

CMO 41-2002 Guidelines and Procedures Implementing BOC-PEZA Joint Order Memorandum Order No. 03-2002

By authority of Section 711 of the Tariff and Customs Code of 1978 (PD 1464) as amended and to supplement BOC-PEZA Joint Memorandum Order (JMO) No. 03-2002 for the proper and effective implementation thereof at Mactan International Airport (MIA) Customhouse, the following guidelines and procedures are hereby prescribed for the information and guidance of all concerned.

1. SCOPE

This Order shall apply to all tax and duty-exempt import shipments of PEZA-registered economic zone enterprises (Ecozone Enterprises, for brevity), which are operating in economic zone located in Mactan Island and Cebu, arriving by air at the MIA. The Order shall likewise apply to tax and duty-exempt import shipments of Ecozone Enterprises, which are operating in economic zones located in Mactan Island, arriving by sea at the CIP.

This Order shall not apply to tax and duty-exempt import shipments of Ecozone Enterprises, which are operating in economic zones outside of Mactan Island, arriving by sea at the CIP. Moreover, other importations of Ecozone Enterprises, which are subject to Customs duties and taxes (i.e. importations not covered by the tax and duty-exemption incentive), shall continue to be processed under the existing standard BOC clearance/release procedures.

2. GENERAL PROVISIONS

2.1 For entry and cargo transfer purposes, the particulars of import shipments falling under and within the scope of this Order must be fully declared using the IEIRD-Transit as the SAD for the purpose, which shall be in lieu of the following documents no longer to be required, henceforth CEWE. Transshipment Permit, Transit Cargo Manifest, Boatnoat, Mission Orders, and the telegram.

The IEIRD - Transit shall be accomplished pursuant to CMO 1-96A dated 21 December 1999, as amended by CMO 1-96B dated 10 October 2001, a copy of which is attached to this Order as Annex A.

2.2 Unless a remote lodgment scheme (e.g., EDI or DTI) is utilized, in which case the general procedures and guidelines prescribed in CMO 22-99 shall be substantially followed in the interim, an Ecozone Enterprise shall submit the following support documents when lodging an IEIRD-Transit Document:

- a. Airwaybill/Bill of Lading
- b. Commercial Invoice Invoice or other verifiable documents
- c. Packing list (for multiple package shipments)
- d. Valid PEZA Import Permit
- e. Import Clearances/Permits from concerned government agencies (for regulated or controlled commodities)

2.3 Only customhouse brokers or their authorized representatives duly licensed with the Cebu Customhouse and accredited with the PEZA shall be allowed to undertake customs transaction for and in behalf of Ecozone Enterprises pertaining to tax and duty-exempt import shipments covered by this Order.

2.4 Ecozone Enterprises shall submit to the Customs-PEZA Clearance Office (CPCO) the following documents in order to have their tax and duty-exempt import shipments processed under this Order.

a. Duty and tax guarantee in the form of a Surety Bond issued by an accredited surety company.

The value of the surety bond shall be equivalent to the average duties and taxes due on importations of an Ecozone Enterprise for a period of 3 days, based on the total duties and taxes due on its actual importations during the three-month. It is recommended to use the third quarter months of year 2000 or the preceding years whichever is higher as basis. for importations of Ecozone enterprises located at MEPZ I, the average duties and taxes due on importations shall be computed based on cargo discharged at Cebu International Port and destined for MEPZA. Airfreight destined for MEPZ I locators that will transship through the access road need not be covered by a bond in view of the access gate between CBW 36 - MCIAA and MEPZ I.

The BOC may require an Ecozone Enterprise to increase the value of its surety bond at the end of a semester or as may be necessary upon determination of significant increase in the level of its actual importations (as against the level of past importations used in the determination of the amount of its surety bond), in order to ensure that its surety bond provides adequate coverage of taxes and duties due on its current importations.

The initial surety bond to be posted by the Ecozone enterprise should be valid until 31 December 2002.

