



Department of Finance
BUREAU OF CUSTOMS

ANNUAL REPORT 2019

Moving Towards A
Credible, Modern,
& Professional
Customs Administration



Department of Finance

BUREAU OF CUSTOMS

*Moving Towards a Credible,
Modern, and Professional Customs
Administration*





VISION

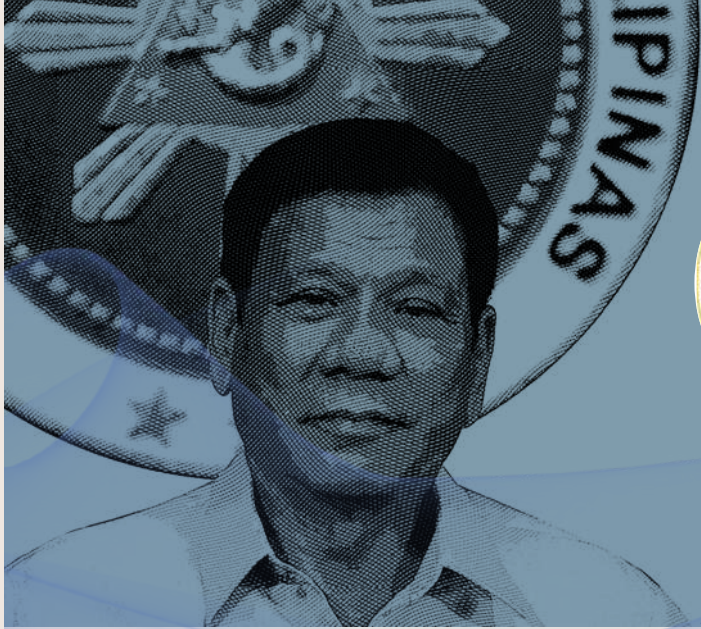
A MODERNIZED AND CREDIBLE
CUSTOMS ADMINISTRATION THAT IS
AMONG THE WORLD'S BEST.

MISSION

TO STRENGTHEN BORDER CONTROL,
ENHANCE TRADE FACILITATION AND
IMPROVE COLLECTION OF LAWFUL REVENUES

CORE VALUES

INTEGRITY, PROFESSIONALISM, ACCOUNTABILITY



PRESIDENT'S MESSAGE

Your duty is crucial to our efforts in improving our revenue collection so we can fund programs for the betterment of our people. Together, let us work to achieve our shared aspirations for a more inclusive and progressive Philippines.

My warmest greetings to the Bureau of Customs (BOC) as it publishes its Annual Report 2019.

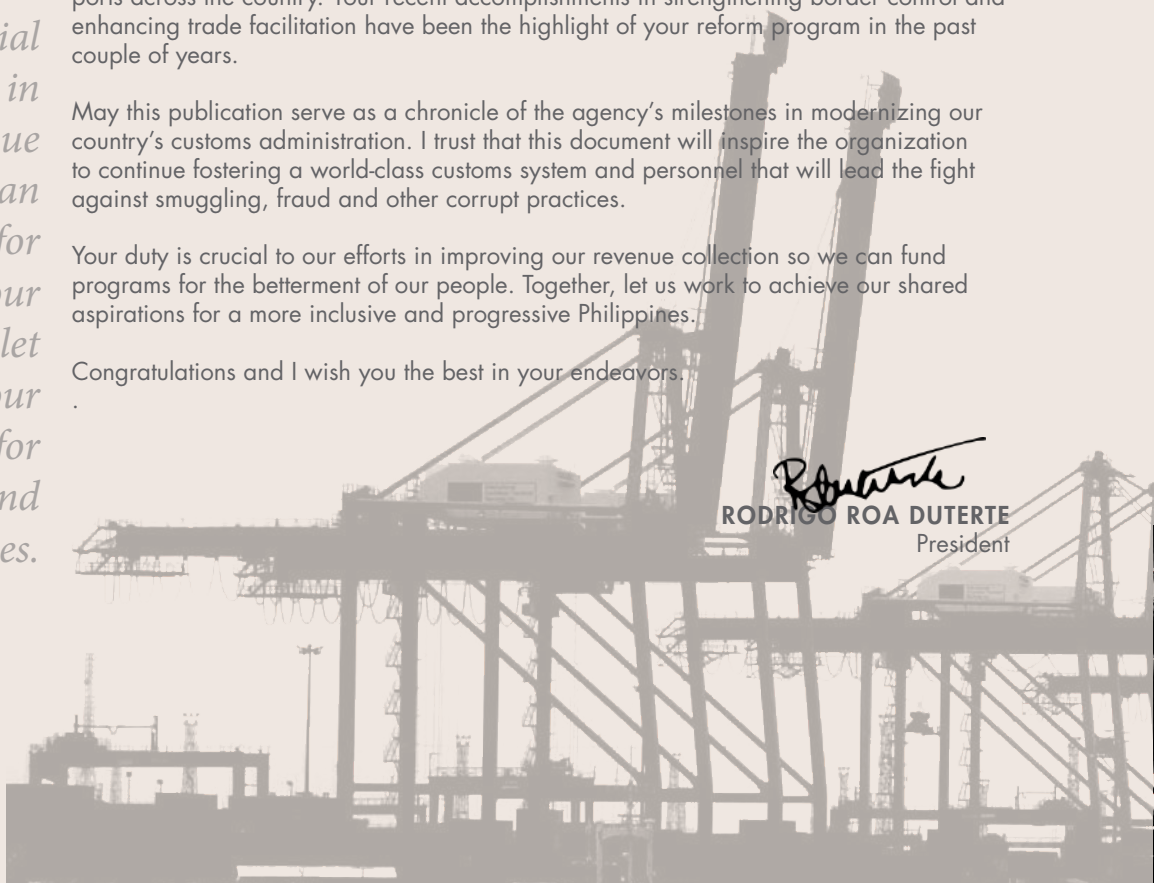
I acknowledge the BOC's important role as the government's lead agency in boosting our economy through the efficient and transparent collection of lawful revenue in our various ports across the country. Your recent accomplishments in strengthening border control and enhancing trade facilitation have been the highlight of your reform program in the past couple of years.

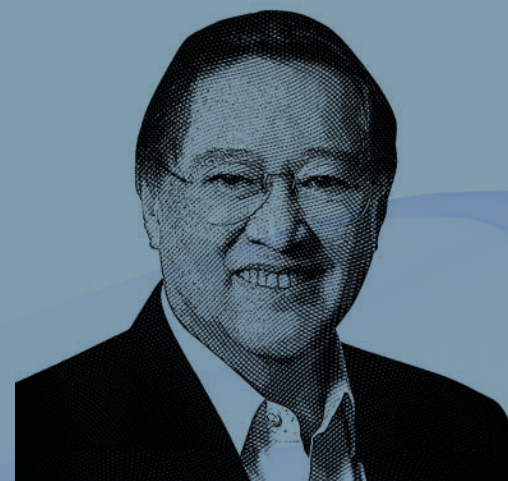
May this publication serve as a chronicle of the agency's milestones in modernizing our country's customs administration. I trust that this document will inspire the organization to continue fostering a world-class customs system and personnel that will lead the fight against smuggling, fraud and other corrupt practices.

Your duty is crucial to our efforts in improving our revenue collection so we can fund programs for the betterment of our people. Together, let us work to achieve our shared aspirations for a more inclusive and progressive Philippines.

Congratulations and I wish you the best in your endeavors.


RODRIGO ROA DUTERTE
President





SECRETARY'S MESSAGE

It is impressive that in the face of many controversies, the Bureau of Customs (BOC) has stayed the course and continued to improve its delivery of service to the Filipino people. The improvements that the BOC has implemented have strengthened revenue collection, trade facilitation, efforts against smuggling and corruption, and enhanced personnel welfare and professionalism.

The BOC is the government's second largest revenue agency. The Bureau's improved revenue collection performance helped us maintain fiscal discipline despite an expanding public investment program. In 2019, the Bureau's collection totaled 630.31 billion pesos, 6.27% higher than in 2018. The agency provided us with revenues required to make critical investments in quality infrastructure, healthcare, and education for the Filipino people.

Aside from being a revenue-generating agency, the Bureau is on the frontline against the entry of illegal drugs, counterfeit products, and harmful commodities. I am pleased that the Bureau is working very hard on its modernization initiatives to achieve an even more efficient customs administration with streamlined, transparent, and simplified customs procedures. These efforts have paved the way for increased efficiency and reduced smuggling. Results of the Bureau's campaign against smuggling improved by 400% year-on-year, with seized smuggled or counterfeit goods amounting to P20.58 billion in 2019.

Next year marks the full implementation of the Fuel Marking Program. The BOC will play a key role in ensuring that this program becomes an effective tool in curbing oil smuggling, estimated to cost the government at least P20 billion every year in lost revenue.

The Philippines' participation in the ASEAN Single Window since late 2019 allows the BOC to issue electronic certificates of origin using the country's national single window to selected ASEAN member-states.

When all our ports of entry are fully connected to in this system, associated costs for businesses will drastically decrease. Ultimately, this will usher new investments into our economy, expedite the movement of goods across borders, and enhance our trade competitiveness.

I urge the men and women serving this Bureau to continue the reform efforts you have initiated. I trust that all of you are up to the task of transforming this agency into a world-class customs administration that is credible, modern, professional, and at par with those of the most advanced economies. The more efficient the Bureau becomes, the more effective the government will be in achieving its goal.


CARLOS G. DOMINGUEZ
Secretary



COMMISSIONER'S MESSAGE

*We put new processes
in motion, with the
intent of simplifying
the process without
compromising the
integrity and security of
our systems.*

We set out to do new things in 2019, laying out strategies and plans that would improve efficiency, upgrade competencies and defeat corruption within the organization.

We put new processes in motion, with the intent of simplifying the process without compromising the integrity and security of our systems.

We focused on improving in all areas, from collections to anti-smuggling to training. We made a commitment to do our best so we could do better, in trade facilitation, border protection, and anti-graft and corruption.

