



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
1099 Manila

CUSTOMS MEMORANDUM ORDER (CMO)

NO. 31-2018

SUBJECT: PRE-LODGE MENT CONTROL ORDER

Section 1. Scope. This CMO shall apply to the following:

- 1.1. Goods which are foreign in origin when the goods or the carrier are within the territorial jurisdiction of the Philippines, or even when the carrier has not entered our territorial jurisdiction, if the goods are reflected in the advanced electronic manifest submitted to the Bureau;
- 1.2. Goods which are intended for export before an export declaration is lodged or when no export declaration is lodged;
- 1.3. Goods which are for transshipment.

Section 2. Objectives.

- 2.1. To implement a clear and effective system in the issuance of a Pre-Lodgement Control Order from the moment imported goods enter customs jurisdiction, as well as when goods are intended to be exported prior to lodgement of export declaration or when there is no intention to lodge an export declaration;
- 2.2. To prescribe transparent procedures in the issuance and processing of Pre-Lodgement Control Order.
- 2.3. To promote transparency and accountability in the execution of duties and responsibilities with regard to the issuance/lifting of Pre-Lodgement Control Orders.

Section 3. Definition of Terms. For purposes of this CMO, the following terms shall be defined:

- 3.1. **Alert Order** — shall refer to a written Order issued by the Commissioner, District Collector¹, or other customs officers authorized

¹CMTA, Title II, Chapter 2, Section 210 (6.).



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in writing by the Commissioner after the Lodgement of Goods Declaration and before their actual release from customs custody, on the basis of derogatory information regarding possible non-compliance with the CMTA and other laws, rules and regulations enforced by Customs.²

3.2. Alerting Officer — shall refer to the Commissioner of Customs, District Collector³ or other customs officer authorized in writing by the Commissioner to issue Pre-Lodgement Control Orders as defined under this CMO.

3.3. Customs Jurisdiction — shall refer to the Bureau's exercise of jurisdiction over all seas within Philippine territory and all lands, coasts, ports, airports, harbors, bays, rivers and inland waters whether navigable or not from the sea and any means of conveyance.⁴

3.4. Derogatory Information — shall refer to any information indicating a certain shipment is in high risk of probable violation of the provision of the CMTA and related laws.

3.5. Goods Declaration —shall refer to a statement made in the manner prescribed by Customs laws, rules, and regulations for the entry or admission of imported goods.⁵

3.6. Lodgement— shall refer to the registration of a Goods Declaration with the Bureau⁶ in a manner prescribed under customs laws, rules, and regulations.

3.7. Lifting of the Pre-Lodgement Order — shall refer to the Order of Release after a finding of no discrepancy, after the physical or non-intrusive inspection.

3.8. Pre-Lodgement Control Order —shall refer to a written Order issued by the Commissioner, District Collector⁷ or other customs officers authorized in writing by the Commissioner, before the Lodgement of Goods Declaration or when no Goods Declaration is lodged, on the basis of grounds stated in Section 4.1.1. of this CMO to prevent the illegal importation or their release.

²cf. CMTA, Title XI, Chapter 3, Section 1111.

³CMTA, Title II, Chapter 2, Section 210 (6.).

⁴cf. CMTA, Title III, Chapter 1, Section 300.

⁵cf. CMTA, Title I, Chapter 2, Section 102 (y).

⁶cf. CMTA, Title I, Chapter 2, Section 102 (dd).

⁷CMTA, Title II, Chapter 2, Section 210 (6.).



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3.9. Products of Illicit Trade — shall refer to money, goods or value gained from illegal activity.⁸

3.10. Prohibited Importation and Exportation — the importation and exportation of the following goods are prohibited:

- a. Written or printed goods in any form containing any matter advocating or inciting treason, rebellion, insurrection, sedition against the government of the Philippines, or forcible resistance to any law of the Philippines, or written or printed goods containing any threat to take the life of, or inflict bodily harm upon any person in the Philippines;
- b. Goods, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises, describes or gives direct or indirect information where, how or by whom unlawful abortion is committed;
- c. Written or printed goods, negatives or cinematographic films, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character;
- d. Any goods manufactured in whole or in part of gold, silver, or other precious metals or alloys and the stamp, brand or mark does not indicate the actual fineness of quality of the metals or alloys;
- e. Any adulterated or misbranded food or goods for human consumption or any adulterated or misbranded drug in violation of relevant laws and regulations;
- f. Infringing goods as defined under the Intellectual Property Code and related laws; and

All other goods or parts thereof, which importation and exportation are explicitly prohibited by law or rules and regulations issued by the competent authority.⁹

3.11. Restricted Importation and Exportation — except when authorized by law or regulation, the importation and exportation of the following restricted goods are prohibited:

- a. Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, or parts thereof;

⁸cf. WCO Illicit Trade Report 2012.