As clarified in the Memorandum of the Commissioner of Customs dated 16 October 2001, the surety bond shall operate as a One-Time-Bond, the filing of which is deemed compliance with the provisions of JMO No. 1-2001 dated 24 August 2001.

b. A Certification under oath by the Import/Export Manager or responsible official of the Ecozone Enterprise on the average duties and taxes due on importations for a three-day period. Based on the total taxes and duties due on its actual importations during past three (3) months immediately preceding the posting of its bond.

Ecozone Enterprises shall submit to the CPCO similar certifications within one week after the end of each semester to be used in determining the need for Ecozone Enterprises to increase the value of their surety bonds.

c. A duly accomplished "Authority for the Cargo Handover Process" (ACHP) issued by the Ecozone Enterprise for any customhouse broker it contracts to undertake transactions for the BOC release and transfer of tax and duty-exempt import shipments covered by this Order; and/or

A duly accomplished "Special Power of Attorney" (SPA) issued by the Ecozone Enterprise authorizing its regular employee(s) to undertake transactions for the BOC release and transfer of tax and duty-exempt import shipments covered by this Order. A copy of the SPA shall be filed with the BOC Law Division for record purposes prior to its submission to the CPCO.

The formats and contents of the ACHP and the SPA are, herewith, attached to this Order as Annex B.

2.5 Final distribution of the IEIRD-Transit Document shall be as follows:

White (working copy).....	CPCO File
Yellow copy	National Statistics Office (NSO)
Orange copy	Tariff Commission
Gray copy	PEZ Zone Manager
Blue copy	Zone Collector of Customs
Green copy	CBW Operator/Terminal
Pink copy	Broker/Attorney-in-Fact
Xerox copy of the original	CPCO PEZA Section (Delivery Confirmation Copy)

(Please refer to Item No. 4.5-a iii)

2.6 For a tax and duty-exempt shipment arriving by sea at the CIP, the duly authorized representative of an Ecozone Enterprise operating in an economic zone located in Mactan Island shall file an IEIRD-Transit SAD at the Mactan CPCO and present the delivery copy of the IEIRD-Transit to the Deputy Collector for Operations at the CIP, who, in turn, shall check the authenticity of the document using the Automated Customs Operations System (ACOS) before giving final authority for the release of the import shipment.

2.7 For an import shipment containing goods not covered by the tax and duty-exemption incentive granted by PEZA to an Ecozone Enterprise, its duly authorized representative shall file for an amendment of the manifest at the port of discharge so that separate entries (bills of lading/AWBs) can be issued to cover goods and materials covered by the tax and duty-exemption incentives and for those that are not covered by the incentive.

3. ADMINISTRATIVE PROVISIONS

3.1 Pending the construction of the CPCO office at the Mactan Customshouse, the CPCO shall be located at Customs Public Bonded Warehouse No. 36 in the Mactan International Airport Complex (MIAC) in Lapu-Lapu City. The CPCO shall be transferred to the Mactan Customshouse upon the completion of the CPCO office facility or after ten months, whichever comes first.

3.2 The CPCO shall operate as one-stop-shop office for official clearing, releasing/hand-over of import shipments covered by this Order to duly authorized Ecozone Enterprise representatives, who shall be fully responsible for their safe and timely delivery to the respective economic zone destinations.

3.3 The District Collector shall designate the Chief and Assitant Chief of the CPCO. The latter shall automatically perform the duties and functions of the Chief, in the absence of the former in order to prevent disruption of CPCO operations.

The personnel complement of the Customs Section of the CPCO shall be of such number as may be required by the exigencies of the service.

3.4 The filing and processing of the IEIRD-Transit, as well as the release of the delivery copy to the duly authorized Ecozone Enterprise representatives, shall be made at the Mactan CPCO.

Ecozone Enterprises located in economic zones in Mactan Island shall also file the IEIRD-Transit for tax and duty-exempt import shipments arriving by sea at the CIP at the Mactan CPCO. However, the tax and duty-exempt import shipment shall only be released upon authorization of the Deputy Collector for Operations of the District Port of Cebu.

4. CPCO PROCEDURE AND DOCUMENTATION REQUIREMENTS FOR RELEASE/CLEARANCE OF TAX AND DUTY-EXEMPT IMPORT SHIPMENTS OF ECPZPNE ENTERPRISES.

