



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

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**CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. _____**

**SUBJECT: RULES AND REGULATIONS ON THE REGISTRATION OF SEA
CARGO DECONSOLIDATORS AS THIRD PARTIES AND THE CONDUCT OF
THEIR BUSINESS WITH THE BUREAU**

Section 1. Scope. This CAO covers the registration of Philippine-accredited Deconsolidators handling sea cargoes in relation to Customs Administrative Order (CAO) No. 1-2018 on the "Amended Rules on Consolidated Shipment of Balikbayan Boxes," and CAO No. 6-2019 on the "Registration of Third Parties dealing with the Bureau of Customs ("Bureau")," in relation to CAO No. 7-2022 on "Accreditation of Importers".

Registration of forwarders for cross border shipments under e-commerce shall be governed by another regulation.

Section 2. Objectives.

- 2.1.** To ensure that, to the extent possible, the balikbayan boxes will be delivered to the ultimate consignee.
- 2.2.** To provide the rules and regulations for the registration of Deconsolidators as Third Parties with the Bureau.
- 2.3.** To provide the grounds for the suspension, cancellation, or revocation of the registration of the Deconsolidators with the Bureau.
- 2.4.** To identify the obligations and liabilities of Deconsolidators and their counterpart Consolidators on the handling of shipment of consolidated shipment, including Balikbayan Boxes for the protection of the public.
- 2.5.** To exercise supervision and control over the conduct of business of Deconsolidators registered with the Bureau.

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

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- 3.1. Assigned Deconsolidator** — shall refer to a Deconsolidator who is tasked by the District Collector to process and clear Balikbayan Box shipment from the Bureau, including delivery to the ultimate consignee, for and in behalf of the Deconsolidator-in-Default.
- 3.2. Balikbayan Box** — shall refer to a corrugated box or other container or receptacle up to a maximum volume of two hundred thousand (200,000) gross cubic centimeters without regard as to shape of the container or receptacle. For purposes of duty and tax exemption, the Balikbayan Box should contain only personal and household effects that shall neither be in commercial quantities nor intended for barter, sale or for hire sent by Qualified Filipinos While Abroad often shipped by freight forwarders specializing in Balikbayan Boxes by sea.¹
- 3.3. Consolidated Shipments** — shall refer to two (2) or more shipments from two (2) or more individual consignors/senders abroad, assembled and consolidated at one point of origin or exportation and shipped together under a single master ocean bill of lading by a Consolidator to its Deconsolidator in the Philippines.²
- 3.4. Consolidator** — shall refer to a foreign-registered forwarding company acting as a Non-Vessel Operating Common Carrier (NVOCC) which procures transport of goods by sea and issues in its name house bill of lading to consignors of shipments under its solicitation, to whom it directly assumes the liabilities and responsibilities of a common carrier for the transportation of such goods from the point of receipt to the point of destination of such goods, and ships the goods together in its name under a master bill of lading consigned to its Deconsolidator or Freight Forwarder at the port of destination in the Philippines.³
- 3.5. Deconsolidator** — shall refer to a local freight forwarder or consolidator's agent or representative situated at the country of importation that provides services to ungroup or deconsolidate shipments, orders, goods, etc. to facilitate distribution.⁴ Deconsolidator, as used in this CAO, shall refer to deconsolidators of Balikbayan Boxes, loose cargoes, breakbulk shipments, etc. by sea.

¹ CAO No. 1-2018, Section 3.2.

² CAO No. 1-2018, Section 3.6.

³ CAO No. 1-2018, Section 3.7.

⁴ CAO No. 6-2019, Section 3.5.

3.6. Deconsolidator-in-Default – shall refer to the original Deconsolidator who failed to lodge the goods declaration involving shipment of Balikbayan Boxes within the period prescribed by the Bureau, who failed to pay the duties and taxes due thereon, or who failed to claim the goods within thirty (30) days from payment of duties, taxes, and other charges despite due notice.

3.7. Principal Officer — shall refer to the following:

- a. Directors and/or officers, including the President, Vice-President, Treasurer, and Corporate Secretary, as appearing in the Articles of Incorporation (AOI) or the General Information Sheet (GIS), if corporation.
- b. Resident Agent or Country Manager, if foreign corporation;
- c. Chairman and Vice-Chairman, if cooperative;
- d. Partners, if partnership;
- e. Single Stockholder, if One Person Corporation; or
- f. Sole Proprietor, if sole proprietorship.

