



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

[DATE]

**CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. _____**

**SUBJECT: CLEARANCE PROCEDURES FOR GOODS ENTERED FOR
CONSUMPTION UNDER THE FORMAL ENTRY PROCESS**

Introduction. This CAO implements Sections 103 to 109, Chapter 2, Title I, Sections 400 to 414, Chapter 1, Title IV, Sections 419 to 422, Chapter 2, Title IV, Sections 424 to 436, Chapter 3, Title IV and Sections 700 to 708, Chapter 1, Title VII pursuant to Section 201 in relation to Section 204 of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This CAO shall apply to all importations entered for Consumption through a Formal Entry Process, whether or not subject to payment of duties and taxes.

Section 2. Objective. To prescribe the policy guidelines in the processing of clearance of imports that is aligned with international standards and best practices.

Section 3. Definition of Terms.

- 3.1. Airway Bill (AWB)** - refers to a transport document for airfreight used by airlines and international freight forwarders which specify the holder or consignee of the bill who has the right to claim delivery of the goods when they arrive at the port of destination. It is a contract of carriage that includes carrier conditions, such as limits of liability and claims procedures. In addition, it contains transport instructions to airlines and carriers, a description of the goods, and applicable transportation charges.¹
- 3.2. Assessment** - refers to the process of determining the amount of duties and taxes and other charges due on imported goods.²
- 3.3. Authorized Agent Bank (AAB)** - refers to commercial banks authorized by the Bureau to collect payment of duties and taxes.³

¹ *cf* Customs Modernization and Tariff Act (CMTA), Title I, Chapter 2, Section 102(d).

² *cf* CMTA, Title I, Chapter 2, Section 102(f); *cf* World Customs Organization (WCO) Glossary of International Customs Terms; *cf* Revised Kyoto Convention (RKC), General Annex, Chapter 2, E2./F19.

³ *cf* Manual on Cargo Clearance, Definition of Terms, page vii.

- 3.4. Bill of Lading (B/L)** - refers to a transport document issued by shipping lines and international freight forwarders or non-vessel operating common carrier for water-borne freight. The holder or consignee of the bill has the right to claim delivery of the goods at the port of destination. It is a contract of carriage that includes carrier conditions, such as limits of liability and claims procedures. In addition, it contains transport instructions to shipping lines and carriers, a description of the goods, and applicable transportation charges.⁴
- 3.5. Break Bulk Cargo** – refers to non-containerized general cargo stored in boxes, bales, pallet or other individual units to be loaded onto or discharged from vessels, not shipped in containers or in bulk.⁵
- 3.6. Bulk Cargo** – refers to cargoes in a mass of one commodity not packaged, bundled, bottled or otherwise packed.⁶
- 3.7. Cargo Manifest** - A listing of the goods comprising the cargo (freight) carried in a means of transport or in a transport-unit. The Cargo manifest which gives the commercial particulars of the goods, such as transport document numbers, consignors, consignees, marks and numbers, number and kind of packages, descriptions and quantities of the goods. It is also known as cargo declaration.⁷
- 3.8. Clearance** - refers to the completion of customs and other government formalities necessary to allow goods to enter for consumption.⁸
- 3.9. Commercial Quantity** – quantity for a given kind or class of articles which are in excess of what is compatible or commensurate with a person’s normal requirements for personal use.⁹
- 3.10. Conditionally Tax and/or Duty-Exempt Importation** – refers to goods exempt from the payment of import duties upon compliance with certain formalities prescribed under pertinent customs issuances.¹⁰
- 3.11. Consignee** – the party appearing in the transport document to whom delivery may be lawfully made in accordance with the contract of carriage.¹¹

⁴ *cf* CMTA, Title I, Chapter 2, Section 102(h).

⁵ *cf* CMO No. 18-2010 on “Procedure for the Bulk and Break Bulk Cargo Clearance Enhancement Program Mandated under Administrative Order No. 243 as amended by AO No. 243-A”, Section 2, Subsection 2.4.

⁶ *cf* CMO No. 18-2010, Section 2, Subsection 2.3.

⁷ *cf* World Customs Organization (WCO), Glossary of International Customs Terms.

⁸ *cf* CMTA, Title I, Chapter 2, Section 102(k) *cf* RKC, General Annex, Chapter 2, E5./F9.

⁹ *cf* Customs Memorandum Order (CMO) No. 10-2012 on “Guidelines for the Implementation of Department Order No. 57-2011”, Section 1.

¹⁰ *cf* CMTA, Title VIII, Chapter 1, Section 800, 1st paragraph; *cf* Tariff and Customs Code of the Philippines (TCCP), as amended, Volume I, Book I, Title I, Section 105.

- 3.12. Customs Broker** - refers 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"¹² and registered with the Bureau.
- 3.13. Declarant** – any person who makes goods declaration or in whose name a goods declaration is made,¹³ as enumerated under Subsection 4.10.1. of this CAO. Further, in the processing of goods declaration under the formal entry process, the declarant must be registered in the Bureau's existing Client Profile Registration System (CPRS) and recognized to electronically lodge the goods declaration.
- 3.14. Discharge Port Survey (DPS) Report** - a report issued by an Accredited Cargo Surveying Company (ACSC) for bulk or break bulk cargo after the conduct of a survey at the port of discharge.¹⁴
- 3.15. Entry** - refers to the act, documentation and process of bringing imported goods into the customs territory, including goods coming from free zones.¹⁵
- 3.16. Examination of Goods** - means the physical inspection of goods by the Bureau to satisfy themselves that the nature, origin, condition, quantity and value of the goods are in accordance with the particulars furnished in the goods declaration.¹⁶
- 3.17. Free Carrier (FCA)** - an international commercial term covered by the Incoterms rules developed by International Chamber of Commerce (ICC) which means free carrier or that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. The parties are well advised to specify clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.¹⁷
- 3.18. Free on Board (FOB)** - an international commercial term covered by the Incoterms rules developed by International Chamber of Commerce (ICC) which means free on board or that the seller delivers the goods on board the vessel nominated by the buyer at the named port of

¹¹ *cf* Customs Administrative Order (CAO) No. 01-2007 on "Penalties Related to Inward Foreign Manifest and Consolidated Cargo Manifest", Glossary of Terms, Section 2, Subsection 2.7.

¹² *cf* CMTA, Title I, Chapter 2, Section 102(n); *cf* CMTA, Title XII, Chapter 1, Section 1200; *cf* CMO No. 06-2006 on "Rules and Regulations Governing the Accreditation of Customs Brokers Transacting with the Bureau of Customs and Other Purposes", Part I, Section 2, Subsection 2.1.

¹³ *cf* RKC, General Annex, Chapter 2, E14./F7; *cf* CMTA, Title I, Chapter 2, Section 106.

¹⁴ *cf* CMO No. 18-2010, Section 2, Subsection 2.6.

¹⁵ *cf* CMTA, Title I, Chapter 2, Section 102(r).

¹⁶ *cf* RKC, General Annex, Chapter 2, E17./F27.

¹⁷ *cf* International Commercial Terms 2010.

shipment or procures the goods already delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.¹⁸

3.19. Freely Importable Goods – refers to goods that may be freely imported into the Philippines without need for import permits, clearances or licenses, unless otherwise provided by law or regulation.¹⁹

3.20. Goods - refers to articles, wares, merchandise and any other items which are subject of importation.²⁰

3.21. Goods Declaration - refers to a statement made in a manner prescribed by customs laws, rules and regulations for the entry or admission of imported goods.²¹

3.22. Importation - refers to the act of bringing in of goods from a foreign territory into Philippine territory, whether for consumption, warehousing, or admission.²²

3.23. Load Port Survey (LPS) Report – a report issued by an Accredited Cargo Surveying Company (ACSC) for bulk or break bulk cargo to be imported into the Philippines. The report shall be submitted to the Bureau directly from the ACSC in a secure electronic format.²³

3.24. Lodgement - refers to the registration of a goods declaration with the Bureau,²⁴ in a manner prescribed under customs laws, rules and regulations.

3.25. Online Release System (OLRS) – involves the electronic transmission of release instruction messages from the Bureau to the respective Customs Facilities and Warehouses (CFW), which include Arrastre operators, Off-dock Container Yard-Container Freight Station (CY-CFS) operators, and warehouse operators, granting these entities authority to release the goods to the rightful owner.²⁵

3.26. Prohibited Importation²⁶ - The importation of the following goods are prohibited:

¹⁸ *cf* International Commercial Terms 2010.

¹⁹ *cf* CMTA, Title I, Chapter 3, Section 116.

²⁰ *cf* CMTA, Title I, Chapter 2, Section 102(x).

²¹ *cf* CMTA, Title I, Chapter 2, Section 102(y); *cf* RKC, General Annex, Chapter 2, E19./F8.

²² *cf* CMTA, Title I, Chapter 2, Section 102(z).

