



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

SEP 26 1995

**CUSTOMS MEMORANDUM ORDER**  
NO. 25-95

To: All Customs Official and Personnel  
Importers and Customs Brokers  
Authorized Agent Banks  
And Other Concerned

Subject: Implementing Rules and Regulations  
to CAO 2-95

**I. OBJECTIVE**

To provide clear rules to implement CAO 2-95 requiring the mandatory filing of entries and payment of duties, taxes and charges thru authorized agent banks (AAB).

**II. OPERATIONAL PROVISION**

2.1 Distribution of the Import Entry Declaration (IED) form which comes in five (5) copies per set and required in the opening of Letters of Credit and for the payment of advance customs duty pursuant to PD 1853 shall be distributed by the AABs after processing as follows:

Original	-	Importer
Duplicate	-	Importer
Triplicate	-	Importer
Quadruplicate	-	S G S
Quintuplicate	-	AAB

2.2 Filing of Import Entry and Internal Revenue Declaration (IEIRD, BOC Form 236). Subject to paragraph 2.1. of CAO 2-95, the original and duplicate copy of the IED given to the importer by

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the bank upon opening of the letter of credit and which shows the advance duty paid (if any) shall be attached to the IEIRD which must be presented to the AABS for payment before filing with the Bureau of Customs.

2.3 Responsibility for determining and declaring amount payable to the AABS

It shall be the responsibility of the importers to determine the amount payable to the AAB and declare the same, together with the amount of the advance deposit he is deducting from the amount payable. The following declaration shall be made in the "Free Disposal" portion at the back of the working copy (Copy No.1 ) of the IEIRD:

"NET AMOUNT PAYABLE ..... x x x x  
ADVANCE DEPOSIT FOR DEDUCTION ..... x x x x"

Failure to properly declare the amount payable and advance deposit for deduction shall be penalized pursuant to pertinent provisions of the TCCP.

2.4 Rules in the determination of the amount payable.

2.4.1 Box 44 shall contain the total duties, taxes and other charges payable on the shipment. It must be equal to the summation of the amount in Boxes 45,46,47 and 48.

2.4.2 Box 48 shall indicate the corresponding amount of duty for the particular shipment declared in the entry.

2.4.3 The amount payable to the bank for final duties, taxes and charges shall be as follows:

2.4.3.1 Advance Deposit in IED must be completely Applied ONE TIME.

Regardless of whether or not the shipment is a ONE-TIME SHIPMENT (as against PARTIAL SHIPMENTS, i.e., shipments against an LC with partial shipments allowed), the entire amount of advance deposit per IED must be applied in FULL one time against the amount payable per Box 44. This departure from the previous practice of utilizing only a portion of the advance

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deposit equal to the computed Customs duty for a partial shipment is to do away with the complicated accounting process for advance duty utilization.

In the rare occasion that the total amount of the advance deposit is greater than the amount in Box 44 and shipment is a one time shipment, the importer must file for a REFUND of the overpayment following existing procedures with the Chief, Collection Division or related offices.

#### 2.4.3.2 Partial Shipments

In the rare occasion when the advance deposit in IED is greater than the amount in Box 44 and there are still partial shipment/s arriving, the entry papers (IEIRD) must be referred to the Chief, Collection Division of the port where the first shipment arrived, who after ascertaining the balance on the advance deposit issue a CERTIFICATE OF BALANCE which may be applied against incoming partial shipments covered by the same LC.

Upon receipt of the entry covering succeeding partial shipments at the Collection Division, the same shall be referred to the Chief for verification of the Certificate of Balance which must have been PERFORATED at the Entry Receiving Units.

#### 2.5 Basis of AAB Collection.

The AABs shall collect the amount declared in 2.3 and checkwrite/machine validate the amount collected and other pertinent information on the IEIRD.

In the preparation of the Abstract of Collection, the amount actually collected by the AAB and checkwritten on the IEIRD broken down as to the nature of collection (IPF, Customs duties, Comp. Sales Tax/VAT, Specific Tax and Other charges) and the declared advance deposit for deduction as provided in 2.3 must be encoded.

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For shipments applied for RELEASE UNDER TENTATIVE LIQUIDATION under CMO 3-95 as provided in 3.1 of this Order, the amount in Box 44 less the advance duty payment will not be equal to the amount payable as reflected in 2.3. This is because the difference will be covered by a GUARANTEE directly lodged with the Bureau pending resolution of the dispute. For these cases, the AAB must place the letter "E" on the Remarks portion of the abstract.

