



BUREAU OF CUSTOMS

MAKABAGONG ADUANA, MATATAG NA EKONOMIYA

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PROFESSIONALISM

INTEGRITY

ACCOUNTABILITY

Date MAY 28 2021

CUSTOMS MEMORANDUM ORDER (CMO)
NO. 21-2021

SUBJECT: MANDATORY USE OF AN AUTOMATED INVENTORY MANAGEMENT SYSTEM (IMS) FOR OFF-DOCK AND OFF-TERMINAL CUSTOMS FACILITIES AND WAREHOUSES

Section 1. Scope. This Order shall cover goods entered, stored and withdrawn from off-dock and off-terminal accredited CFWs for release under consumption, warehousing, transit, transshipment or export.

Section 2. Objectives.

- 2.1. To implement an automated inventory system to enable the Bureau to strictly monitor and generate real time and accurate information on the status of goods received, stored and withdrawn from off-dock and off-terminal accredited CFWs;
- 2.2. To protect the revenue of the government by ensuring the correct payment of duties, taxes and other charges due on loose cargoes;
- 2.3. To provide procedures for the accreditation of an IMS service provider;
- 2.4. To require the use and maintenance of an IMS-CFW as one of the requirements of the Bureau for off-dock/off-terminal CFWs; and
- 2.5. To enable the Bureau to establish a compliance rate structure for all off-dock/off-terminal CFW.

Section 3. Definition of Terms.

- 3.1. **Abandoned Goods** — shall refer to goods which fall under any of the following circumstances:
 - 3.1.1. Expressly abandoned goods; or
 - 3.1.2. Impliedly abandoned goods on account of the following:
 - a. Failure to lodge/file goods declaration within the period prescribed under Section 407 of the CMTA;

- b. Failure to pay duties and taxes and other charges upon final assessment, or upon receipt of the order of release or order lifting the alert, or both;
- c. Failure to submit clearances, licenses, and other requirements within the period prescribed under the CMTA;
- d. Failure to claim duty and tax paid imported goods within the period prescribed under the CMTA; and
- e. Failure to mark within the period prescribed under the CMTA.

3.2. Bureau — shall refer to the Bureau of Customs.

3.3. Customs Facilities and Warehouses (CFW) — shall refer to facilities for temporary storage of goods established and authorized by the Bureau pursuant to Title VIII, Chapter 2 of the CMTA.

3.4. Dashboard — shall refer to a graphical representation of the reportorial data in the form of pie or graph charts.

3.5. Device Application — shall refer to the IMS modules accessible using an Android mobile device and is able to access the cloud server of the system for uploading and downloading.

3.6. Device User — shall refer to the user of the IMS whose roles require use of the Device Application to perform tasks including, but not limited to, accessing the stripping details, photo capturing, and data input of container and cargo details.

3.7. Freight Forwarder — shall refer to a local juridical person that acts as a cargo intermediary and facilitates transport of goods on behalf of its client and may issue its House Bill of Lading or House Air Waybill, which can also perform other forwarding services such as but not limited to negotiating freight rates, preparing documents, advancing freight payments providing packing or crating, trucking and warehousing, engaging as an agent or representative or of a foreign non-vessel operating as a common carrier or cargo consolidator or deconsolidator named as consignee in a master bill of lading or Air Waybill/de-consolidator named in the master Air Waybill as consignee of a consolidated shipment, and other related undertakings.

3.8. Goods Declaration — shall refer to a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the persons 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.

- 3.9. House Bill of Lading (HBL)** — shall refer to a bill of lading covering a single, individual shipment or consignment issued by the international freight forwarder, NVOCC or a consolidator to the respective shippers containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of the goods shipped through sea.
- 3.10. Master Air Waybill (MAWB)** — shall refer to an air waybill issued by a common air carrier to a consolidator covering a consolidated shipment.
- 3.11. Master Ocean Bill of Lading (MBL)** — shall refer to an ocean bill of lading issued by a common ocean carrier to a consolidator covering a consolidated shipment.
- 3.12. Off-dock/Off-terminal Customs Facilities and Warehouses (CFW)** — shall refer to a customs facility located outside the airport or seaport established for temporary storage of goods. It is considered part of customs premises under the exclusive control, direction and management of the Bureau.
- 3.13. Overstaying** — shall refer to imported goods which have exceeded the allowable period of temporary storage at the terminal facility due to the following:
- 3.13.1.** Abandonment, whether expressed or implied; and
 - 3.13.2.** When the goods are placed under customs enforcement intervention for suspected violation of customs laws, rules and regulations, which resulted in the issuance of alert or hold order, warrant of seizure and detention, or forfeiture of goods.
- 3.14. Stripping Tally Sheet (STS)** — shall refer to the document generated from the cargo manifest which indicates details such as the Tracking Number, Container Number, Master BL Number, Consolidator Name, Yard-in Date, and Date Stripped.
- 3.15. Transfer Note** — shall refer to a document that accompanies the transfer or transit of imported articles from the terminal facility to off-dock/off-terminal CFW and serves as proof of delivery or receipt of the articles at its intended destination duly acknowledged on its face by the District Collector or his duly authorized representative. This is formerly known as "boat note". For purposes of this order, transfer note shall also refer to as Transit Permit Single Administrative Document (P-SAD).

