



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA

February 24, 1998

**CUSTOMS MEMORANDUM ORDER**  
NO. 7-98

**Subject: IMPLEMENTATION GUIDELINES REGARDING THE  
MODERNIZATION OF CEBU CUSTOMS DISTRICT  
THRU THE USE OF COMPUTERIZED SYSTEMS AND  
OTHER REFORMS**

**1.0 Objectives**

- 1.1 To facilitate the Customs clearance of legitimate imported goods destined to the Cebu port.
- 1.2 To implement at the port of Cebu the different automated systems currently being utilized at the Metro Manila (MM) ports, namely;
  - 1.2.1 Formal & Warehousing Assessment Modules
  - 1.2.2 Selectivity System
  - 1.2.3 Manifest Module
  - 1.2.4 Remote Electronic Filing of Declaration Entries (DTI)
  - 1.2.5 Automated Matching of Payment & Payables (AMPP) thru ACOS
  - 1.2.6 On-Line Release System (OLRS)
  - 1.2.7 Accounting Module
- 1.3 To initiate electronic commerce by the roll-out of automated systems from Metro Manila ports thereby connecting Cebu Bureau of Customs with the Customs Info Highway.
- 1.4 To bring Cebu Customs at par with the world's best Customs practices.

**2.0 Scope**

- 2.1 This order shall initially cover importation being cleared at the Customs port of Cebu particularly shipments classified under consumption and warehousing regimes.

✓

2      CMO-7-98

### 3.0 General Provisions

- 3.1 All automated systems & reforms for the improvement of Customs procedures currently being implemented at Metro Manila ports shall be rolled-out to Cebu Customs District.
- 3.2 Clearance processes for the different types of importation shall follow existing CMOs which consider among others the Selectivity System (risk assessment & management). Provisions embodied in CMO 18-96 (Selectivity System in the Customs Clearance Process for Imported Goods) and its amendments, CMO 32-96 (Triggering of Selectivity System at EEC), CMO 37-97 (Duties & Responsibilities of Customs Operations Officers 3 & 5 for ACOS-Selected Entries) shall be adhered to when applicable.
- 3.2.1 Also in the same length, a central examination area (DEA) shall be set-up in Cebu located at the international container staging area for both consumption and warehousing shipments. In the event that the DEA has not been set-up yet, current system of physical examination shall be observed
- 3.3 Import clearance procedure for warehousing entries shall follow CMOs 20-97 (Guidelines in the Implementation of Computerized Processing of Warehousing Entries) & CMO 23-97 (Automated Collection of IPF for Warehousing Entries).
- 3.3.1 Other fees that are collected everytime an entry is lodged with the Bureau shall be incorporated within ACOS for the automated collection of these fees (i.e. boatnote, service fee, etc.).
- 3.4 An encoding facility, like the Entry Encoding Center (EEC) at Metro Manila, shall also be set-up to capture declared data as required by ACOS. The EEC shall be managed by private sector like (FCCI) as a BOC agent.
- 3.5 Mandatory pre-payment of taxes and duties of importations at Authorized Agent Banks (AAB) shall be strictly enforced as per CAO 2-95.
- 3.6 To further facilitate payment of taxes and duties as well as payment of additional charges as a result of documentary or physical inspection, an in-house bank (Land Bank) shall be housed within the BOC building for this purpose.

### 4.0 Operational Provisions

Operational procedures regarding automated import clearance processes shall generally follow Customs Memorandum Orders stated in 3.0. The envisioned initial procedures are graphically described in the Annexes of this CMO. Prior to the filing of entry at EEC, payment of taxes and duties is mandatory

W

#### 4.1 Consumption Entry

##### 4.1.1 Entry Encoding Center (EEC)

- 4.1.1.1 Receives, stamps "Formal" on the top-most document of the declaration and encodes required data in the ACOS System.
- 4.1.1.2 Advises the Importer Representative (IR) on the results of ACOS computation of duties and taxes after conducting a "Check" and requests the IR to pay additional duties and taxes (if any).
  - 4.1.1.2.1 If the IR disagrees with the ACOS computation and/or there is a need for FED staff to resolve the problem, the EEC encoder shall use the appropriate code for the entry to be assigned to Yellow lane.
- 4.1.1.3 The EEC encoder shall call the Assessment Module which in turn will trigger Selectivity and then prints two copies of the Assessment Notice (AN). Once the entry has been assessed in the computer or the IR express agreement on the encoded data, the declaration entry shall now be official and binding on the Importer.
- 4.1.1.4 Stamps "Selected" or "Greenlane" on entries based on the color channel determined by the system.
- 4.1.1.5 Distributes the different copies of the IEIRD.
  - 4.1.1.5.1 EEC gives a copy of the AN and the blue copy of the IEIRD to the IR for payment of Arrastre charges.
  - 4.1.1.5.2 Sends all other copies to either Entry Processing Unit for selected declarations or Collection Division for greenlane entries.

