



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

October 8, 2014

CUSTOMS MEMORANDUM ORDER

NO. 21-2014

**TO: All Deputy Commissioners
All District Collectors
All Sub-Port Collectors
All Deputy Collectors for Assessment
All Heads of Formal Entry Divisions or Assessment Divisions**

**SUBJECT: PROCEDURES FOR THE ISSUANCE AND LIFTING OF ALERT
ORDERS FOR FORMAL ENTRIES FILED IN THE E2M SYSTEM**

A. Effectivity and Repealing Clauses

1. This Customs Memorandum Order will take effect on 3 November 2014.
2. CMO 92-91 and CMO 104-92 are repealed insofar as they relate to formal entries processed through e2m. They continue to apply for informal entries, and for manually processed formal entries.

B. General Principles

1. No shipments may be held by any Customs official for any reason, except if that shipment is the subject of an Alert Order issued in accordance with this CMO.
2. Except for shipments tagged "red" by the Risk Management Office, and shipments subject to spotcheck upon orders of a District Collector, no shipments may be physically examined except if that shipment is the subject of an Alert Order issued in accordance with this CMO.
3. If an Alerting Officer as defined in Section C.1 of this CMO becomes aware that any shipment falls under any of the following categories as listed in the Tariff and Customs Code of the Philippines, Section 1401, that Alerting Officer shall issue an Alert Order on that shipment prior to conducting examination on it.
 - a. The government surveyor's seal on the container has been tampered with or broken or the container shows signs of having been opened or having its identity changed;

- b. The container is leaking or damaged;
 - c. The number, weight, and nature of packages indicated in the customs entry declaration and supporting documents differ from that in the manifest;
 - d. The importer disagrees with the findings as contained in the government surveyor's report
 - e. The articles are imported through air freight where the Commissioner or Collector has knowledge that there is a variance between the declared and true quantity, measurement, weight and tariff classification
4. Once an Alert Order is issued on a shipment, that shipment may not be released except in accordance with the procedures outlined in this CMO.
 5. The owner of a shipment has the right:
 - a. to know whether an Alert Order has been issued on his shipment
 - b. to a speedy disposition of any Alert Order issued on his shipment
 6. The public has the right to know about any Alert Order for which a shipment, or part of a shipment, was seized or charged additional duties, taxes, and/or penalties.
 7. For purposes of this CMO:
 - a. An Alert Order is an order issued by an Alerting Officer authorized to do so under this CMO, to not release any part of a shipment until:
 - i. The shipment is physically examined, and
 - ii. the Alerting Officer authorizes its release, which may be subject to the fulfillment of certain conditions.
 - b. A shipment is defined as the goods covered by a single Master or House Bill of Lading or Airway Bill.
 - c. An entry is the import or export entry for the shipment which is the subject of an Alert Order.
 - d. An item or items are the portions of a shipment for which declarations are made individually. The number of items in a shipment are shown in box 5 of the Single Administrative Document in e2m, or the Import Entry and Internal Revenue Declaration (IEIRD), for the entry. Each item in a shipment, and the item number for that shipment, are as identified in boxes 31 and 32 of the Single Administrative Document (SAD) or Import Entry and Internal Revenue Declaration (IEIRD) for the entry.

C. Who can issue and lift an Alert Order

1. Alert Orders may be issued only by the following Alerting Officers:
 - a. The Commissioner
 - b. Deputy Commissioner, Intelligence Group
 - c. Deputy Commissioner, Enforcement Group
 - d. All District Collectors, for shipments arriving within their District, including sub-ports within their District

2. Decisions on the final disposition of the Alert Orders- including whether specific items shall be released without payment of additional duties, taxes, and/or penalties, released with payment of additional duties taxes, and/or penalties, or seized, shall be made by the Alerting Officer which issued an Alert Order on a shipment.
3. Neither the issuance nor the lifting of an Alert Order shall require prior authorization of the Commissioner. However, Alerting Officers must strictly follow the procedures, notifications, and reporting requirements in this CMO.
4. Subject to the written approval of the Commissioner, the Deputy Commissioners of the Intelligence Group and the Enforcement Group may delegate the following powers to up to two officials of their respective groups, and the District Collectors to up to one person in his or her District:

Section of this CMO	Powers
D.1.a	To issue an alert order through the Hold and Alert System in e2m.
F.3.a	To tag a shipment as "Recommend for Lifting" through the Hold and Alert System in e2m.
F.4.a	To tag a shipment as "Recommend for Additional Payment" and enter the additional amount to be paid, through the Hold and Alert System in e2m

The delegation of these powers is intended only to assist the Alerting Officers in using the e2m system. It is not intended to empower persons who are not Alerting Officers make decisions on Alert Orders. Decisions to issue Alert Orders and on their disposition shall be made at all times by the Alerting Officers, not by any persons to whom they delegate the powers to issue or lift Alert Orders in the e2m system. Alerting Officers shall be responsible for monitoring the use of their powers by the persons to whom these powers are delegated, and shall be accountable for any violations of this CMO by such persons, as if they themselves committed such violations.

