



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
1099 Manila

16 April 2014

CUSTOMS MEMORANDUM ORDER
NO. 08-2014

TO : All District Collectors
All Deputy Collectors for Passenger Service / Chief Arrival
Operations Division / Equivalent Officers
All Duty Collectors
All Others Concerned

SUBJECT : **Regulations for the Implementation Rules and Regulations
of CAO 2-2014**

PART I – GENERAL PROVISIONS

Section 1 Objectives

- (1) Establish the Dual Channel Declaration System, "The Green and Red Channels", for passengers and crew members arriving in international airports of entry to improve the flow of passenger traffic and for a more efficient and effective Customs border control mechanism therein.
- (2) Implement Customs Administrative Order No. 02-2014 dated 25 March 2014 and the relevant provisions of the Tariff and Customs Code of the Philippines (TCCP), as amended.

Section 2 Coverage

This Order shall be implemented in the Ninoy Aquino International Airport – Terminals 1, 2, and 3 (hereinafter to be collectively referred to as the "NAIA Terminals"), and in Mactan Cebu International Airport ("MCIA") immediately, and in other international airports of entry as far as available resources and logistical support will allow.

PART II – DUAL CHANNEL DECLARATION SYSTEM

Section 3 District Collectors to Create Channels and Lanes

- (1) The District Collectors having jurisdiction over the airports covered by this Order shall create the Channels and Special Lanes as described in this Order.
- (2) The District Collectors having jurisdiction over airports other than the NAIA Terminals and MCIA shall prepare comprehensive implementation plans to be submitted within thirty days (30) days from the issuance of this Order to the implementation committee organized under **Section 22** of this Order.

Section 4 Passengers to Choose Channel

All passengers arriving in international airports of entry shall choose between the Green Channel or the Red Channel with regard to their accompanied baggage.

Section 5 Definition of the Green Channel

- (1) The Green Channel shall be for passengers of international airlines with **Nothing To Declare** or having with them no goods for purposes of import duties and taxes, or having with them only goods which can be admitted free of import duties and taxes, and not having with them any goods which are subject to import prohibition, restriction or regulation.
- (2) The Diplomatic Lane shall form part of the Green Channel.

Section 6 Customs Declaration Form No Longer Required

Those who choose and pass through the Green Channel are not required to accomplish a Customs Declaration Form (CDF).

Section 7 Power of A Customs Officer to Re-direct Passengers

- (1) Pursuant to Section 2212 of the TCCP, a customs officer may direct any passenger arriving in international airports to the Red Channel whenever warranted by circumstances as determined under the Bureau's risk management framework such as, but not limited to:
 - (a) Where there is advanced derogatory information concerning the passenger or any of the accompanied baggage
 - (b) The baggage was identified in X-Ray for further examination, or
 - (c) When there is reasonable ground to subject an accompanied baggage to physical examination.

- (2) In exercising the discretionary power to re-direct a passenger, the Customs Officer shall strictly apply the Bureau of Customs Risk Management Framework as formulated by the Commissioner.
- (3) Passengers re-directed by a Customs Officer to the Red Channel may not appeal the decision of a Customs Officer.

Section 8 Definition of the Red Channel

- (1) The Red Channel shall be for passengers of international airlines with **Goods to Declare** for purposes of import duties/taxes, or having with them goods above the exempted Customs limits, or having with them any goods or article prohibited, controlled or regulated by existing law or rules and regulations.
- (2) The Red Channel shall also be for all crew members regardless of declaration. Crew members shall be subjected to mandatory examination and must fill up a Customs Declaration Form.
- (3) Passengers re-directed to the Red Channel by a Customs Officer in accordance with **Section 7** shall be processed according to examination procedures specified in **Section 10** of this Order.

Section 9 Passengers and Crew to fill up Customs Declaration Form (CDF)

- (1) All passengers who choose and use the Red Channel must provide complete and accurate information in the Customs Declaration Form. The Customs Declaration Form must be filled up legibly.
- (2) For this purpose, the Customs Declaration Form shall be provided to all passengers and crew members of international airlines in a manner deemed most efficient by the Bureau of Customs and within reasonable time before arrival into the Customs Territory of the Philippines.
- (3) If traveling as a family, only one (1) declaration is required, which is to be made by the head or any responsible member of the family. For this section, a family shall mean a group composed of a head of family, a spouse, children of minority age (below 18 years old) and family members with disabilities. Children of majority age (18 years old and above) and senior citizens must fill out their own Customs Declaration Form if necessary.

