June 22, 2005

CUSTOMS MEMORANDUM ORDER
No. 26-2005

SUBJECT: STRICT IMPLEMENTATION OF CAO NO. 12-2003
ENTITLED “PERFORMANCE OF OBLIGATION UNDER
WAREHOUSING BOND AND LIQUIDATION OF THE
WAREHOUSING ENTRY, PROVIDING PENALTIES
THEREFOR”

It has been observed that some of the provisions of CAO 12-2003 are not
dutifully observed at the District/Port level. The following infractions are
prevalent:

1. Non-imposition of Section 1508, TCCP on importations of
   CBWs with unsettled obligations, “jointly and severally” with
   surety companies.
2. Non-observance of the period within which to liquidate raw
   materials and the period within which to transmit
   Statements of Liquidation of Raw Materials (SLRM) to the
   concerned Bonds Division.
3. Lax observance of the period within which to cancel bonds by
   the concerned Bonds Division upon receipt of the
   indorsement of the same from the warehousing operating
   divisions.
4. Accepting incomplete requests for liquidation by the
   warehousing operating division as a subterfuge to evade
   payment of penalties for late submission of documents for
   liquidation.

The above infractions are punishable administratively and largely
contributory to the ballooning amount of un-cancelled bonds. The Liquidation
Assessment and Audit Division and the Bonds Audit Division under the
Collection Service is hereby directed to monitor faithful compliance of CAO 12-
2003 and recommend sanction in cases of infractions or non-observance.

Be guided accordingly.

[Signature]
ALBERTO D. LINA
Commissioner