4.1 The PEZA Section of the CPCO shall undertake the following:

- a. Receive IEIRD-Transit from duty auhorized representative of the Ecozone Enterprise;
- b. Verify whether the person lodging the IEIRD-Transit Documents is the duly authorized representative of the Ecozone Enterprise by requiring him to present his valid Mactan Customs Police and SSS ID cards;
- c. Verify the authenticity and validity of the PEZA Open Import Permit attached to the IEIRD-Transit ;

The verification shall be conducted manually, using the official copy of the Import Permit or a computer file to be established for the purpose, until the establishment of the Electronic Import Permit System, as provided in Section 3.6 of the JMO 1-2001.

- d. Highlight all articles on the invoice not covered by the PEZA Import Permit and IEIRD-Transit document (working copy) and report inclusion of such articles to the CPCO for proper action;
- e. Maintain a special logbook of import shipments cleared/released and authorized for transfer;
- f. Collect PEZA fees and charges required under existing regulations; and
- g. Forward IEIRD to the Encoding Section of the CPCO.

4.2 The CPCO encoding Section shall undertake the following:

- a. Encode applications for clearance/release and transfer of import shipments to ACOS to compose the ASYCUDA++ Transit Document.
- b. Assign entry numbers to the ASYCUDA++ Transit Document.
- c. Print the Transit Authorization (TA) to be attached to the entry working copy, indicating completion of encoding.
- d. Forward IEIRD to the CPCO Customs Section.

4.3 The CPCO Customs Section shall undertake the following:

- a. Check completeness and integrity of all required documents and ensure that the IEIRD-Transit is properly is properly accomplished and signed by the authorized representative of the Ecozone Enterprise.

Require the duly authorized representative of the Ecozone Enterprise to present proof of posting of the required surety bond provided in Item No. 3.4-a until full ACOS automation of the verification process.

- b. Check if the shipment is properly manifested using the ACOS Manifest Clearance System, when it is already established;
- c. Verify if the import shipment is covered by a HOLD/ALERT ORDER issued in accordance with current regulations and call the attention of the Holding/Alerting Office.

The Holding/Alerting Office may decide to conduct a simple spot check or complete physical examination of the import shipment, or detain/seize it as may be necessary.

- d. For import shipments not covered by any HOLDER/ALERT ORDER or shipments previously covered HOLD/ALERT ORDER which has already been lifted, collect the required BOC Cargo Transfer Fee (CTF).

Presently, the CFT for entries lodged through the CPCO using IEIRD-Transit and on which the cost of the IEIRD Form and documentary stamps have been previously paid, is P432.00. On the other hand, the CTF for entries lodged through Direct Trader Input (DTI)/Electronic Data Interchange (EDI) is P737.00.

The CTF shall be collected manually until the establishment of an automated system for collection of fees in ASYCUDA. The said automated collection of fees shall follow applicable concepts embodied in CMO 23-97 - GUIDELINES ON THE IMPLEMENTATION OF THE AUTOMATED COLLECTION OF IMPORT PROCESSING FEE (IPF) FOR WAREHOUSING ENTRIES.

- e. Compare the particulars of the IEIRD-Transit (mandatory fields only) with the details in the manifest and write-off the manifest (i.e., indicate the reference number of the IEIRD-Transit on it), until this process has been fully automated with the establishment of the ACOS Manifest Clearance System.

f. Segregate the yellow and orange copies of the IEIRD-Transit for transmittal to the NSO and Tariff Commission, respectively; and

g. Forward the remaining IEIRD-Transit to CPCO Chief.

4.4 The CPCO shall undertake the following:

a. Upon determination that the documentation and processing of the IEIRD-Transit are in order:

i. Use color-coded stamps indicating zone of destination (MEPZ I or other Economic Zones). Stamp "APPROVED FOR TRANSFER" and affix his signature on the pink, gray, blue, green and Xerox copies of the IEIRD-Transit and forward said copies to the PEZA Section of the CPCO for implementation of the cargo handover process and other appropriate action.

ii. Forward the green copy of the IEIRD-Transit to the Deputy Collector for Operations who shall manually lift the duty stop until the establishment of the automated interface or OLRs with Customs Bonded Warehouse (CBW) Operators.