²³ *cf* CMO No. 18-2010, Section 2, Subsection 2.5.

²⁴ *cf* CMTA, Title I, Chapter 2, Section 102(dd).

²⁵ *cf* Manual on Cargo Clearance Procedure, page ix.

²⁶ *cf* CMTA, Title I, Chapter 3, Section 118 (a), (b), (c), (d), (e) and (g); *cf* TCCP, Volume I, Book I, Title I, Section 101, Subsections (b), (c), (d), (g), (h) and (k).

- 3.26.1.** Written or printed goods in any form containing any matter advocating or inciting treason, rebellion, insurrection, sedition against the government of the Philippines, or forcible resistance to any law of the Philippines, or written or printed goods containing any threat to take the life of, or inflict bodily harm upon any person in the Philippines;
- 3.26.2.** Goods, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises, describes or gives direct or indirect information where, how or by whom unlawful abortion is committed;
- 3.26.3.** Written or printed goods, negatives or cinematographic films, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character;
- 3.26.4.** Any goods manufactured in whole or in part of gold, silver or other precious metals or alloys and the stamp, brand or mark does not indicate the actual fineness of quality of the metals or alloys;
- 3.26.5.** Any adulterated or misbranded food or goods for human consumption or any adulterated or misbranded drug in violation of relevant laws and regulations;
- 3.26.6.** Infringing goods as defined under the Intellectual Property Code and related laws;²⁷ and
- 3.26.7.** All other goods or parts thereof, which importation are explicitly prohibited by law or rules and regulations issued by the competent authority.

3.27. Regulated Importation – refers to goods that are subject to regulation, which shall be imported only after securing the necessary clearances, licenses, and any other requirements prior to importation.

However, in case of regulated importation which cannot comply with the above requirements, declarant may still be allowed to submit the same after arrival, but prior to release from customs custody, pursuant to governing laws and regulations.²⁸

3.28. Release of Goods - refers to the action by the Bureau to permit goods undergoing clearance to be placed at the disposal of the

²⁷ *cf* CMTA, Title I, Chapter 3, Section 118(f).

²⁸ *cf* CMTA, Title I, Chapter 3, Section 117.

consignee or holder of the covering bill of lading or airway bill concerned.²⁹

3.29. Restricted Importation³⁰ - Except when authorized by law or regulation, the importation of the following restricted goods are prohibited:

3.29.1. Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, or parts thereof;

3.29.2. Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other goods when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof;

3.29.3. Lottery and sweepstakes tickets, except advertisements thereof and lists of drawings therein;

3.29.4. Marijuana, opium, poppies, coca leaves, heroin or other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes;

3.29.5. Opium pipes or parts thereof, of whatever materials; and

3.29.6. Any other goods whose importation is restricted.

The restriction to import the above stated goods shall include the restriction on their transit.³¹

3.30. Return – refers to the findings made by the customs officer after examination as to the description, appraisal and classification of the goods.

3.31. Security - refers to any form of guaranty, such as a surety bond, cash bond, standby letter of credit or irrevocable letter of credit, which ensures the satisfaction of an obligation to the Bureau.³²

²⁹ *cf* CMTA, Title I, Chapter 2, Section 102(kk); *cf* RKC, General Annex, Chapter 2, E24./F20.

³⁰ *cf* CMTA, Title I, Chapter 3, Section 119; *cf* TCCP, Volume I, Book I, Title I, Section 101, Subsections (a), (e), (f), (i) and (j).

³¹ *cf* CMTA, Title I, Chapter 3, Section 119.

³² *cf* CMTA, Title I, Chapter 2, Section 102(mm); *cf* RKC, General Annex, Chapter 2, E26./F17.

- 3.32. Selectivity** - it is the selection of either goods declarations or shipments for documentary and / or physical examination based on certain criteria or profiles made by the Risk Management Office of the Bureau.³³
- 3.33. Single Administrative Document (SAD)** – is an internationally used form as customs declaration or goods declaration. It was designed to standardize customs documents, harmonize codification and simplify procedures in international trade exchanges.³⁴
- 3.34. Supplemental Declaration on Valuation (SDV)** – is a form accomplished under oath which contains questions pertaining to circumstances surrounding the import transaction to bind the importer in his declaration under pain of criminal sanction when the information disclosed, such as on the existence or non-existence of relationship between the buyer and the seller, turns out to be false. It is seen to deter against erroneous or fraudulent value declaration under a self-assessment regime.
- 3.35. Tax Credit Certificate (TCC)** – refers to the certificate evidencing the tax credit due to the taxpayer named therein, duly issued in accordance with existing laws, rules and regulations which shall bear, among others, the name of the grantee, the amount of credit, the date of issuance and period of validity, that can be used to settle duties and taxes due to the national government.
- 3.36. Tax Debit Memo (TDM)** – refers to the proof that a portion of the TCC amount has been set aside for payment of duties and taxes due, and may be used as such payment within its validity period.
- 3.37. Tax Exemption Certificate (TEC)** – refers to a document issued by the Department of Finance (DOF) that grants exemption to particular persons of a particular class from payment of duties and taxes including excise taxes which persons and other entities are generally obliged to pay.³⁵
- 3.38. Tentative Assessment** – refers to the assessment of a provisional goods declaration pending final readjustment and submission by the declarant of the additional information or documentation required to complete the declaration within the period provided in Subsection 4.11.5. of this CAO.³⁶
- 3.39. Tentative Release** - refers to a remedy where the assessment is disputed and pending review, an importer may put up a cash bond

³³ *cf* Manual on Cargo Clearance, Definition of Terms, page *ix*.

³⁴ *cf* UNCTAD, ASYCUDA.

³⁵ *cf* DOF Revenue Office Operations Manual (2016), Title II.

³⁶ *cf* CMTA, Title IV, Chapter 3, Section 426.

equivalent to the duties, taxes and other charges due on goods before the importer can obtain the release of said goods.³⁷

Section 4. General Provisions.

4.1. When Importation Begins and Deemed Terminated. Importation begins when the carrying vessel or aircraft enters the Philippine territory with the intention to unload therein. Importation is deemed terminated when:

4.1.1. The duties, taxes and other charges due upon the goods have been paid or secured to be paid at the port of entry unless the goods are free from duties, taxes and other charges and legal permit for withdrawal has been granted; or

4.1.2. In case the goods are deemed free of duties, taxes and other charges, the goods have legally left the jurisdiction of the Bureau.³⁸

4.2. Goods Liable to Duties and Taxes. All goods, when imported into the Philippines, shall be subject to duty upon importation, including goods previously exported from the Philippines,³⁹ except the following:

4.2.1. Those that are conditionally tax and/or duty-exempt importations under Section 800, Chapter 1, Title VIII of the CMTA;

4.2.2. Those considered as *De Minimis* importations;

4.2.3. Importations of books under the Florence Agreement;

4.2.4. Other tax privileges granted by law;

4.2.5. Importations under the Customs Bonded Warehousing System; and

4.2.6. Importations intended for free port zones.

4.3. Entry of Imported Goods. All goods imported into the Philippines shall be entered through a customs office at a port of entry,⁴⁰ or may be admitted to or removed from a free zone, as the case may be.⁴¹

³⁷ *cf* CMTA, Title I, Chapter 2, Section 102(qq).

³⁸ *cf* CMTA, Title I, Chapter 2, Section 103; *cf* TCCP, Volume II, Book II, Title IV, Part 1, Section 1202.

³⁹ *cf* CMTA, Title I, Chapter 2, Section 104, 1st paragraph; *cf* TCCP, Volume I, Book I, Title 1, Section 100.

⁴⁰ *cf* RKC, Chapter 3, 3.20.

⁴¹ *cf* CMTA, Title IV, Chapter 1, Section 400; *cf* TCCP, Volume II, Book II, Title IV, Part 1, Section 1201.

Imported goods shall be deemed "entered" in the Philippines for consumption when the goods declaration is electronically lodged together with any required supporting documents⁴² in the Information and Communication Technology (ICT) enabled Customs Cargo Clearance System, accessible to customs office; Provided, in case of manual filing⁴³ authorized under certain circumstances the goods shall be considered "entered" as of the date of the manual filing.

- 4.4. Importations by the Government.** Except those which are considered conditionally tax and/or duty-exempt importations, all importations by the government for its own use or that of its subordinate branches or instrumentalities, or corporations, agencies or instrumentalities owned or controlled by the government, shall be subject to the duties, taxes, fees and other charges.⁴⁴

In case of deferred payment, it shall comply with the pertinent regulations of Department of Budget and Management (DBM) and other government agencies on deferred payment scheme pursuant to DOF-DBM Joint Circular No. 2-91.

