



BUREAU OF CUSTOMS

MAKABAGONG ADUANA, MATATAG NA EKONOMIYA



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PROFESSIONALISM INTEGRITY ACCOUNTABILITY

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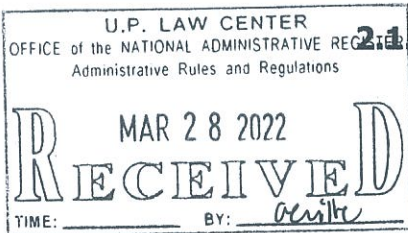
CUSTOMS MEMORANDUM ORDER (CMO)
NO. 09-2022

SUBJECT: GUIDELINES IN THE IMPLEMENTATION OF THE LIQUIDATION AND BILLING SYSTEM AND POST-ENTRY MODIFICATION OF SAD BY THE LIQUIDATION AND BILLING DIVISION OR EQUIVALENT UNIT

Introduction. This Order supplements CMO No. 53-2010 and CMO No. 27-2009 in the Post Entry Modification of SAD (PMS) and implements Customs Administrative Order (CAO) No. 01-2019 and CAO No. 09-2020 in relation to Section 427 of Republic Act (R.A.) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This Order covers Goods Declaration for Consumption lodged through the Bureau's E2M customs system.

Section 2. Objectives.



2.1. To provide the procedures in the liquidation of Goods Declaration for Consumption by the Liquidation and Billing Division (LBD) or equivalent units in the Collection District using the Liquidation and Billing System (LBS) and Post Entry Modification of SAD (PMS).

2.2. To define the duties, responsibilities and accountabilities of LBD personnel involved in the liquidation of goods declaration.

2.3. To obtain statistical data on actions taken

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

3.1. BCOR — Bureau of Customs Official Receipt.

3.2. Cash SAD Module — shall refer to the module in the E2M customs system which shall be used in the settlement of the deficiency in the duties and taxes due at the In-House Bank.

3.3. CCPS — Customer Care Portal System.

3.4. Final Demand Letter — shall refer to a final notification signed by the District Collector for an importer to settle discrepancies

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found in the Goods Declaration resulting from liquidation process arising from Post Release Adjustment (PRA).


- 3.5. Goods Declaration for Consumption** — shall refer to goods declarations lodged through the E2M customs system covering goods entered for domestic or local use and cleared through the formal or informal entry process, whether or not subject to payment of duties or taxes.
- 3.6. In-house Bank** — shall refer to an Authorized Agent Bank (AAB) authorized by the Bureau of Customs (Bureau) to collect the additional customs duties, taxes and other charges using the Cash-SAD module.
- 3.7. Liquidation** — shall refer to the activity done by the LBD of the port from receipt of the hard copy of the Goods Declaration or access to the Bureau's E2M customs system for review and if applicable, subsequent adjustments in the computation of the duties, taxes and other charges due, sending of Notice of Deficiency, updating in the PMS the status of the goods declaration, and issuance of Clearance Certificate by the LBD.
- 3.8. Liquidation and Billing System (LBS)** — shall refer to a web portal that allows LBS users to audit and evaluate post entry transactions to determine if there are revenues that still need to be collected from the consignees. The system will allow LBD to automatically send notices and Final Demand Letters as needed.
- 3.9. Notice of Discrepancy** — shall refer to an initiatory letter issued by the LBD and addressed to the importer with a demand to pay deficiencies in duties, taxes and other charges arising from PRA. In some ports, this is also known as Final Demand Letter.
- 3.10. Order of Payment** — shall refer to a form accomplished by the LBD reflecting the duties, taxes and other charges to be paid by the importer arising from adjustments in freight charges, insurance premium and other charges.
- 3.11. Post Entry Modification of SAD (PMS)** — shall refer to a process used when it is necessary to change the data in the SAD where the shipment is already released from the Bureau in order to reflect additional duties, taxes and other charges to be paid by the importer as a result of PRA.
- 3.12. Post Entry Modification Form** — shall refer to a form to be accomplished by the assigned LBD Customs officer reflecting the post entry modification of SAD.

