

RULES AND REGULATIONS GOVERNING THE USE OF LGC LOGISTICS, INC., AN INLAND CLEARANCE DEPOT (ICD), SERVICING SEMI-CONDUCTORS AND ELECTRONICS INDUSTRY REGISTERED AT PEZA-CALABARZON...

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By authority of Section 608 of the Tariff and Customs Code of the Philippines as amended, in relation to BOC-PEZA Joint Memorandum Order (JMO) No. 01-2001 and other related issuances, the following rules and regulations are hereby promulgated.

I. OBJECTIVES

1. To ensure efficiency in the transfer and delivery of intermediate raw materials, equipment and supplies to semiconductor and electronics industries by installing electronic data transfer and release technology;
2. To expedite and simplify existing procedures in the filing, processing, and clearing of import documents;
3. To provide optimum catering service to semiconductors in order to attain and sustain competitiveness of their products in the global market; and
4. To decongest NAIA complex from vehicular traffic and prevent accident and air pollution.

II. SCOPE

This Order shall apply only to LGC-Inland Clearance Depot, International Cargo terminal, NAIA Complex, Subic, Clark and other Ports exclusively for servicing the manufacturing needs of the semiconductors and electronics industries registered at PEZA-Calabarzon area.

III. GENERAL PROVISIONS

- 3.1 There is hereby created a Customs-PEZA Clearance Office (CPCO) located at LGC-ICD Carmelray, Industrial Park II, Calabarzon Area which shall operate as One-Stop-Shop Office whose administrative function is under the supervision and control of the District Collector of Customs, Port of Manila.
- 3.2 All prospective LGC-ICD users/depositors must secure a prior approval/accreditation from the Collector of Customs PEZA-Calabarzon Area to transfer, deposit and release their shipments supported by certifications from the Semiconductors Association of the Philippines and PEZA Manager. The accreditation shall be renewed annually.
- 3.3 All District Collectors of Customs. Attn: the Deputy Collector for Operations of the Port of Discharge, shall be furnished the list of accredited semiconductor and electronics industry before the latter may be allowed to clear and release their incoming shipments through the LGC-ICD facility.
- 3.4 A General Surety Bond shall be posted by the Zone Enterprise Representative with the District Collector of Customs Attn: Chief, Bonds Division/Unit where the shipment was discharged.

3.5 The Surety Bond shall be the security for the cargo while in transit in lieu of Customs and/or PEZA guard. It will secure the duties and taxes while the goods are in transit from Customs zone to LGC-ICD, Carmelray Industrial Park II. The corresponding bond may be cancelled at the Bonds Division after the shipment has been officially received at LGC-ICD and released therefrom.

3.6 Only trucks/vehicles equipped with a Vehicle Tracking System (VTS) shall be accredited and utilized by the consignee/manufacturers and Customs Broker in the transfer of cargoes to the LGC-ICD.

3.7 LGC Logistics, Inc. shall install computer systems to handle the documentation, inventory, records keeping and audit trail of all shipments transferred to and released from the ICD, and communication line (leased line) must be made available prior to the implementation of the Automated Customs Operation System (ACOS).

3.8 LGC Logistics, Inc. shall provide an office space, tables and chairs and other paraphernalia for the Customs-PEZA Clearance Office (CPCO) personnel.

3.9 The Zone enterprise shall pay the cargo transfer fee (CTF) in the amount of P710.00 (for entries lodged through the CPCO using IEIRD) or P1,015.00 (for entries lodged through Direct Traders Input (DTI) /Electronic Data Interchange (EDI) via automated collection fees in ASYCUDA. If it is not yet in place, the collection of fees will be manually done.

3.10 The Collector of Customs, PEZA-Calabarzon Area shall designate a Customs Supervisor who shall likewise assign such number of Customs personnel necessary to ensure the efficient operation of the Customs-PEZA Clearance Office.

3.11 The Collector of Customs, PEZA-Calabarzon Area shall exercise direct supervision and control over the movement and transfer of shipment from the Airport/Seaport to the LGC-ICD.

