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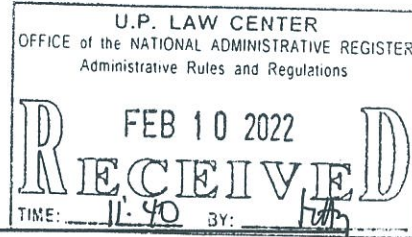
PROFESSIONALISM

INTEGRITY

ACCOUNTABILITY

**CUSTOMS ADMINISTRATIVE ORDER (CAO)**  
 NO. 01-2022

**SUBJECT: CUSTOMS BONDED WAREHOUSES**



**Introduction.** This Customs Administrative Order (CAO) implements Sections 301 and 303, Chapter 2, Title III, and Sections 801 to 813, Chapter 2, Title VIII, in relation to Section 204 and other relevant sections of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), and consolidates all existing CAOs dealing on Customs Bonded Warehouses (CBWs).

**Section 1. Scope.** This CAO applies to all types of CBWs listed in the CMTA and those that may be created by the Secretary of Finance, upon the recommendation of the Commissioner pursuant to Section 803 of the CMTA.

**Section 2. Objectives.**

- 2.1. To provide the guidelines for the establishment, operation, supervision, and control of CBWs;
- 2.2. To protect revenue through the institution of safeguard and control measures over CBWs;
- 2.3. To define the rights and corresponding obligations of operators of CBWs accredited sub-contractors and members;
- 2.4. To improve the level of compliance of CBW operators with customs warehousing laws and regulations and provide penalties for non-compliance;
- 2.5. To establish, develop and implement a CBW raw materials management system making full use of information and communications technology and more transparent procedures which would aid the Bureau in the monitoring, supervision and control of CBW operations; and
- 2.6. To align Customs regulations on CBWs with international standards and best practices.

**Section 3. Definition of Terms.** For purposes of this CAO, the following terms are defined accordingly:

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- 3.1. **Accessories** — shall refer to goods which are neither raw materials nor supplies which enhance the finished products to be exported.
- 3.2. **Accountable Officer** — shall refer to a responsible official of the CBW named and designated by the operator as the person, other than himself, answerable and liable to the Bureau for all the operational aspects of the warehouse.
- 3.3. **Accredited Client/End-User** — shall refer to a natural or juridical person authorized by the Bureau to be a client/end-user of Industry-specific CBW (ICBW).
- 3.4. **Accredited Client-Exporter** — shall refer to client-exporters accredited by the Bureau to receive finished goods manufactured by MCBWs to be used in their registered export activities.
- 3.5. **Airlines Customs Bonded Warehouse and Airlines Catering Customs Bonded Warehouse** — shall refer to an Industry-Specific Customs Bonded Warehouses (ICBW) where supplies, spare parts, in-flight duty-free items and such other goods necessary for the reasonable requirements of the aircraft, its crew and passengers are stored.
- 3.6. **Alert Order** — shall refer to a written Order issued by the Commissioner, District Collector<sup>1</sup>, or other customs officers authorized in writing by the Commissioner after the Lodgement of Goods Declaration and before their actual release from customs custody, on the basis of derogatory information regarding possible non-compliance with the CMTA and other laws, rules and regulations enforced by the Bureau.<sup>2</sup>
- 3.7. **Authority to Operate** — shall refer to the authority given by the Bureau allowing persons, natural or juridical, to establish and operate a CBW.
- 3.8. **Authority to Transfer or Sell (ATS)** — shall refer to the document issued by the District Collector allowing transfer or sale of imported raw materials, semi-finished products, or finished products to another CBW, Client-Exporter, Client/End-User, or Freeport Zone locator for subsequent export. Transfers to sub-contractors or members of CCBW shall be covered by Authority to Transfer only.

<sup>1</sup> CMTA, Title II, Chapter 2, Section 210 (6).

<sup>2</sup> cf. CMTA, Title XI, Chapter 3, Section 1111.



- 3.9. Automated Inventory Management System (AIMS)** —shall refer to the automated system to be adopted by the CBW operator as a tool to determine and monitor the stock inventory of imported raw materials from the time of its entry into the CBW up to liquidation of the covering warehousing entry.
- 3.10. Automated Bonds Management System (ABMS)** — shall refer to the automated system to be utilized by the Bureau as a tool in the effective monitoring and cancellation of bonds for the liquidation of raw materials/entries.
- 3.11. Bureau** — shall refer to the Bureau of Customs.
- 3.12. Certificate of Authority to Operate** — shall refer to the document signed by the Commissioner of Customs and issued by the Bureau to persons, natural or juridical, duly authorized to operate a CBW, to be an accredited member, accredited subcontractor or accredited client/end-user stating its name, authority (license) number, exact office and warehouse address, date of grant and expiry of authority and type of the approved warehouse, renewable every three (3) years, after proper re-evaluation and favorable recommendation by the CBWC.
- 3.13. Certificate of Identification (CI)** — shall refer to the document certifying that the finished products to be exported is from a particular warehousing entry, and also to determine whether or not a particular entry is partially or fully consumed.
- 3.14. Certificate of Importer Accreditation** — shall refer to the document issued by the Bureau to an entity registered as importer and recognized to electronically lodge goods declaration in the Bureau's existing registration system.
- 3.15. Certificate of Inspection and Loading (CIL)** — shall refer to the document issued by the Bureau certifying the conduct of inspection over the cargo for export and its actual loading on the exporting carrier.
- 3.16. Client-Exporter** — shall refer to a natural or juridical person engaged in the manufacture or export of products utilizing goods, raw materials, accessories and packing materials sourced from a CBW and members subject to the condition that finished products shall be exported within the period prescribed by existing laws and regulations.

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- 3.17. Client Profile Registration System (CPRS)** — shall refer to the system of registration provided for Bureau stakeholders adopted under Customs Memorandum Order (CMO) No. 39-2008.
- 3.18. Compliance Rate System (CRS)** — shall refer to a procedure to be adopted by the Bureau in assessing the degree of compliance of a warehouse operator with relevant CBW rules and regulations and in taking any action on the CBW's Authority to Operate or any extension thereof. The CRS shall be developed by the Bureau subject to review by the Department of Finance (DOF) and consultation with concerned stakeholders. CRS may be applied to accredited members of CCBWs and accredited subcontractors.
- 3.19. Customs Bonded Warehouse (CBW)** — shall refer to a warehouse authorized/licensed by the Bureau to import, receive, and store, without payment of duties and taxes and under bond, goods, raw materials, accessories and packing materials either for manufacture into finished products for export or storage for the account of accredited exporter/client.
- 3.20. Customs Bonded Warehouse Committee (CBWC)** — shall refer to the committee created to act on applications for the establishment and operation of CBW, renewal of Authority to Operate CBWs, application as member of a CCBW, application as subcontractor of a CBW and other related matters pertaining to the operation of a CBW.
- 3.21. Customs Bonded Warehouse Operator** — shall refer to a natural or juridical person who has a duly approved Authority to Operate a CBW issued by the Bureau. For CCBWs, CBW operator shall refer to the mother warehouse.
- 3.22. Customs Premises** — shall include customs offices, facilities, warehouses, ports, airports, wharves, infrastructure and other premises over which the Bureau shall have exclusive control, direction, and management for customs purposes<sup>3</sup>.
- 3.23. Diversion** — shall refer to a violation of customs law committed when an imported material entered through the warehousing scheme and destined for transit to a particular CBW, Free Zone locator/enterprise, or from the CBW to the port or airport for exportation, is brought to some place other than its intended

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<sup>3</sup> Cf. CMTA, Title III, Chapter 2, Section 303.



destination.