5. All Alerting Officers and any persons to whom they delegate the powers described in Section C.4 of this CMO must obtain and use unique usernames and passwords to the e2m system when performing their functions under this CMO. No Alerting Officer or person exercising delegated powers shall use a username or password that is not theirs, nor allow their username or password to be used by any other person.

D. Procedure for issuing Alert Orders

1. An Alerting Officer issuing an Alert Order must do so through the Hold and Alert System in the e2m system.
 - a. The Alerting Officer must fill in a new "Hold and Alert Application Form" and enter the following information in the relevant blanks:

- i. The Port of Entry
- ii. The Requesting Officer, who is the Alerting Officer
- iii. The Office of the Requesting Officer, which shall be either of the following:
 - 1. Office of the Commissioner
 - 2. Intelligence Group
 - 3. Enforcement Group
 - 4. The specific Collection District headed by the District Collector
- iv. The Registry Number
- v. If known, the Number of Containers
- vi. The House BL number or House Airway Bill Number
- vii. The Master BL number
- viii. In the blank for "Description of Contents", the name and position of "Officer-on-Case" for the Alert Order.

- 2. If, and only if, the e2m system is not accessible, then the Alerting Officer may issue the Alert Order manually. As soon as possible, and in any case before 10 a.m. of the working day following the day an Alert Order is issued manually, the Alert Order must also be issued in e2m following the process in Section C.1 of this CMO.

E. Procedures after issuance of Alert Orders

- 1. The template for the Alert Order Report is shown in Annex A of this CMO. On the same day that the Alert Order is issued through the e2m system, the Alerting Officer should fill out Section A (items 1 to 17) of this form and forward it to the District Collector or Sub-Port Collector of the district or sub-port where the shipment which is the subject of the Alert Order. The Alerting Officer shall also furnish the Office of the Commissioner with a copy of the Alert Order Report Form, Section A.
- 2. No later than one day after receiving the filled-out section A from the Alerting Officer, the District Collector or Sub-Port Collector shall assign a Point Person for the Alert Order from among the staff of the district or sub-port, and fill in that Point Person's name and contact information in the Alert Order Report Form, Section A, item 18. This Point Person shall be responsible for:
 - a. Notifying the owner of the shipment, and its Customs Broker, that the shipment is the subject of an Alert Order.
 - b. Scheduling the 100% physical examination of the shipment which is the subject of the Alert Order
 - c. Determining and notifying the following of the date, time, and location of the examination:
 - i. The Owner of the shipment
 - ii. The Customs Broker for the shipment
 - iii. The Officer-on-Case for the Alert Order, as designated by the Alerting Officer. If the Alert Order was issued by a District Collector, the Point Person shall be the same as the Officer-on-Case.

- d. Conducting, or causing the conduct by an examiner of, the physical examination of the shipment.
 - e. For each item in the shipment, recording the results of the examination, and the recommended disposition of the Alert Order, to the Alerting Officer. This shall be done using the Alert Order Report Form. The results of the examination shall also be entered in the "Inspection Act" section for the entry in e2m.
 - f. For purposes of recording and comparing any details regarding a shipment, the details "as declared" shall be the descriptions, classifications, quantities, and values as declared in the SAD in e2m. If there is any discrepancy between the information in the SAD in e2m and the IEIRD, the Point Person shall use the information in the IEIRD if and only if the importer or its broker submitted the IEIRD before the Alert Order was issued.
3. The examination should be conducted as soon as possible, and unless there are justifiable reasons for delay, within one week after the issuance of an Alert Order.
 4. No later than one day after the conduct of the physical examination, the Point Person shall fill in the following sections of the Alert Order Report Form
 - a. Section B, sub-sections 19-21
 - b. For each item:
 - i. Section B, sub-section 22, sub-items (i) to (xi)
 - ii. Section B, sub-section 23, Detailed Calculations
 5. No later than one day after the conduct of the physical examination, the filled out Alert Order Report Forms shall be submitted by the Point Person to the Officer-on-Case.
 6. The Officer on Case shall review the recommendations of the Point Person and shall add any comments on the recommendation of the Point Person to the Alert Order Report Form, Section B, sub-section 22, sub-item (xii), and sign it in sub-item (xiii).
 7. No later than one day after the conduct of the physical examination, the Officer-on-Case shall then submit the Alert Order Report Form, filled up completely except for Section B, sub-section 22, sub-items (xiv) to (xviii), to the Alerting Officer.

