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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
Manila 1099

JUL 10 2007

CUSTOMS MEMORANDUM ORDER

No. 19-2007

To: **All Deputy Commissioners
All Service Chiefs
All District Collectors
All Deputy Collectors
All Division Chiefs
All Importers/Exporters/Brokers
All Port and Warehouse Operators
All Shipping Lines/Airlines/Agents
All Seafreight/Airfreight Consolidators/Forwarders
All Value Added Service Providers
All Others Concerned**

Subject: **Lodgement of entries thru VASP**

I. OBJECTIVES

- 1.1 To facilitate the processing of import and export declarations and clearance;
- 1.2 To monitor and control the entry of all types of imported goods, i.e., non-commercial goods, commercial goods, semi-finished goods, regulated goods;
- 1.3 To monitor the cargo's status all throughout the clearance and release process; and,
- 1.4 To promote "paperless" procedure in Customs processing using internationally agreed and adopted standards.

II. SCOPE

The provisions of this Order shall apply to Phase 1- the implementation of the e-Customs Systems and be applicable to types of import declarations such as Consumption and Warehousing entries in all Collection District including sub-ports and other BOC offices nationwide.

III. GENERAL PROVISIONS

- 3.1 The BOC shall provide the necessary Gateway infrastructure and telecommunications facilities to enable electronic lodgement of import entries via the internet through the use of VASPs front-end system.

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- 3.2 The VASPs shall be responsible for the installation of the necessary computer system on the internet at the importer's offices that will enable to encode and transmit import entries to and receive the corresponding responses from BOC e-Customs System via the BOC-VASP Gateway.
- 3.3 The importer or broker shall file their entry declaration by filling up the Single Administrative Document (SAD) declaration online through a Value Added Service Provider (VASP). The declaration shall be sent to the BOC, in a format accepted by the Bureau, thru the BOC-VASP Gateway.
- 3.4 The role of the VASPs in the import entry lodgement and clearance process:
 - 3.4.1 Validates captured entry declaration data from importers and brokers in accordance with the validation rules to be provided by BOC;
 - 3.4.2 Converts data to XML format that is compatible with the requirements of the BOC-VASP Gateway;
 - 3.4.3 Receives error or status messages from the BOC-VASP Gateway;
 - 3.4.4 Notifies clients concerned of the messages received from the BOC-VASP Gateway (i.e., advance duty payment instruction message, final payment instruction message, statement of settlement of duties and taxes message, release instruction message).
- 3.5 Upon submission of SAD from VASP to BOC e-Customs System thru the BOC-VASP Gateway, the Selectivity System is automatically triggered;
 - 3.5.1 If declaration is selected, the importer/broker shall submit the hard copy to the Entry Processing Unit (EPU) of the port concerned.
 - 3.5.2 For green lane entries, the IEIRD and its attached documents shall be submitted to BOC the following Tuesday of the following week.
- 3.6 The e-Customs System validates and officially records the entry in the ASYCUDA database;
- 3.7 Payment of duties and taxes due to the goods shall follow the existing regulations;
- 3.8 The electronic cargo release instruction from ACOS OLRs to the transit facility operator. The release instruction message is generated by the Payment Application System as soon as the declaration is electronically tagged that the duties and taxes have matched the payment made thru the Authorized Agent Banks (AABs).

IV. OPERATIONAL PROVISIONS

4.1 Lodgement of Import Entry

- 4.1.1 The importer's representative shall fill up the SAD declaration in the VASPs Application. VASP shall convert the SAD declaration into an XML file and sends it to the BOC-VASP Gateway.

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- 4.1.2 The e-Customs System calculates the amount of duties and taxes due.
- 4.1.3 The e-Customs System checks the validity of manifest, bill of lading, and mode of payment declared by the importer. This process also verifies if the importer and broker are valid BOC clients.
- 4.1.4 Feedback message is sent to the VASP regarding the success of lodgement or the rejection of the entry. The VASP, in turn, informs the importer about the disposition of the entry.

4.2 Standard ASYCUDA Process

- 4.2.1 The e-Customs System validates the entry against the e-Customs rules and shall be automatically rejected upon failure during verification. Failure to pass the system checks triggers the creation of a validation error list. This list is transmitted to the importer through the VASP.
- 4.2.2 If the declaration satisfies all system rules, the declaration shall be registered. The system shall assign a registration number to the said declaration.
- 4.2.3 The Selectivity System is triggered during the assessment process. The declaration can be tagged as follows:
 - 4.2.3.1 Green – the declaration is allowed to move to the next process
 - 4.2.3.2 Yellow – the declaration is subject to document check
 - 4.2.3.3 Red – the declaration is subject to document check and physical examination of the goods
 - 4.2.3.4 Blue – the declaration is tagged for post-clearance
- 4.2.4 The system sends a feedback message to the importer, through the VASP, that the entry has been selected or assessed.
- 4.2.5 BOC Examiner performs necessary action, if declaration has been selected.

After document inspection or physical examination, the examiner fills up an "inspection act". This e-document contains the findings of the examiner and the accompanying recommendation such as uplift of the duties and taxes.
- 4.2.6 The system recalculates duties and taxes after the physical inspection of the cargo, and the inspection of all necessary documents to copy with the newly assessed declaration.

- 4.2.7 The system shall assign a system generated assessment number composed of the date of the entry assessment, a Series letter and a unique reference number to the declaration.
- 4.2.8 The registered declaration writes-off the bill of lading or airwaybill.
- 4.2.9 Updating of pre-payment accounts and bonds for Warehousing and Transshipment entries are done by the system during assessment.

4.3 Payment of Import Entry

Nothing in the existing rules and regulations for payment of duties and taxes shall be change.

4.4 Release of Cargo

After the importer's payment of duties and taxes have been matched to the payment details transmitted by the Philippine Clearing House Inc. (PCH) to BOC, an automatic release instruction message shall be transmitted to arrastre and to the VASP via the BOC-VASP Gateway. The VASP of the importer shall inform the importer of the release of his shipment.

V. REPEALING CLAUSE

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

VI. SEPARABILITY CLAUSE

If any part or provision of this Order is later on declared invalid or illegal, the remaining portion shall remain valid and unaffected.

VII. EFFECTIVITY

This order shall take effect upon issuance of a memo by the Deputy Commissioner, MISTG indicating the Port and date of where this CMO shall be implemented.

NAPOLEON L. MORALES
Commissioner



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