

2014 -11-004



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

November 6, 2014

MEMORANDUM to –

All Customs Officials and Employees

SUBJECT: Memorandum of Agreement between the Philippine Postal Corporation (PHLPost) and the Bureau of Customs (BOC)

Attached is a copy of the signed and notarized Memorandum of Agreement between the Philippine Postal Corporation and the Bureau of Customs in the Handling, Examination, Assessment, Appraisal and Collection of Duties on Letter Post, Parcel Post and Express Mail Service Items.

For your information and guidance.


ARTURO M. LACHICA, CESO II
Deputy Commissioner
Internal Administration Group

cc: Commissioner of Customs

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MEMORANDUM OF AGREEMENT

(BETWEEN THE PHILIPPINE POSTAL CORPORATION AND THE BUREAU OF CUSTOMS IN THE HANDLING, EXAMINATION, ASSESSMENT, APPRAISAL AND COLLECTION OF DUTIES ON LETTER POST, PARCEL POST AND EXPRESS MAIL SERVICE ITEMS)

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement made and entered into this _____ day of _____ 2014 at the City of Manila, by and between:

The **PHILIPPINE POSTAL CORPORATION**, a government corporation created and existing by virtue of Republic Act No. 7354, with principal office address at Liwasang Bonifacio, 1000 Manila, duly represented herein by its Postmaster General & CEO, **MARIA JOSEFINA M. DELA CRUZ**, and hereinafter referred to as "PHLPost";

- and -

The **BUREAU OF CUSTOMS**, a government entity mandated to enforce the Tariff & Customs Code of the Philippines (TCCP), with principal address at the Port Area, 1080 Manila duly represented by the Customs Commissioner, **JOHN PHILLIP P. SEVILLA**, and hereinafter referred to as "BOC".

WITNESSETH:

WHEREAS, the Memorandum of Agreement dated July 16, 1973, entered into by the Bureau of Posts (now PHLPost) and the Bureau of Customs (BOC) had been overtaken by emerging fair and common postal and customs service standards, such that the existing procedure in the handling of foreign mail matters is not anymore attuned to the current market demands and service standard requirements of the Universal Postal Union (UPU) and the World Customs Organization (WCO);

WHEREAS, the proliferation of business competitors with IT enhanced delivery services had saturated the market and posed a threat to the postal service unless steps are taken to improve its service;

WHEREAS, Sec. 32, par. b of R.A. 7354, otherwise known as the Postal Service Act of 1992, mandates the PHLPost to establish a working arrangement with the BOC to facilitate the inspection, release or delivery of foreign parcels of mail matters which may be liable for custom duties and other import charges.

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That it may organize a special unit or designate specific postal branches for handling such mail matters and that in lieu of assigning its own personnel, the BOC may appoint PHLPPost or delegate its customs and collections powers thereto, subject to mutually agreed upon terms and conditions, including the reimbursement of cost to PHLPPost or the payment for services based on percentage of the amount of tax collected;

WHEREAS, the use of information and communication technology and electronic data exchange systems between the PHLPPost and the BOC is of vital importance in improving the speed, security and quality of customs clearance of postal items;

WHEREAS, the PHLPPost and the BOC recognize that the offenses and violations of customs laws, particularly the transport of illicit materials, drugs, counterfeit goods and other contraband, and money laundering activities are prejudicial to the economic, social, fiscal and security interests of the Philippines;

WHEREAS, to enhance competitiveness of the PHLPPost in the national and international market and sustain its operation, a new scheme that will rationalize and simplify procedure in the assessment, appraisal and collection of customs duties and other import charges from letter posts, parcel posts and express mail items handled by PHLPPost is therefore an imperative;

WHEREFORE, for and in consideration of the foregoing, the PHLPPost and the BOC agree as follows:

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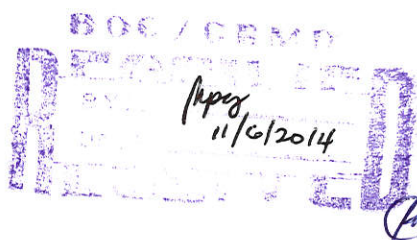
Section 1 **COVERAGE**

- (1) This Agreement defines the relationship of the PHLPPost and the BOC, the delineation of their functions in the handling, examination, assessment, appraisal, and collection of customs duties and other import charges, and the receipt, processing, custody, forwarding, holding, confiscation, return, disposal and delivery of mail items.
- (2) This Agreement can be rescinded unilaterally by either party through a written letter and in accordance with the termination provision in Section 11 hereof.

