

CUSTOMS MEMORANDUM ORDER

NO. 39-91

TO: All District/Port Collectors
Service and Division Chiefs
and Others Concerned

SUBJECT: Rules and Regulations implementing CAO 2-91 for
the Establishment, Supervision, and Control of
Customs Bonded Warehouses

I. OBJECTIVES

- I.1. To effectively implement the provisions of CAO 2-91
- I.2. To clearly define the rules and regulations on customs bonded warehousing operations.

II. ADMINISTRATIVE PROVISIONS

II.1 CUSTOMS BONDED MANUFACTURING WAREHOUSE

II.1.1 Application to establish a Bonded Warehouse

II.1.1.1 Place. The application shall be submitted to the Commissioner of Customs through the District Collector of Customs of the Port/Subport where the majority of the importations to be stored shall be entered in the form attached as Annex "A"

II.1.1.2 Documentary Requirements.

- a. A copy of Certificate of Registration with the SEC certified by the Corporate Secretary.
- b. Photo copies of Articles of Incorporation, By-Laws or Articles of Partnership.
- c. Certificate of Registration with the Bureau of Domestic Trade if a sole proprietorship.
- d. Instrument evidencing absolute ownership or lease contract covering the proposed warehouse (if lease, contract must have minimum period of 1 year)
- e. Plant location map showing means of access to the property.
- f. Plant layout plan showing and describing the size and construction of the proposed warehouse together with the intended use of each compartment.
- g. Mayor's occupancy permit of the building.

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- h. Audited or Interim Financial Statement for the last two years immediately preceding the date of application. (Preferably the copy submitted to BIR)
- i. Applicant's Income Tax Return for the last two years immediately preceding the date of application. If a corporation/partnership, in addition, the income tax return of the majority stockholders/partners during the same period. Not applicable to new corporation.
- j. List of machineries and equipment.
- k. Project feasibility study. For purposes of uniformity, and as far as practicable, the feasibility study shall be in the format shown in Annex "B".
- l. Proof of Investment or Inward remittance of foreign investors/bank certification.
- m. List of raw materials to be imported.
- n. Formula of manufacture certified by Industrial Technology Development Institute. In case of Garments, the formula approved by GTEB.
- o. Patterns or sketches of the products to be manufactured. In case of garments, the pattern or sketches approved by the GTEB.
- p. Clearances from the offices or equivalent unit of the port having jurisdiction over the warehouse to be secured by the WPRD within ten (10) working days from receipt of application. If under FTI also an indorsement by FTI Collector.

II.1.1.3. Evaluation of Application

II.1.1.3.1 Upon receipt of the application the District Collector shall immediately direct the inspection of the warehouse. The assigned inspector shall submit the inspection report in the form as in Annex "C" within 3 days but in no case more than 5 working days upon receipt of the order. The evaluation shall be made by the Evaluation Committee, if any, otherwise by the operating division concerned or equivalent unit of the port having jurisdiction over the warehouse. The Committee shall meet as often as there

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are applications to be acted upon. The following shall be considered in the evaluation:

- a. Location of the proposed warehouse is accessible to all means of land transportation.
- b. The proposed warehouse has a strong structure or configuration in order to prevent damage or loss of goods stored thereat. The windows and other openings of the warehouse shall be so constructed to prevent removal of the stored goods, which removal shall be done only through the main entrance.
- c. The capacity of the warehouse is consistent with the expected volume of cargoes for storage;
- d. Provision for working and storage areas, including the compartments for imported raw materials, semi-finished and finished products, wastages, by-products, and rejects. Each compartment must be properly partitioned from one another.
- e. The raw materials to be imported shall be limited to those needed to produce the export products;
- f. The formula of manufacture/conversion shall specify in detail the usage of imported raw materials, for producing the finished products, as well as the percentage of wastes and by-products and in what particular stage of production they will be incurred. All these shall be duly certified by the Industrial Technology Development Institute or related agency. In case of garments the consumption approved by GTEB should be submitted.
- g. The project feasibility study shall present the viability of operation for a period of five years, which shall include the technical aspect of the business.

II.1.1.4. Pre-Operations Stage

1. The application upon receipt of the approval by the Commissioner of Customs shall further comply with the following before actual

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operations begin:

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- a. Payment of at least twenty five (25) percent of warehousing fees to the District Collector of Customs;
- b. Submission of a notarized Power of Attorney designating the person authorized to sign or act in behalf of the bonded warehouse, and the brokers authorized to transact with the Bureau of Customs;
- c. Designation of Accountable Officer whose position shall not be below the rank of Manager for open bonded warehouse.
- d. Filing of a Customs Performance Bond with the District Collector to guarantee compliance with the provisions of laws and regulations on customs bonded warehouses in the amount of P 200,000.00.
- e. A General Bond in such amount to guarantee the payment of duties and taxes in case the imported raw materials are not manufactured and exported within the prescribed period.

II.1.2 Requirements for Accreditation of Subcontractor

A firm may be accredited as a subcontractor for bonded manufacturing warehouse by filing an application (Annex "A") to the Collector of Customs accompanied with the same documents in paragraph II.1.1.2 hereof in addition to the following:

- a. Service Agreement and/or Memorandum of Understanding with the principal.
- b. List of raw materials/semi-finished articles to be subcontracted.
- c. However, if garment manufacturing, accreditation of subcontractors shall be approved by GTEB.

II.1.2.1 Evaluation and Approval of Accreditation of Subcontractor

- a. Upon receipt of the application, the District Collector shall refer it to the Warehousing Inspection Division (WID) or equivalent unit which shall inspect the intended manufactur-

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ing premises/factory and submit a report thereon. (Annex "C")

- b. At the same time, the District Collector shall issue a memorandum addressed to the WDRD or equivalent unit to secure the usual clearance within five (5) working days from receipt of the memorandum.
- c. The WID report, WDRD clearance and other supporting documents shall be submitted to an evaluation committee, if any, otherwise to the operating division concerned or equivalent unit. If found qualified, shall favorably endorse to the District Collector for approval.

II.1.2.2 Guidelines for Sub-contracting

II.1.2.1.1 Conditions for sub-contracting - A bonded manufacturing warehouse operator/owner may sub-contract the processing of his imported material without payment of duty, on account of insufficiency of operational facilities or lack of material time to meet export commitment subject to the approval of the District Collector. The following guidelines:

- a. Only duly accredited sub-contractors may undertake subcontracting jobs.
- b. Upon submission of formula of manufacture, the stages to be subcontracted shall, whenever practicable, be specified.
- c. For garment manufacturer, unless otherwise approved by GTEB, only pre-cut or cut-to-pattern materials shall be transferred.
- d. Upon completion of the processing done by the subcontractor, finished materials and the resulting wastages, if any, shall be returned to the bonded warehouse which shall be examined by Customs personnel to account for the duty free raw materials used in processing.

II.1.3 Requirements for Membership to a Customs Common Bonded Manufacturing Warehouse/Trading Warehouse

forwards Mr. Krishna

II.1.3.1 General Consideration

- a. Any person, natural or juridical, who is an export registered firm may apply for membership to a Customs Common Bonded Manufacturing Warehouse/Trading Warehouse. The application (Annex "A") for membership should be submitted to the Collector of Customs with all documents in paragraph II.1.1.2 and the membership agreement. In case of garment manufacturer accreditation of membership shall be approved by the GTEB.
- b. A manufacturer-exporter shall at any time be accredited with only one CCBMW.
- c. The accredited members shall maintain at all times in their place of business and to make available for inspection their books of accounts, supporting documents and records of imported materials.
- d. The CCBMW operator shall be directly responsible for the liquidation of all raw materials imported by the accredited members.
- e. The accredited members shall secure the materials imported through the CCBMW against pilferage and loss thru fires, floods, and other such occurrences.
- f. The accreditation of a member of a CCBMW which has not applied for nor effected importation/exportation within a minimum period of one year shall be considered canceled without prejudice to filing another application for accreditation.
- g. The warehouse/place of business of the accredited member shall be made accessible to all authorized Customs Officials or representatives upon presentation of an approved mission order to be issued by the District Collector or Commissioner of Customs.

II.1.3.2 Evaluation of Application

- a. Upon receipt of the application, the District Collector shall refer the same to the Warehousing Inspection Division (WID) or equivalent unit which shall spotcheck the intended manufacturing premises/factory's and submit a report thereon to the District Collector. (Annex C)
- b. At the same time, the District Collector shall issue a Memorandum addressed to the

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Warehousing Documentation and Record Division (WDRD) to check whether the applicant is not accredited nor connected with any other Customs Bonded Warehouse (CBW) and assure that the usual clearances from the WDRD and the other offices concerned are obtained within five (5) working days from receipt of the Memorandum.