3.16. VASP Accreditation Committee (VAC) — shall refer to the body responsible for the accreditation, supervision, and control of VASPs.

Section 4. General Provisions.

- 4.1.** All off-dock/off-terminal CFWs granted license to operate by the Bureau shall be required to implement an automated IMS to be provided by the service provider accredited by the Bureau.
- 4.2.** The accreditation of IMS service provider shall comply with the conditions provided under CAO No. 14-2020, such as but not limited to the requirement of a Service Level Agreement (SLA), Non-Disclosure Agreement (NDA), performance bond, and accreditation fee.
- 4.3.** The Deputy Commissioner for Assessment and Operations Coordinating Group (AOCG) shall oversee the implementation of the IMS while the actual operations of the system shall be under the supervision of the Deputy Collector for Operations of the port.
- 4.4.** Wharfingers assigned at off-dock/off-terminal CFW and other authorized customs personnel shall have access to the IMS to monitor the actual status of transfer of containers from port of discharge to the off-dock/off-terminal CFW as well as the status of the cargo from receipt, storage and release of goods therefrom.
- 4.5.** The transfer of containers from the port of discharge to an off-dock/off-terminal CFW must be covered with P-SAD together with other documentary requirements. The P-SAD will replace the current manual hard copy Permit to Transfer to off-dock/off-terminal CFW.
- 4.6.** Each Container must be enrolled in the Electronic Tracking of Containerized Cargo (E-TRACC) System before final assessment of the P-SAD.
- 4.7.** Containers transferred from the port of discharge to an off-dock/off-terminal CFW without being secured with an E-TRACC seal shall not be allowed to be opened by any customs officer without the approval of the District Collector of the port of discharge. This is without prejudice to the imposition by the Bureau of any penalty or sanctions that may be applicable under the circumstances.

Section 5. Accredited IMS Service Provider.

- 5.1. The IMS service provider must have the necessary technical and operational track record to deploy, customize, operate and maintain the system.
- 5.2. The accredited IMS service provider shall provide the following services:
 - 5.2.1. Provide the necessary software to effectively track and monitor the movement of cargoes entered into and withdrawn from the off-dock/off-terminal CFW;
 - 5.2.2. Generate real-time reports as may be required by the Bureau;
 - 5.2.3. Provide a 24/7 customer support system to address issues and concerns that may be raised by concerned stakeholders; and
 - 5.2.4. Conduct trainings and provide user manuals on the use of the IMS by personnel of the Bureau.

Section 6. Operational Provisions.

- 6.1. **Management of IMS.** The IMS shall provide a platform for the Office of the Deputy Commissioner for AOCG and other concerned offices to monitor the transfer, temporary storage and release of goods to and from the off-dock/off-terminal CFWs.
- 6.2. **Use of IMS inside the off-dock/off-terminal CFW.**
 - 6.2.1. The system's web application shall allow off-dock/off-terminal CFW operator to input the Master BL's, gate pass number, and the fees paid, if any, such as Dangerous Goods Fee.
 - 6.2.2. The IMS shall allow the off-dock/off-terminal CFW operator to input in the system the manifest details based on the HBL/HAWB.
 - 6.2.3. The IMS shall generate container labels with unique QR codes for identification. These labels shall be printed by the off-dock/off-terminal CFW operator and posted/placed on each container to be scanned upon transfer to the off-dock/off-terminal CFW and should not be easily detachable. The transfer (yard-in) date and time shall also be captured and inputted in the system. The details of the QR Code shall be as follows:

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- a. CFW Company Name and Logo
 - b. Container Number
 - c. Consolidator Name
 - d. Unique QR Code
- 6.2.4.** The system's Device Application shall make available and display the containers that have been issued a gate pass accessible to the device users.
- 6.2.5.** The system shall allow device users to use the Device Application to capture photos of the sealed container before it is opened. Thereafter, the concerned Wharfinger approves the container for stripping.
- 6.2.6.** The system shall generate separate cargo labels for each named consignee with a unique QR code for identification. The labels shall be printed by the off-dock/off-terminal CFW operator and posted/placed on each cargo or cargo pallet during stripping. The details of the QR Code shall be as follows:
- a. CFW Company Name and Logo
 - b. Consolidator Name
 - c. Container Number
 - d. House Bill of Lading (HBL) Number
 - e. Consignee Name
 - f. Notify Party Name
 - g. Port
 - h. Number of Packages
 - i. Kind of Parcel
 - j. Break Down
 - k. Registry Number
 - l. Dangerous Goods

The off-dock/off-terminal CFW operator may coordinate with the service provider if there are customizations or adjustment in the cargo label, provided that it shall not affect the functionality of the system nor entail any cost to the Bureau.

- 6.2.7.** Users of the device application shall have the option of inputting the measurements of the cargoes under a specific HBL. The Device Application shall also be used in capturing the photos and tag if there are damaged items or bad order cargo. The system shall allow the uploading of the photos captured and data inputted in the Device Application.

6.2.8. The system shall generate a billing invoice based on the approved rates under existing Bureau regulations per HBL as listed below:

- a. Storage;
- b. Arrastre & Wharfage;
- c. Stripping & Cargo Out Handling;
- d. Transfer Fee / Trucking Fee;
- e. Documentation;
- f. OLRs;
- g. Heavy Lift;
- h. Insurance Charge;
- i. Dangerous Cargo;
- j. IMS Fee as provided under Section 10.1.1 of this Order; and
- k. Other fees as approved by the Bureau.

6.2.9. The billing invoice shall be based on the measurements inputted on the device application or in the absence thereof, on the consolidated cargo manifest submitted in the system.

6.2.10. When there is no discrepancy in the cargo details between that indicated in the electronic cargo manifest and the actual details of the cargo upon stripping as indicated in the Stripping Tally Sheet, the system shall include the corresponding House BL number in the list of cargoes for release. However, if discrepancy exists such as but not limited to overshipment, undershipment, overlanded, or shortlanded, the case shall be referred by the off-dock/off-terminal CFW operator to the District Collector of the port or the concerned customs officer for proper disposition.

6.2.11. Upon lodgement of goods declaration, the system shall be updated by generating and incorporating in the details of the cargo the reference number (entry number) of the goods declaration.

6.2.12. Wharfinger shall approve the release of cargo as indicated in the IMS by matching the same with the declaration in the hard copy of the processed goods declaration and the gate pass, and by clicking the "APPROVED" button in the IMS Releasing Module.

6.2.13. The system shall show the approved cargo in the list of HBL's to be released and shall be accessible to the warehouse checker using the Device Application as his guide to locate the cargo. Once cargo has been located,

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the warehouse checker shall scan the QR code of the cargo label using the Device Application to validate that it is the correct cargo.

6.2.14. The wharfinger shall only allow the actual release of cargoes presented by the warehouse checker that matches the description of the goods approved for release with the declaration in the hard copy of the goods declaration or through the IMS reports of released cargo.

6.2.15. The system's Device Application shall require input of the truck details where the cargo is loaded after release and require photo capture at the point of truck loading.

6.2.16. The system shall monitor the date and time of the container departure from the off-dock/off-terminal CFW by scanning the container label using the Device Application.

6.2.17. The system shall have real-time Dashboard and Reports on Released cargo, Unreleased Cargo, Overstaying Cargo, Abandoned Goods, Cargo Stripping, Cargo Withdrawal, and Container Arrival.

6.2.18. The system shall incorporate user management and security features and shall only allow access to certain functionalities according to user role.

6.3. Use of IMS for the Bureau.

6.3.1. The system shall have an Executive Dashboard for the exclusive use of the Commissioner and other authorized Customs officials where the inventory data of all off-dock/off-terminal CFWs will be visible in a consolidated view.