- 3.24. Entry** — shall refer to the act, documentation, and process of bringing imported goods into the customs territory, including goods coming from the Free Zones<sup>4</sup>.
- 3.25. Examination and Storage Area** — shall refer to an area of a CCBW and ICBW with sufficient space for examination and storage of goods.
- 3.26. Exportation** — shall refer to the act, documentation, and process of bringing goods out of Philippine Territory<sup>5</sup>.
- 3.27. Extension Warehouse** — shall refer to a separate warehouse authorized by the Bureau to form part of an already existing CBW to optimize capacity and efficiency in its operations.
- 3.28. Free Zone** — shall refer to special economic zones registered with the Philippine Economic Zone Authority (PEZA) under Republic Act No. 7916, as amended, duly chartered or legislated special economic zones and freeports such as Clark Freeport Zone; Poro Point Freeport Zone; John Hay Special Economic Zone and Subic Bay Freeport Zone under Republic Act No. 7227, as amended by Republic Act No. 9400; the Aurora Special Economic Zone under Republic Act No. 9490, as amended; the Cagayan Special Economic Zone and Freeport under Republic Act No. 7922; the Zamboanga City Special Economic Zone under Republic Act No. 7903; the Freeport Area of Bataan under Republic Act No. 9728; and such other freeports as established or may be created by law.<sup>6</sup>
- 3.29. Formula of Manufacture (FOM)** — shall refer to the formula of conversion issued by the Industrial Technology Development Institute (ITDI) to the CBW operator and members, determining the raw material usage and wastages of a particular finished product for export and subsequent liquidation.
- 3.30. Garments and Textile Industry Development Office (GTIDO)** — shall refer to the government agency attached to the Department of Trade and Industry mandated to assist the Bureau in granting authority to an operator or to be a member or

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<sup>4</sup> cf. CMTA, Title I, Chapter 2, Section 102(r).

<sup>5</sup> cf. CMTA, Title I, Chapter 2, Section 102(s).

<sup>6</sup> cf. CMTA, Title I, Chapter 2, Section 102(w).



subcontractor of a warehouse involved in the manufacture of garments or textile for export.

**3.31. Goods** — shall refer to articles, wares, merchandise and any other items which are subject of importation or exportation<sup>7</sup>.

**3.32. Goods Declaration** — shall refer to a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the persons concerned indicate the procedure to be observed in the application for the entry or admission of imported goods and the particulars of which the customs administration shall require<sup>8</sup>.

**3.33. Importation** — shall refer to the act of bringing in of goods from a foreign territory into Philippine territory, whether for consumption, warehousing, or admission.<sup>9</sup>

**3.34. Liquidation of Raw Materials** — shall refer to the process of accounting the usage of bonded raw materials, including wastages, in the manufacture of finished products for export as against the importation by CBWs of raw materials using the FOM.

**3.35. Lodgement** — shall refer to the registration of a goods declaration with the Bureau<sup>10</sup>.

**3.36. Member** — shall refer to an entity accredited to operate under an existing CCBW established for the manufacture of products using imported duty and tax-free raw materials or components subject to the condition that finished products shall be exported within the period prescribed by existing laws and regulations.

Members may either be accredited by the Bureau alone or jointly with the GTIDO in case of entities engaged in the manufacture of garments.

**3.37. Multinational Regional Bonded Warehouse** — shall refer to an Industry-Specific CBW authorized by the Board of Investments (BOI) in proper cases, to serve as the supply depot for the storage, deposit, safe-keeping of spare parts components, semi-finished products and raw materials including the packing, covering, putting-up, marking, labelling, cutting or altering to

<sup>7</sup> cf. CMTA, Title I, Chapter 2, Section 102(x)

<sup>8</sup> cf. CMTA, Title I, Chapter 2, Section 102(y)

<sup>9</sup> cf. CMTA, Title I, Chapter 2, Section 102(z)

<sup>10</sup> cf. CMTA, Title I, Chapter 2, Section 102(dd)

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customer's satisfaction, mounting and/or packaging into kits or marketable lots thereof to fill up transactions and sales made by its officers of parent companies and to serving as a storage of goods purchase locally by the home office of the multinational for export abroad under the supervision of the Bureau.

**3.38. Multi-Purpose Declaration** — shall refer to a customs single administrative document accomplished by the importer, or his duly licensed broker, under oath and submitted to the Bureau for purposes of declaring and identifying among others the nature of the article/s being imported, its value, volume, weight, and any relevant description thereof, whether entered through consumption or through warehousing which will assist the Bureau in assessing the taxes and duties due on the imported article.

**3.39. Perishable Goods** — shall refer to goods liable to perish<sup>11</sup> such as agricultural products, flavorings, chemicals with maximum shelf life of six (6) months or other similar items.

**3.40. Physical Security Feature** — shall refer to a system to secure and monitor premises, storage and production areas of CBWs including the safety of personnel.

**3.41. Raw Material Liquidation System (RMLS)** — shall refer to an automated system to be adopted and utilized by the Bureau in determining the volume and value of the raw materials exported and subject for liquidation, including the duties and taxes due on the allowable residues/wastages/by-products and other portion of the imported article/s, entered through warehousing, no longer usable for the manufacture of the goods to be exported.

**3.42. Security** — shall refer to any form of guaranty, such as a surety bond, cash bond, standby letter of credit or irrevocable letter of credit, which ensures the satisfaction of an obligation to the Bureau<sup>12</sup>.

**3.43. Semi-finished products** — shall refer to imported raw materials or goods that have undergone processing which shall be used in the further manufacture of finished products for export. They are also termed as "intermediate products."


**3.44. Sub-contractor** — shall refer to a person or company accredited by the Bureau, and GTIDO in case of garments, to undertake or

<sup>11</sup> cf. CMTA, Title I, Chapter 2, Section 102(gg)

<sup>12</sup> cf. CMTA, Title I, Chapter 2, Section 102(mm)



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perform, for a definite period, certain manufacturing operations or activities incidental to the manufacture of bonded raw materials into finished products in behalf of a CBW and members in cases where the latter's facilities are insufficient to address its immediate requirements or due to lack of material time to meet export commitments.

**3.45. Supplies** — shall refer to imported consumable and disposable indirect materials that are needed in the maintenance, operation and production of the MCBW. Such materials are not included in FOM of the finished products and are not duty/tax-free unless authorized by the BOI or exempted by the DOF.

**3.46. Transfer Note** — shall refer to a customs document that accompanies the transfer or transit underguard of bonded imported goods to a Free Zone locator/enterprise or to another CBW and serves as proof of delivery or receipt of the goods at its intended destination duly acknowledged on its face by the Collector of Customs or his duly authorized representative. It is also commonly referred to as a "boatnote".

**3.47. Transit** — shall refer to the customs procedure under which goods are transported under customs control from one customs office to another or to a Free Zone locator/enterprise.

