



31 October 2012

**CUSTOMS MEMORANDUM ORDER**

No. 14-2012

**Subject :** Procedures for the Implementation of E2M Customs System – for the Automated Bonds Management System (ABMS) in all Customs Ports Nationwide.

**1. Objectives:**

- 1.1 To implement the Electronic to Mobile (E2M) Customs System – Phase 4: Automated Bonds Management System in all Customs Ports.
- 1.2 To provide detailed instructions to declarants, brokers, importers, warehouse operators, accredited Value-Added Service Providers (VASPs), surety companies and personnel of the Bureau on the customs processes to be observed under the Automated Bonds Management System of E2M Customs System Phase 4.
- 1.3 To effectively monitor the status of bonds from their posting up to their cancellation and expedite the settlement or collection of due and demandable bonds.
- 1.4 To effect a smooth transition from the current manual procedures to the automated procedures under the E2M Customs System.

**2. Scope**

This Order shall cover all Bonds Accounts opened under the E2M Customs System in all Collection Districts, including sub-ports and other BOC offices.

### 3. Administrative Provisions

- 3.1 Only the following types of bond are covered under the ABMS of e2m Customs System: (1) General Warehousing Bonds (GWB); (2) Specific Warehousing Bonds; (3) Ordinary Re-export/Surety Bonds; and (4) General Transport Surety Bond (GTSB).
- 3.2 Bonds policy may be of the following status:
- 3.2.1 Stored - a bond policy that has been lodged and submitted via the VASP and has passed all the validation rules set by the BOC.
  - 3.2.2 Matured - Bond policy against whose face value and assessment has been charged. A bond charge is considered matured when the obligation it seeks to guaranty becomes due and demandable – based on the warehouse delay indicated in the declaration.
  - 3.2.3 Expired - bond policy which has reached the validity period.
  - 3.2.4 Outstanding - bond charge awaiting liquidation within the allowable period.
- 3.3 Upon implementation of the ABMS, all surety companies are required to be registered under the CPRS of the e2m Customs System. Only importers, warehouse operators and BOC-accredited surety companies registered with CPRS pursuant to CMO 39-2008 shall be allowed to avail of the ABMS in the e2m Customs System.

### 4. Operational Provisions

- 4.1. Creation of a Bond Account
- 4.1.1 The Importer/Warehouse or his authorized representative shall create his Bond Account by submitting his bond policy electronically via the VASP to the BOC thru the BOC-VASP Gateway.
  - 4.1.2 The VASP shall validate the captured data from the bonds policy in accordance with the validation rules provided by BOC and converts the data to XML format that is compatible with the requirements of the BOC-VASP Gateway.

- 4.1.3 The e2m Customs System sends an error or status messages through the same Gateway to the VASP which in turn notifies the Applicant of the messages received from the BOC-VASP Gateway.
- 4.1.4 If the bond application satisfies all systems rules and is successfully lodged and transmitted via the VASP, the application shall be STORED.
- 4.1.5 Applicant then submits the hard copy of the bond policy to the Bonds Division of the port where he transacts.
- 4.1.6 The Bonds Examiner receives the original bond policy, retrieves the filed Bond record and verifies the bond information against the details in the original of the bond policy and checks for the following:
- authenticity, validity and completeness of the submitted bonds and the supporting documents;
  - information entered by the importer against the original bond policy and supporting documents;
  - accreditation of the surety company with the Bureau; and
  - value of outstanding bonds issued by the surety company does not exceed the maximum allowable coverage amount based on his accreditation information capability.
- 4.1.7 Bonds Examiner tags the Bond application as either "EXAMINED" to submit the document for approval by the Division Chief, or "EXAMINED FAILED" to reject the document and return the original bond to the importer or his authorized representative.
- 4.1.8 If the application passes the examination by the Bonds Examiner, the original bond is then forwarded to the Chief, Bonds Division who performs the completeness and accuracy check (Bond account and bond details) of the Bond application details against the hard copy of the policy submitted.
- 4.1.9 The Bonds Division Chief either tags "EXAMINED APPROVED" to approve the bond application or "EXAMINED REJECTED" to reject the application. The original bond is returned to the importer or his authorized representative in case of rejection. Only APPROVED bonds can be used as payment instrument by entry declarations.

