



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

3 November 2014

CUSTOMS MEMORANDUM ORDER

NO. 24 -2014

**TO: All Deputy Commissioners
All District Collectors
All Sub-Port Collectors
All Deputy Collectors for Assessment
All Heads of Formal Entry Divisions or Assessment Divisions**

**SUBJECT: PROCEDURES FOR THE ISSUANCE AND LIFTING OF
ALERT ORDERS FOR SHIPMENTS WHICH ARRIVE BY AIR
AND ARE DECLARED THROUGH THE FORMAL ENTRY
PROCESS**

A. Background

1. CMO 21-2014, which requires that Alert Orders be issued and lifted in e2m, shall not apply to shipments which arrive in the Philippines by air and which are declared through the formal entry process. Procedures for issuing and lifting Alert Orders for these will be governed by this CMO.

B. General Principles

1. No shipment which arrives by air may be held by any Customs official for any reason, except if that shipment is the subject of an Alert Order issued in accordance with CMO 21-2014 or this CMO.
2. Except for shipments tagged "red" by the Risk Management Office, and shipments subject to spotcheck upon orders of a District Collector, no shipments may be physically examined except if that shipment is the subject of an Alert Order issued in accordance with this CMO 21-2014 or this CMO.
3. If an Alerting Officer as defined in Section C.1 of this CMO becomes aware that any shipment falls under any of the following categories as listed in the Tariff and Customs Code of the Philippines, Section 1401, that Alerting Officer shall issue an Alert Order on that shipment prior to conducting examination on it.
 - a. The government surveyor's seal on the container has been tampered with or broken or the container shows signs of having been opened or having its identity changed;

- b. The container is leaking or damaged;
 - c. The number, weight, and nature of packages indicated in the customs entry declaration and supporting documents differ from that in the manifest;
 - d. The importer disagrees with the findings as contained in the government surveyor's report
 - e. The articles are imported through air freight where the Commissioner or Collector has knowledge that there is a variance between the declared and true quantity, measurement, weight and tariff classification
4. Once an Alert Order is issued on a shipment, that shipment may not be released except in accordance with the procedures outlined in this CMO.
 5. The owner of a shipment has the right:
 - a. to know whether an Alert Order has been issued on his shipment
 - b. to a speedy disposition of any Alert Order issued on his shipment
 6. The public has the right to know about any Alert Order for which a shipment, or part of a shipment, was seized or charged additional duties, taxes, and/or penalties.
 7. For purposes of this CMO:
 - a. An Alert Order is an order issued by an Alerting Officer authorized to do so under this CMO, to not release any part of a shipment until:
 - i. The shipment is physically examined, and
 - ii. the Alerting Officer authorizes its release, which may be subject to the fulfillment of certain conditions.
 - b. A shipment is defined as the goods covered by a single Master or House Bill of Lading or Airway Bill.
 - c. An entry is the import or export entry for the shipment which is the subject of an Alert Order.
 - d. An item or items are the portions of a shipment for which declarations are made individually. The number of items in a shipment are shown in box 5 of the Single Administrative Document in e2m, or the Import Entry and Internal Revenue Declaration (IEIRD), for the entry. Each item in a shipment, and the item number for that shipment, are as identified in boxes 31 and 32 of the Single Administrative Document (SAD) or Import Entry and Internal Revenue Declaration (IEIRD) for the entry.

C. Who can issue and lift an Alert Order

1. Alert Orders may be issued only by the following Alerting Officers:
 - a. The Commissioner
 - b. Deputy Commissioner, Intelligence Group
 - c. Deputy Commissioner, Enforcement Group
 - d. All District Collectors, for shipments arriving within their District, including sub-ports within their District

2. Decisions on the final disposition of the Alert Orders- including whether specific items shall be released without payment of additional duties, taxes, and/or penalties, released with payment of additional duties taxes, and/or penalties, or seized, shall be made by the Alerting Officer which issued an Alert Order on a shipment.
3. Neither the issuance nor the lifting of an Alert Order shall require prior authorization of the Commissioner. However, Alerting Officers must strictly follow the procedures, notifications, and reporting requirements in this CMO.

