



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
Collection District II-A
Port of Manila

JUN 14 1991

CUSTOMS MEMORANDUM ORDER
NO. 54-91

TO : All District/Port Collector of Customs,
Others Concerned

SUBJECT : Formally Establishing the Interline Section and
the In-Bond Section under the Baggage Assistance
Division, NAIA, and Supervision of the Operations
of Interline and Customs Baggage Rooms

I. OBJECTIVES:

1. To delineate the functions of the Interline Section and the In-Bond Section under the Baggage Assistance Division;
2. To provide the requirements, conditions and operations of the Interline Baggage Room (IBR) and the Customs Baggage Room (CBR); and
3. To ensure the security of the baggage/articles stored at the IBR and CBR.

II. GENERAL AND ADMINISTRATIVE PROVISIONS:

II.A Statement of Functions

II.A.1 Baggage Assistance Division

- II.A.1.a Receives and stores articles, luggage held in bond by the Bureau;
- II.A.1.b Supervises the storage of transit and unaccompanied luggage;
- II.A.1.c Conducts inventory, examination and appraisal of in bond/interline baggage and collects duties and taxes, if any;
- II.A.1.d Recommends the institution of seizure and/or forfeiture proceedings against cargo found to be misdeclared or undervalued, banned, prohibited, and abandoned/unclaimed merchandise in accordance with Customs laws, rules and regulations;
- II.A.1.e Performs such other appropriate functions consistent with the assigned tasks.

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II.A.1.1 Interline Section

II.A.1.1.a Receives and handles the storage of the following kinds of baggage placed at the IBR:

II.A.1.1.a.1 Mishandled Baggage

II.A.1.1a.1.1 Baggage tagged to foreign destination and erroneously off-loaded at Manila;

II.A.1.1a.1.2 Baggage mistagged Manila and confirmed as such by a representative of the airline concerned, within (24) hours upon arrival of aircraft;

II.A.1.1a.1.3 Baggage which arrived ahead or after the arrival of passenger-owner; provided, however, that it is tagged Manila or with proper identifying marks and confirmed as such by a representative of the airline concerned;

II.A.1.1a.1.4 Baggage tagged to Manila or other identifying marks, left unclaimed at the Customs inspection area, to be matched against baggage traced or with a pending claim. Unless otherwise directed by the District Collector of Customs or a duly designated representative to be placed at the CBR.

II.A.1.1.a.2 Baggage/dutiable articles left and found on board an arriving aircraft with flight terminating Manila.

II.A.1.1.a.3 Transit baggage or articles, checked or handcarried, belonging to transient passengers deposited in bond for safekeeping during the passengers stay in the Philippines.

II.A.1.1.b Processes, examines and appraises baggage before the same are issued to the Claimant;

II.A.1.1.c Conducts inventory on all baggage which have been left unclaimed for purposes of abandonment proceedings.

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II.A.1.2 In-Bond Section

II.A.1.2.a Receives and handles the storage of the following kinds of baggage placed at the CBR:

II.A.1.2.a.1 Baggage/articles held by Customs due to:

II.A.1.2.a.1.1 Insufficient funds for duties and taxes assessed;

II.A.1.2.a.1.2 Pending presentation of the received permit/clearance from the government agency concerned; and

II.A.1.2.a.1.3 Violation of the Customs and tariff laws, as well as Central Bank rules and regulations and other related laws.

II.A.1.2.a.2 Baggage that arrived on a flight without tag or other identifying marks left unclaimed in the Customs inspection area, after prior notice has been given to the airline concerned.

II.A.1.2.b Examines, conducts inventory and appraises all baggage held in bond (except those with prior examination/appraisal made in the Customs Arrival Examination Area) and recommends the following actions, to wit:

II.A.1.2.b.1 Release of baggage after payment of duties and taxes;

II.A.1.2.b.2 Referral to the Central Bank for clearance of those baggages whose value is in excess of what is allowed without the need of Central Bank Release Authority;

II.A.1.2.b.3 Seizure of articles/baggage if warranted due to violation of existing rules and regulations of the Central Bank, the Tariff & Customs Code of the Philippines and other related laws, rules and regulations; and

II.A.1.2.b.4 Inventory/appraisal of baggage/articles which have remained unclaimed for purposes of abandonment proceedings.

II.A.1.2.c Performs such other actions as may be required by the District Collector Customs.

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II.B. Conditions for the Operations of the IBR and CBR:

II.B.1. Interline Baggage Room

II.B.1.a Operator- The IBR shall be operated by the Philippine Airlines Inc., hereinafter referred to as the Operator, which facility shall be under the immediate supervision of the Interline Section, Baggage Assistance Division.