This step, however, is not necessary for import shipments arriving by sea at the CIP and/or stored at the CIP and other facilities under the direct control of the Cebu District Collector, in which case the CPCO Chief shall stamp on the IEIRD-Transit: "FOR CLEARANCE OF THE DEPUTY COLLECTOR FOR OPERATIONS, PORT OF CEBU."

b. Perform such other tasks as directed or which may be deemed necessary and appropriate to facilitate the cargo transfer process and/or to prevent fraud or loss of Customs revenues.

4.5 The PEZA Section of the CPCO shall undertake the following:

a. Release and hand-over the four (4) copies of the IEIRD-Transit, received from the CPCO Chief, to the authorized representative of the Ecozone Enterprise, with the following instructions:

i. Deliver the pink copy of the IEIRD-Transit to the Customs Bonded Warehouse (CBW) Operator for appropriate action;

ii. Deliver the blue copy of the IEIRD-Transit to the Collector of Customs in the economic zone, or his authorized representative, upon arrival of the shipment at the economic zone destination within 24 hours;

iii. Deliver the gray and Xerox copies of the IEIRD-Transit to the PEZA Manager upon delivery of the import shipment at the economic zone destination and ask him to sign the back of the Xerox or Delivery Confirmation Copy (DCC) of the IEIRD-Transit, indicate the date and time of the arrival of the import shipment at the economic zone and describe the condition of the import shipment packages upon arrival;

iv. Return the duly signed and annotated DCC of the IEIRD-Transit to the PEZA Section of the CPCO to confirm delivery of the import shipment to its economic zone destination for recording the transaction the completion of the cargo transfer process in the special CPCO logbook;

The duly signed and annotated DCC of the IEIRD-Transit must be returned to the CPCO within 24 hours from the departure of the import shipment from the CBW.

Failure to return the duly signed and annotated DCC of the IEIRD-Transit within the specified 24-hour period shall cause the conduct of an immediate investigation to determine the cause of such failure. Alternatively, or in addition to the investigation, the BOC may require subsequent import shipments of the Ecozone Enterprise concerned to be escorted by a Customs Guard during the transfer process, until satisfactory resolution of the failure of the Ecozone Enterprise or its authorized representatives to comply with the 24-hour deadline for the submission of the duly signed and annotated DCC of the IEIRD-Transit.

b. Require the authorized representative of the Ecozone Enterprise to acknowledge receipt of the corresponding copies of the IEIRD-Transit by signing the special CPCO logbook affixing his right thumbmark with his signature, which must not be different or at variance from the signature appearing in his Mactan Customs Police and SSS ID Cards and/or ACHPA or SPA, thus completing the cargo hand-over process.

c. Require the authorized representative of the Ecozone Enterprise to write/indicate in the pink copy (e.g., Delivery Copy) of the IEIRD-Transit his complete name and the numbers of his Mactan Customs Police and SSS ID Cards, as well as the control number of his SPA, assigned by the BOC Law Division if he is an employee of the Ecozone Enterprise.

d. Ensure the delivery of the import shipment to its economic zone destination by monitoring submission of the duly signed and annotated DCC of the IEIRD-Transit within the specified 24-hour deadline until the full establishment of the ASYCUDA Transit System.

This will include maintenance of a complete file of duly signed and annotated Delivery Confirmation Copies of the IEIRD-Transit returned to the CPCO.

e. Perform such other tasks as directed or may be deemed necessary and appropriate to facilitate the cargo transfer process.

5. CARGO TURNOVER PROCEDURE AT THE CUSTOMS BONDED WAREHOUSE

5.1 Both the CBW Operator and the Customs Warehouseman shall undertake the following:

a. Check the validity and integrity of the pink copy (e.g. Delivery Copy) of the IEIRD-Transit, and treats the documents as the combined Delivery Permit and Boatnote of the import shipments;

b. Verifies whether the person submitting the pink copy (e.g., Delivery Copy) of the IEIRD-Transit is the authorized representative of the Ecozone Enterprise; and

c. Require the authorized representative of the Ecozone Enterprise to acknowledge receipt of the import shipment by signing the pink copy (i.e. Delivery Copy) of the IEIRD-Transit.