D. Issuance of Alert Order

1. An Alerting Officer shall issue an Alert Order by performing the following steps:
 - a. filling out the Alert Order Issuance Form shown in Annex A1 or Annex A2
 - b. Having the Alert Order Issuance Form sealed and signed by the Office of the Commissioner
 - c. Sending the Alert Order Issuance Form, sealed and signed by the Office of the Commissioner, to the District Collector (and if applicable, the Sub-Port Collector)
2. If the Alerting Office is a District Collector, he/she shall fill out the Alert Order Issuance Form and send a copy of it to the Office of the Commissioner.

E. Procedures after issuance of Alert Orders

1. The template for the Alert Order Report is shown in Annex B of this CMO. On the same day that the Alert Order is issued following the procedures in this CMO, Section D, the Alerting Officer should fill out Section A (items 1 to 17) of this form and forward it to the District Collector or Sub-Port Collector of the district or sub-port where the shipment which is the subject of the Alert Order. The Alerting Officer shall also furnish the Office of the Commissioner with a copy of the Alert Order Report Form, Section A.
2. No later than one day after receiving the filled-out section A from the Alerting Officer, the District Collector or Sub-Port Collector shall assign a Point Person for the Alert Order from among the staff of the district or sub-port, and fill in that Point Person's name and contact information in the Alert Order Report Form, Section A, item 18. This Point Person shall be responsible for:
 - a. Notifying the owner of the shipment, and its Customs Broker, that the shipment is the subject of an Alert Order.
 - b. Scheduling the 100% physical examination of the shipment which is the subject of the Alert Order
 - c. Determining and notifying the following of the date, time, and location of the examination:

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- i. The Owner of the shipment
 - ii. The Customs Broker for the shipment
 - iii. The Officer-on-Case for the Alert Order, as designated by the Alerting Officer. If the Alert Order was issued by a District Collector, the Point Person shall be the same as the Officer-on-Case.
 - d. Conducting, or causing the conduct by an examiner of, the physical examination of the shipment.
 - e. For each item in the shipment, recording the results of the examination, and the recommended disposition of the Alert Order, to the Alerting Officer. This shall be done using the Alert Order Report Form. The results of the examination shall also be entered in the "Inspection Act" section for the entry in e2m.
 - f. For purposes of recording and comparing any details regarding a shipment, the details "as declared" shall be the descriptions, classifications, quantities, and values as declared in the SAD in e2m. If there is any discrepancy between the information in the SAD in e2m and the IEIRD, the Point Person shall use the information in the IEIRD if and only if the importer or its broker submitted the IEIRD before the Alert Order was issued.
3. The examination should be conducted as soon as possible, and unless there are justifiable reasons for delay, within one week after the issuance of an Alert Order.
4. No later than one day after the conduct of the physical examination, the Point Person shall fill in the following sections of the Alert Order Report Form
 - a. Section B, sub-sections 19-21
 - b. For each item:
 - i. Section B, sub-section 22, sub-items (i) to (xi)
 - ii. Section B, sub-section 23, Detailed Calculations
5. No later than one day after the conduct of the physical examination, the filled out Alert Order Report Forms shall be submitted by the Point Person to the Officer-on-Case.
6. The Officer on Case shall review the recommendations of the Point Person and shall add any comments on the recommendation of the Point Person to the Alert Order Report Form, Section B, sub-section 22, sub-item (xii), and sign it in sub-item (xiii).
7. No later than one day after the conduct of the physical examination, the Officer-on-Case shall then submit the Alert Order Report Form, filled up completely except for Section B, sub-section 22, sub-items (xiv) to (xviii), to the Alerting Officer.

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F. Final Decision on the Alert Order

1. No later than two days after the conduct of the physical examination, the Alerting Officer shall make a final decision for each item in the shipment subject to an Alert Order and record that decision in the Alert Order Report Form, Section B, sub-section 22, sub-items (xiv) to (xviii).
2. The Alerting Officer shall send a copy of the Alert Order Report Form, now fully filled up and signed, to the District Collector or Sub-Port Collector, furnishing a copy to the Office of the Commissioner.
3. If the final decision for any item is the issuance of a Warrant of Seizure and Detention, the District Collector or Sub-Port Collector shall issue such Warrant of Seizure and Detention on the relevant items and initiate forfeiture proceedings as soon as possible.
4. If the final decision for any item is the payment of additional duties, taxes, and/or penalties, the District Collector or Sub-Port Collector shall ensure that any additional amounts that are due for any part of an import entry are paid before releasing or causing the release of the goods declared under that import entry which are not the subject of a Warrant of Seizure and Detention.
5. Upon:
 - a. segregation of any items covered by a Warrant of Seizure and Detention, if any such items are so covered
 - b. payment of any additional duties, taxes, and/or penalties, if any are due

the District Collector or Sub-Port Collector shall release, or cause the release, of the shipment as soon as possible.