⁹cf. CMTA, Title I, Chapter 3, Section 118.



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- b. Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other goods when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof;
- c. Lottery and sweepstakes tickets, except advertisements thereof and lists of drawings therein;
- d. Marijuana, opium, poppies, coca leaves, heroin or other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes;
- e. Opium pipes or parts thereof, of whatever materials; and
- f. Any other goods whose importation and exportation is restricted.

The restriction to import or export the above stated goods shall include the restriction on their transit.¹⁰

3.12. Transshipment — shall refer to the customs procedure under which goods are transferred under customs control from the importing means of transport to the exporting means of transport within the area of one customs office, which is the office of both importation and exportation.¹¹

3.13. Warrant of Seizure and Detention — shall refer to an order in writing, issued in the name of the Republic of the Philippines, signed by the District Collector of Customs directed to the Enforcement and Security Service (ESS) or any deputized officer of a national law enforcement agency commanding him to seize any vessel, aircraft, cargo, goods, animal or any other movable property when the same is subject to forfeiture pursuant to Section 1113, Chapter 4, Title XI of the CMTA.¹²

Section 4. General Provisions.

4.1. Who may issue a Pre-lodgement Control Order. Pre-Lodgement Control Order may be issued by the following:

¹⁰cf. CMTA, Title I, Chapter 3, Section 119.

¹¹ CMTA, Title I, Chapter 2, Section 102 (ss)

¹²cf. CMTA, Title XI, Chapter 4, Section No. 1117



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- a. Commissioner;
- b. District Collectors¹³ having jurisdiction over the goods;
- c. Other customs officers authorized by the Commissioner in writing.

4.2. Grounds for the issuance of Pre-Lodgement Control Order:

A Pre-Lodgement Control Order shall be issued on the basis of derogatory information regarding specific allegations of the following violations:

- a. Unmanifested goods found on any vessel or aircraft if manifest thereof is required;¹⁴
- b. Outright smuggling as defined in Section 102 (ff), Chapter 2 of Title I of the CMTA;
- c. Prohibited Goods;
- d. Restricted Goods verified with the regulatory agency to be without permits except when the regulatory agency allows application of permit after the arrival but before physical release from customs jurisdiction; and
- e. The importation contains Products of Illicit Trade which poses danger to the environment, public health, safety and security.

4.3. When may a Pre-Lodgement Control Order be Issued. A Pre-Lodgement Control Order may be issued on the following cases:

- a. The moment a vessel, aircraft or other carrier enters the territorial jurisdiction of the Philippines and there is an intention to unload the subject goods within the Philippine territory, but prior to lodgement of goods declaration if applicable;
- b. Even if the carrier has not yet entered the Philippine territory but the goods are reflected in the advanced electronic manifest;
- c. When the carrier of goods for transshipment enters the Philippine territory.

¹³CMTA, Title II, Chapter 2, Section 210 (6.).

¹⁴cf. CMTA, Title XI, Chapter 4, Section 1113, par. (g).



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4.4. Mandatory information to be indicated in the Pre-Lodgement Control Order Form. Pre-Lodgement Control Order Form must contain the following details:

- a. 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;
- b. Derogatory information;
- c. Name of importer/exporter;
- d. Email address of importer/exporter, if applicable;
- e. Bill of Lading Number, if applicable;
- f. Container Van Number, if applicable;
- g. Location of the goods sought to be alerted;
- h. Date of Arrival/Discharge, if known;
- i. Vessel and Voyage Number, if applicable;
- j. Vessel Registry, if applicable;
- k. Port of Origin, if known;
- l. Port of Destination, if known;
- m. Contents;
- n. BOC Officer who issued the Alert Order;
- o. Date of Issuance of Alert.

4.5. How to Issue Pre-Lodgement Control Orders. Issuance of Pre-Lodgement Control Orders shall be made in writing when no goods declaration has been lodged.

4.6. Numbering of Pre-Lodgement Control Orders. Pre-Lodgement Control Order issued pursuant to this CMO 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.

4.7. Notice of Issuance of Pre-Lodgement Control Order. If the shipment has arrived or been discharged and no Goods Declaration is lodged, the District Collector shall notify in writing the shipping lines, the port authority or terminal facility operator, the consignee/owner or his authorized representative and the Value - Added Service Providers (VASPs) if applicable, of the issuance of the Pre-Lodgement Control Order.

4.8. Effects of Pre-Lodgement Control Order. The issuance of Pre-Lodgement Control Order shall not prevent the Lodgement of Goods Declaration.