The work we did in 2019 is captured in this Annual Report, a testament to the will power and teamwork that enabled the Bureau of Customs to achieve growth and exceed expectations.

The credit goes to each and every member of the Bureau of Customs and our partners who contributed to the effort with professionalism and dedication. The milestones were made as one team, with one goal. And in the year ahead, we intend to do more, together.

A handwritten signature in black ink, appearing to read "R. Guerrero".

REY LEONARDO B. GUERRERO
Commissioner

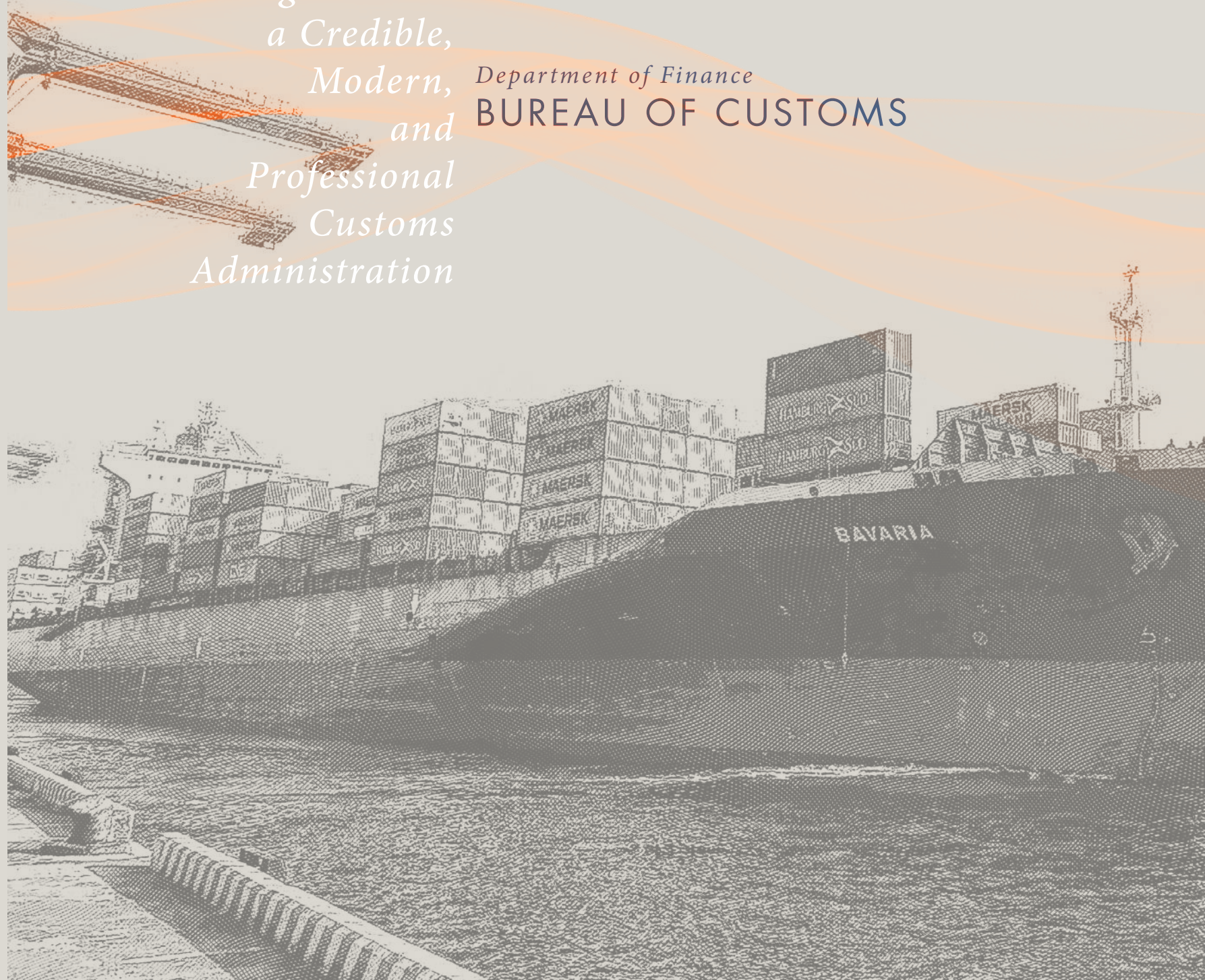


The credit goes to each and every member of the Bureau of Customs and our partners who contributed to the effort with professionalism and dedication.

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Department of Finance

BUREAU OF CUSTOMS





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10-POINT PRIORITY PROGRAM FOR 2020

EXECUTIVE SUMMARY

The highlights of the performance of the Bureau of Customs in 2019 are indicative of the impact of focused policy implementation and stringent reform initiatives.

The Bureau of Customs is one of the two (2) revenue collection agencies of the Department of Finance (DOF). Its mandate apart from revenue collection includes border protection and trade facilitation.

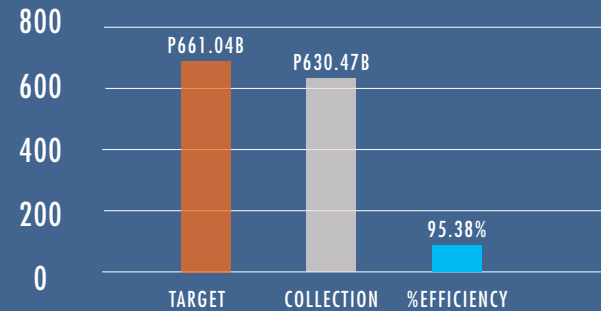
Under the current administration, the BOC has intensified its efforts in fighting graft and corruption as well as in preventing the entry of illegal drugs and contraband into the country.

REVENUE COLLECTION

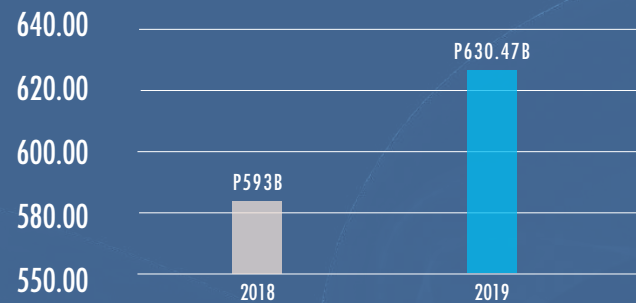
The concerted efforts of the BOC team led to a total collection of 630.47 billion pesos, achieving 95.4% of its target collection of P661.04 billion.

Compared to the 2018 revenue collection of 593 billion pesos, the 2019 collection of 630.47 billion pesos posted a 6.3% growth or an increase of 37 billion pesos. The revenue growth over the previous year reflects not only the persistent and aggressive collection programs but also the result of revenue derived from non-traditional sources such as additional payments from alerted shipments found to be undervalued, post-clearance audits and public auctions conducted nationwide.

2019 TARGET REVENUE VS ACTUAL COLLECTION



2018 VS 2019 REVENUE COLLECTION



The concerted efforts of the BOC team led to a total collection of 630.47 billion pesos, achieving 95.4% of its target collection of P661.04 billion.

ADDITIONAL REVENUE COLLECTED IN 2019

OTHER SOURCES OF REVENUE	COLLECTION
Alert Order Clearing House Desk	P40,943,220.03
Post Clearance Audit	P2,050,551,078.95
Public Auction	P527,956,663.32

TRADE FACILITATION

In pursuit of improved and efficient trade facilitation, several projects were instituted for the Bureau of Customs Operations and the Authorized Economic Operator (AEO) Program.

The Live Operation enables the Bureau to monitor and manage the ASEAN Region's Authorized Economic Operator (AEO) Program. The AEO Program is a key element of the trade facilitation strategy, which aims to improve the efficiency and effectiveness of the trade process. The AEO Program is a key element of the trade facilitation strategy, which aims to improve the efficiency and effectiveness of the trade process.

Another 2019 highlight was the significant reduction in yard utilization rates. In both the Port of Manila and the Manila International Container Port. From 88.35% in 2018, the yard utilization rate was brought down to 71.20% at the Port of Manila, and from 90.10% down to 72.66% at MICP.

Among the many processes that have been reviewed and upgraded, the simplified and decentralized Processing of Applications for BOC Accreditation has reduced the number of processing days from the previous 5 to 7 days to 3 to 5 days, with a consistent zero-backlog rate of efficiency in accreditation every week.

The handling of inquiries and resolution of concerns have been done in a timely and professional manner through the BOC-Customer Assistance and Response Services or BOC-CARES. In 2019, all 59,619 concerns and inquiries were acted upon with a 100% response rate.

59,619

CONCERNS/INQUIRIES RECEIVED & ACTED UPON



3-5 DAYS

PROCESSING TIME OF APPLICATION FOR ACCREDITATION



Luanching of the Authorized Economic Operator (AEO) Program

BORDER PROTECTION

The all-out efforts of the BOC against smuggled goods in 2019 have brought in a total value of 20.584 billion pesos of goods seized. The value of seized goods is 4 times that of 2018.

In fulfilling its mandate in the area of border protection, the BOC's intensified anti-smuggling measures resulted in a 76.96% rate of effectiveness of all issued alert orders. This has meant an additional revenue collection of 40.9 million pesos.

Another means to address smuggling operations is the issuance of Letters of Authority, which have led to the confiscation of infringing and illicit goods. The seizure of smuggled goods found in the establishments that were inspected contributed an additional 80.7 million pesos to the overall revenue collection.

On the anti-illegal drugs campaign, vigilance and sustained interagency coordination led to the seizure of 3.58 billion pesos worth of illegal drugs, as well as the arrest of 70 persons.

Furthermore, in 2019, the Bureau's Environmental Protection and Control Division was able to monitor and control the entry of illegal wastes. A total of three issues were acted upon by the BOC in 2019, as follows: 51 containers of mixed wastes coming from

South Korea, 50 containers of heterogeneous wastes coming from Canada and 1 container of electrical waste from Hong Kong for a total of 102 containers of imported waste, all of which were re-exported to the respective countries of origin.