- c. The WID Report, the WDRD clearance and the other usual clearances shall be submitted together with the application form and supporting documents to the evaluation committee, if any, otherwise to the Chief, operating division concerned or equivalent unit who shall submit the evaluation and recommendation to the District Collector through the Deputy Collector for Operations.
- d. In the case of CCBMW operating under the FTI Customs Office, the District Collector shall refer the same to the FTI Collector who shall be responsible in assuring that the premises of the prospective members are spotchecked by the FTI Customs Warehouse Inspector. On the basis of the report of the FTI Customs Warehouse Inspector and after evaluation of all documents submitted, the FTI Collector shall submit his recommendation to the District Collector, Port of Manila, thru the Deputy Collector for Administration who shall submit his recommendation after securing the usual clearances.
- e. The District Collector shall thereafter endorse the application to the Commissioner for approval.

II.1.3.3 Transfer of Membership from One CCBMW to Another

II. 1.3.3.1 General Considerations

- a. The transfer of membership from one CCBMW to another shall not be used as a means or subterfuge to circumvent the requirement to manufacture and re-export the finished products out of imported raw materials within nine (9) months extendible, for sufficient reasons, for another 3 months from the date of original transfer to CCBMW.
- b. In case of garment manufacturer, trans-

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fers should be approved by the GTEB after securing clearance from the Bureau of Customs, if transferee has unliquidated entries.

- c. A warehousing entry together with the bond shall be filed for monitoring purposes by the new CCBMW for the account of the member to replace the former import entries.

II.1.3.3.2 Documentary Requirements

- a. Letter of intent to transfer by the member for membership to another CCBMW.
- b. Sworn Statement by the member that it has no outstanding obligation with its former CCBMW.
- c. Written approval by the former CCBMW to the transfer or reason for objecting within ten (10) working days from receipt of letter of intent otherwise the processing of import document shall be held in abeyance until the comment is submitted.
- d. Acceptance Letter of the new CCBMW and its assumption of all liabilities of the member.

II.1.3.3.3 Procedure for Evaluation of the Request for Transfer

- a. The request shall be filed with the Chief, Operating Division concerned or Collector, FTI Customs Office, as the case may be, for evaluation and recommendation, or evaluation committee, if any.
- b. The recommendation of the Chief, operating division concerned or the FTI or evaluation committee shall be submitted to the District Collector for approval.

II.1.4 Assignment of Customs Personnel

- II.1.4.1 Except for Open Bonded Warehouses, the District Collector shall assign customs personnel to supervise the operations of the warehouse. The Customs personnel to be assigned may consist of a

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Warehouseman, a Storekeeper and a Customs Guard. Their duties and responsibilities are enumerated in Annex "D".

II.1.4.2 Customs employees assigned to work in CBWs shall strictly observe regular work hours set by the Civil Service Commission. They shall record their office attendance in accordance with Civil Service rules and regulations. They shall not go on leave without the permission of the Collector of Customs. Their absences shall be promptly reported by the CBW Operator to the Collector of Customs.

II.1.4.3 The Collector of Customs shall require overtime service upon request of the CBW Operator whenever necessary. All work performed outside of regular office hours and days shall be considered overtime, the rate shall be as prescribed in pertinent orders on overtime work. Overtime pay shall be charged to the account of the CBW Operator who shall remit it to the Collector of Customs for appropriate payment to the customs personnel concerned.

II.1.5 Custody of Locks.

The door to a Customs Bonded Warehouse shall have two (2) locks, one set shall be kept by the CB Warehouseman, if there is one assigned, the other to be kept by the CBW operator. In case of open bonded warehouse the duplicate of both, shall be submitted to the Collector of Customs.

II.1.6 Responsibilities of CBW Operators

The bonded warehouse operator whose primary responsibility is the operation and maintenance of bonded warehouse in accordance with existing rules and regulations shall have as additional duties those enumerated in Annex "E".

II.2 CUSTOMS PUBLIC/PRIVATE BONDED WAREHOUSE

When the business of the port requires such facilities, the Collector subject to the approval of the Commissioner shall designate and establish warehouses for use as public and private bonded warehouses, sheds or yards, or for other special purposes.

All such warehouses and premises shall be subject to the supervision of the Collector, who shall impose such conditions as may be deemed necessary for the

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protection of the revenue and of the articles stored therein.

II.2.1 Application to establish a Customs Public/Private Bonded Warehouse

II.2.1.1 Place. The application shall be submitted to the Commissioner of Customs through the District Collector of Customs of the Port/Subport where the majority of the importations to be stored shall be entered in the form attached as Annex "A"

II.2.1.2 Documentary Requirements. The same documents provided under paragraph II.1.1.2 hereof except m n and o.

II.2.1.3 Evaluation of Application. Upon receipt of the application, the District Collector shall immediately cause the inspection of the prospective warehouse. The inspector shall submit the inspection report as in Annex "C" within three (3) days but in no case more than five (5) working days. The following shall be considered;

- a. The location of the proposed warehouse is accessible by all means of transportation. If a public bonded warehouse, the location must be within the pier/airport zone.
- b. The proposed warehouse must have a strong structure in order to prevent damage or loss of goods stored thereat. The windows and other openings of the warehouse are so constructed to prevent removal of the stored goods, which may be done only through the main entrance.
- c. The capacity of the warehouse is consistent with the expected volume of cargoes for storage.
- d. Provisions for working area of customs personnel and storage areas for cargoes.
- e. The project feasibility study shall present the viability of operation for a period of at least five (5) years and if a public bonded warehouse must show that there will be sufficient volume of cargoes to make it financially viable at least within that period. The applicant of a public bonded warehouse must also show that the warehousing facilities at the pier/airport including CY-CFS and existing public bonded warehouses are not sufficient to meet the warehousing

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needs of the port.

II.2.1.4 Pre-Operating Stage

1. The applicant upon receipt of the approval of the Commissioner of Customs shall further comply with the following before actual operations begin:
 - a. Payment of at least twenty five (25) percent of warehousing fees to the District Collector of Customs;
 - b. Submission of a notarized Power of Attorney designating the person authorized to sign or act in behalf of the bonded warehouse, and the brokers authorized to transact with the Bureau of Customs;
 - c. Filing a Customs Performance Bond with the District Collector to guarantee compliance with the provisions of laws and regulations on customs bonded warehouses and the following:
 1. That the Principal shall deliver the imported merchandise stored in the warehouse only upon release by the District Collector after payment of corresponding duties and taxes.
 2. Payment of any claim arising from any loss, destruction or damage sustained by the merchandise received for storage.
 3. Payment of the warehousing fee in the specified amount at the specified time.
 4. Compliance with all the requirements of law and in connection with bonded warehousing of imported goods.
 5. Safekeeping and subsequent delivery to the lawful claimant, upon order of the District Collector of Customs, of seized goods stored therein.

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6. Non-acceptance for storage of gunpowder, or any dangerous firearms or explosives, and any other prohibited importations.

d. A general bond in such amount to guarantee the payment of duties and taxes.

II.3 MULTINATIONAL REGIONAL BONDED WAREHOUSE

II.3.1 Place.

Multinational companies who have established regional headquarters under Book III of E.O. 226 shall file an application with the Board of Investments.

II.3.2 Recommendation by the Bureau of Customs

The Board of Investments (BOI) shall endorse to the Bureau of Customs the multinational company's application for regional warehouses(s). Upon receipt of the endorsement, the District Collector shall forthwith order the inspection of the premises. The inspector assigned shall cause the inspection of the premises with particular reference to its location, constructions and means provided for the safekeeping of the articles. The inspector shall immediately submit his report in accordance with Annex "C" hereof. If the warehouse is found to have satisfactorily complied with the structural and physical facilities requirement of the Bureau of Customs, the District Collector shall recommend favorably the approval of the application to the BOI.

III. OPERATIONAL PROCEDURES

As a rule, all examination of materials imported by Customs Bonded Warehouses shall be conducted only inside the customs zone and transfer thereof shall be made only after the Customs requirements and examinations are completed. Any firm, however, operating a bonded warehouse may have its importation transferred and examined in the premises of its bonded warehouse by applying and availing of the privilege provided under CMD 45-88 dated June 1, 1988 otherwise known as the EXPRESS PROCESSING IN THE RELEASE OF SHIPMENTS (EPRS).

