



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA 1099

16 May 2011

CUSTOMS MEMORANDUM ORDER  
NO. 20-2011

Subject : **Harmonizing the Functions and Responsibilities of the Various Offices in the Bureau Pertaining to the Issuance of Certificates of Payments and for Other Purposes.**

**Rationale:**

To streamline the different offices with overlapping or duplicating functions and simplify the processing and transmission of Certificates of Payments (CPs) to the Land Transportation Office, CMO No. 35-2010 was issued abolishing the Certificate of Payment Verification Office (CPVO) and the Certificate of Payment Encoding and Verification Unit (CPEVU) and transferred their respective functions and duties, including the issuance of CPs to the Ports. Further, under CMO 35-2010, the Certificate of Payment Clearance Unit (CPCU) was renamed to Certificate of Payment Unit and its jurisdiction transferred from the Office of the Commissioner to the Deputy Commissioner, MISTG.

Due to several issues and concerns raised by the offices/units concerned in the processing and issuance of CPs, CMO Nos. 55-2010 and 17-2011 were issued addressing not only the concerns raised but also providing for the manual transmittal of Certificates not yet integrated in the Bureau's e-CP System.

In view of MISTG Memorandum No. 1 dated 18 October 2010 which delegated the function of the CPU to the Deputy Collectors for Assessment with respect to the electronic submission of CPs to the LTO, CMO 17-2011 was issued not only abolishing the CPU, but reissued the provisions of CMO 35-2010, causing confusion among the offices/units concerned, thus necessitating the issuance of a

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Customs Memorandum Order reconciling and harmonizing the previous issuances.

**1. OBJECTIVES:**

- 1.1 To provide for the respective duties and responsibilities of the various offices/units involved in the clearance procedure to importations of imported motor vehicles, components and parts and in the issuance of the corresponding Certificates of Payments and Certificates for Engines.
- 1.2 To provide for accountability on the part of Customs employees discharging the duties and responsibilities as defined in this Order.
- 1.3 To ensure that only legally imported motor vehicles, components and parts are registered with the Land Transportation Office.

**2. SCOPE:**

This Order shall cover the following:

- 2.1 Commercial importation of brand new motor vehicles required to be registered with the Land Transportation Office (LTO) under Tariff Heading Nos. 8701.20, 8702, 8703, 8704, 8705 and 8711 of the ASEAN Harmonized Tariff Nomenclature;
- 2.2 Imported brand-new personally owned motor vehicles;
- 2.3 Authorized importation of used motor vehicles;
- 2.4 Imported motor vehicles subject of settlement/redemption and those auctioned off by the Bureau of Customs;
- 2.5 Imported motor vehicles of government agencies and instrumentalities;
- 2.6 Rebuilt trucks and buses in relation to DAO No. 8 series of 2003 issued by the Department of Trade and Industry;

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- 2.7 Imported brand new and used motor vehicle components and parts;
- 2.8 Motor vehicles imported under the customs bonded warehousing system;
- 2.9 Local purchase of imported tax-free motor vehicles by non-tax exempt entity; and
- 2.10 Local purchase/amended CP from a tax-exempt entity to another tax-exempt entity.

### **3. ADMINISTRATIVE PROVISIONS**

- 3.1 The previous function of the CPU insofar as electronic transmittal of CPs to the LTO is concerned is hereby delegated to the following officials as follows:
  - 3.1.1 The District Collector shall issue/transmit the CPs of motor vehicles under the following categories:
    - 3.1.1.1 personally owned motor vehicles or those for personal use;
    - 3.1.1.2 importations of privileged individuals and entities (embassies, multinationals, ADBs, etc.); and
    - 3.1.1.3 those subject of auction sales, settlement and/or redemption which are clearly personally-owned or for personal use.
  - 3.1.2 The Deputy Collector for Assessment shall issue/transmit CPs for all types of motor vehicle importations of CAMPI and AVID members, whether entered under consumption or warehousing entry. Included under this category are motorcycles, semi-knocked down units and others being imported by members of the afore-mentioned associations.
  - 3.1.3 The Chief, Section 5 or equivalent unit, shall issue/transmit CPs for the following:
    - 3.1.3.1 completely built units of heavy equipments, trucks, buses and other