The intensified campaign of BOC against the entry of risky and unsafe meat products in 2019 resulted in the seizure of meat products weighing approximately 290,946.82 kilograms. All seized products were turned over to the Bureau of Animal Industry for proper handling and disposal to prevent the spread of diseases that may harm the domestic livestock.

To ensure the integrity of the transactions and full compliance with customs rules and regulations, the BOC revoked the accreditation of 196 importers and 55 customs brokers.

In this regard, 27 criminal cases were filed, involving 128 individuals and 21 customs brokers, while 11 cases against customs brokers were filed in the Professional Regulation Commission (PRC).

P20.584-B
SEIZED SMUGGLED GOODS

P3.58-B
SEIZED SMUGGLED ILLEGAL DRUGS

290,946.82 kg
VOLUME OF SEIZED MEAT PRODUCTS



ANTI-GRAFT AND CORRUPTION

The intensity of the anti-graft and corruption drive has resulted in the filing of various cases against erring customs employees, with 152 administrative cases transmitted to the Ombudsman.

The campaign has also led to the dismissal of 17 BOC personnel and the suspension of 4 others. In addition, 7 BOC personnel have been charged with criminal cases before the DOJ.

ADMINISTRATION INITIATIVES & IMPROVEMENTS

Basic equipment and various logistical needs have been procured according to government regulations, with the bulk focused on ICT equipment that would upgrade and improve operations efficiency. Total procurement for 2019 was 434 million pesos.

To facilitate the continuing drive to enable skill and competency upgrades in both technical and operational areas, 269 trainings attended by 5,481 participants were conducted. Furthermore, the BOC's duly appointed representatives attended 80 local and international meetings and engagements.





10 POINT

PRIORITY PROGRAM OUTPUT RATES

In support of the BOC's mission to strengthen border control, enhance trade facilitation and improve collection of lawful revenues, the agency also implemented a 10-Point Priority Program in 2019. The accomplishment ratings of the 10-Point Priority Program for 2019 are the result of the actions and projects implemented by the BOC. Of these 10, six achieved an accomplishment rating of 90% or higher.



ENHANCEMENT OF BOC INFORMATION TECHNOLOGY SYSTEM

Eight IT systems were implemented or upgraded as follows: Goods Declaration Verification System, National Value Verification System, Alert Order Monitoring System, Document Tracking System, Customer Care Portal System, OCOM Dashboard System, Balikbayan Box and Parcel Tracking System and WCO Cargo Targeting System (CTS). Other system enhancements include the procurement of a high-performance server, the upgrade of the fire eye system (firewall), implementation of the e2m Stabilization Plan and the replacement of e2m system in coordination with the World Bank, which is on-going.

RATING: 93%



FILLING UP OF VACANT PLANTILLA POSITIONS

Personnel complement was increased to 3,425 in 2019 from 2,856 in 2018, or a 54.67% fill-up of the authorized 6,264 plantilla positions of the BOC. A total of 1,016 personnel were hired and promoted in 2019. The target for 2020 hiring and promotions is 1,000 personnel.

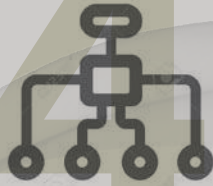
RATING: 100%



PROVISION OF INCENTIVES FOR BOC EMPLOYEES

For achieving and surpassing the 2018 collection target of 584 billion pesos by 1.4 billion pesos, a 345-million peso reward was recommended.

RATING: 83%



RESTRUCTURING OF BOC ORGANIZATION

A proposal for the restructuring of the BOC as well as the implementation of the Customs Border Police Force (CBPF) was submitted to the Department of Budget and Management for review.

RATING: 95%



ENHANCEMENT OF BOC FACILITIES

In 2019, five enhancement projects were completed, namely, construction and renovation of the BOC Situation Room, Customer Center, BOC Conference Room and Port of Legaspi Customs House. The ongoing construction projects include the construction of the temporary office of the Port of Manila and the repair and rehabilitation of the Customs Clearance Area Office at TIPO Gate, Port of Subic.

RATING: 56%



ENHANCEMENT OF CARGO CLEARANCE AND EXAMINATION CAPABILITIES

As part of operations upgrade, a total of 58 x-ray machines were acquired in 2019, bringing the total number of scanning equipment to 117 units.

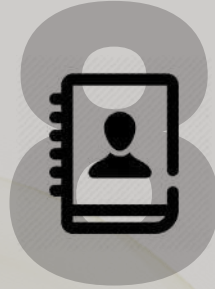
RATING: 92%



ENHANCEMENT OF INTELLIGENCE AND ENFORCEMENT CAPABILITIES

To improve threat-monitoring and detection and risk management, state-of-the-art surveillance equipment was acquired and a Cargo Targeting System was activated.

RATING: 89%



CODIFICATION AND HARMONIZATION OF ALL IMPLEMENTING RULES AND REGULATIONS, CMOS AND CAOS

In connection with the effort to consolidate all pertinent issuances and policy documents, various orders and issuances were signed and published. The BOC Citizen's Charter was revised to reflect the improved and streamlined processes.

RATING: 94%



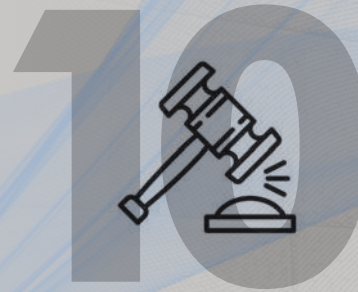
CREATION OF A QUALITY MANAGEMENT SYSTEM AND INTEGRITY SYSTEM

As a necessary requisite to institutionalizing quality management and integrity systems, audits were conducted in various collection districts resulting in 82% compliance to COA Audit Observation Memoranda. The internal audits also resulted in the compliance and lifting of previous Notices amounting to 326 billion pesos. Certification processes to achieve ISO Standard recognition and accreditation were also undertaken, with the Port of Batangas receiving the ISO 9001:2015 standard in 2019. Various offices and ports are in the process of securing

ISO 9001:2015 certification, including the Office of the Commissioner, the Management Information System and Technology Group, the Ports of Davao, Manila and Cagayan de Oro, and the sub-ports of Dumaguete, Mactan, Iligan and Mindanao Container Terminal (MCT).

Public recognition and acknowledgement of the impact of initiatives and reforms have also been forthcoming. The BOC successfully reached the "Initiated" status under the Performance Governance System (PGS), with a Gold Governance Trailblazer award, as conferred by the Institute for Solidarity in Asia. The BOC was also recognized as one of the top implementors and advocates of the Electronic Freedom of Information (eFOI) Portal. It also received a Recognition of Excellence Award from OpenGov, another nod to the BOC's efforts in transparent operations and commendable use of technology as a public sector organization.

RATING: 78%



PURSUIT OF THE PASSAGE OF CUSTOMS-RELATED LEGISLATIVE MEASURES

Seven pieces of legislation were filed in Congress as part of the effort to enable laws that would facilitate improvements in Customs administration and operations. These include:

- **House Bill No. 783** – entitled, An Act Providing for a Classification System for Third Parties under the Customs Modernization and Tariff Act.
- **House Bill No. 784** – entitled, An Act Providing for the Acquisition of the Services of a Private Auction House that shall Undertake All Public Auctions at the Bureau of Customs, Amending for this Purpose Republic Act No. 10863,

Otherwise Known as the Customs Modernization and Tariff Act

- **House Bill No. 800** – entitled, An Act Amending Republic Act No. 10863 Otherwise Known as the 'Customs Modernization and Tariff Act which authorizes the use of 1% of its annual income derived from collection of duties and taxes to upgrade and modernize its equipment and information and technology equipment and systems.
- **House Bill No. 2591** – entitled, An Act Amending Section 440 of the Republic Act 10863, Otherwise Known as the CMTA which seeks to amend the tenor of Section 440 from a Voluntary Program on Advance Customs Clearance to a Mandatory Advance Clearance and Control on Containerized Cargoes.
- **House Bill No. 5278** – entitled, An Act Requiring the Declaration of the Value of Imported Goods in Shipping and Airline Documents and Prohibiting

Fraudulent Alteration of Cargo Manifest, Bill of Lading, and Airway Bill Amending for the Purpose Republic Act No. 10863, Otherwise Known as the "Customs Modernization and Tariff Act.

- **House Bill No. 5548** - entitled, An Act Amending For The Purpose Sections 102, 119, 201, 307, 402, 405, 407, 431, 802, 806, 1135, 1100, 1129, 1147, 1400 And 1226 And Deleting Section 709 Of The Republic Act No. 10863 Otherwise Known As The Customs Modernization And Tariff Act.
- **House Bill No. 781** – entitled, An Act Exempting the Bureau of Customs and the Bureau of Internal Revenue from the Coverage of the Republic Act No. 6758, Otherwise known as the Salary Standardization Law, as amended, and for other purposes.

RATING: 90%

Department of Finance
BUREAU OF CUSTOMS

ACCOMPLISHMENT REPORT 2019





Department of Finance
BUREAU OF CUSTOMS

INTERNAL ADMINISTRATION GROUP (IAG)

The Internal Administration Group (IAG) is tasked with assisting the Commissioner in the formulation of policies and the setting up of objectives relative to the financial, administrative, personnel, planning and management concerns as well as the improvement of Bureau services.

The group consists of the Human Resource Management Division, Interim Training and Development Division, General Services Division, Planning Policy and Research Division, Budget Division, Public Information and Assistance Division, Central Records Management Division, Medical and Dental Division. Also, part of IAG is the ADHOC External Affairs Office tasked with international coordination, relations and compliance.



Internal Administration Group

HUMAN RESOURCE MANAGEMENT DIVISION (HRMD)

As part of the 10-Point Priority Program for CY 2019, the Commissioner emphasized the need to fill-up vacant plantilla positions in the Bureau. This initiative is consistent with the administration's thrust of continuously professionalizing the Bureau while maintaining a motivated workforce through competency-based hiring and promotion.

