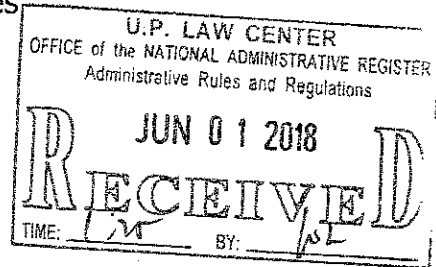




Republic of the Philippines
Department of Finance
Bureau of Customs
1099 Manila



CUSTOMS MEMORANDUM ORDER (CMO)
NO. 07-2018

SUBJECT: REVISED RULES FOR THE ELECTRONIC/MANUAL ISSUANCE AND LIFTING OF ALERT ORDERS AT ALL PORTS OF ENTRY

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

- 1.1. To ensure compliance with the provisions of the Customs Modernization and Tariff Act (CMTA) regarding issuance and lifting of Alert Orders;
- 1.2. To protect the integrity of the Alert Order System;
- 1.3. To promote transparency and accountability in the execution of duties and responsibilities with regard to the issuance/lifting of Alert Orders;
- 1.4. To avoid bureaucratic red tape and protect legitimate importers against unnecessary delay in the release of their lawful importations; and
- 1.5. To provide clear guidelines and procedures in the processing of shipments that is/are subject of an Alert Order.

Section 2. Scope. This Order shall apply to ALL shipments unloaded at all ports of entry under the jurisdiction of the Bureau of Customs ("BOC").

Section 3. General Provisions.


- 3.1 **Issuance of Alert Orders.** Alert orders shall be issued by the following:
 - 3.1.1. Commissioner;
 - 3.1.2. District Collectors having jurisdiction over the goods; and
 - 3.1.3. Other Customs Officers duly authorized in writing by the Commissioner

Alert Orders shall be dated and assigned a unique reference number in series which shall be the basis for reporting to and monitoring by the Commissioner and the Secretary of Finance.

- 3.2 **Grounds for Issuance of Alert Orders.** Alert Orders shall be issued based on derogatory information. For this purpose, the following shall not be considered derogatory information:

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- 3.2.1. General allegations of undervaluation;
- 3.2.2. General allegations of misclassification without providing the appropriate tariff heading and duty of the shipment to be alerted;
- 3.2.3. General allegations of over-quantity without indicating the source of information supporting the allegation;
- 3.2.4. General allegations of misdeclaration in the entry without indicating the suspected actual contents thereof; and
- 3.2.5. General allegations of importations contrary to law without indicating the specific law or rule to be violated.

No Alert Order shall be issued on account of allegations of undervaluation unless said undervaluation is caused by the submission to customs of forged or spurious invoice or other commercial documents.

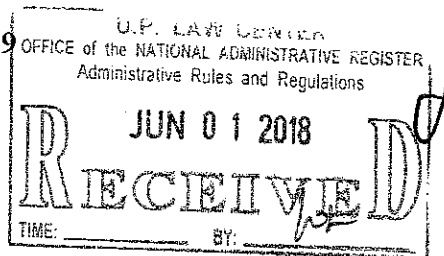
3.3 Mandatory Information to be Indicated in the Alert Order Form. The Alert Order Form (Annex "A") must contain the following details:

- 3.3.1 Specific violations of the CMTA and other pertinent laws, rules and regulations. The specific section and paragraph of the CMTA and other laws, rules and regulations must be indicated;
- 3.3.2 Derogatory information (based on Sec. 3.2 of this Order);
- 3.3.3 Name of importer/exporter;
- 3.3.4 Email address of importer/exporter;
- 3.3.5 Name of broker;
- 3.3.6 Email address of broker;
- 3.3.7 Import/Export (Goods Declaration) Entry Number;
- 3.3.8 Bill of Lading Number;
- 3.3.9 Container Van Numbers;
- 3.3.10 Location of the goods sought to be alerted;
- 3.3.11 Date of Arrival/Discharge;
- 3.3.12 Vessel and Voyage Number;
- 3.3.13 Vessel Registry;
- 3.3.14 Port of Origin;
- 3.3.15 Port of Destination;
- 3.3.16 Contents as Declared;
- 3.3.17 BOC Officer who issued the Alert Order;
- 3.3.18 Date of Issuance of Alert;
- 3.3.19 Type of Alert (Manual or Electronic); and
- 3.3.20 In case of Manual Alert issued by the District Collector, the reason for issuance of Manual Alert.¹