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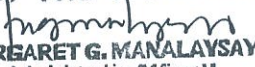
3.13. Post Release Adjustment (PRA) — shall refer to the process in the liquidation of the goods declaration giving rise to findings of discrepancies in the duties and taxes due to adjustments in the insurance and freight charges, foreign exchange rates, changes on the classification of the goods, and other factors resulting to re-appraisal of the goods.

Section 4. General Provisions.

- 4.1.** Upon retrieval of the ticket in the Customer Care Portal System (CCPS), the Entry Processing Division or equivalent unit shall change the issue summary to indicate the Goods Declaration Number for easy identification before assigning the ticket to the Customs Operations Officer III (COO III) assigned to the Goods Declaration.
- 4.2.** After final assessment, the COO V instead of closing the ticket, shall transfer the same to the Liquidation and Billing Division (LBD).
- 4.3.** The following must be the pre-requisites for the PMS of Goods Declaration for Consumption to be effected:
 - a.** The goods declaration was lodged, processed and final assessed in the E2M customs system;
 - b.** The assessed duties and taxes were paid and the goods were released from the Bureau;
 - c.** The initiatory Notice of Discrepancy from the LBD is made within fifteen (15) days from payment of duties and taxes after review and readjustment of the assessed duties, taxes and other charges;
 - d.** The amount of the deficiency in the duties, taxes and other charges must be the amount reflected in the Notice of Deficiency or Final Demand Letter; and
 - e.** The importer has agreed to settle the amount due based on reconciliation of records and other documents with the LBD or equivalent unit.
- 4.4.** The following shall be exempted from the review of the LBD within fifteen (15) days from payment of duties and taxes:
 - a.** Shipments subject of protest and dispute settlement resolution;
 - b.** Adjustments arising from statement of errors in conformity with Section 912 of the CMTA; or
 - c.** Goods declaration subject of audit by the Post Clearance Audit Group (PCAG).

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- 4.5. To ensure compliance with the period prescribed to conduct the liquidation of Goods Declaration, the LBD personnel shall be given access to the CCPS for easy retrieval of ticket and review of the documents uploaded in the ticket.
- 4.6. Submission of the original hard copies of the Goods Declaration and supporting documents shall be submitted at the CCC within forty-eight (48) hours from on-line filing of the Goods Declaration following the procedures under existing regulations.
- 4.7. The hard copy of the Goods Declaration for Consumption received by the EPU personnel assigned at Customer Care Center (CCC) shall be transmitted within twenty-four (24) hours to the Section Chiefs in the Assessment Division in the case of Port of Manila (POM) and Manila International Container Port (MICP) or by the Chief of Assessment Division in other ports.
- 4.8. Upon the receipt of the hard copy of the Goods Declaration, the following actions shall be performed:
 - 4.8.1. The Customs Operations Officer III (COO III) shall accomplish the examination return (Boxes 54-63) and sign in Box 64. The COO III shall then forward the Goods Declaration to the COO V;
 - 4.8.2. Upon receipt of the Goods Declaration, the COO V shall review and approve the recommendation of the COO III by affixing his/her signature in Box 64; and
 - 4.8.3. Forward the hard copy of Goods Declarations to the LBD by bundle.

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The process shall be completed within forty-eight (48) hours from receipt of the Goods Declaration.

Section 5. Operational Provisions under LBS.

- 5.1. Upon payment of duties, taxes and other charges, the information contained in the Goods Declaration shall be automatically extracted by the LBS on the following day.
- 5.2. The following extracted information are displayed at the LBS dashboard:
 - a. Entry No.;
 - b. Bundle No. (to be filled out by the LBD Clerk upon receipt of the hard copy of the Goods Declaration and supporting documents);
 - c. Date of Lodgement;
 - d. Section Number, if applicable;

- e. Selectivity;
- f. Assigned Assessor;
- g. Consignee;
- h. Broker;
- i. Total D/T Paid (after completed/final assessment);
- j. Total D/T Paid (after Post Entry Modification by Assessment, if applicable);
- k. Total D/T Found;
- l. Total Discrepancy (to be filled out by LBD Assessor);
- m. Status;
- n. Duration (ageing of the Goods Declaration from time of payment); and
- o. Action (either View, Assign, or Findings where the discrepancies, if any, are inputted)

5.3. If the hard copy of the Goods Declaration are already received by the LBD, the LBD Clerk shall access the LBS weblink by logging in using the assigned username and password and input the reference number/s of the bundle.

