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July 6, 2020

**CUSTOMS MEMORANDUM ORDER**  
**NO. 16-2020**

**SUBJECT: IMPLEMENTATION OF THE ENHANCED VALUE REFERENCE INFORMATION SYSTEM (e-VRIS) IN THE ELECTRONIC TO MOBILE (E2M) SYSTEM**

**Section 1. OBJECTIVES.** This Order is issued for the following purposes:

- 1.1 To establish a reliable and comprehensive database of information on the value and classification of imports for reference purposes in support of the implementation of the WTO Valuation System;
- 1.2 To enhance the existing Value Reference Information System to properly monitor the valuation and tariff classification of imported goods;
- 1.3 To collect additional revenues by addressing leakages in revenue due to the undervaluation and misclassification of imported goods; and
- 1.4 To properly assess and collect duties and taxes on imported articles.

**Section 2. SCOPE.** This Order shall cover lodgment of goods declaration under consumption entry.

**Section 3. DEFINITION OF TERMS.** For the purposes of this CMO, the following terms are defined accordingly:

- 3.1 **Box No. 31 of the Goods Declaration in E2M** – refers to the packages and description of goods in the Goods Declaration in the electronic to mobile system (E2M).
- 3.2 **Box No. 33 of the Goods Declaration in E2M** – refers to the specification code box of the Goods Declaration in the electronic to mobile system (E2M).
- 3.3 **Box No. 43 of the Goods Declaration in E2M** – refers to the Valuation Method box used in the assessment of imported goods. For purposes of this order, this refers to the following: M1- Transaction Value Method, M2-Transaction Value of Identical Goods, M3-Transaction Value of

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Similar Goods, M4- Deductive Method and M5-Computed Method and M6-Fallback Method.

- 3.4 **Declarant** – refers to a consignee or a person who has the right to dispose of the goods. The declarant shall lodge a goods declaration with the Bureau and may be:
- a.) The importer, being the holder of the bill of lading; or
  - b.) The exporter, being the owner of the goods to be shipped out; or
  - c.) A customs broker acting under the authority of the importer or from a holder of the bill; or
  - d.) A person duly empowered to act as agent or attorney-in-fact for each holder.
- 3.5 **Enhanced Value Reference Information System (e-VRIS)**– refers to the database of reference values that will operate in the electronic to mobile (E2M) system. It is designed to determine if the declared value made by the importer actually represents the transaction value or the price actually paid or payable when sold for export to the Philippines.
- 3.6 **Goods Declaration** – refers to a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the person concerned, indicate the procedure to be observed in the application for the entry or admission of imported goods and the particulars of which the customs administration shall require.

#### **Section 4. ADMINISTRATIVE PROVISIONS**

- 4.1 The responsibility of establishing, maintaining and implementing the e-VRIS as the database of values and classification of imported goods nationwide shall be vested with the Imports and Assessment Service (IAS) with the technical assistance of the Management Information System and Technology Group (MISTG).
- 4.2 The MISTG shall provide full access to the IAS on the e-VRIS and other statistical extraction tools necessary to effectively carry out its mandate under this Order. Likewise, it shall provide technical assistance in ensuring that all customs examiners and appraisers of respective ports have access and trainings to the e-VRIS of the E2M system.

#### **Section 5. OPERATIONAL GUIDELINES**

- 5.1 Upon approval by the Commissioner of this Order, the reference values shall be stored in the customs database as part of the e-VRIS by the

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authorized personnel from the Valuation and Classification Division(VCD),IAS.

