



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 109

28 October 2015

CUSTOMS MEMORANDUM ORDER

NO. 40-2015

**SUBJECT: CUSTOMS RULES AND REGULATIONS IMPLEMENTING
BOC-PEZA JMO 2-2015 ON THE TRANSFER OF GOODS
FROM THE ECOZONE LOGISTICS SERVICE ENTERPRISE
(ELSE) TO ITS PARTNER ECOZONE LOCATOR**

1. Background

- 1.1 BOC-PEZA Joint Memorandum Order 2-2015 dated 24 July 2015 prescribed the rules and regulations for the transfer of goods by PEZA registered Enterprise to other PEZA Registered Enterprises, utilizing the computer system, Electronic Zone Transfer System (e-ZTS).
- 1.2 While JMO 2-2015 covers all transfer of goods to include among others; constructive exports, farm-out, farm-in, for sub-contracting, and permanent/temporary transfer of goods and equipment, the initial implementation of e-ZTS shall be for the transfer of goods entered/stored in an Ecozone Logistics Service Enterprise (ELSE) with a corresponding Electronic Letter of Authority for the goods to be transferred to a zone locator duly authorized to received such transfers.
- 1.3 The CMO defines the duties and responsibilities of concerned BOC-Officers/Officials in the conduct of ELSE Transfers. The separate duties and responsibilities of PEZA Officers/Officials for the transfer shall be contained in a separate PEZA Memorandum Order.

2. Objectives

- 2.1 To further enhance the ease of doing business in the Ecozone through the Implementation of an Electronic System for composing, submitting and processing applications for the transfer of the goods between ELSE Facilities and Partner PEZA Locators.
- 2.2 To clearly define the duties and responsibilities of Customs Personnel in the transfer of goods from ELSE Facilities to Ecozone Locators.

3. Scope

- 3.1 The role of the customs officials in the Ecozone for the transfer of goods from an ELSE Facility to a partner Ecozone Locator shall be limited to the following activities:
- a. Approval of the General Transportation & Surety Bond (GSTB) to ensure that there is adequate security for the goods being transferred.
 - b. Selective examination of the goods covered by the electronic zone transfer document or e-ZTD, both prior to exit from ELSE and upon arrival of the transferred goods to the destination. Ecozone Locator to ensure only duty approved goods are withdrawn/transferred.
 - c. Selective examination of the goods covered by the electronic zone transfer document or e-ZTD, both prior to exit from ELSE and upon arrival of the transferred goods to the destination. Ecozone Locator to ensure only duty approved goods are withdrawn/transferred.
 - d. Support tracking transfer to identify transfer that may have diverted from the intended destination.
 - e. Support initiation at the earliest possible recovery operation for divided transfer and certification of the GTSB.
 - f. Support the spot-checking of destination warehouse to check if intended transfer successfully delivered at the approved destination.

4. Operational Provisions

4.1 Filing and Approval of the GTSB

- a. No ELSE can transfer goods to partner PEZA Locators without having posted a GTSB duly approved as provided for in JMO 2-2015 and in this order.
- b. The duly designated ELSE operator shall obtain the GTSB required under in the JMO from any of the Customs Accredited Surety Companies.
- c. The operator shall submit in 3 copies the GTSB to the Head of the Customs Office based in the zone for approval. The application must be notarized.

- d. Approval of the GTSB Application by concerned customs official must be based on the following:
- Completeness of the Application Form
 - Correctness of the arithmetical computation (Declared F.O.B Value to be presumed correct subject to subsequent PEZA verification)
 - Verification thru telephone and other means of the GTSB with the issuing surety company
 - Compliance of the GTSB with the format and content of the GTSB Template (See Annex B)
- e. If in order, GTSB application shall be approved and distributed as follows:
- Original of the application and the GTSB on file with the BOC
 - Second Copy of GTSB application with PEZA EAD officer (delivered by ELSE to BOC)
 - Third copy file of the ELSE Company

A scan/photo copy of the original GTSB's application must be taken and attached to an email addressed to the PEZA EAD officer.

4.2 Examination of Goods for Transfer

- a. The ELSE Operator must apply for transfer of goods from ELSE Facility to a partner locator using the Electronic Zone Transfer Document (eZTD) of the eZTS.
- b. The Goods for Transfer must be physically segregated or immediately located to the carrying truck where these may be examined by BOC.
- c. BOC Officers must monitor the eZTS video display unit for submitted eZTD and determined based on Risk Assessment whether or not to physically examine the goods.
- d. Thirty-Minute Window. BOC Officers have 30-minute within which to register in the eZTS whether or not they wish to examine the goods. Failure to indicate intent to examine will free the goods for transfer.

- e. BOC must keep printed copy of the eZTD for spot-checking and other monitoring activities.

4.3 Monitoring of Transfer


- a. BOC Officers shall have responsibility for checking that the goods transferred arrives safely at the partner-locator premises and duly received thereat. In general, above shall be performed by:
 - Checking status of the eZTD in the eZTS as Already Delivered/RECEIVED
 - Telephone call with the partner-locator and ELSE operator if transfer has been completed
 - On selection basis following Risk Management to actually proceed to the goods destination if goods arrived thereat
- b. BOC Officers shall ensure that "view only" access is provided in the eZTS by PEZA-accredited VASPs.

