

Revenue Collection
Border Protection

Trade Facilitation

Transparency

ANNUAL REPORT 2018

ACHIEVING GREATER HEIGHTS AMIDST CHALLENGING TIMES

BUREAU OF CUSTOMS



VISION

A modernized and credible customs administration which is among the world's best that every Filipino can be proud of.

MISSION

- To stop corruption
- To increase revenue collection
- To facilitate trade aligned with international best practices
- To strengthen efforts against smuggling and other customs fraud
- To enhance personnel welfare and professionalism

Introduction

The Bureau of Customs is mandated to increase the revenue collection, to facilitate trade aligned with international best practices, to strengthen efforts against smuggling and other customs fraud, to stop corruption, and to enhance personnel welfare and professionalism.

The BOC efforts in 2018 are guided by these established mandates to better improve its services and operations as one of the key revenue-generating units of the government.

The Bureau worked tirelessly to institute reforms in 2018, through the combined efforts of customs officials, personnel, and stakeholders.

Despite the challenges and controversies in 2018, the Bureau remained steadfast in the face of trials. Several reforms and programs were implemented which resulted in revenue collection milestones, intensified border security measures, advancement of customs operations and procedures, significant reduction of corrupt practices, and promotion of professionalism in customs services.

The BOC is determined to provide the stakeholders and the public a robust and world-class customs service. The modernization and automation of customs processes and systems were given top priority and attention to improve operations towards enhanced trade facilitation and promote ease of doing business.

Time and cost of customs clearances and processes were reduced, as well as red-tape and excessive administrative procedures that prevented progressive changes.

Anti-smuggling efforts were strengthened to combat illicit trade through active patrolling of all borders, intensified intelligence gathering, and enhanced cooperation with local and international counterparts.

With the development of trade system and intensified anti-smuggling efforts, revenue collection capabilities have improved. Lawful duties and taxes were collected from legitimate importers, resulting in revenue collection milestones.

The Bureau of Customs has come a long way in providing timely and results-oriented service to the Filipino people. It remains committed to creating a customs service that is at par with global standards.





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MESSAGE

of the President

My warmest greetings to the Bureau of Customs (BOC) as it publishes its 2018 Annual Report.

I congratulate BOC for exceeding its revenue target for 2018. The impressive 29.4% growth in its total collection which raised 593 billion pesos in the past year was mainly due to the tireless efforts of our 17 collection districts, 14 of which were able to exceed their respective revenue targets.

This feat can be attributed to the relentless efforts of the men and women of this bureau in ending the culture of corruption that has plagued the system in the past. This was complemented by institutional reforms that ensure not only the organization's efficiency, but also the integrity of the collection of customs revenues.

I trust that the BOC will continue to build on its gains in the past year as we look forward to reaching our revenue targets for 2019. Together, let us lay down the foundations of a more prosperous future for the succeeding generations of Filipinos.

I wish you the best.

A handwritten signature in black ink, appearing to read 'Rodrigo R. Duterte'.

RODRIGO R. DUTERTE

MESSAGE

of the Secretary

Bureau of Customs is the second major source of revenues for the national government. Apart from its revenue role, the Bureau is principally responsible for facilitating trade by the benchmarks of international best practices.

In order to fulfill both its revenue and its trade facilitation functions, the Bureau needs to constantly improve its process and enhance the professional competence of its personnel. I am happy to note that in 2018, the Bureau finally created the Customs Training Institute to provide continuing training and enhancement of technical skills for its personnel.

During this year, the Bureau also acquired additional mission-critical equipment, including new patrol boats and x-ray machines. To more effectively combat illicit trade, the Bureau likewise improved its coordination with the Philippine Coast Guard. It has continued to modernize all its systems and procedures, learning much from international best practices.

I am not surprised that through the length of 2018, the Bureau managed to substantially increase its revenue collections. Collections for 2018 reached P592.87 billion or 29.4% higher than the preceeding year. Although the collection target was raised in 2018, the Bureau exceeded its collection target by P7.98 billion or 1.4%. This was an exemplary year.

You have put in good work and the nation looks forward to even greater achievements in the years to come.


CARLOS G. DOMINGUEZ
Secretary





MESSAGE

of the Customs Commissioner

Challenges and change were keywords for the Bureau of Customs in 2018. With higher revenue targets and new operations processes, the focus was on achieving the number and ensuring that the systems worked for the better. In addition, there were lessons to be learned and changes to be made in the institution and its people, particularly in the area of security controls and inspection procedures.

Despite the intense pressure and scrutiny, true to its pledge, the Bureau's revenue targets were achieved and surpassed, operations in key ports and entryways were compliant and up to standard, and all movements and transactions proceeded with regularity and professionalism.

The change in leadership towards the latter part of 2018 marked a turning point for the Bureau of Customs, an opportunity to address urgent issues with new eyes and fresh approaches. Our sights are set on instituting reforms, strengthening systems and building individual capabilities, all part of the effort to revitalize the very foundation of the Bureau.

Reform and rebuild are the priorities as we move forward, guided always by the values of integrity, professionalism and trust.

The men and women of the Bureau of Customs have risen to the challenge to make change work for a better, more dynamic institution in 2019.

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line and a small flourish.

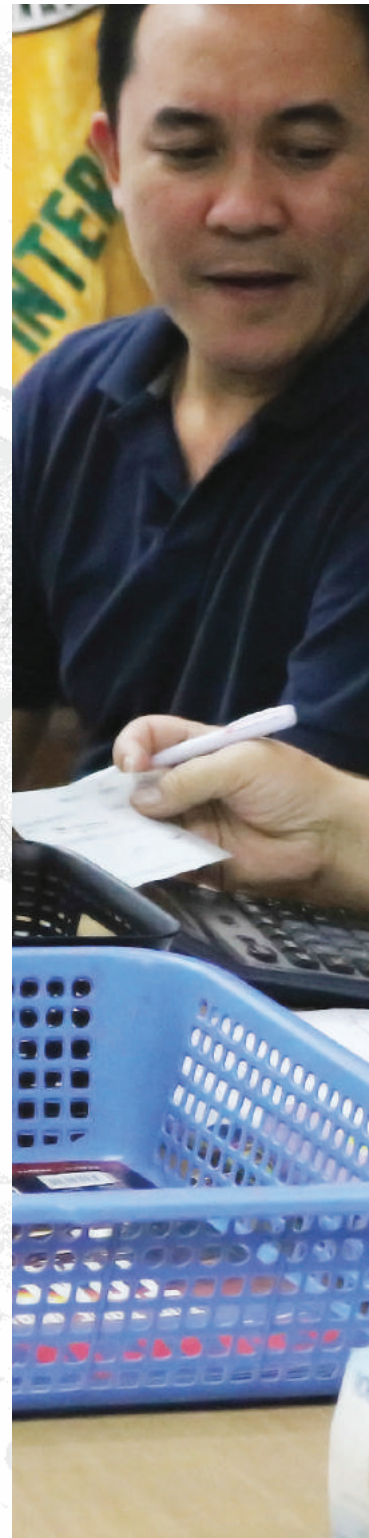
REY LEONARDO B. GUERRERO
Commissioner



Customs Commissioner Rey Leonardo B. Guerrero with Deputy Commissioner Jesus Fajardo of the Revenue Collection Monitoring Group during the turnover ceremony at the Customs head office at the Port Area, Manila on 31 October 2018.



IMPROVED REVENUE COLLECTION PERFORMANCE





BOC exceeds 2018 collection target by 1.4%

Determined to achieve its revenue target for 2018, the Bureau of Customs enforced stricter measures to hit and exceed its collection target of P584.881 billion.


Strong enforcement and enhanced revenue measures coupled with the combined effects of the weaker peso, higher oil price, higher import volumes, proper valuation and tariff classification of goods, contributed to the sustained performance of the Bureau.

Reports show a total collection of P593.1 billion, exceeding the P584.881 billion target by 1.4 percent, the highest recorded collection figure in the last two decades. It also posted strong revenue growth of 29.4 percent. BOC also achieved other milestones for the year, such as highest monthly collection of P55.953 billion in October and highest daily cash collection of P6.012 billion on December 28.

Data from the BOC Financial Service showed that the agency was able to hit and exceed its collection target for eight straight months from February to September 2018.

