



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

DEC 15 1999

CUSTOMS MEMORANDUM ORDER

NO. 22-99

Subject: General Procedures and Guidelines for the Remote Lodgement of Import Entries

1.0 Objectives

- 1.1 To facilitate the import clearance process by providing remote lodgement of entries from the office premises of Clients to the Bureau of Customs;
- 1.2 To promote "paperless" procedure in customs processing using internationally agreed and adopted standards;
- 1.3 To establish in the Bureau best Customs practices towards trade facilitation;
- 1.4 To consolidate all previous CMOs covering remote lodgement by means of the Direct Trader Input (DTI) facility or Electronic Data Interchange (EDI).

2.0 Scope

2.1 The general rules and procedures stated herein are to be applicable to all means of remote lodgement (EDI, DTI) and all types of entries in all ports where the stated means of remote lodgement facilities are or shall be made available. At present, the enabled ports and the type of entries currently available for remote lodgement are the following :

- Port of Manila – DTI for Import Entries
- Port of MICP – DTI for Import Entries
- Port of NAIA – DTI for Warehouse Entries
- Port of Manila – EDI for Warehouse Entries

- 2.2 The schedule of implementation of remote lodgement for other ports not currently equipped with the facilities and types of entries not currently covered by remote lodgement shall be given in memoranda subsequent to this Order.

3.0 General Provisions

- 3.1 Definition of Terms - Annex I contain the definition of terms used in this Order.
- 3.2 Entries accepted through remote lodgement shall be processed using the Bureau Automated Customs Operations System (ACOS).
- 3.2.1 The Selectivity Criteria for remotely lodged entries must be calibrated such that the percentage selections for any EDI participant shall not negate the benefits of this technology as to the facilitation it provides in the cargo clearance process.
- 3.2.2 The Selectivity Selections must be regularly reviewed to the outcome of the examination or verification made for the purpose of adjusting the profiles in the light of the outcomes. Effort must be made not to continuously select the shipments of one importer when previous selections consistently show that the shipment is in order or not attendant with violations.
- 3.2.3 Companies with verified derogatory information or are in the Bureau's offenders file or list must not be extended the facility of remote lodgement under this order.
- 3.3 Remote lodgement facilities at the Bureau
- 3.3.1 The Philippine Chamber of Commerce (PCCI), as part of its trade facilitation efforts, shall provide the necessary Gateway infrastructure and the communications facilities to enable electronic lodgement of import entries via both DTI and EDI.
- 3.3.2 The Bureau recognises that PCCI shall charge minimal fees to cover recovery of the cost of these facilities and to build up a pool for the continuous maintenance and upgrade of the same.
- 3.4 EDI/DTI Client Registration - The remote lodgement facility shall be made available to duly registered importers and their designated brokers. Procedures in the Registration of EDI/DTI clients shall follow the procedures provided in CMO 18-99 (Re: Registration Procedures for Electronic Data Interchange (EDI)/Direct Traders Input (DTI) Clients).

3.5. Remote Lodgement through EDI

3.5.1. The Gateway shall be the sole connection to BOC ACOS for this purpose.

3.5.2. The transacting public shall be connected to the Gateway via accredited Value Added Network (VAN) service providers of their choice who shall be responsible for

- installation of the necessary computer system at the importers' office that shall enable them to encode and transmit import entries and receive the corresponding responses
- registration of the duly accredited end-user importers and the nominated licensed customs brokers to the Gateway

3.6. Remote Lodgement through DTI

3.6.1. Clients accredited for DTI lodgement shall provide their own computer equipment at their premises, following specifications issued by the Bureau of Customs.

3.6.2. The Bureau of Customs shall provide the ASYCUDA++ DTI module to the client. However, the PCCI or its designated agent shall undertake installation of this software, together with the other third-party provided support software.

3.7. Client's disclaimer

The Client shall be responsible for the confidentiality of its identifiers or passwords. All submissions tagged with the Client's or his designated broker's identifier shall be taken as originating from the client or his designated broker and cannot be disclaimed.

3.8. Document Submission and Payment of Fees

3.8.1. The DTI- or EDI-generated Single Administrative Document (SAD) shall be permitted in lieu of the normal Import Entry and Internal Revenue Declaration (IEIRD). The DTI/EDI client shall sign the SAD in the spaces provided for, have it notarized and together with the assessment notice and supporting documents shall submit it to the concerned Customs offices.

