



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

21 November 1997

CUSTOMS MEMORANDUM ORDER

No. 38-97

Subject:

Establishment of the ICTSI - Calamba Inland Clearance Depot (ICD) as Extension of the MICT.

1. OBJECTIVES

- 1.1. To contribute to the improvement of the operations of MICT by authorizing the operation of an inland port.
- 1.2. To accelerate trade movement by facilitating customs cargo clearance process.
- 1.3. To enhance industrial productivity of companies operating in the CALABARZON area.
- 1.4. To strengthen control and supervision over the movement of taxable goods through maximum use of the electronic data transfer technology.

2. GENERAL PROVISIONS

- 2.1. There is hereby established an ICTSI - ICD which shall be considered as an extension of MICT, subject to customs supervision and control and to be treated, operated like the container terminal and/or CFS inside the customs zone.
- 2.2. The operation of the ICD must comply with the following general provisions:
 - 2.2.1. Prior accreditation by the District Collector of Customs, MICT, of prospective ICD users based on the criteria set by the Commissioner of Customs which for now are as follows:
 - 2.2.1.1. TRACK RECORD: The firm's general business reputation must be beyond reproach. The company or any of its officials must not have any delinquency nor derogatory records with the bureau e.g. no pending criminal / administrative case and/or confirmed liabilities with the bureau.
 - 2.2.1.2. PROXIMITY TO THE ICD: The plant facilities of the applicant firm must be within the CALABARZON area. Exceptions to these criterion may be recommended to the Commissioner for approval.
 - 2.2.1.3. CREDIT WORTHINESS: The applicant firm must present a DUN & BRADSTREET or similar report showing good standing.



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

2nd

CMO-38-97

- 2.2.1.4. CONTRIBUTION TO THE ECONOMY: It must be demonstrated that the use of the ICD by the firm will boost the efficiency of its operation and contribute to the economic well being of the country.
- 2.2.2. ICTSI shall use its trains for the transfer of cargoes to the ICD.
- 2.2.3. Computer systems must be installed to handle the documentation, inventory, records-keeping and audit trail of all transfers to and releases from the ICD.
- 2.2.4. Computer equipment and communication line (leased line) must be made available for the implementation of the Automated Customs Operation System (ACOS), retrieval of file of entry declaration registered at the MICP, receiving of OLRIS instruction with the corresponding clearance channel notation, lowering of the examination flag and transmission from ICD to MICT of relevant information for the collection of additional payment of duties/taxed or recommendation for seizure of a particular shipment.
- 2.2.5. Allocation of Designated Examination Area (DEA) for the selective spot - checking and Holding Area for those under Hold or Seizure Orders.
- 2.3. ICTSI shall guarantee and assume full responsibility for the payment of duties and taxes in case goods are lost during transit and after transfer for the ICD. In the absence of definitive documentary basis such as entry, CRF or invoice for determining the amount, the duties and taxes payable shall be PHP 1 million / TEU.
The Bureau of Customs shall send a demand letter to the port operator demanding payment within three (3) working days from receipt thereof. Failure to pay the amount within the prescribed period shall be sufficient ground for the District Collector to suspend the operation of the ICD until such time that the obligation has been fully settled.
- 2.4. The ICD shall be headed by a Customs Supervisor as may be designated by the District Collector who shall likewise assign personnel necessary to ensure the efficient operation of the facility.

3. OPERATIONAL PROVISIONS

3.1. ICD TRANSFER ADVISE (ICDTA):

3.2. Responsibility of the user firm - At least 36 hours prior to the train departure, the duly designated official of the user firm must submit a copy of the Bill of Lading and the Packing List to ICTSI which the latter shall attach to the Inland Clearance Depot Transfer Advise (ICDTA), sample of which is appended as Annex "A".

3.1.2. Responsibility of ICTSI - It shall be the responsibility of the ICTSI duly designated official to transmit electronically the ICDTA to the office of the Deputy Collector for Operations (DCO) 24 hours before train departure.



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

37

CMO-38-97

- 3.1.3. The DCO may issue a Stop Transfer Order for any container for the following reasons:
- 3.1.3.1. When the user firm is not accredited by the District Collector of Customs.
 - 3.1.3.2. When shipment subject of transfer is not manifested.
 - 3.1.3.3. When there is an alert order.
 - 3.1.3.4. When there is a hold order.
- 3.2. TRANSFER PROCEDURE
- 3.2.1. Port Operator prepares the Transferred Containers Monitoring Report (TCMR) and mounts cargoes onto the train (see Annex "B"). The TCMR is transmitted electronically to the DCO and to the Customs Gatekeeper at the ICD.
 - 3.2.2. Port Operator (PO) signs a TCMR printout upon completion of the train loading/unloading operations and submits same to the MICT Customs Gatekeeper who shall then verify the accuracy of information on the TCMR. If any order, he shall deliver same to the DCO.
 - 3.2.3. The Customs Gatekeeper (CG) at the ICD shall match the information on the TCMR as against cargoes actually delivered by the train. He then sends a confirmation of delivery to the DCO by electronic data transfer. He prints a copy of the TCMR, signs it and sends same to the DCO via the next available train.
 - 3.2.4. The DCO reconciles, on a daily basis, the ICDTA, and the accomplished TCMR to confirm delivery and receipt of cargoes at the ICD.
- 3.3. FILING AND PROCESSING OF ENTRIES FOR SHIPMENTS TRANSFERRED TO ICD
- 3.3.1. Filing and the processing of IEIRD shall comply with existing CMO's on the matter covering the MICT.
 - 3.3.2. Release of the shipment at the ICD shall go through the OLRS procedure.
Release instructions shall be created by the Bureau which shall be transmitted through the OLRS.
 - 3.3.3. Shipment flag for examination shall be immediately brought by the ICD Operator to the ICD Designated Examination Area (ICD-DEA) where physical examination is conducted by the assigned COO III.