- importations falling under the same category for which a CP is being issued;
- 3.1.3.2 importations of knock-down parts, component parts made by accredited assemblers/manufacturers covered by Certificates of Authority to Import (CAI) issued by the Bureau of Import Services (BIS) of DTI; and
  - 3.1.3.3 imported trailer and chassis.
- 3.1.4 The Chief, Formal Entry Division or equivalent unit shall issue CPs for all other importations not specifically mentioned or included in the above categories.
- 3.2 To maintain the integrity of CPs being issued, all blank CP forms shall be under the custody and safe-keeping of the Deputy Collector for Administration.
- 3.3 To contain the distribution of blank CP forms for processing, the same shall be issued only upon formal written request from the Chief, Formal Entry Division (FED) or equivalent unit. The Chief, FED shall attach the working copy of the entry to the letter-request to ensure that CP forms are issued in quantities enough for processing at any given time.
- 3.4 The Deputy Collector for Administration shall provide the Chief, FED or equivalent a daily report on the number of blank CP forms issued for reconciliation with the actual number of CPs processed for the day to determine if any CP remains accountable or not.
- 3.5 Certificates for Engines imported as replacement parts shall be issued by the Chiefs, Section 6 of the Formal Entry Division or equivalent unit.
- 3.6 Importation of personally-owned vehicles or those for personal use shall mean importation of not more than one (1) unit by the same person within a twelve-month period. Importation of vehicles in the name of several buyers but represented by a single person or entity shall be deemed as importation of vehicles for resale, hence subject to the ad valorem tax based on the importer's selling price pursuant to BIR Revenue Regulation No. 25-2003.



#### 4. OPERATIONAL PROVISIONS

- 4.1 Preparation of the CP shall be done by the concerned Customs Examiner of Section 5 of the Formal Entry Division or equivalent unit who retrieves the data submitted electronically by the importer/applicant applying for the CP.
- 4.2 The assigned Customs Examiner validates whether the engine and chassis number and the Vehicle Identification Number (VIN) as encoded by the importer/applicant matches with the details provided in the import entry filed with the Bureau. If the same matches, he/she then prepares the hard copy of the CP for review by the Principal Examiner and Appraiser.
- 4.3 The Principal Examiner and Appraiser shall evaluate and review the CP prepared by the Customs Examiner against the encoded data. If in order, the accomplished CP shall be distributed and forwarded to the concerned officials in accordance with Section 3.1 hereof, otherwise the CP shall be returned to the Customs Examiner assigned for further review/validation.
- 4.4 The Chief, Collection Division shall encode the amount paid and the official receipt number in the e-CP System and tagged it "paid".
- 4.5 The District Collector, Deputy Collector for Assessment, Chief, FED or Chief, Section 5-FED, as the case may be, shall approve the CP by "tagging" it as approved and "post-evaluates" (transmits) the same electronically to the LTO.
- 4.6 In the entire process of CP preparation and its transmittal to the LTO, it is understood that the motor vehicle importation has complied with all existing rules and regulations, particularly CAO 8-2007 on the specific description of imported articles.
- 4.7 To maintain the operational efficiency of the offices/units concerned and avoid delays in the electronic transmittals of CP to the LTO, the District Collector is hereby directed to ensure that in case of absence of the primary official concerned, an alternate official is designated to assume the responsibility of transmitting electronically the CPs to LTO.

- 4.8 Certificates for Engines imported as replacement parts issued by the Chief, Section 6, FED shall be indorsed by the District Collector to the Office of the Commissioner (Attn: Chief of Staff) for issuance of Certification Numbers for a centralized monitoring system of Certificates issued, and subsequent transmittal to the LTO Central Office (Attn: Certificate of Payment Encoding Unit) for registration and encoding of the motor vehicle replacement parts.
- 4.9 For administrative and security reasons and pursuant to LTO Memorandum Circular No. VPT-2010-1429 dated November 19, 2010 all indorsements to LTO shall come from the Office of the Commissioner. No other office in the Bureau shall directly indorse Certificates for Engine as replacement parts unless with proper authorization from the Commissioner of Customs.

## **5. AMENDMENTS OF CP**

- 5.1 Request for amendment/s of CP shall be filed with the District Collector of the Port where the CP was originally issued through a formal letter-request for amendment together with a copy of the CP subject of the request.
- 5.2 Request for amendment/s of CPs issued under the BOC's e-CP System shall be filed with the Deputy Collector for Assessment or Chief, Formal Entry Divisions, for action.
- 5.3 Amendment/s of CPs issued prior to the implementation of the e-CP System shall be indorsed to the Office of the Commissioner (Attn: Chief of Staff) for transmittal to the LTO.

## **6. TRANSITORY PROVISIONS**

Until such time the enhancements to the e-CP System shall be implemented to also cover the electronic submission of Certificates for Engines as replacement parts, the procedures prescribed in this Order for the manual transmission thereof to the LTO shall be followed.



Chiefs of divisions/sections affected by this Order are directed to coordinate with the MISTG for electronic access to the e-CP system.

**7. REPEALING CLAUSE**

All provisions of existing memoranda, orders and other issuances inconsistent with this Order are hereby repealed, supersede and/or modified accordingly.

**8. EFFECTIVITY**

This Order shall take effect immediately. The Bureau's CRMD is hereby directed to immediately cause the circulation of this Order for the guidance of all concerned.

  
**ANGELITO A. ALVAREZ**

5/20/11

Commissioner

