



13 October 2010

CUSTOMS MEMORANDUM ORDER

No. 43-2010

Subject: Procedures for the Implementation of e2m Customs System – Phase 4 Transit/Transshipment System in all Customs Ports Nationwide

1. OBJECTIVES

- 1.1 To implement the e2m Customs System – Phase 4 Transit/Transshipment Entry System in all Customs Ports nationwide.
- 1.2 To provide facility to monitor and control the movement of goods within the national border for shipments that use a specific point of entry but will be subsequently moved to the final domestic port of destination.
- 1.3 To effect smooth transition from the current manual procedures to the intended customs procedures under the e2m Customs System.

2. SCOPE

The following components of the e2m Customs System must have been implemented:

- Client Profile Registration System (CPRS)
- Electronic Manifest System (EMS)
- Import Assessment System (IAS)
- Payment Abstract Secure System v.5.0 (PASS5)
- On-Line Release System (OLRS)
- License and Clearance System (LCS) for government agencies

This Order shall not cover all transit shipments destined for PEZA or Freeport/Special Economic Zones.

Only Importers/Brokers accredited under the Client Profile Registration System (CPRS) can electronically lodge their declaration thru the Accredited Value Added Service Providers (VASPs).

3. OPERATIONAL PROVISIONS

3.1 Port of Discharge

3.1.1 Pre-lodgment of Declaration

- 3.1.1.1 Importer or his authorized representative pre-lodges the transit/transshipment entry through the VASP. The VASP in turn, converts the entry into XML message and saves this XML message to the appropriate directory in the BOC-VASP Gateway. The BOC-VASP Gateway receives and validates the XML file from the Importer/VASP.
- 3.1.1.2 The system automatically verifies or checks the required License, Clearance and Permits granted by the Issuing Agency, if required.
- 3.1.1.3 The e2m Customs System shall calculate the full duties and taxes essential in the validation and other checks in processing transit/transshipment declarations and verifies the validity of the General Transport Surety Bond (GTSB) and its remaining balance under the importer's Bonds Account number.
- 3.1.1.4 Tax Exemption Certificates (TECs) issued by the Department of Finance will not be considered in the full assessment of the duties and taxes due on the shipment during lodgement. Instead, the TEC will be utilized at the Port of Final destination during lodging of the import entry.
- 3.1.1.5 The selectivity module of the e2m Customs System is triggered during the assessment process.
- 3.1.1.6 The amount of duties, taxes and other charges due shall be charged against the GTSB to cover the movement of the cargo from the Port of Discharge to the Port of Final Destination.
- 3.1.1.7 The specified Port of Destination in the declaration should match with the information in the final destination field indicated in the covering House Bill of Lading/House Air Waybill.
- 3.1.1.8 If the transit declaration fails to satisfy at least one of the verifications, the system automatically rejects the entry by sending an "error" message to the VASP for transmission to the originator if the declaration fails to pass any of the verification processes.
- 3.1.1.9 If entry meets all validation rules, the system assigns a registration number to the said transit/transshipment declaration. At this point, the declaration is recognized by the Customs system as official and accepted.
- 3.1.1.10 The House Bill of Lading/House Air Waybill referred to in the declaration shall be "earmarked". No other declaration can be accepted if the House

Bill of Lading/House Air Waybill has already been earmarked.

3.1.2 Office of the Deputy Collector for Operations

- 3.1.2.1 Importer/Declarant upon notification by the VASP shall proceed to the Customs house and present his documents such as the hard copy of the transshipment entry, commercial invoice, Bill of Lading/Air Waybill, packing list, clearances, permits and all its attachments to the Office of the Deputy Collector for Operations.
- 3.1.2.2 The assigned personnel at the office of the Deputy Collector checks if all the necessary documents, i.e. license, clearances are present or submitted, including the assessment of the required fees.
- 3.1.2.3 After the declaration has been assessed the system generates an Assessment Notice that contains the essential details of the declaration with the accounting information necessary for the processing of the declaration.
- 3.1.2.4 The e2m Customs System shall write off the House Bill of Lading and House Airway Bills after the declaration has been registered.
- 3.1.2.5 After the declaration has been finally assessed, payment of the required fees shall follow the procedures prescribed under PASS5.

3.1.3 Release of Cargo

- 3.1.3.1 The status "PAID" tagged by the Payment Application System on the SAD upon settlement of payables triggers the Online Release processing. The handling of the SAD is transferred to OLRs that facilitates the release of goods from the transit facility and tags the manifest record as "RELEASED" for cleared cargo.
- 3.1.3.2 The confirmation message from PASS5 together with the status "RELEASED" tagged by the OLRs on the manifest triggers the Transshipment Entry System to generate a Transshipment Manifest having a Transshipment manifest Number derived from the Transshipment Entry Declaration.
- 3.1.3.3 The manifest is written off by the SAD that shall be filed at the Port of Destination.
- 3.1.3.4 A unique identification number is assigned that shall ensure that declaration/cargo will not be altered during the transit process.
- 3.1.3.5 The Transshipment Entry System sends notification message to the Deputy Collector of Operations at the Port of Destination via electronic mail that

contains pertinent information about the shipment and serves as a signal to the DCO to standby for the incoming shipment. Another notification is sent to the concerned VASP for transmission to the importer that contains important information on the shipment including the sequence of numbers that uniquely identifies the shipment thru a unique identification number and serves as feedback information to the importers that entry has been processed successfully and is ready for transfer to the Port of Destination.

