NATIONAL ADMINISTRATIVE REGISTER · DECEMBER 2, 1997

ADDENDUM TO PARAGRAPH 1 OF CMO 35-97 IMPLEMENTING PARAGRAPH III OF CAO 4-97 IMPLEMENTING EXECUTIVE ORDER NO. 444 ON PRE-SHIPMENT INSPECTION (“PSI”) OF DUTY FREE SHOP IMPORTS (“D...

BOC MEMORANDUM ORDER NO. 35-97-A, December 02, 1997

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IObjective

To prevent abuse in the availment of pre-shipment inspection exemption for shipments covered by Letter of Credits (LC) issued prior to November 10, 1997 or non-LC imports with Bill of Ladings dated earlier than November 10, 1997.

IIAdministrative Provisions

1. LC's opened prior to November 10, 1997 shall qualify as PSI-exempt only to the extent of its original lifespan as well as its original amount covered. LC's extended or amended either as to its effectivity period or its face value, or both, specifically for the purpose of beating the cut off period of November 10, 1997 are not the within the contemplation of PSI exemption adverted to in Paragraph III 1.1 of CAO 4-97.

2. DFS goods financed by means other than thru an LC shall be exempted from PSI requirement when the date of exportation indicated in the covering Bill of Lading (BL) or Airway bill (AWB) is prior to November 10, 1997. However, DFS goods whose covering BL or AWB is dated prior to November 10, 1997 but arrive in the port of entry during the effectivity period of the PSI requirement at a date that unreasonably exceeds the normal or average industry travel time between the country of exportation and the local port of entry shall be deemed to have been exported on the effectivity date of the PSI requirement, hence, not exempted from PSI inspection.

3. At any rate, DFS goods which arrive on or after January 10, 1998 shall no longer be eligible for PSI exemption irrespective of the date of the LC opening or the date of exportation as indicated in the BL/AWB.

4. DFS goods claiming for PSI exemption under Paragraph III 1.1 and 1.2 of CAO 4-97 but are found not exempt from PSI shall be subject to the existing procedure on the handling of NO-CRF shipments notably, CMO 9-95, as amended, in relation to CAO 4-94, and related issuances.

IIIOperational Provisions

1. When the SGS CRF is required as applicable but the DFS consignee claims PSI exemption under Paragraph III 1.1 (LC Date), the following steps shall be undertaken:

1.1 Check issuance date of LC. If LC is issued prior to November 10, 1997, DFS goods is exempt and continue regular processing thereof.

1.2 If issue date is November 10, 1997 or late, refer matter to Collector of Customs for issuance of Warrant of Seizure and Detention, unless consignee avails of CMO 9-95, as amended in which case the shipment shall be processed in accordance therewith.

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1.3 If LC was issued prior to November 10, 1997, but has been amended or extended either as to its effectivity or as to its amount, or both, and the DFS goods could not have been purchased except thru that amendment, then the DFS goods is not qualified for exemption and the procedure in 1.2 above shall be observed.

1.4 When DFS goods arrive on or after January 10, 1998, CRF shall be required irrespective of date of LC. If no CRF is presented, follow procedure in 1.2 above.

1.5 For the above purpose, LC's shall be carefully scrutinized including resort to verification with the issuing bank, if necessary, as to authenticity and integrity of information contained therein.

2. When the DFS consignee claims exemption under Paragraph III 1.2 of CAO 4-97 (Date of BL or AWB), the following shall be observed —

2.1 If BL or AWB date shows exportation date which is prior to November 10, 1997. DFS goods is exempt from PSI requirement and regular processing of the entry shall be done.

2.2 When the BL or AWB indicates the date of exportation to be on or after November 10, 1997, DFS goods is covered by PSI requirement and the corresponding CRF shall be required. If none is presented, the goods shall be recommended for seizure to the Collector of Customs unless the consignee avails of CMO 9-95, as amended, in which case the handling and disposition of said NO-CRF case shall be in accordance with said Order and related issuances.

2.3 The BL or AWB shall be closely examined as to the truthfulness of the information on the date of exportation as indicated therein, including resort to verification with the Shipping Lines, counterchecking with the Manifest, or such other source of information which would validate the truthfulness of the BL or AWB date.

2.4 The processing official shall familiarize himself with the standard travel time by sea and by air for DFS goods coming from normal points of origin, e.g. Hong Kong, US, Taiwan, China, and the like, to the Philippines based on industry practice. When DFS goods claiming PSI exemption are covered by a BL or AWB dated prior to November 10, 1997 but which arrive during the effectivity of the PSI requirement at a time interval far or unreasonably exceeding the normal standard travel time from the point of origin to the Philippines, said goods are deemed to have been exported during the effectivity of the PSI coverage, hence, not exempt.

For example:

Point of Origin - Hong Kong
Standard Travel Time By Sea - 5 days
B/L date : November 8, 1997
Arrival Date : November 25, 1997

In the illustration given, while DFS goods has a BL date which is prior to November 10, 1997, said shipment is not to be covered by the exemption because its arrival date (November 25, 1997) shows that the travel time represented in the claim (17 days) far exceeds the normal travel time of 5 days from Hong Kong to Manila.

2.5 When DFS good claiming exemption under this Section arrives on January 10, 1998, the shipment shall not be covered by PSI exemption irrespective of BL or AWB date.

2.6 DFS goods claiming PSI exemption but found to be covered by the PSI requirement under the foregoing guidelines shall be subject to the same procedure as provided for in item 2.2 above.

IVRepealing Clause

All rules and regulations inconsistent herewith are deemed superseded and/or modified accordingly.

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VEffectivity

This Order shall take effect immediately.

Adopted: 02 Dec. 1997

(SGD.) GUILLERMO L. PARAYNO, JR.
Commissioner

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