Section 2 **OBJECTIVES**

- (1) To carry out the principles and objectives of the Memorandum of Understanding entered into between the Universal Postal Union (UPU) and the World Customs Organization (WCO).
- (2) To contribute to the national development and strengthen national security through the use of postal service.

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- (3) To prevent and curtail smuggling, drug trafficking, money laundering, and importation of illicit materials, counterfeit goods and other contraband in the postal delivery system.
- (4) To rationalize and simplify procedures in the handling, examination, assessment, appraisal and collection of customs duties and taxes from letter posts, parcel posts and express mail items which will streamline and fast track processing, release and delivery of mail matters.
- (5) To centralize examination, assessment, appraisal and collection of customs duties of incoming letter posts, parcel posts and express mail items for delivery within the Philippines.
- (6) To enhance and ensure collection of customs duties and other import charges collection on letter posts, parcel posts and express mail items through effective collection scheme in accordance with Sec. 32 (b) of R.A. 7354 (**Annex "A" hereof**) and paragraph e, Section 602 of the TCCP (**Annex "B" hereof**).

Section 3 DEFINITION OF TERMS

"Air parcel" – a parcel post item conveyed by airplane or any other air transport.

"Airway Bill (AWD) – refers to a receipt issued by an international airline for goods as evidence of the contract of carriage and conditions of transportation.

"AMED" – means the Airmail Exchange Department of the PHLPPost.

"Collector of Customs"- refers specifically to the District Collector of Customs or the BOC head of office in the Port of Entry.

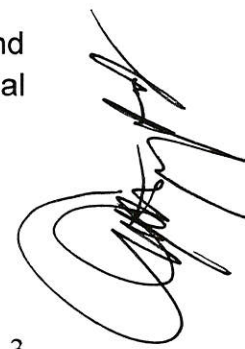
"CMEC" – means the Central Mail Exchange Center of the PHLPPost.

"CMEC Customs Warehouse Office" (CMEC-CWO)– refers to the facility at CMEC where mails and packages conveyed by air are inspected, assessed, documented and stored.

"Customs Duties" – means all customs duties and other import charges imposed by the BOC and the Bureau of Internal Revenue (BIR).

"Diplomatic Bag" – refers to any container marked "diplomatic" and protected by the 1961 Vienna Convention Article 27 on official correspondence.

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“EMED” – means the Express Mail Exchange Department of the PHLPPost.

“Escrow Account” – refers to a special account to be set up by the PHLPPost in an authorized government bank in favor of the BOC wherein the BOC shall draw collections from assessed parcels as billed to the PHLPPost and managed as described in Section 9 hereof.

“Express Mails” – refers to mail matters that are time-sensitive in character under a door-to-door service arrangement with on-time delivery commitment.

“Mail matters” – means any of the following:

- (a) Letter post – small packets, M-bags, printed matters
- (b) Parcel post – packages
- (c) Express mails – EMS documents and merchandise

“Manager”- means the head of office of the Airmail Exchange Department, the Express Mail Exchange Department or the Surface Mail Exchange Department, all of the PHLPPost.

“MICP District Collector” – refers to the District Collector assigned at the Manila International Container Port

“NAIA District Collector” – refers to the District Collector assigned at the Ninoy Aquino International Airport

“Non-Mailable Matters” – refers to items not allowed by postal regulations to be coursed through the mail system.

“Office of Exchanges” – refers to the International Mail Processing Centers of the PHLPPost, viz.:

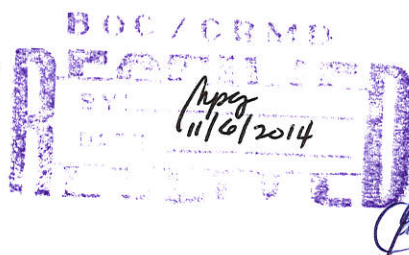
- (a) PHMNLA - Airmail Exchange Department, CMEC
- (b) PHMNLB - Express Mail Exchange Department, CMEC
- (c) PHMNLF - Surface Mail Exchange Department

“POM District Collector” – refers to the District Collector assigned at the Port of Manila.

“SMED”- means the Surface Mail Exchange Department of the PHLPPost.