This achievement is also attributed to the consistent collection performance of the 17 Collection Districts nationwide and the correct valuation and tariff classification being implemented in all ports.

Target and Actual collection for the years 2017 and 2018

	2017	2018	
	458,183,000,000	593,111,000,000	Actual
	467,896,000,000	584,881,000,000	Target





January – December Cash Collections by Ports

(TARGET VS ACTUAL)



01 APARRI

TARGET P60
ACTUAL P314
(IN MILLION)

10 LIMAY

TARGET P36,392
ACTUAL P41,145
(IN MILLION)

02 TACLOBAN

TARGET P342
ACTUAL P1,124
(IN MILLION)

11 SAN FERNANDO

TARGET P3,215
ACTUAL P3,588
(IN MILLION)

03 SURIGAO

TARGET P21
ACTUAL P37
(IN MILLION)

12 CEBU

TARGET P26,407
ACTUAL P29,184
(IN MILLION)

04 ZAMBOANGA

TARGET P283
ACTUAL P421
(IN MILLION)

13 SUBIC

TARGET P21,170
ACTUAL P22,557
(IN MILLION)

05 LEGASPI

TARGET P288
ACTUAL P417
(IN MILLION)

14 BATANGAS

TARGET P138,001
ACTUAL P144,221
(IN MILLION)

06 DAVAO

TARGET P19,481
ACTUAL P26,813
(IN MILLION)

15 PORT OF MANILA

TARGET P88,103
ACTUAL P86,559
(IN MILLION)

07 CAGAYAN DE ORO

TARGET P17,016
ACTUAL P22,037
(IN MILLION)

16 MICP

TARGET P180,656
ACTUAL P165,784
(IN MILLION)

08 ILOILO

TARGET P3,220
ACTUAL P4,087
(IN MILLION)

17 NAIA

TARGET P46,171
ACTUAL P41,032
(IN MILLION)

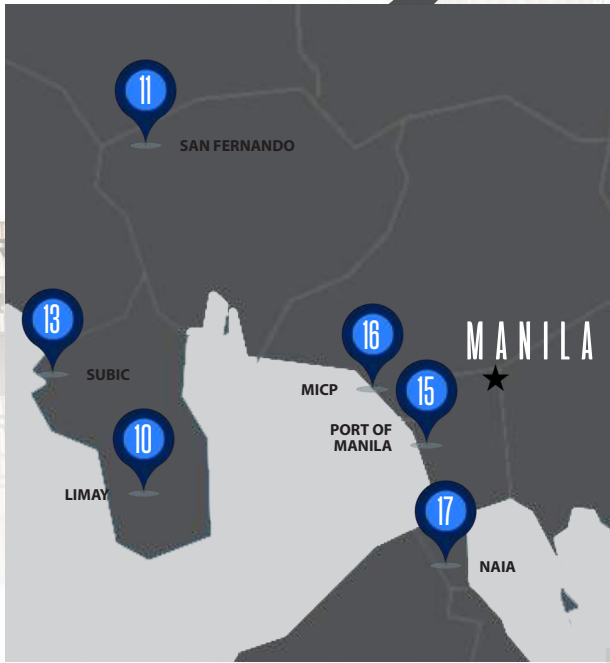
09 CLARK

TARGET P1,556
ACTUAL P1,962
(IN MILLION)