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- a. If a Goods Declaration is lodged, the Pre-Lodgement Control Order shall be converted into an Alert Order without need for further action. In such instance, rules on Alert Order shall apply.
- b. Within forty-eight (48) hours from discharge of the last package or issuance of the Pre-Lodgement Control Order, whichever is later, the District Collector shall schedule the conduct of physical or non-intrusive inspection of the goods.

The absence of the consignee, broker or their authorized representative despite due notice shall not bar the conduct of the physical or non-intrusive inspection.

Within forty-eight (48) hours, or in the case of Perishable Goods within twenty-four (24) hours from inspection, the Examiner shall recommend to the District Collector either the lifting of the Pre-Lodgement Control Order or the issuance of a Warrant of Seizure and Detention, whichever is applicable, furnishing the Commissioner with a copy of the recommendation.

- c. Upon recommendation of the Examiner, the District Collector within five (5) days in case of non-Perishable Goods, or two (2) days in case of Perishable Goods, shall either: (1) Order the lifting of the Pre-Lodgement Control Order in case of a negative finding subject to affirmation by the Commissioner or (2) issue a Warrant of Seizure and Detention upon determination of the existence of probable cause.¹⁵
- d. In cases where the District Collector recommends the lifting of the PLCO, he shall immediately transmit all the records to the Commissioner for automatic review, 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 release of the goods shall be deemed approved, provided that completed staff work has been undertaken to guide the Commissioner's decision.¹⁶

The District Collector shall lift the PLCO only upon the affirmation of the decision of the District Collector by the Commissioner, or after the lapse of the period of review by the Commissioner, whichever is earlier.¹⁷

- e. In cases where the PLCO is issued against a shipment where the filing of goods declaration is not required such as goods

¹⁵cf.CMTA, Title XI, Chapter 4, Section 1116.

¹⁶cf.CMTA, Title XI, Chapter 4, Section 1117.

¹⁷cf. CMTA, Title II, Chapter 4, Section 1117.



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contained in domestic containers or goods carried by local vessels, aircrafts, trucks and other local carriers, and after the verification no discrepancy or violation is found and the District Collector recommends the lifting of the PLCO, paragraph d hereof shall apply.¹⁸

- f. In case where the District Collector issues a Warrant of Seizure and Detention, he shall immediately submit a report to the Commissioner.¹⁹

The foregoing is without prejudice to the application of the rules on abandonment.

4.9. Period to Conduct Physical or Non-Intrusive Inspection.

Within forty-eight (48) hours from the receipt of the Pre-Lodgement Control Order, when appropriate, by the Office of the District Collector, the conduct of Non-Intrusive Inspection or Physical should be made.

Customs Officer shall be held administratively liable for the delay in the examination and submission of findings except in cases beyond their control, such as, but not limited to the unavailability of equipment to be used for examination, inclement weather conditions, or other similar cases.

Examination of shipments subject of Pre-Lodgement Control Order shall be given priority. The Bureau shall assert its authority over customs premises for the allocation of an area dedicated to the conduct of physical or non-intrusive examination sufficient to satisfy the requirements and prescribed periods under the CMTA.

- 4.10. Conduct of Examination.** Physical or non-intrusive examination shall be conducted within forty eight (48) hours from receipt of the Pre-Lodgement Control 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, broker/authorized representative of the date of examination of shipments subject of Pre-Lodgement Control Order, for purposes of witnessing the conduct of examination. If despite due notice, the importer/exporter, broker/authorized representative fails to appear, the examination shall proceed and shall be witnessed by a

¹⁸cf. CMTA, Title XI, Chapter 4, Section 1117.

¹⁹cf. CMTA, Title XI, Chapter 4, Section 1116.



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representative of the Chamber of Customs Broker, Inc. (CCBI) or any disinterested third party.

Physical examination of shipments subject of Pre-Lodgement Control Order shall be under the direct supervision and control of the District Collector concerned. In case the Pre-Lodgement Control 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 result of the examination shall be contained in the Pre-Lodgement Control Order Report Form bearing the findings of the assigned Examiner, a certificate stating the goods are perishable or not perishable, and his recommendation for the approval of the District Collector. The Pre-Lodgement Control 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.

4.11. Disposition of Pre-Lodgement Orders.

4.11.1. Upon recommendation of the authorized customs officers, the District Collector within five (5) days in case of non-Perishable Goods or two (2) days in case of Perishable Goods, shall either: (1) recommend the lifting of Pre-Lodgement Control Order, subject to review by the Commissioner, in case of negative findings or (2) issue a Warrant of Seizure upon determination of the existence of probable cause²¹ for violation of the CMTA.

