cargo manifest. For purposes of uniformity in documentation and to distinguish Single Consignee shipments of Personal Effects and Household Goods from other importations, the words "PERSONAL AND HOUSEHOLD EFFECTS" shall be indicated by the shipping agent in the field for Description of Goods in the BL or AWB.

4.2 Filing of Goods Declaration. The declarant or his authorized representative shall file the goods declaration at the Informal Entry Division (IED) or equivalent unit of the port concerned, using the prescribed IIDE together with the PHED Form and the other documentary requirements, as provided in Section 3.3.2 of this Order.

The Chief of the IED or equivalent unit shall assign a Customs Examiner/s for the processing of the goods declaration.

4.3 Conduct of Non-Intrusive Inspection. The declarant or his authorized representative, after filing of the goods

declaration, shall present a copy of the same to the x-ray field inspection office for the mandatory non-intrusive inspection. The XIP field office shall officially forward the printed copy of the x-ray image to the IED or equivalent unit through the assigned Customs Examiner.

In cases where the x-ray inspection is terminated beyond the regular office hours, submission shall be made on the first hour of the next working day.

4.4 Processing at the Informal Entry Division (IED) or Equivalent Unit.

4.4.1 If the x-ray image is tagged “no suspect” and the print-out thereof is stamped by the X-Ray Image Analysis Inspector with the notation “IMAGE APPEARS TO BE REGULAR”, the COO III shall make a return of findings, assess the duties and taxes, if any, and other charges due thereon, affix his signature on the goods declaration and forward the same to the COO V.

4.4.1.1 The COO V shall review the IIDE, tariff classification, appraisal, computation of duties, taxes and other charges for final assessment, affix his signature on the IIDE, prepare the Order of Payment and forward the same to the Chief of the IED or equivalent unit for approval.

4.4.1.2 In case of air shipments, the Order of Payment shall be presented to the BOC Cashier who shall issue a BOC Official Receipt (BCOR) evidencing payment of the duties, taxes, service fees and other charges due. The BOC Cashier shall then issue the gatepass (BOC Form No. 201) and forwards the same together with the BCOR to the IED or equivalent unit for signature of the COO III and COO V.

A copy of the IIDE, original copy of the BCOR, gate pass and other supporting documents shall be transmitted to the Customs Warehouseman who shall affix his signature on the face of the gatepass to effect the physical release of the goods.

4.4.1.3 In case of sea shipments, the Order of Payment shall be presented to the BOC Cashier or to the In-House Bank for payment using the e2m Cash-Miscellaneous Module.

The COO III shall verify payment in the electronic payment system. After verifying that the appropriate payment has been made, the COO III shall retrieve the data corresponding to the BL of the IIDE. The COO III shall select from the e-manifest menu the operation “Manual Discharge” to perform manual write-off of the BL.

4.4.2 In cases where the x-ray image is tagged “suspect” and the print-out thereof is stamped by the X-Ray Image Analysis Inspector with the notation “FOR VERIFICATION”, the COO III shall conduct physical examination in the presence of representatives from the Enforcement and Intelligence Groups, XIP and the Brokers or Consignee’s representatives;

a. If no discrepancy is found, prepare and sign a report together with all the witnesses to the physical examination and make a return of findings, assess duties, taxes and other charges due thereon, if any, affix his signature on the goods declaration and forward the same to the COO V and the procedures in Sections 4.4.1.1 to 4.4.1.3. of this Order shall apply.

b. If discrepancy is found, the COO III shall prepare a discrepancy report and recommend for the payment of additional duties and taxes or seizure of the shipment, as the case may be.

Section 5. Accompanied Baggage of Returning Residents or Returning OFWs.

5.1 In general, accompanied baggage of Returning Residents and Returning OFWs shall be subject to non-intrusive inspection except when the same is subject of derogatory information or selection based on profiling or risk management parameters in which case, physical examination shall be conducted thereon.

5.2 A Returning Resident or Returning OFW with accompanied baggage who opts to avail in full of the privilege under Section 800, subparagraph (t) of the CMTA but without the required TEI, must comply with the following:

5.2.1 Submission by the Returning Resident or Returning OFW to the Customs Officer, upon arrival, of the following documents:

- a. Duly filled out PHED Form;
- b. Customs Baggage Declaration Form (CBDF);
- c. Photocopy of the biographical page of the passport including the page/s with Immigration stamp of the last departure and latest arrival;
- d. Invoice, receipt or equivalent document covering the goods contained in the shipment, if any;
- e. CI or Authenticated Owner's Declaration, if any; and
- f. Other necessary documents as may be required by the Bureau.

5.2.2 Posting of a cash bond with the BOC Cashier equivalent to 100% of the assessed duties and taxes; and

5.2.3 Approval of the Chief, Arrival Operations Division or Duty Collector for the release of the goods.

5.2.4 Submission of TEI within forty-five (45) days from his arrival but not to exceed sixty (60) days from the release of the shipment.

