05 June 2008

CUSTOMS MEMORANDUM ORDER
No. 26-2008

TO: ALL DISTRICT/PORT COLLECTORS
   ALL OTHERS CONCERNED

SUBJECT: Importations Entered Under Warehousing Entries but
   Subsequently Converted to Consumption Entries

It has come to the attention of this Office that raw materials authorized by this
Bureau destined for customs manufacturing warehouses, after having been entered under
warehousing entries, have invariably been allowed to pay taxes and duties and thereafter
withdrawn. Although these transactions appear to be legal in that customs duties have
been collected, such however defeats the rationale of a customs bonded warehouse.
Thus, said transactions shall be strictly construed and shall be considered as an exception
rather than the rule.

In view thereof, for such transactions, the customs bonded warehouse operator
shall apply in writing for the payment of taxes and duties on the goods and their eventual
withdrawal, stating valid reasons therein, which will subject to the approval of the
Customs Bonded Warehouse Committee as recommended by the operating division and
District Collector concerned with the end view of conducting review of the concerned
CBW license by removing from the list of articles or reducing the volume of authorized
importation, taking into account its domestic sale. Except for Public and Private CBWs,
withdrawal for domestic consumption shall in no way shall exceed 30% of a particular
shipment. Moreover, the assessment/appraisal of the said transactions shall be conducted
by the Formal Entry Division or equivalent unit, subject to clearance by VRIS-OCOM.

This Order supersedes CMO 1-2005 and shall take effect immediately.

NAPOLEON M. MORALES
Commissioner