Luzon

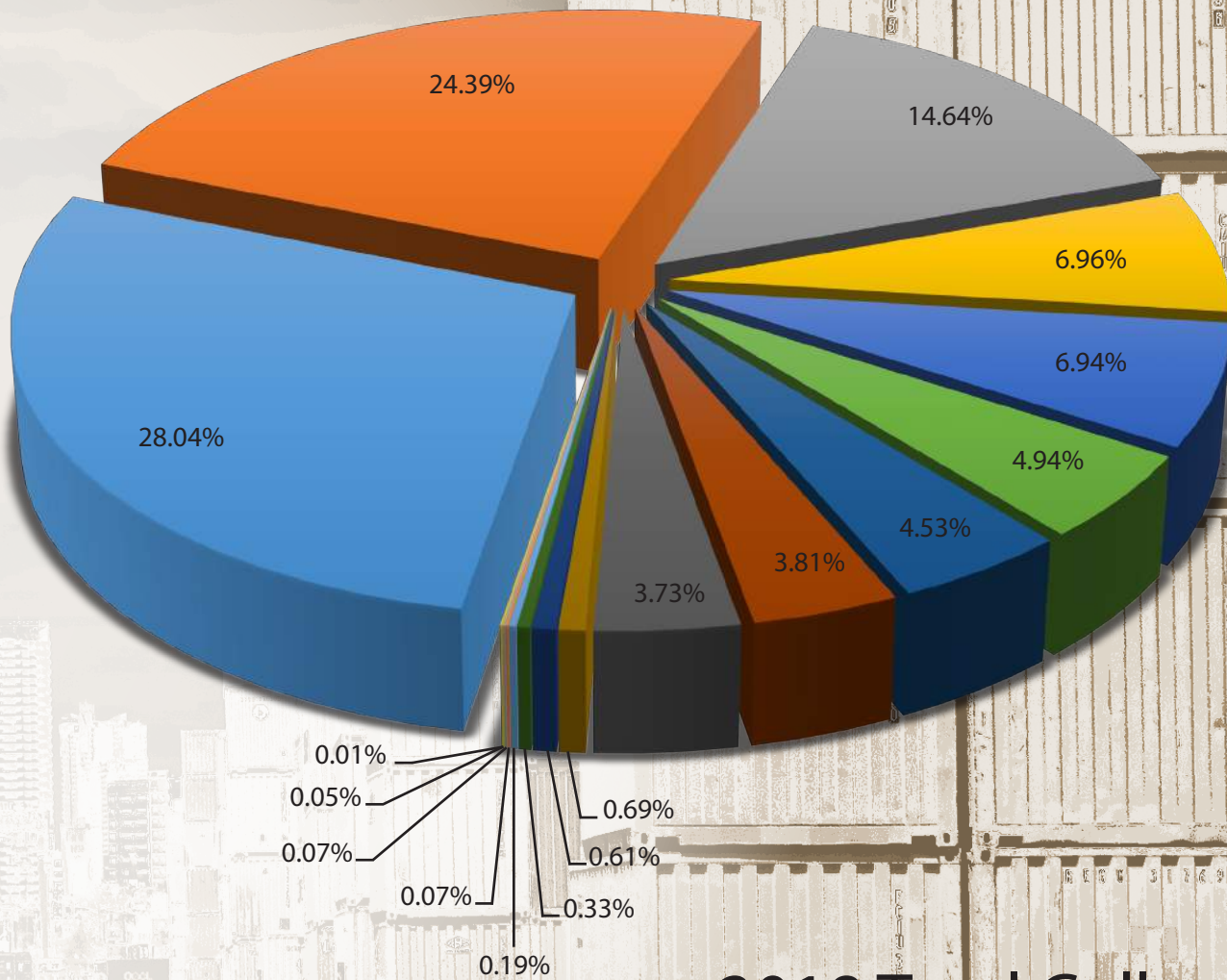
Visayas

Mindanao

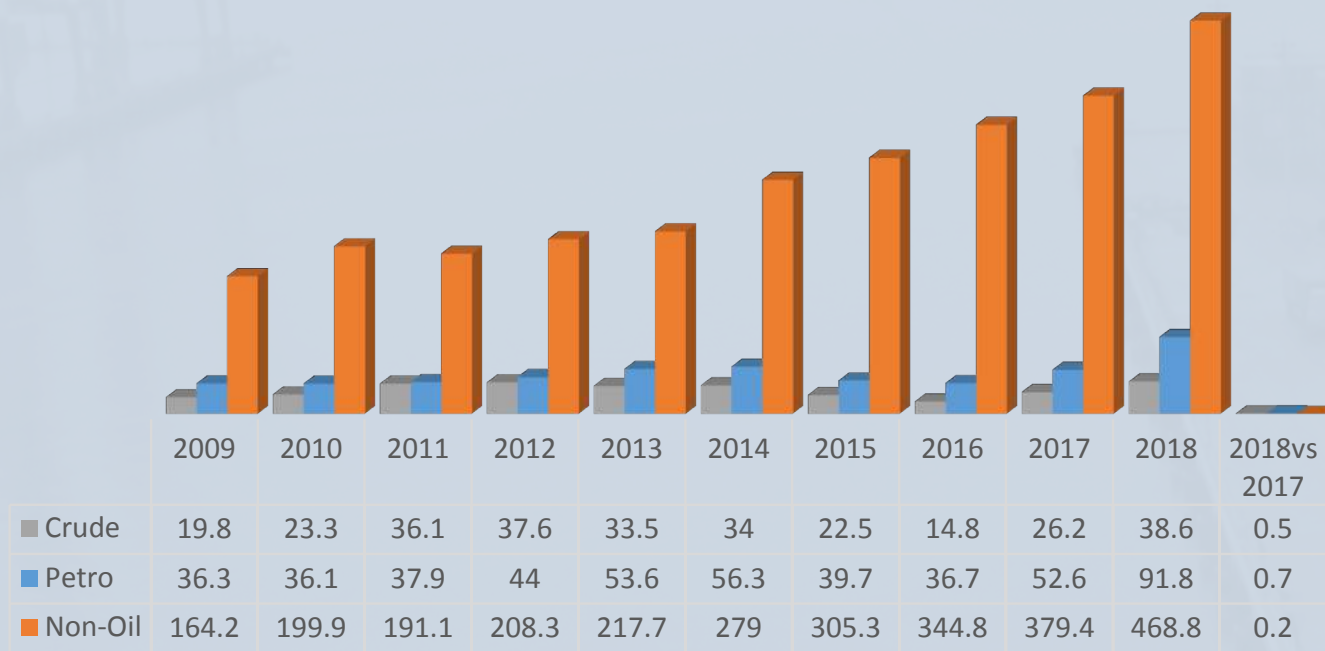


Percentage share of Ports to the total collection of the BOC

MICP	28.04%
BATANGAS	24.39%
PORT OF MANILA	14.64%
LIMAY	6.96%
NAIA	6.94%
CEBU	4.94%
DAVAO	4.53%
SUBIC	3.81%
CAGAYAN DE ORO	3.73%
ILOILO	0.69%
SAN FERNANDO	0.61%
CLARK	0.33%
TACLOBAN	0.19%
LEGASPI	0.07%
ZAMBOANGA	0.07%
APARRI	0.05%
SURIGAO	0.01%

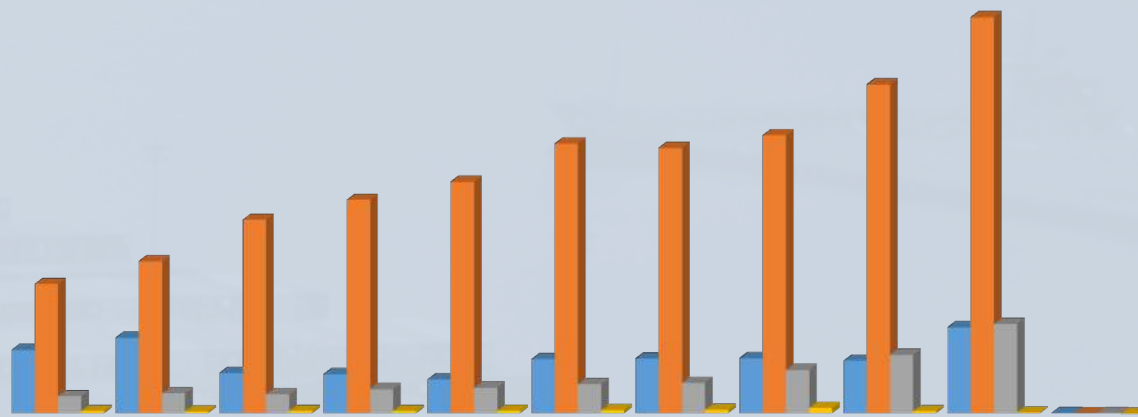


2018 Total Collection
P593.111 Billion



Revenue collections by tax source

The revenue collected by the BOC was derived from the taxes due from the importation of crude oil and petro products. In 2018, crude oil and petro products grew by 47.4 percent and 74.3 percent, respectively due to the continuous increase in oil prices up to the third quarter of the year. Collections from commodities, on the other hand, grew by 22 percent, from P379.4 billion to P465.4 billion.

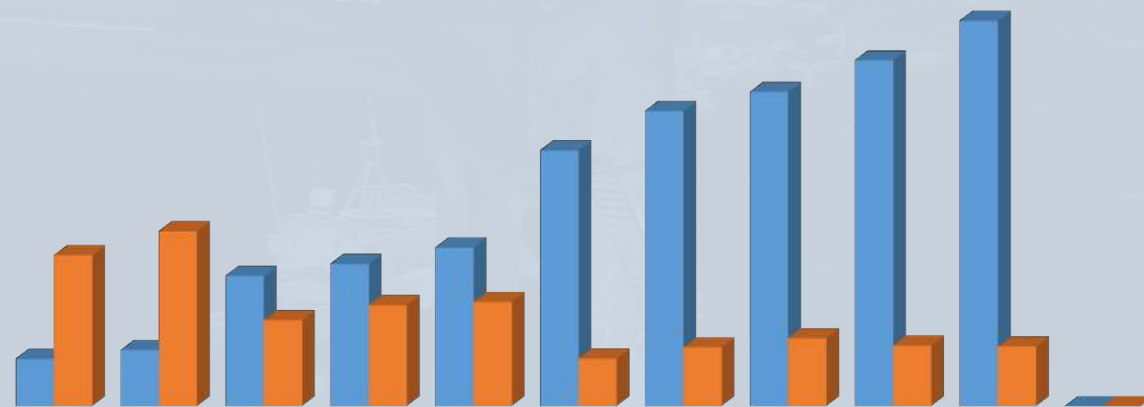


	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018vs 2017
■ Duties	65.9	78.5	42.2	40.9	35.3	56.3	57.1	57.5	54.6	89.2	63.8%
■ VAT	133.9	157.5	200.2	220.8	239.8	279.1	274.7	287.7	340.3	409.8	20.4%
■ Excise	17.9	21	20	25.5	26.9	30.4	31.8	45.3	60.9	92.8	52.5%
■ Others	2.6	2.2	2.7	2.6	2.8	3.5	3.9	5.9	2.5	1.2	-52%

Revenue collections by type of tax

Duties collected grew by 63.8 percent, despite higher percentage of non-dutiable imports to total imports at 86 percent due to improved valuation and correct tariff classification. Diligent monitoring of NFA importation also resulted in P5.785 billion collection in duties.

VAT, which accounts for 69 percent of total collection, was up by 20.4 percent. While excise tax grew by 52.5 percent to P89.2 billion due to the implementation of the TRAIN law.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018vs 2017
■ Non-Dutiable ('000 Tons)	13,068	15,417	35,795	39,092	43,549	70,224	80,990	86,186	94,854	105,753	11.5%
■ Dutiable ('000 Tons)	41,410	48,023	23,616	27,736	28,638	13,134	16,117	18,648	16,707	16,410	-1.8%

Volume of Imports

The volume of imports has continuously grown over the years. In 2018, total volume of imports increased by 9.5 percent to 122.165 million metric tons, from 111.561 million metric tons in the previous year. However, while non-dutiable volume of imports which account for 87 percent of the total volume of imports grew by 11.5 percent, dutiable volume of imports dropped by 1.8 percent.

Likewise, total value of imports for 2018 grew by 17 percent to P6.304 billion from P5.401 billion in 2017. Non-dutiable Value of Imports however, increased at a higher rate of 20% to P5.410 billion from P4.517 billion, as more commodities enjoyed zero tariff in compliance with various international, multilateral and bilateral agreements, while dutiable value of imports modestly increased by 1% to P894.1 billion from P883.5 billion. Despite the narrowing base of dutiable imports, the percentage of duties collected increased in 2018 due to correct tariff classification



VALUE OF IMPORTS



DUTIABLE (IN MILLION PESOS)

1,226.7

2009

1,486.8

2010

1,181.0

2011

1,221.9

2012

1,368.9

2013

749.8

2014

783.9

2015

857.5

2016

812.9

2017

894.0

2018

NON-DUTIABLE (IN MILLION PESOS)

1,160.7

2009

1,434.2

2010

1,875.1

2011

1,863.6

2012

1,851.2

2013

2,928.8

2014

3,216.5

2015

4,082.4

2016

4,085.5

2017

5,410.6

2018

DUTIES COLLECTION (PERCENTAGE)

30%

2009

30%

2010

16%

2011

14%

2012

12%

2013

15%

2014

17%

2015

11%

2016

12%

2017

14%

2018



TOP

10

**IMPORT
COMMODITIES**



Duties and Taxes

Motor vehicles remained as the highest contributor to BOC revenue collection in 2018 despite decrease in collection due to lower volume of imports. Oil products followed with 75% increase compared to the previous year, due to the implementation of Tax Reform for Acceleration and Inclusion (TRAIN) Act and higher prices in the world market. Likewise, coal imports showed a noticeable growth in 2018 due to the TRAIN Law.