5.3 In the event that the Returning Resident or Returning OFW opts not to post a cash bond, the goods shall be temporarily stored at the Customs In-Bond Baggage Room or any equivalent facility, pending submission of the TEI from the DOF to support his claim of the privilege. The TEI must be submitted to the Bureau by the Returning Resident or Returning OFW not later than thirty (30) calendar days from the date of arrival or the latter can pay the full duties and taxes within the same period. After the lapse of the period, the goods shall be deemed abandoned.

Section 6. Forfeiture/Refund of Cash Bond. Failure of the Returning Resident or Returning OFW to submit to the Bureau the TEI from the DOF, within forty-five (45) days from his arrival but not to exceed sixty (60) days from the release of the shipment, to support his claim of the privilege, shall cause the forfeiture of the cash bond posted to answer for the payment of the duties and taxes due thereon.

Any claim for refund of the cash bond posted by the Returning Resident or Returning OFW shall be governed by existing Customs rules and procedures.

Section 7. Treatment of Alerted Shipments. Processing of shipments subject to Alert Orders issued by the Bureau shall be governed by the regulations on Alert.

Section 8. Exclusions. The following shall not be entitled to the exemption privilege granted under Section 800, subparagraph (f) of the CMTA:

- a. Luxury items, unless covered by a pre-departure Certificate of Identification;
- b. Vehicles;
- c. Watercrafts;
- d. Aircrafts;
- e. Animals;

- f. Donations;
- g. Goods intended for barter, sale or for hire;
- h. Goods in Commercial Quantity; and
- i. Regulated Goods in excess of the limits allowed by regulations.

Section 9. Repealing Clause. This CMO specifically amends or repeals previously issued CMOs which are inconsistent with the provisions herein stated.

Section 10. Effectivity. This CMO shall take effect immediately

(SGD) NICANOR E. FAELDON
Commissioner

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Other Issuances Filed by the Bureau of Customs (BOC)

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Transfer of the Account Management Office (AMO) Under the Direct Supervision of Customs Intelligence and Investigation Service (CIIS) of the Intelligence Group (IG)

18 September 2017

29 September 2017

Customs Memorandum No. 17-2017

Transfer of the Account Management Office (AMO) to the Office of the Deputy Commissioner, Intelligence Group (IG)

11 September 2017

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- [1] cf Manual on Cargo Clearance, Definition of Terms, page vii
- [2] cf Customs Modernization and Tariff Act (CMTA), Title I, Chapter 2, Section 102, Subsection (g)
- [3] cf General Annex, Chapter 2, E6 of the Revised Kyoto Convention
- [4] CMTA, Title I, Chapter 2, Section 102, Subsection (n)
- [5] CMTA, Title I, Chapter 2, Section 102, Subsection (aa)
- [6] cf CAO 3-2016, Section 3.3
- [7] cf Customs Memorandum Order No. 01-1996, Section B
- [8] cf Customs Administrative Order CAO) 3-2016, Section 3.4
- [9] CMTA, Title I, Chapter 2, Section 102, Subsection (bb)
- [10] cf US SAFE Port Act of 2006, Section 910, Subsection 10
- [11] CMTA, Title I, Chapter 2, Section 102, Subsection (ee)
- [12] cf SAFE Framework, Annex IV/4, B. Satisfactory System for Management of Commercial Records
- [13] cf WCO AEO Template, Part III, Section 2.2.1.1, p. II/10
- [14] cf SAFE Framework, Annex IV/2, Definitions
- [15] cf WCO Guidelines for Developing a Mutual Recognition Arrangement/Agreement
- [16] cf US SAFE Port Act of 2006, Title II, Subtitle B, Section 214
- [17] Ibid.
- [18] cf CMTA, Title XII, Chapter 4, Section 1228, subsection c.iii
- [19] cf US SAFE Port Act of 2006, Title II, Subtitle B, Section 215
- [20] cf US SAFE Port Act of 2006, Title II, Subtitle B, Section 216
- [21] cf US SAFE Port Act of 2006, Title II, Subtitle B, Section 216
- [22] cf CMTA. Title XII, Chapter 4, Section 1228

[23] cf US SAFE Port Act of 2006, Title II, Subtitle B, Section 217

[24] cf US SAFE Port Act of 2006, Title II, Subtitle B, Section 217

[25] Ibid

[26] Ibid

[27] cf SAFE Framework, Annex IV/18, Review and Maintenance, 3[rd] paragraph

[28] cf SAFE Framework, Annex IV/6, E. Education, Training and Awareness, Customs, subsection (a)

[29] cf SAFE Framework, Annex IV/16, Application and Authorization, 1[st] par, 4[th] to 5[th] sentence

[30] cf SAFE Framework, Annex IV/19, Process outline for business involved in the handling of cargo within the international trade supply chain, No. 9

[1] Formerly Tax Exemption Certificate (TEC).

[2] cf. Revenue Office Manual 2016

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