



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA 1099

14 October 2010

**CUSTOMS MEMORANDUM ORDER**

NO. 44-2010

Subject : **Customs Cargo Clearance Procedures for MCC Funded Goods under the Millenium Challenge Corporation (MCC) Contract.**

**1. OBJECTIVES**

- 1.1 To facilitate the release from Customs of MCC-funded importations under the Millenium Challenge Corporation (MCA) Contract.
- 1.2 To ensure that only qualified MCC-funded importations are released using the Certificates of Eligibility to Subsidy (CES) issued by the FIRB.

**2. DEFINITION OF TERMS:**

- a. "Beneficiary" means any of the following: (i) MCA-Philippines; and (ii) any Vendor;
- b. "Compact" means the Millenium Challenge Compact between the Republic of the Philippines and the United States of America
- c. DPWH means the Department of Public Works and Highways
- d. DSWD means the Department of Social Welfare and Services
- e. MMC means the Millenium Challenge Corporation, a United States government corporation established pursuant to the U.S. Millenium Challenge Act of 2003, as amended.
- f. MCC funded contract means a contract of the vendor with MCA-Philippines.
- g. MCC Funded Goods means goods and other property, works, technology and other assets, whether acquired, used or performed at any level or stage, under or in connection with the Compact, the Program or any Project.
- h. Program means the program being implemented by the Republic of the Philippines to achieve the goals and objectives described in the Compact.

- i. Project means any of the following: (1) the KALAHI-CIDSS Project of DPWH; (2) the Secondary National Roads Development Project of the DPWH; and (3) the Revenue Administration Reform Project of BIR; and
- j. Vendor means any person, natural or juridical that provides MCC Funded Goods.

### **3. GENERAL PROVISIONS**

- 3.1 All beneficiaries of MCC-funded importations/goods shall apply for accreditation with the Bureau as an accredited importer by filing the required application form and submission of the documents listed in Annex A hereof, as applicable.
- 3.2 BOC- accredited importers/beneficiaries of MCC-funded importations/goods shall likewise register with the Client Profile Registration System (CPRS) under the Bureau's E2M System pursuant to CMO 39 – 2008 with their JO 2-91 identification number which eligibility will be verified in the course of the approval of their CPRS registration.
- 3.3 To facilitate their customs cargo clearance process, MCA-Philippines shall on a regular basis, provide the BOC through its Collection Service (CS) the following documents for reference purposes:
  - (i) List of vendors who will import MCC Funded Goods
  - (ii) Certified true copies of the MCC Funded Contracts
  - (iii) Certified true copy of the Certificate of Entitlement to Subsidy (CES) for the year issued by the Fiscal Incentives Review Board (FIRB)
  - (iv) Certified true copy of the Special Allotment Release Order (SARO) for the year issued by the Department of Budget and Management.
- 3.4 The CES and the SARO shall answer for the payment of the duties and taxes due on all incoming MCC-funded shipments consigned to the beneficiaries as defined in Section 2 hereof.
- 3.5 All beneficiaries and/or buyer must secure Tax Exemption Certificates from the Department of Finance prior to implementation so as to facilitate the processing at the Bureau of Customs of importations to be considered as conditionally-free.

### **4. OPERATIONAL PROVISIONS**

- 4.1 Prior to arrival of the MCC-Funded importations, the intended Beneficiary shall secure the required clearance from the BOC's Collection Service (BOC-CS) prior to lodgement of the Import Declaration through the VASP by submitting two sets (one original copy, one photocopy) of the following documents:

- 4.1.1 Photocopies of the CES and SARO;
  - 4.1.2 Certification of Official Importation issued by MCA-Philippines following the prescribed form (Annex B);
  - 4.1.3 Photocopy of the relevant MCC Funded Contract;
  - 4.1.4 Commercial and shipping documents for the MCC Funded Goods to be imported (e.g. Commercial invoices, packing lists, Bill of Lading, Airway Bill);
  - 4.1.5 Duly accomplished Import Entry, signed by the authorized representative of MCA-Philippines;
  - 4.1.6 Tentative Statement of Account following the format in Annex C hereof, endorsed by MCA-Philippines; and
  - 4.1.7 Other documents as may later be deemed necessary.
- 4.2 Upon filing of the above documents with BOC-CS, BOC-CS shall inform the Beneficiary whether the documents are complete. The BOC-CS Director shall issue the corresponding clearance/indorsement to the District Collector within five (5) days of submission of the complete documents.
  - 4.3 Lodgement and processing of the import entry shall follow the procedures prescribed under CMO 27-2009 on the Imports Assessment System (IAS) under E2M Customs System.
  - 4.4 Within fifteen (15) days from the release of the MCC Funded Goods by BOC, the District Collector shall submit to BOC-CS the Statement of Account stating the amount of customs duties and internal revenue taxes actually assessed on the imported MCC Funded Goods.
  - 4.5 The BOC-CS shall credit the amount of customs duties and taxes stated on the Statement of Account against the amount of available tax subsidy under the CES and SARO.
  - 4.6 For importations to be entered conditionally-free for later re-exportation, the required Tax Exemption Certificate must be secured from the Department of Finance before lodgement and submission of the covering Import Declaration through the Value-Added Service Provider (VASP).

## **5. MONITORING BY COLLECTION SERVICE**

- 5.1 The BOC's Collection Service shall regularly check the amount of tax subsidy available under the CES and the SARO against their utilization.
- 5.2 If the amount of tax subsidy available under the CES and the SARO is less than the amount of customs duties and internal revenue taxes stated on the Statement of Account of the District Collector, the BOC-CS Director shall issue the corresponding Statement of Account to

MCA-Philippines for issuance of the required SARO or CES as the case may be.

- 5.3 The Collection Service shall submit a monthly report to the Department of Finance (attn: International Finance Group), copy furnished the Deputy Commissioner, RCMG of all MCA-funded importations charged against any CES or SARO issued for monitoring purposes.

**6. EFFECTIVITY**

This Order shall take effect immediately.

  
**ANGELITO A. ALVAREZ**  
Commissioner *AA*  
 BUREAU OF CUSTOMS  
ANGELITO A. ALVAREZ  
Commissioner  
  
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