In case of a newly established corporation and in the absence of Principal Officers in the AOI thereof, the incorporators are considered Principal Officers of the corporation. If the incorporators are juridical persons, the President or chief executive officer of each juridical entity shall be deemed Principal Officers of the applicant company or entity.⁵

The corporation shall designate one of its Principal Officers as its authorized representative to represent the corporation and sign the Application Form. In case of partnership, the authorized partner shall sign the Application Form, and in case of sole proprietorship, the sole proprietor or the owner thereof.

3.8. Responsible Officers — shall refer to the officers of the corporation or partnership designated to ensure compliance by the company or organization/agency of its responsibilities as accredited Importer. Such officers shall also act and sign documents, for and on behalf of the Importer, relative to the importation, movement, and clearance of goods.

Section 4. General Provisions.

⁵ CAO No. 7-2022, Section 3.10.



- 4.1.** The business of receiving, transporting, and delivering Balikbayan Boxes being performed by Deconsolidators is one imbued with public interest.

As such, Deconsolidators of Balikbayan Boxes shall perform their primary duty to deliver these goods to the ultimate consignees and shall exercise the highest degree of diligence, as well as high standards of integrity in all their transactions.

- 4.2.** Deconsolidators shall be subject to the supervision, regulation, and monitoring of the Bureau in relation to the importation, movement, storage, and clearance of goods, for and on behalf of another person.⁶
- 4.3.** Deconsolidators, shall be registered with the Bureau for the effective exercise of customs control over the said entities.⁷
- 4.4.** Deconsolidators transacting with the Bureau, for and on behalf of importers and consignees, shall be treated equally as the true importers or consignees,⁸ thus, shall be subject to the same responsibilities and penalties under CAO No. 7-2022, as may be applicable.
- 4.5.** Deconsolidators handling Balikbayan Boxes shall post a Performance Bond in the amount of Two Million Pesos (PhP2,000,000.00) in cash.
- 4.6.** The Performance Bond shall guarantee the payment of duties and taxes and other charges, and the performance of the obligations related to the importation of Balikbayan Boxes. Specifically, in case of failure to process and clear the goods with the Bureau, the Performance Bond shall be used for the payment of the following in accordance with the provisions of this CAO:
- a.** Payment of duties, taxes and other charges;
 - b.** Payment of services to be rendered by another Deconsolidator for the processing of the shipment with the Bureau, including expenses incurred for the delivery of the shipment to the ultimate consignees;
 - c.** Payment of storage, and arrastre charges;
 - d.** Other charges in relation to the processing and release of the goods from the Bureau, such as those related to the conduct

⁶ cf. CAO No. 6-2019, Section 4.2; CMTA, Title XII, Chapter 3, Section 1226.

⁷ cf. CAO No. 6-2019, Section 4.2.

⁸ cf. CMTA, Title XII, Chapter 2, Section 1226.

of 100% physical examination and/or non-intrusive inspection;

e. Payment of penalty as provided under this CAO.

4.7. The Performance Bond shall be re-posted upon renewal of registration of the Deconsolidators handling Balikbayan Boxes. However, in case of partial or full utilization of the Performance Bond prior to or upon expiration of the registration of the Deconsolidator with the Bureau, the Bond shall be replenished up to the full amount.

Section 5. Registration of Deconsolidators with the Bureau. Deconsolidators accredited with other government agencies and who wish to conduct business with the Bureau shall apply for registration with the Accounts Management Office (AMO) or such other office as may be directed by the Commissioner.