3.12 The Customs Supervisor, ICD shall submit a weekly report to the Collector of Customs, PEZA-Calabarzon Area on the number of shipments transferred to, released from and its current inventory.

3.13 Monthly Audit - The Collector of Customs, PEZA-Calabarzon Area shall conduct monthly audit of all shipment transferred to and released therefrom with the end in view of immediately detecting illegal activities and taking necessary measures to protect the interest of the government. A copy of the monthly audit report must be submitted to the Commissioner of Customs.

IV. OPERATIONAL PROVISIONS

4.1 Processing of Request for Transfer

4.1.1 Lodgement of Inland Clearance Depot Transfer Request and Monitoring Report (ICDTRMR) - An applicant shipping lines/airlines of consignee/broker representative within 36 hours prior to the arrival of carrying vessel/aircraft may lodge ICDTRMR (Annex A" * hereof) attaching therewith copies of the bill of lading/airwaybill with the Deputy Collector for Operations thru the Port Operator/International Cargo Terminal Operator.

4.1.2 The Document Processor, Office of the Deputy Collector for Operations of the port of discharge, shall ascertain and verify the following:

4.1.2.1 The authenticity of the signature therein as against the specimen signature on file of the applicant;

4.1.2.2 Whether or not applicant is accredited by the Collector of Customs, PEZA-Calabarzon Area;

4.1.2.3 Whether or not shipment subject to transfer is manifested;

4.1.2.4 Whether or not shipment subject to transfer are covered by hold or alert order pursuant to CMO 104-92, and if there is, to notify issuing office so appropriate action can be taken;

4.1.2.5 See to it that the amount of bonds is properly posted for subject shipment on the original copy of the ICDTRMR at the Bonds Division with signature of the Bonds Examiner;

4.1.2.6 If everything is in order, he submits the ICDTRMR to the Deputy Collector for Operations (DCO) for approval.

4.1.3 The DCO approves application (IDCTRMR) if in order, by affixing his signature on the space provided for on the form.

4.1.4 Duty stop is removed by the On-Line Release System (OLRS) operator and indicates on the REMARKS portion: Transfer LGC Logistics, Inc. - ICD Carmelray Industrial Park II. Distribution of copies of approved ICDTRMR to the following offices shall be as follows:

- Sheet # 1 - Collector of Customs, PEZA
- Sheet # 2 - Deputy Collector for Operation concerned
- Sheet # 3 - Port/Airport Terminal Operator
- Sheet # 4 - Piers & Inspection Division/Bonded Warehouse Division
- Sheet # 5 - VTS Monitoring Unit, CIIS

4.1.5 The PID/BWD Chief, upon receipt of his copy (Sheet # 4) shall official transmit the same to the Customs Gatekeeper via official messenger.

4.1.6 The Office of the Deputy Collector for Operations of the Port of Discharge shall undertake post release review and tracking of the transit to insure that all transits using ICDTRMR are fully accounted for.

4.2 Cargo Transfer Procedure

4.2.1 Customs Gatekeeper verifies accuracy of information on the ICDTRMR as against the marks/number/quantity and weight of cargoes to be transferred. If in order, he completely fills up all applicable boxes in the ICDTRMR and thereafter releases it to the claimant.

4.2.2 Upon release at the gate, the VTS technology will be utilized in lieu of underguarding by PEZA or Customs Guard.

4.2.3 It is the full responsibility of the applicant firm/representative to formally inform the CIIS-VTS Monitoring Team by radio/telephone that the trucks carrying the shipment are about to depart from the port of cargo terminal operator's place.

4.2.4 The Document Processor, Office of the Deputy Collector for Operations shall closely monitor, reconcile on a daily basis the approved ICDTRMR and report of the CIIS-VTS monitoring team to confirm delivery and receipt of cargoes at the LGC-ICD by Customs Warehouseman/Storekeeper assigned thereat. Any transfer which shows non-arrival at the LGC-ICD must be immediately reported to the Deputy Collector for Operations copy furnished Collector of Customs, PEZA-Calabarzon Area and the Commissioner of Customs.