**3.48. Unauthorized Repacking** — shall refer to the act of fraudulent concealment, removal, or repacking merchandise in any CBW; or fraudulent alteration, defacement, or obliteration of any markings or numbers placed upon packages deposited in such warehouse, or aiding or abetting any such acts<sup>13</sup>.

**3.49. Unauthorized Withdrawal** — shall refer to the withdrawal of any material/goods stored in a CBW without the duly processed withdrawal or requisition slip, or the substitution of materials or finished products with local materials or goods. Unauthorized withdrawal shall also include the act of directly transferring the imported materials to an Accredited Member or Subcontractor without passing through the physical facility of the CBW, or the transfer of such materials to a non-accredited member or subcontractor.

**3.50. Wastage Valuation Data Base (WVDB)** — shall refer to a bank of information and reference values which shall be utilized by the Bureau in assessing the taxes and duties due on the

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<sup>13</sup> CMTA, Title XIV, Chapter 1, Section 1423.





allowable residue/wastage/by-products or other portion of the imported article/s which can no longer be used for the manufacture of the goods to be exported.

**Section 4. General Provisions.**

**4.1. Establishment of Customs Warehouses.** When the business of the port and trade requires such facilities, the District Collector, subject to the approval of the Commissioner, shall designate and establish customs warehouses for the storage of imported goods or for other special purposes.

A CBW includes the surrounding premises within its perimeter fence per approved application, rooms, compartments, and other areas necessary and exclusively used for storing, processing, re-packing, and manufacturing imported raw materials and the finished product, by-products, wastages and rejects incident to such activities as applied for and approved by the Bureau. No other establishment shall be allowed thereat except upon proper approval of the Bureau and under such conditions as may be imposed by the Bureau.

**4.2. Licensing, Supervision and Control over CBWs.** The Bureau is responsible for the licensing of all CBWs. For the protection of government revenue, all CBWs shall be considered as extension of the customs premises insofar as the dutiable goods stored and introduced thereat. CBWs, including their expansion, extensions and additional facilities and the goods stored thereat, shall be subject to the supervision and control of the District Collector. The supervision and control of the District Collector over warehouses shall extend to the warehouse and facilities of duly authorized members, Client/End-Users, Client-Exporters, and sub-contractors of CBWs.

In cases where the Client/End-User, Client-Exporter or sub-contractor is also a Free Zone locator/enterprise<sup>14</sup>, the exercise of supervision and control shall be made in coordination with the government agency concerned.

The Bureau however, shall not be liable for any loss or damage of the goods stored in any CBW.

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<sup>14</sup> CMTA, Title VIII, Chapter 3, Section 817.

**4.3. Types of Customs Bonded Warehouse.**

**4.3.1. Manufacturing Customs Bonded Warehouse (MCBW).<sup>15</sup>** It is a warehouse established for the manufacture of products utilizing raw materials or components that are imported duty and tax-free conditioned on the exportation of the finished products within the period prescribed herein or withdrawal for domestic consumption upon payment of duties and taxes, provided that raw materials entered for consumption shall not exceed thirty percent (30%) of the volume of raw materials entered for warehousing. Withdrawal for consumption beyond thirty percent (30%) may be allowed by the Bureau under meritorious circumstances such as but not limited to cancelled orders, closure of CBW, or cessation of operations due to a state of calamity.

**4.3.2.** A MCBW shall include:

**a. Miscellaneous Manufacturing Bonded Warehouse (MMBW).** It is a warehouse established and duly authorized to import, receive, and store, duty and tax free and under bond, raw materials, except garments and textile, for manufacture into finished products, including accessories, packaging and packing materials for export within a specified period.

**b. Garments and Textile Manufacturing Bonded Warehouse (GTMBW).** It is a warehouse established and jointly authorized by the Bureau and the GTIDO to import, receive, and store duty and tax free and under bond, raw materials and accessories, for the manufacture of garments or textile, including packaging and packing materials for export within a specified period.

**c. Customs Common Bonded Warehouse (CCBW).** It is a warehouse established and duly authorized by the Bureau alone or jointly with GTIDO, in case of garments industry, to import, receive, and store, duty free and under bond, raw materials and

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<sup>15</sup> CMTA, Title VIII, Chapter 3, Section 802.

accessories, for the account of its accredited members for manufacture into finished products for export including packaging and packing materials.

**d. Industry-Specific Customs Bonded Warehouse (ICBW).** It is a warehouse duly authorized by the Bureau to import under bond and under its name and account, goods or raw materials (except fibers, yarns, fabrics and accessories for the manufacture of garments) for storage and subsequent sale and transfer to its accredited Client/End User either for export of the bonded goods or for manufacturing into export products, in case of raw materials.

CBWs previously granted Authority to Operate either as Multinational Regional Bonded Warehouse, Airlines Customs Bonded Warehouse or Airlines Catering Customs Bonded Warehouse shall be re-classified as ICBWs pursuant to this CAO.

The Bureau shall provide for the guidelines and parameters for the accreditation of end-user/clients of ICBWs, such as those engaged in international aviation, etc.

**4.3.3. Nonmanufacturing Customs Bonded Warehouse (NCBW).** It is a warehouse where goods are stored duty-and-tax-free conditioned on the eventual withdrawal of the goods for consumption and shall only be withdrawn within the period prescribed upon payment of the corresponding duties, taxes and other charges whether or not the goods are in the same state as imported.

Example of an NCBW are **Private Customs Bonded Warehouses (PCBWs)** which are authorized by the Bureau to import, receive and store goods for their own accounts intended for domestic consumption.

**4.4. Reclassification of Public Bonded Warehouse in Airports.** To ensure compliance with the requirements and conditions specified in CAO No. 9-2019, all existing public bonded customs warehouses are hereby reclassified as Customs Facilities and Warehouse (CFW) without prejudice to all the rights, conditions, and obligations already acquired or vested prior to the effectivity

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of this CAO.

- 4.5. Examination and Storage Area.** A CCBW or an ICBW operator shall likewise have an examination and storage area which is secured and with sufficient space for the inspection and subsequent storage and safekeeping of imported goods prior to their delivery to Accredited Members or Client/End-User, as the case may be. It shall also have the necessary logistical support needed for the proper handling of such imported goods .
- 4.6. Non-Transferability of Authority.** The Authority to Operate a CBW is personal to the warehouse operator and shall not be transferred or assigned for whatever reason.
- 4.7. Creation or Dissolution of Types of CBW.** The Secretary of Finance may, upon the recommendation of the Commissioner, create or dissolve certain types of warehouses subject to consultation with the National Economic and Development Authority (NEDA) and the Department of Trade and Industry (DTI) based on prevailing economic circumstances<sup>16</sup>.
- 4.8. Accreditation of Free Zone Locator/Enterprise as Sub-contractor.** A Free Zone Locator/Enterprise may be accredited by the Bureau as a Sub-contractor of a MMBW, GTMBW or of an accredited member of a CCBW.
- 4.9. Operation without a CBW Authority.** Any person, natural or juridical, found to be operating as a bonded warehouse without a valid customs authority, shall be barred from being granted any warehousing privileges.
- 4.10. Misrepresentation of Material Information.** Any misrepresentation, false statement or non-disclosure of any material information required in any application shall be a ground for its disapproval without prejudice to any administrative/criminal charge as may be deemed proper.
- 4.11. Terms and Conditions of Authority to Operate a CBW.**
- 4.11.1. Exemption from Duty and Tax of Goods in CBWs.** Goods duly entered for warehousing in CBWs shall be exempt from duty and tax within the prescribed period

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<sup>16</sup> CMTA, Title VIII, Chapter 2, Section 803, 2<sup>nd</sup> par.



for storage<sup>17</sup> and must be withdrawn from the warehouse either for manufacture into export products; for repacking; for distribution to foreign markets; for sale to MCBW; for transfer to subcontractors or members of CCBWs; or transfer to accredited clients/end user. Goods entered for warehousing shall include imported raw materials, accessories, spare parts, labels, hangers, cartons, packaging materials and the like used in the manufacture of goods. Withdrawals for domestic consumption shall be subject to payment of duties and taxes.