5.1. Deconsolidators Handling Balikbayan Boxes. The following shall be submitted by the applicant:

- a. Duly accomplished Application Form. The Application Form must also indicate the capability of the Deconsolidator to process consolidated Balikbayan Boxes under Section 800 (g) of the Customs Modernization and Tariff Act (CMTA). To standardize the process, the Bureau shall provide a template for the Application Form to be fulfilled;
- b. Written authority to sign in the Application Form, as evidenced by the following, whichever is applicable:
 - i. Corporate Secretary's Certificate (Corporation)
 - ii. Partnership Resolution (Partnership)
 - iii. Cooperative Resolution (Cooperative)
 - iv. Affidavit of Proprietor as sole signatory (Sole proprietorship)
- c. List of officers authorized to sign as declarant in the goods declaration;
- d. Certified True Copy of the registration or accreditation certificate from Fair Trade Enforcement Bureau (FTEB)-DTI;
- e. Certified True Copy of Valid Mayor's Permit;
- f. Bureau of Internal Revenue (BIR) Certificate of Registration (BIR Form No. 2303);

g. Proof of Business Registration:

- i.** Copy of Securities and Exchange Commission (SEC) Registration, Articles of Incorporation, and latest GIS (for corporation)
- ii.** Copy of SEC Registration and Articles of Partnership (for partnership)
- iii.** Copy of DTI Certificate of Business Name Registration (for sole proprietorship)

h. Photocopy of proofs of identity of the Authorized Signatory in the Application Form and goods declaration, the Principal Officer (President in case of corporation), and the Responsible Officer:

- i.** PhilID or PhilSys Number (PSN) issued by the Philippine Statistics Authority, subject to authentication, or in the absence thereof, two (2) of the following acceptable validly issued IDs:

- 1.** Passport;
- 2.** UMID Card;
- 3.** SSS ID;
- 4.** Driver's License;
- 5.** IBP ID for lawyers; or
- 6.** Alien Certificate of Registration and Alien Employment Permit, for aliens.

- ii.** National Bureau of Investigation (NBI) Clearance issued within six (6) months prior to the date of application.

- i.** Company Profile with geotagged photos of office and warehouse/storage area with proper and permanent signage;

- j.** List of Consolidators or foreign agents with whom the applicant Deconsolidator has existing Service Contracts, including the dates of effectivity and expiration of the contract, and copy of each of the Service Contract/s between the Deconsolidator and its Consolidator/s and all its annexes.

The Service Contract/s between the Deconsolidator and the Consolidator/ Foreign Agent shall contain the following minimum undertakings or provisions:

- i.** The Information Sheet is properly accomplished by the sender;

- ii. The Consolidator or foreign agent shall advise the sender of the following:
 - 1. That no prohibited or restricted items, or regulated items in commercial quantities, are included in the shipment; and
 - 2. That the shipment is subject to payment of the duties and taxes if the sender has exceeded the threshold for exemption under Section 800 (g) of the CMTA.
- iii. The collection of data by the Deconsolidator and/or the Consolidator shall be compliant with the Data Privacy Act and its implementing rules and regulations;
- k. Notarized Undertaking and Waiver In Case of Declaration as Deconsolidator-in-Default allowing the assignment of the shipment to a nominated Deconsolidator signed by the President or authorized Responsible Officer. The sworn undertaking and waiver shall be covered by a Secretary's Certificate, Partnership Resolution, or Cooperative Resolution, as the case may be, of the meeting held for the purpose.
- l. Proof of Posting of Performance Bond in the amount of Two Million Pesos (PhP2,000,000.00).

5.2. Commercial Deconsolidators. Applicants as Commercial Deconsolidators shall submit the following documents:

- a. Duly accomplished Application Form. The Application Form must also indicate that the company is not engaged in the handling of Balikbayan Boxes. To standardize the process, the Bureau shall provide a template for the Application Form to be fulfilled;
- b. Written authority to sign in the Application Form, as evidenced by the following, whichever is applicable:
 - i. Corporate Secretary's Certificate (Corporation)
 - ii. Partnership Resolution (Partnership)
 - iii. Cooperative Resolution (Cooperative)
 - iv. Affidavit of Proprietor as sole signatory (Sole proprietorship)
- c. List of officers authorized to sign as declarant in the goods declaration;