III.1 CUSTOMS BONDED MANUFACTURING WAREHOUSE

III.1.1 IMPORTATION

III.1.1 OPERATOR/REPRESENTATIVE

The operator shall file a warehousing entry together with the warehousing permit and other required

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documents. He may avail of the privilege under CMO 45-88 if he is a bona fide holder of a Certificate of Accreditation for the Express Processing in the Release of Shipment (CA-EPRS)

III.1.1.2 ENTRY PROCESSING DIVISION

- a. The Warehousing Entry shall be filed and processed in this division. If the bonded warehouse is operating under the Open Bonded Warehouse Scheme, the entry shall additionally be marked "OPEN BONDED WAREHOUSE".
- b. Entry is forwarded to Bonds Division for charging of bond whether it is under direct transfer under CMO 45-88 or not.

III.1.1.3 BONDS DIVISION

- a. A bond shall be charged/filed equivalent to the declared duties and taxes.
- b. After processing/charging the bonds, the entry shall be forwarded to Warehouse Assessment Division.

III.1.1.4 WAREHOUSE ASSESSMENT DIVISION

- a. All examination shall be conducted at the pier. A 100% examination may be conducted upon instruction of the District Collector.
- b. For operators who are holders of CA-EPRS, the examination shall be conducted in accordance with CMO 45-88.
- c. Examination returns shall be complete as to description, quantity and weight so that accounting of each imported raw materials, upon liquidation, can be made. Sufficient samples shall be secured for future reference.
- d. Discrepancies found in the examination and appraisal in cases of over quantity, excess materials shall be subject to payment of duties and taxes plus surcharge where permit to import can be secured from the government agency concerned or seizure, if warranted.
- e. In cases of undervaluation, there shall be an adjustment of corresponding amount of bonds for the additional duties and taxes plus immediate payment of surcharge, or seizure, if warranted.

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- f. In cases of misclassification and misdeclaration, if the articles as found are included in the approved list of materials to be imported, surcharge shall be immediately collected together with the adjustment of bonds for the additional duties and taxes, if not, seizure shall be instituted.
- g. The entry shall be forwarded to the operating divisions concerned, unless duties and taxes and other charges are to be paid as a result of over quantity, misdeclaration or misclassification, in which case the entry shall be forwarded to the Collection Division.
- h. Where seizure is warranted for the shipment, the entry shall be forwarded to the Collector of Customs together with its recommendation, copy furnished the Warehousing Documentation and Records Division for its information as to the status of the entry.

III.1.1.5 COLLECTION DIVISION

Payment for duties and taxes and other charges shall be collected after which the entry is returned to Warehousing Assessment Division.

III.1.1.6 WAREHOUSING OPERATING DIVISION CONCERNED

- a. Upon receipt of the entry the document processor shall enter in the operator's logbook all the necessary information in the entry.
- b. The operator's logbook shall be the 24-column columnar book and shall have the information as in Annex "F".
- c. The original warehousing permit shall be forwarded to the Piers and Inspection Division by official messenger.
- d. The entry together with the other supporting documents shall be forwarded to the Warehousing Documentation and Records Division for safekeeping and future retrieval.

III.1.1.7 PIERS AND INSPECTION DIVISION

- a. The Wharfinger, upon receipt of the duly processed permit shall prepare the transfer of the cargoes to the bonded warehouse by accomplishing the boatnote.
- b. Where the importer/operator is a holder of

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CA-EPRS, transfer thereof shall be in accordance with Sec. V par. 3 to 3.6 of CMO 45-88.

III.1.1.8 Warehouseman

- a. Upon presentation of the boatnote, the Warehouseman shall receive the cargoes to be stored in the warehouse. He shall ascertain that the seal (s) placed in the container is/are intact and any tampering thereof shall be duly noted on the boatnote and reported immediately to the Chief, Bonded Manufacturing Warehouse Division concerned for its appropriate action.
- b. Where the bonded warehouse is operating under the Open Bonded Scheme, the cargo shall be received by the Accountable Officer at the Pier or at the warehouse unless the transfer is under EPRS in which case the cargo shall be received by the Accountable officer at the warehouse by signing the boatnote over his printed name and designation.

III.1.2 Withdrawal of Materials from the Customs Bonded Manufacturing Warehouse

III.1.2.1 For Production for Export

CBW Operators shall ensure that the raw materials that were first transferred to, and stored in, the bonded warehouse, shall first be withdrawn for production. The same manner shall likewise be observed in the reconciliation of raw materials for adherence to the principle of first-in-first-out (FIFO) system.

III.1.2.1.1 Filing of Requisition Slip

- a. The operator shall prepare a requisition slip in accordance with format in Annex "B" and file it with the Warehouseman of the concerned warehouse.
- b. The Warehouseman shall check the documents, and if in order, approve it and release the raw materials being requisitioned.
- c. A copy of the requisition slip shall be furnished the Bonded Manufacturing Warehouse Division concerned weekly for recording in the operator's logbook.
- d. If the operator is operating under the open bonded scheme, the operator shall forward the requisition slip and the production report to

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the Bonded Warehouse Manufacturing Division concerned as often as possible but in no case shall it be more than one (1) week.

III.1.2.1.2 Production Report

- a. If operating under open bonded scheme for every requisition the operator shall prepare a production report in the form attached as Annex "H", otherwise, the production report shall be countersigned by the Warehouseman to be submitted weekly after the period specified in its production time in three (3) copies:
 - one (1) copy - BMWD
 - one (1) copy - Warehouseman
 - one (1) copy - Operator
- b. If operating under open bonded scheme, the copy for the Warehouseman shall be submitted to the Bonded Warehouse Service with the requisition slip.

III.1.2.2 For Sub-Contracting

- a. Before the transfer, the warehouseman shall conduct the inventory and identification of the materials to be sub-contracted. A form Annex G shall be prepared containing the description of the materials to be transferred, the quantity and the requisition slip number (s). For recording purposes, the document processor in charge of the operator's logbook shall be duly furnished with a copy of the requisition slip.
- b. Transfers of materials to subcontractors and return of finished products shall be covered by a boatnote and need not be underguarded.
- c. All materials, including wastages, shall be returned to the transferor/operator.
- d. The Warehouseman/accountable officer shall submit a weekly report to the BMWD of all subcontracting jobs and their status including copies of the boatnote.
- e. For fabrics, only pre-cut materials shall be transferred to GTEB accredited subcontractor.
- f. If the materials to be transferred are other

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than pre-cut fabrics, authority shall be secured from GTEB for garment manufacturers.

III.1.2.3 Sale of Finished Products of a Bonded Manufacturing Warehouse to Other Bonded Manufacturing Warehouse or to EPZA Registered Enterprise

III.1.2.3.1 The operator of a Customs Bonded Manufacturing Warehouse who intends to sell his finished products to another bonded manufacturing warehouse or to EPZA registered enterprise for further processing shall apply in writing to the Collector of Customs for his approval submitting the covering sales contract specifying the following:

- a. Description and quantity of finished products being sold.
- b. Description and quantity of raw materials used and import entry number covering the same.

III.1.2.3.2 If approved, the transfer of goods shall be made in the following manner:

- a. Before the articles are prepared for transfer, the operator shall give the notice in writing to the Warehousing Assessment Division of the scheduled date of examination at least two (2) days prior to the expected time of transfer.
- b. The Customs Examiner shall examine the finished products before transfer as in ordinary exportation and shall issue a Certificate of Identification.
- c. The transfer shall be covered by a boatnote duly processed by the Warehouseman of the seller and shall be underguarded until received by the CBW Warehouseman of the buyer or Customs EPZA authority concerned.
- d. If the operator-seller is operating under the open bonded scheme, a copy of the boatnote containing the same description of the goods in the Sales Contract and the name and address of the buyer shall be submitted within 24 hours after the transfer to the Bonded Warehouse Division concerned duly signed by the accountable officer over his/her printed name and designation.

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III.1.2.3.3 Buyer shall file an import entry covering the finished products to be transferred to him in the Entry Processing Division or equivalent unit in the port which has jurisdiction over the operator-buyer's warehouse or to a Customs EPZA concerned within (5) days after such transfer stamped "CONSTRUCTIVE IMPORTATION/EXPORTATION". The import entry shall be supported by the following documents:

- a. Invoice of the seller or Sales Contract
- b. Boatnote
- c. Packing list

III.1.2.3.4 Thereafter, the same step shall be followed as in regular importation.

III.1.2.3.5 If the raw materials were verified to be completely consumed the seller may effect cancellation of bond and liquidation of entry on the basis of sales by submitting the following:

- a. Receipt of payment covering the sale
- b. Certificate of Identification
- c. Boatnote covering transfer
- d. Summary of usage of raw material
- e. Certificate of liquidation of raw materials

III.1.2.3.6 Processing of bond cancellation shall be in accordance with paragraph III.1.5 hereof.