5.2 The CBW Operator, together with the Customs Warehouseman concerned and the authorized representative of the Ecozone Enterprise shall check the quantity, marks and weight of the import shipment and shall supervise its actual loading on the transport vehicle (carrier) to ensure integrity of the operations.

5.3 The CBW Operator shall issue the required Gate pass, countersigned by the Custom Warehouseman. The gate pass shall contain the following: IEIRD No., Consignee, Quantity, marks.

5.4 Both CBW Operator and Customs Warehouseman shall check and log the particulars of the carrier vehicle such as, but not limited to, its plate and LTO Certificate of Registration numbers, together with name of the driver, the actual date and time of departure of the import shipment from the CBW premises.

5.5 The CBW Operator shall implement control procedures, such as the use of colored coded stamps to distinguish the release of goods through different gates, similar to the excerpt from Section 3.2 of the Joint Memorandum Agreement on Interim CBW 36 (MCIAA)-MEZ Cargo Transfer Procedure.

5.6 The CBW Operator and/or Customs Warehouseman shall perform such other tasks as directed or as may be deemed necessary and appropriate to facilitate the cargo transfer process.

6. CARGO TURNOVER PROCEDURE AT CEBU INTERNATIONAL PORT

6.1 Import shipments of Ecozone Enterprises covered by IEIRD-Transit processed under this Order shall be cleared/released and deliveries only upon written approval of the Deputy Collector for Operations of the Port of Cebu.

6.2 Current delivery procedures for consumption entries shall follow existing standard procedure on duty and tax-paid shipments.

7. DELIVERY AND RECEIPT AT ECOZONE

As prescribed/provided under Sections 8.0 and 9.0 of BOC-PEZA Joint Memorandum Order No. 1-2001 dated 24 August 2001, the Ecozone Enterprise and its authorized representatives shall be fully responsible for the transfer and delivery of tax and duty-exempt import shipments covered by IEIRDs-Transit processed under this Order.

8. DUTIES OF THE CPCO CHIEF

8.1 Exercise direct supervision and control over all CPCO personnel, to ensure proper and effective implementation of the BOC-PEZA Joint Memorandum Order No. 1-2001 and this Order.

8.2 Transmit appropriate copies of the IEIRD-Transit documents to the government agencies concerned.

8.3 Undertake weekly reconciliation of import shipments released and authorized for transfer and duly signed and annotated DCC of the IEIRD-Transit returned to the CPCO in order to determine import shipments which have not been delivered to their economic zone destinations and which, therefore, may have been taken to the Customs territory.

8.4 Maintain a file of the white copy (working copy) of all IEIRDs-Transit upon completion of the cargo handover/turnover process.

8.5 Collect surety bond obligations through appropriate administrative and/or judicial proceedings, in coordination with the Law Division, if and when such actions are appropriate and necessary.

9. DUTIES OF THE BOC DEPUTY COLLECTORS FOR OPERATIONS, PORT OF MACTAN AND DISTRICT PORT OF CEBU

The primary duties of the BOC Deputy Collectors for Operations in the Port of Mactan and the District Port of Cebu shall be regularly audit the security of the cargo turnover and transfer process and the system as a whole, to ensure that there are no security breaches or irregularities and to investigate any breaches and irregularities, in coordination with the proper law enforcement agencies.

10. PHASE-OUT PROVISION

Any of the above procedures, prescribed in the interim, shall be automatically phased out and discontinued upon establishment of the necessary conceptualized in BOC-PEZA JMO 1-2001.

11. REPEALING CLAUSE

All rules and regulations inconsistent with this Order are hereby deemed repealed suspended or modified accordingly.

12. EFFECTIVITY

This Order shall take effect upon certification by the Deputy Commissioner of the BOC-MISTG that ACOS is ready for the implementation of the ASYCUDA ++ transit System Modules at the created CPCO, as provided for in Section 11 of BOC-PEZA JMO 1-2001.

All concerned shall act and be guided accordingly.

(SGD.) ANTONIO M. BERNARDO

Commissioner

cc: The Director General
Philippine Economic Zone Authority