3.2 Port of Destination

3.2.3 Office of the Deputy Collector for Operations

3.2.3.1 The assigned staff at the Office of the Deputy Collector for Operations receives the cargo and tags the transshipment declaration in the system as "RECEIVED" to indicate arrival/receipt at the port of destination.

3.2.3.2 DCO shall then send confirmation message via electronic mail to his counterpart at the port of discharge to communicate arrival of shipment at the destination port.

4.2.1.3 The tagging of transshipment declaration as "RECEIVED" triggers the Automated Bonds Management System to cancel the surety bonds previously imposed on the shipment to cover taxes and duties.

4.2.1.4 Importer lodges a new declaration for the shipment which will either be a warehousing or consumption entry. Processing of the filed declaration shall follow CMO 27-2009.

3.3 Outside CY-CFS or Airport CBW

3.3.3 Pre-lodgment

3.3.3.1 The CBW/CY-CFS Operator applies for Transit/Transfer Permit through the VASP.

3.3.3.2 VASP then generates XML message based on the data encoded by the CBW/CY-CFS Operator and routes this message to the BOC-VASP Gateway.

3.3.3.3 The Gateway Operations performed here are the same in the Pre-lodgment process. The BOC-VASP Gateway receives and validates the XML message from the Importer/VASP.

3.3.3.4 Transit/Transshipment System receives application for Transit/Transfer Permit from the BOC-VASP Gateway and processes this application.

3.3.3.5 TSS verifies that the applicant is in the Client Registration database and is a registered CBW

Transit Facility Operator or a CY-CFS Operator. If the application is valid or if the applicant is not registered in the database, the application is rejected.

- 3.3.3.6 TSS compares the Master Bill of Lading with the Transit Permit. Only consolidated cargoes inside containers are to be hauled out of the port as well as all hazardous cargoes to be transported to the Dangerous Cargo CY-CFS unit, regardless of being covered by a House Bill of lading.

3.4 Assessment and Payment of Transfer Fees

- 3.4.1 CY-CFS/Airport CBW authorized representative brings to the Operations Division the printed copy of the Transit SAD/Permit Application.
- 3.4.2 Customs personnel at the Operations Division retrieves the Transit Permit application from the system. He calculates the fees, prepares the order of payment and instructs the CY/CFS or CBW operator or his representative to pay at the port's in-house bank.
- 3.4.3 The in-house bank cashier collects the payment and records the collection using the miscellaneous payment module of e2m. The cashier issues a BCOR to the CY-CFS or CBW representative.
- 3.4.4 CY/CFS or CBW representative returns to the operations division and shows the BCOR as proof of payment.
- 3.4.5 Operations Division officer verifies the payment in the e2m system.
- 3.4.6 Once payment is verified, the operations division officer approved the transit permit/permit to transfer by tagging it "APPROVED" in the TSS system. This approval will trigger the OLRs to send the release instructions to the arrastre/CBW operation through the e2m system.

3.5 On-Line Release System

- 3.5.1 OLRs processes the release instruction message and facilitates release of the goods from the transit facility. The transit facility does the actual releasing of cargoes and issuance of gatepass for the goods to be brought out of the port.
- 3.5.2 Notification is issued to Customs Personnel at the CBW/CY-CFS through electronic mail.
- 3.5.3 Upon arrival, Customs staff at the CBW/CY-CFS facility confirms arrival by updating status of Transit Permit.

4. MANUAL PROCESSING

- 4.1 The manual processing of Transit/Transshipment Declarations or Permit to Transfer shall be allowed in case of:
- 4.1.1 BOC Computer systems breakdown;
 - 4.1.2 Power failure which renders the computer system non-operational; and
 - 4.1.3 Manual processing of Transit/Transshipment Declaration or Permit to Transfer authorized by the Deputy Commissioner, MISTG, or his authorized representative as he deems necessary.
- 4.2 Transit/Transshipment Declarations or Permits to Transfer manually processed shall still be electronically lodged as soon as practicable.

5. TRANSITORY PROVISIONS:


- 5.1 For ports where the Phase 4-Transit/Transshipment System is not yet in place, tagging of the entry to acknowledge that it has reached its final port of destination shall be made by the Deputy Collector for Operations of the Port of Discharge.
- 5.2 The Deputy Collector for Operations of the Port of Final Destination shall inform through the fastest means available the fact of arrival of the transit shipments at the final port of destination.

6. REPEALING CLAUSE

All Customs Memorandum Orders inconsistent with the provisions of this Order are hereby deemed modified and/or amended accordingly.

7. EFFECTIVITY

This Order shall take effect immediately.


ANGELITO A. ALVAREZ
Commissioner

