3 November 2014

CUSTOMS MEMORANDUM ORDER
NO. 24-2014

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 SHIPMENTS WHICH ARRIVE BY AIR
          AND ARE DECLARED THROUGH THE FORMAL ENTRY
          PROCESS

A. Background

1. CMO 21-2014, which requires that Alert Orders be issued and lifted in e2m, shall not
   apply to shipments which arrive in the Philippines by air and which are declared
   through the formal entry process. Procedures for issuing and lifting Alert Orders for
   these will be governed by this CMO.

B. General Principles

1. No shipment which arrives by air 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 CMO 21-2014 or 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 21-2014 or 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 c2m, 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.

D. Issuance of Alert Order

1. An Alerting Officer shall issue an Alert Order by performing the following steps:
   a. filling out the Alert Order Issuance Form shown in Annex A1 or Annex A2
   b. Having the Alert Order Issuance Form sealed and signed by the Office of the Commissioner
   c. Sending the Alert Order Issuance Form, sealed and signed by the Office of the Commissioner, to the District Collector (and if applicable, the Sub-Port Collector)

2. If the Alerting Office is a District Collector, he/she shall fill out the Alert Order Issuance Form and send a copy of it to the Office of the Commissioner.

E. Procedures after issuance of Alert Orders

1. The template for the Alert Order Report is shown in Annex B of this CMO. On the same day that the Alert Order is issued following the procedures in this CMO, Section D, 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 Alerting Officer shall send a copy of the Alert Order Report Form, now fully filled up and signed, to the District Collector or Sub-Port Collector, furnishing a copy to the Office of the Commissioner.

3. If the final decision for any item is the issuance of a Warrant of Seizure and Detention, the District Collector or Sub-Port Collector shall issue such Warrant of Seizure and Detention on the relevant items and initiate forfeiture proceedings as soon as possible.

4. If the final decision for any item is the payment of additional duties, taxes, and/or penalties, the District Collector or Sub-Port Collector shall ensure that any additional amounts that are due for any part of an import entry are paid before releasing or causing the release of the goods declared under that import entry which are not the subject of a Warrant of Seizure and Detention.

5. Upon:
   a. segregation of any items covered by a Warrant of Seizure and Detention, if any such items are so covered
   b. payment of any additional duties, taxes, and/or penalties, if any are due

the District Collector or Sub-Port Collector shall release, or cause the release, of the shipment as soon as possible.

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 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 1, 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.

JOHN P. SEVILLA
Commissioner

NOV 03 2014
ALERT ORDER NO. _______________________

TO:

Reference the below-listed shipment, you are hereby directed to:

( X ) Witness the 100% Examination to be conducted by the assigned Customs Examiner
( ) Conduct spot-checking of the shipment

PARTICULARS

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<th>Entry No.:</th>
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<th>Specific violations believed to have been committed</th>
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To:   The Customs Examiner/Wharfinger:
Pursuant to CMO 92-91 and CMO 104-92, kindly extend assistance to the above Action Officer/s.

ARIEL F. NEPMUCENO
Deputy Commissioner, EG

Bureau of Customs

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PURSUANT TO CMO 104-92, NOT VALID WITHOUT THE OFFICE OF THE COMMISSIONER’S DRY SEAL

Date: ____________________________
Time: ____________________________
Duty Officer: _____________________

COMMISSIONER’S DRY SEAL
Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
Manila

ALERT ORDER NO. ____________________________

To: ________________________________________

Reference the below-listed shipment, you are hereby directed to:
(x) Witness the 100% Examination to be conducted by the assigned
Customs Examiner.
( ) Conduct spot-checking of the shipment.

PARTICULARS

Consignee : ___________________ Entry No. : _______________
Address : ____________________________________________
Bill of Lading : ___________________ Reg. No. : _____________
Date of Arrival : ___________________ Port of Exportation : ________
Vessel : ___________________ Voyage No.: _____________
Container Nos : _______________________________________

Marks and Number (if break bulk) : ____________________________
Said to Contain : _________________________________________

Specific violations believed to have been committed _______________________

To: The Customs Examiner/Wharfinger:
Pursuant to CMO-92-91 and CMO-104-92, kindly extend assistance to the above
Action Officer/s.

GEN. JESSIE D. DELLOSA (Ret)  INTELLIGENCE GROUP
Deputy Commissioner Office/Unit
Requesting Authority

_________________________________________________________________

PURSUANT TO CMO104-92, NOT VALID WITHOUT
THE OFFICE OF THE COMMISSIONER’S DRY SEAL

Date : __________________ Time : __________________
Duty Officer : __________________

CC : Office of the Commissioner
Attn : Alert/Hold Order Duty Officer

BOX FOR COMMISSIONER’S DRY SEAL
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

<table>
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<td>21. Location of examination</td>
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22. Findings of Examination (Discrepancy Report) and Recommendation

1. Item 1

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<td>iii. Quantity (if not measured in kg)</td>
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<td>iv. Mass (in kg)</td>
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<td>v. Customs Value (specify currency)</td>
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| vi. Violation (check all that apply) |   | _misdeclaration
_ misclassification
_underdeclaration of quantity
_underdeclaration of value
_prohibited goods
_restricted or regulated good without import permit or clearance
_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 |   | |

10
| x. Recommendation of Point Person to Alerting Office | __ No discrepancy; lift alert order  
| | __ Pay additional duties, taxes, and/or surcharge; lift alert order  
| | __ WSD  
| | __ 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 | __ No discrepancy; lift alert order  
| | __ Pay additional duties, taxes, and/or surcharge; lift alert order  
| | __ WSD  
| | __ 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)
23. Detailed Calculations

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**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
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