



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

July 21, 2011

CUSTOMS MEMORANDUM ORDER
NO. 25-2011A

TO : All Deputy Commissioners
All Service Directors
All District/Port Collectors
All Deputy Collectors for Assessment
All Chiefs, Formal Entry Division/Equivalent Unit
All Examiners and Appraisers
And All Others Concerned

SUBJECT : Amendment to Guidelines for the Duty and Tax-Free Entry of Imported Books

Paragraph 2.7 of CMO 25-2011 on the above subject is hereby amended in order to rectify the typographical error committed in indicating the correct Executive Order Number involved, thus:

"2.7 Importations of books/materials otherwise not falling under any of the above-cited instances and without the DOF indorsement shall be levied the corresponding rate of duty provided under Executive Order No. 885 series of 2010, a copy of which is attached for ready reference."

For information and guidance.


ANGELITO A. ALVAREZ
Commissioner



7/29/11

Systems and Technology Group (MISTG) which will provide WMAU Computer Terminals to view Single Administrative Documents (SAD), Electronic Manifest (EM) and all other related data pertinent to the aforesaid Customs transactions;

2. Mission Order on the conduct of audit/inventory of CBW shall be issued by the Commissioner of Customs upon the recommendation of the Head WMAU with the concurrence of the Director, Compliance Audit Office (CAO) and the Assistant Commissioner, PEAG and the same shall be numbered and docketed in its logbook;

On the other hand, The Head, WMAU may issue Office Order to verify the status of a specific shipment/raw materials or finished products as well as transfer of goods to the CBW, Enterprise and/or Locator and such order shall be numbered and docketed;

3. The CBW operators, Warehouse Operating Divisions and other concerned offices shall extend full assistance to the audit/inventory team by providing relevant records necessary for the expeditious completion of the audit/inventory of CBWs, Enterprise and/or Locator.

4. The Head, WMAU shall submit to the Assistant Commissioner, PEAG, copy furnished the Director, CAO, a bimonthly status report of the Mission Orders issued by the Commissioner of Customs.

IV. Selection Process:

1. The selection of CBWs for audit/inventory shall be undertaken using the following Risk Management System:

- 1.01 Information/Intelligence reports from Customs Intelligence & Investigation Service (CIIS), Enforcement and Security Service (ESS);
- 1.02 Referral from the District Collector/or Warehouse Operating Divisions;
- 1.03 Derogatory report/information from external sources (e.g. PCCI, Informers, SRA, etc);
- 1.04 As a pre-requisite for renewal of license to operate CBW
- 1.05 As directed by the Office of the Commissioner

V. Operational Procedure:

1. Upon receipt of the Mission Order, issued by the Commissioner of Customs, the following shall, as far as practicable, be followed:

1.01. The audit/inventory team leader shall prepare the appropriate List of Documentary Requirements in the Conduct of Audit ("LDRCA") such as, but not limited to:

- 1.1.1. Company profile;
- 1.1.2. Updated approved list of allowable importable materials;
- 1.1.3. Export Documents (ED) for direct exports, such as:
 - Certificate of Identification (CI)
 - Certificate of Inspection and Loading (CIL)
 - Export Declaration
 - Exports Bills of Loading

- Boatnotes, and
- Invoices and Packing List

1.1.4. Export Documents for indirect exports, such as:

- Approved Authority to Transfer
- Certificate of Identification
- Boatnotes
- Constructive Warehousing Entry filed by the buyer/(CEWE); and,
- Invoices