“SMED Customs Warehouse Office” (SMED-CWO)– refers to the facility at SMED where mails and packages by sea or surface are inspected, assessed, documented and stored.

“Surface Airlifted (SAL)”- means non-priority mail in all classes with lower postage conveyed by air from country of origin and transported within the Philippines by vessel or ship.



"Surface Mail" – means all mails conveyed by vessel or ship.

Section 4 DELEGATION OF POWERS

- (1) Save where the contrary intention appears from the context of this Agreement, the TCCP or any other Law and subject to any special instructions of the District Collector, a deputy district collector or chief customs operations officer may exercise and perform any of the powers, functions and duties which are conferred or imposed upon the District Collector by this Agreement or any other special instructions from the Commissioner of Customs.
- (2) Save where the contrary intention appears from the context of this Agreement, the TCCP or other Law, the BOC may authorize any by name, office or appointment, to exercise and perform any of the powers, functions and duties which are conferred or imposed upon Commissioner by this Agreement or the TCCP, other regulation or rule except any power to dismiss or compel the retirement of a customs officer which may be conferred on the Commissioner by or under the TCCP, other law or rule.

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Section 5 DUTIES AND RESPONSIBILITIES OF THE PARTIES

- (1) The PHLPost shall be responsible for the following:
 - (a) Provide the BOC with a copy in advance of the waybill, dispatch manifest and AV-7/CN 37, Boatnote and Bill of Lading.
 - (b) Maintain an inventory of mail matters received at CMEC and SMED, and provide BOC a report thereon on a weekly basis.
 - (c) Ensure safety of all mail matters, including subject of duties and taxes, while under its custody.
 - (d) As detailed under Section 9 hereof, establish and maintain an escrow account in an authorized government bank.
 - (e) Determine and dispose of, in a manner it deems most advantageous, non-mailable mail matters, dead letters, abandoned and undelivered mails, in accordance with Section 5 (b) of R.A. No. 7354.
 - (f) Collect customs duties and other import charges from consignees/addressees, subject to the terms and conditions imposed by the BOC.

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- (g) Provide the BOC with accurate and timely reports regarding CMEC and SMED operations, disposal of mail matters, x-ray findings, complaints of personnel or from the public and other reportorial requirements as described in Section 9 hereof.
 - (h) Provide SMED and CMEC CWOs with a conducive working environment by providing sufficient office equipment, facilities, maintenance and care of detection dogs.
 - (i) Assist in advising the public through media that all imported articles shall be subject to duties and taxes and other charges.
 - (j) Ensure the compliance of the PHLPost personnel with this Agreement, and if circumstances warrant, impose sanctions and/or file appropriate administrative, civil and/or criminal charges against persons who may be found liable for committing and abetting smuggling and/or illegal importation.
 - (k) Coordinate with the BOC in the formulation and review of existing policies and procedures which may affect the implementation of this Agreement.
 - (l) Establish help desk/s to assist addressees/claimants relative to their mail matters.
- (2) The BOC, in accordance with the TCCP, shall be responsible for the following:
- (a) Properly examine, classify and appraise mail matters subject to duties and taxes and other charges.
 - (b) Confiscate and seize prohibited articles pursuant to the provisions of TCCP, as amended, and other related laws.
 - (c) Provide adequate BOC personnel relative to the 24/7 operations at CMEC and provide them compensation, overtime pay and other benefits consistent with the issuances of the Department of Budget and Management (DBM) and rules and regulations issued by the Civil Service Commission (CSC).
 - (d) Ensure compliance of the BOC personnel with this Agreement, and if circumstances warrant, impose sanctions and/or file appropriate administrative, civil and/or criminal charges against persons who may be found liable for committing and abetting smuggling and/or illegal importation.

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- (e) Coordinate with the PHLPost in the formulation and review of existing policies and procedures which may affect the implementation of this Agreement.

Section 6 GENERAL PROVISIONS

Both parties agree that;

- (1) The PHLPost and the BOC shall observe a centralized examination and assessment of customs duties to mail matters arriving and for delivery within the Philippines at the PHLPost entry facilities, as follows:
 - (a) One (1) port of entry at CMEC for consignments arriving by air.
 - (b) One (1) port of entry at SMED for consignments conveyed by sea including surface airlifted (SAL).
- (2) For the implementation of the preceding provision, both parties shall adopt measures and guidelines for the organized drawdown and cessation of operations of existing customs facilities in other post offices and distribution centers nationwide.
- (3) The PHLPost and the BOC shall adopt procedures and systems of non-intrusive screening/inspection of incoming letter posts, parcel posts and express mail items.
- (4) The PHLPost shall provide a facility for both entry points which shall be known as the CMEC Customs Warehouse Office (CMEC CWO) and SMED Customs Warehouse Office (SMED CWO).