F. Final Decision on the Alert Order

1. No later than two days after the conduct of the physical examination, the Alerting Officer shall make a final decision for each item in the shipment subject to an Alert Order and record that decision in the Alert Order Report Form, Section B, sub-section 22, sub-items (xiv) to (xviii).
2. The process to be followed thereafter depends on whether:
 - a. Scenario A: There is only one item, and the recommendation is to release without need to pay additional duties, taxes, and/or penalties.

- b. Scenario B: There is only item, and the recommendation is to release after payment of additional duties, taxes, and/or penalties.
 - c. Scenario C: There is only one item, and the recommendation is to issue a Warrant of Seizure and Detention
 - d. Scenario D: There is more than one item, and the recommendation for all of them is to release without need to pay additional duties, taxes, and/or penalties.
 - e. Scenario E: There is more than one item, and the recommendation for all of them is to release payment of additional duties, taxes, and/or penalties for each item.
 - f. Scenario F: There is more than one item, and the recommendation for all of them is to issue a Warrant of Seizure and Detention for all of them.
 - g. Scenario G: There is more than one item, and there are different recommendations for the different items.
3. For Scenarios A and D: If the recommendation for each item in the shipment, including if the shipment consists of only one item, is to release the shipment without payment of additional duties and taxes relative to whatever amounts have already been paid, then the Alerting Officer shall lift the Alert Order through e2m. The Alerting Officer shall do so in the following manner:
- a. In the Hold and Alert Application form for the shipment, the Alerting Officer shall go to “Action Taken” and tag the shipment as “Recommend for Lifting.”
 - b. In the Alert Order Review Form, the Alerting Officer should fill out Section B, sub-section 22, sub-items (xiv) to (xvii).
 - c. The Alerting Officer shall send a copy of the Alert Order Review Form, now fully filled out and signed, to the District Collector or Sub-Port Collector, furnishing a copy to the Office of the Commissioner.
 - d. The District Collector or Sub-Port Collector shall release, or cause the release of, the shipment covered by the Alert Order.
4. For Scenarios B and E: If the recommendation for each item in the shipment, including if the shipment consists of only one item, is to release the shipment subject to payment of additional duties and taxes and/or penalties, then the following steps shall be taken:
- a. In the Hold and Alert Application form for the shipment, the Alerting Officer shall:
 - i. go to “Action Taken” and tag the shipment as “Recommend for Additional Payment”
 - ii. Go to “Amount Paid” and enter the total of the additional amount to be paid for all the items in the shipment
 - b. In the Alert Order Review form, the Alerting Officer should fill out Section B, sub-section 22, sub-items (xiv) to (xvii), and ensure that the Section B, sub-section 23, Detailed Calculations shows the correct amount of additional duties, taxes, and/or penalties for each item. The sum of total additional amounts payable in Section B, sub—section 23, row (fill in later) should equal the amount entered in “Amount Paid” in the Hold and Alert Application Form in e2m.

- c. The Alerting Officer shall send a copy of the Alert Order Review Form, now fully filled out and signed, to the District Collector or Sub-Port Collector, furnishing a copy to the Office of the Commissioner.
 - d. After full payment of the additional duties, taxes, and/or penalties for each item, the District Collector or Sub-Port Collector shall release, or cause the release of, the shipment covered by the Alert Order.

- 5. For Scenarios C and F: if the recommendation for each item in the shipment, including if the shipment consists of only one item, is to issue a Warrant of Seizure and Detention for all items, then:
 - a. In the Alert Order Review form, the Alerting Officer shall fill out Section B, sub-section 22, sub-items (xiv) to (xvii) and ensure that Section B, sub-section 23, Detailed Calculations shows the correct amounts of additional duties and taxes which should have been paid for each item, if it were not to be seized.
 - b. The Alerting Officer shall send a copy of the Alert Order Review Form, now fully filled out and signed, to the District Collector or Sub-Port Collector, furnishing a copy of the Office of the Commissioner.
 - c. The District Collector or Sub-Port Collector shall initiate the process for the issuance of a Warrant of Seizure and Detention for the shipment.
 - d. In the Hold and Alert application form for the shipment, the District Collector shall tag the shipment as "Recommend for Seizure" and enter the Seizure Identification Number.