Section 10 Red Channel Examination Procedures

When a passenger enters the Red Channel a Customs Examiner shall undertake the following:

- (1) The Customs Examiner shall request from the passenger a completed or filled-up Customs Declaration Form and original import permits, clearances or licenses or its equivalent for regulated articles. In the case of a passenger being re-directed from the Green Channel to the Red Channel, the Customs Examiner shall ask the passenger whether or not he or she does not intend to declare anything.

- (2) Upon receiving the completed Customs Declaration Form, the Customs Examiner shall conduct either an X-Ray examination, an actual physical examination of the baggage or a combination of both, including hand carried items and report his or her findings and appraisal in the appropriate space in the Customs Declaration Form marked "*FOR CUSTOMS USE ONLY*".
- (3) The Customs Examiner shall indicate the quantity, description of articles, dutiable value, rate of duty and tax, and the amount thereof, together with the summary of duties and taxes and tax computation, sign the same and submit the Form to his or her supervisor for approval.
- (4) Upon concluding the examination, the Customs Examiner shall request a non-lane Customs Officer to escort the passenger or crew member to the Cashier or Collecting Officer, and turn over the assessed Customs Declaration and the passport to the Cashier or Collecting Officer.

Section 11 Payment of Duties and Taxes

- (1) After payment of the duties and taxes, the Cashier or Collecting Officer shall issue the original official receipt and return the passport to the passenger or crew member.
- (2) The Cashier or Collecting Officer shall retain a copy of the official receipt together with the assessed Customs Declaration Form for purposes of reporting.
- (3) If a passenger or crew member is unable or refuses to pay the duties and taxes, the Customs Officer shall take the article into custody, return the passport and issue the corresponding Held Baggage Receipt to the passenger or crew member.
- (4) The passenger or crew member shall be advised in writing to pay the duties and taxes and claim the article within fifteen (15) days from the date of arrival. Otherwise, the article shall be subject to Abandonment Proceedings pursuant to Sections 1801 and 1802 of the TCCP, as amended.

Section 12 Failure to Declare Dutiable Items

In cases where a passenger fails to declare any dutiable article(s), the passenger shall pay the duties and taxes due plus the fines and penalties prescribed under the TCCP as amended.

Section 13 Failure to Declare Prohibited or Regulated Items

- (1) If upon examination, the Customs Examiner detects or discovers that the passenger or crew member is bringing in the country prohibited articles such as marijuana, cocaine narcotics or other synthetic drugs; firearms, guns or parts thereof, ammunitions and explosives; obscene, pornographic magazines and immoral articles; mislabeled, misbranded and adulterated articles of food and drugs; gambling outfits and

paraphernalia; or used clothing and rags, among others, as may be provided under relevant laws, rules and regulations, the Customs Examiner shall:

- (a) immediately confiscate the articles;
 - (b) conduct an inventory in the presence of the passenger or crew member, a Customs Officer, or a representative from the concerned government regulatory agency;
 - (c) issue a Held Baggage Receipt thereon; and
 - (d) place the articles in the In-Bound Section, Baggage Assistance Division.
- (2) Thereafter, the Customs Examiner shall within twenty four (24) hours, submit an incident report to the Chief of the Arrival Operations Division who, in turn, shall immediately recommend to the District Collector the issuance of a Warrant of Seizure and Detention (WSD) on the subject article(s).
- (3) The Law Division with jurisdiction over the concerned international airport shall then make a summary of all incidents occurring within a given month and submit an electronic and written report to the Implementation Committee organized under **Section 22** every tenth day (10th) of the succeeding month.

Section 14 Handling of Baggage For Passengers With Connecting Domestic Flights

Customs Examiners dealing with baggage of passengers that are not unloaded in an international airport and are destined to another airport shall apply Customs Memorandum Order 20-2003 – Transshipment of Baggage of Arriving International Flight Passenger with Connecting Domestic Flights.