Exportation of goods manufactured by any MCBW shall be supervised by assigned customs officials.

**4.11.2. Exclusion from Exemptions.** The privilege of exemption from payment of duties and taxes, however, shall not apply to implements, machineries, spare parts and apparatus, supplies and tools to be used to construct, repair or operate any MCBW unless these supplies and spare parts are indispensably needed in the production of finished products for exports subject to presentation of a Certificate of Qualification from BOI and/or the corresponding exemption from the DOF.

**4.11.3. Period to Liquidate.** The importer shall, within a non-extendible period of sixty (60) days from the date of complete and full exportation, submit the complete documents required for the liquidation of the entry. The same period shall likewise be given an importer for the submission of the complete documents required for the liquidation of the warehousing entry even in cases where complete exportation is made before the expiration of the period prescribed. Notwithstanding the foregoing, the maximum period within which to submit complete liquidation documents is thirty (30) days from the expiration of the storage period. Submission of documents after the thirty (30) day period shall be considered as late submission of documents and shall be subject to the penalties prescribed under this CAO.

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<sup>17</sup> CMTA, Title VIII, Chapter 2, Section 812.



The imposition of the periods herein prescribed shall be without prejudice to existing rules and regulations

**4.11.4. Raw Materials Importation.** CBWs, including its members, if applicable, may import goods based on its approved SMRMIR as duly authorized by the Bureau.

**4.11.5. Compliance Rating System.** The Commissioner shall establish a CRS which shall be used to measure and assess the compliance and performance levels of all CBWs especially with regard to applicable laws, rules and regulations and other performance factors such as import-export and economic viability, among others, in consultation with stakeholders. The system shall be utilized by the Bureau as a risk management mechanism in its evaluation of any application or used as basis in any action which may be taken by the Bureau for or against a CBW.

Periodic audits shall be conducted on a CBW for the purpose of monitoring its operations as well as to determine its compliance with governing rules and regulations.

For record purposes, all documents shall be kept for three (3) years<sup>18</sup>.

**4.12. Requirements Prior to Operation.** Before the bonded warehouse shall be allowed to operate, the following pre-operating requirements must be complied:

**4.12.1. Assignment of Customs Officers and Personnel.**

The assignment of Bureau personnel shall take into account the extent of operations of the CBW and the number of accredited members in case of CCBW.

**4.12.2. Provision for a Suitable Working Space for Bureau Personnel.**

The CBW operator shall provide Bureau personnel with suitable working areas complete with office equipment and supplies necessary to perform their basic functions.

**4.12.3. Locks and Keys.** The door and entrance to a CBW and the designated compartments for new materials, finished goods and wastages, rejects and by-products shall have

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<sup>18</sup> of CMTA, Title VIII, Chapter 2, Section 813, 2<sup>nd</sup> par.

a secured locking system which complies with the standard and specification set by the Bureau. Access to the areas shall be limited to personnel duly authorized by both the Bureau and the CBW operator.

**4.12.4. Assignment of Warehouse Number.** Before the bonded warehouse shall be allowed to operate, the Warehousing Coordinating Division (WCD) under the Office of the Deputy Commissioner, AOCG shall assign a warehouse number for all CBWs including accredited members of CCBWs for all Authority to Operate granted after the effectivity of this CAO. All existing CBWs whose warehouse number were previously assigned by the District Collector having jurisdiction over the same shall be retained.

**4.12.5. Payment of Warehouse Supervision Fee.** Proof of payment of the Warehouse Supervision Fee in the amount prescribed by the Bureau must be copy furnished the CBWC for record purposes.

**4.12.6. Installation of Required Signages.** The Authority to Operate issued by the Commissioner must be posted or displayed in conspicuous places in the office of the CBW Operator and at the entrance to the CBW.

**4.12.7. Conduct of Final Inspection for Compliance Check.** The District Collector shall cause the final inspection of the CBW by the Warehousing Inspection Division or equivalent unit for compliance to the requirements before the CBW begins actual operations.

**4.12.8. Registration in CPRS of CBW Operators including Members of CCBW.** CBW Operators must register in the CPRS as warehouse operators. Members of CCBWs must, in addition to its accreditation as importer should also register as warehouse operator with its warehouse code.

**4.12.9. Posting of the General Warehousing Bond, Performance Bond and General Transportation Surety Bond (GTSB).** The General Warehousing Bonds, Performance Bond and the GTSB must be filed with the Bonds Division or equivalent unit of the port concerned. The CBW operator should likewise create a

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Bond Account in the Bureau's ABMS for automatic debiting of the assessed duties and taxes to the bonds filed during the lodgement of the Warehousing Goods Declaration or Transit Goods Declaration.

**4.13. Requirements During Operation.**

**4.13.1. Principal Books of Accounts.** The Bureau and the CBW operator shall keep and maintain Principal Books of Accounts containing the records of importation and exportation of all goods delivered to and withdrawn from a CBW. As far as practicable, the Bureau and CBW operator shall utilize an ICT-enabled inventory and liquidation system of all goods delivered to and withdrawn from a CBW, which may serve as the principal books of accounts.

**4.13.2. Stock Inventory Report.** All CBWs shall establish and maintain a computer-based AIMS for bonded goods with linkage to the Bureau. The stock inventory report must be submitted at the end of every calendar year. Non-submission of stock inventory report may be a ground for the suspension or cessation of operations of the CBW.

A coding system acceptable to the Bureau shall be adopted by CBW operators and utilized to identify and track goods entered for warehousing and withdrawn for export from CBW compartments.

**Section 5. Administrative Provisions.**

**5.1. Application for the Issuance of Authority to Operate.**

**5.1.1. Application for Authority to Operate a CBW.** The application for authority to operate a CBW, including applications for accreditation as member, subcontractor, Client-Exporter, or Client/End-User of an existing warehouse, shall be filed with the District Collector where the CBW is located, describing the premises, location, capacity, and purpose of such establishment.

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**5.1.2. Documentary Requirements.** Any person or firm desiring to establish and operate a CBW shall submit the following documents:

- a. Certificate of Accreditation as importer;
- b. Lease contract or Certificate of Title to the real property where the proposed CBW is located;
- c. Warehouse location or vicinity map showing the area and means of access;
- d. Warehouse layout showing and describing the following:
  - i. Floor plan and building structure;
  - ii. Storage areas for raw materials, finished products and wastages;
  - iii. Production area;
  - iv. Office spaces for both CBW and customs personnel; and
  - v. Physical security feature
- e. List of machineries and equipment;
- f. Feasibility study;
- g. Monthly requirement of the list of materials to be imported; and
- h. Formula of Manufacture or Conversion, if applicable.