Excise Taxes

From only 26% in 2017, oil products now contribute 46% of the BOC's excise tax collection, replacing motor vehicles in the top spot. Sweetened beverages, which is also included in the TRAIN Law, also contributed to the Bureau's earnings, along with alcohol and tobacco.

DUTIES AND TAXES

(IN MILLION PESOS)

107.896

MOTOR VEHICLES

91.913

OIL PRODUCTS

53.481

FOODSTUFF

45.694

IRON AND STEEL

38.578

CRUDE

34.610

INDUSTRIAL MACHINERIES / EQUIPMENT

30.055

ELECTRICAL MACHINERIES / EQUIPMENT

21.534

ORGANIC / INORGANIC / CHEMICAL COMPOUNDS

16.163

PLASTICS

14.109

COAL

EXCISE TAXES

(IN MILLION PESOS)

43.964

OIL PRODUCTS

41.423

MOTOR VEHICLES

2.515

CALORIC / NON-CALORIC / HFCS
- SWEETENED BEVERAGES

2.293

ALCOHOL

1.124

COAL

498

TOBACCO

234

NON-ESSENTIAL GOODS

214

MINERAL PRODUCTS

149

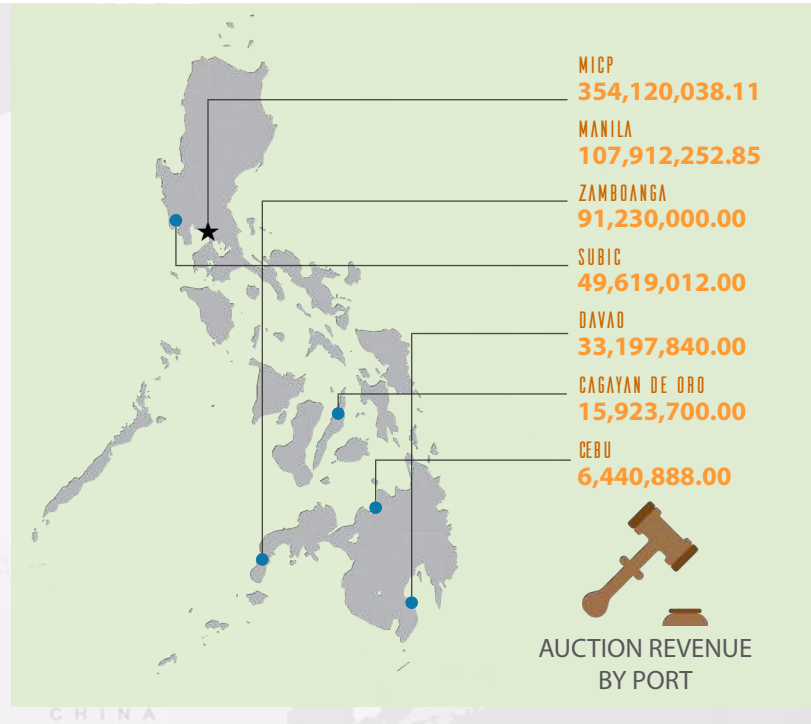
FOODSTUFF

81

GOLD

Proceeds from auction sales in various ports

Apart from duties and taxes, the BOC's improved collection performance was also attributed to the successful public auction conducted by the following district offices which helped generate more than P743 million in additional revenue.



FACTORS THAT CONTRIBUTED TO THE ALL-TIME HIGH COLLECTIONS

Enforcement of No Benchmarking Policy

1

Strict application of valuation and tariff classification in line with the World Trade Organization's Valuation Agreement

2

Heightened vigilance on big-ticket commodities such as petroleum products, oil, cigarettes, motor vehicles, liquor, and other sensitive products

3



4

Exhaustion of traditional and non-traditional sources of revenue such as immediate auction of forfeited shipments and over-staying containers

5

One-Strike Policy implemented on assessment personnel, including deputy collectors and district collectors who failed to hit monthly targets.

ENHANCED TRADE FACILITATION





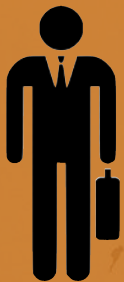
Simplified customs accreditation procedures

In a bid to further enhance trade facilitation and promote ease of doing business, the Bureau of Customs issued Customs Memorandum Order (CMO) No. 5-2018 to simplify the accreditation process of importers and customs brokers. Under this policy, the submission of Bureau of Internal Revenue Importer Clearance Certificate (ICC) and Broker's Clearance Certificate (BCC) has been removed to lessen the burden of the stakeholders in processing the documentary requirements for customs accreditation. In effect, the CMO reduced the accreditation process from 11 steps to 6 steps only.

As a result, the Bureau was able to completely process 18,952 applications for customs accreditation: 16,827 for importers and 2,125 for customs brokers. In 2017, AMO was able to process 16,115 and 1,803 applications from importers and customs brokers, respectively.



NUMBER OF PROCESSED CUSTOMS ACCREDITATION



16,827
IMPORTERS

2,125
CUSTOMS BROKERS

BOC eases rules on duty and tax-free balikbayan boxes

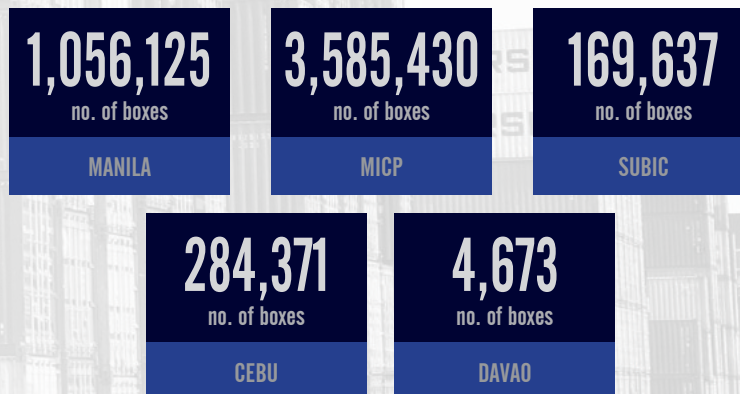
CAO 01-2018 and CMO 18-2018 supersedes CAO 5-2016 and CMO 4-2017 which were suspended in October 2017 following the upsurge of criticisms among overseas Filipino workers on the guidelines in availing tax-exempt privileges.

Instead of the mandatory copy of Philippine passport, the Bureau now accepts other documents to show proof of Filipino citizenship such as photocopy of (1) pertinent page of the Philippine passport with personal information, picture and signature, or in case of dual Filipino citizen without Philippine passport, photocopy of foreign passport with personal information, picture and signature plus copy of proof of dual Filipino citizenship; (2) permanent resident ID or equivalent document in other countries; (3) Overseas Employment Certificate/OWWA Card; (4) work permit; (5) Unified Government ID issued by the Department of Labor and Employment; (6) any other equivalent document except birth certificate.

Also, under the said orders, deconsolidators and freight forwarders in charge of clearing consolidated balikbayan boxes with the Bureau are obligated to ensure that only personal effects and household goods are sent through consolidated shipment of balikbayan boxes.

CAO 01-2018 took effect on September 16, 2018.

BALIKBAYAN BOXES IMPORTATION





CMTA updates

The Republic Act (RA) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), was enacted on 30 May 2016 to amend the Tariff and Customs Code of the Philippines (TCCP) with the aim of modernizing Customs rules and procedures for faster trade, reducing opportunities for corruption, improving Customs service delivery and improving supply chain.