5.4. At the start of the working hour of the day, the Chief, LBD or duly authorized shall access the LBS and assign the Goods Declarations to the COO III or COO IV as assessors to conduct post validation, review of the correctness of value, classification, and computation of duties, taxes and other charges by ticking the "Assign" button in the **Action** column.


5.5. The Chief, LBD shall distribute equally the Goods Declarations among the list of assessors. Provided that, in case of higher number of Goods Declaration for liquidation, each assessor shall liquidate at least twenty (20) Goods Declarations per day.

5.6. The assignment of Goods Declarations may be delegated by Chief, LBD to responsible officer of the Division.

5.7. The assessor shall access the LBS using the assigned username and password and click the "Findings" button in the "Action" column to view the breakdown computation of the Assessment Division.

5.7.1. If the assessor did not find any discrepancy based on the documents submitted to him by the Clerk, he shall click the **Same Value** button to reflect that the previous computation is already correct and accurate. Lastly, the **Submit** button shall be clicked to send the information to the LBD Chief.

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5.7.2. If there are discrepancy findings, the assessor can input the correct values in the tables listed below:

- a. Customs Value;
- b. Freight;
- c. Insurance;
- d. Other Charges;
- e. Exchange Rate;
- f. DV in PHP;
- g. Rate of Duty;
- h. Customs Duty;
- i. DV in PHP;
- j. Bank Charges;
- k. Customs Duty;
- l. Brokerage Fee;
- m. Wharfage Dues;
- n. Arrastre Charges;
- o. Doc. Stamps;
- p. VAT Rate; and
- q. Landed Cost.

Once the right values have been encoded, a computation for the additional fees can be seen in the **Summary** portion of the portal. Additional comments can also be written in the **Remarks** section. Clicking the **Submit** button shall save the work done by the assessor.

5.7.3. Once the findings are submitted, the status of the liquidation process shall be reflected as "For Review/Revise".

5.8. Once the status of the Goods Declaration is displayed, the LBD Chief shall check the veracity of the computation for the additional fees done by the assessors. If there are changes needed, the chief can either revise the computation himself or assign it back to the assessor to recompute by clicking the **Update** button in the Action column.

5.9. If there is no discrepancy upon review of the Goods Declaration, the Chief, LBD shall tag the Goods Declaration as "ACCEPTED".

5.10. If the computation for additional duties, taxes, and other charges are fully ascertained, the Chief, LBD shall create a templated **Notice of Discrepancy** which will contain the summary of fees to be paid with the name of the consignee. The Chief, LBD shall click the dropdown list in the **Action Column** to download the Notice of Discrepancy form which can be digitally signed by the chief before serving it to the consignee.

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The initiatory Notice of Discrepancy issued by the LBD shall be sent through the registered emails of the concerned accredited importer, or through registered mails or personal service.