2.6 Mode of Payment

2.6.1 For shipments covered with LCs, final payment must be made to the bank where the LC was opened to facilitate matching of payments and payables by Bureau of Customs.

2.6.2 Consistent with 2.6.1, it is strongly advised that final payment be made at the AAB where the importers maintain an account from which the bank can debit the payment for the shipment. This system will do away with the necessity of issuing Managers' Check.

2.6.3 Payments made thru Managers Checks (MCs) under CAO 2-95 is discouraged, however should the situation requires that MCs be issued as payment, payor must address the MC as follows:

"Payable to the (receiving bank)  
For the Account of Bureau of Customs"

2.6.4 The above provisions shall only be applicable for payments under CAO 2-95. For Collection Districts outside the three Metro Manila ports not yet covered by CAO 2-95 and where direct payments to the Bureau are still allowed, payments must be in MCs and must comply with CMO 23-95.

2.6.5 If after payment thru an AAB pursuant to CAO 2-95, the BOC assessed additional duties and taxes, the same shall be paid directly to the Bureau's Collection Division with MC/Cashier's check pursuant to CMO 23-95.

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2.7 Perforation of the IEDs and Disposition of the Duplicate Copy.

Upon receipt of the entry (IEIRD) and its supporting documents at the Bureau of Customs, the same shall be perforated together with the two copies of IED to PREVENT REUSE. The duplicate IED shall be segregated from the rest of the IEIRD and transmitted to the Revenue Accounting Division immediately within the first working hours of the following day.

2.8 Self Funded Shipments.

Provisions 2.1 to 2.5 pertains to the shipment covered by LC and with advance duty payments. For self-funded shipments, the amount to be declared and paid for as provided for in 2.3 must be the amount declared in box 44.

The provisions of 2.1 and 2.2 shall not apply to self-funded shipments.

2.9 Withdrawals for Consumption from Customs Bonded Warehouses

2.9.1 For withdrawal of customs bonded warehouse goods for local consumption, Withdrawal Permit (BC Form No. 197) shall not be used anymore. Instead, Import Entry & Internal Revenue Declaration (IEIRD) Form (BC Form 236) shall be utilized as withdrawal document in consonance with SAD (Single Administrative Document) policy.

2.9.1.1 For filling out the boxes of the IEIRD form vis-a-vis the discarded Withdrawal Permit, see tabulation in Annex A.

2.9.1.2 For explanatory notes on the use of the boxes and code, and the distribution of the entry form, see Annex B.

2.9.1.3 The Order of Payment (OP) is no longer a required supporting document to the withdrawal.

2.9.1.4 Among the supporting documents should be the Original and Duplicate copies of IED as in 2.2 for cases with advance duty

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payment or the Certificate of Balance for IEDs already utilized.

2.9.1.5 Rules in the Determination of the amount payables.

2.9.1.5.1 Without Advance Payment

Proceed as with Self-Funded shipment in paragraph 2.7

2.9.1.5.2 With Advance Payment

The amount payable to the AABs should be equal to the amount in Box 44 less the advance duty paid in the IED as in 2.4.3.1.

To AVOID COMPLICATED accounting procedures, FULL ONE-TIME withdrawals are encouraged. If PARTIAL WITHDRAWALS are allowed, the amount of the first withdrawal must result in the full utilization of the advance deposit.

### III. ADMINISTRATIVE PROVISIONS

3.1 Tentative Release. For shipment for processing under TENTATIVE LIQUIDATION as provided for under CMO 3-95, the procedure laid down under CMO 3-95-E must be observed (copy of CMO 3-95-E made integral part of this order).

3.2 Exemptions to Mandatory Filing with AABs

Paragraph 2.1 of CAO 2-95 provides

"2.1 All consumption entries and withdrawal documents for warehoused goods must be submitted to an AAB for payment of duties and taxes payable as the first step in the cargo clearance process except for the following types of shipment:

2.1.1 Those exempt from payment of duties and taxes

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- 2.1.2 Importations of government agencies and government corporations. These shall be continued to be processed pursuant to Joint Order No. 2-91
- 2.1.3 Those paid with the use of Tax Credit Certificates"

There may be situations when it would be impractical to comply with the above provisions and that it would be more advisable for the entry to be accepted at the Bureau without the need of presenting the same to the AABs. Among these situations are the following:

- 3.2.1 When the portion of advance deposit paid per IED (if not previously utilized) is more than the amount appearing in box 44 and therefore there is no more payment to be made with the AAB.
- 3.2.2 The only amount to be paid is the Import Processing Fee (IPF).

