



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

December 28, 1999

CUSTOMS MEMORANDUM ORDER
NO. 75-99

TO: All Deputy Commissioners, Service Directors, District Collectors, Collectors, Division Chiefs, COO V, COO III, Importers, Brokers & Representatives, and All Others Concerned

SUBJECT: Procedures for the Processing of Consumption Entry Under The WTC Valuation System

PURSUANT TO SECTION 201 OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, AS IMPLEMENTED BY CUSTOMS ADMINISTRATIVE ORDER NO. 2-99, AND TO PROVIDE AN IMPORT CLEARANCE PROCESS WHICH CONFORMS WITH THE WTO VALUATION SYSTEM, THE FOLLOWING REGULATIONS ARE HEREBY PROMULGATED:

I. OBJECTIVES

1. To align the import clearance process with the WTO Valuation System; and
2. To facilitate the clearance of legitimate commerce while protecting government revenue.

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II. SCOPE

This Order shall cover the processing of Consumption Entries in all ports, except with respect to shipments subject to Comprehensive Import Supervision Service (CISS), which during the effectivity of the CISS shall be governed by CMO 14-99 as well as by existing rules and regulations as may be applicable on the premises, provided that any reference to value shall be construed to mean the dutiable value as defined in Section 201 of the Tariff and Customs Code of the Philippines, as amended by Section 1 and other pertinent provisions of Republic Act No. 8181 and implemented by Customs Administrative Order No. 2-99.

III. GENERAL PROVISIONS

1. Definition of Terms - All acronyms used in this Order are defined in Annex 1 "Glossary of Acronyms"

2. Documentation Requirements

The following documents shall be used in clearing importations entered under a consumption entry:

- 2.1 Import Entry and Internal Revenue Declaration (IEIRD) Form - BC Form 236, which will include the Supplemental Declaration on Valuation (SDV) form. The guidelines for the proper accomplishment thereof are prescribed by CMO 1-96 A;
- 2.2 Bill of Lading or Air Waybill or House Bill of Lading, where applicable;
- 2.3 Commercial Invoice;
- 2.4 Packing List
- 2.5 Others. Additional documents as maybe required depending on the circumstances of a particular shipment (e.g. Tax Exempt Certificate from DOE, CEPT Certificate in case of preferential claims, IED in case of shipment covered by LC, etc.).

3. The IEIRD together with all its supporting documents shall, from hereon, be referred to as Entry.

4. The import entry declaration shall be based on a self-assessment system. As such, the importer and the customs broker shall make a complete and correct declaration of the particulars of the importation on the Entry and the SDV, which declaration shall be under oath and

subscribed to by the importer and the Customs broker before a notary public or a Customs officer authorized to administer such oath under Section 3503 of the Tariff and Customs Code of the Philippines, as amended, under pain of prosecution for perjury in case of any misrepresentation. However, in the case of SDV, the Customs broker may only sign under oath if he has personal knowledge of the information declared in said SDV.

5. Under the self-assessment scheme, the declarant shall compute the duties and taxes using the applicable valuation method as prescribed in Section I of CAO No. 2-99.
6. The procedures on payment of the self-assessed amount, in accordance with Section III.5 above, shall be governed by CAO 2-95.
7. All Entries may be subject to post entry audit to verify the truth or accuracy of any statement, document or declaration presented.
8. There is hereby created for each Collection District a Valuation Review Committee (VRC) directly under the respective District Collector of Customs to be composed of the following:
 - ♦ Deputy Collector for Assessment - Chairman
 - ♦ Chief, FED or equivalent unit - Vice Chairman
 - ♦ Concerned COO III and COO V - Members
 - ♦ A COO V as designated by the District Collector of Customs on a rotation basis - Member

The VRC shall have the following function:

- 8.1 Determine if there is a genuine valuation issue;
- 8.2 When valuation issue exists, determine whether delay will ensue in the determination of customs value;
- 8.3 Process request for tentative release, when applicable;
- 8.4 To re-route Entry when necessary to red channel;
- 8.5 Recommend applicable method of valuation including computation of duties and taxes for the approval of the District Collector of Customs;
- 8.6 Such other functions as may be necessary to effectively carry out its mandate.

