



June 1, 2016

CUSTOMS MEMORANDUM ORDER

No. 13-2016

Subject: Implementing the Provisions of CMO 43-2010 on the use of E2M Customs System for the Transfers of Containerized Sea Freight to Off-Dock CY/CFS and with Airfreight to Airport CBW Operators

1. Background

The purpose of this Order is to implement the provisions of CMO 43-2010 for the above subject shipments and to institute appropriate control measures to ensure security of transfers.

2. Scope

For Phase 1 implementation, this order shall initially cover Transfers of Goods from NAIA Airport to Airport CBWs.

3. Operational Provisions

3.1 Outside CY-CFS or Airport CBW

3.1.1 Pre-lodgment

- 3.1.1.1 The CY-CFS/Airport CBW Operator applies for a Transit Permit through a Value Added Service Provider.
- 3.1.1.2 VASP then generates XML message based on the data encoded by the CY-CFS/Airport CBW Operator and routes this message to the BOC-VASP Gateway.
- 3.1.1.3 The BOC-VASP Gateway receives and validates the XML message for the VASP.
- 3.1.1.4 Transit Permit System receives application for Transit Permit from the BOC-VASP Gateway and process the application.
- 3.1.1.5 Transit Permit System verifies that the applicant is in the Client Registration database and is registered CY-CFS/Airport CBW Operator. If the application is valid or if the applicant is not registered in the database, the application is rejected.

3.1.2 Payment of the Transfer Fees

- 3.1.2.1 Pending the development of an appropriate e-payment system and to ensure that the Transit Permit Fee (forms and documentary stamps) are paid for/secured to be paid, CY/CFS and Airport CBW Operators availing of cargo transfers shall put up a deposit with the Collection Division of the Port with a minimum balance equivalent to its one (1) month transfer fees, at anytime. With this deposit, transfer fees for transfers made outside of regular office hours may be paid/settled regular office hours resume.

3.1.3 General Transportation Surety Bond (GTSB)

- 3.1.3.1 Airport CBW Operators shall execute an affidavit attesting to the completeness and accuracy of the
- (a) FOB Values of the transit goods during the immediately preceding twelve (12) months;
 - (b) Total FOB Value;
 - (c) Total Taxes and Duties due on transit goods and
 - (d) the computed average one (1) month taxes and duties on transit goods in an airport of discharge. The CBW shall submit the affidavit to the District Collector, which, after verification of the accuracy of the determined GTSB, shall endorse the same to the BOC Bonds Department in the Airport of discharge.
- 3.1.3.2 Airport CBW Operator shall secure the GTSB from any of the BOC accredited insurance company in the Airport of discharge and register it with the BOC Bonds Division in the said Airport.
- 3.1.3.3 If the GTSB that has been posted is less than the GTSB following this recalculation, the Collector shall require the posting of additional GTSB.
- 3.1.3.4 In General, the existence of a GTSB on file with the Customs Ports would be sufficient compliance with the bonding requirement under this Order even if the duties and taxes for the particular shipment is more than the face value of the bond.
- 3.1.3.5 The Form of the GTSB must conform to the template provided for in Annex "A" and must be accompanied by an application form (please see Annex B). The GTSB must be presented to the Deputy Collector for Operations of the Port with jurisdiction over the CY/CFS/Airport CBW Operators for approval.

Procedure for the determination of the GTSB Face Value

For Off-Dock CY/CFS Operators:

The face value of the GTSB shall be determined by the number of transfers per month in terms of Twenty-foot Equivalent Units (TEUs) with the following rates:

<u>TEU Volume</u>	<u>GTSB Face Value</u>
Less than 30 TEUs per month	10 M
Greater than 30 TEUs but less than 50 TEUs	20 M
Greater than 50 TEUs	30 M

Airport CBW Operators:

The Airport CBW Operators shall calculate the amount of its GTSB using the formula indicated below, **provided that the face value of the GTSB is higher than One Million Pesos (1M)** and provided further that the Collector of Customs may adjust the amount of the bond.

Based on the monthly average of Dutiable Value of Imports admitted for the last 12 months in the Port of Discharge, the GTSB shall be calculated using the formula below:

$$GTSB \text{ Face Value} = \text{Ave one month duties and taxes} \times 0.140$$

3.1.4 Approval of the Transit Permit Application

- 3.1.4.1 Airport CBW and CY-CFS Operators authorized representative brings to the Operations Division the printed copy of the electronically filed Transit Permit (TP) Application.
- 3.1.4.2 BOC Deputy Collector for Operations retrieves the Transit Permit application from the E2M system and compares it with the printed received from the authorized representative.
- 3.1.4.3 BOC Deputy Collector for Operations shall verify if the Face Value of the GTSB is sufficient enough to cover the transfer of goods.
- 3.1.4.4 The BOC Deputy Collector for Operations must have a list of posted bonds from the Airport CBW & CY-CFS Operators for those with a maximum face value of 30M.
- 3.1.4.5 If the GTSB of the CY-CFS has a maximum face value of 30M, there is no need for BOC Operations to check the GTSB everytime a shipment is transferred is to CY-CFS.
The GTSB of the Airport CBW Operators will no longer be checked everytime a shipment is transferred for as long as the bond is valid.
- 3.1.4.6 After verification of the Bonds and if the TP in the System and the printed Transit Permit is the same, thereby establishing its authenticity, Deputy Collector for Operations approves the TP to transfer by tagging "APPROVED" in the system.
- 3.1.4.7 After the approval of the Deputy Collector for Operations in the system, he/she shall approve and sign the printed copy of the Transit Permit Form and handover the same to the authorized representative of the CY-CFS/Airport CBW Operator.
- 3.1.4.8 The signed and approved Transit Permit Form shall be presented to the Transit Facility as basis to release and transfer the cargo to the CY-CFS/Airport CBW. The Transit Facility does the actual releasing of cargoes and issuance of gatepass for the goods to be brought out of the Port.

3.1.5 Transfer of Cargo from the Transit Facility to the CY-CFS/Airport CBW

- 3.1.5.1. The requirement to under guard transfers and for a boatnote are hereby dispensed with, with the posting of the GTSB. In lieu thereof, the PID/AOD shall insure that the goods authorized for transfers reach their intended destination.

3.1.6 Arrival of Shipments at the CY-CFS/Airport CBW Facility

- 3.1.5.1 Upon arrival of shipments at Airport CBW/CY-CFS facility, the BOC Wharfinger confirms the arrival by stamping the Transit Permit form as "ARRIVED" and signs the Transit Permit Form.
- 3.1.5.2 The Transit Permit Form with the stamp "ARRIVED" and with signature of the BOC Wharfinger shall be forwarded to the Office of the Deputy Collector for Operations & the PID/AOD. A copy shall be retained by the CY-CFS/Airport CBW Operators.

4. Manual Processing of Transit Permit Application

- 4.1 The Manual processing of the Transit Permit Document shall be allowed in case of:

- 4.1.1 BOC Computer systems breakdown;
- 4.1.2 Power failure which renders the computer system non-operational.
- 4.1.3 The Manual processing of the Transit Permit Document shall be authorized by the Deputy Commissioner, MISTG, or his authorized representative as he deems necessary.

5. Repealing Clause

All Customs Memorandum Orders inconsistent with the provisions of this Order are hereby considered repealed, superseded or modified accordingly.

6. Effectivity

This order shall take effect on June 16, 2016.


ALBERTO D. LINA
Commissioner
 Bureau of Customs
ALBERTO D. LINA
Commissioner
16-03369
JUN 02 2016