To date, nine (9) Customs Administrative Orders have been signed by the Secretary of Finance and are all in force since the CMTA was signed into law on May 30, 2016. Meanwhile, 8 CAOs are under DOF review, 13 CAOs are under review by the BOC, and 2 drafted CAOS.





Signed Customs Administrative Order (CAOS)

	CAO NO.	EFFECTIVITY DATE
✓ Imported Goods with De Minimis Value not subject to Duties and Taxes	02-2016	October 25, 2016
✓ Establishment of an Advance Ruling System for Valuation and Rules of Origin	03-2016	November 15, 2016
✓ Consolidated Shipment of Duty and Tax-Free "Balikbayan Boxes"	05-2016	December 25, 2016
✓ Conditionally Tax and/or Duty-Exempt Importation of Returning Residents and Overseas Filipino Workers	06-2016	January 24, 2017
✓ Customs Clearance of Accompanied and Unaccompanied Baggage of Travelers and Crew	01-2017	April 21, 2017
✓ Anti-Agricultural Smuggling Act of 2016	02-2017	June 01, 2017
✓ Clearance of Postal Items	03-2017	June 02, 2017
✓ Establishment of Authorized Economic Operators (AEO)	05-2017	September 7, 2017
✓ Amended Rules on Consolidated Shipment of Balikbayan Boxes	01-2018	September 17, 2018



BUREAU OF CUSTOMS

CAOs Currently at DOF

1. Outsourcing of Non-Sovereign Customs Function to Private Entities
2. Fines and Surcharges for Clerical Errors, Misdeclaration
3. Government's Right of Compulsory Acquisition
4. Clearance of Relief Consignments Entered During a State of Calamity
5. Registration of Other Third Parties
6. Post Clearance Audit and Prior Disclosure Program
7. Duty Drawback, Refund and Abatement
8. Establishment of Duty-Free Shops (DFS)

CAOs under review by the BOC

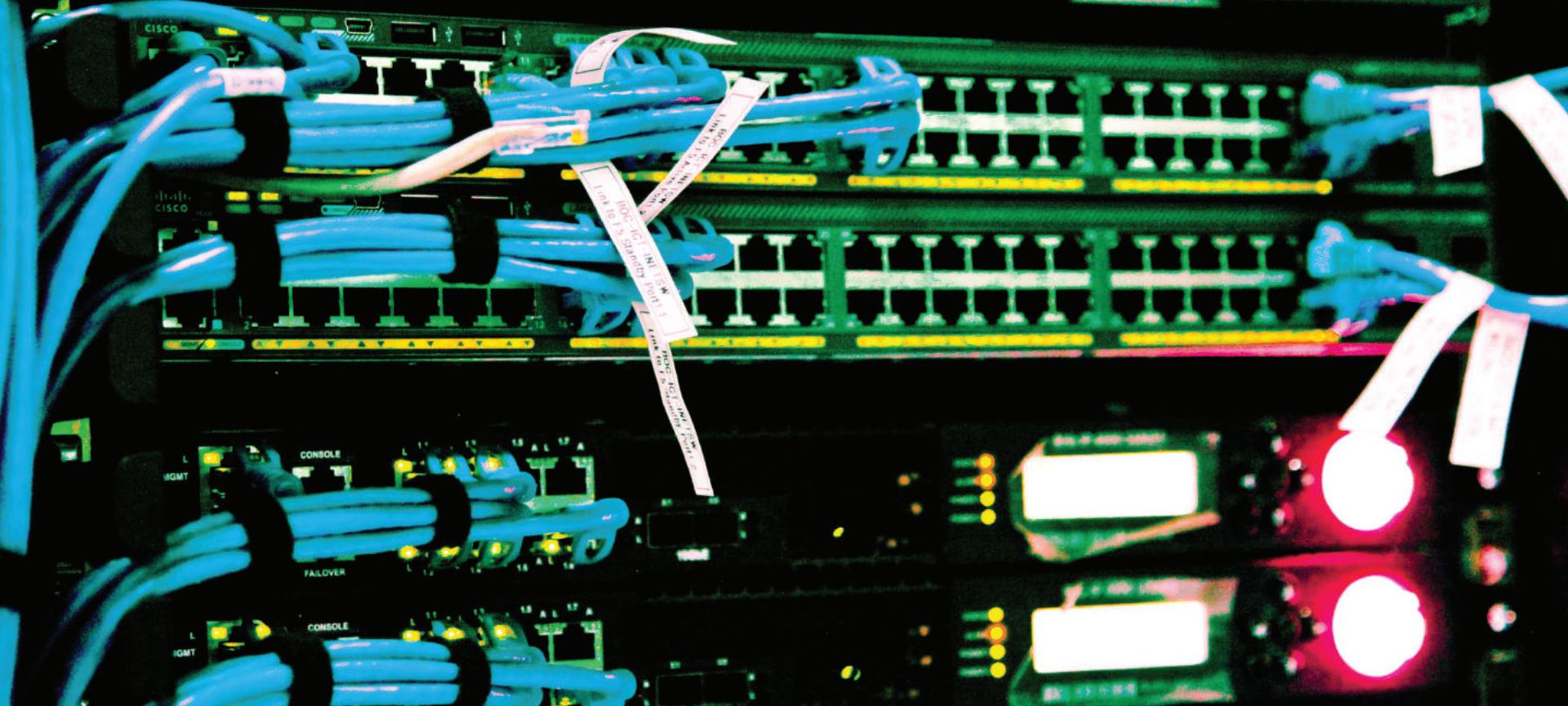
1. Clearance Procedures for Goods Entered for Consumption under the Formal Entry Process
2. Vessel and Aircraft Supervision and Control System
3. Rules and Regulations on the Admission, Movement and withdrawal of Goods in Free Zones
4. Conditionally Tax and/or Duty-Exempt Importations Under Section 800 of the CMTA Excluding Subsections F and G
5. Rules and Regulations for Customs Transit in the Customs Territory
6. Pre-Lodgement Control Order and Alert Order
7. Customs Jurisdiction and Exercise of Police Authority
8. Abandonment: Kinds, Effects and Treatment
9. Registration of Customs Brokers
10. Customs Bonded Warehouses (CBW)
11. Customs Facilities and Warehouses (CFW)
12. Marking of Imported Goods and Containers
13. Customs Clearance Procedures on Express Shipment

Draft CAOs

1. Customs Service Fees
2. Supervision of Criminal and Civil Cases



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MODERNIZATION

of BOC operations and system

The improvement of customs clearances and processes remains a priority of the BOC to address red tape and excessive administrative procedures that deter the implementation of more professional and progressive service.

One of the steps taken by the BOC in moving towards modernization is the implementation of the 1-Assessment, also known as Enhanced Goods Declaration Verification System (EGDVS). It is a web-based queue management software application that provides bias-free assessment through random assignment of entries for assessment to any BOC appraiser working in any of the ports of the Bureau, nationwide. The system was first introduced as GDVS (Goods Declaration Verification System) in the Port of Manila and the Manila International Container Port in December 2017.

During the pilot run in Batangas, Subic, and Clark, the system proved to be an effective tool in minimizing opportunities for corruption. The 1-Assessment is compliant to Section 7 of RA 11032 otherwise known as the “Ease of Doing Business and Service Delivery Act of 2018” as it minimizes face-to-face transactions.

To further reduce direct transactions, all other BOC requirements such as clearance from the ESS Motor Vehicle Monitoring and Clearance Office (EMVCO), IAS certification, and District Collector directions are made available online. Using any web browser, stakeholders can see the status of their entries without the need to contact customs personnel.

Electronic Cargo Monitoring System (e-TCMS) or the i-Track system is being piloted by the BOC. With the i-Track system, transit and transshipment container trucks are required to lock their containers using a GPS lock system which tracks the whereabouts of containers in transit or for transshipment.

Implementation of a Container/Cargo tracking system via GPS-enabled technology had been previously attempted by the Bureau in 2010 through Customs Administrative Order (CAO) No. 4-2010, entitled “Establishing an Enhanced Customs Transit System with Use of Global Positioning System (GPS), in relation to Customs Memorandum Order (CMO) No. 24-2010 (entitled “Rules & Regulations to implement CAO No. 4-2010 on Establishing an Enhanced Customs Transit System with Use of GPS Technology”) and CMO No. 48-2010 (entitled “Guidelines in Accreditation of Service Providers Electronics GPS-Equipped Barrier Seals”), but said CAO and CMOs were not fully implemented and the adoption of said technology for transit cargo was subsequently abandoned.

