



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

**CUSTOMS MEMORANDUM ORDER**  
NO. 29-2009

SUBJECT: **CLEARANCE PROCEDURES FOR PASAR  
PRODUCTS WITHDRAWN FOR CONSUMPTION  
INTO CUSTOMS TERRITORY**

**1. OBJECTIVES**

1. To provide clear procedures for clearing foreign articles/products withdrawn from the Philippine Associated Smelting And Refining Corporation (PASAR), Isabel, Leyte, for consumption in Customs Territory
2. To ensure the proper collection and payment of taxes/duties due on such withdrawals, as well as the facilitation of such transactions with the Bureau of Customs

**2. SCOPE**

This Order shall cover the procedures for clearing through Customs articles/products/produce of PASAR withdrawn therefrom for consumption in Customs Territory.


**3. GENERAL PROVISIONS**

- 3.1 Customs Clearance Area – There shall be established a Customs Clearance Area (CCA) where Customs examination shall be conducted on articles/materials prior to withdrawal into Customs Territory. For this purpose, the Port Collector of the Sub-Port of Isabel shall coordinate with PASAR to delineate/identify this area.
- 3.2 Examination – All withdrawals into Customs Territory of articles/ products produce of PASAR shall be subject to Customs examination, as herein provided. The examination shall be conducted inside the CCA, unless PASAR or the buyer/importer requests that the examination be conducted in other areas within PASAR premises for justifiable reasons, subject to the approval of the Port Collector.

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- 3.3 PEZA Form 8106 – Articles/products/produce withdrawn from PASAR for consumption in Customs Territory shall be covered by a Shipment Advice and PEZA Form 8106 duly issued/accomplished by competent authority.
- 3.4 Subject to Taxes/Duties – Foreign articles or domestic articles containing foreign components may be removed from PASAR and brought to Customs Territory for consumption provided that they do not exceed the threshold allowed/permitted under existing laws, rules and regulation, and subject to payment of taxes/duties in accordance with Customs laws and regulations and with this Order.
- 3.5 Tariff Classification – The classification of foreign articles, whether or not they have been manufactured, blended or otherwise combined with domestic articles, shall be determined according to the nature, condition or make-up of such article at the time of the withdrawal from PASAR into the Customs Territory; and the corresponding tariff rate shall be applied accordingly.
- 3.6 Valuation – The value of foreign articles, or foreign article components, on which ad valorem duties and taxes are assessed, shall be determined on the basis of the transaction that brought such article from PASAR to the Customs Territory applying the existing valuation system as per Sec. 201, TCCP, as amended by RA 9135 and implemented by CAO 5-2001 and CMO 37-2001 and their amendments.
- 3.7 Policy of Self-Assessment – The taxes/duties payable on the basis of the declaration in the IEIRD shall be paid to the Authorized Agent Bank (ABB), as herein provided, prior to the filing of such entry with the Bureau of Customs, pursuant to CAO 2-1995.
- 3.8 Clearance/Exit Clearance – Articles/products/produce withdrawn from PASAR for consumption in Customs Territory shall be allowed release, and their carrying vessels shall be allowed to depart, only upon clearance by the Port Collector, as herein provided, after a review of the pertinent Shipment's/Surveyor's Report has shown no discrepancy.

#### 4. DECLARATION/PAYMENT/EXAMINATION

- 4.1 Upon issuance of Shipment Advice and PEZA Form 8106, the declarant shall secure from the Bureau of Customs an Import Entry and Internal Revenue Declaration (IEIRD) and accomplish the same according to the information given in the Shipment Advice and PEZA Form 8106 and/or his own personal knowledge.
- 4.2 On the basis of his/her declaration in the IEIRD, assess the taxes/duties due on the shipment covered by said IEIRD and make the corresponding payment to any branch of the Land Bank of the Philippines (LBP), for payment/remittance to the LBP-Ormoc Branch, to account of: 



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- 4.3 After payment, the declarant shall file with the Entry Processing Unit (EPU), Sub-Port of Isabel a complete set of the duly accomplished IEIRD, which shall have been machine-validated by the LBP to show payment, and other supporting documents.
- 4.4 The EPU reviews the submissions for their completeness, specifically as to the following:
- 4.4.1 Duly accomplished IEIRD, which shall have been machine-validated by the LBP to show payment of the taxes/duties payable as indicated in the IEIRD
  - 4.4.2 Duly accomplished PEZA Form 8106 issued by competent authority
  - 4.4.3 Shipment Advice, issued by PASAR, describing the articles, among others
  - 4.4.4 Pro-forma invoice/official receipt/sales contract or such other documents that would indicate the value of subject articles
  - 4.4.5 Such other documents as may be required to show legality of the transfer of subject articles/products to the Customs territory (i.e., if subject articles are regulated, the same must be covered by an Import Authority/Clearance from the appropriate agency)
- 4.5 The EPU shall forward the working copy of the IEIRD (machine-validated by LBP) and supporting documents to the Assessment Section, through the COO V. It shall also distribute the other copies of the IEIRD accordingly, pursuant to CMO 1-96 and its amendments.
- 4.6 The COO V shall review the declarant's assessment; if in order, he/she shall assign a COO III (Examiner) to conduct an examination of the articles/shipment; otherwise, he/she shall re-compute the taxes/duties payable before assigning an examiner.
- 4.7 The Examiner shall conduct the examination of the articles/shipment at the Customs Clearance Area (CCA) or at some other areas within PASAR premises as approved by the Port Collector pursuant to 3.2 above; and report his/her findings in writing on the appropriate space on the IEIRD. *[Signature]*