For the purposes of organizational jurisdiction:

- (a) The CMEC CWO shall be under the joint control and supervision of the NAIA District Collector or authorized Customs officer and EMED and AMED Managers, whereas;
 - (b) The SMED CWO shall be under joint control and supervision of the MICP District Collector or authorized Customs officer and SMED Manager.
- (5) Jurisdiction over regulated, prohibited and abandoned mail matters shall be as follows:
- (a) Items under specific warrant and seizure proceedings of the BOC pursuant to the TCCP, prohibited and/or restricted items shall be under the jurisdiction of the BOC.

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- (b) Prohibited and/or regulated items under the Acts of the Universal Postal Union (UPU) and Philippine postal laws and regulations shall also be subject to specific warrant and seizure proceedings of the BOC pursuant to TCCP.

For purposes of disposal, and pursuant to Section 5 (b) of R.A. No.7354, the PHLPost shall have jurisdiction on mail matters that are non-mailable or are abandoned but not containing items that are prohibited and/or restricted under Philippine Law, and informing the BOC of the mode of disposal thereof in accordance to Section 10 of this Agreement.

- (6) In order to carry out its function effectively, the BOC shall assign sufficient and adequate number of customs examiners and appraisers in both CWOs. Authorized customs officials in the CWOs shall limit their activities to surveillance and reporting. Under no circumstances are they allowed to open and examine packages in the absence of the PHLPost authorized personnel. Should there be any necessity to hold in abeyance the transmittal for delivery of a package, the matter shall first be referred to the Customs Collector who shall request from the PHLPost official concerned, in writing, specifying the reasons thereof.
- (7) The BOC shall appoint/delegate PHLPost to collect the exact customs duties and other import charges over mail matters as assessed by the BOC and deputize the Postmaster General or his/her authorized representatives as Collecting Agent.
- (8) The PHLPost and the BOC shall develop an accounting and reconciliation system in the collection of customs duties and other import charges by way of deduction to the agreed escrow account in accordance with Section 8 and Section 10 of this Agreement.
- (9) Costs related to the examination, assessment and collection of duties and taxes shall be borne by the following:
 - (a) Examination and assessment charges shall be borne by the BOC.
 - (b) Cost related to collection of duties and taxes from the mail recipient shall be borne by the PHLPost.
- (10) The PHLPost and the BOC shall actively explore ways to automate procedures such as Electronic Data Interchange (EDI), and integrate these into existing operations.

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Section 7 DOCUMENTARY REQUIREMENTS

- (1) POSTAL DOCUMENTS
 - (a) AV – 7 / CN 37
 - (b) BOAT NOTE

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- (c) BILL OF LADING / WAYBILL
- (d) DISPATCH MANIFEST
- (e) TRANSFER MANIFEST

(2) CUSTOMS DOCUMENTS

- (a) CN 22
- (b) CN 23
- (c) CP 72
- (d) Consignment Notes
- (e) Informal Entry (Customs Form 166)

(3) The BOC shall develop documents to rationalize and simplify procedures in the assessment, appraisal and collection of customs duties and taxes from mail matters as well as streamline and fast track processing, disposal, return, release and delivery of mail items.

(4) Should there be any other documents required in addition to the existing requirements, this shall be transmitted in writing to the Postmaster General and the Commissioner of Customs.

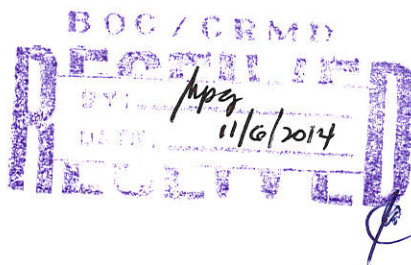
Section 8 SPECIFIC GUIDELINES

(1) Collection and Hauling of mail dispatches from Airport and Sea Ports

- (a) Customs Inspector shall prepare Customs boat note based on CN-38;
- (b) The BOC and the PHLPPost shall provide adequate security personnel to accompany mail dispatches from airlines and vessels;
- (c) The Collector of Customs assigned at CMEC CWO and SMED CWO shall be provided with advance copy of the waybill, dispatch manifest and AV-7/CN 37, Boatnote, Bill of Lading, transfer manifest for their information and guidance.
- (d) The PHLPPost and the BOC shall verify actual number of mail bags and compare with the advice in the air waybill and bill of lading.