The implementation of the Cargo Targeting System (CTS) is also in progress. It is a cargo manifest risk assessment solution developed by the World Customs Organization (WCO) which enables member-countries to carry out international best practices in cargo risk assessment thus allowing members to manage risk, facilitate trade, and implement key parts of the WCO’s SAFE Framework of Standards and the revised Kyoto Convention.

Policies implemented to further improve customs operations and procedures

Several policies were implemented in 2018 for the enhancement of customs operations and procedures which provided stakeholders a trade environment that promotes growth and more opportunities for business.

One of the policies instituted is CMO 4-2018 which provides for the guidelines and detailed procedures governing forfeiture proceedings in the BOC. The policy measure was designed to provide just, fair and expeditious resolution of forfeiture cases; ensure uniformity and consistency in the application of customs laws in forfeiture proceedings; and introduce innovations and best practices consistent with the law.

CMO-31-2018 or the Pre-Lodgement Control Order, which was implemented in December 2018, prescribes a clear and effective system with the issuance of pre-lodgement control order.



This is part of the effort to promote transparency and accountability in the execution of duties and responsibilities with regard to the issuance and/or lifting of the Pre-Lodgement Order.

The Commissioner also ordered the transfer of the operational control over principal appraisers (PA) to the Import Assessment Service (IAS) through CMO-26-2018. Under this policy, all principal appraisers are directed to ascertain the accuracy of any statement, document, or declaration presented for customs valuation purposes. The PAs are now under close monitoring of IAS to ensure



the correct valuation of goods using the applicable methods of valuation.

With the suspension of Green Lane, BOC created a “consignee-specific” parameter for Yellow Lane which shall cover only multinational companies with no derogatory record and do not belong to the “Super Green Lane.” Under the yellow lane, shipments were subjected to the stringent checking and monitoring of their compliance to the documentary requirements for importation. This action will ensure success in both trade facilitation and border security since it secures the importers’ compliance to importation laws, rules

and procedures with minimal intrusion in the processing of shipments.

Parameters for positive deviation were also created, mandating all concerned Deputy Commissioners, all District Collectors and sub-port collectors to submit a list of all consignees that were issued alert orders, with positive deviation that did not necessarily result to an issuance of Warrant of Seizure and Detention (WSD) in 2018. The list was used in the determination and implementation of applicable parameters in the Selectivity Screens to ensure that the system is updated with the identities of erring importers/consignees.

Meanwhile, to balance trade facilitation and border protection, the Bureau ordered the non-intrusive examination of general goods within 48 hours while perishable goods shall be examined within 24 hours through Customs Memorandum Order No. 07-2018.

STRONGER ANTI-SMUGGLING



EFFORTS





BOC strengthens border security effort




490,260,000
Agricultural Products



56,278,000
Motor Vehicle



49,709,000
Steel



43,845,000
Agricultural Goods




4,417,000
Electronics



4,357,000
Counterfeit Product



4,344,000
Used Clothing



1,343,000
General Merchandise

The BOC has instituted significant security efforts against smuggling and other customs fraud through constant patrolling of airports and seaports nationwide, enabling the country to improve its trade processes and economic growth.

Over the years, the Bureau has remained consistent and compliant to its mandate to carry out operational and preventive measures against illicit trade, ensuring secure borders and efficient trade services.

With the intensified campaign of the Bureau to combat smuggling, the total seizures of the BOC in 2018 reached more than P2 billion worth of smuggled goods and P3.074 billion worth of illegal drugs. Among the seized items include luxury vehicles, fake products, illegal

drugs, and agricultural products.

Of the smuggled goods intercepted by the BOC, P490 million were agricultural products, P56.278 million were cars and other types of motor vehicles, P49.7 million were steel products, P43.845 million were assorted goods, P4.417 million were electronic products, P4.357 million were counterfeit goods, P4.344 million were used clothing, and P1.343 million were general merchandise.

Meanwhile, the Enforcement Group recorded a total of 36 implemented Letters of Authority (LOA) issued by the Commissioner of Customs which resulted in the seizure of various counterfeit products such as beauty products, apparels, shoes, cigarettes and seven (7) unlicensed cigarette making machines.



P3 billion
worth of illegal drugs seized

As criminal elements become smarter and more resourceful, the customs agencies must likewise keep pace with their ability to detect and deter illicit and hazardous substances from entering our territories and endangering the safety of the citizenry.

Towards this end, the Bureau of Customs has heightened its effort to guard all borders against the entry of illegal drugs, resulting in the seizure of more than P3 billion worth of illegal drugs in 2018.

At the Port of NAIA, a total of 30 drug busts were recorded in 2018 with P363.79 million worth of confiscated illegal drugs such as shabu, ecstasy, and marijuana.

In addition to this, the Port of Clark has also been consistent in their anti-illegal drugs campaign, with two successful drug-related operations involving 55.2 kilos of illegal drugs worth P328.76 million.

Meanwhile, the Manila International Container Port (MICP) was able to foil one of the biggest drug shipments in the country's history. Approximately 355 kilos of methamphetamine hydrochloride, or shabu, worth an estimated P2.4 billion were found conspicuously hidden in two magnetic scrap lifters. The said shipment arrived in the country on June 28, 2018 and was deemed abandoned after the consignee failed to file an entry document within 30 days from the date of discharge. Criminal charges were filed on 16 August 2018 before the Department of Justice against the registered owner of the drug shipment.

The Customs Anti-Illegal Drugs Task Force (CAITDF) recorded 46 drug-related operations nationwide with a street value of P3.074 billion. All were properly turned over to the Philippine Drug Enforcement Agency. Seventeen (17) personalities involved in the importation of illegal drugs were also arrested by the Bureau.



3,017,000,000
Shabu



28,337,000
Ecstasy



14,000,000
Clonazepam / Diazepam
/ Ternazepam



12,413,000
Cocaine



1,496,000
Rivotril / Mogadon
/ Zolp / Valium



199,320
Marijuana (leaves)



159,000
Marijuana (liquid)



102,000
Cannabis Oil

Continuous filing of criminal cases against erring importers and customs brokers

The Bureau's Action Team Against Smugglers (BATAS) under the Legal Service has been consistent and active in filing appropriate criminal charges against unscrupulous importers and customs brokers since its creation in January 2017.

BATAS replaced the Run After the Smugglers (RATS) through Customs Memorandum Order (CMO) 09-2017 in a bid to clean the Bureau of corrupt employees and run after erring brokers and importers.

The unit is responsible for the filing of cases before the Department of Justice and the regular courts against personalities who violated the provisions of the CMTA.

In 2018, a total of 69 criminal cases were filed before the Department of Justice (DOJ) against importers engaged in illicit trade, as well as customs brokers and even customs officials who were found to have violated customs laws, rules, and regulations.

A criminal case was filed before the DOJ against the importer of the 355 kilos of shabu which were seized in August 2017. The Bureau also filed criminal charges against four (4) consignees, customs broker, and five (5) customs employees involved in "swing operation" and "release now and file entry later" schemes at the Mindanao Container Terminal (MCT) – Phividec.

Smugglers of agricultural products, counterfeit goods, and other contrabands were also the subject of the various cases filed with DOJ.





69

CRIMINAL
CASES FILED



BUREAU OF CUSTOMS

Condemnation of seized smuggled goods

In 2018, about 15 condemnation activities of various forfeited goods were conducted by the BOC, including luxury vehicles, motor vehicles, fake products, and used clothes.

On February 6, 2018, President Rodrigo Duterte led the condemnation of 20 smuggled luxury vehicles at the Port Area in Manila. On the same day, 10 other smuggled vehicles were simultaneously destroyed in the Ports of Davao and Cebu.

On May 30, 2018, the President once again witnessed the destruction of 112 units of brand new Vespa scooters and used BMW motorcycle, Harley Davidson, two units Triumph motorcycle, Mitsubishi Pajero, two units of Land Rover, and Volvo car which were seized and forfeited in favor of the government.