¹ Reasons must be pursuant to Section 3.5 of this Order;

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- 3.4 **When to Issue Alert Orders.** Alert Orders must be issued only after lodgment of the goods declaration and prior to release of goods from customs custody.
- 3.5 **How to Issue Alert Orders.** Alert Orders shall be issued electronically under the e2m alert system. Manual Alert Orders shall be issued **ONLY** under the following instances:
- 3.5.1 When the e2m system is **NOT** accessible;
 - 3.5.2 When the Import Entry has already been finally assessed and the On-Line Release System (OLRS) has already been triggered in the e2m system;
 - 3.5.3 For unmanifested cargoes/shipments;
 - 3.5.4 For entries processed under Informal Entry;
 - 3.5.5 For export cargoes; and
 - 3.5.6 When issued by the Commissioner of Customs

In all cases when manual alert is issued, the District Collector shall immediately furnish copies of the Alert Order to the Customs Police and the wharfinger or warehouseman to ensure that the alerted shipments are not released without the approval of the Commissioner. In case of alerted shipments in Manila International Container Port (MICP) and Port of Manila (POM), the shipments must also be placed on hold by the District Collector through the "special stop" mechanism of the arrastre operator.

- 3.6 **Effect of Issuance of Alert Orders.** An Alert Order will result in the suspension of the processing of the goods declaration, release of goods, and the conduct of physical or non-intrusive inspection of the goods to verify the derogatory information against the shipment.

Under no circumstances shall the suspension of the processing of goods declaration be allowed except through an Alert Order issued by an authorized customs officer.

- 3.7 **Implementation of Alert Orders.**

- 3.7.1 E2m Alerts of the Commissioner of Customs

When an Alert Order is issued through the e2m system, a hard copy of the Alert Order² shall be immediately prepared and forwarded to the District Collector having jurisdiction over the goods, for proper implementation of the Alert Order.

² Alert Order Form

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| TIME: _____ | BY: _____ |

3.7.2 Manual Alerts of the Commissioner of Customs

When Manual Alert Order is issued by the Commissioner of Customs pursuant to paragraph 3.5.6 of this Order and OLRS has not yet been triggered, the District Collector of the concerned collection district must immediately issue an e2m alert.

3.7.3 E2m Alerts of the District Collector

When electronic alert through the e2m system is issued, a hard copy of the Alert Order³ shall be immediately prepared and forwarded to the Commissioner of Customs for recording purposes.

3.7.4 Manual Alerts of the District Collector

When Manual Alert is issued by the District Collector, a copy of the same shall be forwarded to the Commissioner of Customs for recording purposes.

3.8 **Notice of Issuance of Alert Orders.** Upon issuance of the Alert Order, the District Collector or his authorized representative, shall immediately notify the importer/exporter or its broker of the issuance of the Alert Order.

Notice to the said parties can be made through electronic mail using the email address indicated in their Client Profile Registration System (CPRS). As far as practicable, copies of Alert Order for importers/exporters without a CPRS shall be furnished through personal service, or if not possible by other means such as mail, facsimile etc.


The District Collector shall also cause the posting of the Alert Order at a conspicuous place within the Port and the area of the arrastre/warehouse operator.

