



JAN 18 2006

**CUSTOMS ADMINISTRATIVE ORDER**

No. 2 - 2006

To: The Deputy Commissioners of Customs  
The District Collectors of Customs  
Service/Division/Unit Chiefs  
The Philippine Chamber of Air Express Cargo Operators (PCAECO)  
All Others Concerned

Subject: **CARGO PRE-CLEARANCE RELEASE SYSTEM FOR THE AIR EXPRESS CARGO INDUSTRY**

**I. OBJECTIVES**

1. To address the growing demand of the air express cargo industry to effect release of their cargoes prior to final customs clearance under certain conditions.
2. To provide a control mechanism to ensure that the cargo pre-clearance procedure is not used to evade payment of the correct revenue due the government.
3. To continue providing services to air express cargo industry even beyond regular working hours.

**II. SCOPE**

The pre-clearance system shall apply only to air express cargoes consigned to accredited air express cargo operators arriving two (2) hours or more before the start of regular office hours or right after the end of office hours, or on Saturdays, Sundays and non-working holidays.

**III. GENERAL PROVISIONS**

1. The cargo pre-clearance release system herein provided refers to the procedure wherein air express consignments may be released prior to the payment of the assessed customs duty, tax and other charges subject, however, to the posting of a bank guaranty hereinafter provided and the issuance of the final clearance by the Bureau of Customs.

## 2. Requisites for Application of Pre Clearance Release Procedure.

- 2.1. There must be assigned in the premises of the air express cargo operator BOC personnel to perform the functions specified in 2.2 and 2.3 hereinbelow;
- 2.2. The import entry for the air express cargo sought to be released shall have been duly filed and processed;
- 2.3. The documentary and/ or physical examination of the cargo, if necessary, has been completed, and the duties, taxes and other charges due on the consignment have been properly determined by the Customs Appraisers;
- 2.4. Only such number of consignments with aggregate assessed duties, taxes and other charges not exceeding the amount guaranteed by an accredited agent bank shall be allowed to be released.
- 2.5. The cargo sought to be released is not a regulated or prohibited cargo that requires prior import clearance or permit from the concerned government agencies.
- 2.6. The cargo sought to be released is not subject to any alert/hold order issued by competent BOC unit or other government agencies.

## 3. Required Bank Guaranty

The air express cargo operator shall submit to the District Collector of Customs a notarized written commitment executed by an accredited agent bank (AAB), guaranteeing to pay the Bureau of Customs upon demand whatever customs duties, taxes and other charges assessed on any import not paid by the air express cargo operator in the manner as prescribed in this Order.

## 4. Amount of Deposit and Conditions of the Bank Guaranty

The air cargo express operator shall deposit and maintain at all times in a duly accredited commercial bank the amount of not less than TWO MILLION PESOS (2,000,000.00) specifically to guaranty immediate payment by the bank upon demand by the Bureau of Customs, in case of default on the part of the operator, of all assessed customs duties, taxes, and other charges on importations the release of which have been secured under the provisions of this Order.

## 5. When Payment is Due

The air express cargo operator shall pay the Bureau of Customs the customs duties, taxes and other charges assessed on consignments processed under the provisions of this Order not later than 12:00 Noon of the next working day following the release of the cargo.

6. Notarized Undertaking

In addition to the bank guarantee, the air express cargo operator shall execute a notarized undertaking holding itself liable and responsible for any damage caused to the Bureau occasioned by the operator's breach of the pre-clearance privilege.

7. Physical Examination

The physical examination of every shipment processed under the provisions of this Order shall not be mandatory. However, the Customs Operations Officer in charge, in the presence of certain risk factors, e.g., the track record of the importer, country of origin, nature of item, value declared or other criteria established by higher authorities, may authorize a random examination of the packages; provided that, a written report on the result of the examination shall be submitted to the District Collector of Customs immediately thereafter.

8. Task of the Special Deputy Collector

To effectively implement the directive contained in 5. above, the Special Deputy Collector assigned at the air express cargo facility shall be tasked with the duty of collating and monitoring the amount of customs duties, taxes and other charges assessed on the cargoes released under the provisions of this Order.

The Special Deputy Collector shall submit every Monday to the District Collector of Customs, copy furnished the Chief, Collection Division, a weekly report on all consignments released under the pre-clearance system, clearly specifying the date of release, the date of subsequent payment of the charges due, and the official receipts issued to evidence such payments.

9. Overtime

Overtime wages for the services rendered by the Customs personnel shall be paid by the operator pursuant to Section 3506 of the Tariff and Customs Code of the Philippines, as amended, computed based on the rates prescribed under existing regulations.

10. Revocation of Pre-clearance Authority


The release of air express cargo under a pre-clearance system is a mere privilege and does not confer a right. Violation of the conditions laid down in this ORDER as well as any attempt to use the pre-clearance system as an instrument to deprive the Bureau of its lawful revenues shall constitute a sufficient ground for the revocation of the privilege granted either to an individual member of the PCAECO or to the organization itself, without prejudice to the filing of administrative and criminal charges against any person as the circumstances may warrant.

**IV. REPEALING CLAUSE**

All Bureau of Customs orders, memoranda or circulars in conflict or inconsistent herewith are hereby deemed repealed and/or modified accordingly.

**V. EFFECTIVITY**

This Order shall take effect upon approval of the Secretary of Finance.

  
**ALEXANDER M. AREVALO**  
Officer-in-Charge &  
Deputy Commissioner, MISTG



APPROVED:

  
**MARGARITO B. TEVES**  
Secretary of Finance

Date: 12 January 2006