



15 MAR 2006

**CUSTOMS MEMORANDUM ORDER**

No. 7-2006

**Subject: ESTABLISHMENT OF CENTRAL VALUATION  
CLASSIFICATION REVIEW AND RULING COMMITTEE**

**I. OBJECTIVES**

- A.** To expedite the resolution of cases at the Valuation and Classification Review Committee (VCRC) of each Port which have remained pending for a considerable period of time.
- B.** To provide a mechanism for the review of VCRC resolutions which are adverse to the government.
- C.** To ensure uniformity and consistency in the application of the principles and rules of the Transaction Value System and the Harmonized System in the resolution of VCRC cases in all ports of entry; in the import clearance process; and by way of providing technical support to the post entry audit functions of the Bureau.
- D.** To facilitate trade through prompt settlement of valuation and classification disputes or issues and at the same time protect government revenue.

**II. SCOPE**

This Order shall apply to all importations with assessment issues brought before the VCRC pursuant to CMO 37-2001 as well as to requests for customs valuation or tariff classification rulings or opinions involving no actual shipments and queries relating to the application of the Transaction Value and the Harmonized Tariff Systems, including preferential or special rates.

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### III. ADMINISTRATIVE PROVISIONS

#### A. Establishment of a Central Valuation Classification Review and Ruling Committee (CVCRRRC).

There is hereby created a CVCRRRC to take cognizance of the following cases:

1. VCRC cases filed in all ports of entry at the time of the effectivity of this Order which have remained pending for three (3) calendar months from the time the same were initiated in the said Port as indicated in the docket book.
2. VCRC cases filed prior to the effectivity of this Order which have remained pending for six (6) months or more from the date of filing as indicated in the docket book.
3. The VCRC resolutions issued upon the effectivity of this Order which are favorable to the importer or adverse to the government i.e. in case the said resolutions amount to the acceptance of the valuation and/or classification declared by the importer/broker. Favorable VCRC resolutions made prior to the effectivity of this Order shall only be reviewed upon the written directive of the Commissioner of Customs based on new information or evidence newly obtained. Except when there is fraud, the review of such resolution resulting in a different finding or conclusion shall apply only prospectively without prejudice to the availability of the post entry audit remedy as may still be applicable to the reviewed shipments.
4. The importer seasonably appeals the VCRC resolution within fifteen (15) days from receipt thereof subject to the condition that the importer is willing to undergo a post entry audit as provided for in Section IV C 1 (c) of CAO 4-2004.
5. The Commissioner of Customs *motu proprio* or upon formal written request by any office or unit within the customs organization, deems it necessary and proper to review a case resolved by the Head, VCRC-TST without formal deliberation by the VCRC as a body.





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6. Requests by importers for customs valuation or tariff classification rulings or opinions or policy guidelines pertaining to the application of the Transaction Value System or the Harmonized Tariff System involving no actual importation or involving shipments that are the subject of an on-going post entry audit.

**B. Composition of CVCRRRC**

The CVCRRRC shall be headed by the Commissioner of Customs as chair and shall be composed of the following:

1. Deputy Commissioner for Assessment and Operations Coordinating Group (AOCG) – Chief Executive Officer (CEO). The CEO shall preside over all CVCRRRC meetings and deliberations and manage the day-to-day affairs of the body but shall submit periodic report to the Commissioner of Customs regarding cases or other matters handled and disposed of by the CVCRRRC pursuant to its mandate.
2. Director, Imports Assessment Service – Vice-CEO
3. Members
  - a. Deputy Collectors for Assessment of POM, MICP, and NAIA
  - b. Chief, Valuation and Classification Division

**C. CVCRRRC Technical Support Team (CVCRRRC-TST)**

To provide administrative, secretarial and technical support to the CVCRRRC, a CVCRRRC-TST shall be formed to be composed of technically competent customs officers to be designated by the Commissioner of Customs upon the recommendation of the CVCRRRC CEO. The CVCRRRC-TST shall establish a system for the effective monitoring and reporting of cases or matters received and taken cognizance of by the CVCRRRC pursuant to this Order. It shall set up transparent Committee procedures for the guidance of all concerned, write meeting agenda, record or document committee deliberations, and prepare committee decisions/resolutions/ and internal and external communications,





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including the sending of notices when required, distribution of agenda and copies of minutes of previous meetings. It shall ensure that the timelines for the prompt resolution/implementation of CVCRRRC cases/decisions provided for in this Order are duly observed.

**D. CVCRRRC RESOLUTIONS/OPINIONS/RULINGS**

The Deputy Commissioner for AOCG as CEO shall sign all CVCRRRC Resolutions/Opinions/Rulings under the name of the/for the Commissioner of Customs.