5. **Repealing Clause**

All rules and regulations inconsistent with this Order are hereby considered repealed, superseded or modified accordingly.

6. **Effectivity**

This Order shall take effect immediately.


ALBERTO D. LINA
Commissioner

 Bureau of Customs
ALBERTO D. LINA
Commissioner

15-02421

(Faint circular stamp: BUREAU OF CUSTOMS)

To: Head of Customs Office
PEZA EAD, _____ Zone

From: Mr. ELSE Responsible Officer
ELSE Company

Date: Date of Application for Approval of GTSB

Subject: GTSB Application for the Zone Transfer Document (ZTD)

Sir,

Pursuant to JMO 2-2015 and implemented by CMO _____, respectfully submitted is the attached GTSB issued by _____, a duly BOC-accredited Surety company in the amount of Php _____ computed as indicated below:

Procedure for the computation of GTSB Face Value:

Please write in the second column the instructions indicated in adjacent box of the first column:

1. Total FOB value of all transferred goods for the preceeding three-month period.	
2. Divide the total of box 1 by 90	
3. Multiply the result of box 2	
4. Then multiple the result of box 3 by 14% FACE VALUE OF GTSB IS EQUAL TO	PHP _____

Please fill up the following information:

- Address of the Bonding Company: _____
- _____
- GTSB Bond No.: _____
- Port of Entry: _____
- Name of ELSE Company: _____
- Address of ELSE Company: _____
- Name of Principal (ELSE Company): _____
- Name of Bond Underwriter: _____

Approved By:

Customs Officer (Signature over Printed Name)

Important Reminders:

1. This application form is **under oath** and should be **notarized when approved**
2. It shall be the responsibility of the BOC Approving Officer to verify that the GTSB is duly issued by the Bonding by telephone or any other means.
3. BOC officer to make sure the GTSB Application Form contains all the important elements of a GTSB
4. A certified true copy of this GTSB application and a copy of the GTSB and OR should be with the BOC for safekeeping.

REPUBLIC OF THE PHILIPPINES
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SURETY BOND

GTSB NO.

Pursuant to BOC Joint Memorandum Order No. 2-2015

KNOW ALL MEN BY THESE PRESENTS:

That I/We, _____
Located at _____ as PRINCIPALS and
_____ (Bonding Company), a corporation
duly organized and existing under and by virtue of the laws of the Republic of the Philippines,
as SURETY are held and firmly bound unto the GOVERNMENT OF THE REPUBLIC OF THE
PHILIPPINES, in the sum of _____ PESOS
_____ Philippine Currency, for the
payment of which sum, we bind ourselves, our heirs, administrators, successors and assigns,
jointly and severally, firmly by these presents.

Whereas the above bounden Principal is duly registered with the Philippine
Economic Zone Authority (PEZA) and will, from time to time between the date hereof and
_____ import into the Philippines raw materials and articles for the account
of its Partner Locator to be used by the Partner Locator in the Production, manufacture and or
manipulation of products principally for export in connection with its registered activity;

Whereas, such raw materials, supplies and other articles may be cleared/ released
at the _____, PEZA exempt from payment of customs, duties and
internal revenue taxes pursuant to Republic Act No. 7961, as amended;

Whereas, there is a need to secure such raw materials, supplies and other articles
that shall be transported and conveyed from the Principal's premises to its Partner Locator's
premises without any police escort or guard from the PEZA Economic Zone concerned, the
form of security is determined as a General Transport and Security Bond to protect against the
possibility of loss, damage, theft, and/or diversion after clearance/release at the PEZA
Enterprise Assistance Division of the above bounded Principal located at the PEZA Economic
Zone in accordance with the regulations prescribed by the Bureau of Customs and/or the
Philippine Economic Zone Authority, specially pursuant to the BOC-PEZA Joint Memorandum
Order No. 2-2015 and its implementing regulations.

Whereas, to facilitate the transport, conveyance and delivery of above described
importation, the General Transportation Bond is required to be posted with the Customs
Collector at the Enterprise Assistance Division of the particular above-bounded Principal and
to protect the interest and revenue of the government.

Now therefore, the conditions of its obligation are such that if the above-bounded
Principal shall duly observe and faithfully comply with Joint Memorandum Order No. 2-2015 as
amended and other regulations pertaining to the transport and prompt delivery intact of its
imported raw materials, supplies and articles to the destination Ecozone and plantsite in the
manner prescribed by the regulation, or in default thereof shall pay the Republic of the
Philippines for the liquidated damages plus the customs duties, internal revenue taxes and
other charges due on importation concerned together with all costs, charges and delivery for

any cause or reason whatsoever and shall also protect and save harmless the Republic of the Philippines for any loss or damages resulting from fraud or negligence on the part of any official, agent, Principal, then this obligation shall be null and avoid, to remain the full force and effect.

WITNESS OUR HANDS AND SEAL, on this _____ day of _____,
_____ at Quezon City, Philippines.

Principal

By: _____

By: _____

Approved: _____
EAD Special Collector