- 4.5. Owner of Imported Goods.** The following shall be deemed owners of imported goods:

- 4.5.1.** Consignee;
- 4.5.2.** Holder of the Bill of Lading, Airway Bill, or other equivalent transport document if duly endorsed by the consignee therein;
- 4.5.3.** If consigned to order, duly endorsed by the consignor;
- 4.5.4.** Underwriters of abandoned goods; or
- 4.5.5.** Salvors of goods saved from wreck at sea, coast, or in any area of the Philippines.⁴⁵

- 4.6. Liability for Duties and Taxes.** Unless relieved by laws and regulations, the owner shall be liable for duties, taxes, fees and other charges due for each importation. Such liability constitutes a personal

⁴² *cf* CMTA, Title I, Chapter 3, Section 115; *cf* TCCP, Volume I, Book I, Title II, Part 1, Section 205, 1st paragraph.

⁴³ *cf* CAO No. 8-2008 on "Requiring Electronic Lodgment of Goods Declarations and Imposing Administrative Sanctions for Non-Compliance with the Requirement", Section 3; *cf* CMO No. 40-2008 on "Implementing CAO 8-2008, Requiring Electronic Lodgment of Goods Declaration and Imposing Administrative Sanctions for Non-Compliance with the Requirement", Section 3.

⁴⁴ CMTA, Title IV, Chapter 1, Section 406; *cf* TCCP, Volume II, Book II, Title IV, Part 1, Section 1205; *cf* CMO No. 09-1998 on "Mode of Payment of Duties & Taxes for Government Importations and Implementing Joint Circular 5-98 & Department of Budget and Management Instructions".

⁴⁵ *cf* CMTA, Title IV, Chapter 1, Section 404; *cf* TCCP, Volume II, Book II, Title IV, Part 1, Section 1203.

debt of the owner to the government and shall be discharged only upon full payment. It also constitutes a lien on the imported goods which may be enforced while such goods are under customs custody.⁴⁶

4.7. Documentary Requirements. Unless and until the Bureau is operating in a paperless environment, the printout of Single Administrative Document (SAD) which is signed by the declarant and the customs broker, if any, and duly notarized must be submitted to the Formal Entry Division (FED) or its equivalent office or unit, together with the following documents:

4.7.1. Duly endorsed Bill of Lading or Airway Bill, or certification by the carrier or agent of the vessel or aircraft;

4.7.2. Commercial Invoice, Letter of Credit or any other verifiable commercial document evidencing payment; in cases where there is no sale for export, by any commercial document indicating the commercial value of the goods;⁴⁷

4.7.3. Packing List;

4.7.4. Duly notarized Supplemental Declaration on Valuation (SDV);

4.7.5. Documents as may be required by rules and regulations, such as:

a) Import Permit or Clearance;

b) Authority to Release Imported Goods (ATRIG);

c) Proof of Origin for Free Trade Agreements (FTAs);

d) Copy of an Advance Ruling, if the ruling was used in the goods declaration;

e) Load Port Survey (LPS) or Discharge Port Survey (DPS) report for bulk or break bulk importations;

f) Document evidencing exemption from duties and taxes;

g) Others, e.g., Tax Credit Certificate (TCC) or Tax Debit Memo (TDM).

4.7.6. To enhance customs control and support a cost effective customs operations geared towards a paperless customs environment and after due consultation with directly affected parties and stakeholders, the Bureau shall implement an ICT-

⁴⁶ *cf* CMTA, Title IV, Chapter 1, Section 405; *cf* TCCP, Volume II, Book II, Title IV, Part 1, Section 1204.

⁴⁷ *cf* CMTA, Title IV, Chapter 1, Section 402, last paragraph.

enabled Cargo Clearance System based on international standards. Towards this end, the Bureau shall communicate, exchange and process trade- and logistics-related information in the national and regional level for the efficient and prompt clearance of goods and commodities in a technology-neutral and secured infrastructure for business, industries, and government.

The security of data and communication shall be in a manner that is consistent with applicable local and internationally accepted standards on information security. The Bureau shall likewise include as part of its systems and processes, a disaster preparedness and recovery plan to ensure business continuity by maintaining its uptime goal for its electronic and online services.

For purposes of customs procedures, electronic documents, permits, licenses or certificates shall be acceptable and shall have the legal effect, validity or enforceability as any other document or legal writing. Provided, that when the prescribed requirements are duly complied with, the Bureau shall:

- a) Recognize the authenticity and reliability of electronic documents;
- b) Transmit approval in the form of electronic data messages or electronic documents; and
- c) Require and/or accept payments and issue receipts acknowledging such payments through systems using electronic data messages or electronic documents.⁴⁸

Electronically submitted goods declaration shall be governed by Republic Act No. 8792, otherwise known as the "Electronic Commerce Act of 2000". Such declarations when printed and certified by a competent customs officer as a faithful reproduction of the electronic submission shall be considered as actionable documents for purposes of prosecuting a declarant if the declarations are found to be fraudulent.⁴⁹

4.8. Exchange Rate. For the assessment and collection of import duty upon imported goods and for other purposes, the value and prices of the goods quoted in foreign currency shall be converted into the currency of the Philippines at the current rate of exchange or value

⁴⁸ *cf* CMTA, Title I, Chapter 2, Section 109.

⁴⁹ *cf* CMTA, Title IV, Chapter 1, Section 412, last paragraph; *cf* Republic Act No. 8792 on "An Act Providing for the Recognition and Use of Electronic Commercial and Non-Commercial Transactions and Documents, Penalties for Unlawful Use Thereof, and For Other Purposes".

specified or published, from time to time, by the Bangko Sentral ng Pilipinas (BSP) and as circularized by the Bureau.⁵⁰

4.9. Effective Date of Rates of Import Duty. Imported goods shall be subject to the import duty rates under the applicable tariff heading that are effective at the date of importation or upon withdrawal from the warehouse for consumption, i.e., upon lodgement of the goods declaration for consumption. In case of withdrawal from free zones for introduction to the customs territory, the duty rate at the time of withdrawal shall be applicable on the goods originally admitted, whether withdrawn in its original or advanced form.⁵¹

4.10. Lodgement of Goods Declaration.

4.10.1. Persons Authorized to Lodge Goods Declaration - (Declarant).⁵² Any person who makes a goods declaration or in whose name a goods declaration is made.

a) The importer, being the holder of the bill of lading or airway bill;

In case the importer is a juridical person, it may authorize a responsible officer of the company to sign the goods declaration as declarant on its behalf.

i. For corporation, the responsible officer must be authorized by the Board of Directors to sign as the declarant on its behalf.

ii. For partnership, the responsible officer must be authorized by the partners.

iii. For sole proprietorship, the responsible officer must be authorized by the owner, who shall issue a Special Power of Attorney (SPA).

b) A customs broker⁵³ acting under the authority of the importer or from a holder of the bill; or

c) A person duly empowered to act as agent or attorney-in-fact for each holder of the bill.

⁵⁰ *cf* CMTA, Title VII, Chapter 1, Section 708; *cf* TCCP, Volume I, Book I, Title II, Part 1, Section 203.

⁵¹ *cf* CMTA, Title I, Chapter 2, Section 105, 1st paragraph; *cf* TCCP, Volume I, Book I, Title II, Part 1, Section 204.

⁵² *cf* CMTA, Title I, Chapter 2, Section 106.

⁵³ *cf* CMTA, Title I, Chapter 2, Section 102(n); *cf* CMTA, Title XII, Chapter 1, Section 1200; *cf* CMO No. 06-2006.

The goods declaration submitted to the Bureau shall be processed by the declarant or by a customs broker. Provided, that for the first two (2) years from the effectivity of the CMTA, an agent or attorney-in-fact for each holder shall not be authorized to lodge as declarant, unless he or she is a responsible officer of a juridical person, consistent with international standards and customs best practices.⁵⁴

4.10.2. Rights and Responsibilities of the Declarant. The declarant shall be responsible for the accuracy of the goods declaration and for the payment of all duties, taxes and other charges due on the imported goods.⁵⁵ The customs broker or responsible officer or the agent or attorney-in-fact of the importer, as the case may be, shall likewise be responsible for the accuracy of the goods declaration but shall not be responsible for the payment of duties, taxes and other charges due on the imported goods.⁵⁶

The declarant shall sign the goods declaration, even when assisted by a customs broker, who shall likewise sign the goods declaration.⁵⁷

After two (2) years from the effectivity of the CMTA, the declarant shall sign the goods declaration, even when assisted by an agent or attorney-in-fact, who shall likewise sign the goods declaration.

4.10.3. Electronic Lodgement.⁵⁸ All goods declaration shall be filed to the electronic lodgement facility of the Bureau which allows the declarant to prepare submit and register goods declaration online at anytime, anywhere following the SAD format.

Manual processing⁵⁹ of the goods declaration shall not be allowed, except upon approval of the request by the District or Sub-port Collector concerned, subject to the MISTG certifying that a technical problem has occurred, i.e. computer systems breakdown, power failure (which renders the computer system non-operational) or the payment system of the Philippine Clearing House Corporation (PCHC) or AAB is offline. The declarant shall be required to lodge electronically

⁵⁴ *cf* CMTA, Title I, Chapter 2, Section 106.