The condemnation is in line with provisions of Section 1145 (Disposition of Goods Injurious to Public Health) to 1146 (Disposition of Prohibited Goods) of the Republic Act No. 10863 otherwise known as the Customs Modernization and Tariff Act (CMTA) and other relevant Customs Memorandum Orders and Customs Administrative Orders.

The condemnation of seized smuggled goods is a BOC initiative to promote the public interest and transparency on the disposition of forfeited goods.





VOLVO

First Balkov

PRIME


VOLVO

GDI V6 3500

ESTAB



BUREAU OF CUSTOMS

A photograph showing President Rodrigo R. Duterte in a white shirt and khaki pants, standing with other officials including SAP Bong Go in a blue jacket and Secretary of Finance Carlos G. Dominguez in a dark suit. They are gathered around a large, shiny chrome motorcycle, likely a Honda Gold Wing, which is the focus of the scene. The background shows an outdoor setting with trees and a camera operator. The image is partially overlaid with a semi-transparent white box containing text.

RIGHT. President Rodrigo R. Duterte with SAP Bong Go, Secretary of Finance Carlos G. Dominguez, and former Commissioner Isidro S. Lapena witnessed the condemnation of various seized and forfeited smuggled motorbikes and vehicles at the Port of Manila on May 30, 2018.



Revocation, suspension, and cancellation of customs accreditation

Owner of
MARKETTING
and FERDIE
Alipio, Licensé
Customs Broker

The BOC continued to monitor and/or evaluate the importers and customs brokers' compliance to existing accreditation rules and regulations. Licenses of importers and customs brokers with pending cases in court and those who did not comply with the Customs accreditation rules and regulations for accreditation were revoked and/or suspended. This is made to ensure that only legitimate and law-abiding stakeholders transact with the Bureau.

Data from the Accounts Management Office (AMO) showed that of the 206 accreditations that were revoked, suspended, and/or cancelled in 2018, 190 are importers and 16 are customs brokers.


The suspension, revocation, and cancellation of customs accreditation of customs brokers and importers are pursuant to Customs Memorandum Order 11-2014.

Bureau of Customs
vs. Dale Andrew
Cam...

ORIGINAL



Intensified Inspection Capabilities



Technology plays an integral and critical role in fulfilling the mission of the Bureau of Customs to protect the country from border threats.

The Bureau has remained vigilant, informed and proactive in using available technologies to address smuggling threats. Stronger measures in defending, securing and monitoring the border against contrabands and smuggled goods were established. With the use of advanced and well-designed technologies, the Bureau was able to create a smart and secure border security system that can adapt to present and future challenges.

The Bureau's inspection capabilities were strengthened with the installation of 4 mobile baggage x-ray machines and 4 fixed baggage x-ray machines in NAIA, Clark, Cebu, and Davao. At present, about 66 units of x-ray machines have been installed and are now operational in various airports and seaports nationwide.

The BOC has also signed a memorandum of agreement with the Philippine Coast Guard (PCG) which provides for the Bureau access to use the PCG's three (3) fast patrol vessels (FPV). The vessels, which were built in France under the PCG Capability Development Project, will be used to conduct joint operations in the enforcement of laws pertaining to border control and prevention of the entry of smuggled goods, prevention and suppression of smuggling and other customs fraud.



Stronger anti-smuggling policies and programs

To safeguard the interest of the government and to ensure the accountability of customs brokers, the BOC implemented CMO 1-2018 to limit the number of authorized representatives or processors of customs brokers transacting with the Bureau.

Also, the BOC has boosted its cooperation with other government agencies. In December 2018, the Bureau signed the agreement with the Armed Forces of the Philippines (AFP) and the Philippine Coast Guard (PCG) to collaborate on border protection and anti-smuggling operations. This is part of the continuing effort of the agency to strengthen its inter-agency cooperation with other government agencies against smuggling.

Under the said MOA, the AFP, PCG, and BOC need to develop new skills and expertise in order to address the concerns and issues affecting the national interest. All parties shall pursue the following areas of cooperation: capacity-building; monitoring; support mechanism; exchange of information; operating protocols and parameters; identifying opportunities and channeling of resources for research activities; and exploring other forms of cooperation.

This action is also pursuant to the directive of President Rodrigo Duterte to the AFP and the PCG to extend security assistance and augmentation to the BOC.





(L-R) DOF Undersecretary Anntoinette C. Tionko, AFP Chief of Staff Gen. Carlito G. Galvez Jr., BOC Commissioner Rey Leonardo B. Guerrero, PCG Commandant Adm. Elson E. Hermogino, and DOTr Assistant Secretary for Maritime Lino H. Dabi.





INTENSIFIED ANTI-CORRUPTION CAMPAIGN



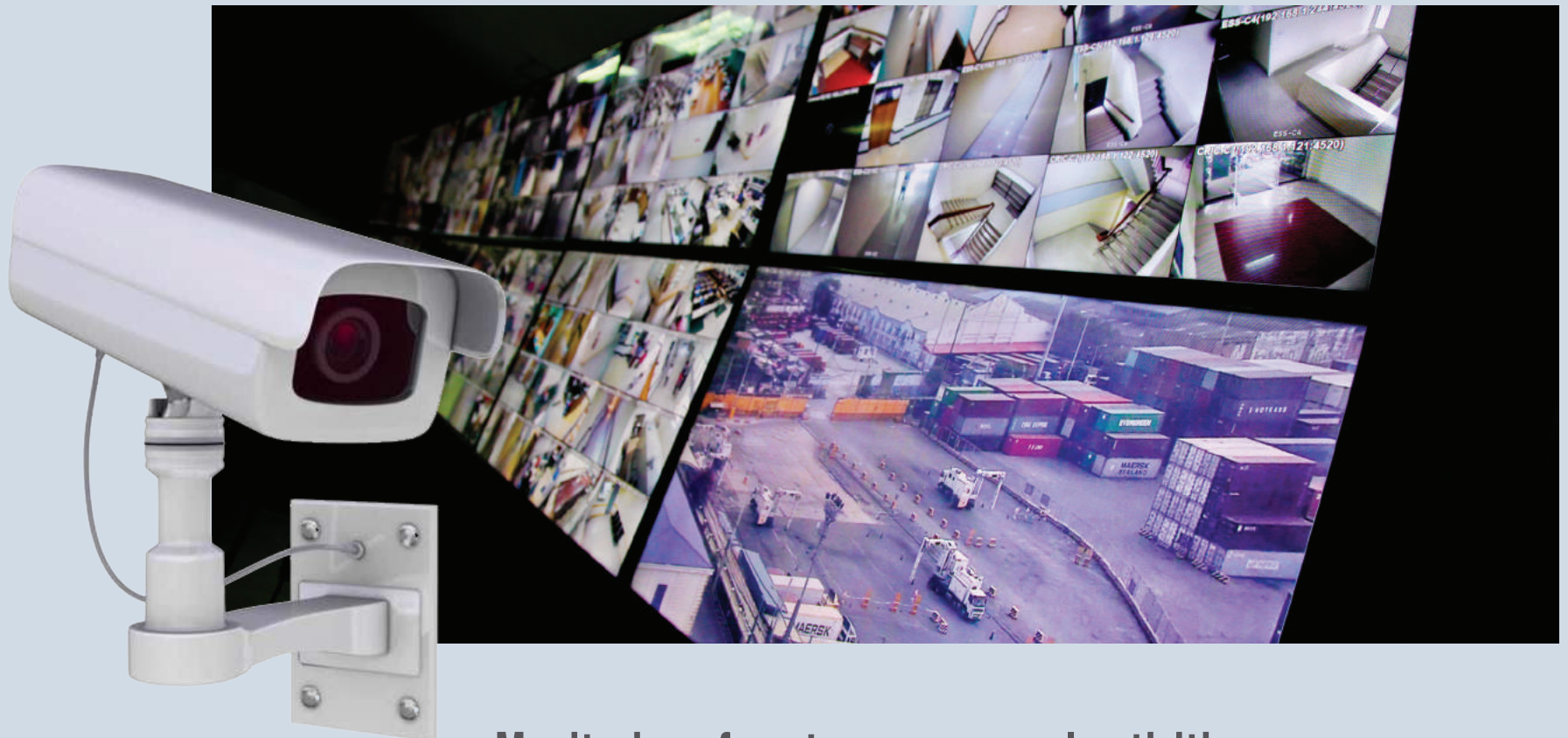
Suspended, dismissed, charged BOC employees

In 2018, 7 employees were dismissed from the service, 12 were suspended, 7 were charged administratively, 66 were put under preventive suspension and 1,039 personnel were reshuffled to another office/port. This is the result of the intensified effort of the BOC to combat corruption and illegal acts of Customs officials and employees.

