



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

FEB 12 1991

CUSTOMS MEMORANDUM ORDER
NO. 15-91

TO: ALL COLLECTOR OF CUSTOMS
SERVICE/DIVISION CHIEFS
ALL OTHERS CONCERNED

Subject: Guidelines and procedure for Refund
(Tax Credit) of Unutilized Advance
Deposits of Customs Duties with
Authorized Agent Banks.

Pursuant to Section 6 of Presidential Decree No. 1853 as implemented by CB Circular NO. 909 and Ministry Order No. 3-83, the following guidelines and procedures governing the processing of claims for refund (tax credit) of advance deposit of customs duties covered by Letter of Credit (L/C) which are either totally unutilized or partially utilized by the importer are hereby issued.

I. DEFINITION OF TERMS

For purposes of this order, the following terms shall mean:

1. Refund - a claim for the return of the customs duties deposited with an authorized agent bank as required under P.D. 1853 and duly receipted in the corresponding BCOR issued by the authorized agent bank.

When approved, the refund shall be in the form of Tax Credit Certificate (TCC) to be issued to the importer/payor, in BC Form NO. 179 in lieu of cash refund.

2. Totally Unutilized Letter of Credit - a Letter of Credit opened by an importer and accepted by an authorized agent bank but which has no outward remittance of foreign exchange as certified by the Import Operations Sector, Current Imports and Commodity Classification Department (CICCD) of the Central Bank and by the Authorized Agent Bank, as a Cancelled L/C and therefore without the corresponding importation made whatsoever.

For and on behalf of the Bureau of Customs

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3. Partially Utilized Letter of Credit - shall mean an L/C opened by an importer and accepted by an authorized agent bank with either a total or partial remittance of foreign exchange and the subsequent importation and release of imported goods covered by the corresponding L/C, CBRC and Import Entry and Revenue Declaration.

The claim for refund shall refer to that unutilized portion or balance of the L/C as certified by the Central Bank, CICC and by the authorized agent bank as having been cancelled in their books and reported to Central Bank and verified by the Bureau of Customs.

II. COVERAGE

This order shall cover claims for refund of Customs Duties deposited in advance in compliance with the provisions of P.D. 1853 as implemented by CB Circular NO. 909 and Ministry Order No. 3-83, and CMO No. 25-84.

III Procedures

1. Applications for refund under this order shall be made in a Standard Application Form (Annex "A") to be filed by the claimant or authorized representative at the Collection Division/Unit of the Port. The application shall be supported by the following basic documents:
 - (a) For Totally Unutilized Letter of Credit (L/C) -
 - (1) Importer's copy of the import entry declaration (I.E.D.) and BCOR;
 - (2) Clearance number and date of issue by the Liquidation and Billing Division (LBD) & Collection Service.
 - (b) For Partially Utilized Letter of Credit (L/C)
 - (1) Importer's copy of I.E.D., BCOR and CBRC;
 - (2) Clearance number and date of issue by LBD/Unit and Collection Service.
2. Collection Division/Unit of the Port as main action Office of the District Collector of Customs level, receives application; checks same for completeness and attaches the checklist (Annex "B"); gives the application its docket number, indicates date of receipt initials same and returns a copy of application to claimant. Claims not supported by required documents are returned to claimants.

Jawad M. MUSA

- 2.1 Application is placed in an envelope to be utilized for purposes of identification with its particulars listed on cover.
- 2.2 Chief Collection Division sends a letter to Central Bank Director CICCD to verify and obtain certification as to non-remittance and cancellation of L\C indicated in the covering I.E.D. and BCOR, C form letter (Annex "C" & "C-1").
- 2.3 In case of totally unutilized L/C the Collection Division upon receipt of reply from CB/CICCD & AAB certification, retrieves the yellow copy of BCOR and IED and forwards the claim folder to the District Collector for transmittal to Revenue Accounting Division.

In case of partially utilized L/C the Collection Division shall retrieve the import entry and all its supporting documents and forward the same to Liquidation and Billing Division for preparation of Statement of Refund and transmit claim folder to the Office of the District Collector for review and transmittal to the Deputy Commissioner for Revenue Monitoring.

3. The Revenue Accounting verifies and prepares Certification of Payment remittance and transmits the same to the Accounting Division.
4. The Accounting Division processes the claim and prepares the following:
 - a) The Journal Voucher for the Commissioner's approval.
 - b) Tax Credit Certificate and Disposition Form for the approval of the Deputy Commissioner for Revenue Monitoring.
5. The Claim folder with signed TCC is returned to Accounting Division for final recording and released to claimant or its authorized representative.

IV. GENERAL PROVISIONS

- A. In case of claims of partially utilized L/C the covering Import Entry (working copy) shall be the basis for evaluation together with the certification from AAB and CB-CICCD.

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- B. Claims for refund under this Order shall have a work time schedule of ten (10) working days at the Offices under the District Collector of Customs from receipt of Certification from Central Bank-CICCD and another ten (10) working days in Offices under the Commissioner of Customs.
- C. Clearance from Liquidation and Billing Division and Collection Service must have a control number for this purpose and shall be valid for a period of three months, Annex "D". The Collection Division /Unit of the Port shall be furnished with a copy of the said clearance.

V. REPEAL

All regulations on the subject inconsistent with this Order are hereby modified and/or suspended accordingly.

VI. EFFECTIVITY

This Order shall take effect immediately. Three (3) copies of this Order shall be furnished the University of the Philippines in compliance with Section 3-6 chapter 2 Book VII of the 1987 Revised Administrative Code.

Salvador M. Mison
SALVADOR M. MISON
Commissioner