



REPUBLIC OF THE PHILIPPINES
Department of Finance
BUREAU OF CUSTOMS
MANILA 1099

JAN 08 2010

CUSTOMS MEMORANDUM ORDER
NO. 3 - 2010

SUBJECT: Creation of the Certificate of Payment Encoding and Verification Unit (CPEVU)

Pursuant to Section 608 of the Tariff and Customs Code of the Philippines, as amended, (TCCP), the following rules are hereby prescribed:

I. OBJECTIVES:

1. To effectively implement Section 5.2 of Customs Administrative Order (CAO) No. 08-2007 on the proper description of imported motor vehicles for customs valuation purposes;
2. To facilitate the processing and issuance of the (a) Certificate of Payment for all imported motor vehicles and (b) Certificate of Clearance for imported parts and components of motor vehicles;
3. To ensure that only legally imported or auctioned off motor vehicles are registered with the Land Transportation Office (LTO);
4. To enhance the collection of government revenue from subject importations.

II. SCOPE:

This Order shall cover the following:

1. Commercial importation of brand new motor vehicles imported under the Motor Vehicle Development Program (MVDP) or Non-MVDP required to be registered pursuant to RA 4136, as amended (The Land Transportation Code) under the following g Tariff Heading Numbers 8701.20, 8702, 8703, 8704, 8705, and 8711 of the Asean Harmonized Tariff Nomenclature (AHTN);
2. Imported brand new personally-owned motor vehicles;
3. Authorized importation of used motor vehicles;
4. Local purchase of imported tax-free motor vehicles by non tax-exempt entity;
5. Imported motor vehicles auctioned off by the Bureau of Customs;
6. Imported motor vehicles subject of a Memorandum Receipt to a recipient government agency or officer;

7. Motor vehicles imported under the customs bonded warehousing program;
8. Rebuilt trucks and buses pursuant to CMO 15 -2007 in relation to DAO No. 8 series of 2003 issued by the Department of Trade;
9. Motor Vehicles without payment of duties and taxes or with defective Certificate of Payment being processed under the concept of "Buyer in Good Faith" pursuant to Section 2532 of the TCCP as implemented by CMO 23-2007;
10. Imported brand new and used motor vehicle components and parts pursuant to the unnumbered Memorandum dated February 18, 2008.
11. Government importations of vehicles subject to LTO rules and regulations.

III. ADMINISTRATIVE PROVISIONS:

1. There is hereby created a CPEVU directly under the Office of the Commissioner of Customs to be headed by a Chief Operations Officer or equivalent rank.
2. The CPEVU shall be supported by a technical working group to be designated for the purpose.
3. The CPEVU shall perform the following functions:
 - 3.1 Encode, where appropriate, Certificate of Payment data in the Electronic Certificate of Payment and Clearance System (E-CPCS) for electronic transmittal of CP's to the LTO through the Electronic Certificate of Payment/Clearance Unit.
 - 3.2 Conduct a random review of the correctness of the declaration with respect to Tariff Classification, customs value (acceptability in relation to historical value information file), and other matters pertaining to the proper assessment of duties and taxes and other charges of imports covered by this Order.
 - 3.3 Endorse to the Port of Entry concerned for disposition any issue identified or established upon review of the CP application.
 - 3.4 Absorb and assimilate the functions of the Certificate of Payment Verification Office (CPVO) created under CMO 23-2007 on "Buyer in Good Faith" policy implementing Section 2532 of the TCCP, as amended; as well as the clearance function pertaining to (a) importation of replacement parts for truck and bus rebuilding pursuant to CMO 15-2007, in relation to Customs Special Order 3-2007; and (b) importation of motor vehicle components and parts under an unnumbered Memorandum of the Commissioner of Customs dated February 18, 2008.
4. The CPEVU shall be provided with sufficient access to the E-CPCS necessary to effectively carry out its mandate under this Order.
5. The MISTG in coordination with the CPEVU shall endeavor to automate the processing, issuance, and transmittal of Clearance Certificates for

Chassis or Engine declared as replacement parts, to be incorporated in the E-CPCS system.

IV. OPERATIONAL GUIDELINES:

1. All requests for CP issuance shall be directed to the CPEVU either electronically (when enabled e.g., MVDP imports) or in person or through telefax at 527 84 10 using the CP application template attached hereto as Annex "A" of this Order.
2. The processing of the certificates of clearance or payment shall be centralized at the CPEVU and the CP data shall be encoded in the e-CPC system for electronic transmittal to the LTO through the e-CPCU for the purpose of the full implementation of the e-CP procedure between BOC and LTO amending CMO 7-2009.
3. If upon verification prior to encoding, the CPEVU has identified an issue pertaining to the proper assessment of the importation subject of CP application, the processing of the CP shall be deferred until the matter is resolved by the Port concerned. The processing of the CP or any further action on the CP application shall be continued depending on the instruction received by the CEPVU from the Port concerned in line with CMO 37-2001.

V. All personnel and equipment of the affected offices, especially CPVO, shall be absorbed and be an integral part of the newly created CPEVU.

VI. REPEALING CLAUSE:

All Memoranda, Circulars, or parts thereof inconsistent with this Order are hereby deemed repealed and/or modified accordingly.

VII. EFFECTIVITY:

This Order takes effect immediately and shall last until revoked.

NAPOLEON L. MORALES
Commissioner



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Napoleon L. Morales