The VRC shall be supported by a permanent Secretariat which shall perform such functions as may be assigned by the District Collector.

4

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9. Reporting System -

9.1 The District Collector of Customs, through the VRC shall maintain and update a file/database of:

9.1.1 Entries referred to VRC for resolution of valuation issues;

9.1.2 Entries under tentative release including a process to determine, among others, the following:

9.1.2.1 Aging of cases; and

9.1.2.2 Status

9.2 The Chief, Collection Division or its equivalent unit shall maintain and update a file of all cash bonds/security posted under the tentative release system and their status.

For this purpose, the Director, Collection Service shall put up an effective system to monitor the status of the guaranties filed under the tentative release scheme, as well as the implementation of resolution issued by the District Collector of Customs through the VRC.

IV. OPERATIONAL PROVISIONS

After payment of the self-assessed duties and taxes at the AAB, the following procedure shall apply:

A. ENTRY LODGMENT BY THE DECLARANT

1. For ports where ACOS is in operation, lodgment of Entries shall be made through any of the following as may be applicable:

1.1 Entry Encoding Center (EEC)

1.2 Direct Traders Input (DITI)

1.3 Electronic Data Interchange (EDI)

2. For ports, which are not equipped with ACOS, lodgment shall be at the Entry Processing Division or equivalent unit. In these ports, provisions pertaining to ACOS and Selectivity shall not apply.

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3. Upon lodgment. Selectivity is triggered.

- 3.1 If Green Channel - The Entries shall be submitted together with the ACOS generated Assessment Notice (AN), to the Collection Division.
- 3.2 If Selected Channel - The Entry shall be forwarded together with the ACOS generated Temporary Assessment Notice (TAN) to the Formal Entry Division (FED) through the IPU.

B. ASSESSMENT (for Selected Entries)

4. At the Entry Processing Unit -

- 4.1 The document examiner/processor shall check the completeness of the Entry and forward the same to the Releasing Clerk/Segregator.
- 4.2 The Releasing Clerk/Segregator shall segregate the DEIRD copies according to the distribution list in II.3 of CAO 1-96A. He shall then forward the Customs Copy (white) together with all the supporting documents to the FED sections concerned.

5. At the Formal Entry Division -

Upon receipt of the Entry, the COO V shall assign the same to a COO III.

For Entries under YELLOW Lane:

- 5.1 The conduct of document examination and disposition of yellow lane shipments shall be in accordance with current procedures governing yellow lane entries.

If a valuation issue/s arise/s, the COO III shall refer the Entry to the COO V concerned who shall transmit the Entry together with his recommendations to the VRC.

- 5.2 For Entries re-routed, in appropriate cases, to red lane, the procedures for red entries will apply.

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For Entries under RED Lane:

5.3 The conduct of physical examination and disposition of red lane shipments shall be governed by the current procedures governing red lane entries.

If in the course of physical examination, a valuation issue/s arise/s the COO III shall refer the matter to the VRC.

5.4 For Entries re-routed to red channel by VRC, the COO III shall inspect the goods in accordance with existing rules and regulations and transmit the Entry, together with his findings and recommendations to the VRC.

Procedures at the VRC:

5.5 Upon receipt of the Entry, referred by the concerned COO III and COO V, the Deputy Collector for Assessment shall convene the VRC and deliberate on the following:

5.5.1 Whether a genuine valuation issue exist or not.

5.5.2 The VRC shall determine the appropriate value based on the applicable valuation method pursuant to CAO 2-99. If resolution of the issue will cause delay in the processing of the Entry, the importer may avail of tentative release of the shipment.