For the year 2019, 1,016 individuals were hired for various positions. Of these, 762 were newly hired personnel while 254 were promotees. The current BOC personnel count is 3,404, which is 54.34% of the authorized 6,264 plantilla positions. The Bureau is set to hire an additional 1,000 employees to further complement its manpower in 2020.

The HRMD has recommended the granting of rewards for BOC employees, for achieving and surpassing the 2018 BOC collection target of P584 billion by P1.4 billion in 2019. The incentive to be given is in the amount of P345 Million.



P345M

INCENTIVES FOR BOC EMPLOYEES

1,016

HIRED & PROMOTED FOR 2019



Internal Administration Group

INTERIM TRAINING AND DEVELOPMENT DIVISION (ITDD)

As part of the enhancement of BOC's information systems, several trainings were attended by BOC personnel, namely, Networking Essentials, Fiber Optic and Wireless Communications Technology. The ITDD conducted a total of 269 trainings for 5,481 participants.

To enhance enforcement and intelligence capabilities of BOC personnel, the ITDD also conducted various seminars from January-September 2019 to upgrade competencies in these areas. For 9 months, 368 participants attended these training activities in partnership with several affiliate parties, including the Dangerous Drugs Board (DDB), Bureau of Animal Industry, Defense Threat Reduction Agency-International Counter-Proliferation Program (DTRA-ICP), Department of Science and Technology (DOST), National Coast Watch Commission (NCWC), Philippine Bomb Data Center, Philippine Drug Enforcement Agency (PDEA), Intellectual Property Office Philippines (IPOP), Maritime Security (MARSEC), Australian Embassy, Unilever and World Customs Organization (WCO).

With regard to ITDD's commitment to comply with the mandate of trade facilitation, the first Basic Training on X-ray Operators on Baggage/Small Cargo X-ray Machines was conducted with 22 participants. Other trainings included Targeting and Risk Management which had 11 participants.



*Trainings aimed
to improve transparency
and integrity...*



269
TRAININGS ATTENDED BY
5,481

As part of efforts to fill-up vacant plantilla positions, ITDD conducted the Basic Course for Enforcement Group which had 73 participants.

The ITDD also supported the Bureau's bid to be ISO 9001:2015 certified, through trainings to further advance the goal of accreditation. These included ISO 9001:2015 Quality Management Systems (Awareness Course), ISO 9001: 2015 Quality Management Systems (Internal Audit Course) and ISO 9001: 2015 Quality Management Systems (Lead Auditor Course).

Trainings aimed to improve transparency and integrity were also provided such as the Integrity Transparency and Accountability of Public Service (ITAPS) held on June 18, 2019 by Office of the Ombudsman which had 39 participants conducted, and the ITAPs Seminar for Class Maalab which had 69 participants, also conducted by Office of the Ombudsman on May 16, 2019.



Internal Administration Group

GENERAL SERVICES DIVISION (GSD)

The General Services Division (GSD) is tasked to procure, maintain and bid out the requirements of the Bureau in terms of supplies, equipment and infrastructure projects.

As part of the Bureau of Customs goal of updating its facilities to provide better service. The Division was able to bid out 5 projects totaling P12,190,052.84.

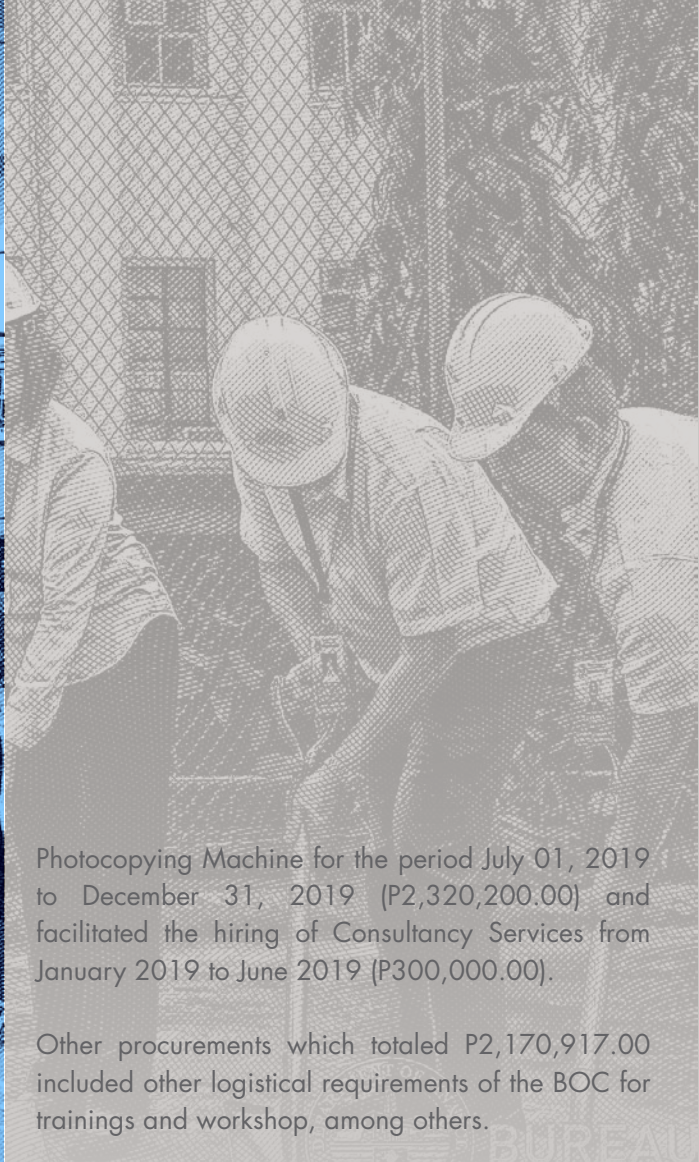
In 2020, the Bureau is set to inaugurate the pre-fabricated Port of Manila (POM) office building that will serve the hardworking men and women of the POM who were affected by the February 2019 fire. Repair and rehabilitation activities of the Customs Clearance Area (CCA) Office at TIPO Gate, Port of Subic will also be conducted.

The office also subscribed to various services on behalf of the Bureau to ensure that accurate information is available to bureau personnel, such as Price Digest Automobile Red Book Online Subscription (P100,000.00), Electronic Subscription to Value Reference for Rice Industry Information Services (P146,611.70), Platts Market Data Services and Market Data Direct (P7,326,249.50).

To support the seamless operations of the Bureau of Customs, the Division leased a Multi-Functional



5 BID OUT PROJECTS
AMOUNTING TO
P12.19-M



Photocopying Machine for the period July 01, 2019 to December 31, 2019 (P2,320,200.00) and facilitated the hiring of Consultancy Services from January 2019 to June 2019 (P300,000.00).

Other procurements which totaled P2,170,917.00 included other logistical requirements of the BOC for trainings and workshop, among others.

Meanwhile, outsourced Projects totaled P224,191,015.00, coming from High Performance Server (P56,390,640.00), Lease to Own Desktop Computers (P41,000,000.00) Co-location Back Up Services (P60,000,000.00), E2M Maintenance Support System (P20,000,000.00) and Notebook Computer with Software (P46,800,375.00).

Internal Administration Group

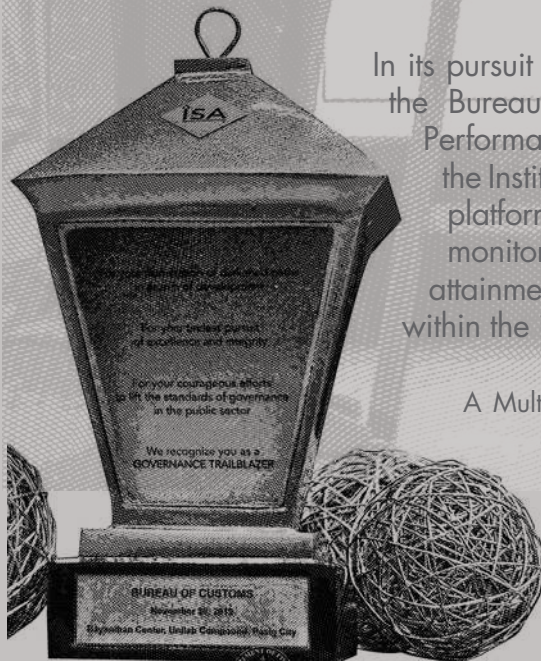
PLANNING AND POLICY RESEARCH DIVISION

In its pursuit of organizational transformation, the Bureau of Customs (BOC) joined the Performance Governance System (PGS) of the Institute for Solidarity in Asia (ISA). The platform facilitates the design, execution, monitoring and sustaining strategy for the attainment of genuine and lasting reforms within the institution.

A Multi-Sector Governance Council (MSGC), composed of key stakeholders, was also established to formalize their participation in the organization's

transformation program. The members of the council took their oath on December 06, 2019. More than providing strategic and substantive advice to move the organization forward in its governance journey, MSGC members are expected to attend regular meetings, work within their committees and have targeted contributions for the attainment of the institution's strategic goals.

On November 28, 2019, the Commissioner had a public revalida of the breakthrough results made by the Bureau in connection with the PGS. The BOC was awarded the Gold Governance Trailblazer award, the highest PGS award.





Internal Administration Group
BUDGET DIVISION

The Budget Division is responsible for the management of the funds placed under the authority of the Bureau that includes allotment, release and liquidation. The office ensures that the budget is available to fund the various projects of the BOC.

The Budget Division provided the funding requirements of Collection Districts I to XVI and Central Office for the following classes of expenditures totaling P3,089,357,344.89.

The Office provided funds for Terminal Leave Benefits of 38 BOC retirees amounting to P20,162,359.42.

The Budget Division also facilitated other requests such as the preparation and approval of 4,508 Obligation Requests as of November 30, 2019; the preparation of the Financial Plan for FY 2020; the preparation and submission of Financial Reports to COA and DBM namely, the Summary of Performance Monitoring Report as of October 31, 2019 and the Budget Utilization Report.