(2) Arrival of Mail Dispatch at Office of Exchange

- (a) CMEC/SMED Receiving Unit manned by the PHLPPost personnel shall receive the mail bags in the presence of a BOC representative;



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(b) PHLPost personnel and BOC representative shall open mail bags to segregate contents into:

- (i) Express Mail Service (EMS);
- (ii) Mail Processing Office (MPO); and
- (iii) SAL

(c) Mail bags originating from high risk countries and those suspected or alerted to contain prohibited and/or regulated articles are coursed through the Interim Customs Scanning Unit;

(3) Inspection of Mail Bags

In the presence and assistance of designated PHLPost employees, assigned Customs Examiner shall manually examine/inspect to segregate mail matters further into:

- (a) "PASSED" if not subject to duties and taxes;
- (b) "SUBJECT FOR EXAMINATION" where further examination is necessary based on any or combination of the following:
 - (i) If there is a declared value for customs duties and taxes, as indicated in the Customs Declaration and Postal Dispatch Note; or
 - (ii) If mail matter is from High Risk Countries; or
 - (iii) If mail matter is considered regulated pursuant to TCCP, as amended; or
 - (iv) If description and amount of value declared are written other than the English language; or
 - (v) If mail matter deviates from the regular weight of 30 kilograms.

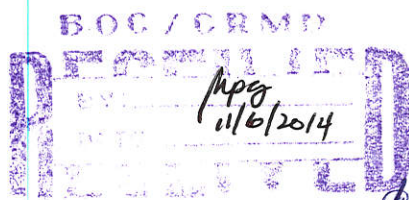
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(4) Storage/Custody of Mail Matters segregated as "SUBJECT FOR EXAMINATION"

- (a) PHLPost and BOC shall keep and maintain an inventory of mail matters segregated as "SUBJECT FOR EXAMINATION;"
- (b) PHLPost shall keep a record of or maintain an ageing of the mail matters; and
- (c) PHLPost shall document receipt and release of all mail matters that are "SUBJECT FOR EXAMINATION"

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(5) Examination and Appraisal of mail matters segregated as "SUBJECT FOR EXAMINATION"

- (a) In the presence of authorized PHLPost employee, Customs Examiner shall conduct physical examination of the mail matter and classify taxable items accordingly.
- (b) If mail matter is subject to duties and taxes, Customs Examiner shall issue Customs "Informal Entry – Form BC166."
- (c) In the presence of Customs Examiner, the PHLPost representative shall properly reseal the mail matters upon completion of the customs examination, assessment and appraisal.
- (d) The resealed mail matters shall be marked/stamped with "Opened for Customs Examination" after which both postal and customs personnel shall affix their signatures on the impression.

(6) Billing and Collection by BOC and payment by PHLPost of the duties and taxes

- (a) BOC shall prepare and issue billing statement based on the assessed mail matters to concerned PHLPost EMED, AMED or SMED Manager relative to all mail matters examined and appraised.
- (b) Upon receipt of the billing statement, PHLPost shall cause payment of the total assessed duties and taxes through the escrow account, as provided under Section 9 hereof.
- (c) Any appeal or request for reassessment on computation of taxes and duties shall be filed before the Collector of Customs who issued the Informal Entry and shall be resolved in accordance with Customs rules and regulations.

(7) CUSTOMS CLEARANCE TIME

- (a) Customs examiners assigned at CWOs shall immediately conduct assessment and appraisal of mail matters based on the following clearance schedule:
 - (i) For time sensitive mail matters like Express Mail (EMS) - not more than twenty-four (24) hours from arrival at the Office of Exchange (OE).
 - (ii) For non-time sensitive mail matters like registered mail and small packet – not more than forty-eight (48) hours, and mail matters like air parcel, surface mail

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(including SAL) – not more than seventy-two (72) hours from arrival at the Office of Exchange (OE).