Section 15 Handling of Prohibited Items

- (1) If upon examination, the Customs Examiner detects or discovers that the passenger or crew member is bringing in the country prohibited articles such as marijuana, cocaine narcotics or other synthetic drugs; firearms, guns or parts thereof, ammunitions and explosives; obscene, pornographic magazines and immoral articles; mislabeled, misbranded and adulterated articles of food and drugs; gambling outfits and paraphernalia; or used clothing and rags, and others prohibited under existing laws, rules and regulations. The Customs Examiner shall immediately confiscate the same; conduct an inventory in the presence of the passenger or crew member, along with any member of the Customs Security Officer; issue a Held Baggage Receipt thereon and place the articles in the In-Bound Section, Baggage Assistance Division.

- (2) The Examiner shall, within twenty four (24) hours, thereafter, submit an incident report to the Chief of the Arrival Operations Division who, in turn, shall immediately recommend to the District Collector the issuance of a Warrant of Seizure and Detention (WSD) on the subject article(s).

Section 16 Handling of Regulated Items

- (1) If upon examination, the Customs Examiner detects or discovers that the passenger or crew member is bringing in the country, regulated articles such as live animals and meat, their product and by-products; fruits and plants; marine and aquatic products; medicine and the like; transceivers and communication equipment; imitation products or those which violate the Intellectual Property Act, among others, without prior clearance, permit, license or authority to import or export the same from the appropriate government agency, he shall immediately confiscate the same; conduct an inventory in the presence of the passenger or crew member, along with any member of the Customs Security Officer; issue a Held Baggage Receipt thereon and place the articles in the In-Bound Section, Baggage Assistance Division.
- (2) Thereafter, the Examiner shall, within twenty four (24) hours, thereafter, submit an incident report to the Chief of the Arrival Operations Division who, in turn, shall immediately recommend to the District Collector the issuance of a Warrant of Seizure and Detention (WSD) on the subject article(s).

Section 17 Restrictions on Foreign Exchange

- (1) Passengers or crew members intending to bring into the Country legal tender Philippine notes, coins, cheque or money orders in an amount exceeding Ten Thousand (PhP 10,000.00) Philippine Pesos shall present the following documents to the Customs Examiner before being cleared:
 - (a) Completed Customs Declaration Form and;
 - (b) Bangko Sentral ng Pilipinas Authorization Letter
- (2) If a passenger or crew member submits a completed Customs Declaration Form and is not carrying a Bangko Sentral ng Pilipinas Authorization Letter, the Customs Examiner shall confiscate the amount in excess of Ten Thousand (PhP 10,000.00) Philippine Pesos and secure the notes, coins, cheque, or money orders with the Customs Cashier on duty pending the submission of the authorization letter specified in **Section 17(1)(b)** of this Order.
- (3) If the passenger or crew member is bringing in foreign currency or other foreign exchange-denominated bearer negotiable monetary instruments in excess of Ten Thousand United States Dollars (USD10,000.00) or its equivalent, the Customs Examiner shall refer the passenger or crew member to the Foreign Currency Declaration Counter to fill up the Foreign Currency and Other Foreign Exchange-Denominated Bearer Monetary Instruments Declaration Form, to be submitted to the Customs Officer at the Customs Desk in the Arrival or Departure Area (BSP Circular No. 308, S-2001 as amended by BSP Circular No. 507, S-2006).

- (4) Failure to produce the appropriate authorization from the Bangko Sentral ng Pilipinas, or accomplish the Foreign Currency and Other Foreign Exchange-Denominated Bearer Monetary Instruments Declaration Form, or the original of the import permit, clearance or license, or its equivalent, issued by the appropriate government agency, as the case may be, shall subject the currency or article to Forfeiture Proceedings pursuant to Section 2530 of the TCCP.

Section 18 Fines and Penalties

- (1) Items that are designated as regulated and without the necessary authorizations shall be confiscated and stored for fifteen (15) days pending the submission of the relevant authorization after which, if no authorization can be presented, the item shall be seized and to be disposed of in accordance with law.
- (2) In accordance with Section 2505 of the TCCP as amended, dutiable items that are not declared shall be liable to a payment of three times (3x) the appraised value plus all duties, taxes and other charges due.

PART III - DIPLOMATIC PROTOCOL PROVISIONS

Section 19 Creation of Special Lanes

- (1) Passengers with diplomatic privilege and immunity under Article 36 of the Vienna Convention may use the Diplomatic Lane when clearing Customs.
- (2) Government Officials of the Philippines whether on official or personal travel who are not the following officials may not use the Diplomatic Lane
 - (a) President of the Philippines;
 - (b) Vice-President of the Philippines;
 - (c) Senate President of the Philippines;
 - (d) Speaker of the House of Representatives;
 - (e) Chief Justice of the Supreme Court;
 - (f) Cabinet Secretaries;
- (3) The Commissioner may create other special lanes for official events hosted by the Philippine Government.