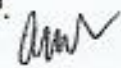
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**5. WHEN NO DISCREPANCY**

- 5.1 If upon examination, the examiner finds no discrepancy in the declaration, he/she shall forward the documents to the Cashier.
- 5.2 Upon receipt of the documents, the Cashier shall verify the payment made with the LBP and, if LBP confirms said payment, he/she shall make the proper notations of such verification on the IEIRD.
- 5.3 Upon confirmation of the LBP payment, the Cashier shall forward the pertinent documents to the Port Collector, Sub-Port of Isabel.
- 5.4 The Port Collector shall secure a Shipmate's/Surveyor's Report as to the articles sourced from PASAR and actually loaded onto the carrying vessel. Upon receipt of the Shipmate's/Surveyor's Report, the Port Collector shall review the said Report as against the declaration/assessment/Examiner's findings in the IEIRD.
- 5.5 If the Port Collector finds no discrepancy, he/she shall issue a release clearance on the articles as well as the exit clearance to the carrying vessel.

**6. IN CASE OF DISCREPANCY**

- 6.1 Vs. COO V Assessment/Examiner's Findings
  - 6.1.1 In case of discrepancy found upon examination, the COO III shall return the documents to the COO V for the computation of adjustments/additional payables or such other appropriate action.
  - 6.1.2 If the action is for additional payment of taxes/duties, the COO V shall compute the additional taxes/duties payable and shall forward the documents to the Cashier; if for any other action, to the Port Collector, as provided for in 6.3 underneath.
  - 6.1.3 Upon receipt of the documents from COO V, the Cashier shall:
    - 6.1.3.1 Collect the additional taxes/duties payable, as per re-assessment by the COO V on the basis of his own findings, or that of the Examiner's findings; issuing the BCOR therefor, and indicating therein that the payment is additional to the payment made with LBP.





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6.1.3.2 The Cashier shall also verify the earlier payment made with the LBP and, if the LBP payment is confirmed, he shall indicate such confirmation in the IEIRD

6.1.4 Upon collecting the additional payment/s and confirmation of LBP payment, the Cashier shall forward the corresponding documents to the Port Collector who shall proceed in accordance with 5.4 and 5.5 hereof.

6.2 Vs. Shipmate's/Surveyor's Report:

6.2.1 If the Port Collector finds any discrepancy between the Shipmate's/Surveyor's Report as against the declaration/examination findings, he/she shall return the documents to the COO V for assessment of additional taxes/duties.

6.2.2 Upon the assessment, the COO V shall forward the documents to the Cashier for the collection of additional taxes/duties.

6.2.3 The Cashier shall collect the additional taxes/duties, issuing an BCOR therefore, indicating therein that the payment is additional to the previous one/s made with the LBP.

6.2.4 The Cashier shall then forward all pertinent documents to the Port Collector who shall proceed in accordance with 5.5 hereof.

6.3 Discrepancy by 10% or more

Where the disposition requires additional payment of taxes/duties by 10% or more of the additional assessment, the COO V shall report such discrepancy in the IEIRD and forward the same and all supporting documents to the Port Collector who shall:

6.3.1 impose the appropriate surcharge on top of the additional taxes/duties payable; or

6.3.2 in case of discrepancy by 30% or more, take such appropriate action in accordance with the TCCP.

7. ACCOUNTABILITIES

7.1 The District Collector shall be responsible for the smooth, proper and effective implementation of this Order.

7.2 The Port Collector and other concerned Customs officers/personnel are directed to perform their responsibilities as required herein.

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7.3 All signatories to any certificate/report required under this Order shall be liable for any flaw/defect found therein.

8. **REPEAL CLAUSE**

All customs orders, rules, regulations or parts thereof that are inconsistent with this Order are hereby repealed or modified accordingly.

9. **EFFECTIVITY CLAUSE**

This Order takes effect immediately upon signing.

  
**ANTONIO M. BERNARDO**  
Commissioner

Date Signed DEC 01 2003

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