- 6. For Scenario G: If there is more than one item in the shipment, and there are different recommendations for each item, then:
 - a. In the Hold and Alert Application Form for the shipment:
 - i. the Alerting Officer shall fill in the box for Description of Contents with the words "Multiple Item Entry". He shall then enumerate the items by item number, and specify the recommendation for each item. If there are too many items and they cannot fit in the box, then the Alerting Officer may fill in the box for Description of Contents with the words "Multiple Item Entry- see Alert Order Report Form for Detailed Instructions."
 - ii. The Alerting Officer shall go to "Action Taken" and tag the shipment as "Recommend for Lifting."

 - b. In the Alert Order Review Form, the Alerting Officer shall fill out Section B, sub-section 22, sub-items (xiv) to (xvii) for each item and ensure that:
 - i. For each item for which additional duties, taxes, and/or penalties are due, Section B, sub-section 23, Detailed Calculations shows the correct amount of additional duties, taxes, and/or penalties for each item. The sum of total additional amounts payable in Section B, sub—section 23, row (fill in later) should equal the amount entered in "Amount Paid" in the Hold and Alert Application Form in e2m.
 - ii. For each item for which the recommendation is to issue a Warrant of Seizure and Detention, Section B, sub-section 23, Detailed Calculations shows the correct amounts of additional duties and taxes which should have been paid for each item, if it were not to be seized.

- c. The Alerting Officer shall send a copy of the Alert Order Review Form, now fully filled out and signed, to the District Collector or Sub-Port Collector, furnishing a copy to the Office of the Commissioner.
- d. For the items for which the recommendation is seizure, the District Collector or Sub-Port Collector shall initiate the process for the issuance of a Warrant of Seizure and Detention on that item.
- e. For the items for which the recommendation is payment of additional duties, taxes, and/or penalties, after full payment of the additional duties, taxes, and/or penalties for each item, the District Collector or Sub-Port Collector shall release, or cause the release of, that item.
- f. For the items for which the recommendation is to release without payment of additional duties, taxes, and/or penalties, the District Collector or Sub-Port Collector shall release, or cause the release of, that item.

G. Tentative Liquidation and Payment Under Protest for Shipments under Alert Orders

1. In accordance with the Tariff and Customs Code of the Philippines, Section 2503, undervaluation, misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between the value, weight, measurement or quantity declared in the entry, and the actual value, weight, quantity, or measurement shall constitute a prima facie evidence of fraud. Therefore:
 - a. The procedures for tentative liquidation described in the Tariff and Customs Code of the Philippines, Section 1602, may only be used to secure the release of shipments under an Alert Order if, after examination, the Alerting Officer determines that there is no undervaluation, misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between the value, weight, measurement or quantity declared in the entry.
 - b. The procedures for payment under protest described in the Tariff and Customs Code of the Philippines, Sections 2308-2312, may only be used to secure the release of shipments under an Alert Order Order if, after examination, the Alerting Officer determines that there is no undervaluation, misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between the value, weight, measurement or quantity declared in the entry.

H. Sanctions for Non-Compliance with this CMO

1. Holding of any shipment without going through the process outlined in this CMO shall be a Grave Offense as used in CMO 25-2010, Title IV, Section I, and shall be punishable upon first offense by Dismissal.
2. Non-compliance with any provision of this CMO shall be an incidence of Simple Neglect of Duty as used in CMO 25-2010, Title IV, Section 2, and shall be punishable upon second offense by Dismissal.



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Annex A

Alert Order Report Form

A. Identification

1. Alert Order Number	
2. Alerting Officer	
3. Alerting Office	
4. B/L Number	
5. Entry Number	
6. Registry Number	
7. Date of discharge	
8. Vessel	
9. Port of Origin	
10. Container Number(s)	
11. Contents as declared	
12. Consignee name	
13. Consignee address	
14. Date of alert	
15. Officer-on-Case's name and telephone number (designated by Alerting Officer)	
16. Suspected Violation	
17. Comments (if any)	
18. Point Person's name and telephone number (designated by District Collector or Sub-Port Collector)	