III.1.2.4. Transfer/Sale of Semi-Finished/ Finished Products Between Accredited Members Belonging to the Same Customs Common Bonded Manufacturing Warehouse

III.1.2.4.1. General Consideration

- a. The transfer/sale between of accredited members belonging to same CCBMW shall not be used to extend the original period of production and exportation counted from the date the imported materials are received by the CCBMW Operator.
- b. Only semi-finished/finished products which had undergone processing/manufacture by one member may be transferred/sold without the payment of duty to another member belonging to the

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- same CCBMW, provided that the transferee/buyer member shall further process the same or use them as inputs, holders, coverings or containers of its own semi-finished/finished products for subsequent exportation.
- c. Subsequent transfer/sale by the first transferee/buyer member to another member is not allowed.
 - d. The transfer/sale shall be subject to the approval of the District Collector who exercises jurisdiction, supervision and control over the CCBMW.
 - e. The CCBMW and the transferee/buyer member shall be jointly responsible for the liquidation of the warehousing entries covering the products transferred/sold.
 - f. Transfer of materials required for garment manufacturing shall be subject to the rules and regulations and approval of the GTEB.

III.1.2.4.2. Procedures

- a. The members intending to have the transfer/sale shall duly inform their CCBMW Operator who shall secure the approval of the District Collector.
- b. The copies of the approved transfer/sale shall be furnished the Chief operating division concerned or equivalent unit or FTI Customs office and CCBMW operator.
- c. The article to be transferred/sold shall be examined/identified by a Customs Examiner. For this purpose, the Customs Examiner, shall accomplish and sign the Certificate of Identification, accompanied with commercial invoice and packing list, among others.
- d. The transfer shall be underguarded by the Customs Guard assigned thereat or by the accountable officer of the operator and covered by a Boatnote and the receipt of the articles shall be acknowledged thereon.
- e. In case the articles shall be trans-

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ferred to the collection district other than where the CCBMW is licensed, the following operational procedures shall be further observed:

- e.1 The District Collector concerned shall send a telegram to the District Collector of the Port where the shipment is to be transferred/sold advising the latter of the following:
 - a. Nature and quantity of shipment
 - b. Container number/marks
 - c. Bill of lading number
 - d. Carrying vessel/aircraft
 - d. Names of transferor, transferee and CCBMW among others.
- e.2 The transfer shall be in accordance with paragraph III.1.2.3.2 hereof and receipt of which shall be acknowledged by the Deputy Collector concerned and a telegram to the District Collector where the goods originate.

III.1.2.4.3 Reconciliation of Imported materials and Liquidation of Entries. The processing of bond cancellation shall be in accordance with paragraph III.1.5 hereof, provided that the export documents of the transferee/buyer shall be used for the liquidation of entries of the CCBMW for the account of both members.

III.1.3 Exportation

III.1.3.1 Operator/Representative

Before the articles are prepared for export, the operator shall give due notice in writing to the Warehousing Assessment Division of the scheduled date of examination at least two (2) days prior to the expected time of loading.

III.1.3.2 Warehousing Assessment Division (Customs Examiner)

- a. The Customs Examiner shall perform the following :
 - examine the finished products for export
 - sign the certificate of identification, Annex "I", over the printed name

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- in case of open bonded warehouse, supervise the stuffing of export articles to the container and seals it.
 - submit export declaration to the export division
- b. Distribute copies of Certificate of Identification to the different offices concerned by official messenger within twenty four (24) hours after signing the CI as follows:
- original - inspector
 - duplicate - warehouseman, if any
 - triplicate - operating division concerned or equivalent unit
 - quadruplicate - Export Division (for its file and future reference)

III.1.3.3 Warehouseman

a. The Warehouseman shall:

- supervise the packing and loading to ensure that only the correct quantity of the finished products examined and identified shall be loaded for export.
- affix on the container/crates the export seal provided for the purpose.
- prepare the boatnote describing thereon all particulars relating to the finished products to be exported and indicating the export seal number.
- stamp the export declaration covering the exportation with "EXPORTATION UNDER SECTIONS 2001-2004"

III.1.3.4 Customs Guard

a. The Customs Guard shall:

- escort/underguard the transfer from the warehouse to the port of loading the export cargoes covered by boatnote .
- deliver export cargoes to the inspector on board/CCCD stuffing supervisor.
- ensure that the export cargoes are properly received.

III.1.3.5 Export Division

- The Trade Control Examiner shall process

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the export documents and, if, in order, the Chief Export Division or his authorized representative shall sign the authority to load copy (blue copy) of the Export Declaration. If the export products require clearance from another government agency, (ex. - garment-STED), such clearance shall be secured first before processing the Export Declaration, in addition shall also:

- transmit the authority to load copy (blue copy) of the Export Declaration by official messenger to PID/CCCD which shall serve as the authority for the Inspector on board the vessel/stuffing supervisor to load the cargoes described in the document.

III.1.3.6 PID Inspector/CCCD Stuffing Supervisor

III.1.3.6.1. The Inspector assigned on board/stuffing supervisor if conventional or containerized as the case may be shall receive by signing on the boatnote over his printed name after ascertaining that the export seal and the packages are in order.

III.1.3.6.2. The Inspector on board/stuffing supervisor shall immediately report to the Chief, Export Division if the cargo is found to be tampered or export seal broken.

III.1.3.6.3. The inspector on board/stuffing supervisor shall further perform the following:

- prepare the Certificate of Inspection and Loading (Annex "J").
- sign on the document only after actual loading on board the vessel.
- distribute the boatnote as follows:
 - a. original - Warehouseman/operator
 - b. duplicate - PID/CCCD for future reference
 - c. triplicate - operating division concerned or equivalent unit

III.1.3.6.4. The Inspector on board/Stuffing Supervisor shall submit Certificate of Inspection and loading within twenty four (24) hours after the departure of the vessel as follows:

- a. original - operator to be used in liquidating the entry

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- b. duplicate - operating division concerned or equivalent unit
- c. triplicate - PID/CCCD for its file and future reference

III.1.4 Disposition of Wastages, Rejects and By-Products

III.1.4.1 Payment of Duties and Taxes.

Wastages and By-products incident to the process of manufacture in said bonded warehouse may be withdrawn for domestic consumption upon payment of duties equal to the duty which would be assessed and collected pursuant to law as if such waste or by-products were imported from a foreign country.

The Operator shall apply in writing to the Collector for payment of duties and taxes of wastages, rejects and by-products incurred in the production specifying the following:

- a. Import Entry Number covering waste material/by-products
- b. Description of waste material/by-products
- c. Quantity
- d. Percentage against the total imported raw materials covered by the import entry
- e. Certification by Customs Bonded Warehouseman/Operator to the occurrence of the said wastages, rejects and by-products incident to the production of the export products.
- f. Customs Examiner (WAD) shall examine the wastages, rejects or by-products and if found to have commercial value shall recommend payment of duties and taxes otherwise shall be condemned.
- g. Once application for payment is approved by the Collector, the Central Bank Release Certificate should be submitted to the operating division concerned if necessary. Withdrawal permit covering the wastages/by-products shall then be filed with the operating division concerned or equivalent unit.
- h. The operator may opt to pay in advance the duties and taxes on wastages, rejects and by-products in the course of manufacture on the basis of the percentage of wastages

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determined and approved in the formula of manufacture.

III.1.4.2 By Re-Exportation

- a. The Operator shall likewise apply in writing to the Collector of Customs for re-exportation giving the same information and following the procedure as in III.1.4.1 above.
- b. The procedure in exportation of export products as described in Section III.1.3 hereof shall also be followed.

III.1.4.3. By Condemnation

III.1.4.3.1 The Operator shall apply in writing with the Collector of Customs a request for the disposition of wastages, together with the certification of the CBW Operator/Warehouseman as to the occurrence of said wastages, specifying the following:

- a. Import Entry Number covering waste materials, rejects and by-products
- b. Description of waste material/by-products
- c. Quantity and
- d. Balance against the total imported raw material covered by the import entry.