4.3 Cargo Acceptance and Turn-Over Procedure at LGC-ICD

4.3.1 LGC representative and Customs Warehouseman shall check and verify the information declared in the accompanying ICDTRMR particularly the quantity, description, marks and weight of the shipment, enterprise's

and/or customs broker/representative.

4.3.2 LGC representative and Customs Warehouseman, if in order, shall affix their signature on the space provided for in the ICDTRMR form.

4.3.3 The Customs Warehouseman shall submit the accomplished ICDTRMR together with discrepancy report, if any, to the Customs Supervisor copy furnished the Collector of Customs, PEZA and the Deputy Collector for Operation at the Port of discharged.

4.4 Lodgement of Import Entry Internal Revenue Declaration (IEIRD) and PEZA Import Permit with the Customs-PEZA Clearance Office (CPCO) . LGC-ICD-Calabarzon Area.

4.4.1 The Zone Enterprise or his agent shall lodge the IEIRD and PEZA Import Permit together with copies of ICDTRMR, airwaybill, commercial invoice, packing list and Import Clearance Permit, if it is required, with the PEZA Section.

4.4.2 The PCCI Section, CPCO will encode the IEIRD to ACOS to compose ASYCUDA document, print the import assessment notice and then forward the document to the Customs Section.

4.4.3 Customs Document Processor shall check for completeness of documents including presence of import assessment notice which indicates completion of encoding.

4.4.3.1 Transmit the delivery copy of the IEIRD back to the PEZA section for the implementation of the transfer;

4.4.3.2 Forward the working copy of IEIRD to the Collector of Customs, PEZA-thru the Customs Supervisor, LGC-ICD;

4.4.3.3 Lift the duty-stop thru the On-Line Release System (OLRS).

4.4.3.4 Disseminate copies of IEIRD to the different offices concerned.

4.5 Responsibilities of LGC-ICD Operator

4.5.1 Receives and checks pink copy of the IEIRD presented by the zone enterprise representative, which will serve as the delivery permit and boatnote for the shipment.

4.5.2 Collects storage and handling fees prior to transfer of shipment to the consignee's warehouse/factory at PEZA.

4.5.3 Keeps and maintains computer databank of all transactions by the Zone Enterprises which databank shall at all times be made available to the Collector of Customs-PEZA and CIIS, for monitoring and audit purposes.

V. PENALTY CLAUSE

5.1 LGC Logistics, Inc. shall assume full responsibility for the payment of duties and taxes in case goods are lost after transfer to the ICD. Failure to pay the amount stated in the demand letter shall be sufficient ground for the Collector of Customs-PEZA to suspend the transfer of shipment to the ICD until such time that the existing accountability has been fully settled.

5.2 The Zone Enterprise shall cancel the surety bond posted within thirty (30) days from the date of transfer to ICD. Failure on their part to comply within the prescribed period shall be a ground for suspension of subsequent transfer without prejudice to forfeiting such bond to protect the interest of the government.

5.3 Any Customs Officer who willfully or negligently allows or permits the violation of any provisions hereof

shall be subject to administrative and criminal liabilities as provided for by existing laws.

VI. TRANSITORY PROVISIONS

Existing Customs-PEZA Clearance Office (CPCO) created pursuant to NAIA Customs Memorandum Order No. 3-2001, will continue to process and release shipment consigned to non-semiconductor and electronic industry only.

VII. REPEALING CLAUSE

All related CAO's, CMO's and Memorandum Orders inconsistent or in conflict with the provisions of this Order are hereby deemed modified/amended accordingly.

VIII. EFFECTIVITY

This Order shall take effect fifteen (15) days after publication in a newspaper of general circulation.

Adopted: 10 Feb. 2005

(SGD.) ATTY. GEORGE M. JEREOS
Commissioner

(SGD.) JUANITA D. AMATONG
Secretary
Department of Finance

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