- d.** Certified True Copy of the registration or accreditation certificate from FTEB-DTI;
- e.** Certified True Copy of Valid Mayor's Permit;
- f.** Bureau of Internal Revenue (BIR) Certificate of Registration (BIR Form No. 2303);
- g.** Proof of Business Registration:
 - i.** Copy of Securities and Exchange Commission (SEC) Registration, Articles of Incorporation, and latest GIS (for corporation)
 - ii.** Copy of SEC Registration and Articles of Partnership (for partnership)
 - iii.** Copy of DTI Certificate of Business Name Registration (for sole proprietorship)
- h.** Photocopy of proofs of identity of the Authorized Signatory in the Application Form and goods declaration, the Principal Officer (President in case of corporation), and the Responsible Officer:
 - i.** PhilID or PhilSys Number (PSN) issued by the Philippine Statistics Authority, subject to authentication, or in the absence thereof, two (2) of the following acceptable validly issued IDs:
 - 1.** Passport;
 - 2.** UMID Card;
 - 3.** SSS ID;
 - 4.** Driver's License;
 - 5.** IBP ID for lawyers; or
 - 6.** Alien Certificate of Registration and Alien Employment Permit, for aliens.
 - ii.** National Bureau of Investigation (NBI) Clearance issued within six (6) months prior to the date of application;
- i.** Company Profile with geotagged photos of office and warehouse/storage area with proper and permanent signage; and

Section 6. Registration Fee. Deconsolidators shall pay a registration fee in the amount of Two Thousand Pesos (PhP2,000.00)⁹ upon submission of its application.

Section 7. Application Process.

- 7.1.** An applicant shall file the application by opening a ticket and uploading the required documents in the Customer Care Portal System (CCPS). The hardcopies of the uploaded documents shall be submitted to AMO through the Customer Care Center (CCC) within forty-eight (48) hours from the uploading of the documents in the CCPS.
- 7.2.** The AMO shall evaluate the application within three (3) working days from receipt of complete documentary requirements through the CCPS.
- 7.3.** If upon evaluation, there are discrepancies or issues that require justification or submission of additional documents, AMO shall immediately inform the applicant, through the CCPS, to submit the same within seven (7) calendar days from posting of the notice. Otherwise, the same shall be archived without prejudice to the submission of the required documents or justification.
- 7.4.** The following are grounds for outright denial of application:
 - a.** Misrepresentation of material information; or
 - b.** Submission of false, spurious, and forged documents.
- 7.5.** If discrepancies are found after validation between the documents submitted online and the hardcopies of the documents submitted, the AMO shall require the applicant to submit an explanation on the discrepancies. Otherwise, the application shall be denied.

Section 8. Certificate of Registration. Deconsolidators registered with the Bureau shall be issued a Certificate of Registration signed by the Commissioner of Customs.

Section 9. Validity of Registration. The Certificate of Registration shall be valid for a period of one (1) year from the date of its issuance, unless sooner revoked or cancelled.¹⁰ Provided that, shipments which are in transit prior to the expiration of the registration may be processed by the Deconsolidator by requesting for temporary activation of the registration. Provided, further, that upon release of the shipments, the activation shall be automatically cancelled.

⁹ cf. CAO No. 7-2022, Section 4.5.

¹⁰ cf. CAO No. 7-2022, Section 4.2.

Section 10. Renewal of Registration.

- 10.1.** Deconsolidators must file their application for renewal with the Bureau at least thirty (30) days prior to the expiration of their registration.
- 10.2.** Applications for renewal of registration, including the supporting documents, shall be submitted to the AMO through the CCPS.
- 10.3.** In support of the application for renewal, the applicant shall submit the following:
- a.** Application for Renewal. The Bureau shall provide a template for the Application for Renewal;
 - b.** BCOR for Processing Fee;
 - c.** Printed CPRS of the company, and updated notification of "STORED" status, unless dispensed with by AMO or equivalent office;
 - d.** Latest GIS (for corporation) or latest Cooperative Annual Progress Report (for cooperatives);
 - e.** Latest Income Tax Return (ITR);
 - f.** Valid Mayor's Permit where the main office is located;
 - g.** Certification of No Change in Business Information, indicating therein the documents which remain valid and do not require updating.

