



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

[DATE]

**CUSTOMS ADMINISTRATIVE ORDER (CAO)**  
**NO. \_\_\_\_\_**

**SUBJECT: TEMPORARY STORAGE OF GOODS**

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**Introduction.** This CAO implements Section 307, Chapter 2, Title III of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA) and other related laws.

**Section 1. Scope.** This CAO applies to the establishment of a system for temporary storage of imports prior to goods declaration in case of all abandoned or overstaying goods.

**Section 2. Objectives.**

- 2.1.** To establish a systematic handling, storekeeping, safekeeping and preservation and inventory of abandoned or overstaying goods in order to protect the interest of the Bureau against unauthorized withdrawal or pilferages thus ensuring zero losses or spoilage of the abandoned or overstaying goods entered in the facility;
- 2.2.** To make full use of ICT-enabled systems in the submission, processing, inventory and release of imported goods; and
- 2.3.** To institute guidelines and promote use of customs facilities for the promotion of security in the supply chain, the proper collection of duties and taxes, the prevention of entry of drugs, and anti-social goods, the facilitation of the clearance process of imported goods prior to declaration as abandoned or overstaying goods.

**Section 3. Definition of Terms.** For purposes of this CAO, the following terms are defined as follows:

- 3.1. Abandoned Goods** — for the purposes of this CAO, abandoned goods shall refer only to imported goods when the owner, importer, consignee, or interested party after due notice, fails to file the goods declaration within the prescribed period in Section 407 of CMTA; Provided, That the term goods declaration shall

include provisional or incomplete goods declaration deemed valid by the Bureau as provided in Section 403 of CMTA.<sup>1</sup>

- 3.2. Customs Facilities and Warehouses (CFW)**— shall refer to a facility established and authorized by the Bureau of Customs pursuant to Title VIII, Chapter 2 of the CMTA. This shall include Container Yard, Container Freight Station, Seaport Temporary Storage Warehouse and Airport Temporary Storage Warehouse as defined by regulation.
- 3.3. First In First Out (FIFO)**— shall refer to the best practice of getting the oldest goods out the door first. This is especially crucial for items with a limited shelf-life such as products with expiration dates like chemicals, pharmaceuticals and food items.
- 3.4. Goods Declaration** — shall refer to a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the persons concerned indicate the procedure to be observed in the application for the entry or admission of imported goods and the particulars of which the customs administration shall require.<sup>3</sup>
- 3.5. Last In First Out (LIFO)** – shall refer to commonly used practice of getting the newest and lightest materials out first and the heaviest and oldest goods last. These materials are stored in piles at a stock yard with new goods being filed on top.
- 3.6. Overstaying Goods** — shall refer to goods which have remained in the CFW beyond the period prescribed by law or regulation such as but not limited to the following reasons:
- 3.6.1.** Failure to lodge goods declaration within the prescribed period; and
- 3.6.2.** Failure to secure clearance or permits from concerned regulatory agencies or failure to submit supporting documents.
- 3.7. Separate Temporary Storage Facility** — shall refer to a facility which is a customs approved place within a CFW, where overstaying or abandoned goods are placed in storage, and segregated from regular goods prior to the lodgement of goods declaration.
- 3.8. Temporary Storage of Goods** — shall refer to the storing of goods in CFW prior to undergoing a customs procedure.<sup>4</sup>

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<sup>1</sup> cf. Custom Modernization and Tariff Act (CMTA), Title XI, Chapter 6, Section 1129, Letter b.

<sup>3</sup> cf. Custom Modernization and Tariff Act (CMTA), Title I, Chapter 2, Section 102(y).

<sup>4</sup> cf. Revised Kyoto Convention, chapter 2, E2.

#### **Section 4. General Provisions.**

- 4.1.** The Commissioner shall establish a system for temporary storage of imports prior to lodgement of goods declaration for abandoned or overstaying goods.<sup>6</sup>
- 4.2.** All separate temporary storage facilities shall be part of the premises of the Bureau and shall be under its control and supervision, and must conform with international standards.
- 4.3.** Inventory and other management record of imported goods handled and stored by CFW operators shall be maintained and kept at all times in their places of business and shall be accessible and available electronically to authorized BOC officers. Such records shall also be subject to inspection by authorized customs officials and upon proper demand, shall immediately be produced and submitted to such officials.<sup>7</sup>
- 4.4.** Goods stored temporarily must be placed under a customs procedure, auctioned, condemned or re-exported within 90 days after due notice from the issuance of the order of abandonment. It shall be the duty of the assigned customs officer to monitor the storage period and submit reports to the District Collector within 24 hours from the expiration of the prescribed period.

Request for lifting of the order of abandonment may be filed within 15 days from notice with the Law Division and subject to the approval by the District Collector.

#### **Section 5. CFW for Temporary Storage of Goods.**

- 5.1.** Operators shall provide authorized customs officers with unhampered access to the storage facility for temporary storage of goods within their administrative jurisdiction.
- 5.2.** Operators shall keep appropriate records in a form prescribed by the Bureau. The records shall contain the information which will enable customs to effectively supervise the overstaying or abandoned prior to declaration specifically the description of goods stored their status and movements.
- 5.3.** They shall provide suitable and secured premises for temporary storage of goods declared overstaying or abandoned. CFW operator must maintain an unhampered access to authorized customs officers.
- 5.4.** Facility for temporary storage of goods, operators shall comply with the requirements of the Bureau on establishment, security,

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<sup>6</sup> cf. CMTA, Title III, Chapter 2, section 307.