P3.089-B
FUNDS FOR BOC COLLECTION DISTRICTS

P20.162-M
TERMINAL LEAVE BENEFITS
FOR 38 RETIREES

Internal Administration Group

PUBLIC INFORMATION & ASSISTANCE DIVISION

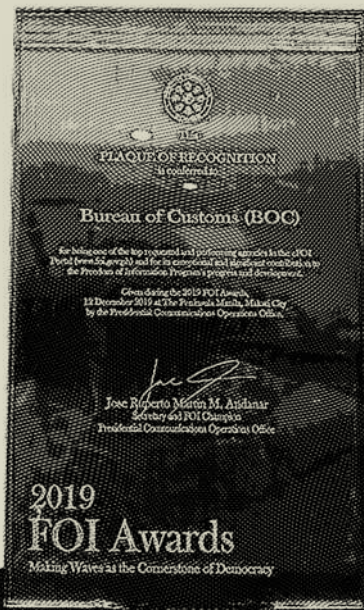
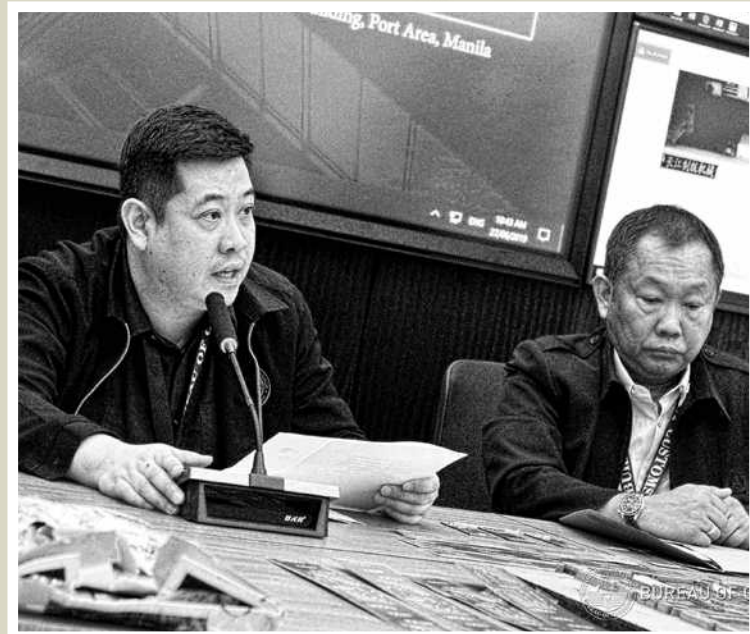
For the year 2019, the Public Information and Assistance Division (PIAD) had a total of 29,551 inquiries, the majority of which were received in January, during which a total of 6,711 inquiries was logged.

The Bureau's commitment to the President's Executive Order No. 2 recognizing the people's right to information was further concretized through PIAD's participation in the Freedom of Information 2019 FOI Mid-Year Conference. On December 12, 2019, the Division received a Plaque of Recognition on behalf of the Bureau of Customs for being one of the top requested and performing agencies in relation to Freedom of Information. The recognition was held at the Peninsula Manila Hotel in Makati.

As part of the continuing function of reaching out and coordinating with both internal and external stakeholders, the division produced a total of one hundred forty (140) press releases/statements, facilitated nine (9) media/press conferences as of October 2019 and organized six (6) events/activities. The materials produced under PIAD include the 100 days report of Commissioner Rey Leonardo B. Guerrero; 2018 Annual Report of the Bureau of Customs; The Improved BOC: Seamless and Simplified pamphlet; BOC Corporate AVP; 2019 Mid-year report and the BOC 2019 Communications Plan.

The PIAD also remained active in its commitment to customer service through BOC-CARES. The office received and responded to a total of 59,619 concerns/inquiries received via email, call and social media. The mentioned concerns are all considered resolved, representing a 100% response rate.

In line with the Commissioner's 10-Point Priority







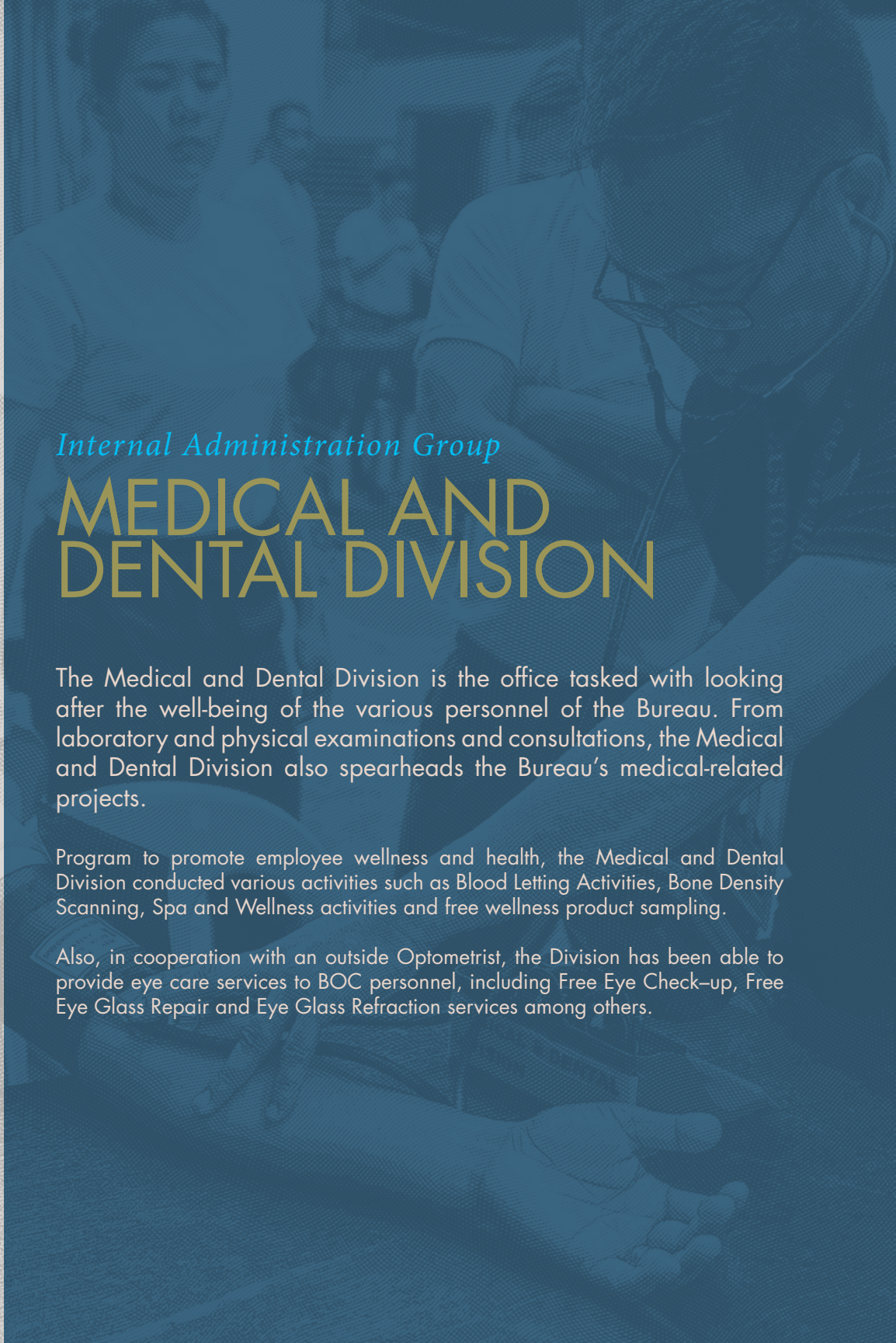
Internal Administration Group

MEDICAL AND DENTAL DIVISION

The Medical and Dental Division is the office tasked with looking after the well-being of the various personnel of the Bureau. From laboratory and physical examinations and consultations, the Medical and Dental Division also spearheads the Bureau's medical-related projects.

Program to promote employee wellness and health, the Medical and Dental Division conducted various activities such as Blood Letting Activities, Bone Density Scanning, Spa and Wellness activities and free wellness product sampling.

Also, in cooperation with an outside Optometrist, the Division has been able to provide eye care services to BOC personnel, including Free Eye Check-up, Free Eye Glass Repair and Eye Glass Refraction services among others.



Internal Administration Group

ACCOUNTING DIVISION

The Accounting Division is the office tasked to keep the account books of the Bureau. The office ensures that the funds used are liquidated and disbursed under the guidelines of the Commission on Audit (COA) as well as internal policies and guidelines.

The Division processed LDDAP-ADA for Fund Transfers, Terminal Leave Benefits, Payrolls for Contracts of Service and MOOE and Uncollected/Initial Salaries Claims.

Remittance of government and personal shares to GSIS, PAG-IBIG, and PhilHealth were also handled by the division. Lastly, the Accounting Division has successfully complied with a substantial portion (P326,240,451,038.00 of P379,643,195,748.00) of the notices of suspension issued by COA.

SUMMARY OF NOTICE OF SUSPENSION, DISALLOWANCE AND CHARGE				
NOTICE OF SUSPENSION	NOTICE OF SUSPENSION	NOTICE OF DISALLOWANCE	NOTICE OF CHARGE	TOTAL
AMOUNT OF NOTICE ISSUED	P379,643,195,748	P427,736,695	P12,699,208,745	P392,770,141,188
COMPLIED/LIFTED	P326,240,451,038	P16,627	P0	P326,240,467,305
FOR COMPLIANCE	P53,402,744,710	P427,720,428	P12,699,208,745	P66,529,673,882

Internal Administration Group

EXTERNAL AFFAIRS OFFICE

The Office of External Affairs has been actively enhancing international relations and compliance through international meetings and workshops. The Office is part of the effort for the Philippines to join the ASEAN Single Window (ASW) live operation by the end of 2019, which was successfully done on December 30, 2019. This effectively started the exchange of ATIGA e-Form D with Indonesia and Malaysia.

The Office also facilitated activities that led to the citation given by the World Customs Organization for the MOU between the Philippines and Korea on the re-exportation of wastes illegally imported into the country.