If there are updates/changes in the applicant's business information, a Certification of Change in Business Information together with the updated or new documents must be submitted to the AMO, through the CCC, within forty eight (48) hours from uploading of the documents in the CCPS;

- h.** Updated Geotagged Photo of the applicant's office address, are warehouse /storage facility if applicable;
 - i.** Proof of posting of Performance Bond for Deconsolidators handling Balikbayan Boxes; and
 - j.** Notarized Undertaking, Waiver and Authority to Assign Customs Clearance to BOC Nominated Deconsolidator or Freight Forwarder In Case of Declaration as Deconsolidator-in-Default, for Deconsolidators handling Balikbayan Boxes.
- 10.4.** If the application for renewal was approved prior to the expiration of the validity period, the same shall take effect immediately after the lapse of the original period.
- 10.5.** If upon evaluation, there are discrepancies or issues that require justification or submission of additional documents, AMO shall

immediately inform the applicant, through the CCPS, to submit the same within fifteen (15) calendar days from posting of the notice. Otherwise, the application shall be denied.

10.6. All applications which are duly filed in accordance with the preceding paragraph and which registration process has remained pending, shall be automatically extended,¹¹ provided that in case of approval, the renewed registration shall retroact to the day immediately after the expiration of the previous registration.

10.7. If the application for renewal was approved prior to the expiration of the validity period, the same shall take effect immediately after the lapse of the original period.

Section 11. Registration in the Client Profile Registration System (CPRS).

Activation of the CPRS shall be made only upon issuance of the Certificate of Registration. However, Activation of CPRS registration of Deconsolidator shall not be made in case inconsistencies were found in its application filed with AMO until the same have been addressed. Only Deconsolidators with activated CPRS registration shall be allowed to transact business with the Bureau.

Section 12. Duties and Obligations of the Deconsolidator. Corollary to the obligations of Third Parties under Section 6 of CAO No. 6-2019, the Deconsolidator who is named in the Master Bill of Lading as the consignee of the shipment shall:

12.1. For Deconsolidators Handling Balikbayan Boxes:

12.1.1. Upon receipt of the notice from the shipping line, acknowledge and confirm the request for booking of empty container by the Consolidator abroad which is intended to be sent to the Philippines and consigned to the Deconsolidator for Customs clearance, and delivery to the ultimate consignees;

12.1.2. Recognize and accept all the shipments forwarded by the Consolidator abroad in accordance with the provisions of the Service Contract, subject to Section 12.1.5 of this Order;

12.1.3. Process the release of the shipment covered under the preceding paragraph and deliver the subject shipment to the ultimate consignees;

¹¹ Republic Act No. 11032, Ease of Doing Business and Efficient Government Service Delivery Act 2018, Section 10.



12.1.4. Ensure that the Accreditation or License/Permit to Operate issued by FTEB-DTI in favor of the Deconsolidator is valid and subsisting;

12.1.5. Notify the Bureau, through the AMO, of any changes in the Service Contract or its expiration at least ten (10) days from the occurrence of the change or the expiration thereof. Notification of said changes or expiration shall be done through the CCPS by uploading the proof of the changes in, or expiration of, the Service Contract.

Failure on the part of the Deconsolidator to inform the Bureau of the expiration or termination of the Service Contract with the Consolidator shall be interpreted to mean that the Service Contract remains valid and subsisting, and the obligation under Section 12.1.1. herein shall be faithfully complied with.

The requirement to notify under the preceding paragraph shall also apply to new Service Contract/s entered into by the Deconsolidators;

12.1.6. In case of a declaration as Deconsolidator-in-Default, authorize the Assigned Deconsolidator to process and clear the shipment of Balikbayan Box from the Bureau and to deliver the same to the ultimate consignee, and shoulder any and all expenses arising therefrom to be taken from the Performance Bond; and

12.1.7. In cases where it is designated by the Bureau as Assigned Deconsolidator, process and clear the shipment of Balikbayan Box from the Bureau, for and on behalf of the Deconsolidator-in-Default, and deliver the same to the ultimate consignee.

12.2. For Commercial Deconsolidators:

12.2.1. Ensure that the Accreditation or License/Permit to Operate issued by FTEB-DTI in favor of the Deconsolidator is valid and subsisting;

12.2.2. Cause the transfer of the consolidated shipments to accredited Off-dock Customs Facilities Warehouse;

12.2.3. Issue corresponding House Bill of Lading to the consignee;

12.2.4. Ungroup or deconsolidate shipments; and

12.2.5. Comply with the requirements in the clearance and release of the shipments.

Section 13. Special Remedies for Unlodged or Unfiled, Unpaid, or Unclaimed Balikbayan Boxes. Pursuant to Sections 204 and 1226 of the CMTA, the following remedies shall be undertaken to ensure delivery of Balikbayan Boxes to the ultimate consignees:

13.1. Express Abandonment by Deconsolidators.

13.1.1. To ensure that express abandonment of Balikbayan Boxes by Deconsolidator will not be used to evade responsibility or liability under this CAO, the following circumstances must be taken into account before the issuance of a Decree of Abandonment¹²:

- a.** Previous transactions or existence of Service Contract with the Consolidator abroad;
- b.** Exchanges of communication related to the shipment between the shipping line and the Deconsolidator and/or the Consolidator in relation to the shipment; or
- c.** Deconsolidator has claimed the bill of lading relative to the shipment of Balikbayan Boxes.

13.1.2. Internal or purely private disagreement or dispute between the Deconsolidator and its Consolidator, such as non-remittance of any agreed fees related to the shipment, among others, shall not be considered as ground to expressly abandon the goods and the Deconsolidator shall bear full responsibility over the shipment.

13.1.3. Unjustified express abandonment of ownership over the goods, shall render the shipment of Balikbayan Boxes as impliedly abandoned.

¹² Customs Administrative Order No. 17-2019, Section 4.1.

13.2. Balikbayan Boxes Which are Impliedly Abandoned. After the lapse of the prescribed period,¹³ the Deconsolidator shall be deemed as Deconsolidator-in-Default and shall be notified by the District Collector¹⁴. Thereafter, the following actions may be undertaken:

13.2.1. A Decree of Abandonment may be issued. Disposition of the entire contents of the goods shall be made in accordance with Chapter 10, Title XI of the CMTA and its implementing rules and regulations;

13.2.2. The District Collector may engage the service of an Assigned Deconsolidator; or

13.2.3. The Deconsolidator may reclaim¹⁷ the goods and release the same from the Bureau within thirty (30) days from the lapse of the prescribed period to lodge the goods declaration.¹⁸

However, if the service of an Assigned Deconsolidator has already been engaged, the Deconsolidator-in-Default may only be allowed to participate in the clearance, release, distribution, and delivery to the ultimate consignees upon written consent and approval of the Assigned Deconsolidator, without prejudice to its liabilities and penalties under this CAO. Further, any and all expenses related to the processing of the Balikbayan Boxes up to its delivery to the ultimate consignees by an Assigned Deconsolidator shall be reimbursed in full by the original Deconsolidator, aside from the penalty as imposed under this CAO;

13.3. Engagement of Assigned Deconsolidator. The engagement of an Assigned Deconsolidator shall comply with the following procedure:

a. The District Collector shall proceed to assign the processing of the shipment to another Deconsolidator in accordance with the waiver and authority to assign submitted by the

¹³ Customs Administrative Order No. 17-2019, Sections 4.2.1, 4.2.2, or 4.2.4.

¹⁴ Customs Administrative Order No. 17-2019, Sections 4.4.1.

¹⁷ Section 1130, 2nd paragraph, CMTA.

¹⁸ Customs Administrative Order No. 17-2019, Sections 4.5.5.

Deconsolidator-in-Default during the application for registration with the Bureau. The authority to assign shall cover the use of the credentials of the Deconsolidator-in-Default for the lodgement of goods declaration, if applicable. The authority also covers the delegation to the Assigned Deconsolidator to claim the bill of lading for and in behalf of the Deconsolidator-in-Default, if applicable, and to pay any and all charges for storage and demurrage.

In case of unavailability of the Assigned Deconsolidator, the Bureau may engage the services of freight forwarders, even if not registered with the Bureau as Balikbayan Box Deconsolidator, provided that, the forwarder shall perform the same duties, responsibilities, and accountabilities of an Assigned Deconsolidator.

- b.** The Assigned Deconsolidator shall process the shipment for and on behalf of the Deconsolidator-in-Default. Amendment of the bill of lading is not required; and
- c.** All expenses related to the processing of the goods, release of the goods from the Terminal Facility, delivery of the goods to the ultimate consignee, among others, shall be for the account of the Deconsolidator-in-Default, to be taken from the Cash Bond.
- d.** Upon release of the goods from customs custody, the registration of the Deconsolidator-in-Default shall be suspended resulting from its failure to comply with its obligations, without prejudice to any other civil and criminal liability that the Bureau may proceed against the company.