1.1.5. Notice/s of Bonds Cancellation

1.1.6. Updated Formula of manufacture; and

1.1.7. Other relevant records and documents that may be required by the audit team.

- 1.03 The Audit/inventory Team, upon receipt of the Mission Order and completion of the administrative requirements, shall serve the same immediately to the CBW Operator, enterprise and/or locator officials.
- 1.04 The Audit Team shall immediately thereafter conduct an inventory of the bonded materials inside the CBW, enterprise or locator (i.e. raw material, materials in process, finished goods,) preferably in the presence of the CBW Operator, the Enterprise and Locator officials as well as the assigned Warehouseman. The Audit Team shall prepare a preliminary Inventory Report immediately after the physical inventory, to be signed by the Audit/inventory Team, the Warehouseman, the CBW Operator or his authorized representative and official or the duly authorized representative of the Enterprise and/or Locator. Should the aforesaid official/s fail to sign the preliminary Inventory Report, the reason thereof shall also be stated therein;
- 1.04 The appropriate Warehouse Operating Division and equivalent units from PEZA & FREE PORTS shall make available to the Audit Team the firm's Record of Importation, exportation and other pertaining documents attached thereon while the Bonds Division shall provide to the Audit Team a certified list of open entries issued to the auditee;
- 1.05 The CBW Operator, Enterprise and Locator shall within three (3) days from receipt of the LDRCA, submit to the Audit Team the required documents provided in the LCDRA. Failure to do so shall be deemed as if no such document exists.
- 1.06 Data gathered shall then be evaluated by the Audit Team. The evaluation stage shall consists of, among others, the following:
- 1.06.1 Verification of the completeness of the Export Documents and when necessary, other relevant supporting documents;

- 2-10-2011
- 1.06.2 Determination if the usage of bonded materials reflected in the CI is in accordance with the ITDI Formula of Manufacture;
 - 1.06.3 Determination of unaccounted, excess bonded materials and unliquidated /expired entries;
 - 1.06.4 Determination of any other violation of Custom's laws, rules and regulations;
 - 1.06.5 In case of doubt, conduct a verification of the authenticity of documents
 - 1.07 The Audit/inventory Team shall thereafter submit to the Head, WMAU a report of its findings and recommendation/s;
 - 1.07.1 If the report has no adverse findings against the auditee firm, the Head, WMAU shall indorse the same to the Office of the Commissioner thru PEAG channels.
 - 1.07.2 Otherwise, the following procedure shall ensue.
 - 2 The following procedure shall, as far as practicable, be observed if the Report of the Audit Team contains findings adverse to the CBW.
 - 2.01 The Head WMAU shall issue a show-cause letter to the CBW Operator, enterprise and/or locator giving them the opportunity to address the adverse findings of the Audit/inventory Team within seven (7) days from receipt thereof;
 - 2.02 The Audit/inventory Team shall, whenever necessary, conduct reconciliation between its findings and the documents/evidence additionally submitted by the aforementioned CBW operator, enterprise and/or locator in response to the WMAU show-cause letter. On the other hand, failure of the CBW Operator, enterprise and/or locator to comply within the period prescribe in the show-cause letter shall be deemed as a waiver to submit additional controverting documents/evidence;
 - 2.03 The Audit/inventory Team shall then render its Final Report containing its findings and recommendations, which the Head, WMAU shall endorse to the Office of the Commissioner thru PEAG channels. Should the Final Report remain adverse to the CBW, the recommendation/s of the Audit/inventory Team may include, but not limited to, any or all of the following: issuance of demand letter, suspension of warehousing privileges, placing of the CBW's future importation under Section 1508 of the TCCP, suspension of importer's accreditation, prosecution for criminal liability of persons who are party to the violations of the TCCP, as amended;
 - 2.04 The Commissioner of Customs shall decide on the proper action to be taken against an erring CBW, Enterprise and Locator;

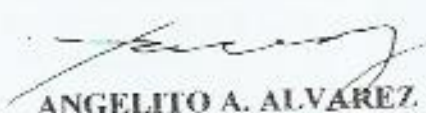
- 2.05 The appropriate Office shall thereafter be notified to implement the decision of the Commissioner of Customs.

VI. Repealing Clause:

Customs Memorandum Orders and other regulations inconsistent with this order are hereby revoked or modified accordingly.

VII. Effectivity:

This order shall take effect immediately.


ANGELITO A. ALVAREZ
Commissioner of Customs



7/8/11