Should the importer/broker wish to lodge the entry directly to the Bureau citing situation above-described, the entry receiving personnel shall refer the matter to the Chief of Collection Division for verification and approval.

The Chief, Colletion Division shall take immediate action on the request after which a report must be submitted to the Commissioner should in his opinion a policy must be made in issuing additional exemptions to paragraph 2.1 of CAO 2-95.

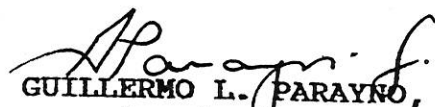
#### IV. REPEALING CLAUSE

All orders inconsistent with this are hereby deemed amended and/or modified accordingly.

#### IV. EFFECTIVITY CLAUSE

This Order shall be effective immediately.

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GUILLERMO L. PARAYNO, JR.  
Commissioner

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ANNEX "A"

A. Filling-up of Boxes

WITHDRAWAL PERMIT BOX	DESCRIPTIONS (Withdrawal Permit)	WITHDRAWAL PERMIT	IEIRD BOX
1	Name & Address of Importer	/	3
2	Entry Number	/	16
3	Warehousing Permit No.	- not utilized	
4	Bond Number	- anymore	
5	Carrier Vessel	/	7
6	Registry Number	/	9
7	Date of Arrival	/	8
8	B / L Awos No.	/	20
9	C & F Value (now CIF Value)	/	25
10	Tariff Heading	/	33
11	Rate of Duty	/	38
12	LC No.	/	28
13	Marks & Numbers	/	31
14	Commodity Description	/	31
15	Quantity (no. of packages)	/	31 & 32
16	Gross Wt. (kilos)	/	13
17	Duties & Taxes	/	63
18	Declaration (Certified by Importer / Broker)	/	49
19	Appraiser's Report	/	63
20	Payments Received		
	- payment thru banks (machine validation)		
	- signature of the Collection Division to signify verification of payment	/	51
21	Approved for Delivery	/	56
22	Merchandise Released		
	- there is no need for the signature of the warehouseman / storekeepers.		



ANNEX "B"

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A. Explanatory Notes: With reference to boxes of Withdrawal Permit (WP) vis a vis Entry Form No. 236 (IEIRD)

1. Box 2 (WP) will be indicated in Box 16 of IEIRD. "Entry No." shall refer to mother entry number.
2. Withdrawal Permit No. (Box #3) and Bond No. (Box 4) of WP shall not be indicated anymore.
3. C&F in Box 9 will now be represented as CIF Value in Box 25 (Total Dutiable Value) of IEIRD.
4. Box 20 - (WP) "Payment Received"; on IEIRD, shall be machine -validated by the AAB  
- Box 51 (IEIRD) shall be utilized for signature of Collection Division to validate payments.
5. Box 21 - "Approved for Delivery" - shall be indicated in Box 56 of IEIRD. This will be utilized by the Chiefs, Operations Divisions inasmuch that said Box will not be used by the Entry Processing Division.
6. Box 22 - (WP) "Merchandise Released" - will not be used anymore

B. Code for Withdrawal:

Box 18 (Procedure) of the IEIRD shall be utilized to indicate withdrawals. In line with the ASYCUDA (SAD) Code for Warehousing Entry, adopting no. "7", for document type, withdrawals shall be coded as follows:

- 7-WC - withdrawal is complete
- ("W") - stands for withdrawal
- 7-W 1 - stands for first partial withdrawal
- 7-W 2 - second partial withdrawal
- 7-W 3 - and so on ..... and
- 7-WF - for final partial withdrawal

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C. Distribution of IEIRD:

In line with what is provided in CMO 39-93 (distribution of consumption entries), distribution will be as follows:

1. White (original) - attachment to the mother import entry
2. Blue copy - Declarant / Broker
3. Pink copy - Storekeeper / Warehouseman
4. Yellow copy - National Statistics office
5. Green copy - For public / private withdrawals : Bonds Division  
For manufacturing: Collector's Office /  
Commissioner's Office