



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

March 4, 1999

CUSTOMS MEMORANDUM ORDER

NO. 4-99

TO : All District/Port Collectors of Customs
Service Directors
Chief, Collection Division
Chief, Administrative Division
Chief, Liquidation & Billing Division
Customs Brokers and All Others Concerned

Subject: Treatment of Cash/Check Guarantee for Tentatively Released Shipment or Submission of Required Documents to secure Payment of Duties, Taxes and Other Charges

1.0 Objective/General Provision -

To protect government revenue, all cash/checks received as guarantee for payment of duties, taxes and other charges or submission of required documents shall no longer be in the possession of the collecting officer, except postdated checks. It shall be deposited in a separate Special Trust Fund Account with the Authorized Bank.

2.0 Scope -

This order will cover all cash/checks received to secure payment of duties in the event of a decision adverse to the importer or for submission of required documents.

3.0 General & Operational Provisions -

3.1 Cash/Check Guarantee shall be deposited by the Collecting Officer in a Special Trust Fund Account not later than the day following the date when received, or the maturity date of the check. BOC Form 38-A properly stamped in bold prints "CASH BOND" (PROVISIONAL) shall be issued whenever the cash/check guarantee is received.

2
CNO-4-99

- 3.2 Deposited Cash/Check guarantee shall be treated as follows as soon as decisions had been released by the Customs-SGS Appeals Committee or any other authorized office of the Bureau:
- 3.2.1 If the decision is in favor of government and if the cash/check guarantee given is equivalent to the additional assessed duties/taxes as decided, the Chief, Collection Division shall notify the Chief, Administrative Division (Attn.: Chief Accountant) to prepare the Disbursement Voucher, and the Disbursing Officer to issue the corresponding check payable to the Bureau of Customs (for the account of the importer). Upon receipt of the check at the Collection Division, the Collecting Officer shall issue BOC Form No. 38-A (FINAL PAYMENT) to the importer indicating therein the respective amount of the duties, taxes and charges and specifying the import entry reference number of the shipment concerned.
- 3.2.2 If the amount of the cash/check guarantee is more than what is due, there are two disbursement vouchers and disbursement checks that the Administrative Division shall prepare, i.e.:
- 3.2.2.1 Disbursement voucher and check in the amount equivalent as decided payable to the BOC (for the account of the importer) to be forwarded to the Collection Division for the issuance of BOC Form 38-A (Final Payment) and
- 3.2.2.2 Disbursement voucher and check for the the excess of the decided amount payable to the importer.
- 3.2.3 In the event that the additional duties and taxes due is more than the cash/check guarantee, the following shall be done:
- 3.2.3.1 The Chief, Administrative Division (Attn.: Chief Accountant) shall, as in Item No. 3.2.1 above, be notified to issue a Disbursement Voucher to cover the check payable to the BOC (for the account of the importer) in the full amount of the cash/check guarantee that was earlier deposited. The corresponding BOC Form 38-A (Final Payment) shall be issued by the collecting officer to the importer.

3
emo-4-99

- 3.2.3.2 A demand letter shall be issued by the Chief, Collection Division for the unpaid portion.
- 3.2.4 If the Committee's decision is in favor of the importer, the Chief of the Collection Division shall notify the Chief, Adm. Division to issue a disbursement voucher and prepare a check payable to the importer in the full amount of the cash/check guarantee earlier deposited by the importer.
- 3.3 The following shall be required to support the Disbursement Vouchers:
 - 3.3.1 Original copy of BOC Form 38-A(Cash Bond - Provisional) equivalent to the cash/check guarantee deposited to the Special Trust Fund Account.
 - 3.3.2 Appropriate Notice/Instruction to the Chief, Administrative Division from the Chief, Collection Division.
 - 3.3.3 Customs-SGS Appeals Committee Decision or decision by any authorized officer of the BOC.
 - 3.3.4 Photocopy of the entry with final assessment of duties and taxes.
- 3.4 All final payments of additional duties and taxes shall be receipted and remitted to the General Fund of the Bureau of Treasury through authorized government banks following the accounting and auditing rules and regulations on revenue collections.
- 3.5 The Collecting Officer shall ensure the genuineness and authenticity of the check, or cash deposited, or post-dated checks with bank guarantee. by taking the following security measures:
 - 3.5.1 The bank guarantee, in the case of post-dated check, must be in a format hereto attached as Annex "A".
 - 3.5.2 The person submitting the cash/check guarantee must be properly identified by requiring the presentation of his laminated company ID with picture, the SSS identification card and the written authority from the importer.

- 3.5.3 The complete name, address, and ID number of the person submitting the cash/check guarantee shall be duly recorded .

- 3.6 A temporary/provisional pre-numbered receipt shall be issued for all cash /guarantee cashier's check /post dated checks with bank guarantee duly signed by the Chief, Collection Division or his authorized collecting officer, recorded in a bookbound log book and released as follows:
 - 3.6.1 Original copy - released to importer
 - 3.6.2 Xerox or duplicate copy duly signed by the Chief, Collection Division or the authorized collecting officer to be attached to the entry.

- 3.7 All postdated checks with bank guarantee including guarantee by top 3000 corporations must be deposited to the Special Trust Fund on due date. The Collecting Officer shall issue BOC Form 38-A imprinted with the words "CASH BOND". The applicable process as in Item Nos. 3.2. to 3.4 shall be observed when the resolution is released for implementation.
 - 3.7.1 In the event that the decision is released while the postdated check is still in the possession of the Chief, Collection Division, the following shall be observed:
 - 3.7.1.1. When the decision is in favor of the government a demand letter shall be sent to the importer demanding payment of the additional duties and taxes. If payment is received, the corresponding BOC Form 38-A (Final Payment) shall be issued and the amount remitted to the General Fund, Bureau of Treasury.
 - 3.7.1.2 Thereafter, the check guarantee is returned to the importer thru the duly authorized representative.
 - 3.7.1.3 When the Resolution is in favor of the importer, the postdated check is returned officially to the importer or to the duly authorized representative.

END-4-99

4.0 Repealing Clause

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

5.0 Effectivity -

This Order shall take effect immediately.


NELSON A. TAN
Acting Commissioner *3/10*

JCP/arc