Hard copies shall also be furnished by the concerned District Collector to the following:

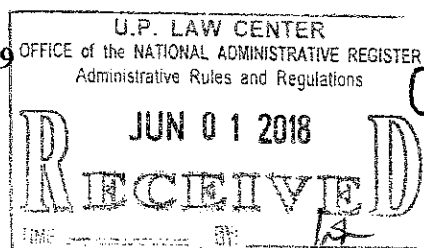
- a) concerned division (i.e. Formal Entry Div, Informal Entry Div, Assessment, Div., etc);
- b) X-ray Inspection Project Field Office of the Port;

³ Alert Order Form

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- c) District Office of the Enforcement and Security Service (ESS);
- d) Wharfinger or warehouseman of the port or warehouse; and
- e) Arrastre operator or warehouse operator where the goods are located. Pursuant to Section 805 of the CMTA, the concerned arrastre/warehouse operator shall be liable in case of loss of the goods stored in a Customs Bonded Warehouse (CBW) or Customs Facilities and Warehouse (CFW) due to the operator's gross negligence or willful misconduct.

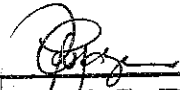
3.9 **Conduct of Examination.** Physical or non-intrusive examination shall be conducted within forty-eight (48) hours from issuance of the Alert Order. The District Collector having jurisdiction over the goods shall determine the manner of examination depending on the nature of the goods and alleged violation committed.

The District Collector or his duly authorized representative shall notify the importer/exporter or broker of the date of examination of alerted shipments, for purposes of witnessing the conduct of examination. If despite due notice, the importer/exporter or broker fails to appear, the examination shall proceed and shall be witnessed by a representative of the Chamber of Customs Brokers, Inc. (CCBI) or any disinterested third party.

Physical examination of alerted shipments shall be under the direct supervision and control of the District Collector concerned. In case the Alert Order pertains to twenty-five (25) containers or more, the number of containers to be examined may be limited to thirty percent (30%) of the total number of containers. However, if in the course of the examination of the selected containers, a violation is determined, then the entire shipment shall be subject to full examination. However, the District Collector must ensure that while examination of the thirty percent (30%) of the total number of containers of the alerted shipment are being conducted, the remaining seventy percent (70%) of the total containers must remain within the port.

The costs of the physical inspection shall be borne by the Bureau: *Provided*, That such cost shall be reimbursed by the owner prior to the release of the goods if the physical inspection results in the assessment of additional duties or taxes or the issuance of a warrant of seizure.

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
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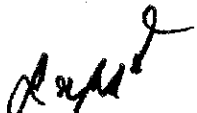
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The result of the examination shall be contained in the Alert Order Report Form (Annex "B") bearing the findings of the assigned examiner, a certificate stating that the goods are perishable or not perishable, and his recommendation for the approval the District Collector. The Alert Order Report Form shall be submitted to the District Collector within forty-eight (48) hours or, in case of perishable goods, within twenty-four (24) hours from the termination of the examination.

- 3.10 **Disposition of Alert Orders.** Within five (5) days, or two (2) days in case of perishable goods⁶, from the termination of the examination, the District Collector shall either issue a Warrant of Seizure and Detention (WSD) or recommend to the Commissioner the release of the goods or continuation of the processing of the import entry (goods declaration) in case of negative findings.

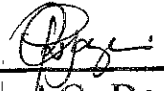
In case the District Collector recommends the release of the shipment, the District Collector shall immediately transmit ALL the records (i.e. *Alert Order Form and Alert Order Report Form*) in a completed staff work format to the Commissioner who shall automatically review the recommendation within forty-eight (48) hours, or within twenty-four (24) hours in case of perishable goods. When no decision is made by the Commissioner within the prescribed period, the imported goods shall be deemed released.

- Section 4. Administrative Sanctions.** Any undue delay in the examination of shipments with Alert Orders shall be a ground for administrative and/or criminal action against the officer or personnel causing the delay.
- Section 5. Transitory Provision.** All pending Alert Orders, upon the effectivity of this Order, shall be disposed of in accordance with this Order.
- Section 6. Repealing Clause.** All CMOs and Memoranda issued contrary to this Order are hereby repealed or amended accordingly.
- Section 7. Effectivity.** This Order shall take effect immediately after completion of the fifteen (15) day publication.