Section 20 Verification of Diplomatic Credentials

The Customs Officer assigned on the diplomatic lane shall verify from the passengers claiming diplomatic privilege and immunity through the presentation of any official identification document from the Department of Foreign Affairs that they are entitled to the privileges and immunities under international conventions, law, rules or regulations for members of the Diplomatic Corps.

Section 21 Observance of Diplomatic Protocols

The Customs Officer in the said special lane shall ensure that the special protocols applicable to the members of the Diplomatic Corps and their accompanied baggage are observed including, but not limited to, the provisions for exemption and conditions for baggage inspection under Article 36 of the Vienna Convention on Diplomatic Relations and as may be specified by the Department of Foreign Affairs.

PART IV – OTHERS

Section 22 Green and Red Channel Implementation Committee

There shall be a Green and Red Channel Implementation Committee with the composition, duties and other operative provisions provided in a Customs Special Order.

Section 23 Establishment of a Customs Information Desk

- (1) Airports covered in **Section 2** of this Order shall establish a Customs Information Desk in an area before the Customs Dual Channel Zone.
- (2) The Customs Information Desk shall be manned by a Customs Officer during the relevant Terminal operating hours and shall be the point of contact for passengers for any question and/or issues related to the proper implementation of this Order and the TCCP.
- (3) The Customs Information Desk must be manned during terminal hours and must be equipped with adequate communications and staff for the purpose.

Section 24 Management of the Customs Information Desk

- (1) The Customs Information Desk shall be supervised by the Passenger Services Division of the concerned District.
- (2) The District Collector may create a working group to oversee the implementation of the Dual Channel System and shall designate a focal point with rank of Division Chief or higher who shall act as the liaison officer between the GRCIC and the Districts' arrival hall operations.
- (3) The District Collector as Head of the in coordination with other airport authorities, shall immediately submit to the Green and Red Channel Implementation Committee a structural and operation plan for the proper implementation of this Order;
- (4) The Head of the Customs Information Desk shall directly report to the implementation committee concerning issues regarding the implementation of this Order together with a recommendation on how to address the same.

Section 25 Signs and Publications

- (1) For the information of and better understanding by the public of the dual channel system, rules and regulations on the importation of articles and their corresponding fines, penalties, and criminal liabilities, each District that has international airports within its jurisdiction shall be authorized to re-produce the prescribed signs and publications as approved by the Commissioner.
- (2) District Collectors may cause the production and printing of information, notices, leaflets on the Dual Channel Declaration System along the arrival route up to and including the entrance to the Green and Red channels in order to provide passengers with clear and adequate opportunity to select the appropriate channel.
- (3) The content of the leaflets and notices should be as identical to the Bureau's standardized signs and publications and include guidance to passengers on the system, including the description and maximum quantities of duty-free goods that they are allowed to bring in when selecting the Green Channel, together with the concomitant fines, penalties and criminal liabilities which may arise under the Tariff and Customs Code of the Philippines as a consequence of their choice.
- (4) Each Channel shall be clearly and distinctively marked. The basic distinctive marking shall be as follows:
 - (a) For the Green Channel, a green sign in the shape of a rectangle with the words "NOTHING TO DECLARE" and the words "without dutiable or regulated items to declare" underneath.
 - (b) For the Red Channel, a red sign in the shape of a rectangle, with the words "GOODS TO DECLARE" and the words "with dutiable or regulated items to declare" underneath.

Section 26 Airlines to Disseminate Customs Information

Airline companies may reproduce and print the information, notices, leaflets on the Dual Channel Declaration System and the Customs Declaration Form.

Section 27 Repealing clause

NAIA CMO 18-97 dated 24 October 1997 and CMO 15-2013 dated 22 November 2013 are hereby repealed. Provisions of CMO 20-2003 dated 30 September 2003 and all other memorandum orders, circulars, and issuances, which are inconsistent or in conflict with this Order, are hereby repealed accordingly.

Section 28 Effectivity

This Order shall take effect immediately.


JOHN P. SEVILLA
Commissioner
14-01351
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