Other documentary requirements which have been submitted during the application for accreditation as importer may be dispensed with, unless otherwise required.

**5.1.3. Evaluation of the Application.** The District Collector of the Port shall:

- a. Determine the completeness of the documents submitted in support of the application;
- b. Cause the conduct of physical inspection and taking of photographs of the premises;
- c. Evaluate and review the documents including the physical inspection report; and
- d. Recommend to the Commissioner the approval of the application upon compliance with all the requirements.

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The District Collector may reject the application at any stage of the evaluation process in cases where the application is attended with fraud, misrepresentation or non-disclosure of material information, or the applicant does not meet the regulatory requirements to operate a CBW. This is without prejudice to any administrative/criminal charge as may be deemed proper.

**5.1.4. Action by the District Collector.** The District Collector shall recommend to the Customs Bonded Warehouse Committee (CBWC) the approval of the application within five (5) working days from issuance of clearances and inspection report by concerned offices;

**5.1.5. Notice of Rejection of Application.** In case of rejection, the District Collector shall send a Notice of rejection to the applicant stating clearly the grounds for the rejection of the application.

**5.1.6. Reconsideration from the Rejection of the Application by the District Collector.** The applicant may request for reconsideration of his/her application upon completion of the lacking documents and/or when the grounds for rejection has ceased to exist.

**5.1.7. Deliberation by the Customs Bonded Warehouse Committee (CBWC) .** The Commissioner of Customs shall constitute a CBWC to be headed by the Deputy Commissioner for Assessment and Operation Coordinating Group (AOCG) for purposes of evaluating, reviewing and consolidating all applications for the establishment and renewal of CBW Authority to Operate and other related matters pertaining to the operations of the CBW.

The CBWC in recommending the approval of an application for issuance of an Authority to Operate shall specify the following:

- a. The type of CBW;
- b. The specific raw materials, with their corresponding H.S. tariff lines the CBW Operator is allowed to import;
- c. The volume/quantity of said raw materials, in the

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- particular unit of measure (e.g. square meters, kilograms, liters), it is authorized to import, taking into account the storage capacity of the CBW; and
- d. In the case of CCBWs and ICBWs, the members or clients/end-user for whom said raw materials, identified according to their corresponding H.S. tariff lines, may be transferred/sold; and the quantities/volumes, in the particular unit of measure (e.g. square meters, kilograms, liters), allowed per member or client/end-user.

The CBWC shall forward its recommendation to the Commissioner within twenty (20) days upon receipt of the records from the District Collector together with complete supporting documents.

**5.1.8. Action by the Commissioner.** The Commissioner shall act on the application within twenty (20) working days from receipt of the recommendation by the CBWC.

**5.1.9. Certificate of Authority to Operate.** Upon approval of the CBW application, the Commissioner shall issue a Certificate of Authority to Operate a CBW, which shall be conspicuously displayed at all times at the CBW and its extension offices.

**5.1.10. Amendment of Certificate of Authority.** Upon the request of the CBW operator, the Commissioner may upon the recommendation of the CBWC amend the Certificate of Authority based on any of the following grounds:

- a. Change of company name;
- b. Change of the name of the street or building number without actual change of the physical location of the CBW; or
- c. Such other changes which do not substantially alter the conditions specified in the existing Authority to Operate CBW.

**5.1.11 Post Approval Requirements.** CBWs granted Authority to Operate shall submit annually their ITRs duly filed with the BIR, CTC of Mayor's Permit, Audited Financial Statement, Export and Import Performance, and Year-end Stock Inventory Report. Non-submission

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of these requirements is a ground for the suspension or cessation of operations of the CBW.

**5.2. Application for Authority to Establish and Operate a CCBW.** The Application to Establish and Operate a CCBW must be filed jointly with the application for accreditation of its proposed members.

**5.3. Validity of Authority to Operate or its Renewal.** The Authority to Operate a CBW, including warehouse extensions and additional facilities issued pursuant to this CAO shall be valid for three (3) years counted from the date of the approval of the application for establishment, as stated in the Certificate of Authority to Operate. If the term of the lease contract submitted during the application is less than three (3) years, the validity of the Authority to Operate shall be co-terminus with the lease contract unless a new Contract of Lease with a longer period is submitted. In such case, the Authority to Operate shall be amended to its maximum period of three (3) years counted from its date of original issuance.

In case of renewal and where the Authority to Operate was issued after the lapse or after the expiration of the existing authority, the 3-year effectivity period of the renewed Authority to Operate shall retroact to the date immediately after the expiration of the previous authority.

**5.4. Renewal of Authority to Operate CBW.** The application for renewal of Authority to Operate a CBW shall be filed not later than ninety (90) days but not earlier than one hundred twenty (120) days before its expiration.

**5.4.1. Requirements for Renewal.** The application for renewal of Authority to Operate CBW shall be supported by the following:

- a. Certificate of Accreditation as importer;
- b. Income Tax Return (ITR) and Latest Audited Financial Statement, if applicable;
- c. Certificate of Clearance/No Outstanding Accountability from Bureau offices concerned;
- d. Import/export performance for the past three (3) years;
- e. Copy of the certificate of title to the real property or, if applicable, copy of renewal of lease contract;

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- applicable;
- h. Updated Statement of Monthly Raw Materials Importation Requirements (SMRMIR); and
  - i. Updated Formula of Manufacture, if applicable.

Where there are no changes in the circumstances relative to paragraphs g, h, i, j and k above, the CBW operator shall merely submit an Affidavit of No Change in Circumstances in lieu of said requirements.

In case of MCBW and ICBW, the joint application for renewal shall be supported with all of the above requirements to be complied by the MCBW or ICBW and its sub-contractor, member, Client-Exporter, and Client/End-User, respectively, if applicable.

**5.4.2. Late Filing of Application for Renewal of Authority to Operate.** Non-filing within the prescribed period shall cause the imposition of penalties, which may take the form of fines, suspension, or revocation of the Authority to Operate, as may be warranted, in accordance with Sections 10.1.c. and 13.9

**5.5. Application for Structural Changes or Additional Facilities within the CBW.**

**5.5.1.** The CBW Operator and an accredited member may introduce structural changes or additional facilities in the CBWs provided that the ingress and egress or the physical security feature of the CBW shall not be altered or compromised;

**5.5.2.** The CBW Operator or accredited member shall file the application with the District Collector prior to the introduction of any structural changes or additional facilities;

**5.5.3.** The application shall be supported by the following documents:

- a. Building permit, if applicable;
- b. Description of the proposed structural changes or additional facilities;
- c. CBW layout, estimated capacity and physical security features after the introduction of the proposed changes; and

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- c. CBW layout, estimated capacity and physical security features after the introduction of the proposed changes; and
- d. Such other documents that may be required by the District Collector in the exercise of power of supervision and control.

**5.6. Application for Extension Warehouse.**

**5.6.1.** The CBW Operator may apply for an extension warehouse which should be located within the territorial jurisdiction of the District Collector who has control over the main warehouse.

**5.6.2.** A member of a CCBW may apply for an extension warehouse provided that the extension warehouse shall be used as an extension of its production or processing area only and should be located within the territorial jurisdiction of the District Collector who has control over the main warehouse of the accredited member. Extension warehouses of accredited members of CCBW shall be limited to only one.