- (b) Mail matters released from CWO with or without Informal Entry shall be turned over under receipt to the postal employees where such mail matters are processed.
- (8) Sending of Notices to Addressees/Claimants of mail matters that are "SUBJECT FOR EXAMINATION"
 - (a) PHLPost through its help desk/call center shall inform through telephone or SMS/email and/or send letter notice to each addressee/claimant of the arrival of mail matters and the corresponding customs duties and taxes thereof, copy furnished BOC with the list of addressees/claimants informed.
 - (b) For purposes of the above provision, the BOC shall provide the PHLPost copy of the initial assessment of customs duties and taxes due.
 - (c) If the addressee/claimant confirmed, the BOC shall issue the billing statement to PHLPost and which the PHLPost shall pay in accordance with Section 9 hereof.
 - (d) PHLPost shall deliver to the addressee/claimant the mail matter together with the informal entry and shall collect the customs duties and taxes thereto.

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Section 9 ESCROW ACCOUNT MANAGEMENT

- (1) The PHLPost shall maintain an agreed escrow account in favor of the BOC to guarantee remittance and payments of customs duties and other import charges to the BOC. All customs duties and other import charges assessed and billed by the BOC over mail matters shall be paid by way of automatic deduction from the agreed escrow account.
- (2) The BOC shall deduct from the agreed escrow account the amount of duties and taxes as billed and pursuant to administrative guidelines set out in Section 8 of this Agreement.
- (3) The Escrow Account shall be set up via a tripartite agreement between the BOC, PHLPost and an authorized government bank.
- (4) The Escrow Account shall be set up such that only the BOC shall have the power to debit while PHLPost shall only be able to deposit money into the Escrow Account.

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- (5) Billing of customs duties and taxes shall be done daily to PHLPPost who shall consolidate the billing statements and authorize the transfer of funds every 10th and 25th day of the month, or in case such dates fall on a non-banking day, the next banking day thereafter. The 10th day of the month remittance shall contain billing statements from the 24th day of the previous month to the 8th day of the current month, while the 25th day of the month remittance shall contain billing statements from the 9th day of the previous month to the 23rd day of the current month.
- (6) The cut off time for billing shall be at 4:00 PM daily.
- (7) In cases of overpayment or underpayment, the BOC and PHLPPost shall conduct reconciliation of accounts every month. Overpayment shall be considered as a tax refund and shall be done in accordance with the tax refund provision found in TCCP. In cases where Department of Budget and Management (DBM) approval is necessary, the parties shall secure the necessary approvals from the DBM for off-setting of accounts.
- (8) The initial amount to be put up by PHLPPost shall be Twenty Million Pesos (Php 20,000,000.00). This amount may be adjusted in accordance with future policy changes or laws but in no case shall be below thirty (30) days worth of collection targets of the BOC NAIA District – CMEC.
- (9) Should the amount fall below 25% of the agreed initial escrow account balance, the designated authorized government bank shall notify PHLPPost of the breach and request for a top-up of funds from PHLPPost in tranches of not less than 10% of the agreed initial escrow account balance.
- (10) In cases where the escrow account falls below the 25% balance and replenishment of funds was not executed, then the following rules shall apply for settlement of customs duties and taxes:
 - (a) The BOC shall continue to assess dutiable mail matters and PHLPPost shall be responsible for the payment of duties and taxes. BOC shall only release the assessed mail matter to PHLPPost upon payment of the said duties and taxes.
 - (b) PHLPPost shall record the collections of duties and taxes daily and remit the collections to the NAIA District Collection Office by 5:00 PM daily.

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Section 10 **CONTROLS AND REPORTORIAL REQUIREMENTS**

- (1) The PHLPPost shall submit to the BOC through the CMEC-CWO Chief and SMED-CWO Chief the following reports using the prescribed formats attached:

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- (a) Weekly report on mail matters entering the port of entry (Annex "C")
- (b) Daily Report on Billing and Collections (Annex "D")
- (c) Remittance Report (Annex "E")
- (d) Monthly Report of Operations (Annex "F")