Underperforming BOC collectors, deputy collectors for assessment, chiefs of formal entry divisions and examiners who have failed to meet their monthly collection targets were also affected by the personnel movement.



7	DISMISSED
12	SUSPENDED
7	CHARGED ADMINISTRATIVELY
66	PREVENTIVE SUSPENSION
1039	PERSONNEL MOVEMENT



Monitoring of customs personnel activities

To ensure compliance of employees with the anti-corruption efforts of the BOC and to maintain high ethical standards in public service, the BOC installed a total of 175 CCTV units in all BOC offices/ports nationwide to monitor the day-to-day transactions of customs officials and employees with BOC stakeholders.

Ensuring professionalism and competence

In 2018, the BOC created the Customs Training Institute that would help develop the right character, discipline, and competence of Customs officials and employees.

Under the BOC-Interim Training and Development Division (ITDD), the modules for the Introductory Course and Basic Courses on Intelligence & Enforcement, Assessment and Operations, and Administration were introduced.

Also, the BOC had successfully conducted the first batch of training for newly hired employees (Special Agents I- SA I) under the Customs Training Institute - Philippine Tax Academy (CTI-PTA) regime. The training covered introductory and basic courses on Intelligence & Enforcement from June 18, 2018 until October 29, 2018 with 61 successful graduates.

Moreover, 10 batches of refresher courses for newly promoted employees were conducted from August 14 to November 16, 2018.

The second batch of employees under Customs Training Institute started last October 8, 2018 and will end in March 2019.



in BOC through Customs Training Institute





Transparency in the awarding of tax refunds



1,736,159,375.33
27 TAX CREDIT CERTIFICATES

To address transparency in the release of tax credit certificates, the Bureau of Customs ordered the public awarding of certificates of tax refund during the regular flag raising ceremony of the Bureau.



3,948,154,718.10
73 CHECKS AWARDED TO VARIOUS COMPANIES

TCCs are documents issued by the BOC or issued jointly by BOC and DOF to refund taxes paid by big companies for cases of excess duties, cancelled importation, or due to VAT input, or output tax.

Data shows that at least 27 TCCs amounting to P1.736 billion, and 73 checks worth P3.948 billion were awarded to various companies.



Fortified feedback mechanism

In May 2016, the Bureau of Customs established the Customs Assistance and Response Services (CARES) through Customs Memorandum Order No. 10-2016 to make the BOC more transparent and easily accessible to the public.

The BOC-CARES serves as the frontliner for stakeholder interaction providing efficient and effective mechanism to address BOC-related inquiries and concerns of the transacting public

The unit's Customer Service Representatives (CSRs) are working under the guidance of Client Service Officers (CSO). They were trained on basic customs operations and other services. Subject Matter Experts (SME), who are licensed customs brokers, are assigned to assist the CSRs on a daily basis.

In 2018, 94,974 complaints and queries were addressed by BOC-CARES. Majority or 56,522 complaints and queries were sent through emails. Phone calls followed with 21,394 answered calls. The unit also received 16,951 queries and complaints through the BOC Facebook page, while 271 walk-ins were recorded in the same year.

The BOC-CARES, which operates from 7 a.m. to 7 p.m, has been active in addressing the concerns and complaints of the public on issues such as parcel tracking, basic customs procedures, tariff-related matters, tax exemption privileges, and unlawful activities of customs officials and employees.

Information on E2M is the most commonly asked matter with 29,044 queries. This was followed by NSW concern with 17,630 received queries. Also, 13,584 queries regarding parcel tracking were resolved and 10,115 queries on customs documentation and procedures.

Also included in the top concerns were BOC accreditation, contact details, SCAM incidents, customs duties and taxes, BOC hiring/application, and balikbayan box tracking.

56,522



EMAILS

21,394



CALLS

16,951



SOCIAL MEDIA (FB)

271



WALK IN

TOP
10
CASES

E2M Concern	29,044
NSW Concern	17,630
Parcel Tracking	13,584
Documentation and Procedure	10,115
Accreditation	4,490
Contact Details	3,676
SCAM	2,474
Duties and Taxes	2,353
BOC Hiring/Application	1,170
Balikbayan Box Tracking	579

Enhancing Personnel Welfare



and Professionalism

Development of the workforce is a significant factor in achieving the common vision of the Bureau of Customs.

The promotion and hiring of customs employees were among the priorities of the Bureau in 2018 to fill up the 3,000 vacant plantilla positions as a way to improve customs services and deter corruption.

This action would have also addressed the issue of several customs employees having to do two or more jobs simultaneously and would thus have improved the efficiency of personnel.

In 2018, 389 employees were promoted and 240 were hired. Of the total hired employees, 50 percent were applicants under a contract of service or job order. Their promotion is consistent with President Rodrigo R. Duterte's call to stop contractualization.

The Bureau of Customs has also given priority to the welfare of BOC retirees. Preferential assignments were given to retirees in recognition of their long years of public service in the BOC so they can focus on their preparations for retirement.

Processing and releasing of terminal leave benefit checks to BOC retirees were also given priority.



Seminars and trainings were conducted by the Bureau's Interim Training and Development Division (ITDD) to ensure that Customs employees are equipped with the knowledge needed in the facilitation of trade, customs administration, and border control capabilities.

Among the significant training activities was the Basic Customer Service Skills Seminar held from May 31-June 1 and June 13-14 at the Port of Manila. Personnel of BOC—Public Information and Assistance Division as well as focal persons of the collection districts participated in the seminar. The program provided techniques to improve customer responsiveness and develop customer-oriented service culture within the organization. A combination of lecture-discussion, role playing, brainstorming and workshop were utilized to maximize transfer of learnings and skills, and to ensure application of techniques gained from this training.

In addition, a seminar on assessment Re-Train for the TRAIN: Classification and Computation Workshop for the Tax Reform Law was held on January 18, 2018 at the Bayfront Hotel, Cebu City. This was in line with the Bureau's effort to ensure proper customs valuation and increase revenue collection.







Apart from professional trainings, the BOC-ITDD also conducted trainings that provided employees with relevant knowledge, skills and values on gender equality and development in order to create a working environment that equally recognizes the rights of both men and women.

In 2018, 13 various trainings and interventions under the Gender and Development Program were conducted by the ITDD.

In addition, the BOC hosted the recent DOF GAD activity and the 4th Quarter Provincial Gender and Development Coordinating Council (PGADCC) Quarterly Meeting in Surigao. The Bureau also participated in the 18-Day Campaign on Violence Against Women and Children (VAWC) by hosting a one-day free movie screening activity.





MOA Signing between Philippine Drug Enforcement Agency and Bureau of Customs and press conference.

10-POINT PRIORITY PROGRAM

The Bureau of Customs, despite rapid changes in economic environment, continues to develop trade services in the Philippines through programs and policies that will further improve customs operations and procedures.

Under the leadership of Commissioner Rey Leonardo Guerrero, the Bureau will implement its 10-point priority program for 2019 to further strengthen the BOC and implement operational efficiencies.

The 10-point priority program finetunes the Bureau's collective effort to reform and transform the BOC into a world-class customs towards its goal of delivering an improved, efficient and effective customs administration.



1 Enhancement of BOC Information

Technology System

2

Filling up of vacant plantilla positions

1,000 employees for 2019



3

Provision of incentives for BOC employees



4

Restructuring of BOC organization

5

Enhancement of BOC facilities



6

Enhancement of cargo clearance and examination capabilities



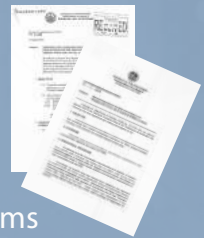
7

Enhancement of intelligence and enforcement capabilities



8

Codification and harmonization of all implementing rules and regulations, Customs Administrative Orders and Customs Memorandum Orders



9

Creation of a Quality Management System & Integrity System



10

Pursue the passage of customs-related legislative measures



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