II.B.1.b Bond- The posting of an irrevocable domestic letter of credit, bank guarantee or bond acceptable to the District Collector of Customs in the amount of One Hundred Thousand Pesos (P100,000.00) to guarantee compliance by the Operator:

II.B.1.b.1 with the terms of this Order and such other terms and conditions prescribed in connection therewith;

II.B.1.b.2 for the prompt payment of any loss or damage that may be sustained by the Bureau of Customs or any person whomsoever resulting from causes due to negligence in the operation of the IBR by the Operator.

II.B.1.c Extent of Liability for Loss or Damages, etc.

The Operator, shall upon formal receipt of the articles in the IBR, be held liable for any loss or damage, theft, robbery, pilferage or embezzlement to the extent of the loss or damage proportionate to the value declared by the owner or the airline's liability under existing international agreement, whichever is lower. However, the Operator shall not be held liable for articles susceptible to deterioration or decay, or damage previously sustained and surveyed, or where the disintegration, deterioration or damage of the contents is not visible or in any way determinable at the time of receipt in the IBR or where the damage, loss or destruction is due to natural calamity or force majeure.

When found liable for the loss, damage, etc., under this Memorandum, the Operator shall pay all the duties, taxes and other charges due in accordance with the Tariff and Customs Code, as amended within thirty (30) days from demand for payment. Failure to pay such duties, taxes and other charges within the said period shall be sufficient cause for the revocation of the permit

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of the Operator.

II.B.1.d Period of Storage, Storage Charges and/or Service Fees

II.B.1.d.1 Baggage tagged to a foreign destination, erroneously off-loaded at NAIA and/or baggage mistagged Manila shall remain in storage in the IBR for a period not exceeding (30) days for matching with baggage under claim or search. If not forwarded to its correct destination, within the prescribed storage period, said baggage shall be reported to the District Collector for appropriate action.

II.B.1.d.2 Mishandled baggage indicated in Par. II.A.1.1.a.1 (3 & 4), and those left and found on board an arriving aircraft, tagged/terminating Manila shall remain in storage in the IBR for a period not exceeding (5) days for matching with baggage under claim and search. Provided, that the District Collector may grant an extension of not more than (5) days. If not restored to its owner within the prescribed period, the same shall be inventoried and reported to the District Collector for appropriate action.

II.B.1.d.3 Baggage/articles deposited by transient passengers shall remain in storage in the IBR for a period not exceeding (15) days from date of deposit, unless prior notice was given that it will be stored for a period of more than (15) days. Any such baggage not claimed within the prescribed storage period or an extension thereof shall be reported to the District Collector for appropriate action.

II.B.1.d.4 The Operator may collect storage charges and/or service fees for baggage/articles stored or deposited in the IBR. The rates and schedules of which shall be established by the Operator, subject to the approval of the District Collector of Customs.

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II.B.1.e Free Access to all Authorized Customs Officer & Employees

II.B.1.e.1 The District Collector or his Authorized representative, while in the performance of their official duties, shall have free access to the IBR.

II.B.1.e.2 The Operator shall present upon written acknowledgement any piece of baggage or article therein that may be designated for examination and appraisalment.

II.B.1.f Audit and Examination of Record -The District Collector of Customs or his duly authorized representative, or the Auditor representing the Commission on Audit, shall, during office hours, have the right to examine all the books of accounts and records of the Operator maintained and kept in connection with the operation of the Interline Baggage Room.

II.B.1.g Manual of Procedures. - The Operator shall prepare a Manual of Procedures with respect to the receiving, storage, custody, transfer, disposition, and delivery of baggage/articles which shall be submitted to the District Collector of Customs for approval within thirty (30) days from the date of effectivity of this Memorandum Order.

II.B.1.h Liability of the Bureau of Customs and Its Personnel. - In the operation of the Interline Baggage Room, the Operator shall hold the Bureau of Customs, its officers and employees, free and harmless from any and all claims on account of risks, losses or damages that may be incurred in connection with baggage or articles received or delivered to its owners or authorized claimants.

II.B.1.i Revocation, Rescission, Repeal, Etc. - The Commissioner of Customs reserves ther right to revoke, rescind, repeal, alter, amend, or modify, in whole or in part, any and all provisions of this Memorandum Order after reasonable prior notice to the Operator for just cause.

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II.B.2 Customs Baggage Room

II.B.2.a Operator- The CBR shall be operated by the Bureau of Customs under the immediate supervision of the In-Bond Section, Baggage Assistance Division.