**E. Customs Tariff Review Committee (CTRC)**

The power and functions of CTRC pursuant to CMO 25-96 are hereby transferred to the CVCRRRC.

**F. Appellate Review by Valuation and Classification Appeals Board (VCAB)**

The appellate review functions of the VCAB on VCRC Resolutions under existing Customs Memorandum, Orders, Customs Special Orders, Memoranda and other related Customs rules and regulations are hereby transferred to the CVCRRRC.

**IV. OPERATIONAL PROVISIONS**

**A.** The Head, VCRC-TST shall ensure that every importation brought to the VCRC, whether scheduled for hearing later on or disposed of without deliberation at the VCRC-TST level, shall be properly docketed and dated as to the time of receipt of the covering import entry and supporting documents from the assessment office and as to the time of disposition as the case may be. Based on the official docket file, he shall submit a weekly report or as often as may be directed using the existing report summary format of all these cases to the CVCRRRC through the CVCRRRC-TST.

**B.** (a) When cases docketed from the time of effectivity of this Order remain unresolved within three months from the docket date, or (b) when the resolution is in favor of the importer or adverse to the government in that the importer's declaration was accepted, or (c) when the importer makes a timely appeal within fifteen (15) days from actual or constructive receipt of the VCRC resolution, or (d) when the





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Commissioner of Customs orders the review of VCRC cases resolved at the VCRC-TST level without formal deliberation by the VCRC as a body, the concerned District Collector shall immediately elevate the docketed cases concerned to the CVCRRRC together with all the pertinent records of the deliberations, if any, and all documents forming part of the case file. For cases filed with the CVCRRRC prior to the effectivity date of this Order but which remain pending for six months (6) or more from the docket date, the same shall also be forwarded immediately to the CVCRRRC for resolution

- C. Upon receipt of the case records and the minutes of the meetings conducted, if any, the CVCRRRC CEO shall immediately refer the same to the CVCRRRC-TST which shall summarize the issues for resolution, the position of the Importer/broker, if any, the position of the concerned Port through its COO III, COO V, FED or equivalent unit or the Deputy or District Collector, if any, within five (5) working days from receipt of the CEO referral and include the same in the agenda of the succeeding regular meeting of the CVCRRRC to be held once a week or as often as may be necessary.
- D. The CVCRRRC may resolve the case on the basis of the available records. If necessary and only to further clarify the issues and arguments, it may require the attendance of the Importer/broker, the concerned COO III and COO V, or the QOC-VCRC or invite other persons, public or private, to serve purely as technical resource entities subject to the rules on non-disclosure of confidential information officially obtained.
- E. The CVCRRRC shall resolve the case brought before it after five (5) meeting sessions where the case was discussed or within thirty (30) working days from the date the case was first calendared for hearing, whichever comes first.
- F. Within three (3) working days from the meeting date when the case was resolved and taken out of the agenda, the CVCRRRC Resolution shall be endorsed to the concerned District Collector for implementation pursuant to existing rules covering the treatment of cash bonds or other securities, if any, and/or the re-liquidation of covering import entries, as the case may be.
- G. In the making of rulings or opinions or policy guidelines in the application of the Transaction Value and the Harmonized Tariff Systems and preferential or special rates, the CVCRRRC may require the presence of the requesting party and the presentation of additional



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information, samples, brochures, and other document to serve as basis for such ruling or opinion or TV and HS policy guidelines. It may likewise invite public or private technical resource persons to provide additional information that may be needed to formulate such opinion, ruling or policy guideline. Opinions and rulings shall be limited to the facts as presented and shall always be subject to the examination or actual evaluation of imported articles subject matter of such opinions or rulings before the same can be applied to such goods.

#### V. APPEALS

The decision of the CVCRRRC shall be subject to only one motion for reconsideration which should be filed within five (5) working days from actual or constructive receipt of the CVCRRRC resolution. When no motion is timely filed or when the same was denied, the CVCRRRC resolution shall become final at the Assessment level. However, the aggrieved Importer may pay under formal protest pursuant to Section 2308 of the TCCP, as amended.

#### VI. REPEALING CLAUSE

This Order shall supplement Customs Memorandum Order No. 37-2001 which is hereby amended to the extent that any of its provisions is not consistent herewith. CMO 25-96 and all other Orders, Memoranda, Circulars or parts thereof which are inconsistent with this Order are likewise deemed superseded and/or modified accordingly.

#### VII. EFFECTIVITY

This Order shall take effect on April 01, 2006.

**NAPOLEON L. MORALES**  
Acting Commissioner