⁵⁵ *cf* RKC, General Annex, Chapter 3, 3.8.

⁵⁶ *cf* CMTA, Title I, Chapter 2, Section 107; *cf* RKC, General Annex, Chapter 3(b), Section 3.8; *cf* CMO No. 06-2006.

⁵⁷ *cf* CMTA, Title I, Chapter 2, Section 107.

⁵⁸ *cf* CAO No. 8-2008; *cf* CMO No. 40-2008; *cf* RKC, General Annex, Chapter 3, Section 3.21.

⁵⁹ *cf* CAO No. 8-2008, Section 3; *cf* CMO No. 40-2008, Section 3.

a goods declaration submitted manually within twenty-four (24) hours from the re-activation of the computer system.

4.10.4. Period within Which to Lodge. Goods declaration must be lodged within fifteen (15) days from the date of discharge of the last package from the vessel or aircraft. The period to lodge the goods declaration may, upon request, be extended on valid grounds for another fifteen (15) days subject to the approval of the District Collector. Provided, that the request is made before the expiration of the original period within which to lodge the goods declaration. Provided, however, that the period for the lodgement of the goods declaration may be adjusted by the Commissioner.⁶⁰

4.10.5. Advance Lodgement and Clearance. The Bureau may provide for the lodgement and clearance of goods declaration and supporting documents prior to the arrival of the goods under such terms and conditions as may be provided by rules and regulations to be promulgated by the Bureau.⁶¹

Regulated and restricted goods shall not be released without the submission of the requisite clearances or permits; Provided, that the goods of importers registered under the Super Green Lane (SGL), Super Green Lane Plus (SGL+) and Authorized Economic Operators (AEO) Program, shall be allowed release even without submission of clearances or permits, provided, further that the same shall be submitted post clearance.

4.11. Forms and Types of Goods Declaration.

4.11.1. Goods Declaration for Consumption. All goods with Free on Board (FOB) or Free Carrier (FCA) value of at least fifty thousand pesos (Php50,000.00) shall be entered through a goods declaration for consumption and cleared through a formal entry process, except for personal and household effects or goods, not in commercial quantity, imported in a passenger's baggage or mail, which shall be cleared thru an informal entry process.⁶²

4.11.2. Declaration of Goods that is Part for Consumption and Part for Warehousing. Goods declaration covered by one (1) bill of lading or airway bill over goods which are meant in

⁶⁰ *cf* CMTA, Title IV, Chapter 1, Section 407, 3rd paragraph; *cf* RKC, General Annex, Chapter 3, Section 3.24.

⁶¹ *cf* CMTA, Title IV, Chapter 1, Section 409.

⁶² *cf* CMTA, Title IV, Chapter 1, Section 402.

part for consumption and in part for warehousing may be both entered simultaneously for release at the port of entry.⁶³

For this purpose, an application for splitting of bill of lading or airway bill shall be made by the declarant to the District Collector, to enable separate lodgement of consumption and warehousing goods declaration.

4.11.3. Statements to be provided in the Goods Declaration.

No entry of imported goods shall be allowed unless the goods declaration has been lodged with the Bureau. The goods declaration shall under penalties of falsification or perjury contain the following statements:⁶⁴

- a) The invoice and goods declaration contain an accurate and faithful account of the prices paid or payable for the goods, and other adjustments to the price actually paid or payable, and that nothing has been omitted therefrom or concealed whereby the government of the Republic of the Philippines might be defrauded of any part of the duties, taxes and other charges lawfully due on the goods; and
- b) To the best of the declarant's information and belief, all the invoices and bills of lading or airway bills relating to the goods are the only ones in existence and that these documents are in the same state as when they were received by the declarant, and the declaration thereon are in all respects genuine and true.⁶⁵

It shall remain the responsibility of the declarant to disclose and declare all relevant and applicable data and information in order to determine the proper duties, taxes and other charges due and payable.⁶⁶

4.11.4. Contents of Goods Declaration.⁶⁷ Except as otherwise provided for in Subsection 4.11.5. of this CAO covering the rules on provisional goods declaration, all goods declaration shall contain the following:

- a) Name of the consignee;

⁶³ *cf* CMTA, Title IV, Chapter 1, Section 410; *cf* TCCP, Volume II, Book II, Title IV, Part 2, Section 1303.

⁶⁴ *cf* CMTA, Title IV, Chapter 1, Section 412; *cf* TCCP, Volume II, Book II, Title IV, Part 2, Section 1304.

⁶⁵ *cf* CMTA, Title IV, Chapter 1, Section 412; *cf* TCCP, Volume II, Book II, Title IV, Part 2, Section 1304.

⁶⁶ *cf* CAO No. 10-2008 on "Payment Application Secure System Version 5. (PASS5)", Subsection 4.2.

⁶⁷ *cf* CMTA, Title IV, Chapter 1, Section 411; *cf* TCCP, Volume II, Book II, Title IV, Part 2, Section 1306; *cf* RKC, General Annex, Chapter 3, Section 3.12.

- b)** Name of the importing vessel or aircraft;
- c)** Port of departure;
- d)** Port of destination;
- e)** Date of arrival;
- f)** The number and marks of packages, or the quantity, if in bulk;
- g)** The nature and correct commodity description of the goods contained therein.⁶⁸

The description of goods in the goods declaration must be sufficient and specific in detail to enable the goods to be identified for customs valuation, statistical purposes, and classification to the appropriate tariff heading and subheading in the currency of the invoice, and in such other particulars necessary for the proper assessment and collection of duties and taxes. The quantity and value of each of the several classes of goods shall be separately declared according to their respective headings and subheadings and the totals of each heading and subheading shall be duly sworn.⁶⁹

- h)** Its value as set forth in a proper invoice. Commercial invoice of imported goods shall contain the following:
 - i.** The agreed price paid or to be paid for the goods;
 - ii.** The adjustments to the price paid or to be paid as defined in Section 701 (1), Chapter 1, Title VII of the CMTA, if not yet included in the invoice, as may be applicable;
 - iii.** The names of the buyer, seller, and the time and place of sale;
 - iv.** The port of entry;
 - v.** A sufficient description to enable the accurate identification of goods for tariff classification, customs valuation, and statistical purposes, indicating the

⁶⁸ *cf* CMTA, Title IV, Chapter 1, Section 411; *cf* TCCP, Volume II, Book II, Title IV, Part 2, Section 1306.

⁶⁹ *cf* CMTA, Title IV, Chapter 1, Section 413; *cf* TCCP, Volume II, Book II, Title IV, Part 2, Section 1307; *cf* CAO No. 08-2007 on "Description of Articles in Tariff Terms", *cf* CMO No. 28-2007 on "Implementing CAO No. 08-2007 entitled Description of Articles in Tariff Terms"; *cf* CMO No. 26-2014 on "Descriptions for Motor Vehicles in Item 31 of the Single Administrative Document in e2m".

correct commodity description, in customary term or commercial designation, the grade or quality, numbers, marks or symbols under which they are sold by the seller or manufacturer, together with the marks and number of packages in which the goods are packed;

- vi.** The quantities in the weights or measures of the goods shipped; and
- vii.** Any other fact deemed necessary for the proper examination, customs valuation, and tariff classification of the goods as may be prescribed by rules and regulations.

To the extent possible, the above requirements shall also apply to goods imported but not covered by sale, such as goods on consignment or lease, samples, or donations, covered by a consignment, pro forma invoice, or other non-commercial invoice.⁷⁰

- i)** Such other information as may be required by rules and regulations.⁷¹

4.11.5. Provisional Goods Declaration.⁷² Provisional goods declaration may be allowed in order to prevent goods from being declared abandoned.

- a)** Lodgement of provisional goods declaration may be allowed in the following circumstances:
 - i.** When the required license, permit or clearance, has not been issued by the regulatory agency concerned, provided that the importer has filed his application for such license, permit or clearance, prior to the arrival of the goods, except in cases where submission of license, permit or clearance is allowed after arrival of the goods but prior to release from customs custody, as provided by governing rules and regulations, e.g., application for Authority To Release Imported Goods (ATRIG) is filed after arrival of the goods; application for Bureau of Product Standard (BPS).

⁷⁰ *cf* CMTA, Title IV, Chapter 1, Section 414; *cf* TCCP, Volume II, Book II, Title IV, Part 2, Section 1308; *cf* CAO No. 08-2007; *cf* CMO No. 28-2007; *cf* CMO No. 26-2014.

⁷¹ *cf* CMTA, Title IV, Chapter 1, Section 411.

