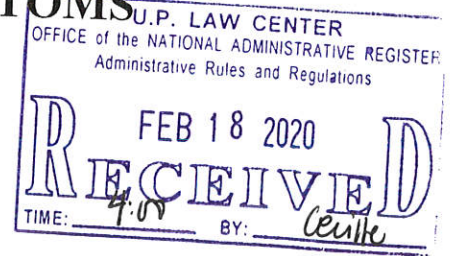




Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
1099 Manila



CUSTOMS MEMORANDUM ORDER (CMO)
NO. 06-2020

SUBJECT: AUTOMATED CLEARANCE PROCEDURES FOR COMMERCIAL GOODS UNDER THE INFORMAL ENTRY PROCESS

Introduction. This Order prescribes the operational guidelines for the processing of commercial goods under the informal entry process in the E2M customs system.

Section 1. Scope. This Order shall apply to all commercial goods with Free on Board (FOB) or Free Carrier (FCA) value of less than Fifty Thousand Philippine Pesos (P50,000.00) but above Ten Thousand Philippine Pesos (P10,000.00). This Order shall apply to all ports and sub-ports of the Bureau of Customs. The clearance procedure for express shipments, postal items and e-commerce shall be governed by separate guidelines.

Section 2. Objectives.

- 2.1. To automate the informal entry clearance process for commercial goods using the E2M system;
- 2.2. To enhance the capability of the Bureau to collect information, assess risks and target high-risk shipments; and
- 2.3. To improve revenue collection and reduce opportunities for illicit trade.

Section 3. Definition of Terms. For the purposes of this Order, the following terms are defined accordingly:

3.1. Airway Bill (AWB) – shall refer to a transport document for airfreight used by airlines and international freight forwarders which specify the holder or consignee of the bill who has the right to claim delivery of the goods when they arrive at the port of destination. It is a contract of carriage that includes carrier conditions, such as limits of liability and claims procedures. In addition, it contains transport instructions to airlines and carriers, a description of the goods, and applicable transportation charges

3.2. Bill of Lading (B/L) – shall refer to a transport document issued by carriers and international freight forwarders or non-

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vessel operating common carrier for water-borne freight. It is a contract of carriage between the carrier and the shipper which defines the liabilities of each party. The holder or consignee of the bill has the right to claim delivery of the goods at the port of destination. It is a contract of carriage that includes carrier conditions, such as limits of liability and claims procedures. In addition, it contains transport instructions to shipping lines and carriers, a description of the goods, and applicable transportation charges.¹

3.3. Bureau- shall refer to the Bureau of Customs.

3.4. De Minimis Goods – shall refer to goods with Free on Board (FOB) or Free Carrier (FCA) value of Ten Thousand Philippine Pesos (P10,000.00) or below.²

3.5. Free Carrier (FCA) – shall refer to an international commercial term covered by the Incoterms rules developed by International Chamber of Commerce (ICC) which means free carrier of that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. The parties of this type of sale are well advised to specify clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.³

3.6. Free on Board (FOB) – shall refer to an international commercial term covered by the Incoterms rules developed by the International Chamber of Commerce (ICC) which means free on board or that seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.⁴

3.7. Informal Entry - shall refer to the customs clearance process for goods of a commercial nature with Free on Board (FOB) or Free Carrier (FCA) value of less than Fifty Thousand Philippine Pesos (P50,000.00)⁵ but above Ten Thousand Philippine Pesos (P10,000.00).

² CMTA, Title IV, Chapter 3, Section 423

³ CAO No. 3-2017.

⁴ CAO No. 3-2017.

⁵ CMTA, Title IV, Chapter 1, Section 402.

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- 3.8. Small Value Importer (SVI)** – shall refer to an importer who imports goods of a commercial nature with Free on Board (FOB) or Free Carrier (FCA) value of less than Fifty Thousand Philippine Pesos (P50,000.00)⁶ but above Ten Thousand Philippine Pesos (P10,000.00).
- 3.9. Non-Regular Importers (NRIs)** – shall refer to importers previously known as Once-a-Year Importers covered under CMO 46-2019.⁷
- 3.10. Value Added Service Provider (VASP)** – shall refer to those entities authorized by the Bureau to facilitate electronic transactions with the customs Information and Communications Technology (ICT) System.


Section 4. Registration of SVI.

- 4.1.** Registration in the CPRS as SVI shall be through the VASP. The SVI shall have a Unique Reference Number (URN) in their CPRS Registration.
- 4.2.** The following requirements shall be submitted to the Office of the District Collector of the Collection District preferably nearest his place of business for CPRS registration as SVI:
- a. Application Form completely filled and signed by the applicant and duly notarized;
 - b. BIR Tax Identification Number (TIN);
 - c. Government issued Identification Card (ID), e.g. driver's license, GSIS/SSS, Postal ID, UMID, PhilHealth or passport;
 - d. Notarized print out of the stored CPRS Form; and
 - e. Special Power of Attorney (SPA) with copy of government issued ID of both principal and representative, if applying through a representative.
- 4.3.** Approval and activation of CPRS registration as SVI shall be with the District Collector.
- 4.4.** SVIs shall not include Non-Regular Importers (NRIs) that are governed by separate regulations.
- 4.5.** SVIs registered in the CPRS as such shall not be allowed to file goods declarations under the formal entry process.