However, the registration may be temporarily reactivated if there are balikbayan box shipments that are undergoing clearance process by an Assigned Deconsolidator/s in other port/s.

Reactivation of its registration shall be subject to the approval of the Commissioner, upon payment of all charges and expenses incurred as a result of

the assignment, and upon posting of the Performance Bond of Two Million Hundred Thousand Pesos (PhP2,000,000.00) in cash.

13.4. Duties and Responsibilities of Assigned Deconsolidator.

The Assigned Deconsolidator shall be responsible for the following:

- a. Claim the Bill of Lading for and in behalf of the Deconsolidar-in-Default, if applicable;
- b. Lodge and file goods declaration;
- c. Request the conduct of non-intrusive inspection and 100% examination of the container to identify the number of Balikbayan Boxes, description of the goods, value of the goods if available, names of consignees, and their respective addresses;

Representatives from the Office of the Commissioner, Enforcement and Security Service, Customs Intelligence and Investigation Service, Port Operations Service, and Office of the District Collector concerned shall witness the conduct of the examination/ inventory;

- d. Pay the duties and taxes, unless it is clearly indicated in the package, and upon verification of compliance with the requirements, that the benefits under Section 800 (g) of the CMTA will be availed of;
- e. Pay the storage charges, demurrage charges, and other similar charges for the release of the shipment from the terminal facility;
- f. Delivery of the goods to the ultimate consignees. Provided that the assigned consolidator shall submit details of the delivery;
- g. Submit a weekly report to the District Collector concerned to monitor the progress of the clearance and the delivery of the goods. A final Completion Report shall be submitted to the Bureau once all the goods are delivered to the ultimate consignees; and

Submit a billing together with all the supporting documents to the Bureau for the payment of any and all expenses related to the processing, clearance, release, and delivery of the Balikbayan Boxes.

The Bureau shall notify the Deconsolidator-in-default of the cost incurred by the Assigned Deconsolidator and the fact that the same has been settled through the Performance Bond posted by the company.

Section 14. Role of Shipping Lines in the Confirmation of Acceptance of Consolidated Shipment of Balikbayan Boxes. To ensure that the shipping lines are protected against non-payment of shipping charges or unwarranted detention of containers as a result of the failure of the Deconsolidator or agent in the Philippines to claim the consolidated shipment upon its arrival, the following shall be adopted:

- 14.1.** The shipping line shall require the Consolidator to identify, during booking of empty container, the Deconsolidator or agent in the Philippines, and to provide contact details thereof, such as address in the Philippines, phone number, email address, and other social media contact information (viber/whatsapp, etc.);
- 14.2.** The shipping line shall notify the Deconsolidator or agent in the Philippines of the request for booking of the empty container and inquire if the Deconsolidator acknowledges the shipment;
- 14.3.** The Deconsolidator or agent in the Philippines shall confirm the booking of the empty container for the purpose it is intended via email or other electronic means. It is understood that the confirmation of the booking is an acknowledgment of the legitimacy of the shipment and will be processed for clearance with the Bureau for delivery to the ultimate consignees.

The shipping line shall not deliver the empty container to the Consolidator without confirmation by the Deconsolidator or its agent in the Philippines of the booking.

Section 15. Penalties.

- 15.1.** Deconsolidator-in-Default shall be liable to pay to the Bureau the Twenty-Five percent (25%) of the cost awarded to the Assigned Deconsolidator but shall not be lower than Three Hundred Thousand Pesos (PhP300,000.00).



The penalty shall be paid out of the Performance Bond posted by the Deconsolidator-in-Default. If the Performance Bond is insufficient to cover the penalty, the amount shall be collected through other means such as, but not limited to, distraint or levy of the properties of the Deconsolidator-in-Default under Chapter 8, and other relevant provisions of the CMTA.

- 15.2.** Balikbayan Boxes, other than those processed under Section 800 (g) of the CMTA and subject to payment of duties and taxes, shall be covered by CAO No. 5-2019 and/or CAO No. 7-2022.