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

44

CMO-38-97

- 3.3.3.1. In the interim, when no FED personnel are assigned at the ICD and no ACOS computer stations are in place, the assigned Examiner at MICT shall proceed to the ICD with the entry for the examination RED LANE shipments. In case a composite unit shall have been established within the ACOS work station set-up, the concerned COO III shall retrieve from the ACOS computer the corresponding entry declaration, prints same and use it as basis in the conduct of the examination of the shipment applying to the procedures prescribed in Annex of CMO 16B-96.
- 3.3.3.2. If there are no discrepancies found, the Customs ICD COO V shall authorize the release of the shipment through established channels.
- 3.3.3.3. If additional payment is required, the COO III and the COO V shall update the registered declaration assessment and prepare the corresponding notice for additional payment and transmit the same to the MICT ACOS system. The concerned FED Supervisor at MICT, on the basis of the transmitted notice and updated assessment, shall retrieve the working copy of the entry and return the same to the Collection Division for collection of additional duties and taxes.
- 3.3.3.4. Upon collection of the additional payment, MICT-FED shall lower the examination flag through ACOS which will be the basis for the ICD Operator to release the shipment.
- 3.3.4. An audit of all OLRs releases at the facility shall be done by the Customs ICD Supervisor on a weekly basis and a report thereon submitted to the District Collector, copy furnished the Commissioner of Customs.
- 3.4. SHIPMENT FOR SEIZURE
- 3.4.1. The concerned COO III shall ensure the transfer of shipment recommended for seizure to the Container Hold Area (CHA) as may be designated by the ICD Operator.
- 3.4.2. He then prepares the discrepancy inventory and seizure report.
- 3.4.3. The COO V evaluates report and forwards all documents with his recommendation to the District Collector through the Customs ICD Customs Supervisor.
- 3.4.4. The District Collector of Customs forwards the necessary documents to the Law Division for issuance of WSD.



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

5th
CMO-38-97

4. **REPORT AND REPORTING SYSTEM**
- 4.1. **RESPONSIBILITY OF THE ICD OPERATOR** - The following reports must be submitted by the ICD operator to the Collector of Customs and the Commissioner of Customs:
- 4.1.1. Monthly list of containers received at the ICD with the following information: Container number, Vessel, Registry, Importer, ICDTA Number, Date, Date/Time received at the ICD.
- 4.1.2. Monthly list of containers advised for transfer but not actually transferred containing same information as above except for receipt data but indicating reasons for none transfer and present location in the port.
- 4.1.3. Monthly list of over-staying containers at ICD containing same details as 4.1.1.
- 4.1.4. Unusual Incident Report to be submitted within 24 hours from the discovery of the incident reporting on such matters as containers transferred but not received, diversion, pilferage and unauthorized withdrawal from ICD.
- 4.2. **Responsibility of the Deputy Collector for Operation** - The DCO shall be responsible for the preparation and maintenance of an ICD logbook of all transfers to and disposition from the ICD of containers. The logbook shall contain the following details:
- 4.2.1. On the left page of the logbook:
- ICDTA Number
 - Date of transfer
 - Consignee
 - Vessel Voyage/Registry Number
 - Container Number
 - Description of goods
- 4.2.2. On the right page of the logbook
- IEIRD Number
 - Duties and Taxes Paid
 - Date released
 - ICTSI Gatepass Number
- 4.3. **The ICDTA** - The DCO shall be responsible for ensuring that all transfers for the day have reached their destination as evidenced by the ICDTA. Any transfer which shows non-arrival at the ICD must be immediately reported to the bureau's law enforcement unit and personally to the Commissioner / Collector of Customs.
- 4.4. **Monthly Audit** - It shall be the responsibility of the District Collector of Customs to conduct monthly audit of the operations of the ICD with the end in view of immediately detecting illegal activities and taking necessary measures to protect the interest of government. A copy of the Monthly Audit Report must be submitted to the Commissioner of Customs.
5. **REPEALING CLAUSE**
All rules and regulations inconsistent with this order are hereby deemed repealed superseded and modified accordingly.
6. **EFFECTIVITY CLAUSE**
This order shall take effect upon approval.

GUILLERMO L. PARANO
Commissioner