G. Tentative Liquidation and Payment Under Protest for Shipments under Alert Orders

1. In accordance with the Tariff and Customs Code of the Philippines, Section 2503, undervaluation, misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between the value, weight, measurement or quantity declared in the entry, and the actual value, weight, quantity, or measurement shall constitute a prima facie evidence of fraud. Therefore:
 - a. The procedures for tentative liquidation described in the Tariff and Customs Code of the Philippines, Section 1602, may only be used to secure the release of shipments under an Alert Order if, after examination, the Alerting Officer determines that there is no undervaluation, misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between the value, weight, measurement or quantity declared in the entry.
 - b. The procedures for payment under protest described in the Tariff and Customs Code of the Philippines, Sections 2308-2312, may only be used

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to secure the release of shipments under an Alert Order Order if, after examination, the Alerting Officer determines that there is no undervaluation, misdeclaration in weight, measurement or quantity of more than thirty percent (30%) between the value, weight, measurement or quantity declared in the entry.

H. Sanctions for Non-Compliance with this CMO

1. Holding of any shipment without going through the process outlined in this CMO shall be a Grave Offense as used in CMO 25-2010, Title IV, Section I, and shall be punishable upon first offense by Dismissal.
2. Non-compliance with any provision of this CMO shall be an incidence of Simple Neglect of Duty as used in CMO 25-2010, Title IV, Section 2, and shall be punishable upon second offense by Dismissal.


JOHN P. SEVILLA
Commissioner



NOV 03 2014

ANNEX A-1



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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE

BUREAU OF CUSTOMS

MANILA 1099

ENFORCEMENT GROUP



ALERT ORDER NO. _____

TO:

Reference the below-listed shipment, you are hereby directed to:

- Witness the 100% Examination to be conducted by the assigned Customs Examiner
- Conduct spot-checking of the shipment

PARTICULARS

Consignee:		Entry No.:	
Address:			
Broker:			
Address:			
Bill of Lading:		Reg. No.	
Date of Arrival:		Port of Exportation:	
Vessel:		Voyage No.:	
Container Nos.			
Marks and Number (if breakbulk)			
Said to Contain:			
Specific violations believed to have been committed			

To: The Customs Examiner/Wharfinger:
Pursuant to CMO 92-91 and CMO 104-92, kindly extend assistance to the above Action Officer/s.

ARIEL F. NEPOMUCENO

Deputy Commissioner, EG

Bureau of Customs

**PURSUANT TO CMO 104-92, NOT VALID WITHOUT
THE OFFICE OF THE COMMISSIONER'S DRY SEAL**

Date: _____

Time: _____

Duty Officer: _____

COMMISSIONER'S
DRY SEAL

Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
Manila

ALERT ORDER NO. _____

To: _____

Reference the below-listed shipment, you are hereby directed to:

- (x) Witness the **100% Examination** to be conducted by the assigned Customs Examiner.
- () Conduct spot-checking of the shipment.

PARTICULARS

Consignee : _____ Entry No. : _____

Address : _____

Bill of Lading : _____ Reg. No. : _____

Date of Arrival : _____ Port of Exportation : _____

Vessel : _____ Voyage No. : _____

Container Nos : _____

Marks and Number (if break bulk) : _____

Said to Contain : _____

Specific violations believed to have been committed _____

To: The Customs Examiner/Wharfinger:

Pursuant to **CMO-92-91** and **CMO-104-92**, kindly extend assistance to the above Action Officer/s.

GEN. JESSIE D. DELLOSA (Ret)

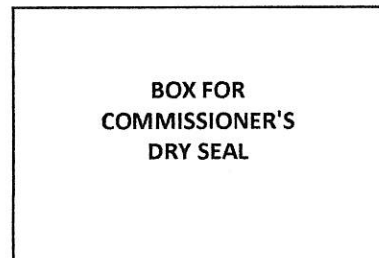
Deputy Commissioner
Requesting Authority