4.11.2. In cases where the District Collector recommends the lifting of the Pre-Lodgement Control Order, he shall immediately transmit all the records to the Commissioner for automatic review, 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 recommendation for lifting of the PLCO and release of the

²¹cf. CMTA, Title XI, Chapter 4, Section 1116.



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goods shall be deemed approved, provided that completed staff work has been undertaken to guide the Commissioner's decision.²²

The District Collector shall lift the Pre-Lodgement Control Order only upon the affirmation of the decision of the District Collector by the Commissioner, or after the lapse of the period of review by the Commissioner, whichever is earlier.²³

4.11.3. In case where the District Collector issues a Warrant of Seizure and Detention, he shall immediately inform the Commissioner in writing of the issuance thereof.²⁴

4.12. Costs. The costs of the physical examination of shipments subject of a Pre-Lodgement Control Order²⁵ shall be borne by the Bureau.

4.12.1. The Bureau may enter into a Memorandum of Agreement with the port, airport or terminal facility operators providing for a monthly billing arrangement for expenses incurred in the conduct of physical and/or non-intrusive examinations on shipments subject of Pre-Lodgement Control Orders.

4.12.2. The Bureau shall include in its annual budget the appropriation for payment of arrastre services and other incidental expenses relative to the conduct of examinations under this CMO.

4.12.3. The foregoing is without prejudice to the provision of Section 207 paragraph 3, Chapter 2 of Title II of the CMTA.

4.12.4. Use or Utilization of Forfeiture Fund. As provided under Section 1151, Chapter 10 of Title XI of the CMTA, expenses for customs intelligence and enforcement and other related activities may be sourced from the Forfeiture Fund, including those incurred for the examination of goods subject of Pre-Lodgement Control Order.

4.13. Creation of Central Clearing House.²⁶ The Bureau shall create a Central Clearing House under the Office of the Commissioner for

²²CMTA, Title XI, Chapter 4, Section 1117.

²³cf. CMTA, Title II, Chapter 4, Section 1117.

²⁴cf. CMTA, Title XI, Chapter 4, Section 1116.

²⁵cf. CMTA, Title XI, Chapter 3, Section 1111, par. 5.

²⁶cf. CMTA, Title XI, Chapter 3, Section 1111, par. 1, 6 & 7.



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Pre-Lodgement Control Order. It shall coordinate and monitor all Orders issued under this CMO to avoid double issuance of Pre-Lodgement Control Orders against shipments and shall reflect the imposition or lifting of any Pre-Lodgement issued under this CMO to the customs information/processing system. The Central Clearing House shall be furnished copy of the Pre-Lodgement Control Order within twenty-four (24) hours from issuance thereof including the basis for its issuance.

It shall act as repository of all records, including final disposition of the Pre-Lodgement Control Order.

It shall also submit quarterly status reports to the Secretary of Finance on all Orders issued under this CMO.

4.14. Establishment of Customs Outposts and assignment of Customs Personnel at all Exit Gates of all Customs Premises.

The Bureau may establish customs outposts at all exit gates of all customs premises and assign customs personnel thereat.

Section 5. Rights of a Consignee, Importer, Owner, Broker or Attorney-in-Fact whose Shipment is subject of a Pre-Lodgment Control Order:

- 5.1. To be notified that the shipment is subject of a Pre-Lodgement Control Order;
- 5.2. To be informed of the conduct of the examination pursuant to the Pre-Lodgement Control Order issued and results thereof; and
- 5.3. To a speedy disposition of the Pre-Lodgement Control Order.

Section 6. Risk Management. Any Pre-Lodgement Control Order and other Orders issued pursuant to this CMO and the disposition thereof shall be furnished the Bureau's Risk Management Office, as reference in the Bureau's Risk Management System.

Section 7. Use of Information and Communications Technology (ICT) - Enabled System. The Bureau shall develop an ICT-enabled system which will reflect and monitor the issuance and lifting of the Pre-Lodgement Control Order.

Section 8. A Pre-lodgment Control Order should not be an instrument for extortion and harassment but an instrument or tool for validation that correct description and proper method of valuation of goods is being observed.

Section 9. Administrative Sanctions. Any Customs employee who violates this CMO or causes undue delay in the examination of shipments subject of Pre-lodgment Control Order may be administratively or criminally charged.



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Section 10. Repealing Clause. This CMO amends or repeals previously issued CMOs which are inconsistent with the provisions herein stated.

Section 11. Separability Clause. If any part of this CMO is declared unconstitutional or contrary to laws, the other parts not so declared shall remain in full force and effect.

Section 12. Effectivity. This CMO shall take effect immediately after completion of the fifteen (15) day publication.

REY LEONARDO B. GUERRERO
Commissioner, BOC



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