



MEMORANDUM

TO : ALL District Collectors
All Sub-Port Collectors
All Deputy Collectors for Operations
All Concerned

DATE : 28 February 2016

SUBJECT : **Supplemental Guidelines in the Implementation of BOC-PEZA JMO 2-2015 on the Transfer of Goods of PEZA-registered Enterprises to Another Facility in Another PEZA Economic Zone (Inter-Plant Transfers)**

1. Transfer as defined in Section 2.0 of Joint Memorandum Order (JMO) 2-2015 includes the clearance, release and transfer of tax and duty-free goods of a PEZA-registered enterprise to another facility of the same enterprise located in another PEZA Economic Zone.
2. Section 3.4 of JMO 2-2015 provides that "PEZA-registered enterprise transferring goods within the purview of this Order shall post a General Transportation Bond (GTSB) to guarantee the direct and faithful delivery of the goods from PEZA-economic location of the originating PEZA-registered enterprise to the intended recipient PEZA-registered enterprise or to another facility of the originating PEZA-registered enterprise located in another PEZA economic zone."
3. The GTSB takes the place of the Customs Boatnote as well as the BOC and PEZA underguarding as provided in Section 7 of Joint Memorandum Order 1-2015. Thus, for transfer of goods from the originating PEZA-registered enterprise to another facility of the same PEZA-originating enterprise located in another PEZA economic zone (inter-plant transfers), the PEZA-registered enterprise is no longer required to post another GTSB since the GTSB originally posted under Section 7 of JMO 1-2015, will serve as a continuing guarantee on the faithful delivery of the goods being transferred as stated.

For your guidance and strict compliance.

ALBERTO D. LINA
Commissioner



Republic of the Philippines
 Bureau of Customs
 Philippine Economic Zone Authority

24 July 2015

Joint Memorandum Order
 No. 2-2015

SUBJECT : Implementation of the Electronic Zone Transfer System (eZTS) for the Transfer of Goods between PEZA-Registered Enterprises.

Pursuant to Bureau of Customs (BOC) - Philippine Economic Zone Authority (PEZA) Memorandum of Agreement, dated 28 April 2001, which provides for the promulgation and implementation of simplified rules and regulations in compliance with R.A. No. 8792, otherwise known as The E-Commerce Act, for the tax and duty-exempt importations and exportations of PEZA-registered enterprises, including farm-out of their goods, through the issuance of BOC-PEZA Joint Memorandum Orders, the following rules and regulations shall govern the transfer of goods by PEZA-registered enterprises to other PEZA-registered enterprises.

1.0 Objectives

- 1.1 To further facilitate the conduct of business by PEZA-registered enterprises through the implementation of a simpler and more efficient system for documenting and processing the clearance, release and transfer of goods between PEZA-registered enterprises through the Electronic Zone Transfer System (eZTS).
- 1.2 To provide an effective monitoring and safeguard system for the movement of duty and tax-free goods in order to protect government revenues by ensuring that duty and tax-free goods cleared and released for transfer from one PEZA-registered enterprise to another PEZA-registered enterprise are directly and faithfully delivered to and received by the intended recipient-PEZA-registered enterprise.

2.0 Scope

For the purpose of this Order, the "transfer" of goods shall refer to the procedure under which goods of a PEZA-registered enterprise are cleared and released tax and duty-free from its PEZA economic zone location, and transferred to another PEZA-registered enterprise located within the same PEZA economic zone (intra-zone transfer) or in another PEZA economic zone (inter-zone transfer). "Transfer" shall also include the clearance, release and transfer of tax and duty-free goods of a PEZA-registered enterprise to another facility of the same enterprise located in another PEZA economic zone.

This Order shall apply to all transfers of goods (such as but not limited to constructive exports, farm-out for sub-contracting, and permanent/temporary transfers of goods and equipment) by a PEZA-registered enterprise to another PEZA-registered enterprise or to another facility of the originating PEZA-registered enterprise located in another PEZA economic zone.