3.8.2. Any fees related to the use of the IEIRD shall be included in the payment for processing of the import document using the SAD.

- For formal entries, the payment of duties and taxes shall be made at any authorized agent bank accepting customs payments. The amount payable as shown in the temporary assessment notice (TAN) shall be the amount paid. Please refer to CMO 25-95 (Re: Implementing Rules and Regulations to CAO 2-95) for bank payment procedure.

- For warehousing entries, the importer shall set up a pre-payment account against which the processing fees shall be charged automatically. CMO 23-97 (Re: Guidelines on the Implementation of the Automated Collection of Import Processing Fee (IPF) Warehousing Entries) governs the pre-payment scheme. Fees to automatically collected include IPF, boatnote, cost of IEIRD and documentary stamps.
- 3.8.3. For shipments channelled to green lane, the SAD, the riders and supporting documents are not required to be immediately submitted for the clearance process to continue. However, all import entry documents together with their supporting documents covering remote lodgement for particular week must be submitted to the designated receiving office no later than the first working day of the following week.
- 3.8.4. Failure to submit required documents on the first day of the following week without prior notice shall result to immediate cancellation of importers registration as EDI/DTI Clients.
- 3.8.5. For purpose of releasing the shipments from the control of the arrastre operator or the bonded warehouse operator, the SAD generated in the course of remote lodgement shall suffice.

3.9. Client Training

Training of clients shall be handled by the PCCI.

4.0. Operational Provisions for Formal Entry

4.1. Entry lodgement through DTI

- 4.1.1. Encoding and transmission of entry - Importer or the designated broker encodes all pertinent information using Client side ACOS software (Module MODBRK). DTI entries shall use "4DT 4" as its Model of Declaration code to distinguish it from regular formal entries. He shall then proceed as follows:
- 4.1.2. System Validation - Importer or broker connects to the port server and invokes the "Check" option in order to verify the integrity of encoded data.
- 4.1.3. Lodging of entry - Client's broker lodges entry with BOC and triggers Selectivity by requesting for assessment of the entry in ACOS.
- 4.1.4. Printing of Assessment Notice and Single Administrative Document (SAD).
- 4.1.5. Bank Payment - Makes actual payment at the bank based on ACOS computation as shown on the TAN. Machine validation by the bank shall be on the SAD and not on the TAN.

4.1.6. Pickup and Delivery of Shipments

4.2. Based on the result of Selectivity, the Client now has to go to the Port either pick-up and delivery of the shipment or preparation for documentary/phys examination starting at the Formal Entry Division.

4.3. Entry Lodgement through EDI

4.3.1. Encoding and Transmission of Entry- Importer and his duly nominated licensed customs broker creates formal entry declaration using his own application system and transmits the same to his contracted VAN.

Transmission between the EDI client and the Gateway through the VAN shall be available 24 hours a day, on a year round basis. The Bureau server may be unavailable after office hours. At the earliest possible time when ACOS is able to receive transmission, the Gateway shall transmit the successfully validated/converted EDI declaration and have the lodgement results from ACOS available to the EDI client immediately.

4.3.2. Validation and Forwarding of CUSDEC message by the VAN application

The validation process in the VAN shall consist of checking that

- a) the declaration message sender is a registered EDI client of the VAN,
- b) the transmitted entry conforms with prescribed message specifications, and,
- c) the TIN numbers of importer and the brokers are registered with ACOS.

The VAN shall forward the successfully validated declaration message to the Gateway in CUSDEC format.

4.3.3. Validation and Translation of CUSDEC Message at the Gateway

The Gateway shall validate the CUSDEC message forwarded by the VAN. Upon successful validation, the message shall be translated into ACOS readable format and forwarded to the BOC ACOS system.

Failure in the validation shall cause rejection of the message and shall require subsequent re-sending of the corrected version

4.3.4. Entry Processing

Based on the EDI declaration, the BOC ACOS shall automatically register, select clearance channel and assess the duties / taxes (if not selected). After which, a response containing assessment notice information is created and sent to the EDI client via the Gateway-VAN interconnection.

