February 6, 2009

Customs Memorandum Order No. \_\_\_\_ ර ~ වරා ෆු

Subject:

Procedures for the Payment of Advance Duty Deposit and the Final Payables Implementing CAO 10-2008 and

BSP Circular 638 Series 2009

# 1.0 Objectives

- 1.1 To properly implement CAO 10-2008 dated 12 November 2008 entitled "Payment Application Secure System Version 5.0 (PASS 5)" and BSP Circular 638 Series 2009 entitled "Circular Amending Circular No. 909-83 dated 6 January 1983"
- 1.2 To provide clear guidelines on how to accomplish and lodge a Single Administrative Document Import Entry Declaration (SAD-IED) for the payment of advance duty deposit required under PD 1853 dated 21 December 1982 and the Single Administrative Document Import Entry and Internal Revenue Declaration (SAD-IEIRD) for the final payment of duties, taxes and other charges into the e2m Customs System.

# 2.0 Scope

This Order provides detailed instructions to declarants in paying the advance duty deposit and the final payables on importations cleared through the e2m Customs System.

#### 3.0 General Provisions

- 3.1 Upon implementation of Phase 3 of the e2m Customs System in a Customs District or any of its Sub-ports, the use of the existing paper Import Entry Declaration (IED) Form for paying the advance duty deposit to an Authorized Agent Bank (AAB) will be discontinued effective on the specific dates formally announced by the Commissioner of Customs.
- 3.2 In lieu of a paper IED, payment of advance duty deposit to an Authorized Agent Bank (AAB) in observance of PD 1853 dated 21 December 1982 must be accomplished through an electronic IED, which in the e2m Customs is in the form of a Single Administrative Document (SAD) with a model of declaration as "IED".
- 3.3 Mandatory submission of printed Import Entry and Internal Revenue Declaration (IEIRD) to the AABs, as a requirement before the payment of duties and taxes and as the first step in Customs clearance covered by consumption and warehousing entries, is hereby likewise discontinued.
- e2m Customs System shall compute the final payable due on the importation based on the particulars contained in the SAD-IEIRD and submitted to the Customs via an accredited Value-Added Service Provider (VASP). e2m Customs shall generate a final payment instruction (FPI) and transmit the same to the AAB nominated in the SAD-IEIRD via the BOC-Bankers Association of the Philippines (BAP)/ Philippine Clearing House Corporation (PCHC) Payment Gateway ("Payment Gateway", for brevity). The respective AAB internal system shall cause the debit of the amount stated in the FPI from the nominated account,

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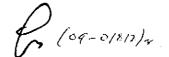
- generate a Final Payment Confirmation (FPC) and electronically transmit this to the BOC thru the Payment Gateway.
- 3.5 The filing of SAD-IED and/or payment of advance duty deposit shall not serve as a ground for contesting any abandonment of the importation that may ensue in case of failure to file IEIRD or to claim the importation within the prescribed period.

### 4.0 Operational Provisions

- 4.1 The Box numbers mentioned in the succeeding paragraphs correspond to the Box numbers in the SAD, a printed sample of which is in Annex A.
- 4.2 Payment of Advance Duty Deposit
  - 4.2.1 To accomplish a SAD-IED and pay the advance duty deposit, the declarant must log-in to an accredited VASP and accomplish a Customs Declaration on-line.
  - 4.2.2 On box 1 of the SAD, type "IED" for model of declaration.
  - 4.2.3 On box number 28 on Financial and Banking Data and opposite the label Bank Ref. No., type the AAB Reference Number assigned to the client for each registered bank account from where the advance deposit of customs duty will be charged.
  - 4.2.4 After providing the rest of the data elements required in the SAD-IED (see Annex B for the instructions on filling up a SAD-IED), electronically submit it to the e2m Customs System which would require the declarant to affix his electronic signature issued pursuant to CMO 39-2008. The VASP will provide the procedure for affixing an electronic signature.
  - 4.2.5 After validating the SAD-IED, e2m Customs System sends an electronic payment instruction together with details of the SAD-IED to the bank through the Payment Gateway.
  - 4.2.6 Declarant prints the SAD-IED for his file and for presentation to the AAB for the opening of the Letter of Credit.
  - 4.2.7 e2m Customs System will send to the VASP the advance payment confirmation message received from the Payment Gateway.
  - 4.2.8 A SAD-IED may be used at any Customs port other than that previously indicated in the SAD-IED provided it will be used for the same shipment covered by the said SAD-IED.

# 4.3 Payment of Final Payables of Duties, Taxes and Fees

- 4.3.1 To accomplish a SAD-IEIRD and pay the final payables, the declarant must log-in to an accredited VASP and accomplish a SAD on-line.
- 4.3.2 On box number 28 of the SAD-IEIRD on Financial and Banking Data and opposite the label "Bank Ref. No.", type the AAB Reference Number assigned to the client for the particular bank account from where the advance duty deposit has been paid and from where the final payment will be debited.
- 4.3.3 In the Terms of Payment Section of the SAD-IEIRD, encode the required particulars from the SAD-IED opened for the importation, more particularly the appropriate code which is "57" and the SAD-IED reference number. Other non-cash payment instruments (eg. Tax Debit Memos) to pay for the importation are likewise indicated in this section.
  - 4.3.3.1 A Tax Debit Memo (TDM) can be used only once. Utilization of unused balance should be applied with the issuing authority.



- 4.3.4 After providing the rest of the data elements required in the SAD-IEIRD (instructions on filling up the SAD-IEIRD shall be covered by a separate Order), electronically submit it to the e2m Customs System which would require the declarant to affix his electronic signature issued pursuant to CMO 39-2008. The VASP will provide the procedure for affixing an electronic signature.
- 4.3.5 If the SAD-IEIRD is selected "YELLOW or RED LANE" under the e2m Customs System, declarant must print the SAD-IEIRD and submit the same and all required supporting document to BOC. Only after the SAD-IEIRD is re-routed to the Green channel and assessed shall the FPI be generated and sent to the Payment Gateway.

Until further orders, for SAD-IEIRD not Selected or popularly known as "GREEN" entry, the printed SAD-IEIRD with all required supporting documents must be submitted to BOC not later than Tuesday of the following week. The FPI shall be automatically generated and sent to the Payment Gateway.

4.3.6 In compliance with the records-keeping requirements of the BOC under existing laws, the Declarant prints the SAD-IEIRD together with the Tax Assessment Notice after receipt of the Payment confirmation message.

# 5.0 Repealing Clause

All Customs Memorandum Orders inconsistent with the provisions of this Order are hereby deemed modified and/or amended accordingly.

# 6.0 Effectivity

This Order shall take effect in all designated Customs Offices consistent with the scheduled roll-out of Phase 3 of the e2m Customs System (see Annex C for the e2m Customs phases).

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