The Condemnation Committee determines and verifies the following:

- a. the quantity and whether wastages have any commercial value
- b. the amount of wastages is within the verified formula of manufacture

III.1.5 Liquidation of Materials, Entries and Cancellation of Bonds

III.1.5.1. Documentary Requirements to Liquidate Warehousing Entries

III.1.5.1.1 Import Documents

- a. Original warehousing entry
- b. Warehousing Permit
- c. Bill of Lading/Airwaybill
- d. Packing list/Commercial invoice

John W. Dr. Nixon

- e. Transshipment permit
- f. Boatnote

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III.1.5.1.2 Documents on Constructive Importation

- a. Original Warehousing entry
- b. Warehousing permit
- c. Invoice of the seller
- d. Boatnote
- e. Packing list

III.1.5.1.3 Export Documents

- a. Statement of Liquidation (Reconciliation of raw materials) Annex "K"
- b. Outward Bill of Lading/Airway Bill
- c. Certificate of Identification
- d. Certificate of Inspection and Loading
- e. Boatnote

III.1.5.1.4 Documents of Constructive Exportation

- a. Receipt of payment covering the sale
- b. Outward Bill of Lading/Airwaybill
- c. Certificate of Identification
- d. Boatnote covering transfer
- e. Certificate of Liquidation of raw materials

III.1.5.2. Liquidation Process::

III.1.5.2.1 Operator/Representative shall submit:

- a. Statement of Liquidation of raw materials,
- b. Bill of lading/AWB

III.1.5.2.2 Operating Division Concerned

- a. The Account Officer assigned shall file a request for retrieval of the original working copy of warehousing entry and its attachments from Warehousing Documentation and Records Division. Thereafter, he/she shall compute, review and liquidate application for liquidation of raw materials in accordance with the established formula(s) of manufacture, within (15) days from the date of receipt of said application.
- b. In case of partial liquidation the

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statement shall be forwarded direct to the Bonds Division which shall act on the request within three (3) days upon receipt thereof.

- c. In case of full/final liquidation, the Statement of Liquidation shall be forwarded by the concerned Warehouse Operating Division to Liquidation and Billing Division for liquidation of the entry.

III.1.5.2.4 Liquidation and Billing Division

The Liquidation and Billing Division shall liquidate the entry within five (5) days and forward the documents to the Bonds Division.

III.1.5.2.4 Bonds Division

The Bonds Division shall cause the cancellation of the corresponding bonds within three (3) days and notify the CBW Operator/Exporter and the operating bonded warehouse division concerned. The notice of cancellation shall also be posted on the Bulletin Board of the Bonds Division.

III.2 PUBLIC/PRIVATE BONDED WAREHOUSE

- III.2.1 Importation - the procedures/steps provided under paragraph III.1.1 to III.1.1.8 hereof shall be followed except those transferred to the bonded warehouse which shall be underguarded.

III.2.2 Withdrawal for Domestic Consumption

Articles entered in a Public/Private Bonded Warehouse shall be withdrawn only upon payment of duties and taxes and other charges by presenting a duly approved withdrawal permit. The application for withdrawal shall be filed with the Public/Private Bonded Warehouse Division or equivalent unit in the Collection District concerned. Except as provided herein and for highly meritorious reasons such as the closure of the warehouse, no withdrawal of goods for transfer to another public/private warehouse shall be allowed. For those that may be allowed, the Collector of the Port concerned shall ensure that the transfer, is properly reflected in the books of the warehouse concerned and in the books of the Central Office.

III.2.3 Liquidation of Entries and Cancellation of Bonds

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III.2.3.1 Documentary Requirements.

- Withdrawal Permit
- Official Receipt evidencing payment of advance deposit with the bank
- Official receipt showing final payment of duties and taxes
- Central Bank Release Certificate

III.2.3.2 Liquidation Process -

III.2.3.2.1 Operator/Representative

- a. Submits above documents to Public/Private Bonded Warehouse Division

III.2.3.2.2 Public/Private Bonded Warehouse Division or equivalent unit

- a. Upon receipt of above documents from the operator/representative, records evidence of payment of duties and taxes in the log book.
- b. Prepares notice of cancellation of warehousing bonds and forwards it to Liquidation Division.

III.2.3.2.3 Liquidation and Billing Division

- a. The Liquidation and Billing Division shall liquidate the entry within five (5) days. If found in order forwards the document to the Bonds Division.

III.2.3.2.4 Bonds Division

The Bonds Division shall cause the cancellation of the corresponding bonds within three (3) days and notify the CBW Operator/Exporters and the Public/Private Bonded Warehouse Division or equivalent unit. The notice of cancellation shall also be posted on the Bulletin Board of the Bonds Division.

III.3 MULTINATIONAL REGIONAL BONDED WAREHOUSES

III.3.1 Importation

The procedures/steps provided under paragraph III.1.1 to III.1.1.8 hereof shall be followed.

III.3.2 Withdrawal for Repacking, etc.

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III.3.2.1 Work/Repacking of Imported Articles- For the purpose of preparing for re-exportation or for release for local consumption, imported articles maybe repacked, covered, put up, marked, labeled, cut or otherwise altered to meet the customer's specification, but not manufactured. The request to be filed by the Regional Warehouse Operator and the authority/permission by the Collector shall be accomplished in Requisition Slips and shall specify the following:

1. The articles/materials subject of the request.
2. Quantity and value
3. Warehousing entry number covering the materials.
4. Bill of lading or other shipping documents.
5. The kind of work intended to be applied on the articles and the purpose thereof.

III.3.2.2 Submission of Patterns/Sketches- For proper identification of articles which are altered or otherwise subjected to work manipulation to meet customer's specification, the patterns, sketches, or formula of such cutting, alteration or mark shall be submitted together with the request to the Collector of Customs who may order actual verification.

III.3.2.3 Report on Work Performed - When goods are repacked covered, put up, marked, labeled, cut or otherwise altered to meet the manufacturer's specification, the Customs Officer or his assistant shall make report to the Collector of Customs on the work done. The Appraiser concerned shall determine the value of the articles.

III.3.2.4 Restrictions on repacking:

- a. No repacking shall be permitted which will involve manufacture of the stored imported article, or for the purpose of obtaining a lower rate of duty for local consumption nor shall any packaging or labeling be permitted which will mislead or confuse the consumer as to the source or country of origin of the article.
- b. No work shall be permitted if the contents of one package is less than that as entered.
- c. No work shall be allowed if it would result in confusion of the records of the warehouse and in the loss of customs revenue or violation of any Philippine laws.

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III.3.3 Withdrawal for Local Consumption

Withdrawal of articles for domestic use may be allowed to fill up orders or contracts of sale, distributors or indentors and the head office or parent company of the regional warehouse to the extent as may be authorized by the BOI. Such withdrawal shall, in no case, exceed thirty (30%) per cent of the value of the goods it has brought into the Philippines in any given year except spare parts or manufactured components which are sold to and used by international carriers in connection with the rendering of services abroad or in the international routes (e.g. shipping, airlines companies) subject, however, to the payment of taxes, duties and other charges due thereon.

III.3.4 Exportation

The procedures/steps in the exportation of goods repacked in multinational regional bonded warehouse shall be in the same manner as in paragraph III.1.3 hereof.

III.3.5 Liquidation of materials, entries and cancellation of bonds

III.3.5.1 Documents required

The same documents required under paragraph III.1.5.1 hereof.

III.3.5.2 Liquidation Process - the procedures/steps in the liquidation of materials, entries, and cancellation of bonds shall be in the same manner as in paragraph III.1.5.2 hereof.

IV. RENEWAL OF LICENSE

The license to operate a bonded warehouse shall be valid for two (2) years from date of issuance of the license, renewable every two (2) years thereafter.

IV.1. Application for renewal.

Within sixty days (60) before the expiration of the authority/license to operate a CBW, the operator shall file with the District Collector an application for renewal (Annex "L" - Renewal Form) and accompanied with the following:

- annual stock inventory (Annex "M") indicating thereon their respective ages
- proof of payment of the current warehousing fee
- updated amount and kind of bonds
- the revised formula of manufacture, in case of changes from that originally submitted.

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IV.1.1 Full disclosure of the information indicated in the application form is mandatory under pain of administrative and/or criminal prosecution, or disapproval of the application whichever may be just and appropriate.

IV.1.2. Clearances shall be secured by WDRD from the following offices not later than seven (7) days from notice by the WDRD.

IV.1.2.1. The operating division concerned (PPBWD, GTMBWD, or MMBWD);

IV.1.2.2. Warehouse Inspection Division;

IV.1.2.3. Warehouse Documentation and Records Division;

IV.1.2.4. Liquidation and Billing Division;

IV.1.2.5. Collection Division;

IV.1.2.6. Law Division;

IV.1.2.7. Legal Service;

IV.1.2.8. Customs Intelligence and Investigation Service;

IV.1.2.9. Enforcement and Security Service, and

IV.1.2.10. Collection Service.