Under no circumstances shall the following be deemed as “valid justifications” that could exempt the Deconsolidators of Balikbayan Box from liability:

- a.** Failure to perform the duties and obligations as provided under Section 12.1 up to 12.1.7 of this CAO; and
- b.** Failure to pay, upon demand, all charges in connection with the processing of the shipment of Balikbayan Boxes by the Assigned Deconsolidator.

- 15.3.** Upon recommendation of the District Collector concerned, the AMO, with the approval of the Commissioner, may preventively suspend or bar the Deconsolidator-in-Default from transacting with the Bureau for violation of Section 12.1 of this CAO without justifiable reasons until the liability has been paid.

- 15.4.** The imposition of the penalties under the section shall be on a per shipment basis and is separate from the action of the FTEB-DTI to blacklist and sanction the Deconsolidator-in-Default pursuant to its own rules and regulations.

- 15.5.** Assigned Deconsolidators or the freight forwarder shall be subject to civil, administrative, or criminal liability in case of failure to perform its obligations to process, clear, and deliver the goods to its ultimate consignees for and in behalf of the Deconsolidator-in-Default.

- 15.6.** Consolidated commercial shipments shall be subject to fines and penalties under CAO No. 7-2022.

- 15.7.** When the Deconsolidator fails or refuses, upon lawful demand in writing by any customs officer to appear, lawfully depose, submit to examination, answer any material question, or produce records, accounts, or invoices pertaining to the value,

classification, or disposition of the goods in question and deemed material in assessing the same, the District Collector shall assess a surcharge of twenty percent (20%) on the dutiable value of the goods which is the subject of the importation.¹⁹

15.8. Any Deconsolidator who violates any provision of this CAO shall be liable under Section 1430 of the CMTA.

Section 16. Due Notice and Hearing. The Bureau shall accord due notice and hearing, before any cancellation or revocation of a Deconsolidator's registration is imposed, pursuant to Section 15 of this CAO for failure to pay the charges provided under Sections 13.3 and 13.4. herein.

Section 17. Expiration of Accreditation or License/Permit to Operate issued by FTEB-DTI.

17.1. Notwithstanding Section 16 of this CAO, the registration of the Deconsolidator shall be temporarily suspended if the Accreditation or License/Permit to Operate issued by FTEB-DTI is no longer valid or has expired. However, the Deconsolidator may still request to the Commissioner for continuous processing of its shipments in accordance with Section 17 of CAO No. 7-2022, provided that, the 100% examination may only be conducted on a specific Balikbayan Box which is subject of a derogatory information.

17.2. Registration shall not be deemed suspended if the Deconsolidator submits a proof of application for renewal of Accreditation with FTEB-DTI duly received by such office prior to the expiration of the Accreditation.

17.3. However, application for renewal of accreditation with FTEB-DTI submitted after the expiration of the said accreditation may only be considered for purposes of applying Section 17.1 of this CAO.

Section 18. Creation of Balikbayan Box Special Trust Account. To facilitate the clearance, release, distribution and delivery of the Balikbayan Boxes to the ultimate consignees, and to guarantee that the funds are immediately available to cover the payment of duties, taxes, and other charges and obligations under this CAO in case of a Deconsolidator-in-Default, all Performance Bond in cash shall be deposited in a special trust account created for the purpose, to be known as the Balikbayan Box Special Trust Account.

¹⁹ CMTA, Title XIV, Chapter 1, Section 1402.

Section 19. Transitory Provision. Pending compliance with the provisions of this CAO, the shipments of Deconsolidators shall be processed by the Bureau under existing procedures.

Section 20. Balikbayan Box Monitoring Automation System. The Bureau shall develop, acquire, receive in donation, gain access to, and operate, or provide a system to effectively monitor the shipment of Balikbayan Boxes, including those who avail of the duty and tax-exempt privilege under Section 800 (g) of the CMTA.

Section 21. Separability Clause. If any part of this CAO shall be declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 22. Repealing Clause. This CAO specifically amends or repeals previously issued CMOs which are inconsistent with the provisions herein stated.

Section 23. Effectivity. This CAO shall take effect after thirty (30) days after its publication at the Official Gazette or in a newspaper of general circulation.

The Office of National Administrative Register of the University of the Philippines Law Center shall be provided with three (3) certified copies of this CAO.

BIENVENIDO Y. RUBIO
Commissioner

Approved:

RALPH G. RECTO
Secretary of Finance