4.3.5. Printing of Assessment Notice and SAD at the EDI client's office-

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Upon detection of the presence of the response message, the Client provides a copy of the SAD and the assessment notice for payment at authorized agent bank.

4.3.6. Bank Payment

4.3.7. Pick-up and Delivery of Shipments

Based on the results of Selectivity, the client has to go to the arrastre operator or the bonded warehouse storage for pick-up or delivery of his shipments if routed to the green channel, or to the Formal Entry Division for the preparation for documentary / physical examination (yellow or red channels).

4.4. Activities at the Bureau Of Customs

4.4.1. Selected entries shall follow current procedures that require Clients to submit documents and personally appear before Customs officers. Entries granted green status, however, shall adhere with the following procedure:

4.4.2. Once the Selectivity System grants an entry green lane status, cargo releasing and payable information are electronically forwarded to the Collection Division. The payment records from the bank and the assessment information from ACOS are automatically matched. For entries where payments matched the assessed amount, a release message shall be sent to the arrastre operator or to the bonded warehouse storage. Clients given green status then proceed to the office of the arrastre operator or the bonded warehouse operator to settle arrastre charges and subsequently get his cargo released.

4.4.3. If the release message is not given to the arrastre operator or the bonded warehouse operator within a period of time, the client then makes inquiries at the Collection Division.

4.4.4. Collection Division (CD) - At CD, a tracer document called the ACOS Green Lane Assessment Form (GLAF) shall be printed at the same time that the entry information is received at CD. The GLAF shall take the place of the working copy of the entry in procedures where paper handling is still being performed.

Using the GLAF, the manifesting clerk writes-off the shipment if it is found in the manifest. If the shipment is not found, the manifesting clerk makes the appropriate report and submits it to the CD Chief for proper disposition. In cases where this situation creates suspicion on the cargo contents, the chief of the Collection Division can then report to the Collector of the port who can then decide to revoke the release instruction issued to the arrastre operator or bonded warehouse operator by issuing a special stop on the cargo, if the shipment has not been released or report the matter to the Customs police authorities for cargo recovery.

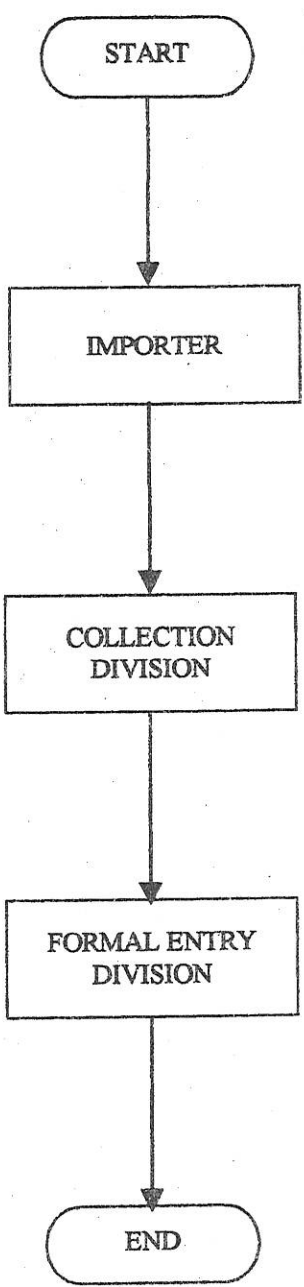
DEFINITION OF TERMS

DTI	<p><i>Direct Trader Input</i></p> <p><i>A facility of the ACOS ASYCUDA System that enables brokers and the importer/exporter to remotely lodge their declarations using their office computer</i></p>
EDI	<p>Electronic Data Interchange</p> <p>The system-to-system exchange of business information in structured or standard message format between parties. Specifically in this case, EDI shall be a complete electronic transaction cycle for a Customs import declaration with the following components, details of which are provided in paragraph ____ - Operational Provisions of this order.</p> <ol style="list-style-type: none"> 1. Creation of entry declaration 2. Submission via transmission 3. Verification via validation 4. Acceptance via reception 5. Acknowledgement / processing result via response
[EDI] Gateway	<p>A facility which allows users to transact with the Bureau using a remote computer and internationally accepted standard messages (e.g. UN/EDIFACT)</p>
Lodged declaration	<p>A DTI/EDI declaration is considered lodged/filed when the declaration is successfully accepted, validated and registered by ACOS. Lodgment is consummated at the date and time a Registration Number is assigned to the declaration. The date and time stamp, once given, becomes a permanent record of the entry and not subject to any form of adjustment or amendment.</p> <p>In case of arbitration arising from any disagreement based on any legal undertaking recognized by the Bureau, the ACOS Administrator (who shall be the duly recognized custodian of the system's information), shall, at the Bureau's sole discretion, release a duly certified printout of any requisite information relative to the entry declaration pertinent to the subject arbitration.</p>
Value Added Networks	<p>[A third party service provider which will provide the interface services to facilitate connectivity to the Gateway]</p> <p><i>A third party service provider of the interface between EDI clients and the Gateway.</i></p>