Section 11 TERMINATION PROVISIONS

- (1) Should the need arise due to chronic difficulties in fulfilling the objectives and operations of this Agreement, the parties agree to draw down these joint operations.
- (2) Either party shall be authorized to unilaterally rescind this Memorandum of Agreement provided any of the following conditions are met:
 - (a) PHLPost has consistently not fulfilled its obligations as set out in Section 5(1) of this Agreement, or;
 - (b) The BOC has consistently not fulfilled its obligations as set out in Section 5(2) of this Agreement, or;
 - (c) PHLPost has fallen below the balance as prescribed in Section 9(9) three times within a six [6] month period and has, in each event, not topped up the balance as prescribed in Section 9(9), or;
 - (d) The BOC is unable to collect the duties and taxes as billed for four [4] successive billing cycles as set out in Section 9(5) of this Agreement, or;
 - (e) The BOC and the PHLPost decide that the operations of this Agreement are impossible to fulfill due to new Legislation, Regulations, and Policy Directions.
- (3) Should the parties rescind this Agreement due to the any of the conditions listed in Section 12(2) of this Agreement, the parties agree to draw down operating provisions of this Agreement in the following manner:
 - (a) Either party shall inform the other in writing sixty (60) days prior to the actual termination of the Agreement on the intention of the party who wishes to rescind this Agreement, that the party intends to rescind the Agreement.
 - (b) PHLPost shall ensure that there shall be sufficient funds equal to sixty [60] days of BOC collections but shall not be obligated to top up the escrow account balance as prescribed in Section 9(9) of this Agreement. Provided, any amount due to the BOC that can no

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longer be drawn from the Escrow Account shall be paid by PHLPPost to the BOC directly.

- (c) The PHLPPost and the BOC shall constitute a technical working group composed of officers of the BOC CMEC/SMED and PHLPPost CMEC/SMED to plan and oversee the organized drawdown of BOC and PHLPPost joint-operations as laid out in this Agreement.

Section 12 MISCELLANEOUS PROVISIONS

- (1) This Agreement shall supersede and repeal the 1973 Memorandum of Agreement between the Postmaster General and the Commissioner of Customs, including all circulars, memoranda and issuances in conflict herewith.
- (2) The Parties hereto may, by mutual consent, initiate steps to amend the scope and content of this Agreement, which shall be made in writing and signed by the Parties. Any amendment to this Agreement shall not be valid unless mutually agreed upon by both Parties and reduced in writing.
- (3) Transit mail matters or mail cargoes, or those mail items/cargoes arriving at the Philippine port of entry noted in the carrier's manifest and destined for transshipment to another foreign port, shall not be covered by this Agreement.
- (4) This Agreement shall take effect after signing hereof by both parties subject to periodic review by a committee composed of PHLPPost and BOC Personnel as frequently as necessary but no less than once every three (3) years.

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Signed by:

FOR THE BUREAU OF CUSTOMS:

FOR THE PHILIPPINE POSTAL CORPORATION:


JOHN PHILLIP P. SEVILLA
Commissioner


MARIA JOSEFINA M. DELA CRUZ
Postmaster General & CEO

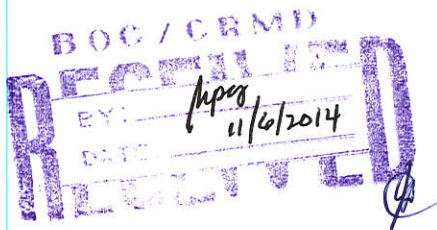


SEP 24 2014

Signed in the Presence of:







2014-11-04 p.18

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
) S.S.

BEFORE ME, a Notary Public for and in the _____, this OCT 15 2014
personally appeared the following persons:

JOHN PHILLIP P. SEVILLA
MARIA JOSEFINA M. DELA CRUZ

BOC ID No. _____
PO # EB4641220 Manila 2-28-12

who were identified by me through competent evidence of identity to be the same persons described in the foregoing Memorandum of Agreement consisting of twenty-three (23) pages including the Annexes and this Acknowledgment, signed in my presence, who took an oath before me as to such instrument, and who acknowledged to me that the same is their voluntary and free act and deed, and that of the organization/entity they represent.

IN WITNESS WHEREOF, I set my hand and affix my notarial seal on the date and place above written.



JUSELITO B. GUNZALEZ
NOTARY PUBLIC - MAKATI CITY
COMMISSION NO. M-158
UNTIL DECEMBER 31, 2004
IBP NO. 955029 (1-10-14) ROLL NO. 328
PTR NO. 4235559 Makati 1-10-14
1659 CAMINO DE LA FE ST.
MADALIFE NUEVO, MAKATI CITY

John

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BY John
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Page No. 90 ;
Book No. 1 ;
Series of 2014.