<sup>7</sup> cf. Customs Memorandum Order (CMO) 66-93

suitability and management as required under the existing Customs Administrative Order.

- 5.5.** In case of loss, damage and deterioration of the goods stored due to the negligence or willful misconduct of the operator, the operator shall be liable for the payment of duties and taxes due thereon.<sup>8</sup>
- 5.6.** Responsibility of the CFW Operator. The following shall be the responsibility of CFW:
- a)** To provide all necessary cargo moving trucks and equipment;
  - b)** To physically transfer and secure the goods; and
  - c)** To provide list of abandoned or overstaying goods to the District Collector (Attn: Chief ACDD).<sup>9</sup>

## **Section 6. Operational Provisions.**

- 6.1.** After the notification to the owner, consignee, or importer to file the goods declaration, the appropriate division shall transmit to the Auction and Cargo Disposal Division (ACDD) list of the impliedly abandoned goods.
- 6.2.** Goods under temporary storage shall be allowed, for reasons deemed valid by the Customs, to undergo normal operations necessary for their preservation in their unaltered state.<sup>10</sup>
- 6.3.** The Bureau and CFW operator shall secure imported goods which have been declared abandoned or overstaying goods. The CFW operator shall treat the said goods in a manner that preserves and maintains the integrity of the goods and all of the information or documents attached therein.
- 6.4.** The Bureau shall accept the goods declaration or another commercial document as the only document to be required to place the goods under temporary storage when it is deemed abandoned or overstaying.<sup>11</sup>
- 6.5.** BOC and CFW shall jointly and immediately put up an ICT based system with the capability to generate periodic reports of overstaying or abandoned goods, as well as all necessary information or data as may be required under Customs Memorandum Order.

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<sup>8</sup> cf CMO 66-93.

<sup>9</sup> cf CMO 66-93.

<sup>10</sup> cf Revised Kyoto Convention, Chapter 2, E2/F2 page 19

<sup>11</sup> cf Revised Kyoto Convention, Chapter 2, E2/F2 pg. 18

- 6.6.** The ACDD shall conduct a detailed inventory of goods and must be done in the presence of the official representatives of the CFW operator and copies of the inventory report must be submitted to the District Collector periodically.
- 6.7.** Only authorized customs personnel and appropriate authorities having the right to dispose of the goods shall be entitled to remove them from a temporary storage subject to compliance with the conditions and formalities in each case.<sup>12</sup>
- 6.8.** CFW shall submit a weekly report on the space utilization of the warehouse showing in a diagram the spaces occupied and the percentage space utilization compared to the rated capacity.<sup>13</sup>
- 6.9.** Upon receipt of the goods at the CFW the same shall be examined as to its general condition and a picture shall be taken to visually record its actual condition. A seal shall then be placed on the container or crate, if a detailed inventory cannot be conducted immediately. The CFW shall observe the best practices on the systematic transfer of goods such as but not limited to FIFO and LIFO. The inventory shall be conducted within the period prescribed under Customs Memorandum Order.
- 6.10.** A specific guideline governing the temporary storage for seaport and airport on abandoned or overstaying goods including the prohibited, regulated, perishable or non-perishable shall be provided in the Customs Memorandum Order.

**Section 7. Fees and Charges.** The fees and rates to be charged in Temporary Storage of Goods shall be governed by those prescribed by the Bureau under existing rules and regulations. Within one year from the effectivity of this CAO, the Bureau shall review the said rates and recommend adjustments for the approval of Secretary of Finance.

**Section 8. Penalty Clause.** Without prejudice to the criminal liability provided under CMTA, any person who violates any provision of this Customs Administrative Order shall be penalized with imprisonment not less than thirty days and one day but not more than one year, or be liable for a fine of not less than one hundred thousand pesos but not more than three hundred thousand pesos.<sup>14</sup>

**Section 9. Issuance of Customs Memorandum Order.** The Commissioner shall issue the necessary Customs Memorandum Order containing the detailed guidelines and procedures for the temporary storage of abandoned or overstaying cargoes for seaport and airport operations.

**Section 10. Transitory Provision.** Pending full implementation of comprehensive system that will admit and store electronic commercial documents, including

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<sup>12</sup> cf. Revised Kyoto Convention, Chapter 2, E2/F2 page 19

<sup>13</sup> cf. CMO 66-93

<sup>14</sup> cf. CMTA, Title XIV, Chapter I, Sec. 1430

methodologies for authentication thereof, and electronic posting or sending of notices, the Bureau shall, as far as practicable and as existing processes may reasonably allow, implement the provisions of this CAO. The Management Information and System Technology Group (MISTG) shall devise an Information Communication Technology (ICT) enabled system for reporting and monitoring of abandoned shipments.

**Section 11. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised if necessary.

**Section 12. Repealing Clause.** This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions here stated.

**Section 13. 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 14. Effectivity.** This CAO shall take effect 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:

**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 system for the Temporary Storage of Goods.
- 2.** The collection, recording, storage maintenance, processing, sharing of data and information; and maintenance of data information in the CAO shall be secured

and consistent with the principles and policy of Republic Act 10173, also known as The Data Privacy Act".

**3. Related Policies.**

- CMO No. 66-1993 Rules and Regulation in the Operation of block 159 Model Security Warehouse
- Revised Customs Port Operations Manual