5.5.3 For shipments where tentative release is not availed of, or is otherwise not availing, the VRC shall resolve the issue within 24 hours upon receipt of complete requirements.

In shipments under tentative release, an importer shall be given a period of 15 days, extendible for a period not exceeding another 15 days for reasonable cause, from receipt of notice to comply with the requirements needed. The VRC, in turn, shall resolve the issue within 24 hours from receipt of full requirements.

5.5.4 The VRC shall prepare and submit a draft resolution for the approval of the District Collector containing the following information:

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- Port of Entry
- Valuation Case/Docket No.
- Date filed
- Entry No.
- Name of Consignee
- Resolution (Method used)
- Basis of Resolution (Explanation or method used)
- Computation of duties and taxes as per resolution
- Implementation Instruction

5.6 The Collector shall decide on the basis of the recommendations of the VRC within 24 hours upon receipt of the Entry and shall then notify the importer in writing of the decision and of his right to pay under protest.

5.7 The Commissioner of Customs and the Deputy Commissioner for Assessment and Port Operations through the Import and Assessment Service shall be furnished with copies of all the decisions of the District Collector of Customs on valuation issue(s) under this Order.

C. PAYMENT VERIFICATION/CARGO RELEASE

6. The Collection Division shall cause the release of shipments through OLRS based on the results of payment verification.

7. For shipments released under tentative release:

7.1 The Collection Division shall insure the required bond has been posted before causing the release of the subject shipment in OLRS.

7.2 Transmit the Entry to the VRC for appropriate disposition.

V. APPEALS/PROTEST PROCEDURE

If the importer disputes the final assessment of the Collector, he may file a formal protest pursuant to existing rules and regulations.

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VI. REPEALING CLAUSE

All Orders, Memorandums, Circulars or parts thereof which are inconsistent with this Memorandum are hereby deemed repealed and/or modified accordingly.

VII. EFFECTIVITY

This order shall take effect on 01 January 2000.


NELSON A. TAN
Commissioner

9

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ANNEX I

Glossary of Acronyms

ACOS	Automated Customs Operations System
AN	Assessment Notice
CAO	Customs Administrative Order
CEPT	Common Effective Preferential Tariff
CISS	Comprehensive Import Supervision Service
CMO	Customs Memorandum Order
COO III	Customs Operation Officer III
COO V	Customs Operation Officer V
DEA	Designated Examination Area
DITI	Direct Traders Input
DOF	Department of Finance
EDI	Electronic Data Interchange
EEC	Entry Encoding Center
EPU	Entry Processing Unit
FED	Formal Entry Division
HS	Harmonized System
IED	Import Entry Declaration
IEIRD	Import Entry and Internal Revenue Declaration
LC	Letter of Credit
OLRS	On Line Release System
RA	Republic Act
SDV	Supplemental Declaration on Valuation
TAN	Temporary Assessment Notice
TCCP	Tariff and Customs Code of the Philippines
VCRB	Valuation and Classification Board
WTO	World Trade Organization



REPUBLIC OF THE PHILIPPINES
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01 March 2000

MEMORANDUM

To: All District Collectors

Subject: Update on Valuation Review Committee Activities

Pursuant to CMO 25-99, you are hereby required to submit an update on the activities of the Valuation Review Committee on or before 03 March 2000, containing the following information for the period January 1 to February 29, 2000.

1. No. of entries referred to the VRC so far, broken into the following:
 - Those which were determined by the VRC to have a genuine valuation issue, and
 - Those which were determined by the VRC to have no genuine valuation issue;
2. No. of shipments cleared under tentative release;
3. Average no. of hours it takes to deliberate on one Entry referred to the VRC; and
4. Total additional amount collected on Entries with valuation issues resolved by the VRC for the period specified above.

For strict compliance.

ATTY. TITUS B. VILLANUEVA
Deputy Commissioner
Assessment and Operations Coordinating Group