- 5.2 The reference values stored in the e-VRIS shall serve as a risk management tool to ascertain the veracity of any statement, document, or declaration presented for customs valuation purposes. These values are not to be considered substitute values but only reference values to assist assessment personnel in valuation of goods. Assessment personnel are mandated to value imported goods pursuant to the provisions of Section 700-707 (Sequential Application of Valuation Method) of the Customs Modernization and Tariff Act (CMTA).
- 5.3 The e-VRIS' reference values shall be exclusively for the internal use of the Bureau and the system and its contents shall not be made available to the public.
- 5.4 The IAS shall ensure that the reference values stored in the database are updated regularly and reflected in the system.
- 5.5 As part of the enhancement of the existing E2M System, scanned copies of import documents (e.g Bill of Lading, Invoices, Proof of Payments, and other supporting documents) shall be uploaded by the assigned customs examiner for every entry in the system.
- 5.6 Box No. 33 (Specification Code) of the goods declaration in the E2M must be mandatorily filled-up in the E2M system. The Value Added Service provider (VASP) and MISTG shall ensure that this functionality will be operational in the enhanced E2M system.
- 5.7 When using Box No. 33 of the E2M SAD (Single Administrative Document), the declarants will be provided with coded product description list in the form of drop-down menu. However, for goods which has no specification code, the declarant is required to use "others" and manually input the specific description of goods in Box No. 31(Packages and Description of Goods). The declarant is responsible in ensuring that goods are sufficiently described pursuant to CAO No. 8-2007 and CMO No. 28-2007.
- 5.8 In case of multiple commodities falling under the same tariff heading, the declaration shall be itemized per commodity description. Therefore, commodities shall be declared individually depending on the number of commodities on the attached rider of the goods declaration.

The customs examiner is likewise directed to ensure compliance with the provision of the CMO 49-2019 (Mandatory Filling Up of Box No. 41(Supplemental Units) in the lodgement of goods declaration in the E2M.

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- 5.9 Box No. 43 (Valuation Method) of Goods Declaration in E2M shall also be mandatorily filled up in the E2M System. The customs examiner/appraiser is required to properly and accurately fill-up this field to reflect the valuation method used in the assessment of imported goods. For purposes of this order, the following are the respective codes for the Valuation Method: M1- Transaction Value Method, M2- Transaction Value of Identical Goods, M3-Transaction Value of Similar Goods, M4- Deductive Method and M5-Computed Method and M6-Fallback Method.
- 5.10 The e-VRIS will be incorporated in the E2M System and shall provide a repository of previously accepted transaction values of identical/similar goods. With this enhancement, the declared value shall be automatically match with the existing database of reference values to determine if there is possible undervaluation of goods.
- 5.11 If the declaration was hit by the valuation criteria in the system (i.e the declared value falls below the minimum of the allowable range of the reference values), the customs examiners/appraisers shall scrutinize the documents presented to verify if the declared value actually represents the transaction value or the price actually paid or payable and/or may request the importer to provide further explanation, including submission of supporting documents to justify the declared value. If the importer was able to justify the declared value, the customs examiner shall indicate "M1" in Box No.43 of the goods declaration. However, if Method 1 is rejected, the customs examiner shall proceed to the use of sequential methods of valuation (Sec. 700-707, CMTA).
- 5.12 If the examiner/appraiser uses Method 2/Method 3, a look up menu to view previously accepted identical/similar entries shall be available in the e-VRIS. If the examiner/appraiser chooses the value of the identical/similar goods in the e-VRIS, the same shall be the new value of the goods and he/she shall indicate in Box No. 43 the use of Method 2/Method 3.
- 5.13 If the examiner uses Method 4 to 6, he/she shall indicate in Box No. 43 the particular method used.
- 5.14 All customs examiners/appraisers shall ensure that the application of the subsequent methods of valuation will not in any manner cause undue delay, obstruct, or impede the regular clearance procedure of cargoes.

**Section 6. SEPARABILITY CLAUSE.** If any part of this CMO is declared unconstitutional or contrary to existing laws, other parts not affected thereby shall remain in full force or effect.

- Section 7. REPEALING CLAUSE.** All CMOs and Memoranda issued contrary to this Order are hereby repealed or amended accordingly.
- Section 8. SANCTIONS.** Failure to comply with any provision of this Order shall be held liable pursuant to Civil Service laws, rules and regulations, without prejudice to any civil or criminal sanctions applicable.
- Section 9. EFFECTIVITY.** This Order shall take effect immediately fifteen (15) days after the completion of its publication.



**REY LEONARDO B. GUERRERO**  
Commissioner

JUL 14 2020



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