INTELLIGENCE GROUP

Office/Unit

PURSUANT TO CMO104-92, NOT VALID WITHOUT
THE OFFICE OF THE COMMISSIONER'S DRY SEAL

Date : _____
Time : _____
Duty Officer : _____



CC : Office of the Commissioner
Attn : Alert/Hold Order Duty Officer

Alert Order Report Form

A. Identification

1. Alert Order Number	
2. Alerting Officer	
3. Alerting Office	
4. B/L Number	
5. Entry Number	
6. Registry Number	
7. Date of discharge	
8. Vessel	
9. Port of Origin	
10. Container Number(s)	
11. Contents as declared	
12. Consignee name	
13. Consignee address	
14. Date of alert	
15. Officer-on-Case's name and telephone number (designated by Alerting Officer)	
16. Suspected Violation	
17. Comments (if any)	
18. Point Person's name and telephone number (designated by District Collector or Sub-Port Collector)	

B. Examination

19. Examiner	
20. Date of examination	
21. Location of examination	

22. Findings of Examination (Discrepancy Report) and Recommendation

1. Item 1

	As Declared	As Found
i. Description		
ii. Tariff Heading (at least 8 digit)		
iii. Quantity (if not measured in kg)		
iv. Mass (in kg)		
v. Customs Value (specify currency)		
vi. Violation (check all that apply)		<input type="checkbox"/> misdeclaration <input type="checkbox"/> misclassification <input type="checkbox"/> underdeclaration of quantity <input type="checkbox"/> underdeclaration of value <input type="checkbox"/> prohibited goods <input type="checkbox"/> restricted or regulated good without import permit or clearance <input type="checkbox"/> other
vii. (if violation is no import permit- cite specific legal basis for requirement for import permit or clearance)		
viii. (if violation is "other"- describe here)		
ix. Other comments		

x. Recommendation of Point Person to Alerting Office		<input type="checkbox"/> No discrepancy; lift alert order <input type="checkbox"/> Pay additional duties, taxes, and/or surcharge; lift alert order <input type="checkbox"/> WSD <input type="checkbox"/> other:
xi. Name and Signature of Point Person, Date		
xii. Comments, if any, of Officer-on-Case		
xiii. Name and Signature of Officer-on-Case, Date		
xiv. Recommendation of Alerting Office		<input type="checkbox"/> No discrepancy; lift alert order <input type="checkbox"/> Pay additional duties, taxes, and/or surcharge; lift alert order <input type="checkbox"/> WSD <input type="checkbox"/> other:
xv. (if recommendation is "other"- explain here)		
xvi. Law and section of law which was violated		
xvii. Name and Signature of Alerting Officer		
xviii. Date of completion of recommendation		

2. Item 2

(copy and repeat from item 1 for all items in the entry)

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23. Detailed Calculations

Port
 Year
 B/L Number
 Entry Number
 Alert Order Number
 Consignee

As found	Item 1	Item 2	Item 3	Item 4	Item 5	Total
Description						
Net Weight in kg						
Other Unit						
Quantity in Other Units						
Currency of Declaration of Customs Value						
Pesos per Currency						
Customs Value in FC						-
Valuation - Customs Value in FC / kg						
Dutiable Value in Pesos						-
Tariff Heading						
Duty Rate						
Duty	-	-	-	-	-	-
VAT-able Value						
VAT	-	-	-	-	-	-
Excise Tax Rate						
Excise Tax						

Marking Duty Rate										
Marking Duty										
Other Duties and Taxes										
Total Payable Before IPF and CSF	-	-	-	-	-	-	-	-	-	-
IPF and CSF										
Total Payable After IPF and CSF	-	-	-	-	-	-	-	-	-	-
CIF Value	-	-	-	-	-	-	-	-	-	-
As declared										
Description										
Net Weight in kg										
Other Unit										
Quantity in Other Units										
Currency of Declaration of Customs Value										
Pesos per Currency										
Customs Value in FC										
Valuation - Customs Value in FC / kg										
Dutiable Value in Pesos										
Tariff Heading										
Duty Rate										
Duty										
VAT-able Value										

VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excise Tax Rate															
Excise Tax / Ad Valorem															
Marking Duty Rate															
Marking Duty															
Other Duties and Taxes															
Total Payable Before IPF and CSF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IPF and CSF															
Total Payable After IPF and CSF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CIF Value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional amounts payable:															
Customs Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excise Tax / Ad Valorem	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marking Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Duties and Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surcharge															
IPF and CSF															

Total Additional Amounts Payable

- % difference in customs duty
- % difference in valuation
- % difference in quantity

Recommendation