



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

CUSTOMS MEMORANDUM ORDER
NO. 26-94

JUN 21 1994

TO : All District /Port Collectors
Service Chiefs/Division Chiefs
Others Concerned

SUBJECT : UTILIZATION OF DUTY FREE SHOP, EPZA
AND FREEPORT INVOICES IN THE
GATHERING AND PUBLICATION OF VALUE
INFORMATION.

Pursuant to the provision of Section 608 of the Tariff and Customs Code of the Philippines, as amended, in relation to Section 201, the following rules and regulations on the utilization of Duty Free Shop, EPZA and FREEPORT invoices in the gathering and publication of value information is hereby promulgated.

I. OBJECTIVE

A. General

To expand the coverage and to update the Bureau's Value Information Holdings.

B. Specific

1. To lay down the flow of data from the sources of value data covered by this CMO to the Valuation Library.

2. To define the methodology for the conversion of raw data to value information for publication purposes.

3. To develop and maintain a computer file of such value information as well as define a system for its dissemination.

4. To prescribe the priority in the utilization/application of such a value information file vis a vis such other file.

II. SCOPE

The provision of this Order shall cover data or prices of goods entered through (1) Duty Free Shops (2) Export Processing Zones and (3) FreePorts.

III. OPERATIONAL PROVISIONS

A. On the Flow of Data from source to the VALUATION LIBRARY

1. The following delineation of responsibilities for the transmittal of data to the

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Valuation Library are hereby prescribed:

1.1 For shipments consigned to Duty Free Shops and other Registered Enterprises in the FreePorts, the Collector of the Port of the FreePort.

1.2 For Duty Free Shops operated by Duty Free Philippines, The District Collector of NAIA

1.3 For shipments consigned to Export Processing Zone (EPZ) Registered Enterprises, the Collector of Customs for the particular EPZ.

2. The above mentioned Officials shall ensure that the office concerned gathers copies of invoices covering shipments entered in their areas of jurisdiction and that said invoices contain sufficient details to lend themselves for publication to include but not limited to:

2.1 General Description (e. g. - pump)

2.2 Specific Description (e.g.-centrifugal pump)

2.3 Make/Brand (e.g. Caterpillar, Nike, Gucci, etc)

2.4 Model/Style

2.5 Capacity/Quality/Grade (e.g. 200 HP, 10 KW, 95% Grade, etc)

2.6 Retail Packing (e.g. 12 x 1 Liter bottles/case)

If said details are not provided in the invoice, an accompanying Inspection Report with the above details must be submitted.

3. Said officials shall on a weekly basis cause the transmittal of the invoices to the Valuation Library.

B. Methodology for conversion of Invoice Prices to Published Value Information.

1. The following guidelines shall be observed in the utilization of invoices coming from Duty Free Shops, EPZA and Free Ports for the publication of values:

1.1 When the invoice indicate F.O.B. value without an itemized inland expenses thereof, the unit F.O.B. shall be considered as fair market value (FMV) for publication.

1.2 When the invoice indicate C & F, the following shall be deducted:

• 1.2.1 In the case of seafreight:

1.2.1.1 The amount specified in the Bill of lading, or

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1.2.1.2 The freight charges declared which should not vary by 30% or more compared to the gross conference rate, or

1.2.1.3 In the absence of the amount in the Bill of Lading or a variation of 30% or more from the declared freight charges, the conference rate shall apply, or

1.2.1.4 In the absence of all of the above, the freight charges shall be computed as follows:

a. For articles coming from the Asean countries including China, Taiwan, Hongkong, South Korea, Japan and Australia, 10% of FOB value;

b. For articles coming from North America, South America, Europe and Africa, 20% of FOB value;

c. For articles coming from the rest of the world, 15% of the FOB value.

1.2.2 In the case of airfreight:

1.2.2.1 The amount specified in the covering airway bill, or

1.2.2.2 The freight charges declared which should not vary by 30% or more compared to the International Air Transport Association (IATA) rate.

1.2.2.3 In the absence of the amount in the airway bill or a variation of 30% or more from the declared freight charges, the IATA rate shall apply.

1.2.2.4 In the absence of all of the above, the freight charges shall be computed as follows:

a. For articles coming from the Asean countries including China, Taiwan, Hongkong, South Korea, Japan and Australia, US\$6.00/kg;

b. For articles coming from North America, South America, Europe and Africa, US\$10.00/kg;

c. For articles coming from

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the rest of the world, US\$8.00/kg.

1.3 When the invoice value is C.I.F., the following shall be deducted:

1.3.1 Actual Insurance Premium as declared. In the absence thereof, 2% of FOB for general cargoes or 4% of FOB for High risk Cargoes (Dangerous Goods).

1.3.2 Seafreight as per 1.2.1, or

1.3.3 Airfreight as per 1.2.2

C. Development & Maintenance of a Value Information File.

1. It shall be the responsibility of the Valuation Library to develop and maintain a separate value information file from the data gathered in II and processed in III-B above following the structure of the Bureau's REVISION ORDERS.

2. The Valuation Library shall also develop a system to be used by various Assessment & concerned Bureau offices in assessing applicable value from the Valuation files. The system must not only provide the latest value on file as the applicable value but must likewise list down the older values for reference purposes.

D. Priority in the Utilization/Application of Value Files

The following priority shall be observed in the application/utilization of values:

Priority 1. Value Information derived from Clean Report of Finding(CRF)

Priority 2. Value Information derived from following this CMO

Priority 3. Value Information from Customs Manufacturing Bonded Warehouses ;

Priority 4. Other Files Developed by the Valuation Library from Other Sources.

IV. ADMINISTRATIVE PROVISIONS

A. Function of the Valuation Library

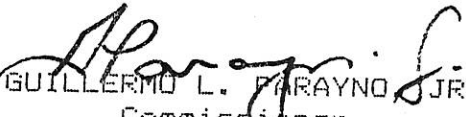
The Valuation Library shall be the central repository of all Value Information Holdings of the Bureau of Customs as well as their basis thereof. It shall develop and maintain computer files of value information approved by the Commissioner of Customs.

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B. Relationship with the Valuation and Classification Division.

It shall be the main responsibility of the VCD to gather value information which may be the basis for publication. The Valuation Library shall publish such values and put them in file that can be accessed by the user units in the Bureau.

THIS ORDER SHALL TAKE EFFECT IMMEDIATELY.


GUILLERMO L. PARAYNO JR.
Commissioner

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