The External Affairs Office also served as the lead and successfully hosted the ASEAN-Australia Workshop on Consumer Safety concerns of Intellectual Property Rights; 22nd ASEAN Single Window Steering Committee; WCO Asia Pacific Security Project (APSP) Pre-Operational Planning and Coordination Meeting; and the National Training on Programme Global Shield.

Enhanced external relations resulted in the facilitation of two agreements with the People's Republic of China on August 29, 2019, namely, Cooperative Arrangement between the General Administration of Customs of the People's Republic of China and Bureau of Customs on the Implementation of the Inter-governmental Agreement regarding Cooperation and Mutual Assistance in Customs Matters; and the Agreement for the Project of China-Aid Container inspection Equipment to the Philippines.

Another agreement was reached and facilitated with the WCO Diagnostic Mission on the Philippine

Implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) for which the diagnostic report has been submitted to the Bureau of Customs. The Office also facilitated the conduct of Time Release Study (TRS) in October 2019 with the deployment of the WCO Accredited Expert on TRS from Lao PDR. The AEO Program was also launched through the efforts of the External Affairs Office on December 2, 2019 and AEO Workshop conducted on December 5-6, 2019 with the deployment of a WCO Accredited Expert on AEO from Malaysia Customs.

The External Affairs Office also facilitated the donation of equipment from international organizations, including 8 units of Progency ResQ Raman Spectrometer, used for chemical identification. It performs lab-quality analysis of solids, liquids and other substances. It is also designed to be customized and flexible for seamless integration. Other donations include 2 units of Viken HBI-120 Backscatter X-Ray for detection of weapons and their parts and 1 unit of Vanta X-Ray Fluorescence Analyzer for metal identification. The donations were the result of enhanced relations with the WCO and the Japanese Government.



On December 30, 2019, the Philippines joined the ASEAN Single Window (ASW) Live Operation to start the exchange of ATIGA e-Form D with Indonesia and Malaysia.



Department of Finance
BUREAU OF CUSTOMS

ASSESSMENT AND OPERATIONS COORDINATING GROUP (AOCG)

The Assessment and Operations Coordinating Group (AOCG) is tasked to assist the Commissioner in the Assessment and Coordination with the various Collection Districts. The group consists of the Internal Assessment Service which includes the Valuation and Classification Division; the Assessment Coordination and Monitoring Division; and the Port Operations Service, which includes the various Collection Districts.



Assesment and Operations Coordinating Group

VALUATION AND CLASSIFICATION DIVISION (VCD)

As of December 2019, a total of 8,874 clearances had been issued since the start of the year, compared to 2,275 issued for the same period of the previous year, representing a growth of 290% or an additional 6,599 entries.

Sixty-two percent (62%) of entries were Trucks and Buses, 18% were Motor Vehicles and 12% were Steel Products. Meanwhile, Floating Structures, Titanium Dioxide and Soda Ash accounted for 6% of the total entries. The said increase in number was due to a memorandum by the Commissioner last January 31, 2019 subjecting vehicle importation of AVID and CAMPI member to value verification prior to release.

Trucks and Buses have had the highest average compliance rating with 93.22%, followed by Floating Structures with 85.38% and Motor Vehicles with 82.19%. It could also be noted that importers of Trucks and Buses were the most compliant, as their rating ranged from 87% to 98% over the last 12 months.

With the strict implementation of the mandatory IAS Clearance, additional revenue was collected in the amount of P630,514,816.00 from January to December 2019, resulting in an increase of 65% or P248,240,553.00 increase in the collection as compared to the previous year. In November 2019, an exceptional 402% growth in additional revenue collected from issued clearances was achieved.

Lower yard utilization rate facilitates the faster movement of shipping containers which prevents port congestion.

For April to December, a total of P251,258,577.00 in additional revenue was collected from Clearances, P172.09 Million of which were from Motor Vehicle

importations alone. The second highest revenue collection came from Trucks and Buses with P53.07 Million and followed by Iron and Steel with P18.20 Million.

To further strengthen the fight against undervaluation, the Imports and Assessment Service (IAS) has come up with a new monitoring tool, the National Value Verification System or NVVS, to enhance the value monitoring system of the Bureau of Customs with the end-in-view of collecting the correct lawful revenues. It is a web-based system that Assessment officers may access to verify whether the value declared by the importer is the price paid or payable for the goods when sold for export to the Philippines.

NVVS was officially launched in June 2019. The Ports of Cebu, Subic, Davao, Cagayan de Oro, and Batangas have also been given their respective access to the system aside from the Port of Manila and MICP. This has resulted in a more comprehensive and updated database of reference values. From the initial 15,000 NVVS values, the record shows that it has almost doubled, reaching the figure of 26,348 commodities stored in the database.

As of December 2019, the Valuation and Classification Division has published values for 47,219 commodities, consisting of 7,875 8-digit and 1,571 4-digit codes which are updated regularly.

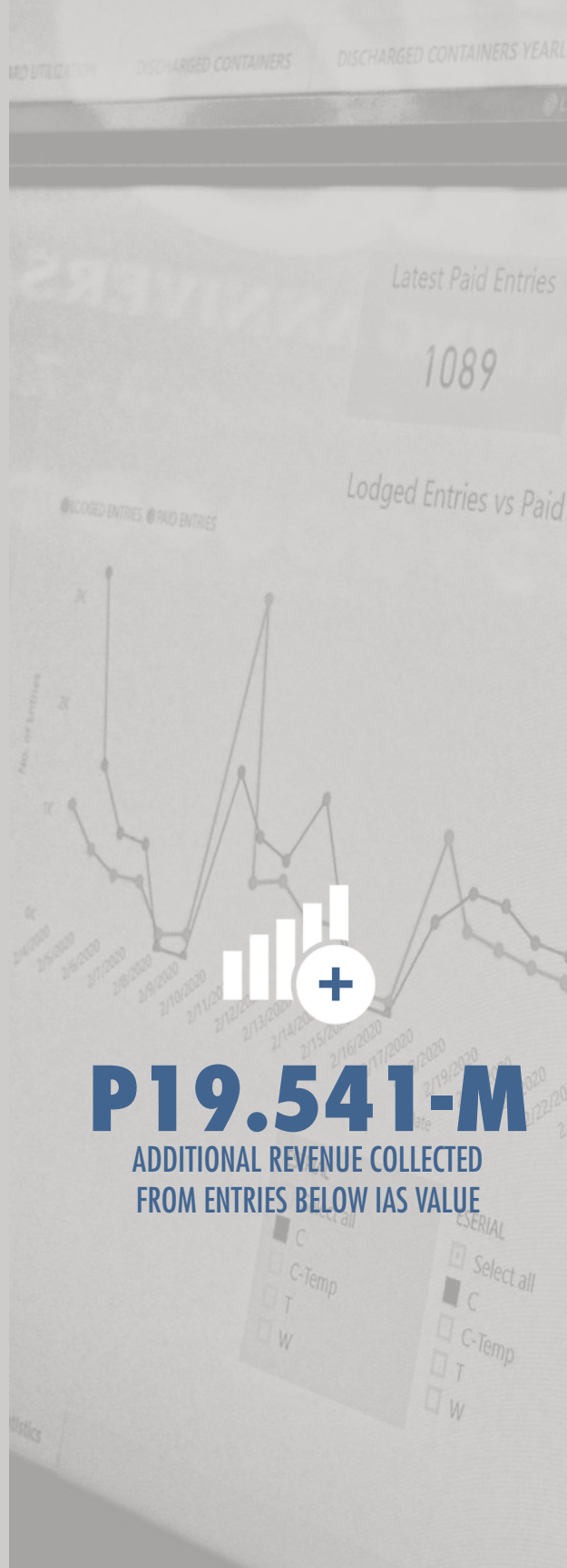


8,874

ISSUED CLEARANCES FOR RELEASE IN 2019
290% GROWTH COMPARED TO 2,275 ISSUED IN 2018

P630.5-M

ADDITIONAL REVENUE COLLECTED
FROM ISSUED CLEARANCES IN 2019



P19.541-M

ADDITIONAL REVENUE COLLECTED
FROM ENTRIES BELOW IAS VALUE

Assesment and Operations Coordinating Group

ASSESSMENT COORDINATION AND MONITORING DIVISION (ACMD)

From January to April of 2019, a growth of 37% in the collection of additional revenue, amounting to P19,541,351.50 was achieved compared to last year's data, highlighting ACMD's stricter monitoring of entries below IAS value.

With the introduction of software called PowerBI which the ACMD-IAS uses to monitor, review and collate reports generated from the NVVS daily, goods declarations that are not within the range are automatically generated by the system, which is faster compared to the manual comparison which was being done with the IRV.

In May 2019, the number of articles below IRV had increased by 526% with 10,286 articles as compared to April of the same year due to the use of POWERBI application, highlighting that PowerBI has proven to be more efficient and has greater coverage tool over SMS. In the succeeding months, it has become clear that figures significantly increased vis-à-vis the previous year due to the new monitoring tool of the ACMD.

In July 2019, the PowerBI application was enhanced and updated, it now includes data on the duties and taxes for all entries monitored which further helps in the computation of the estimated revenue loss on entries below NVVS value.

Assesment and Operations Coordinating Group

PORT OPERATIONS SERVICE (POS)

The Port Operations Service is the office tasked with overseeing all aspects of operations within the various ports and collection districts. The Office is engaged in monitoring export coordination, auction and cargo disposal, and port coordination.

In 2019, the POS recorded a total of P527,956,663.32 in auction proceeds from January to December 2019 through its Collection Districts. The Manila International Container Port (MICP) generated the biggest revenue amounting to P335,389,073.44, followed by the Port of Manila with P107,687,762.02 and the Port of Zamboanga with P30,285,510.00.

As for Port Utilization, the POS recorded the following details from January to December 2019:

The Manila International Container Port had an average Yard Utilization rate of 72.66% compared to the 90.10% yard utilization rate in 2018, an average Container Dwell Time for export of 4.27 days and an average of 7.0 days for import, and finally discharged a total of 1,353,188.00 Twenty-foot Equivalent Units (TEUs) from vessels while releasing a total of 1,343,329.25 TEUs from BOC premises.