3.0 General Provisions

- 3.1 **Value Added Service Providers (VASPs).** The eZTS shall be operated by PEZA-accredited VASPs under guidelines and requirements prescribed by PEZA.
- 3.2 **Electronic Letter of Authority (eLOA).** The eZTS shall include an Electronic Letter of Authority (eLOA) which shall be electronically secured from PEZA by the originating PEZA-registered enterprise transferring goods within the purview of this Order, following PEZA established procedures on LOA issuance for transactions requiring a LOA. Transfers of goods required to be covered by an eLOA shall be approved by PEZA only if the appropriate eLOA has been secured by the originating PEZA-registered enterprise from PEZA.
- 3.3 **Electronic Zone Transfer Document (eZTD).** The eZTD is the single document that consolidates and replaces the following PEZA Permits :

- 8105 – Permit to Bring Goods from the Customs Territory into the Ecozone
- 8106 – Permit to Bring Goods from the Ecozone into the Customs Territory
- 8110 – Permit to Withdraw Goods from the Ecozone for Sample Purposes
- 8112 – Permit to Sell Ecozone-made Goods and for transfer of materials other than ecozone-made goods within the Ecozone
- PEZA Boatnote - Transshipment Permit while Goods are in transit

- 3.4 **General Transportation Surety Bond (GTSB).** PEZA-registered enterprises transferring goods within the purview of this Order shall post a General Transportation Surety Bond (GTSB) to guarantee the direct and faithful delivery of goods from the PEZA economic zone – location of the originating PEZA-registered enterprise to the intended recipient PEZA-registered enterprise or to another facility of the originating PEZA-registered enterprise located in another PEZA economic zone. The GTSB shall take the place of the Customs Boat Note and PEZA underguarding. BOC underguarding is not required. For intra-zone transfers, GTSB is not required.

4.0 Administrative Provisions

- 4.1 **Responsibility of the PEZA Enterprise.** The PEZA-registered enterprise shall be accountable for all applications for e-LOA and e-ZDTs electronically filed in its name unless the concerned PEZA-registered enterprise immediately advises in writing / by e-mail, that it has not authorized the lodgement of a particular application for eLOA and / or eZDT.
- 4.2 **Enrollment with VASPs.** PEZA-registered enterprises transferring goods or receiving transferred goods within the purview of this Order shall enroll in the eZTS through a PEZA-accredited VASP in accordance with procedures and requirements prescribed by PEZA. The PEZA enterprise shall be given a corresponding user account by the VASP upon enrollment.
- 4.3 **Posting of a General Transport Surety Bond (GTSB).**
 - 4.4.1 A single GTSB shall be obtained by the originating-PEZA-registered enterprise with BOC-accredited surety companies, the minimum face value

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of which shall be equivalent to the estimated duties and taxes on all the goods to be transferred by the originating PEZA-registered enterprise to all its intended recipient PEZA-registered enterprises for a period of seven (7) days, based on the average actual daily transfers of goods by the originating PEZA-registered enterprise during the last three (3) months preceding the posting of the Bond. The GTSB shall be registered with the BOC District Collector with jurisdiction over the PEZA economic zone location of the originating PEZA-registered enterprise, or in accordance with BOC regulations.

4.4.3 In the event that the originating PEZA-registered enterprise is transferring goods for the first time, the face value of the GTSB shall be based on an affidavit to be issued by the duly authorized official of the enterprise indicating the total estimated value of all goods to be transferred for a three (3)-month period. In the event of an increase in the value of goods actually transferred after a six-month period, the originating PEZA-registered enterprise shall increase the face value of the original GTSB.

4.4.4 The face value of the GTSB shall be computed as follows:

$$\frac{\text{Total FOB value of transferred goods for the preceding three-month period}}{90 \text{ days}} \times 7 \times 14\%$$

4.4.5 The originating-PEZA enterprise shall furnish PEZA a copy of the GTSB duly approved by the BOC, including a copy of the Official Receipt evidencing payment of the Bond. The original Bond and Official Receipt shall be presented to PEZA for authentication of the copy submitted.

4.4.6 The GTSB shall be valid for a one-year period. There shall be no need for the BOC to check on the GTSB value for "charging/debiting" or for "crediting" for every transfer of goods under this Order.