Any Division or Service that fails to comply within the prescribed period shall be deemed, ipso facto, to have no derogatory information or record on the applicant's accountability. Should the contrary be the case, the Division or Service Chief concerned shall be held solely responsible and answerable therefore.

IV.2 Approval of Application for renewal.

The application shall be approved by the Commissioner upon favorable recommendation of the District Collector having jurisdiction over the bonded warehouse.

IV.3 No renewal of authority/license to operate a CBW shall be given unless upon certification or clearance duly issued that the applicant has no outstanding obligation or liability whatsoever, monetary or otherwise, with the Bureau of Customs.

IV.4 Failure to file an application for renewal within the prescribed period shall automatically render the CBW subject to closure proceedings.

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V. CLOSURE OF BONDED WAREHOUSE

- V.1. A customs bonded warehouse may be closed by the District Collector with the approval of the Commissioner of Customs for any or all of the following grounds:
- a. Failure to file application for renewal.
 - b. Filing an application for renewal found to contain false information.
 - c. Being inactive for at least one (1) continuous year, i.e., no importation, or if there is one, no corresponding legal withdrawal of imported goods or exportation of finished products.
 - d. Upon written request of the CBW operator.
 - e. Violation of Customs rules and regulations.
- V.2. Based on the existence of any of the grounds for closure, the District Collector of Customs shall issue a closure order. (Annex "N". Closure Order Format.)
- V.3. Upon the issuance by the District Collector of the closure order, the Chief of the Warehousing Inspection Division shall immediately close the CBW by sealing and putting it under guard on a twenty four hour basis at the operator's expense.
- V.4. Upon receipt of the closure order, the CBW operator shall immediately surrender to the Chief of the CBW division concerned all the books, records, and other documents relative to and required for the operation of the CBW.
- V.5. The Chief of the CBW division concerned shall immediately cause a complete inventory of all imported articles, raw materials, goods-in-process, and finished products. The inventory shall indicate, among others, the corresponding entries.
- V.6. The Chief of the CBW division concerned shall determine the extent of the accountability or liability of the CBW operator.

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- V.7 All goods inventoried in the CBW shall be transferred to the security warehouse of the Bureau of Customs, unless the duties, taxes and other charges are paid thereon. Pending the transfer of the goods to the security warehouse, the expenses for the round-the-clock security under guard and the storage of the goods at the CBW shall be for the account of the concerned operator.
- V.8 Immediately upon closure no warehousing fee shall be collected; fees already collected shall not be refunded.
- V.9 The payment by the CBW operator of his secondary accountabilities or liabilities shall be without prejudice to any other liability, administrative, criminal or otherwise, which shall subsist.

VI. TRANSITORY PROVISION

- VI.1 All bonded manufacturing warehouse operators presently operating under the close bonded manufacturing scheme may avail of the privilege under the open bonded manufacturing warehouse scheme by submitting a letter application to the District Collector through the operating division concerned accompanied with the following:
- a. proof of payment of current warehousing fee
 - b. designation of accountable officer whose position should not be lower than a manager.
 - c. certification that there are no overstaying materials nor export overruns inside the warehouse.
- VI.2 Operating Division Concerned or Equivalent Unit

This Office shall perform the following:

- a. evaluate the application unless there is an evaluation committee
- b. ensure that the account is current
- c. recommend to the Commissioner thru proper channel for final approval.

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VII. REPEALING CLAUSE

VII.1 The following Customs Memoranda are hereby repealed: Customs Memorandum Order Numbers 11-80, 20-82, 8-82, 31-82, 36-82, 10-85 and 27-85. Other Customs Memoranda inconsistent herewith are also modified, amended and/or superseded accordingly.

VIII. EFFECTIVITY CLAUSE

This order shall take effect immediately.

Salvador M. Mison
SALVADOR M. MISON
Commissioner

DATE APPROVED: April 29, 1991

Annexes:

- A - Application Form
- B - Feasibility Study
- C - Inspection Report
- D - Duties of CBW Personnel
- E - Duties of CBW Operator
- F - Operator's Logbook
- G - Requisition Slip
- H - Production Report
- I - Certificate of Identification and Examination
- J - Certificate of Inspection and Loading
- K - Certificate of Liquidation of Raw Material
- L - CBW Renewal Form
- M - Inventory of Raw Materials
- N - Closure Order

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ANNEX "A"

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APPLICATION TO OPERATE A CUSTOMS BONDED WAREHOUSE
(Can be used also for Accreditation as Subcontractor
Membership to Common Bonded Warehouse)

NAME OF FIRM : _____
ADDRESS: OFFICE : _____ TEL. NO. _____
PLANT : _____ TEL. NO. _____

Nature of Bonded Warehouse applied for:

- Manufacturing
- Garment
- Miscellaneous
- Common
- Private
- Public
- Multinational
- Subcontractor/membership
- Sub-contractor
- Membership

Kind of Business Entity:

- Corporation
- Partnership
- Single Proprietor

FOR PARTNERSHIP/SOLE PROPRIETORSHIP:
CAPITAL OF PARTNERSHIP/SOLE PROPRIETOR:

Name & Tax Acct Number	Nationality	Country Of Residence	Capital Amt In Peso Value
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

FOR CORPORATION:

	No. of Shares	Value of Shares
Authorized Capital Stock	_____	_____
Subscribed Capital Stock	_____	_____
Paid up Capital Stock	_____	_____

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Majority Stockholders:

Name & Tax Acct. No.	Nationality	No. of shares held	
		Subscribed	Paid Up
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----

Board of Directors:

Name & Tax Acct. No.	Nationality	No. of shares held	
		Subscribed	Paid Up
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----

Name of Principal Officers:

Name & Tax Acct. No.	Nationality	Position
-----	-----	-----
-----	-----	-----
-----	-----	-----
-----	-----	-----
-----	-----	-----

Raw Materials/Articles Proposed to be Imported:

-----	-----
-----	-----
-----	-----
-----	-----

List of Business Affiliations of Applicant/Partners/Majority Stockholders:

Name	Business Affiliations	Position
-----	-----	-----
-----	-----	-----
-----	-----	-----

CHECKLIST OF DOCUMENTS TO BE SUBMITTED

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1. A copy of Certificate of Registration with the SEC certified by the Corporate Secretary.
2. Photo copies of Articles of Incorporation, By-Law or Articles of Partnership.
3. Certificate of Registration with the Bureau of Domestic Trade if a sole proprietorship.
4. Instrument of evidencing absolute ownership or lease contract covering the proposed warehouse (if lease, contract must have a minimum period of 1 year).
5. Plant location showing means of access to the property.
6. Plant layout showing and describing the size and construction of the proposed warehouse together with the intended use of each compartment.
7. Mayor's permit for the building.
8. Audited or Interim Financial Statement for the last two years immediately preceding the date of application. (Preferable the copy submitted to BIR)
9. Applicant's Income Tax Return for the last two years immediately preceding the date of application. If a corporation/partnership, in addition, the income tax return of the majority stockholders/partners during the same period.
10. List of machineries and equipment.
11. Project feasibility study. For purposes of uniformity, and as far as proacticable, the feasibility study shall be in the format shown in Annex "B".
12. Proof of Investment or inward remittance by foreign investors/bank certification.
13. List of raw materials to be imported.
14. Formula of manufacture certified by Industrial Technology Development Institute. In case of Garments, The formula approved by GTEB.
15. Patterns or sketches of the products to be manufactured. In case of garments, the pattern or sketches approved by the GTEB.
16. Clearances from the offices or equivalent unit of the port having jurisdiction over the warehouse to be secured by the WDRD within ten (10) working days from receipt of application, If under FTI also an indorsement by FTI Collector.

NOTE: All photocopies must be certified by the Applicant.

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If application is to operate a Common Bonded Manufacturing Warehouse, nature and rate of service offered _____

This is to certify that I have read CAO 2-91 relative to the establishment and operation of bonded warehouses and the rules and regulations implementing it. I certify further that the above information are true and correct.

Done in the City/Province of _____ this _____ day of _____, 199__.

Applicant

Republic of the Philippines)
City/Province of _____) S.S.
Municipality of _____)

Subscribed and sworn to before me this _____ day of _____ 199__ in the City/Province of _____ affiant exhibited his Residence Certificate No. _____ issued at _____ on _____

Notary Public
Until December 31, 199__

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

(Customs Documentary Stamp)

(Reproduction Authorized)

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FEASIBILITY STUDY

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I. ORGANIZATIONAL ASPECT:

1. Management Structure;
2. Description of important functions; names and qualification of personnel performing them;
3. Description of administrative procedures and controls.