4.1.10 Approved bonds automatically generate the importer's bond account containing the Bond Account information, Account Policies (one bond account can contain more than one bond policy) and the Bond Charging/Cancellation History in ledger form.

4.1.11 A bond owner can add more policies to his account by following the same procedure during the first bond application. The Automated Bonds Management System automatically adds the approved new policies to the existing bond accounts and consequently increase the value and extend the expiry date of the said accounts. Individual validity dates of bond policies will still hold, that is, expired policies available amount will not be part of the Accounts available amount.

#### 4.2 Bonds Charging

4.2.1 The Import Assessment System (IAS) sends request to the ABMS to charge against a particular bond policy. The Warehousing Entry System (WES) and Transit/Transshipment System (TSS) sends requests to the ABMS to charge against a particular bond account. The Temporary Imports System (TIS) sends requests to the ABMS to charge against a particular bond policy.

4.2.2 For Warehousing Entry System (WES) and Transit/Transshipment System (TSS) the ABMS system checks for the Bond Availability of the bond account, debits the amount charged to the available bond balance and sends a "Charged Bond Notification" message. The SAD successful Assessment Notification is the notification that the bond charge is done based on the duties and taxes filed.

4.2.3 For Temporary Imports System (TIS) the ABMS system checks for the Bond Availability of the bond policy, change the status of the bond policy to CHARGED and sends a "Charged Bond Notification" message. The SAD successful Assessment Notification is the notification that the bond charge is done based on the duties and taxes filed.

4.2.4 If Bond posted is insufficient, an "Insufficient Bond Notification" is sent to the importer through the Single Administrative System (SAD). The SAD notification will state whether the Bond Account has sufficient balance.

#### 4.3 Bonds Cancellation

- 4.3.1 The Automated Export Documentation System (AEDS), Transshipment Entry System (TES) and the Raw Materials Liquidation System (RMLS) sends a request for cancellation of bonds charged through the system.
- 4.3.2 The ABMS checks the bond maturity. If the bond is not mature, ABMS cancels the bonds charged and reverts to the original bond balance. The Bond cancellation is reflected in the ledger for accounts in the case of the Warehousing Entry System or the Transit/Transshipment System. In the case of TIS, the bond policy status is changed to "Liquidated" for re-export bonds.
- 4.3.3 In case of computer systems breakdown or power failure which renders the computer system non-operational, an importer may request for the manual cancellation of the bonds by filing a letter-request with the District Collector for manual cancellation and stating the reasons thereof. No manual cancellation of bonds will be made unless with the prior approval of the District Collector or the Deputy Commissioner, MISTG, as the case may be.
- 4.4.4 Bonds cancelled manually shall still be electronically lodged as soon as practicable.
- 4.4.5 The Chief, Bonds Division shall submit a report on all manually cancelled Bonds to the Deputy Commissioner, MISTG.

#### 4.4 Bonds Inquiry

- 4.4.1 An importer may inquire on-line through the VASP his bond record and request for the following information: List of Outstanding Bonds; List of filed bonds; List of charged bonds including the maturity date; and List of Matured bonds.

### 5. Monitoring by the Collection Service

- 5.1 The Collection Service of the Bureau shall be given access to the ABMS to view and monitor all bond accounts filed with the Bureau to ensure that surety companies strictly adhere to the 70-30 compliance rate requirement.

5.2 The Collection Service shall report to the Commissioner of Customs any surety company found to be delinquent in its obligations and recommend the imposition of sanctions against the same, including the blacklisting thereof and revocation of its Authority to Transact Business as Surety (ATBAS) with the Bureau.

**6. Transitory Provisions**

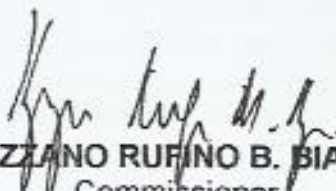
The date of implementation of the e2m Customs ABMS in each Port shall be announced through the issuance of a Memorandum Order by the Deputy Commissioner, MISTG informing of the date thereof.

**7. Repealing Clause**

All provisions of Customs Memorandum Orders inconsistent herewith are hereby deemed modified and/or amended accordingly.

**8. Effectivity**

This CMO shall take effect ten (10) days after its publication in newspapers of general circulation.

  
**ROZZANO RUFINO B. BIAZON**  
Commissioner



12-00052  
07 NOV 2012