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ANNEX "A"

REPUBLIC ACT NO. 7354

AN ACT CREATING THE PHILIPPINE POSTAL CORPORATION, DEFINING ITS POWERS, FUNCTIONS AND RESPONSIBILITIES, PROVIDING FOR REGULATION OF THE INDUSTRY AND FOR OTHER PURPOSES CONNECTED THEREWITH.

ARTICLE VII □ MISCELLANEOUS PROVISIONS

Sec. 32. Relationships with Other Institutions. —.

xxx xxx xxx

(b)The Corporation shall establish a working arrangement with the Bureau of Customs to facilitate the inspection, release or delivery of foreign parcels of mail matters which may be liable for customs taxes and other import charges. It may organize a special unit or designate specific postal branches for handling such mail matters. In lieu of assigning it own personnel, the Bureau of Customs may appoint the Corporation or delegate its customs and collections powers thereto, subject to some mutually agreed upon terms and conditions, including the reimbursements of cost to the Corporation or the payment for services based on percentage of the amount of tax collected.

xxx xxx xxx

trm

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ANNEX "B"

TARIFF AND CUSTOMS CODE OF THE PHILIPPINES

TITLE I THE BUREAU OF CUSTOMS

PART 1

ORGANIZATION, FUNCTION AND JURISDICTION OF THE BUREAU

xxx xxx xxx

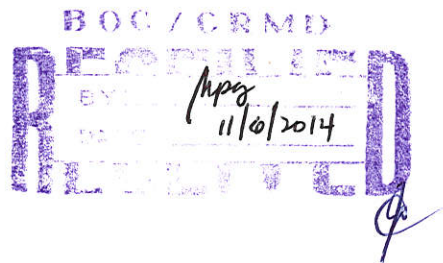
Sec. 602. Functions of the Bureau. — The general duties, powers and jurisdiction of the bureau shall include:

xxx xxx xxx

- (e) The supervision and control over the handling of foreign mails arriving in the Philippines, for the purpose of the collection of the lawful duty on the dutiable articles thus imported and the prevention of smuggling through the medium of such mails;

xxx xxx xxx

from



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WEEKLY REPORT ON MAIL PROCESSING

PRODUCT TYPE	QUANTITY DELIVERED TO PHLPOST	QUANTITY CLEARED BY BOC	OUTSTANDING NUMBER OF UNITS	CUMULATIVE OUTSTANDING
EMS Letters -				
EMS Parcel -				
Regular Letters				
Regular Parcel				
Surface Letters				
Surface Parcel				
TOTAL ITEMS (ALL MAIL MATTERS)				

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ANNEX "D"

DAILY REPORT ON BILLING AND COLLECTION

DATE: _____

ORIGINATING OFFICE	BILLING		COLLECTION	
	No. of Parcels Billed	Aggregate Amount Billed	No. of Parcels Delivered	Aggregate Amount Collected
EMED				
AMED				
SMED				
TOTALS		Php		Php

from

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ANNEX "E"

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REMITTANCE REPORT

For the Period _____

DATE OF REMITTANCE	AMOUNT	OR. NO.	REFERENCE	
			DATE OF BILLING	BILL NO.
	Php.			

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 BY: *lupog*
 DATE: *11/16/2014*
 REGISTERED

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msd

ANNEX "F"

[Signature]

MONTHLY REPORT ON MAIL OPERATIONS

DATE:

[Signature]

ORIGINATING OFFICE	Total Parcel Received	Total Parcel "PROHIBITED/ CONFISCATED"	Total Parcel Received "DDP"	Total Amount of Duties of "DDP" Parcels	Total Parcel "SUBJE CT"	Total Parcel "PASSED "	Total Parcel Issued Inform al Entry	Aggregate Amount of Duties of Issued Informal Entry	Total Parcel "CONFIR MED"	Aggregate Amount of Duties of Parcel "CONFIR MED PARCEL "	Total Parcel "DISPATCHED /DELIVERED PARCEL"	Aggregate Amount of Duties of Parcel "DISPATCHED/DE LIVERED PARCEL"	Total Parcel "COLLECTED"	Aggregate Amount of Duties of "COLLECTED PARCEL"
EMED														
AMED														
SMED														
TOTALS										Php		Php		Php

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 BY: *[Signature]*
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