II. FINANCIAL ASPECT:

1. Project cost and sources/s of financing;
2. Income and cost of sales statement;
3. Balance Sheet;
4. Cash Flow Statement.

III. TECHNICAL ASPECT:

1. Formula of manufacture involved and specific quality control measures;
2. Expected annual volume of production;
3. Machineries and equipment required;
4. Number of personnel; production and personnel;
5. Foreign personnel, if any, position and function.

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Annex "C"

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COMPLIANCE WITH STRUCTURAL REQUIREMENT FOR CUSTOMS BONDED WAREHOUSE

FIRST NAME _____
ADDRESS: OFFICE _____ Plant: _____
Tel. No. Office: _____ Plant: _____
Nature of Bonded Warehouse applied for: _____

Table with 3 columns: Item description, YES, NO, COMMENTS/ OTHER DESCRIPTION. Rows include: 1. Accessibility of plant location, 2. General Description of Warehouse, 3. Compartment for, 4. Production Area, 5. Machineries, equipment apparatus installed.

DESCRIPTION: (Use separate sheet if necessary)
6. Recommendation: _____

INSPECTED BY:

(Signature on top of printed name)
Date _____

NOTE: MUST BE ACCOMPLISHED TYPEWRITTEN

DUTIES OF PERSONNEL ASSIGNED TO A CBW

1. CBW WAREHOUSEMAN

- 1.1. Receives and maintains complete and detailed records of all cargoes entered in the warehouse.
- 1.2. Checks with the Central Office all records once every two weeks the shipments authorized transferred to the warehouse to determine the shipments that have not been received at the warehouse and shall report such missing shipments to his Collector of Customs.
- 1.3. Allows withdrawals only if authorized by his Collector of Customs. In this connection, the CBW officer shall conduct, at least once a month, a physical and records inventory of the warehouse and shall report to his Collector of Customs any importations that have been illegally withdrawn, as well as importations that have remained after the allowable maximum period of storage.
- 1.4. Supervises the storage of cargoes in the warehouse in such a manner that the cargoes may be immediately located during spot examinations, and regular inventories.
- 1.5. Sees to it that no alteration or change in the location, layout, and construction of the warehouse are effected without the prior approval of his Collector of Customs.
- 1.6. Sees to it that the storage requirements of the cargoes in the warehouse are satisfied. He shall report to his Collector of Customs situations where cargoes are not properly stored which may lead to their deterioration and/or loss.
- 1.7. Extends all possible assistance to examiners, inspectors and spot check teams that may call on the warehouse for the purpose of undertaking an examination and inventory of cargoes stored therein.
- 1.8. Reports to his Collector of Customs any violations of Customs rules and regulations regarding the operation of a CBW that comes to his attention.
- 1.9. Performs such other duties as may be assigned to him by his Collector of Customs.
- 1.10. Sees to it that the duplicate keys to the two locks of the CBW are submitted to his Collector of Customs. He shall keep the key to one of the two locks of the CBW. (The key to the other lock is kept by the CBW operator.)

2. STOREKEEPER

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- 2.1. His duties are similar to the Warehouseman as described in paragraph 1. He shall also assist in the performance of the duties prescribed for the Warehouse Inspector in paragraph 4.

3. CUSTOMS GUARD

- 3.1 Sees to it that only those cargoes authorized withdrawn by his Collector of Customs are taken out of the CBW.
- 3.2 Examines regularly the warehouse and its surrounding premises, and reports to his Collector of Customs and to the CBW operator's management the weaknesses and/or threats to the security of the cargoes and the warehouse.
- 3.3 Reports to his Collector of Customs any violation of Customs rules and regulations that comes to his attention.

4. WAREHOUSE INSPECTOR

- 4.1 Assists the District Collector in evaluating the application of the proposed CBW.
- 4.2 Conducts periodic and unannounced physical and records inventory of the warehouse assigned to him at least once every three (3) months for the following purposes:
- 4.2.1 Determine if there are illegally withdrawn shipments.
- 4.2.2 Determine if there are cargoes that have exceeded the allowable maximum period of storage in the CBW.
- 4.2.3 If there are illegally withdrawn and overstaying shipments, determine if these have been reported by the CBW Officer or Assistant CBW Officer as required of them. If no such report has been made, he shall report to the Collector of Customs the oversights and discrepancies.
- 4.2.4 Check on the adequacy, completeness and accuracy of the recordings done by the CBW Officers.
- 4.2.5 Check if the warehouse is manned by CBW Guards of Customs personnel.
- 4.2.6 Determine compliance by the operator to all Customs rules and regulations on bonded warehouse operations.

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- 4.3 Recommends improvements of CBW facilities and stock filing in order to insure the safekeeping of the cargoes stored thereat.
- 4.4 Renders a report of findings, comments and recommendations on paragraphs 4.1 and 4.2 above within one (1) week from date of mission order.
- 4.5 Perform such other related functions as the Collector of Customs may direct.

5. ACCOUNT OFFICER

- 5.1 Receives and maintains complete and detailed records of all cargoes entered in the warehouse similar with that of the CBW Warehouseman;
- 5.2 Receives and records requests from CBW operators and recommends appropriate action to their respective CBWD Chiefs relative to the following request
 - 5.2.1 In sub-contracting
 - 5.2.1 In extension of storage period
 - 5.2.3 In disposition of wastages
- 5.3 Receives and reviews application for liquidation of raw materials in accordance with established formula of manufacture based on standard consumption of raw materials and recommends appropriate action thereon after ascertaining that the documents are complete and in order.
- 5.4 Submit list of outstanding unliquidated and overstaying accounts of bonded warehouses to the Division Chief.
- 5.5 Submits monthly report on the total number of entries processed for liquidation of raw material/total number of entries processed with corresponding duties and taxes to be paid to the Division Chief.

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ANNEX "E"

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DUTIES OF CBW OPERATOR

1. Complies with all Customs rules and regulations governing the operation of CBW.
2. Presents evidence of payment of duties, taxes and other charges to the Customs Warehouseman before making any withdrawal from the warehouse.
3. Physically secures the warehouse in order to prevent pilferage, unauthorized withdrawals, and loss of cargoes through fires, floods, and other such occurrences.
4. Indemnifies the Bureau of Customs of the duties and other charges on the cargoes entered into the warehouse which were lost or destroyed, damaged, pilfered or stolen while in storage.
5. Maintains at all times in his place of business, and makes available for inspection books of accounts and other records as may be prescribed by the Bureau of Customs.
6. Maintains, for references and record purposes, Account Record Book, Stock Record Card per Entry/Shipment at the storeroom, Statements and Reconciliation of Raw Materials under oath, periodic report of Material Usage and Inventory Report (Customs Warehouse Form No. 66-1).
7. Pays to the Collector of Customs at the port concerned such fees as may be fixed by appropriate regulations for the supervision and operation of the CBW. He shall also remit to the Collector of Customs the overtime pay for overtime services rendered by customs personnel assigned to the CBW.
8. Extends assistance to examiners, inspectors, inventory teams, and other authorized customs personnel who may be sent on mission orders to conduct examinations and/or physical and records inventory of cargoes stored in the CBW.
9. Provides the necessary office space, equipment and supplies to customs personnel assigned to the CBW.
10. Keeps the key to one of the two locks of the CBW.

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- 3.2. Unpaid accounts (duties and taxes, indicate amounts and corresponding entry number/s):
- 3.3. Cargoes/materials which have overstayed (indicate CBW No., description of cargoes/materials, corresponding entry Nos. and peso volume) beyond the reglementary period:
- 3.4. Finished/Unfinished products not yet exported beyond the reglementary period:
- 3.5. Transhipments effected not covered by bond:
4. Scheduled of importations (indicate under FREQUENCY whether weekly, monthly, quarterly, semi-annually or whatever):

FREQUENCY	DESCRIPTION OF IMPORTED MATERIALS/EQUIPMENT	PESO VOLUME
-----------	---	-------------

(Use separate sheet as necessary)

5. Locally purchased materials and supplies:

DESCRIPTION	QTY USED PER UNIT OF PRODUCT	PESO COST PER UNIT OF RAW MATERIAL
-------------	------------------------------	------------------------------------

(Use separate sheet as necessary)

UNDERTAKING

Applicant has read all pertinent Customs and related rules and regulations and hereby undertakes and commits itself to faithfully abide thereby and all the terms and conditions of the bonds posted in connection herewith:

Applicant HEREBY SOLEMNLY DECLARES, under pain of perjury, that the information herein contained and in the document submitted herewith are true and correct. It is hereby understood that any misrepresentation, false statement, non-disclosure of any material information herein required and/or any violation of any Customs law, rules and regulations by the undersigned operator/firm or any of its officers/directors in connection with

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this application as well as the operation of our CBW's shall be ground for the disapproval hereof and/or the cancellation or revocation of our authority, license to operate a CBW, without prejudice to any administrative/criminal prosecutions may be proper.

