



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

APR 03 1991

CUSTOMS MEMORANDUM ORDER

NO.: 26-91

TO : All District/Port Collector
Service/Division Chiefs,
and Others Concerned

SUBJECT : Transfer/Sale of Semi-Finished/Finished
Products of One Accredited Member to
Another Belonging to the same Customs
Common Bonded Manufacturing Warehouse.

I. Objectives

1. To streamline procedure on the transfer/sale of semi-finished/finished products of one accredited member to another belonging to the same Customs Common Bonded Manufacturing Warehouse (CCBMW).
2. To expedite the liquidation of import entries of accredited member CCBMW.
3. To simplify export procedures governing CCBMW.

II. General Consideration

1. Only semi-finished products may be transferred/sold without the payment of duty by one member to another belonging to the same CCBMW, provided that the transferee/buyer member shall further process the same or use them as inputs, holders, coverings, or containers of its own semi-finished/finished products for subsequent exportation.
2. Subsequent transfer/sale by the first transferee/buyer member to another member is not allowed for the purposes of easy control and monitoring.
3. The transfer/sale shall be subject to the approval of the District Collector who exercises jurisdiction, supervision and control over CCBMW.

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4. Semi-finished/finished products transferred/sold shall still have to be exported within nine (9) months or one (1) year or two (2) years in case of garment manufacturers under R.A. 3137 unless modified by the Garments and Textile Export Board (GTEB) from the original date of transfer or conveyance to the CCBMW.
5. The CCBMW and the transferee/buyer member shall be jointly responsible for the liquidation of the warehousing entries covering the products transferred/sold.

III. Procedures

1. The members intending to have the transfer/sale shall duly inform their CCBMW Operator which shall secure the approval of the District Collector based on the favorable recommendation of the Chief of MMBWD or GTMBWD and the Deputy Collector for Operations. The documentary requirements and the procedures in the transfer/sale of semi-finished materials from one member to another shall be in accordance with the concept of constructive exportation/importation as understood under CAO 1-80 in so far as applicable.
2. The copies of the approved transfer/sale shall be furnished the Chief of operations division concerned or the FTI Collector of Customs as the case may be and the CCBMW Operator.
3. The articles to be transferred/sold shall be identified by the Customs Warehouseman or by the Trade Control Examiner to be assigned by the District Collector in case the CCBMW is operating under the open bonded scheme. For this purpose, the Warehouse or the Trade Control Examiner, as the case may be, shall accomplish and sign a Certificate of Identification, indicating therein the import entries involved, the quantity and description of raw materials used and semi-finished/finished products, among other things.
4. The transfer shall be underguarded and covered by a Boatnote and the receipt of the product shall be

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duly acknowledged on the Boatnote by the authorized representative of the transferee/buyer member and/or Customs personnel assigned thereat.

5. In case the articles shall be transferred to the collection district other than where the CCBMW is licensed, the following operational procedure shall be further observed:

5.1 The District Collector concerned shall send a telegram to the District Collector of the port where the shipment is to be transferred/sold advising the latter of the following:

- 5.1.1 Nature and quantity of shipment
- 5.1.2 Container number/marks
- 5.1.3 Bill of Lading number
- 5.1.4 Carrying vessel/aircraft
- 5.1.5 Names of transferor, transferee and CCBMW among others.

5.2 The transfer shall be covered by a Boatnote and the receipt of the shipment shall be duly acknowledged on the Boatnote by the authorized representative of the carrying vessel/aircraft and such receipt duly attested thereon by the Customs Wharfinger concerned.

5.3 The receipt of the shipment by the transferee/buyer member shall be duly reported by the District Collector concerned to his counterpart who has earlier sent the telegram about the transfer/sale.

IV. **Reconciliation (Liquidation) Imported Materials and Liquidation of Entries**

The reconciliation (liquidation) of imported materials and liquidation of entries of both the transferor/seller member and the transferee/buyer member shall be governed as far as practicable by the laws, rules and regulations governing Customs Bonded Manufacturing Warehouses. Provided, that the reconciliation (liquidation) of the materials may be partial or final; and provided further that the export documents of the transferee/buyer member which shall include, but not limited to the following:

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- a. Statement of Liquidation of Raw Materials
- b. Bill of Lading
- c. Certificate of Identification
- d. Certificate of Inspection and Loading
- e. Boatnote
- f. Credit Memo/Sales Invoice.

shall be used for liquidation of entries of the CCBMW for the account of both members especially in case where the concept of constructive exportation/importation is not applied.

V. Effectivity

This order shall take effect APR 03 1991 and shall last until revoked.

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SALVADOR M. MISON
Commissioner