⁷² *cf* CMTA, Title IV, Chapter 1, Section 403, 1st paragraph; *cf* RKC, General Annex, Chapter 3, Section 3.13.

complete the declaration within 45 days from the lodgement of the provisional goods declaration;⁷⁵

- iii. May be subject to conditional release upon posting of a sufficient security, to guaranty the submission of documents and information to complete the declaration.
- d) Conditions for the release of goods under provisional goods declaration.
- i. Posting of sufficient Security in appropriate cases.⁷⁶ Goods under provisional goods declaration may be released upon posting of any required security to cover the amount of duties, taxes and other charges that shall be collected when the information or document is not submitted within the prescribed period.⁷⁷ When the ground for provisional goods declaration does not affect the final computation of duties, taxes and other charges, no security shall be required for the tentative release of the goods.
 - ii. The goods are not regulated commodity requiring import permit or clearance prior to its release.
- e) Effects of the non-compliance of the 45-day period.
- i. In case the declarant fails to submit the required documents, the security posted or the regulated goods shall be forfeited, provided, due notice is given to the declarant.

4.11.6. Amendment of Goods Declaration. A declarant may amend the goods declaration that has already been lodged, provided, that the request to amend the goods declaration, together with the intended amendments, must be received prior to final assessment or examination of goods.⁷⁸

Amendment of the goods declaration may be allowed based on the following grounds:

- a) Obvious clerical error;

⁷⁵ *cf* CMTA, Title IV, Chapter 3, Section 426.

⁷⁶ *cf* CMTA, Title XV, Sections 1506 and 1507; *cf* RKC, General Annex, Chapter 5, Sections 5.5 and 5.6.

⁷⁷ *cf* CMTA, Title IV, Chapter 1, Section 403, last paragraph.

⁷⁸ *cf* CMTA, Title IV, Chapter 1, Section 408; *cf* RKC, General Annex, Chapter 3, Section 3.27.

- b) Mistakes or omissions during the lodgement of the goods declaration without any fraudulent intent; or
- c) Amendment of the Cargo Manifest; and
- d) Other valid grounds.

4.11.7. Post Modification of Goods Declaration.⁷⁹ Subject to the approval of the District Collector, post modification of goods declaration by authorized customs officers may be allowed to revise or modify all data fields in the SAD except for those listed in Subsection 4.11.8. of this CAO.

Post Modification of goods declaration may be allowed even after payment of the assessed duties, taxes and other charges and whether or not the goods has been released from customs custody.

4.11.8. Cancellation of Goods Declaration.⁸⁰ Upon request of the declarant and subject to the approval of the District Collector, cancellation of goods declaration may be allowed when it is necessary to revise the following specific data fields in the assessed SAD which cannot be done under post modification:

- a) Customs Office Code
- b) Model of Declaration/General Procedure Code (Box 1)
- c) Importer's Reference Number/TIN No. (Box 8)
- d) Declarant's Reference Number/TIN No. (Box 14)
- e) Registry/Manifest Number (Box 18)
- f) Bill of Lading Number (Box 40a)
- g) Type of Package (Box 31)
- h) Number of Packages (Box 31 and Box 6)
- i) Gross Weight (Box 35)
- j) Container Reference Numbers (Box 31)
- k) Warehouse (Box 49)
- l) All entries or data in the Attached Document Page

⁷⁹ cfCMO No. 53-2010 on "Supplemental Guidelines in the Implementation of CMO 27-2009 re: Post Entry Modification of SAD (PMS) and SAD Cancellation (SC).", Section 3, Subsections 3.1 and 3.2.

⁸⁰ cfCMO No. 53-2010, Section 3.1., Subsections 3.1.7.1. to 3.1.7.13.

m) All entries or data in the Terms of Payment (TOP) page⁸¹

4.11.9. Penalties for Errors in Goods Declaration. The Bureau shall not impose substantial penalties for errors when such errors are inadvertent and there was no fraudulent intent or gross negligence in the commission thereof.⁸²

Errors are said to be inadvertent when the same does not affect the assessment of duties, taxes and other charges i.e. location of goods, importer's reference number, declarant's reference number, office code, bank reference number and other analogous circumstances. Inadvertent errors in goods declaration shall be imposed an administrative fine of five hundred pesos (Php500.00) per goods declaration.

Errors which are inadvertent but with substantial effect on the assessment of duties, taxes and other charges shall be imposed an administrative fine of one thousand pesos (Php1,000.00) per goods declaration. Inadvertent errors but with substantial effect shall include but not limited to the following:

- a)** Declared value;
- b)** Dutiable freight;
- c)** Dutiable insurance premium;
- d)** Dutiable other charges; or
- e)** Claim for exemption or preferential treatment.

4.12. Selectivity System. The Bureau shall use an automated process known as the Selectivity System that determines the selection of the examination procedures based on risk criteria established in the Customs Cargo Clearance System. The Customs Cargo Clearance System assigns the declared goods to one of the following control channels:

4.12.1. Green lane – released without documentary check and without examination of the goods;

4.12.2. Yellow lane – documentary check;

4.12.3. Red lane – documentary check; and physical examination or non- intrusive inspection, or magna scale weighing, when necessary; or

⁸¹ cf CMO No. 53-2010, Section 3.2.

⁸² cf CMTA, Title I, Chapter 2, Section 108; cf RKC, General Annex, Chapter 3, Section 3.39.

4.12.4. Blue lane – to be considered for post clearance audit.⁸³

4.13. Forms of Customs Formalities on Goods Declaration.

4.13.1. Documentary check

4.13.2. Non-intrusive inspection – refers to inspection by use of x-ray scanners.⁸⁴ Non – intrusive inspection shall be conducted when:

- a) The goods are electronically selected for x-ray examination;
- b) It is directed by the Commissioner or the District Collector.

4.13.3. Physical examination – refers to physical inspection of goods by the Bureau to ascertain that the nature, origin, condition, quantity and value of the goods are in accordance with the particulars furnished in the goods declaration.⁸⁵

Grounds for physical examination of goods:⁸⁶

- a) The goods are electronically selected “RED” for physical examination;
- b) When the goods declaration are selected “YELLOW” and there are issues and controversies surrounding the goods declaration and the import clearance process;
- c) The goods are subject of an Alert Order issued by the competent authority;
- d) It is directed in writing by the Commissioner or District Collector on account of a derogatory information;
- e) The importer or declarant requests for the examination of the goods; or
- f) After non-intrusive inspection the image result is under “SUSPECT” which requires further physical examination.

Goods of importers registered under the Super Green Lane (SGL), Super Green Lane Plus (SGL+) or Authorized Economic

⁸³ *cf* CMO No. 19-2007 on “Lodgement of Entries thru VASP”, Title IV, Section 4.2., Subsection 4.2.3.

⁸⁴ *cf* CMTA, Title IV, Chapter 2, Section 420; *cf* CMO No. 17-2008 on “Amendments to CMO Nos. 18-96, 18-96A & 18-96B in The Conduct of Examination of Shipments in Ports with Selectivity System”, Section 3.

⁸⁵ *cf* RKC, General Annex, Chapter 2, E17./F27.

⁸⁶ *cf* CMTA, Title IV, Chapter 2, Section 420; *cf* TCCP, Volume II, Book II, Title IV, Part 3, Section 1401.

Operators (AEO) Program or of those provided for under any existing trade facilitation program of the Bureau shall be exempt from physical examination.⁸⁷ The Commissioner may however require the physical examination under circumstances as may be provided by regulations.

4.14. Examination of Goods.

Examination of goods shall be conducted immediately after the goods declaration has been lodged. Priority in the examination shall be given to live animals, perishable goods and other goods requiring immediate examination.⁸⁸

Whenever necessary, a system of coordination and joint examination of goods shall be established by the Bureau and other regulatory agencies under existing laws and regulations.⁸⁹

As a general rule, the Bureau may examine the goods in the presence of the declarant or an authorized representative. Examination of goods in the absence of the declarant or authorized representative may be allowed in exceptional circumstance and for valid and justifiable grounds, as may be defined by regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner. The Bureau may require the declarant to be present or to be represented at the examination of the goods or to render any assistance necessary to facilitate the examination.⁹⁰

When the Bureau requires laboratory analysis of samples, detailed technical documents or expert advice, it may release the goods before the results of such examination are known after posting of sufficient Security by the declarant.⁹¹

The Bureau shall take samples of the goods only when needed to establish the Tariff description and value of goods declared. Samples drawn shall be as minimal as possible.⁹²

4.14.1. Sample Request Regulations on Goods under Examination.

a) Samples shall be limited to one of its kind;

⁸⁷ *cf* CMTA, Title IV, Chapter 2, Section 420, 3rd paragraph.

⁸⁸ *cf* CMTA, Title IV, Chapter 1, Section 419, 1st paragraph; *cf* RKC, General Annex, Chapter 3, Sections 3.33 and 3.34.

⁸⁹ *cf* CMTA, Title IV, Chapter 1, Section 419, 2nd paragraph; *cf* RKC, General Annex, Chapter 3, Section 3.35.

