



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
Manila

15 October 2010

Customs Memorandum Order
No. 07-2010

Subject: Procedures for the Implementation of the Electronic to Mobile (E2M) Customs System for Delivered Duty Paid (DDP) or Bill-to-Shipper (BTS) Shipments at the Ninoy Aquino International Airport (NAIA) and Other Airports Nationwide Pursuant to CMO 27-2009.

1. OBJECTIVES

- 1.1 To implement the E2M Customs System for DDP and BTS shipments.
- 1.2 To provide detailed instructions to air express operators, declarants, brokers, importers, forwarders, authorized agent banks (AABs), accredited Value-Added Service Providers (VASPs) and personnel of the Bureau of Customs (BOC) on the customs clearance processes to be observed for DDP / BTS shipments under Phase 3 Import Assessment System of E2M Customs System.
- 1.3 To align E2M Customs to the worldwide accepted practice on DDP or BTS commercial arrangement between shipper and consignee.

2. SCOPE

This Order is applicable to DDP/BTS air express shipments of the four (4) members of the Philippine Chamber of Air Express Operators (PCAEO) namely DHL Express Philippines Corp. (DHL), Federal Express Philippines (FEDEX), UPS Delbros International Express Ltd., Inc. (UPS) and TNT Express Worldwide (Philippines) Inc. (TNT) and their authorized representatives in the Philippines, referred to as "EO" as well as other operators handling DDP/BTS air express shipments to be accredited by the Bureau following Section 3.5 below to use the special procedures of e2m Customs described in this Order.

3. GENERAL PROVISIONS

3.1 Definition of Terms

- 3.1.1 Delivered Duty Paid – a commercial arrangement where the seller pays for all transportation costs, bears all risks until the goods have been delivered, and pays the duty

(the term duty refers to customs duty, taxes, and other charges)

- 3.1.2 Financial Party – the company who shall be responsible for the payment of duties and taxes in behalf of the supplier under the DDP/BTS commercial arrangement
- 3.2 The EO shall be recognized as the Financial Party in the DDP/BTS shipments.
- 3.3 The special arrangement for DDP/BTS is extended to named consignees/importers by the EO or its authorized representative. The special arrangement shall be tagged in the CPRS profile of the consignee / importer as "DDP-enabled".
- 3.3.1 Expiration, cancellation or suspension of the importer's CPRS profile shall automatically invalidate the importer's DDP tag. However, successful renewal of the CPRS client profile shall re-instate the CPRS DDP tag of the importer.
- 3.3.2 Renewal of the CPRS registration, however, shall automatically enable the special procedure without the need of re-assignment.
- 3.3.3 The CPRS DDP-enabled tag may be invalidated at any time at the instance of the EO or its authorized representative when shipper has changed or stopped the terms of DDP shipment, or at the instance of the Customs Authorities based on adverse findings from audits and investigations that may be conducted.
- 3.3.4 Once tagged as "DDP-enabled", the special arrangement shall be applicable to any EO, not just to the endorsing party.
- 3.4 The special procedure for DDP/BTS shipments shall cover both Formal and Informal Entries (Phase 3) in NAIA and other airports nationwide. Subsequent CMOs written for Informal Entry implementation shall not diminish any of the rights and privileges accorded to DDP/BTS shipments through this Order.
- 3.5 EOs other than PCAEO members desiring to use the special procedure for their BTS/DDP shipments provided for in this Order must apply for accreditation with the Deputy Commissioner for Assessment and Operations and demonstrate the following capabilities and actual practice :
- i. capability to send inward foreign manifest to BOC at least 12 hours and 2 hours prior to vessel and aircraft arrival, respectively;
 - ii. profile their Customers as to financial credibility and track record of compliance so that only shipments with shippers and consignees that are low risk should be declared following this procedure;

4. OPERATIONAL PROVISIONS

4.1 Control by the Office of the Deputy Commissioner for Assessment and Operations Coordinating Group (AOCG)

4.1.1 The designated user in the Office of the Deputy Commissioner for AOCG shall tag the CPRS-record of every consignee/importer in the certified list submitted by the EO using the Special Arrangement Tab of CPRS.

4.1.2 Upon the instance of the EO or AOCG itself, the designated user shall disable the DDP-special arrangement of a consignee/importer. The special arrangement shall cease to be active for all EOs.

4.2 Express Operators (EO)

4.2.1 The EO shall register itself in CPRS with Nature of Business of "Air Express Operator". As an importer, the EO can enroll its debit accounts with AABs to get Bank Reference Numbers. The EO shall advise the bank that the debit account is to be used under the DDP arrangement, in which case the EO is named in the declaration as the Financial Party.

4.2.2 The EO shall submit an initial list of importer-clients, using the format prescribed in Annex "A", certified as using DDP as a commercial arrangement to the Office of the Deputy Commissioner, AOCG. The latter shall review and approve the list which shall be the basis for tagging the importer's client profile in CPRS as "DDP-enabled".

4.2.3 Subsequent addition to the list shall be applied by email from the EO to the designated AOCG official who will immediately include the entity and tag the same based on the certification of the EO that the due diligence verification has been performed and to be subject to post audit by Customs.

4.2.4 The EO may invalidate a consignee/importer's DDP special arrangement at anytime by official communication to the Deputy Commissioner, AOCG, stating the grounds therefore.

4.3 Declarant

4.3.1 The declarant shall indicate the model of declaration "4FD" or "4ID" for formal entry or informal entry, respectively, in Box 1 of the Single Administrative Document (SAD).

4.3.2 The declarant shall indicate the TIN of the EO in Box 9 of the SAD, labeled "Financial Party".

4.3.3 The declarant shall indicate the Bank Reference Number of the EO in Box 28, Bank Ref. No.

4.3.4 The exporter (shipper/seller), the consignee (importer) and the declarant (customs broker) shall be declared in

their appropriate boxes in the SAD following existing rules for declaration.

4.4 Payment

4.4.1 The payment instruction message sent by E2M Customs to the PCHC-BAP payment gateway shall contain the BRN of the EO. The consignee in the payment instruction message shall be the EO.

4.4.2 The bank shall follow its existing procedure to confirm debit of the account with the owner, in this case, the EO.

5. **REPEALING CLAUSE**

All Customs Memorandum Orders inconsistent with the provisions of the Order are hereby deemed modified and/or amended accordingly.

6. **EFFECTIVITY**

This Order shall take effect immediately.


ANGELITO A. ALVAREZ
Commissioner 