6.3.2. The system shall have real-time Dashboard and Reports on Released Cargo, Unreleased Cargo, Overstaying Cargo, Cargo Stripping, Cargo Withdrawal, and Container Arrival.

6.3.3. The system shall incorporate user management and security features and shall only allow access to certain functionalities according to user role.

6.3.4. The system shall include an Audit Trail for transactions performed or changes in the system and shall be properly recorded in the Audit Trail.

6.2. Use of IMS for Consignees.

6.2.1. A separate web portal shall be made available for consignees to be able to check the status of their cargo by entering the HBL number of their cargo shipment.

6.2.2. If cargo has been stripped, a pro forma invoice shall be made available in the consignee web portal for viewing.

Section 7. Protection and Treatment of Electronic Data from the IMS.

7.1. For purposes of customs procedures, electronic data coming from the IMS Service Provider shall be acceptable and shall have legal effect, validity or enforceability as any other document or legal writing.

7.2. The IMS Service Provider shall be fully compliant with the requirements under the Data Privacy Act, particularly the appointment of a regular Data Protection Officer and the submission of the electronic processing system to the National Privacy Commission.

7.3. The IMS Service Provider shall likewise be fully compliant with the guidelines issued by the Philippine Competition Commission in so far as processing of confidential business information are concerned.

7.4. Any information or by-products of said information collected by the IMS Service Provider arising from the implementation of the IMS shall be the exclusive property of the Bureau.

Section 8. Report Generation. The system should allow the user to search and retrieve information and historical data of a certain container or specific HBL/ LCL shipment and generate the following reports which are accessible to the users, depending on each role.

8.1. Daily report on container arrival at the off-dock/off-terminal CFW;

8.2. Daily report on containers successfully stripped at off-dock/off-terminal CFW;

8.3. Daily report of container pull out from off-dock/off-terminal CFW;

8.4. Daily report on LCL individual shipments successfully withdrawn (physical withdrawal) from the off-dock/off-terminal CFW;

8.5. Overstaying Cargo Report.

- 8.5.1. Monthly report on LCL individual shipments that are not withdrawn after 30 days from the date of container actual arrival at off-dock/off-terminal CFW.
- 8.5.2. Monthly report on LCL individual shipments that are subject to auction
- 8.5.3. Monthly report on LCL individual shipments that are seized and withdrawn by the bureau from off-dock/off-terminal CFW
- 8.5.4. Monthly report on LCL individual shipments that have paid the duties and taxes (with generated OLRs) but not yet withdrawn from off-dock/off-terminal CFW)

Section 9. Data Connectivity with Bureau's E-TRACC System. Until such time that the E-TRACC system is capable of transmitting XML data of containers tagged departed/arrived to the IMS CFW, data for the IMS shall be sourced from the E2M system.

Section 10. Capacity Building for Authorized Users. The accredited service provider shall conduct capacity building seminars/trainers to all Bureau authorized users of the system as stated in the Terms of Reference. Instruction manuals/brochures on the use of the different functionalities of the system must also be provided and made readily available to all authorized users.

Section 11. Fees Payable to the IMS Service Provider.

- 11.1. The IMS service provider shall collect a fee of Php225.00, inclusive of VAT, for the use of the web and Device Applications, cloud database, and support services for every released HBL.
- 11.2. The IMS service provider shall generate a monthly invoice based on the number of released cargoes and shall be sent to the CFW not later than the 5th day of the following month.
- 11.3. The IMS service provider shall pay to the Bureau a Monitoring and Supervision Fee equivalent to ten percent (10%) of the fees collected exclusive of VAT not later than the 15th day of the following month.
- 11.4. The VASP Accreditation Committee shall conduct an annual review of the fees to be collected by the IMS service provider and may recommend changes or adjustments thereto subject to the approval of the Commissioner.

Section 12. Penalties. The penalties as provided under CAO No. 9-2019 on Customs Facilities and Warehouses shall be imposed against any off-dock/off terminal CFW operator who obstructs or violates any provision of this Order.

Section 13. Repealing Clause. All orders, memoranda, circulars and issuances inconsistent herewith are hereby repealed and/or deemed modified accordingly.

Section 14. Separability Clause. If any part or provision of this Order is later declared invalid or illegal, the remaining portion shall remain valid and enforceable.

Section 15. Effectivity. This Order shall take effect on JUL 01 2021.

The Office of National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this Order.


REY LEONARDO B. GUERRERO

Commissioner
MAY 28 2021



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