⁹⁰ *cf* CMTA, Title IV, Chapter 1, Section 419, 3rd paragraph; *cf* RKC, General Annex, Chapter 3, Sections 3.36 and 3.37.

⁹¹ *cf* CMTA, Title IV, Chapter 3, Section 431; *cf* RKC, General Annex, Chapter 3, Section 3.42.

⁹² *cf* CMTA, Title IV, Chapter 1, Section 419, last paragraph; *cf* RKC, General Annex, Chapter 3, Section 3.38.

- b) Samples taken shall be signed for and acknowledged by the requesting party; and
- c) Immediately after examination of the samples, the same shall be returned to the importer by the requesting or receiving party.⁹³

4.14.2. Witnesses in the Conduct of Examination of Goods.

- a) For regulated goods – representative from the regulatory agency/ies, as may be required and the declarant or duly authorized representative.
- b) For freely importable goods – the declarant or his duly authorized representative.

For this purpose, the Formal Entry Division or its equivalent office or unit shall ensure that prior notice is given to all witnesses.

4.14.3. Examination in the Absence of the Declarant or His Duly Authorized Representative.

- a) Despite due notice, the declarant or his authorized representative fails to be physically present;
- b) Unknown or fictitious consignee; and
- c) Goods subject of Controlled Delivery.

4.14.4. Duties of Customs Officer Tasked to Examine the Imported Goods. The extent of the physical examination shall depend on whether the goods are containerized, bulk or break bulk, loose cargoes, dangerous cargoes, refrigerated cargoes, cargoes in liquid or solid form, cargoes in crates or special containers to be discharged at the pier or shipside transfer and such other conditions which may be hazardous to the health and safety of those conducting the examination.

In the examination, classification, and valuation of the goods, the customs officer shall:

- a) Determine whether the packages for examination and their contents are in accordance with the goods declaration, invoice and other pertinent documents;
- b) Take samples of the imported goods for examination or laboratory analysis when necessary;

⁹³ cf CMO No. 07-1990 on "Sample Request Regulations on Shipments Under Examination".

- c) Issue a receipt for a sample taken and retained during examination; and
- d) Report whether the goods have been correctly declared as to value, quantity, measurement, weight, tariff classification and not imported contrary to law.

Failure on the part of the customs officer to perform the above duties shall be penalized according to Section 1431, Chapter 2, Title XIV of the CMTA.⁹⁴

4.14.5. Customs Expenses Constituting Charges on Goods. The cost of examination shall be for the account of the importer. All expenses incurred by the Bureau for the handling or storage of goods and other necessary operations shall be chargeable against the goods, and shall constitute a lien thereon.⁹⁵

4.15. General Rules of the Interpretation (GRI).⁹⁶ Classification of goods and its Tariff Nomenclature shall be governed by the principles stated under Section 1610, Chapter 3, Title XVI of the CMTA.

4.16. Basis of Valuation.

4.16.1. Sequential Application of Valuation Method. Imported goods shall be valued in accordance with the provisions of Section 701 of the CMTA whenever the conditions prescribed therein are fulfilled.

Where the customs value cannot be determined under the provisions of Section 701 of the CMTA, it is to be determined by proceeding sequentially through the succeeding sections hereof to the first such section under which the customs value can be determined. Except as provided in Section 704 of the CMTA, it is only when the customs value cannot be determined under the provisions of a particular section that the provisions of the next section in the sequence can be used.

If the importer does not request that the order of Sections 704 and 705 of the CMTA be reversed, the normal order of the sequence is to be followed. If the importer so requests but it is impossible to determine the customs value under

⁹⁴ *cf* CMTA, Title IV, Chapter 2, Section 421; *cf* TCCP, Volume II, Book II, Title IV, Part 3, Section 1403.

⁹⁵ *cf* CMTA, Title IV, Chapter 2, Section 422; *cf* TCCP, Volume II, Book II, Title IV, Part 4, Section 1506.

⁹⁶ *cf* CMTA, Title XVI, Chapter 3, Section 1610.

Section 705 of the CMTA, the customs value shall be determined under Section 704 of the CMTA.

When the customs value cannot be determined under Sections 701 through 705 of the CMTA, it may be determined under Section 706 of the CMTA.⁹⁷

a) Methods of Valuation

- i.** Transaction Value System – Method One;
- ii.** Transaction Value of Identical Goods – Method Two;
- iii.** Transaction Value of Similar Goods – Method Three;
- iv.** Deductive Value – Method Four;
- v.** Computed Value – Method Five; and
- vi.** Fallback Value – Method Six.⁹⁸

4.16.2. Ascertainment of the Accuracy of the Declared Value.

The Bureau has the right to ascertain the truth and accuracy of any statement, document or declaration presented for customs valuation purposes. When a declaration has been presented and when the Bureau has reason to doubt the truth or accuracy of the particulars or of documents produced in support of such declaration, it may ask the importer to provide further explanation, including documents or other evidence, that the declared value represents the total amount actually paid or payable for the imported goods, adjusted in accordance with the provisions of Section 701, Chapter 1, Title VII of the CMTA.

If in the course of determining the dutiable value of imported goods, it becomes necessary to delay the final determination of such dutiable value, the importer shall nevertheless be able to secure the release of the imported goods upon posting of a sufficient security in an amount equivalent to the duties and taxes, if any, as may be determined. Provided, that prohibited goods shall not be released under any circumstance.

⁹⁷ *cf* CMTA, Title VII, Chapter 1, Section 700; *cf* CAO No. 4-2004 on "Amendment to Customs Administrative Order 5-2001 (Implementing Republic Act 9135: An Act Amending Certain provisions of Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines, as amended (Customs Code), and for other purposes)".

⁹⁸ *cf* CMTA, Title VII, Chapter 1, Sections 701 to 706; *cf* CAO No. 4-2004; *cf* TCCP, Volume I, Book I, Title II, Part 1, Section 201.

If after receiving further information, or in the absence of a response, the Bureau still has reasonable doubts on the truth or accuracy of the declared value, it may deem that the customs value of the imported goods cannot be determined under method one, without prejudice to an importer's right to appeal pursuant to Section 1104, Chapter 1, Title XI of the CMTA. Before taking a final decision, the District Collector shall communicate to the importer, in writing if requested, the grounds for doubting the truth or accuracy of the particulars or documents produced and give the importer a reasonable opportunity to respond. When a final decision is made, the Bureau shall communicate its decision and the grounds therefor in writing.⁹⁹

4.17. Assessment. For purposes of assessing duties, taxes and other charges on imported goods, the customs officer shall classify, value, and determine the duties, taxes and other charges to be paid.¹⁰⁰ Assessment shall be deemed completed when the Bureau transmits the payment instruction to the AAB to debit the amount assessed from the account of the importer or consignee.

4.18. Tentative Assessment.

4.18.1. Goods Subject to Dispute Settlement. Assessment shall be deemed tentative if the duties and taxes initially assessed are disputed by the importer on the following grounds:

- a) Tariff classification; or
- b) Protest case involving valuation, rules of origin, and other customs issues.

The assessment shall be completed upon final readjustment based on the resolution of the disputed issues.¹⁰¹

4.18.2. Provisional Goods Declaration. Assessment of a provisional goods declaration shall be deemed tentative, subject to Subsection 4.11.5. of this CAO.

4.19. Final Assessment. Upon completion of the assessment, the Bureau shall issue an Assessment Notice to the importer which also serves as payment instruction to the AAB to debit the amount of duties, taxes and other charges from the account of the importer. Assessment shall

⁹⁹ *cf* CMTA, Title VII, Chapter 1, Section 707; *cf* CAO No. 4-2004, Section 2H; *cf* TCCP, Volume I, Book I, Title II, Part 1, Section 201(F), 3rd to last paragraph.

¹⁰⁰ *cf* CMTA, Title IV, Chapter 3, Section 424.

¹⁰¹ *cf* CMTA, Title IV, Chapter 3, Section 425.

be deemed final fifteen (15) calendar days after receipt of the Notice of Assessment by the importer or consignee.¹⁰²

4.20. Modes of Payment. Customs duties, taxes and other charges payable can only be paid through the following:

4.20.1. Cash payment through debit from the importer's nominated account/s in an AAB.

Import Processing Fee (IPF), Container Security Fee (CSF), Customs Documentary Stamps (CDS), fines, surcharges and other charges must be paid in cash.

4.20.2. Non-cash payment

a) Tax Credit Certificate (TCC) or Tax Debit Memo (TDM).

AABs shall not accept TCCs or TDMs as payment for customs duties and taxes.

b) Deferred Payment Government Account (DPGA).

Procedures for the non-cash payments through TCCs, TDMs or DPGA shall be governed by separate regulations to be issued by the Commissioner.