⁶ CMTA, Title IV, Chapter 1, Section 402.

⁷ cf. CMO 46-2019, Sections 2 and 3.

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Section 5. Clearance Processing of Goods Declaration under Informal Entry System for Commercial Goods.

- 5.1.** All entities registered as regular importer or SVI with the Client Profile Registration System (CPRS) shall be allowed to lodge a goods declaration under the informal entry process.
- 5.2.** Goods declarations shall be lodged to the E2M through the VASP by filling up the required information in the Single Administrative Document (SAD) form. The following fields in the SAD shall be filled up as follows:
- (a) Model of Declaration (Box 1) = IE4;
 - (b) Customs Value (Box 22) = value must be above P10,000.00 but below P50,000.00;
 - (c) Financial and Banking Data (Box 28) = not mandatory, may be left blank;
 - (d) Procedure Code (Box 37) = 4500 (Informal Entry Commercial Goods); and
 - (e) Extended Procedure Code (Box 37) = 000 unless availing of tax exemption, in which case, the applicable extended procedure code shall be entered.
- 5.3.** Once electronically lodged in the E2M, all goods declarations shall be automatically tagged as RED in the E2M selectivity system.⁸
- 5.4.** The SVI shall file the hard copy of the SAD to the Entry Processing Unit (EPU) or equivalent unit of the port of entry together with the following supporting documents:
- a. Endorsed Bill of Lading/Airway Bill;
 - b. Commercial Invoice;
 - c. Packing List;
 - d. Certificate of Origin, if applicable; and
 - e. Tax Exemption Indorsement/Certificate, if applicable.
- 5.5.** The EPU personnel shall check the completeness of the documents submitted by the SVI. Thereafter, the documents shall be forwarded to the Informal Entry Division (IED) or equivalent unit of the port.
- 5.6.** The Chief of IED or equivalent unit of the port of entry shall assign the goods declaration to a COO III (Customs Examiner) of the port. After examination, the COO III shall enter his findings in the Inspection Act in the E2M.

⁸ cf. CMO 22-2011.

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- 5.7. The COO V (Customs Appraiser) shall review the findings of the COO III and shall, based upon his evaluation, re-route the entry to GREEN for further processing or in case of discrepancy, shall recommend appropriate action to the Chief, IED or equivalent unit.

Provided that, the re-routing of the selectivity color to Green is only to allow further processing of the shipment and the electronic release thereof through the On-Line Release System (OLRS) for the conduct of non-intrusive inspection. Provided further, that the original selectivity upon lodgement shall not be changed and the re-routing shall be reflected in the E2M system's audit log.

- 5.8. The SVI shall be notified of the assessment of payable customs duties and taxes through the VASP.
- 5.9. Payment of customs duties and taxes shall be made in cash through an Authorized Agent Bank (AAB), if payment is through Payment Abstract Secure System version 5 (PASS5), or through E2M Cash SAD Module if payment is to be made through the in-house bank, or the Collection Division of the port.
- 5.10. Once payment has been confirmed, the Bureau shall electronically transmit the release instruction message to the respective Customs Facilities/ Customs Warehouses for the release of the goods to the Proper party.

Section 6. Goods Declaration That Exceeds, Upon Assessment, the Threshold Value for Informal Entry of Commercial Goods.

- 6.1. If upon examination and assessment, it was determined that the goods declaration filed by the importer exceeds the threshold value for Informal Entry of commercial goods, processing and clearance of the said entry may be continued under the Informal Entry System on a one-time basis only, provided that, the assessment and computation thereof shall be based on formal entry, provided further that the foregoing shall be without prejudice to Section 1400 of the CMTA.

- 6.2. Any succeeding lodged declaration subject to adjustment of value exceeding the threshold shall be cancelled by the Appraiser. The SVI shall relogged the goods declaration under the Formal Entry System as a regular importer. The SVI who intends to file an import declaration under the formal entry process must first acquire CPRS registration with the Account Management Office (AMO).

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Section 7. Repealing Clause. All rules and regulations inconsistent with this Order are hereby deemed repealed, superseded or modified accordingly.

Section 8. Separability Clause. If any part of this Order is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 9. Effectivity Clause. This Order shall take effect on 28 FEB 2020.

The Office of National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CMO.



REY LEONARDO B. GUERRERO

Commissioner

FEB 11 2020



BOC-02-01238

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