The Port of Manila averaged a Yard Utilization rate of 71.20% compared to its yard utilization rate of 88.35% in 2018, with an average Container Dwell Time of 7.00 days for export and 7.28 days or import. The POM also discharged a total of 555,430.00 TEUs while releasing a total of 631,299.00 TEUs within the same period.



PORT OF
MANILA

71.20%
2019

88.35%
2018



MANILA INTERNATIONAL
CONTAINER PORT

72.66%
2019

90.10%
2018

P527.96-M
PROCEEDS FROM AUCTION

REVENUE COLLECTION AND MONITORING GROUP (RCMG)

The Revenue Collection and Monitoring Group (RCMG) is tasked with the following functions:

- Maintain an updated accounting for all Customs Revenues collected;
- Administer the legal requirements of the Bureau to include litigation and prosecution of cases;
- Provide the Commissioner of Customs with accurate and timely information and analysis of collection statistics; and
- Conduct a continuing audit of liquidated entries and outstanding bonds.

Three Services are under the RCMG, namely, the Collection Service, the Legal Service, Tax Exempt Division and the Financial Service, all assisting the Deputy Commissioner of RCMG in the discharge of the Group's mandated functions. The Deputy Commissioner of RCMG also heads, among others, the Tax Credit Committee, Project Management Office and is also designated as the Legislative Officer of the BOC.





REMAINING 2.69bn (99.34%)

REMAINING 2.69bn (99.34%)

PORTS IN THE DAILY COLLECTION

SUBIC
0.01%



17.91M
DAILY COLLECTION

-99.34%
DEVIATION

2.69bn
REMAINING

PORT	TARGET	COLLECTION	DIFFERENCE	DEVIATION
TEF	0.00	0.00	0.00	0.00%
SURIGAO	74,054.17	0.00	-74,054.17	0.00%
APARRI	917,788.25	0.00	-917,788.25	0.00%
ZAMBOANGA	2,174,316.01	0.00	-2,174,316.01	0.00%
LEGASPI	2,310,045.43	0.00	-2,310,045.43	0.00%
TACLOBAN	5,434,865.85	0.00	-5,434,865.85	0.00%
CLARK	7,425,937.09	145,172.00	-7,280,765.09	-98.05%
ILOILO	13,031,797.65	0.00	-13,031,797.65	0.00%
SAN FERNANDO	19,665,246.66	0.00	-19,665,246.66	0.00%
DAVAO	113,905,663.87	1,560.00	-113,904,103.87	-100.00%
SUBIC	122,108,416.59	2,060.00	-122,106,356.59	-100.01%
CEBU	133,277,273.65	218,904.00	-133,058,369.65	-98.34%
CAGAYAN DE ORO	138,552,904.02	113,534.00	-138,439,370.02	-99.92%
NAIA	177,321,909.53	1,441,272.00	-175,880,637.53	-98.63%
LIMAY	213,568,326.93	0.00	-213,568,326.93	0.00%
POM	369,744,649.82	589,432.00	-369,155,217.82	-99.82%
BATANGAS	643,913,362.38	1,817,474.00	-642,095,888.38	-99.72%
MCP	743,926,462.54	13,479,360.00	-730,447,102.54	-98.19%
Total	2,707,355,020.42	17,903,944.00	-2,689,451,076.42	-99.34%

P9.912-B

TAX EXPENDITURE FUND (TEF)

Revenue Collection and Monitoring Group

COLLECTION SERVICE

Revenue Collections (PHP bn)
Based on Dynamic Target

Est. 2019	2019		OCTOBER 1-31, 2018	2018 VS 2019	
	Target	COLLECTION VS TARGET		Collection	Amount
	Amount	%			
70.403	(12.382)	-17.6%	55.953	2.009	3.6%
70.403	(12.787)	-18.2%	55.607	0.059	17.1%
-	-	-	0.346		

From January to November 2019, the Collection Service transmitted the SAROs of government agencies amounting to a total collectible of P9.912 Billion, in the form of Tax Expenditure Fund (TEF).

A total of 393 recommendations for surety companies and 6 for banking institutions were issued for the Accreditation to Transact Business as Surety (ATBAS). 17 Collection Districts were audited which resulted in the reduction and recurrence of uncanceled bonds, and the correction of errors in the classification of bonds according to the nature of undertaking and to the extent of importation and frequency covered by the bonds. As a result of the audit of unliquidated entries, recovery of duty and tax deficiencies was fast-tracked.





Revenue Collection and Monitoring Group

LEGAL SERVICE

For the Legal Service, all pending cases were inventoried in close coordination with the prosecuting arms of the government, namely, the Office of the Ombudsman (OMB), Office of the Solicitor General (OSG) and the Department of Justice (DOJ).

TAX-EXEMPT DIVISION

The Tax-Exempt Division processed a total of 38,393 documents consisting of 22,629 Tax Exemption Certificates, 3,908 Certificates of Guaranty, 235 International Rice Research Institute (IRRI) Certificates, 9,123 ATRIGs and 2,053 MAVICs issued by the Department of Agriculture.

27 BOC Personnel Charged with Administrative Case

152 Administrative Cases Transmitted to the Ombudsman

17 BOC Personnel Dismissed from Service

4 BOC Personnel Suspended from Service

4 BOC Personnel Exonerated from Administrative Case

7 BOC Personnel Charged with Criminal Cases before DOJ

7 BOC Personnel with Pending Criminal Case with DOJ

137 BOC Personnel with Pending Administrative Case with Ombudsman

*Revenue Collection and
Monitoring Group*

BUREAU'S ACTION TEAM AGAINST SMUGGLERS (BATAS)

The BATAS or the Bureau's Action Team Against Smugglers filed a total of **27 complaints** with the Department of Justice against different individuals for various violations of the CMTA. The BOC also filed cases before the Professional Regulatory Commission (PRC) against 11 errant customs brokers.

SUMMARY OF CASES RESOLVED

Filed in Court	1
Submitted for Resolution	3
Preliminary Investigation	8
For Assignment of Prosecutor	15
TOTAL	27

27
FILED CASES
WITH DOJ

11
FILED CASES
WITH PRC

*Revenue Collection and
Monitoring Group*

PROSECUTION AND LITIGATION DIVISION (PLD)

The Prosecution and Litigation Division (PLD) resolved 6 administrative cases and transmitted 152 administrative cases to the Office of the Ombudsman pursuant to the directive of the President.

The PLD, through its prosecuting arm, represented the government in 409 seizure cases from January to December 2019, with 177 of those in Port of Manila, 61 in Manila International Container Port, 83 in Ninoy Aquino International Airport and 88 in other ports of the Bureau.

SUMMARY OF SEIZURE CASES

PORT OF MANILA	117
MANILA INT'L CONTAINER PORT	61
NINYO AQUINO INTN'L AIRPORT	83
OUTPORTS	88
TOTAL	409

152

ADMINISTRATIVE
CASES TRANSMITTED
TO THE
OFFICE OF
THE OMBUDSMAN

Revenue Collection and Monitoring Group

APPELLATE DIVISION

The Appellate Division resolved a total of 109 cases consisting of 56 seizure cases, 7 protest cases, 37 abandonment cases, 7 determination of probable cause, and 2 refund cases.

SUMMARY OF APPEALED CASES

SEIZURE	56
PROTEST	7
ABANDONMENT	37
DETERMINATION OF PROBABLE CAUSE	7
REFUND	2
TOTAL	109

RULING AND RESEARCH DIVISION

The Ruling and Research Division issued 447 legal opinions, resolved 111 claims for refund and 9 claims for Terminal Leave Benefits.

Revenue Collection and Monitoring Group

FINANCIAL SERVICE

In 2019, the Financial Service reported a total of P630.47 Billion as total collection from the different Collection Districts for the whole year, surpassing the P593.10 Billion collections in 2018.

A 6.3% growth rate increase was achieved for 2019, with an efficiency rating of 95.4%. The collection for 2019 was achieved amid continuous reforms implemented in line with the Bureau's 10-Point Priority Program.

Through the Statistical Analysis Division (SAD), the RCMG determined the top-performing ports for the period January to December 2019 as follows: the Port of Iloilo which attained 52.2% above target, followed by the Port of Subic with 38.9%, Port of Cagayan de Oro with 33.9%, Port of Zamboanga with 30.8%, Port of Limay with 29.2%, Port of Tacloban with 21.4%, Port of Aparri with 19.4%, Port of Legaspi with 13.4% and finally, Port of San Fernando with 5.9% above target.

COLLECTION DISTRICTS THAT EXCEEDED THE TARGET REVENUE FOR 2019

COLLECTION DISTRICT	TARGET COLLECTION	ACTUAL COLLECTION
LIMAY	P43,594.77	P56,332.52
CAGAYAN DE ORO	25,790.23	34,540.89
SUBIC	23,307.19	32,373.63
SAN FERNANDO	4,000.13	4,237.56
ILOILO	2,238.11	3,406.84
TACLOBAN	1,173.99	1,425.45
ZAMBOANGA	416.8	545.02
LEGASPI	449.94	510.26
APARRI	122.92	146.72

Figures in million pesos

2018
P593.10B
VS
2019
P630.47B

P187.994-M
TAX CREDIT CERTIFICATIONS

P9,636-M
VAT CASH REFUND

17
CUSTOMS ADMINISTRATIVE
ORDERS

53
CUSTOMS MEMORANDUM
ORDER

Revenue Collection and Monitoring Group

TAX CREDIT COMMITTEE

Further, in compliance with the TRAIN Law mandating the payment of cash for claims of VAT refund filed pursuant to Section 112 of the National Internal Revenue Code, the Tax Credit Committee, which is likewise under the Deputy Commissioner, RCMG approved 243 VAT cash refund amounting to P9.636 Million.

Additionally, 11 Cash Conversions were approved in the amount of P47.751 Million and 25 Tax Credit Certifications were issued in the amount of P197.994 Million.