##### 4.1.2 Entry Processing Unit (EPU)

- 4.1.2.1 Checks documents for selected entries.
- 4.1.2.2 Checks authenticity of CRF.
- 4.1.2.3 Writes-off manifest.
- 4.1.2.4 Segregates the different copies and sends the working copy and other pertinent documents to FED

##### 4.1.3 Collection Division (CD)

At CD, all entries for payment verification are received from either EEC (greenlane) or from FED (selected either as yellow or red). Bank information on payments of taxes and duties are also received by CD in electronic form. The procedure to be followed for payment processing is:

- 4.1.3.1 Checks/verifies payments made at the bank for the particular entry based on bank transmittal information and then compares the amount assessed by ACOS. Then sends the entry documents to the pre-manifesting clerk (EPU staff at CD).
- 4.1.3.2 The pre-manifesting clerk conducts document, pre-manifesting, and CRF checks on the entry as indicated in items 4.1.2.1 to 4.1.2.3.

4.1.3.3 CD then marks the entry declaration according to Selectivity color on the working copy and on the top most document for easy identification:

4.1.3.3.1 For greenlane entries, CD then marks the entry "GL - for Post Audit" and sends the entry to FED for the conduct of post audit.

4.1.3.3.2 For selected declarations, entries are marked "For LBD" and submitted to Liquidation and Billing Division (LBD).

#### 4.1.4 Assessment Division (AD)

##### A. *For Greenlane Entries (Post Audit)*

4.1.4.1 FED Post Audit (PA) staff retrieves the electronic entry in the ACOS system.

4.1.4.2 PA then performs a post audit check based on entry documents.

4.1.4.2.1 If a discrepancy is detected that warrants immediate verification or holding of the shipment (if applicable), information on the results of the Post Audit shall be immediately sent to Chief of FED for proper disposition.

4.1.4.2.2 For entries with discrepancies; Liquidation and Billing will issue billing to concerned Client (CIIS shall serve the billing and Collection Division shall collect the amount payable to the Bureau).

4.1.4.3 PA staff submits periodically the results of post audit to the Chief FED and any unit of the Bureau deemed appropriate.

4.1.4.4 Transmits entries to LBD after the conduct of Post Audit.

B. *For selected entries, CMO 37-97 (Duties & Responsibilities of Customs Operations Officers 3 & 5 for ACOS-Selected Entries) shall be applicable. For the conduct of physical examination at DEA, CMO 18-96 and its amendments shall be followed.*

4.1.4.5 For selected entries, the conduct of document appraisal shall be mandatory. COO3s shall review and check classification and value based on documents.

4.1.4.6 For declaration entries under yellow lane, required documents are then checked for completeness and authenticity.

4.1.4.7 For declaration entries under red lane, conduct of physical inspection on the shipment is mandatory

4.1.4.7.1 COO3 amends the IEIRD and ACOS entry based on results of the physical examination of the goods.

4.1.4.8 COO5 conducts final review/appraisal, re-routes to green, and electronically assesses the entry in ACOS.

4.1.4.9 Sends the entry to Liquidation and Billing Division (LBD).

#### 4.2 Warehousing Entry

##### 4.2.1 Entry Encoding Center (EEC)

*Handwritten initials*

5

CMO-7-98

- 4.2.1.1 Receives and stamps "Warehousing" to distinguish it from the regular consumption entry.
- 4.2.1.2 Encodes required data in the ACOS System and then checks the encoded data to ensure accuracy.
- 4.2.1.3 The EEC encoder shall call the Assessment Module which in turn will trigger Selectivity and then prints two copies of the Assessment Notice (AN). Once the entry has been assessed in the computer or the Broker/Importer representative express agreement on the encoded data, the declaration entry shall now be official and binding on the Importer.
  - 4.2.1.3.1 The automated collection of IPF shall be triggered by the successful electronic assessment of the entry (green lane entries at EEC or at AD for selected entries).
- 4.2.1.4 Stamps "Green Lane" or "Selected" on entries based on what was determined by the system.
- 4.2.1.6 EEC gives a copy of the AN and the blue copy of the IEIRD to the Broker/Importer representative.
- 4.2.1.7 Sends all other copies to Entry Processing Unit (EPU) for selected entries and to Bonds Division for green lane entries.