4.5 **Accountability of PEZA Enterprises for eZTS User Accounts** . Originating and recipient PEZA-registered enterprises shall be fully responsible and accountable for the use of the eZTS User Account issued by the VASP, for the actions of their designated responsible officials / personnel and authorized representatives, including but not limited to the filing, lodgement, submission and processing of applications for eLOAS and eZTDs, release of goods for transfer and acceptance of goods transferred, and shall provide said officials/personnel and representatives with appropriate Identification (ID) cards and written authorizations.

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5.0 Operational Procedures

5.1 Electronic Letter of Authority (eLOA)

5.1.1 Prior to the transfer of goods, the duly authorized representative of the originating PEZA-registered enterprise shall, if required by PEZA for said transfer, file an application for an Electronic Letter of Authority (eLOA) under the eZTS through any of the PEZA-accredited VASPs with which the PEZA enterprise has enrolled. In the case of PEZA-registered Ecozone Logistics

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Service Enterprise (ELSE), the eLOA application shall be made prior to the importation of goods intended for transfer to its PEZA-registered client/s, following the PEZA established procedures on LOA issuance for ELSEs. The electronically filed application shall, in the minimum, contain the following information: (a) Name, economic zone location and PEZA Registration Certificate No. of recipient-PEZA enterprise/s; (b) Purpose of the transfer; (c) Specific description of goods; (d) Volume/Quantity and Unit of Measure of goods; (e) Value (in US\$) of the goods. A Reference Number is issued upon lodgement of the eLOA application.

5.1.2. After appropriate validation, PEZA shall electronically approve / disapprove the LOA.

5.1.3 The description, volume / quantity and value of the goods indicated in the approved eLOA shall be the basis for subsequent applications for the electronic Zone Transfer Document under the eZTS.

5.2 Application for Transfer of Goods through the Electronic Zone Transfer Document (eZTD)

5.2.1 Applications for transfer of goods can be filed / lodged by the originating PEZA-registered enterprise only if the enterprise has obtained and registered its GTSB with the BOC, and has secured an approved eLOA from PEZA, if such be required for the transfer.

5.2.2 Through the VASP, the originating PEZA-registered enterprise files an application for the eZTD through the eZTS by providing all required information and submitting to required documents to PEZA.

5.2.3 PEZA shall check the submitted application and shall either electronically approve or disapprove the eZTD application. An approved eZTD shall cause the electronic deduction of the volume/value of the goods approved for transfer from the volume/value of the goods authorized in the corresponding approved eLOA.

5.2.4 Upon completion of the PEZA approval of the eLOA, the System generates a barcode on the eZTD. The barcode represents the System-generated electronic signature. Approved eZTDs shall be electronically forwarded by the System to BOC.

5.2.5 The originating-PEZA enterprise prints the approved eZTD with the System-generated barcode and the corresponding electronically generated eZTD number.

5.2 Document Examination and Goods Inspection

5.3.1 PEZA and BOC may exercise the option to inspect the goods to be transferred within thirty (30) minutes from time of printing of the eZTD. The BOC office in the PEZA economic zone may view approved eZTDs of PEZA-registered enterprises located in the said zone through its BOC workstation. The date and time of printing and the time the 30-minute period lapses shall be printed on the eZTD. For this purpose, no goods for transfer may be allowed to exit from the premises of the originating-PEZA enterprise (for intra-zone transfers) nor

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from the economic zone gate (for inter-zone transfers) within the said 30-minute period.

In the event that PEZA exercises the option to inspect the goods, PEZA shall electronically or through the fastest means possible immediately inform the concerned PEZA-registered enterprise and BOC within the prescribed 30-minute period. In the event that BOC exercises its option to inspect the goods, BOC shall electronically or through the fastest means possible inform PEZA within the prescribed 30-minute period, and PEZA in turn shall, electronically or through the fastest means possible, immediately inform the concerned PEZA-registered enterprise. PEZA shall then instruct the PEZA Gate Guard not to allow the exit of the goods until the same have been cleared for exit by PEZA and BOC. Inspections shall be conducted jointly by BOC and PEZA. A report on all examinations conducted must be prepared jointly by BOC/PEZA, copy of which shall be provided to the PEZA enterprise. The exercise of the option to inspect goods shall be based on Guidelines issued respectively by the BOC and PEZA, and the inspection report shall indicate the basis for examination in accordance with the Guidelines. Inspection shall be undertaken within the soonest time after the BOC and / or PEZA have indicated the exercise of their option to inspect the goods. Inspection by BOC is not required for intra-zone transfers.