(Operator/Company Name) By: _____
(Owner/President/Gen. Manager)
Signature over printed name
Affiant

TAN _____

Complete address: _____ Position _____

Tel Nos. _____

REPUBLIC OF THE PHILIPPINES)
CITY/PROVINCE OF _____) S.S.
MUNICIPALITY OF _____)

SUBSCRIBED AND SWORN to before me this _____ day
of _____ 19 _____, in the City/Municipality of _____
Province of _____, Affiant exhibited to me
his Residence Certificate No. _____, issued at _____
on _____.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of 19 _____

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Annex "H"

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PRODUCTION REPORT

NO. _____
PER REQUISITION SLIP NO. (S) _____
CBW NO. _____

DATE _____

MAIN PRODUCTION:

DESCRIPTION

QUANTITY & UNIT PRODUCED

BY-PRODUCTS/REJECTS

WASTAGE

UNUSED RAW MATERIALS, IF ANY

DESCRIPTION : QUANTITY & UNIT :
: :
: :
: :
: :
: :

DESCRIPTION : QUANTITY & UNIT :
: :
: :
: :
: :
: :

VERIFIED BY:

PRODUCTION MANAGER

(CUSTOMS STOREKEEPER)

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ANNEX "1"

Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS

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CERTIFICATE OF IDENTIFICATION

MANUFACTURER/EXPORTER : ADDRESS

CONSIGNEE : ADDRESS

AIRCRAFT/VESSEL : REGISTRY NO : DATE OF : NO OF PKGS/CONTR
: : DEPARTURE :

ENTRY NO. & SERIES	MAT. CATE GORY	DESCRIPTION	QUANTITY EXPORTED	UNIT HCV	TOTAL HCV
:	:	:	:	:	:
:	:	:	:	:	:
:	:	:	:	:	:
:	:	:	:	:	:
:	:	:	:	:	:

Value of Materials \$ _____ P _____ : CERTIFIED CORRECT:

Labor Cost P _____ : CBW OPERATOR:
Overhead Cost _____ : SIGNATURE _____

TOTAL PRODUCTION COST P _____ : Printed Name _____
: Date _____

All cartons sealed and stamped in my presence. : Verified against formula of manufacture
: Compared against swatches

CBW OFFICER: : _____ No. of cartons examined

SIGNATURE _____ : TRADE CONTROL EXAMINER:
Printed Name _____ : Signature _____
Date _____ : Printed Name _____
: Date _____

(Note: In case of Open Bonded this portion must be accomplished by the Customs Examiner) :

Distribution:
Original - Attached to Entry Triplicate - Operator
Duplicate - Warehouse Assessment Division Quadruplicate - PID/ICCO
Quintuplicate - Bonded Whse.

5011
"J"

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

CERTIFICATE OF INSPECTION AND LOADING

MANUFACTURER/EXPORTER : ADDRESS

NAME OF CONSIGNEE : ADDRESS

NAME OF AIRCRAFT/VESSEL: REGISTRY NO. : BL/AWB : DEPARTURE

: NO. OF : TOTAL
: PACKAGES: NO OF PCS

: :
: :
: :
: :

CERTIFIED CORRECT : VERIFIED, AND COMPARED : EXPORT
: AGAINST CERTIFICATE : ENTRY NO.
: OF ID NO. :

CBW OPERATOR : I CERTIFY AS TO THE COMPLETE LOADING
: OF ABOVE CARGOES ON BOARD VESSEL/
: AIRCRAFT
: FOR EXPORTATION.

:
:

: D A T E : CUSTOMS INSPECTOR ON BOARD/CCCD-
: IN-CHARGE.
: M : D : Y :

TAN : CBW NO. : DATE :
: M : D : Y
: : :
PRINT NAME & SIGN : : :

Distribution:
Original -- Operator
Duplicate -- Bonded Warehouse Service
Triplicate -- BMWD
Quadruplicate -- PID/ICCO

5/11

CERTIFICATE OF LIQUIDATION OF
RAW MATERIALS.

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Of the entry covering merchandise imported by _____
for manufacture and re-export.

Import Entry No. :	_____	Bond No.	_____
Description of Raw Material(s)	_____	Surety Amount	_____
Importing Vessel	_____	Date	_____
Registry No.	_____		
Bill of Lading No.	_____		

EXPORT INV. NO. :	EXPORT ENTRY :	DATE :	VESSEL :	B/L :	DESCRIP TION :	QUAN. TITY :	REMARKS
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"
:"	:"	:"	:"	:"	:"	:"	:"

DATE: _____ 19__

(Printed Name and Signature
of Bonded Manufacturing
Warehouse Operator)

C E R T I F I C A T I O N

I, _____,
of the Bureau of Customs,
Republic of the Philippines
do hereby certify that I
have fully verified the
documents relative to the
above-listed exportation
and found them to be true
and correct.

Done in _____,
Philippines this _____
day of _____ 19__.

I, _____,
of the Bureau of Customs,
Republic of the Philippines do
hereby certify that I have
verified the material usage of
the above-listed exportation
and found them to be true and
correct.

Done in _____,
Philippines this _____
day of _____ 19__.

DOCUMENT PROCESSOR

TECHNICAL STAFF

* NOTE: If the list of raw materials covered by this entry cannot
be fully described in the allotted space, please use the back
page/or additional page.

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ANNEX "L"

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APPLICATION FOR RENEWAL OF
AUTHORITY TO OPERATE

The District Collector
Port of _____

S i r:

The undersigned, _____,
(Operator/Company Name)
operator of:

CBW No.	EXPIRATION DATE	EXACT LOCATION/ADDRESS
_____	_____	_____

(List all CBW's operated, whether authority/license expiring or not and use separate sheet as necessary.)

Pursuant to CAO No. _____, HEREBY respectfully applies for the renewal of our authority/license to operate CBW No. _____ which expires on _____.

Under pain of the proper administrative/criminal prosecution, and/or disapproval of this application, we hereby FULLY and TRUTHFULLY disclose as follows:

1. Names of all principal officers and directors:

CURRENT	IN PREVIOUS YEARS/S

(Use separate sheet as necessary)

2. Current principal officers and directors who are also officers and directors of other firm/s operating a CBW:

NAME	CBW NO./FIRM NAME & ADDRESS/LOCATION

3. Outstanding obligations/liabilities/accounts:

3.1. Unliquidated bonds (indicate name of bonding company, and amount of bonds):

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ANNEX "M"

STOCK INVENTORY REPORT

ABC MANUFACTURING CO

CBW NO. _____

As of December 31, 19__

53.11

RAW MATERIALS

Import Entry No.	Date Received	Description	Qty	Location
:	at Warehouse	in detail	:	:

:	:	:	:	:
:	:	:	:	:
:	:	:	:	:
:	:	:	:	:

FINISHED PRODUCTS (including Export Overruns)

Import Entry No.	Date Recorded	Description	Qty	Location
:	at Warehouse	in detail	:	:

:	:	:	:	:
:	:	:	:	:
:	:	:	:	:
:	:	:	:	:

WASTAGES, REJECTS AND BY-PRODUCTS

Import Entry No.	Date Recorded	Description	Qty	Location
:	at Warehouse	in detail	:	:

:	:	:	:	:
:	:	:	:	:
:	:	:	:	:
:	:	:	:	:

This is to certify that the above information are true and correct as of the above date.

XYZ

Accountable Officer
Designation

Date _____

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ANNEX "N"

Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
Manila

In the matter of Closure of
CBW No. _____, Closure Case No. _____
_____, Operator _____

O R D E R

Pursuant to CMD _____, and in view of the viola-
tion(s) by the operator of CBW No. _____ committed as
follows:

the Chief, Warehousing Inspection Division is hereby direct-
ed to effect closure of said CBW by sealing the same to
prevent illegal withdrawal of any imported articles stored
therein and to protect the interests of the government. He
is likewise directed to put the said CBW under guard on a
twenty-four hours basis at the operator's expense.

Upon receipt of this order, the operator shall immedi-
ately surrender the books, record and other documents rela-
tive to and required for the operation of the CBW to the
Chief of the CBW Division concerned.

All other operational procedures provided in CMD No. _____
shall be complied with.

Let copies of this Order be furnished to all parties
concerned.

SO ORDERED.

DISTRICT COLLECTOR
PORT OF MANILA