- 5.11.** If the consignee did not answer after fifteen (15) days from receipt of the Notice of Discrepancy, the Chief, LBD shall download a templated Final Demand Letter which can be selected in the dropdown list in the Action Column. The Final Demand Letter shall contain a summary of the fees to be paid and the expected consequence if the demand remains unheeded. The Final Demand Letter shall be signed by the District Collector or by the Chief, LBD as authorized signatory.
- 5.12.** If the consignee still refuses to answer the Final Demand Letter, the Chief, LBD shall tag the Goods Declaration as "Delinquent".
- 5.13.** The importer shall answer the Notice of Discrepancy or Final Demand Letter by opening a new ticket in the Customer Care Portal System (CCPS) by selecting under the Help Topic "Liquidation and Billing Division: Notice of Discrepancy/Final Demand Letter and PMS" to communicate to the LBD its answer or explanation, or its willingness to pay additional duties, taxes and other charges as indicated in the Notice of Discrepancy/Final Demand Letter.
- 5.14.** Upon receipt of the ticket, the Customs Operations Officer IV (COO IV) assigned shall acknowledge the receipt thereof and request the importer to submit additional documents to support its declaration, or in case of PMS, the COO IV shall inform the importer that PMS shall be made of the goods declaration subject of the Notice of Discrepancy/Final Demand Letter.
- 5.15.** If the reviewing officer finds that the justification or explanation is without merit, the importers shall be notified the amount stated in the Notice of Discrepancy/Final Demand Letter.
- 5.16.** If the importer still refuses to pay the amount, the Chief, LBD shall tag the status of the Goods Declaration as "Delinquent" and shall recommend further action to the District Collector to collect the same.
- 5.17.** If the consignee settles the obligation, the Chief, LBD shall tag the Goods Declarations as "Paid", subject to compliance with the procedure for PMS as provided herein.
- 5.18.** If the consignee was able to justify or substantiate the accuracy of the declaration submitted to the Assessment Division, the

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Chief, LBD shall tag the Notice of Discrepancy/Final Demand Letter as "Cancelled".

Section 6. Operational Provisions under PMS.

- 6.1. Upon receipt of the letter from the importer indicating its willingness to pay the duties, taxes and other charges, the LBD shall properly accomplish the Post Entry Modification Form (PEMF) for approval of the District Collector.
- 6.2. Upon approval by the District Collector of the PEMF, the assigned LBD Assessor shall perform the PMS to reflect the changes to be made and should properly accomplish the Inspection Act including the filling out of the Risk Code in the E2M customs system.

For this purpose and in order to ensure an effective feedback mechanism, the LBD Supervising Customs Assessor shall determine the level of risk using the following Risk Codes:

Code	Description
FRADJ	Freight Adjustment
INADJ	Insurance Adjustment
OCADJ	Other Charges Adjustment
CLADJ	Classification Adjustment
VAADJ	Value Adjustment
COADJ	Computation Adjustment
BAADJ	Bank Charges Adjustment
DUADJ	Duty Adjustment
BFADJ	Brokerage Fee Adjustment
WDADJ	Wharfage Due Adjustment
ACADJ	Arrastre Adjustment
DSTADJ	Documentary Stamp Tax Adjustment
EXADJ	Excise Tax Adjustment
SDADJ	Special Duty Adjustment
VATADJ	VAT Adjustment

- 6.3. The LBD shall prepare the Order of Payment and forward the same to the importer through the CCPS.
- 6.4. The importer settles the amount due immediately (Cash or Manager's Check) thru in-house bank using the Cash-SAD Module of the E2M to reflect the payment in the system.
- 6.5. Upon payment, the importer shall upload the copy of the BCOR in the CCPS as proof of payment.

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6.6. The goods declaration is deemed liquidated and LBD shall issue a corresponding Clearance Certificate which shall be transmitted to the importer concerned through the CCPS.

Section 7. Penal Provision. Violations of this Order committed by any person, officer or employee shall be penalized in accordance with Title XIV of the CMTA and other applicable penal laws or provisions.

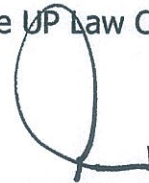
Section 8. Use of Information Communication Technology (ICT)-enabled System. The Bureau shall utilize ICT-enabled system for the docketing, reporting and monitoring of shipments.

Section 9. Repealing Clause. This Order specifically amends or repeals previously issued CMOs or other memoranda which are inconsistent with the provisions herein stated.

Section 10. Separability Clause. If any part or provision of this Order is later declared invalid or illegal, the remaining portion shall remain valid and enforceable.

Section 11. Effectivity. This Order shall take effect five (5) days after its posting in the official website of the Bureau.

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



REY LEONARDO B. GUERRERO

Commissioner



BOC-02-09962

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