4.2.2 Entry Processing Unit (EPU) of WAD

- 4.2.2.1 Checks documents for selected entries.
- 4.2.2.2 Checks authenticity of CRF.
- 4.2.2.3 Writes-off manifest.
- 4.2.2.4 Segregates the different copies and sends the working copy and other pertinent documents to Assessment Division.

4.2.3. Assessment Division

- 4.2.3.1. The assigned COO3 performs mandatory document appraisal, amendment, and registers the entry in ACOS.
- 4.2.3.2. Determines Selectivity color:
  - 4.2.3.2.1 If the channel is Yellow, the assigned COO5 then checks the required documents and amends the entry in ACOS if applicable.
  - 4.2.3.2.2 If the color is Red, the assigned COO3 then conducts physical examination of the shipment and later enters the results of examination in the working copy and ACOS.
- 4.2.3.3 The COO5 then performs final review, re-routing, and assessment.
- 4.2.3.4 Sends declaration entry to Bonds Division for the next process.

4.2.4 Bonds Division (BD)

- 4.2.4.1 Receives and checks the documents.
- 4.2.4.2 Checks sufficiency of the bond.
- 4.2.4.3 Applies the bond against the shipment.



6

CMO-7-98

4.2.4.4 Sends the declaration entry and other necessary documents to Customs Bonded Warehouse Division.

4.2.5 Customs Bonded Warehouse Division (CBWD)

4.2.5.1 The Account Officer (AO) shall post the warehousing transaction.

4.2.5.2 AO shall check importables and account quota balances (if applicable).

4.2.5.3 CBWD personnel processes release documents for the delivery of the shipment.

4.2.5.4 CBWD personnel files the entry document for safekeeping and future liquidation purposes.

**5.0 Repealing Clause**

All rules and regulations inconsistent with this Order are hereby deemed repealed, superseded or modified accordingly.

**6.0 Effectivity**

This Order shall take effect upon approval.