B. Examination

19. Examiner	
20. Date of examination	
21. Location of examination	

22. Findings of Examination (Discrepancy Report) and Recommendation

1. Item 1

	As Declared	As Found
i. Description		
ii. Tariff Heading (at least 8 digit)		
iii. Quantity (if not measured in kg)		
iv. Mass (in kg)		
v. Customs Value (specify currency)		
vi. Violation (check all that apply)		<input type="checkbox"/> misdeclaration <input type="checkbox"/> misclassification <input type="checkbox"/> underdeclaration of quantity <input type="checkbox"/> underdeclaration of value <input type="checkbox"/> prohibited goods <input type="checkbox"/> restricted or regulated good without import permit or clearance <input type="checkbox"/> other
vii. (if violation is no import permit- cite specific legal basis for requirement for import permit or clearance)		
viii. (if violation is "other"- describe here)		
ix. Other comments		

x. Recommendation of Point Person to Alerting Office		<input type="checkbox"/> No discrepancy; lift alert order <input type="checkbox"/> Pay additional duties, taxes, and/or surcharge; lift alert order <input type="checkbox"/> WSD <input type="checkbox"/> other:
xi. Name and Signature of Point Person, Date		
xii. Comments, if any, of Officer-on-Case		
xiii. Name and Signature of Officer-on-Case, Date		
xiv. Recommendation of Alerting Office		<input type="checkbox"/> No discrepancy; lift alert order <input type="checkbox"/> Pay additional duties, taxes, and/or surcharge; lift alert order <input type="checkbox"/> WSD <input type="checkbox"/> other:
xv. (if recommendation is "other"- explain here)		
xvi. Law and section of law which was violated		
xvii. Name and Signature of Alerting Officer		
xviii. Date of completion of recommendation		

2. Item 2

(copy and repeat from item 1 for all items in the entry)

1. Detailed Calculations

Port

Year

B/L Number

Entry Number

Alert Order Number

Consignee

As found

Description

Net Weight in kg

Other Unit

Quantity in Other Units

Currency of Declaration of Customs Value

Pesos per Currency

Customs Value in FC

Valuation - Customs Value in FC / kg

Dutiable Value in Pesos

Tariff Heading

Duty Rate

Duty

VAT-able Value

VAT

Excise Tax Rate

	Item 1	Item 2	Item 3	Item 4	Item 5	Total
Description						
Net Weight in kg						
Other Unit						
Quantity in Other Units						
Currency of Declaration of Customs Value						
Pesos per Currency						
Customs Value in FC						-
Valuation - Customs Value in FC / kg						
Dutiable Value in Pesos						-
Tariff Heading						
Duty Rate						
Duty	-	-	-	-	-	-
VAT-able Value						
VAT	-	-	-	-	-	-
Excise Tax Rate						

Excise Tax					
Marking Duty Rate					
Marking Duty					
Other Duties and Taxes					-
Total Payable Before IPF and CSF	-	-	-	-	-
IPF and CSF					
Total Payable After IPF and CSF	-	-	-	-	-
CIF Value	-	-	-	-	-
As declared					
Description					
Net Weight in kg					
Other Unit					
Quantity in Other Units					
Currency of Declaration of Customs Value					
Pesos per Currency					
Customs Value in FC					-
Valuation - Customs Value in FC / kg					
Dutiable Value in Pesos					-
Tariff Heading					
Duty Rate					
Duty					

	-	-	-	-	-	-
VAT-able Value						-
VAT	-	-	-	-	-	-
Excise Tax Rate						
Excise Tax / Ad Valorem						
Marking Duty Rate						
Marking Duty						
Other Duties and Taxes						-
Total Payable Before IPF and CSF	-	-	-	-	-	-
IPF and CSF						
Total Payable After IPF and CSF	-	-	-	-	-	-
CIF Value	-	-	-	-	-	-
Additional amounts payable:						
Customs Duty	-	-	-	-	-	
VAT	-	-	-	-	-	
Excise Tax / Ad Valorem	-	-	-	-	-	
Marking Duty	-	-	-	-	-	
Other Duties and Taxes						

	-	-	-	-	-	-
VAT-able Value						-
VAT	-	-	-	-	-	-
Excise Tax Rate						
Excise Tax / Ad Valorem						
Marking Duty Rate						
Marking Duty						
Other Duties and Taxes						-
Total Payable Before IPF and CSF	-	-	-	-	-	-
IPF and CSF						
Total Payable After IPF and CSF	-	-	-	-	-	-
CIF Value	-	-	-	-	-	-
Additional amounts payable:						
Customs Duty	-	-	-	-	-	
VAT	-	-	-	-	-	
Excise Tax / Ad Valorem	-	-	-	-	-	
Marking Duty	-	-	-	-	-	
Other Duties and Taxes						

-	-	-	-	-	
Surcharge					
IPF and CSF					-
Total Additional Amounts Payable					
-	-	-	-	-	-
% difference in customs duty					
% difference in valuation					
% difference in quantity					
Recommendation					