The storage period of goods transferred to extension warehouses for production shall be limited to one (1) month and extendible for another one (1) month subject to approval by the Bureau.

**5.6.3.** The application shall be supported by the following documents:

- a. Certified True Copy (CTC) of Mayor's Permit for the new CBW, if applicable;
- b. Lease contract or Certificate of Title to the real property where the proposed extension warehouse is located;
- c. Location or vicinity map of the proposed extension warehouse showing the area and means of access;
- d. Layout of the proposed extension warehouse showing and describing the following:
  - i. Floor plan and building structure;

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- ii. Storage areas for raw materials, finished products and wastages, and production area, as appropriate;
  - iii. Office spaces for both CBW and customs personnel; and
  - iv. Physical security features; and
- e. List of machineries and equipment, as appropriate.

**5.6.4.** In case the proposed extension warehouse is located in a place outside the territorial jurisdiction of the District Collector where the main warehouse is situated, such shall be treated as a new application and shall be filed with the District Collector who has territorial jurisdiction over the area where the new warehouse is located.

The supporting documents to be submitted for such application shall be the same as those provided under Section 5.1.2 of this CAO.

**5.6.5.** NCBW shall not be allowed to operate extension warehouses.

**5.6.6.** Existing extension warehouses shall be governed by the transitory provision of this CAO.

**5.7. Application for Relocation.** As a general rule, any application for relocation of a CBW shall be approved by the Commissioner as recommended by the District Collector. In cases where the CBW is relocated to another structure or warehouse within the same compound or building, the application shall be approved by the District Collector concerned subject to compliance with Section 5.6.3 of this CAO.

Any unauthorized relocation shall be a ground for the suspension or revocation of the Authority to Operate issued to the CBW, its members or sub-contractors, as the case may be.

**5.8. Physical Inspection by the Bureau<sup>19</sup>.** In all cases of application for structural changes or additional facilities, extension warehouse or relocation of CBW, physical inspection of the premises must first be conducted prior to approval.

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<sup>19</sup> Cf CMTA, Title VIII, Chapter 2, Sec. 801.

**Section 6. Membership in a Customs Common Bonded Warehouse (CCBW).** Membership in a CCBW shall be governed by the following rules and regulations:

- 6.1. A company can apply as member of a CCBW if its projected duties and taxes for bonded goods importations does not exceed Three Hundred Million Pesos (Php300,000,000.00) for one (1) year.
- 6.2. CCBW must have a membership of at least three (3) but not more than thirty (30) members.

**Section 7. Appeals Mechanism.**

- 7.1. An applicant whose application to establish or renew a CBW was denied by the Commissioner may file a Motion for Reconsideration on the denial with the Commissioner within fifteen (15) days from receipt of the Notice of Denial, copy furnished the CBWC and the District Collector, stating clearly the grounds why the application should be approved.
- 7.2. The Commissioner, within twenty (20) days from receipt of the Motion for Reconsideration, shall issue a resolution granting the Motion or affirming his denial of the application.
- 7.3. The applicant whose application was denied by the Commissioner may file a new application once the ground/s for the denial ceased to exist.

**Section 8. Operational Provisions.**

- 8.1. **Goods Declaration for Warehousing.** A goods declaration for warehousing shall be filed at the port where the goods for warehouse are discharged. In cases where the goods to be entered for warehousing are under the jurisdiction of another port of entry, a Goods Declaration for Transit must be filed for the transfer of the goods from the port of discharge to the port of entry. The operator shall file the goods declaration for warehousing within five (5) days from date of transfer. The Bureau shall implement an automated tracking system for containerized goods to be transferred to CBWs. Unless likewise covered by an automated tracking system, the transfer of LCL goods from the Customs zone to the warehouse shall be escorted by customs guards until delivery at the warehouse is acknowledged in the covering Transfer Note (boatnote) by the customs personnel assigned thereat or by the duly designated

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accountable officer of the operator.

Pending implementation of the use of Multi-Purpose Declaration, existing procedures on the filing of goods declaration shall govern the clearance procedures for goods entered under warehousing.

**8.2. Transfers of Goods to CBWs.** Goods for transfer to CBWs shall be subject to mandatory non-intrusive inspection at the port of discharge whether covered by a warehousing goods declaration or transit goods declaration. Unless the goods entered for warehousing is placed under Alert Order or selected for physical or non-intrusive examination, the District Collector shall allow immediate transfer of bonded goods to the CBW where the examination shall be conducted.

All goods for transfer to CCBWs must first pass through the CCBW operator for recording and stock inventory purposes unless the District Collector allows the direct transfer to the warehouse of the accredited members of CCBWs.

The Bureau shall establish a mechanism to ensure the integrity of the bonded goods during the transfer of shipment from the port of entry to the CBW.

**8.3. Provisional Goods Declaration.** The Bureau may allow the lodgement of a provisional goods declaration for goods entered under warehousing in accordance with the rules and regulations on the filing of a provisional goods declaration.

**8.4. Posting of Security for Goods Stored in CBWs.** For goods declared and entered under the CBW scheme, the District Collector shall require the importer to post a general warehousing bond as security where the assessed duties and taxes shall be charged as a condition for the storage and withdrawal of the bonded goods within the period prescribed by Section 811, Chapter 2, Title VIII of the CMTA.

A CBW operator shall likewise post a separate GTSB at the port of discharge for goods for transfer via transit goods declaration.

**8.5. Bonded to Bonded Transfer.** For MCBW operator which sources its raw materials from enterprises in Free Zones or from existing customs manufacturing bonded warehouse, the Bureau shall prescribe the specific form of goods declaration and supporting documents covering the transfer.

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**8.6. Withdrawal of Bonded Goods.** The CBW operator shall, within the prescribed storage period, apply for withdrawal of the bonded goods either for production, for transfer to its end-user/client or client-exporter, as the case may be.

**8.7. Identification of Bonded Goods Prior to Stuffing for Export.** The CBW operator shall notify the District Collector in advance before any actual stuffing into a container shall be made.

All goods for export by the CBW shall be stuffed only upon prior examination by a Customs Officer (Examiner) from the Warehousing Assessment Division (WAD) or equivalent unit who shall issue the Certificate of Identification (CI).

**8.8. Exportation of CBW Products.** The CBW operator shall lodge an export declaration for finished products which are manufactured in CBWs within the prescribed period.

For CBW operators which supplies its raw materials or packaging materials to its client-exporters, client/end-users, Free Zones locators/enterprises, or to another MCBW, the Bureau shall prescribe the specific form of goods declaration and supporting documents to be submitted.

**8.9. Wastages.** Wastages, rejects and by-products in the manufacture of export products shall be properly accounted for and disposed of in accordance with existing rules and regulations.

**8.10. Liquidation of Goods Declaration for Warehousing and Cancellation of Bond.** The CBW operator shall cause the liquidation of the goods declaration for warehousing and the cancellation of the bonds related to the finished products.

A Raw Materials Liquidation System (RMLS) shall be adopted and utilized to effectively monitor the liquidation of raw materials used in the manufacture of imported goods and the wastages derived therefrom. Further, a Wastage Valuation Database (WVDB) shall be established for wastages, rejects and by-products.