II.B.2.b Period of Storage- The storage and the disposition of baggage/articles in the CBR shall be governed by the rules and regulations which have been or hereinafter may be prescribed by the District Collector of Customs

II.C Working Hours/Overtime Services

The IBR and CBR shall be operational and made available at anytime to receive baggage/articles for storage. The clearance and delivery of baggage/articles to its owner or authorized claimant shall, except when specifically authorized by the District Collector of Customs/Duty Collector, be limited to prescribed working hours on regular working days. Overtime pay, transportation and meal allowance for the services rendered outside the regular office hours in connection with the supervision of the IBR and CBR shall be governed by existing regulations on overtime services.

III. OPERATIONAL PROVISIONS:

III.A. Interline Baggage Room

III.A.1 Receipt of Baggage for Storage

III.A.1.1. All baggage/articles for storage in the IBR shall be received by the Customs Warehouseman and the Operator's Storekeeper, and shall jointly verify the date, flight no., and baggage tag numbers, destination, weight, and the passengers's name and address, if available, nothing there on the following:

III.A.1.1.a Visible or apparent damage to either outer container or contents of the baggage or article which shall be appropriately secured;

III.A.1.1.b Other pertinent information relative to the condition or status of the baggage/article. The Customs Warehouseman shall retain the duplicate copy of the Unclaimed Baggage Report

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(marked as Annex A), and shall maintain his/her own logbook where pertinent information on the receipt and release of baggage/articles stored at the IBR shall be entered.

III.A.1.2 Baggage or articles which has been opened for examination and appraisement but not release to the owner, the same shall be returned to the IBR after having been re-checked, reweighed and re-sealed in the presence of the Customs Examiner and the Operator's Storekeeper.

III.A.1.3 Baggage/articles shall at all times be within the custody and responsibility of the Operator, except when the same has been temporarily transferred to the custody of the Bureau of Customs for examination or for any other purpose and/or until the same have been duly authorized for release by Customs and delivered to the owner or authorized claimant.

III.A.2 Report of Unclaimed/Overstaying
Baggage/Articles and Storage Charges

The Operator shall submit to the District Collector of Customs a monthly list of all unclaimed or overstaying baggage or articles which has remained in the IBR beyond the period of storage. Such baggage or articles shall be transferred to the Collector's Corral until disposal thereof shall have been determined by the District Collector. Provided, however, that when such unclaimed or overstaying baggage or article is eventually claimed the same shall not be released from customs custody unless duties, taxes and other charges, and the storage charges are paid.

III.A.3 Monthly Inventory Report - The Operator shall undertake monthly inventory of the contents of the IBR, stating the following:

III.A.3.1 Date of Receipt of Baggage/Articles;

III.A.3.2 Condition of the Baggage/Article when received.

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concerned shall be furnished copies of the Report.

III.A.4 Temporary Stoppage of Work, Effect.- The Bureau of Customs in the interest of the service shall take over the operation of the IBR in the event of a temporary work stoppage due to labor dispute or for any other cause. During this period, the Bureau of Customs shall have the authority to collect storage charges and/or service fees for the account of the Operator and to make disbursement s from such collection for all the incidental and necessary expenses that may be incurred.

III.B. Customs Baggage Room

III.B.1 Receipt of Baggage/Articles for Storage

Receipt of baggage/articles held by Customs, placed at the CBR shall be effected in the following manner:

A Held Baggage Receipt (HRB), marked as annex B, shall be prepared by the Customs Examiner after examination and appraisal of the baggage/articles have been conducted.

The baggage shall be weighed prior to actual receipt of the same by the Customs Warehouseman assigned at the CBR. Thereafter, the Customs Examiner, Customs Appraiser, Duty Collector and the Warehouseman shall all affix their signature on the HRR, which shall be distributed as follows:

original - passenger
duplicate - Baggage Assistance Division
triplicate - Customs Data Monitoring Division

III.B.2 Report of Unclaimed/Overstaying Articles- The Chief, Baggage Assistance Division shall submit to the District Collector a monthly list of all unclaimed or overstaying articles/baggage which have remained in the CBR beyond the storage period prescribed by the District Collector of Customs.

III.B.3 Monthly Inventory and Report The In-Bond Section shall undertake the monthly inventory of the contents of the CBR and shall report thereof, in a format marked as Annex C. The same shall be prepared by the Customs Warehouseman concerned, duly signed by the Customs Examiner, Customs Appraiser, the Chief, Baggage Assistance Division, COA representative/Apprehending Officer, in case of alerted cargoes.

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IV. APPLICABILITY CLAUSE:

The provisions of this Memorandum Order shall apply to other international airports of entry, whenever applicable.

V. REPEALING CLAUSE:

This Memorandum Order supersedes MIA Customs Memorandum Order No. 2-81 dated 3 March 1981.

VI. EFFECTIVITY

This Order shall take effect on JUN 14 1991.

Salvador M. Mison
SALVADOR M. MISON
Commissioner of Customs

June 14, 1991

(Date)

