



MEMORANDUM

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TO : ALL DISTRICT COLLECTORS

 FROM : REY LEONARDO B. GUERRERO
 Commissioner


BOC-02-06764

JUL 08 2021

SUBJECT : CLARIFICATION ON THE SUFFICIENT SECURITY FOR SHIPMENTS RELEASED UNDER TENTATIVE ASSESSMENT

DATE : 07 July 2021

To ensure the effective implementation of the provisions of the Customs Modernization and Tariff Act (CMTA) and its relevant rules and regulations, a clarification is hereby issued relative to the sufficient security required for shipments released under tentative assessment.

Section 3.9 of **Customs Administrative Order No. 02-2020** on "Dispute Settlement and Protest," provides that:

3.9. Release Under Tentative Assessment – shall refer to a situation wherein the assessment is disputed and pending review, an importer or consignee **may put up a cash bond or any sufficient security** equivalent to the duties, taxes and other charges that is disputed before the importer or consignee can obtain the release of said goods.

The cited provision is based on Section 425 of the CMTA which states:

(xxx)

The District Collector may allow the release of the imported goods under tentative assessment upon the posting of **sufficient security** to cover the applicable duties and taxes equivalent to the amount that is disputed.

Additionally, Section 1507 of the CMTA provides that:

Sec. 1507. Security. – The Bureau shall prescribe the forms and amount of security required to guarantee the payment of duties and taxes and other obligations provided for in this Act.

Any party required to provide security shall have the option to choose from any form of security prescribed by the Bureau. The Bureau may not require security if

satisfied that an obligation to the Bureau will be fulfilled, but shall require and accept a general security from declarants who regularly declare goods at different offices in customs territory under such terms and conditions as may be determined by the Commissioner.

(xxx)

The aforementioned provisions are in line with Standard 5.3 of the Revised Kyoto Convention (RKC), which the Philippines is a signatory to and where the CMTA is patterned after:

“Standard 5.3. - Any person required to provide security shall be allowed to choose any form of security provided that it is acceptable to the Customs.

Anchored on the premise that the security should be acceptable to the Bureau under RKC, what is only required under the CMTA and as implemented by CAO 02-2020 is the posting of a **cash bond OR any sufficient security** to secure the payment of duties and taxes when required.

For strict compliance.