**Cancellation of Bonds.** The CBW operator shall cause the liquidation of the Warehousing Goods Declaration and the cancellation of the bonds filed for the bonded goods. An ABMS shall be utilized to assist in the effective cancellation of bonds for the liquidation of raw materials/goods declaration.

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**8.11. Period of Storage in CBWs.**

**8.11.1.** Goods entered for warehousing may remain in a CBW for a maximum period of one (1) year from the time of its arrival at the warehouse, without prejudice to the provisions of Section 8.12.4 of this CAO.

**8.11.2.** For perishable goods, the storage period shall be three (3) months from the date of arrival at the warehouse, extendible for valid reasons, and upon written request, for another three (3) months.

Imported goods shall be withdrawn from the CBWs when the necessary withdrawal permit has been filed, together with any related document as may be required by the Bureau. Goods not withdrawn after the expiration of the prescribed period shall be deemed abandoned, as provided under paragraph (e), Section 1129, Chapter 6, Title XI of the CMTA<sup>20</sup>, unless the CBW operator expressly abandons the goods prior to the expiration of the period to withdraw the same within the prescribed storage period.

Prior to the lapse of the prescribed storage period, the Bureau shall notify the CBW operator to either withdraw the bonded goods for production and reexport, or in the alternative, pay the assessed duties and taxes due thereon.

**8.11.3.** Bonded raw materials withdrawn within the prescribed storage period shall be manufactured and exported within one (1) year from the time of arrival at the CBW. Bonded goods not withdrawn either for manufacture or export shall be deemed abandoned.

For goods withdrawn for manufacture within the prescribed period of one (1) year but not exported, the CBW operator may request for the exportation of the said finished goods subject to imposition of applicable penalties for late re-exportation and late liquidation or pay the duties and taxes due on the bonded goods provided the request for late exportation or payment of duties and taxes is made before the lapse of the storage period.

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<sup>20</sup> cf CMTA, Title VIII, Chapter 2, Section 811, 1<sup>st</sup> par.



**8.11.4.** The Commissioner shall, in consultation with the Secretary of Trade and Industry, establish a reasonable storage period limit beyond one (1) year for particular bonded goods for manufacturing and intended for export, the processing into finished products of which requires a longer period based on industry standard and practice, subject to the approval of the Secretary of Finance.

**Section 9. Responsibilities of CBW Operator.** The following are the duties and responsibilities of a CBW Operator:

- 9.1.** Comply with all Customs rules and regulations governing the operation of CBW and all other applicable issuances;
- 9.2.** Present evidence of payment of duties, taxes and other charges to the customs warehouseman or customs storekeeper before making any withdrawal from the warehouse in case of PBWCs or local sales;
- 9.3.** Implement effective security measures, such as the installation of 24-hour Closed Circuit Television Camera (CCTV) system and similar devices to ensure a safe environment for persons working inside the CBW and to prevent pilferage, unauthorized withdrawal, and loss of goods through fires, floods, and other such occurrences;
- 9.4.** Indemnify the Bureau of the duties and other charges on the goods entered into the warehouse which were lost or destroyed, damaged, pilfered or stolen while in storage due to the operators' gross negligence or wilful misconduct. The government assumes no legal responsibility over the safekeeping of goods stored in CBW<sup>21</sup>;
- 9.5.** Allow access to the premises and extend assistance to examiners, inspectors, inventory and audit teams, and other authorized customs personnel who may be sent on mission orders to conduct examination and/or physical and records inventory/audit of cargoes stored in the CBW<sup>22</sup>;

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<sup>21</sup> cf CMTA, Title VIII, Chapter 2, Section 805, 2<sup>nd</sup> par.

<sup>22</sup> cf CMTA, Title VIII, Chapter 2, Section 805, 3<sup>rd</sup> par.

- 9.6. Pay to the Collector of Customs at the port concerned such fees as may be fixed by appropriate regulations for the supervision and operation of the CBW<sup>23</sup>;
- 9.7. Provide the necessary office space, equipment and supplies to customs personnel assigned to the CBW; and

**Section 10. Liabilities of CBW Operators.** The CBW operator shall be jointly and severally liable with its Accredited Member and/or Subcontractor for any violation committed.

**Section 11. Suspension of the Authority to Operate and Closure of CBW.**

11.1. The Bureau shall, without prejudice to the imposition of administrative penalties and filing of criminal cases against the responsible person, initiate suspension or closure proceeding against any CBW in the following instances:

- a. In case of discontinuance requested by the CBW operator or when the conditions warrant pursuant to Section 807, Chapter 2, Title VIII of the CMTA;
- b. Filing an application containing false information for establishment or renewal of CBW Authority to Operate;
- c. Failure to file application for renewal;
- d. Being inactive for a continuous period of at least one (1) year, i.e. no importation, or if there is one, no corresponding legal withdrawal of imported goods or exportation of finished products;
- e. When the operator or any responsible official shall knowingly allow the use of the warehouse for illegal activities;
- f. Unauthorized relocation or use of extension warehouse;
- g. Unauthorized changes in the CBW lay-out;
- h. Unauthorized structural changes of the CBW and/or its extension warehouse;
- i. Withdrawal of any material/article stored in a CBW without the duly processed withdrawal or requisition slip, without prejudice to the confiscation of the general warehousing bond;
- j. Illegal withdrawal of any imported material or finished article from the CBW without prejudice to forfeiture of the goods or in case of payment of duties, taxes and other charges, imposition of surcharge in accordance with Section 1422 of the CMTA; and
- k. Violation of customs rules and regulations on CBW

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<sup>23</sup> cf CMTA, Title VIII, Chapter 2, Section 801, 2<sup>nd</sup> par



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operations.

- 11.2. Upon the closure of the CBW, a physical inventory shall be conducted and the Books of Account examined. The remaining dutiable goods inside the CBW shall be disposed by the District Collector in accordance with existing rules and regulations.
- 11.3. Closure of the CBW shall be effective upon approval by the District Collector, who shall within ten (10) days, inform the Commissioner of such action in writing. The decision ordering the closure of a CBW may be appealed to the Commissioner within fifteen (15) days from receipt of the Decision of the District Collector.
- 11.4. Notice of discontinuance made by the operator shall not result in the discharge from any duties, taxes, fees and other charges imposed on dutiable goods in said warehouse.

**Section 12. Inspection of CBW and Bonded Goods.** The District Collector may issue a Mission Order (MO) authorizing a representative to conduct inspection of the CBW and the bonded goods stored in the CBW and to examine the documents, books, and records of accounts concerning the operation of any CBW.<sup>24</sup> MOs shall contain the names of the representative, time and date of inspection, and the documents, books, and records of accounts to be examined.

**Section 13. Audit of CBWs.** The Commissioner may order the audit and inspection of CBWs by the Warehousing Monitoring and Audit Unit (WMAU) of the Post Clearance Audit Group (PCAG) on the following grounds:

- 13.1. Information from internal sources such as the Customs Intelligence and Investigation Service (CIIS), Enforcement and Security Service (ESS);
- 13.2. Referral from the District Collector/ or warehousing operating divisions;
- 13.3. Derogatory report/information from external sources (i.e. National Bureau of Investigation, Sugar Regulatory Administration, etc);
- 13.4. As a pre-requisite for renewal of license to operate a CBW;
- 13.5. Voluntary closure; and

<sup>24</sup> CMTA, Title VIII, Chapter 2, Section 805 and 813.