4.21. Final Payment for Cash Payment. The final payment will be debited by the concerned AAB from the designated debit account upon receipt of the final payment instruction from the Bureau via the payment gateway, subject to the bank's confirmation and security procedures for payment instructions.¹⁰³

4.22. Transmittal of Payment Confirmation. In all cases of cash payment instruction received, the AABs should complete the collection and thereafter transmit a payment confirmation to the electronic gateway payment unless there is no sufficient balance in the debit account.¹⁰⁴

If no payment confirmation is received within fifteen (15) calendar days from the date of receipt by the AAB of the final payment instruction, the goods declaration is considered abandoned.¹⁰⁵

4.23. Abandonment. If no payment confirmation is received within fifteen (15) calendar days from the date of receipt by the AAB of the final payment instruction, then the importer or consignee shall be deemed

¹⁰² cfCMTA, Title IV, Chapter 3, Section 429.

¹⁰³ cfCAO No. 10-2008 on "Payment Application Secure System Version 5. (PASS5)", Subsection 4.2.

¹⁰⁴ cfCAO No. 10-2008 on "Payment Application Secure System Version 5. (PASS5)", Subsection 4.2.

¹⁰⁵ cfManual on Cargo Clearance Procedure, page 40.

to have failed to claim his importation after lodging the goods declaration rendering the same liable to abandonment.¹⁰⁶

4.24. Legal Interest for Unpaid Duties, Taxes and Other Charges.

Unpaid duties, taxes and other charges, shall incur legal interest of twenty per cent (20%) per annum computed from the date of final assessment under Section 4.20. of this CAO, when payment becomes due and demandable. The legal interest shall likewise accrue on any fine or penalty imposed.

Upon payment of the duties, taxes and other charges, the Bureau shall issue the necessary receipt or document as proof of such payment.¹⁰⁷

4.25. Release of Imported Goods.

4.25.1. Release of Goods under On Line Release System (OLRS). Goods shall be released only after payment of duties, taxes and other charges, or in case of tentative release by reason of tentative assessment, including any fine or surcharge if applicable and all pertinent rules and regulations have been complied with. The Bureau shall electronically transmit the release instructions to the respective Customs Facilities and Warehouses (CFW) for the release of the goods to their rightful owner.¹⁰⁸

4.25.2. Release of Goods Without Production of Bill of Lading or Airway Bill. No customs officer shall release goods to any person without the submission of the bill of lading or airway bill covering the goods, except on written order of the carrier or agent of the vessel or aircraft, in which case neither the government nor the customs officer shall be held liable for any damage arising from wrongful release of the goods; Provided, that when the release of goods is made against such written order, the customs officer shall require the submission of a certified true copy of the bill.¹⁰⁹

4.25.3. Release of Goods Upon Order of Importer. An importer may issue a written authorization for the release of goods stored in a bonded warehouse to another person. Such authorization shall not relieve the importer from liability for duties, taxes and other charges due on the goods unless the person to whom the release was authorized assumes such

¹⁰⁶ cfCAO No. 10-2008 on "Payment Application Secure System Version 5. (PASS5)", Subsection 4.2.

¹⁰⁷ cfCMTA, Title I, Chapter 2, Section 104.

¹⁰⁸ cfManual on Cargo Clearance Procedure, page 42; cfCMTA, Title IV, Chapter 3, Sections 431 and 436; cfRKC, General Annex, Chapter 3, Section 3.40.; cfTCCP, Volume II, Book II, Title IV, Part 4, Section 1507.

¹⁰⁹ CMTA, Title IV, Chapter 3, Section 433; cfTCCP, Volume II, Book II, Title IV, Part 4, Section 1502.

liability,¹¹⁰ as evidenced by a written agreement between the importer and his assignee.

4.25.4. Withholding Release Pending Satisfaction of Lien.

When the District Collector is duly notified through a lawful order of a competent court of a lien for freight, lighterage or general average upon any imported goods, the District Collector shall withhold the release of the goods unless the claim has been paid or secured. In case of disagreement, the District Collector may release the goods after payment of the freight and lighterage due on the quantity or weight landed as actually determined.¹¹¹

4.25.5. Non-liability for Misdelivery of Goods. Any customs officer who releases goods to the consignee or lawful holder of the bill of lading or airway bill shall not be liable for any defect or irregularity in its negotiation unless the customs officer has notice of defect or irregularity.¹¹²

4.26. Post Release Readjustment of Appraisal and Classification.

Returns made by the customs officers that are finally passed upon and approved or modified by the District Collector or Commissioner, shall not be altered after release of the goods except:

4.26.1. Within one year after payment of the duties, upon statement of error in conformity with Section 912, Chapter 2, Title IX of the CMTA, as approved by the District Collector;

4.26.2. Within fifteen (15) calendar days after such payment, upon request for reappraisal or reclassification addressed to the Commissioner by the District Collector, if the appraisal or classification is deemed to be low;

4.26.3. Upon request for reappraisal and/or reclassification, in the form of a timely protest addressed to the District Collector by the interested party if the latter should be dissatisfied with the appraisal or return; or

4.26.4. Upon demand by the Commissioner after the compliance audit.¹¹³

4.27. Period of Limitation. In the absence of fraud and when the goods have been finally assessed and released, the assessment shall be

¹¹⁰ *cf*CMTA, Title IV, Chapter 3, Section 434.

¹¹¹ *cf*CMTA, Title IV, Chapter 3, Section 435; *cf*TCCP, Volume II, Book II, Title IV, Part 4, Section 1505.

¹¹² CMTA, Title IV, Chapter 3, Section 432; *cf*TCCP, Volume II, Book II, Title IV, Part 4, Section 1501.

¹¹³ *cf*CMTA, Title IV, Chapter 3, Section 427; *cf*TCCP, Volume II, Book II, Title IV, Part 3, Section 1407.

conclusive upon all parties three (3) years from the date of final payment of duties and taxes, or upon completion of the post clearance audit.¹¹⁴

Section 5. Establishment of a Dispute Mechanism. The Commissioner shall establish a mechanism for the settlement of disputes from issues dealing on valuation, rules of origin and other matters relating to the assessment of goods.

Section 6. Penal Provision. Any person who makes or attempts to lodge, process and clear imported goods by means of false or fraudulent statements shall be subject to sanctions and penalties provided under Section 1401, Chapter 1, Title XIV of the CMTA and other applicable penal provisions.

Section 7. Implementing Rules and Regulations. A Customs Memorandum Order (CMO) shall be issued providing the detailed operational procedures for the effective implementation of this CAO.

Section 8. Transitory Provision. Pending full implementation of a comprehensive system that will admit and store electronic commercial documents, including methodologies for authentication thereof, the existing procedure on the submission of documentary requirements by the declarant shall apply. The Bureau shall accept the submission of the documentary requirements here stated.

Section 9. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised if necessary.

Section 10. Repealing Clause. This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions here stated.

Section 11. Separability Clause. If any part of this Order is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 12. Effectivity. This CAO shall take effect within fifteen (15) days from publication at the Official Gazette or a newspaper of national circulation.

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

NICANOR E. FAELDON

Commissioner

Approved:

¹¹⁴ cf CMTA, Title IV, Chapter 3, Section 430; cf TCCP, Volume II, Book II, Title IV, Part 5, Section 1603.

CARLOS G. DOMINGUEZ III

Secretary

Informational Section. As the title denotes this section only provides information and does not give rise to any substantive or formal rights or obligations.

1. History. This is the first Customs Administrative Order covering the Clearance Procedures for Goods Entered for Consumption under the Formal Entry Process.

2. Related Policies.

- CAO No. 01-2016 - Advance Cargo Declaration, Inward Foreign Manifest and Consolidated Cargo Manifest Rule
- CAO No. 04-2011 - Establishing the Super Green Lane Plus Import Processing Facility
- CAO No. 03-2010 - This Order is issued pursuant to Section 608 of the Tariff and Customs Code of the Philippines (TCCP), as amended to supplement Administrative Order (AO) No. 243-A, dated 16 September 2009, and the "Rules to Implement the Bulk and Break Bulk Cargo Clearance Enhancement Program" (hereafter referred to as "Rules") issued by the Committee for Accreditation for Cargo Surveying Companies (CACSC)
- CAO No. 10-2008 – Payment Application Secure System Version 5. (PASS5)
- CAO No. 08-2008 - Requiring Electronic Lodgement of Goods Declarations and Imposing Administrative Sanctions for Non-Compliance with the Requirement
- CAO No. 06-2008 - Bulk and Break Bulk Cargo Clearance Enhancement Program
- CAO No. 08-2007 - Description of Imported Articles in Tariff Terms
- CAO No. 01-2007 – Penalties Related to onward Foreign Manifest and Consolidated Cargo Manifest
- CAO No. 04-2004 - Amendment to Customs Administrative Order 5-2001 (Implementing Republic Act 9135: An Act Amending Certain provisions of Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines, as amended (Customs Code), and for other purposes)
- CAO No. 06-2003 - Amendments to CAO 02-2000 (establishing the Super Green Lane Import Processing Facility)
- CAO No. 02-2000 - Establishing the Super Green Lane Import Processing Facility
- CAO No. 01-2002 - Providing for the use of x-ray machine as an alternative to actual physical examination to further speed up the examination of shipments and the movement of cargoes in the BOC
- CAO No. 05-2001 - Implementing Republic Act 9135: An Act Amending Certain provisions of Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines, as amended (Customs Code), and for other purpose