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FORMAL ENTRY CLEARANCE PROCESS FOR REMOTELY LODGED ENTRIES
General Work Procedure for Green Lane Only



IMPORTER / DECLARANT

- Encoding of declaration
- Lodgment of declaration and triggering of selectivity
- Printing of SAD and Assessment Notice upon receipt of ACOS message
- Makes actual payment to bank based on ACOS computation; SAD validated by bank
- Proceeds to arrastre operator or bonded warehouse storage if green

COLLECTION DIVISION

- Printing of Green Lane Assessment Form (GLAF)
- Transmittal of GLAF to Formal Entry Division's Post Audit Staff

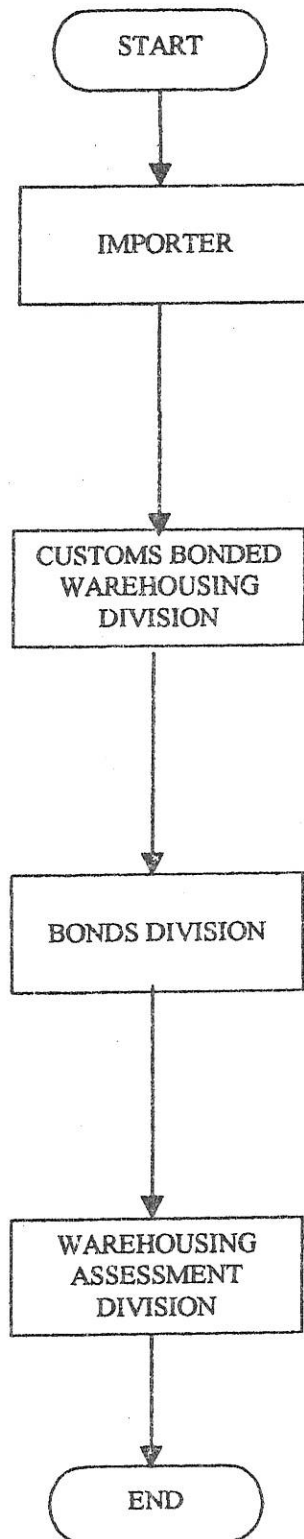
FORMAL ENTRY DIVISION

- Attaches GLAF to entry documents after submission by client
- Performs post-audit check
- Reports discrepancies to Liquidation and Billing (for underpayment) or to Cash Division (for overpayment)

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WAREHOUSE IMPORT CLEARANCE PROCESS FOR REMOTELY LODGED ENTRIES General Work Procedure for Green Lane Only



IMPORTER / DECLARANT

- Encoding of declaration
- Lodgment of declaration and triggering of selectivity
- Triggering of Automatic IPF payment
- Printing of SAD and Assessment Notice upon receipt of ACOS message
- Proceeds to arrastre operator or bonded warehouse storage if green

CUSTOMS BONDED WAREHOUSING DIVISION

- Printing of Electronic Warehouse Assessment Form (EWAF)
- Posting of warehousing transactions
- Checking of importables and accounting for quota balances
- Lifting of the duty stop for ports without ACOS-OLR in place; otherwise this step is unnecessary
- Preparation and issuance of bond note
- Transmittal of EWAF to Bonds Division

BONDS DIVISION

- Verification of entry in ACOS
- Bond Application / charging
- Transmittal of EWAF to Warehouse Assessment Division for post-audit

WAREHOUSING ASSESSMENT DIVISION

- Acceptance and comparison of submitted entry document with EWAF
- Post-audit of green lane entries
- Forwarding of entry documents to Warehouse Documentation and Records Division