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**13.6.** As directed by the Commissioner.

**Section 14. Warehousing Supervision Fees.** The Bureau shall impose an annual supervision fee on the operations of CBWs, including extensions and additional facilities, if any, in accordance with the following schedule:

**14.1. Miscellaneous and Garments Manufacturing Customs Bonded Warehouse (MCBW) Supervision Charge.**

Total Assets in Peso (excluding real estate)	Annual Supervision Fee
5 Million and below	Php 50, 000.00
Above 5 Million but not more than 50 Million	Php 150, 000.00
Above 50 Million	Php 250, 000.00
For every extension warehouse	Php 50,000.00

**14.2. ICBW.**

Annual Supervision Fee		
a. ICBW servicing Airline Industry		Php 50,000.00
b. Other ICBW (including airline catering)		Php 250,000.00
For every extension warehouse		Php 50,000.00

**14.3. Customs Common Bonded Warehouse.**

Annual Supervision Fee	Php 250,000.00
Every Member of CCBW	Php 100,000.00
For every extension warehouse	Php 50,000.00

**14.4. Other Types of CBW**

Annual Supervision Fee	Php 250,000.00
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The above fees shall be without prejudice to the imposition of other fees and charges as may be provided under the CAO on Customs Fees and Charges.

**Section 15. Penalties.** Without prejudice to the criminal and other administrative liability provided under the CMTA, the following administrative sanctions shall be imposed on the operator for the following offenses

**15.1. Diversion of the bonded goods** — Closure of the CBW

**15.2. Unauthorized Withdrawal or Transfer of Goods to another CBW or Free Zone.**

**15.2.1.** First Offense — Duties, taxes and charges due on the goods withdrawn; and Surcharge of fifty percent (50%) of duties, taxes, customs fees, and charges, found to be due and unpaid;<sup>25</sup>

**15.2.2.** Second Offense — Duties, taxes and charges due on the goods withdrawn plus surcharge of fifty percent (50%) of duties, taxes, customs fees, and charges found to be due and unpaid and Suspension of warehousing privileges for six (6) months;

**15.2.3.** Third Offense — Duties, taxes and charges due on the goods withdrawn plus surcharge of fifty percent (50%) of duties, taxes, customs fees, and charges, found to be due and unpaid and Closure of the CBW; and

**15.2.4.** Where the withdrawal is attended with fraud even if first offense — Duties, taxes and charges due on the goods withdrawn plus surcharge of fifty percent (50%) of duties, taxes, customs fees, and charges found to be due and unpaid and Closure of the CBW.

The operator of a CBW who illegally withdraws such merchandise, and any customs personnel who fails to report such illegal withdrawal shall both be liable under Section 1431 of the CMTA, as amended.

**15.3. Unauthorized Relocation of CBW** — Closure of the CBW

**15.4. Unauthorized Changes in the CBW Lay-out.**

**15.4.1.** First Offense — Suspension of warehousing privileges for six (6) months;

<sup>25</sup> Cf. CNTA, Title XIV, Chapter 1, Section 1422

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15.4.2. Second Offense — Closure of the CBW

**15.5. Unauthorized Structural Changes of the CBW and/or of its Extension Warehouse.**

15.5.1. First Offense — Suspension of warehousing privileges for six (6) months;

15.5.2. Second Offense — Closure of the CBW

**15.6. Penalties for Late Filing of Application for Renewal of the Authority to Operate a CBW shall be as follows:**

61-90 days before expiration of the validity period of Authority to Operate	Php150,000.00
31-60 days before expiration of the validity period of Authority to Operate	Php200,000.00
1-30 days before expiration of the validity period of Authority to Operate	Php250,000.00 and suspension of privilege as CBW operator.

**15.7. Penalty for Late Exportation.**

1-30 days from expiration of the storage period	Php10,000.00 per entry
31-45 days from expiration of the storage period	Php20,000.00 per entry
Beyond 45 days	Deemed abandoned

**15.8. Penalty for Late Submission of Documents for Liquidation of Goods Declaration for Warehousing.** Late submission of documents such as proof of re-exportation and such other documents required for liquidation of goods declaration.

1-30 days from expiration of the period to liquidate	Php5,000.00
31-60 days from expiration of the period to liquidate	Php10,000.00
61-90 days from expiration of the period to liquidate	Php15,000.00
Beyond 90 days from expiration of the period to liquidate	Php 20, 000 plus penal amount of bond

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**15.9. Penalty for Late Submission of Documents for Cancellation of Warehousing Bonds.** Late submission of documents for liquidation of warehousing goods declaration and such other documents required for cancellation of warehousing bonds.

31-60 days from expiration of storage period	Php 5,000.00 or 2% of the amount of bond whichever is higher
61-90 days from expiration of the storage period	Php 10,000.00 or 5% of the amount of bond whichever is higher
Beyond ninety (90) days from expiration of the storage period	Php 15,000.00 plus 10% of the amount of bond

**15.10.** Any person who enters a CBW and unlawfully removes therefrom any merchandise or baggage or any person who receives or transports any merchandise unlawfully removed from such warehouse, or aids or abets such removal shall be punished in accordance with Section 1422 of the CMTA.

**15.11.** Without prejudice to other actions that the Bureau may file against the importer or surety company for breach of bond or take action on the importation pursuant to the CMTA, the provisions on existing regulations on fines, penalties, or surcharges shall be applied to erring importers or warehouse operators.

**15.12.** Violation of any provision of this CAO for which delinquency no specific penalty is provided by law shall be subject to the penalty provided in Section 1430 of the CMTA, as amended.

**15.13.** The penalties provided in this CAO shall be without prejudice to the criminal and other liabilities imposed under the CMTA and other laws.

**Section 16. Implementing Rules and Regulations.** The Commissioner shall issue the necessary CMO for a more effective implementation of this CAO.

**Section 17. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

**Section 18. Transitory Provisions.** The Commissioner shall, without prejudice to all the rights, conditions, and obligations already acquired or vested prior to the

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effectivity of this CAO, cause the re-evaluation, reclassification and reorganization of all existing CBWs to ensure compliance with the requirements and conditions specified in this CAO.

This notwithstanding, CBWs already existing and given Authority to Operate by the Bureau prior to the effectivity of this CAO are required to comply with all the administrative and reportorial requirements set forth in this CAO.

Until such time a new CMO is issued implementing this CAO, provisions of existing CMOs not inconsistent herewith shall remain in full force and effect.

**Section 19. Separability Clause.** If any part of this CAO is declared unconstitutional or contrary to existing laws, other parts not so declared shall remain in full force and effect.

**Section 20. Repealing Clause.** This CAO repeals CAO No. 2-1991, CAO No. 5-2002, CAO No. 7-2002, CAO No. 7-2003, CAO No. 12-2003, CAO No. 1-2009, CAO No. 13-2019 and all other CAOs on Customs Bonded Warehouses issued by the Bureau.

**Section 21. Effectivity.** This CAO shall take effect thirty (30) days after its publication at the Official Gazette or a newspaper of national circulation.

The Office of National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.



**REY LEONARDO B. GUERRERO**  
Commissioner of Customs *st*

APPROVED:



**CARLOS G DOMINGUEZ**  
Secretary of Finance

FEB 03 2022



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