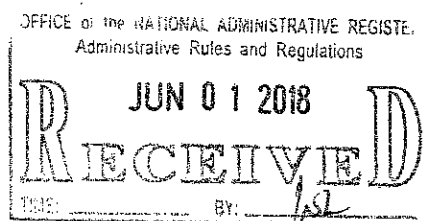

Bureau of Customs
ISIDRO S. LAPEÑA
Commissioner
18-08873
ISIDRO S. LAPEÑA, PhD, CSEE
Commissioner
MAY 31 2018

⁶ Section 116 of the CMTA

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ANNEX "A"

ALERT ORDER FORM

Per Customs Memorandum Order No. _____

ALERT ORDER NO. _____

Date of Alert: _____

Type of Alert (Manual or Electronic) _____

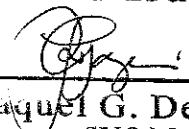
Reason for Manual Alert (if Manual Alert) _____

Shipment Particulars:


| | |
|--|--|
| Importer/Exporter | |
| Email Address of Importer/Exporter | |
| Broker | |
| Email Address of Broker | |
| Import/Export Entry No. | |
| Bill of Lading No. | |
| Container Van No/s. | |
| Date of Arrival/Discharge | |
| Vessel and Voyage No. | |
| Vessel Registry | |
| Port of Origin | |
| Port of Destination | |
| Location of Goods | |
| Contents as Declared | |
| Suspected violation of the CMTA, laws, rules and regulations | |
| Derogatory Information (based on 3.2 of this Order) | |

 Name, Designation & Signature of Alerting Officer

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ANNEX "B"

ALERT ORDER REPORT FORM

Per Customs Memorandum Order No. _____

ALERT ORDER NO. _____

| | | | |
|---|--|------------------------------------|--|
| Date of Alert | | Date of Termination of Examination | |
| Date of Start of Examination | | | |
| Importer/Exporter | | | |
| Broker | | | |
| Import/Export Entry No. | | | |
| Bill of Lading | | | |
| No. of Containers Alerted | | | |
| No. of Containers Examined | | | |
| Mode of Examination (Physical or Non-Intrusive) | | | |
| Names of Witnesses | | | |

Channel: Green Yellow Red
 Violation: Undervaluation Misclassification Misdeclaration
 Others, pls. specify: _____

Computation of Discrepancy (Summary for all Items)

| Description | As Declared | As Found | Difference | %Difference |
|-------------------|-------------|----------|------------|-------------|
| Tariff Heading | | | | |
| Net Weight (kgs) | | | | |
| Customs Value | | | | |
| Customs Duty | | | | |
| Dutiable Value | | | | |
| Duty Rate | | | | |
| VAT | | | | |
| Excise Tax | | | | |
| Marking Duty | | | | |
| Ad Valorem | | | | |
| IPF | | | | |
| CDS | | | | |
| Penalty/Surcharge | | | | |
| Others | | | | |
| Total | | | | |

Certification of the Nature of the Alerted Shipment:

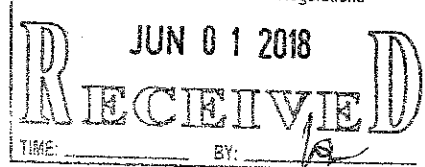
The above-described alerted shipment is perishable not perishable.

Customs Examiner: _____

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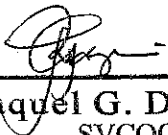


Recommendation: (Pls specify if Lifting of Alert (continuous processing), Imposition of Surcharge, Non-Imposition of Surcharge, Issuance of WSD, etc.)

Customs Examiner: _____

Approved by: _____
District Collector

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