- CAO No. 06-96 - Rules and Regulations on Examination of Shipments in Ports with Selectivity Systems and Designated Examination Areas
- CMO No. 31-2015 - Revised Rules and Procedures for the Processing of importer or consignees request for amendment of Bill of Lading (BL) and Airway Bill (AWB)
- CMO No. 29-2015 - Revised Procedures and Documentation in the Processing of Formal Consumption Entries
- CMO No. 28-2015 - Mandatory Filing Consumption Entry for Sea Shipment at the Port of Discharge in cases where the Port of Discharge is not the Port of Final Destination
- CMO No. 24-2015 - Procedures in the processing of importer or consignee's request for extension of period to file entry declaration, continues processing of entries, untagging of abandonment and other similar request
- CMO No. 19-2015 - Revised Procedures for the Mandatory Submission of Electronic Manifest in the E2M
- CMO No. 17-2015 - Mandatory Implementation of the Super Green Lane (SGL) Import Processing Facility in all Ports and Subports
- CMO No. 09-2015 - On the Strict Enforcement of Rules Concerning Regulated Imports
- CMO No. 26-2014 – Description for Motor Vehicles in Item 31 of the Single Administrative Document in e2m
- CMO No. 23-2014 - Tagging of Arrival and Date of Last Discharge in e2m for all Vessel and Aircraft Arrivals for which an Electronic Manifest has been filed in e2m.
- CMO No. 22-2014 - Tagging of Arrival and Date of Last Discharge in e2m for all Vessel and Aircraft Arrivals
- CMO No. 10-2014 - Prior Authorization for Manual Release of Import Shipment / By the MISTG DepComm
- CMO No. 04-2014 – Policies, Guidelines and Procedures for the Accreditation of Importers and Customs Brokers with the Bureau of Customs (BOC) pursuant to DOF Department Order No. 12-2014
- CMO No. 12-2012 - Guidelines in the Tagging of e-Permits/Clearances of Import/Export Cargoes through the Philippine National Single Window (PNSW)
- CMO No. 10-2012 – Guidelines for the Implementation of Department Order No. 57-2011
- CMO No. 09-2012 - Requiring the Prior Approval of the Commissioner of Customs or of the Deputy Commissioner, MISTG for the Manual Processing of Import Entries to Effect the Clearance & Release of Imported Goods from Customs
- CMO No. 05-2012A - Amended Simplified Clearance Procedure for Consumption Entries
- CMO No. 05-2012 - Simplified Clearance Procedure for Consumption Entries
- CMO No. 53-2010 - Supplemental Guidelines in the Implementation of CMO No/ 27-2009 re: Post Entry Modification of SAD (PMS) and SAD Cancellation (SC)
- CMO No. 18-2010 - Procedure for the Bulk and Break Bulk Cargo Clearance Enhancement Program mandated under Administrative Order (AO) No. 243 as amended by AO 243-A.

- CMO No. 16-2010 - Rules and Regulations to Implement Customs Administrative Order (CAO) No. 4-2004, more particularly on Dutiable Value.
- CMO No. 10-2012 – Guidelines on the Implementation of Department Order No. 57-2011.
- CMO No. 46-2009 - E2M Amending Annex A of CMO 27-2009 Procedures for the Implementation of E2M Customs System - Phase 3: Import Assessment System IAS in all Port nationwide
- CMO No. 45-2009 - Supplemental Guidelines in the Implementation of CMO No. 27-2009 regarding Tentative Release
- CMO No. 38-2009 - Supplemental Guidelines in the Implementation of CMO No. 27-2009
- CMO No. 37-2009 - Submission of e-Manifest through a Value Added Service Providers (VASPs) & Implementing Guidelines for CAO No. 1-2007
- CMO No. 27-2009 - Procedures for the Implementation of e2m Customs System - Phase 3: Import Assessment System (IAS) in all Customs Ports Nationwide
- CMO No. 40-2008 - Implementing Customs Administrative Order No. 8-2008, Requiring Electronic Lodgement of Goods Declaration and Imposing Administrative Sanctions for Non-Compliance with the Requirement
- CMO No. 17-2008 - Amendments to CMO Nos. 18-96, 18-96A and 18-96B in the conduct of Examination of Shipments in Ports with Selectivity System
- CMO No. 28-2007 - Implementing CAO No. 8-2007 entitled Description of Imported Articles in Tariff Terms
- CMO No. 19-2007 - Lodgement of Entries thru the Value Added Service Providers (VASPs)
- CMO No. 33-2006 - Addendum to CMO 28-2006 on the Cargo Information in relation to the Implementation of CMO 20-2004 dated 30 June 2004 on the Use of the Revised Import Entry and Internal Revenue Declaration IEIRD-BC Form 236
- CMO No. 07-2006 – Establishment of Central Valuation Classification Review and Ruling Committee
- CMO No. 06-2006 - Rules and Regulations Governing the Accreditation of Customs Brokers Transacting with the Bureau of Customs and for other purposes
- CMO No. 10-2005 - Manual Processing of Shipments in case of Computer Systems Breakdown
- CMO No. 20-2004 - Consolidation and Revision of CMO 1-96A, B and C on the use of the revised Import Entry and Internal Revenue Declaration (IEIRD-BC FORM 236)
- CMO No. 12-2004 - Modification of Rules & Regulations on the amendments of Inward Foreign Manifest
- CMO No. 28-2003 - Revised Super Green Lane (SGL) Accreditation and Clearance Procedures
- CMO No. 37-2001 - Revised Cargo Clearance Procedure to Implement Republic Act No. 9135 and CAO No. 5-2001
- CMO No. 02-2001 - Procedures governing the release of cargoes from Off - Dock CY / CFS under ACOS OLRs System

- CMO No. 20-2000 - Implementation of an Electronic Support Procedure in the Processing and Monitoring of Advance Payment Utilization
- CMO No. 18-2000 - Amendments to existing Customs Regulations on Designated Examination Area (DEA)
- CMO No. 02-2000 - Guidelines on the Super Green Lane Procedures
- CMO No. 04-1999 - Treatment of Cash/Check Guarantee for Tentatively Released Shipment or Submission of Required Documents to secure Payment of Duties, Taxes and Other Charges
- CMO No. 09-1998 – Mode of Payment of Duties and Taxes for Government Importations and Implementing Joint Circular 5-98 & Department of Budget and Management Instructions
- CMO No. 18-96B - Responsibilities for the conduct of Examination of Shipments In Ports with Selectivity Systems and Designated Examination Areas
- CMO No. 18-96A - Creation of Designated Examination Areas and Amendment to CMO No. 18-96
- CMO No. 18-96 - Selectivity System in the Customs Clearance Process for Imported Goods
- CMO No. 1-96C - Revised List of Codes for Accomplishing Box 37 of the IEIRD Amending CMO 1-96A (Import Entry Internal Revenue Declaration)
- CMO No. 01-96B – Revision of CMO 1-96A on the use of the Revised Import Entry and Internal Revenue Declaration (BC Form 236)
- CMO No. 01-96A - Revision of CMO 1-96 on the use of the Revised Import Entry and Internal Revenue Declaration (BC Form 236)
- CMO No. 01-96 - Revised Import Entry and Internal Revenue Declaration (BC Form 236)
- CMO No. 07-1990 – Sample Request Regulations on Shipments Under Examination

3. Webpage, Forms, Handbooks and other References.

- a. Single Administrative Document
- b. Tariff and Customs Code of the Philippines, as amended, Volume I, Book I
- c. Tariff and Customs Code of the Philippines, as amended, Volume II, Book II
- d. Revised Kyoto Convention
- e. Manual on Cargo Clearance Procedure (E2M Customs Import Assessment System)
- f. Republic Act
 - RA No. 8792 "An Act Providing for the Recognition and Use of Electronic Commercial and Non-Commercial Transactions and Documents, Penalties for Unlawful Use Thereof, and For Other Purposes"
- g. DOF Revenue Operations Manual 2016
- h. UNCTAD, ASYCUDA
- i. International Commercial Terms 2010
<http://www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/the-incoterms-rules/>
- j. World Customs Organization, Glossary of International Customs Terms

<http://www.wcoomd.org/en/topics/facilitation/resources/~media/949B39871CE147BAB2667EC6758F29C8.ashx>

- k. Bureau of Customs website
<http://customs.gov.ph/importation/>