



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

13 August 1997

CUSTOMS MEMORANDUM ORDER
NUMBER 21-97

To: The Collectors of Customs
The Deputy Collectors for Assessment/Administration
The Chiefs, Formal/Informal Entry Division
The Chiefs, Collection Division - POM/MICP/NAIA
The Chief, Tax Exempt Division
All Importers/Brokers
All Others Concerned

Subject: Live Implementation of Duty/Tax Exempt System

1. OBJECTIVES:

- 1.1 To facilitate the approval of legitimate applications for duty and tax exemptions, hasten the transmittal of duly issued exemptions from the Dept. of Finance (DOF) to the Bureau of Customs and make these exemptions readily available to all user offices.
- 1.2 To prevent all forms of fraud associated with unsecured transmittal process of exemption papers.
- 1.3 To provide accurate and timely reports on levels of exemptions approved by the Dept. of Finance.

2. COVERAGE:

This order shall initially apply to all applications for exemption approved by and released from the Mabuhay Lane, DOF.

3. OPERATIONAL PROVISIONS:

- 3.1 The original copy of the approved exemption shall be given to the importer by Mabuhay Lane who in turn shall attach said copy to the IEIRD upon filing of the same to the Bureau of Customs. Regular processing of the entry shall continue.
- 3.2 An electronic record shall be created at the Mabuhay Lane and transmitted immediately to the Bureau of Customs. This electronic record shall be made available to the Collection Division and Tax Exempt Division.
- 3.3 For shipment entered at the Port of Manila and the Manila International Container Port, the Duty/Tax Exemption Verification Section at the Collection Division shall retrieve the electronic record from the computer and compare the same with the original copy of the approved exemption attached to the entry from 3.1 above. If there is an exact match, the record must be tagged as "cleared" in the computer after which the entry shall be forwarded to the AMPP System Administrator for forced-matching. If, however there is a discrepancy, the matter

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must be immediately brought to the attention of the Chief, Collection Division who shall make the necessary verification from the Mabuhay Lane.

- 3.4 For shipments entered at the NAIA, the Duty/Tax Exemption Verification Section of the NAIA Collection Division shall generate a print-out of the electronic record, authenticate the same by having the signature of the Chief, Collection Division on it and then forward it to the Deputy Collector for Administration who in turn shall properly route the same to the concerned warehouses. This computer generated exemption paper as authenticated by the Chief, Collection Division shall be the basis for comparison by the FED or similar office of the warehouse with the original attached to the entry before releasing the entry.
- 3.5 For shipments entered outside Metro Manila, the FED shall print out and authenticate the electronic record of the exemption and forward the same to the Port concerned. Likewise, the Tax Exempt Division (TED) shall continue with the review activity of the approved exemption utilizing the computer system from 3.2 above. Any approved exemption made by the DOF deemed incorrect by TED shall be subjected to an alert order pursuant to CMO 104-92 and at the same time, a letter of reconsideration, citing the reasons for the motion, shall be prepared and forwarded immediately to the Dept. of Finance.
- 3.6 For those exemptions that are not cleared from the Mabuhay Lane, the usual procedures shall continue to ensue, i.e., the original copy of the endorsement is forwarded to the Tax Exempt Division who shall forward the same together with its endorsement to the Formal/Informal Entry Division through the Deputy Collector for Administration.

4. EFFECTIVITY:

This order shall take effect 18 August 1997.


GUILLERMO L. PARAYNO JR.
Commissioner