- 5.3.2 Goods for transfer that cannot wait for the 30 minute no-exit period to lapse may be volunteered for inspection by the PEZA-registered enterprise. The PEZA enterprise shall make such request and notify BOC and PEZA accordingly.

5.4 Exit and Transfer of Goods

- 5.4.1 After the prescribed 30-minute allowance has lapsed and in the absence of a notification from BOC and/or PEZA that the goods are subject to physical examination, the goods shall be allowed to exit from the premises of the originating PEZA-registered enterprise (for intra-zone transfers) or from the economic zone location of the originating PEZA-registered enterprise (for inter-zone transfers) upon presentation to the PEZA Gate Guard of the printed eZTD with the barcode, which shall thence be electronically scanned by PEZA.

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- 5.4.2 In the event that BOC and/or PEZA exercise/s the option to inspect the goods in accordance with 5.3.1 above, the goods shall be allowed to exit from the economic zone location of the originating-PEZA enterprise upon clearance of BOC/PEZA subject to the procedure provided in 5.4.1 above.

- 5.4.3 No goods shall be allowed to exit from the economic zone before the lapse of the prescribed thirty (30) - minute no-exit period printed on the eZTD, unless BOC and PEZA have cleared the goods for exit after inspection as provided in 5.3.2 above.

- 5.4.4 Verification of the authenticity of the eZTD and confirmation of the release of the goods for transfer under this system shall be through the use of an electronic scanner prior to exit of the goods from the economic zone location of the originating-PEZA enterprise. The scanning of the barcode by PEZA shall electronically tag the goods in the System as having been released from the economic zone.

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5.5 Delivery of Goods

- 5.5.1 Upon the entry of the goods in the economic zone location of the recipient-PEZA-registered enterprise, the barcode of the eZTD shall be electronically scanned by PEZA. The scanning shall electronically tag the goods in the System as having been received in the economic zone-location of the recipient PEZA-registered enterprise.
- 5.5.2 The goods shall be inspected jointly by PEZA and BOC where there are indications that the cargo may have been opened or tampered in transit, or on the basis of examination guidelines respectively issued by BOC and PEZA. Physical examination of goods shall be conducted only in the presence of a duly authorized representative of the recipient-PEZA-registered enterprise.
- 5.5.3 PEZA and BOC shall allow the direct delivery of goods to the premises of the recipient PEZA-registered enterprise unless the goods are to be inspected by BOC and PEZA.
- 5.5.4 Upon receipt of the goods in the premises of the recipient-PEZA-registered enterprise, the said enterprise shall access the eZTS and shall electronically enter the eZTD Permit No. in the corresponding eZTD to indicate that the goods have reached its final recipient-PEZA-registered enterprise-destination.
- 5.5.5 For intra-zone transfers, unless PEZA exercises the option to inspect the goods for within the above-cited 30-minute inspection allowance period, the goods shall be delivered directly from the premises of the originating-PEZA-registered enterprise to the premises of the recipient-PEZA-registered enterprise. The recipient-PEZA-registered enterprise shall access the eZTS and shall electronically enter the eZTD Permit No. in the corresponding eZTD to indicate that the goods have reached its final recipient PEZA-registered enterprise-destination.
- 5.5.6 PEZA and BOC officers can access the eZTS to monitor and verify the status of all eZTDs issued to ensure that the goods have reached their respective final recipient-PEZA-registered enterprise destination in its PEZA economic zone location.

6.0 Repealing Clause

All rules, regulations and other issuances inconsistent with this Order are hereby deemed repealed, suspended or modified accordingly.

7.0 Effectivity

This Order shall take effect upon the issuance of the guidelines to implement the provisions of this Order .

Bureau of Customs

Alberto D. Lina

ALBERTO D. LINA
Commissioner



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Philippine Economic Zone Authority

Lilia B. de Lima

LILIA B. DE LIMA
Director General