  
GUILLERMO L. PARAYNO JR.  
Commissioner

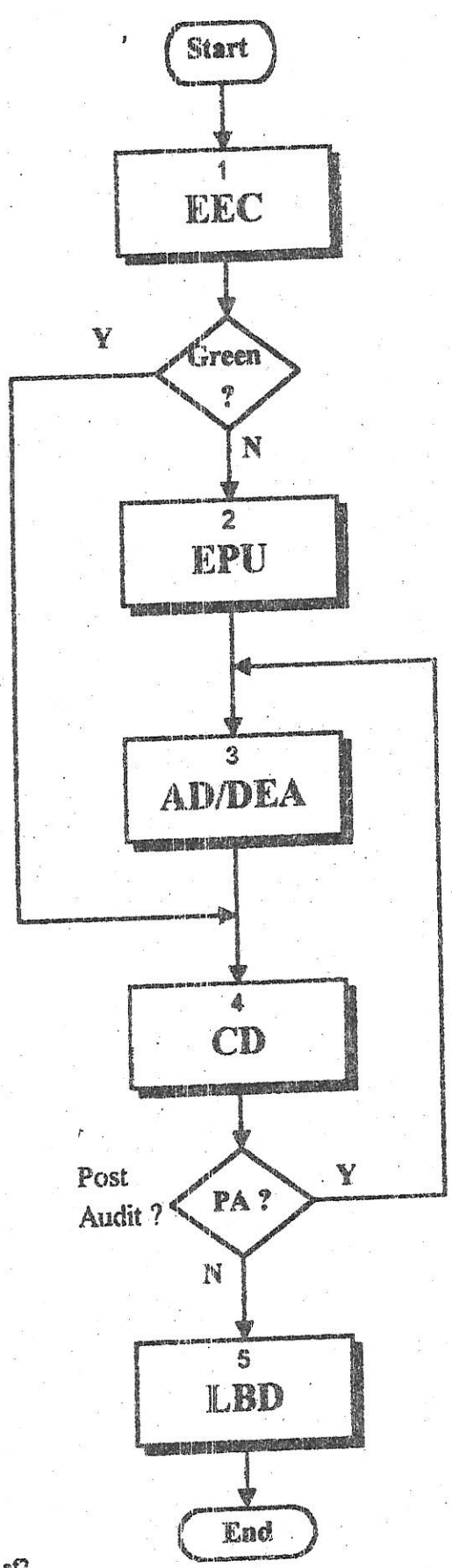
CMS-7-98

7

# CEBU IMPORT CLEARANCE PROCESS

## Consumption Entry General Work Procedure

Annex A



\* Note: Payment of taxes and duties shall be done prior to the filing of entry at EEC

### Entry Encoding Center

- \* Encoding of entry
- \* Triggering of Selectivity
- \* Printing of assessment notice

### Entry Processing Unit

- \* Segregation & transmittal
- \* Document check
- \* Manifest write-off
- \* CRF check
- \* EPU shall be divided into two, EPU of AD and EPU unit of CD

### Assessment Division/Designated Exam Area

- \* Document appraisal, amendment, & registration
- \* Physical examination
- \* Final appraisal, re-routing, and electronic assessment
- \* Post Entry

### Collection Division

- \* Checking of documents (Green lane entries only)
- \* Matching of payables and payments for collection
- \* Processing of release documents

\* After Cash Division, Brokers can now go to Arrastre operator & Cebu Port Authority for payment of arrastre & wharfage fees.

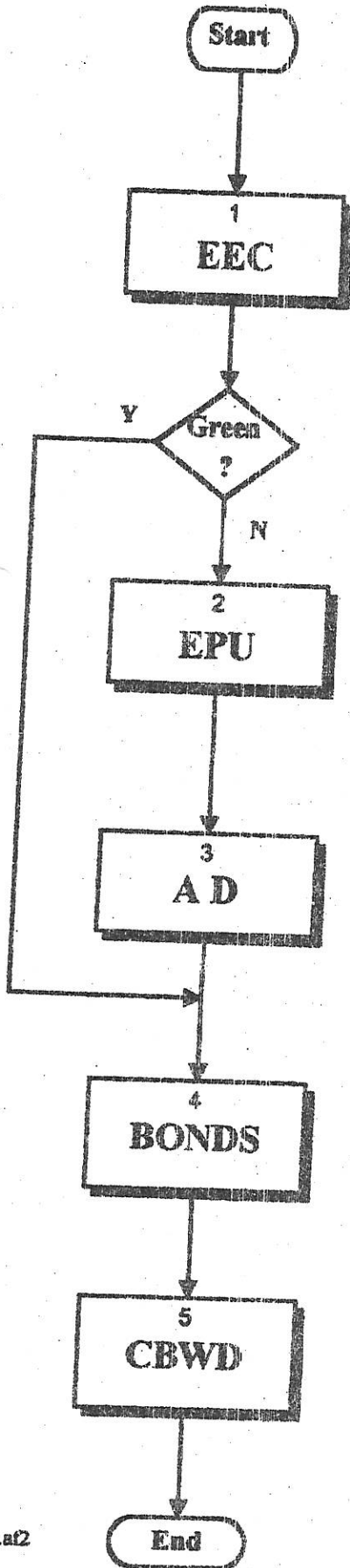
\* Payment of additional fees should be at Land Bank

### Liquidation and Billing Division

- \* Liquidation & safekeeping of entries

# CEBU WAREHOUSE IMPORT CLEARANCE PROCESS

## General Work Procedure



- Entry Encoding Center**
- \* Encoding of entry
  - \* Triggering of Selectivity & IPF payment
  - \* Printing of assessment notice

**Note:**

Set-up of IPF account w/ BOC & banks is mandatory prior to the filing of entry at EEC

- Entry Processing Unit**
- \* Document check
  - \* Manifest write-off
  - \* CRF check
  - \* Segregation & transmittal

- Assessment Division**
- \* Document appraisal, amendment, & registration
  - \* Physical examination
  - \* Final appraisal, re-routing, and electronic assessment
  - \* Post Entry

- Bonds Division**
- \* Checking of bond balances
  - \* Bond charging

- Customs Bonded Warehouse Division**
- \* Posting of transactions
  - \* Accounting of quota balances
  - \* Checking of Importables
  - \* Processing of release document
  - \* Safekeeping of declaration entry