PROJECT MANAGEMENT OFFICE

In compliance with the directive of the Commissioner to fast-track the issuance of the implementing rules of the CMTA, 17 CAOs, 53 CMOs, 356 Memoranda and 281 CMCs were issued this year by the Commissioner upon review of the Project Management Office under the supervision of the Deputy Commissioner, RCMG.

On the other hand, 10 CAOs are still pending review by the PMO and 4 CAOs are for signature and final review by the Secretary of Finance.

SIGNED CUSTOMS ADMINISTRATIVE ORDERS IN 2019

1	Post Clearance Audit and Prior Disclosure Program	CAO 01-2019
2	Marking of Imported Goods and Containers	CAO 02-2019
3	Customs Jurisdiction and Exercise of Police Authority	CAO 03-2019
4	Duty Drawback, Refund and Abatement	CAO 04-2019
5	Registration of Customs Brokers	CAO 05-2019
6	Registration of Other Third Parties	CAO 06-2019
7	Pre-Lodgement Control Order and Alert Order	CAO 07-2019
8	Rules and Regulations on the Admission, Movement and Withdrawal of Container Vans Deriving Revenue therefrom	CAO 08-2019
9	Establishment, Maintenance and Operations of Customs Facilities and Warehouses	CAO 09-2019
10	Outsourcing of Non-Sovereign Customs Function to Private Entities	CAO 10-2019
11	Rules and Regulations on the Admission, Movement and Withdrawal of Goods in Free Zones	CAO 11-2019
12	Transshipment of Cargoes	CAO 12-2019
13	Customs Bonded Warehouses (CBW)	CAO 13-2019
14	Amendment of CAO 1-2013	CAO 14-2019
15	Rules and Regulations for Customs Transit in the Customs Territory	CAO 15-2019
16	Government's Right of Compulsory Acquisition	CAO 16-2019
17	Abandonment: Kinds, Effects and Treatment	CAO 17-2019

Department of Finance
BUREAU OF CUSTOMS

POST CLEARANCE AUDIT GROUP (PCAG)

The Post Clearance Audit Group (PCAG) is mandated to conduct audit examination, inspection, verification, and investigation of records of any goods declaration generally within three (3) years from the date of final payment of duties and taxes or customs clearance.

The group, which is directly under the supervision of the Commissioner of Customs, is headed by the Assistant Commissioner who shall exercise direct supervision over the Compliance Assessment Office and Trade Information and Risk Analysis Office.





304

SERVED ANLS OUT OF THE 307 ANLS
SIGNED AND ISSUED

Post Clearance Audit Group

COMPLIANCE ASSESSMENT OFFICE (CAO)

As part of the Bureau's mission to collect lawful revenue and curb smuggling, the Compliance Assessment Office, through its five (5) Audit Divisions, served a total of three hundred four (304) Audit Notification Letters (ANLs) out of the 307 ANLs signed and issued by the Commissioner of Customs in 2019.

The remaining three (3) ANLs were not served due to the following reasons: one of the recipients used a fictitious address in its registration with the Bureau of Customs (BOC) Accounts Management Office (AMO), while the other two had already moved out of their registered offices. The accreditations of the three companies had since been suspended and their dockets forwarded to AMO for the conduct of necessary proceedings.

PCAG has likewise preliminarily recommended the suspension of the accreditation of thirteen (13) importers which received corresponding ANLs, namely: Camama Auto Hub, ASD Total Package Enterprises Inc., D3S Trading, Jaded Green Marketing Corp., Lexhua Enterprises, Nadab Trading, Otokomae Trading, Skadi Trading, Skyfire International Trading Corp., Appzia enterprises, Rockoil Central Trading Corp., Autodelta Coach Builders Inc., and Asian Marine Transport Corporation due to non-submission of records. The suspension of the thirteen companies shall also be without prejudice to the other findings which shall be determined by PCAG during the conduct of the audit.

Post Clearance Audit Group

TRADE INFORMATION AND RISK ANALYSIS OFFICE (TIRAO)

Out of the 304 active audit cases, PCAG had initially collected P11,083,245.13 as a result of the preliminary findings by the respective Audit Divisions and the importers' willingness to pay the same, without prejudice to the completion of the ongoing audit. The final amount to be collected from the active audit cases shall be determined upon the submission of the full audit reports in April and November 2020, respectively.

In addition, PCAG effected the enforcement of the pending demand against a company to pay the amount of P143,215,333.13, which demand had been final and executory as far back as 2012, as a result of the completion of the post-entry audit on said company. The case has now been referred to the Legal Service for the collection of the demand.

For the year 2019, PCAG, through the Compliance Assessment Office, also received and processed one hundred twenty-four (124) Prior Disclosure Program/ Voluntary Disclosure Program applications from companies availing of the said programs, resulting in additional revenues amounting to P2,050,551,078.95 for the Bureau of Customs.

TIRAO has profiled three hundred fifteen (315) importers using PCAG's Risk Management Technique resulting in the recommendation that 310 importers be subjected to post clearance audit, 307 of which have been issued corresponding ANLs.

TIRAO has also identified four (4) benchmarks and compliance markers for each industry identified by the office. The initial base data for the comprehensive report relative to the degree of compliance of audited importers is set to be established after completion of the ongoing audits to create the necessary parameters.

In conjunction therewith, TIRAO has contributed its expertise in the creation, development, and implementation of the Computer-Aided Risk Management System (CARMS) as a member of the CARMS Committee. It has conducted various meetings with other BOC Offices to discuss the design for the CARMS.

PCAG has fully and faithfully implemented the provisions of Customs Administrative Order No. 1-2019 which promulgated the rules and regulations on the Post Clearance Audit and Prior Disclosure Program. It has also submitted a draft of its Citizen's Charter which was approved by the Commissioner of Customs.

Finally, PCAG also accomplished other functions in improving its business process, automation of its risk management processes, and promotion of its personnel's welfare. These include the conduct of a workshop in partnership with the Japanese Customs through the Japanese International Cooperation Agency (JICA) which was held in June 2019 regarding Post Clearance Audit and successfully hired 28 Customs Officers to augment the group's auditing and profiling capabilities.






Department of Finance
BUREAU OF CUSTOMS

INTELLIGENCE GROUP (IG)

The Intelligence Group (IG) is tasked to assist the Commissioner in information gathering, investigation, and information verification. The Group is responsible for importer and customs broker accreditation, x-ray inspection, and alert order issuance and lifting.

The group is composed of the Customs Intelligence and Investigation Service (CIIS) which includes the Intelligence Division, Investigation and Prosecution Division, Intellectual Property Division, Internal Inquiry and Prosecution Division. Additional Offices under the IG are the X-ray Inspection Project, Accounts Management Office, Risk Management Office, and the Alert Order Clearing House Desk.



Intelligence Group

CUSTOMS INTELLIGENCE AND INVESTIGATION SERVICE (CIIS)

The CIIS has been at the forefront of the Bureau's fight against smuggling, and since January 2019, various CIIS units have seized numerous smuggled goods (i.e. cigarettes, ukay-ukay, counterfeit goods, rice, illegal drugs, etc.) in various ports. In 2019, a total of 377 instances of seized goods amounting to Php20,496,801,453.69 were logged and acted on, including the implementation of twenty-four (24) Letters of Authority.

Further, continuous intelligence monitoring operations led to the entrapment and apprehension of nine (9) individuals engaged in unscrupulous activities relative to the operations of the Bureau.

The CIIS was steadfast in their efforts to weed out unscrupulous people engaged in shady dealings within the Bureau. The office continuously conducted operations which resulted in the apprehension of 54 individuals involved in smuggling activities, 10 of whom were Customs personnel while 44 individuals were pretending to be BOC personnel, brokers, fixers, and bribe-takers illegally transacting within the premises of the Bureau. All those apprehended were criminally charged.

The Intelligence Division seized a total of P12,372,435,353.69 in 365 instances, including the implementation of twelve (12) Letters of Authority.

On the other hand, the Intellectual Property Rights Division (IPRD) also acted on complaints from various Intellectual Property owners. The division implemented twelve (12) Letters of Authority which resulted in the apprehension of smuggled and counterfeit goods, amounting to an estimated P8,124,366,100.00 worth of goods in violation of intellectual property laws.

The above-mentioned accomplishments were done in coordination with the Office of the Deputy Commissioner of the Intelligence Group (IG) which had established strong operational linkages with other government agencies such as the Armed Forces of the Philippines (AFP), Philippine Drug Enforcement Agency (PDEA), and Philippine Coast Guard (PCG), among others.

SUMMARY OF SEIZED SMUGGLED GOODS

3,559,700,176.00
SHABU

31,065,604.46
OTHER DRUGS

398,473,450.64
AGRICULTURE

59,876,879.56
GENERAL MERCHANDISE

106,553,966.17
VEHICLES & ACCESSORIES

66,868,597.00
USED CLOTHING

78,596,820.52
STEEL PRODUCTS

9,443,366,100.00
COUNTERFEIT GOODS

2,677,807,519.00
CIGARETTES & TOBACCO

4,105,459,819.80
OTHER PRODUCTS

21,003,064.00
ELECTRONICS

815,000.00
FIREARMS

35,000,000.00
CURRENCY

20,584,586,997.15
TOTAL

Data as of December 2019

Intelligence Group (IG)

ACCOUNTS MANAGEMENT OFFICE

For 2019, the Accounts Management Office (AMO) had fully implemented the online processing of applications for accreditation of regular importers, non-regular importers and customs brokers.

Based on AMO records, there are 17,760 regular importers and 2,241 customs brokers with active customs accreditation in 2019. As part of the automated process, applicants are required to submit scanned copies of pertinent documents and submit the same to AMO.

2,241 Number of Customs Brokers Accredited

17,760 No. of Importers Accredited

The Office has also instituted a 3-7 working day processing period for applications. Applicants with lacking requirements are promptly notified through the corresponding unique ticket of the applicant. Upon compliance with the documentary requirements, approval is immediate.

In 2019, the accreditation of 196 importers and 55 customs brokers was revoked for violation of Customs and other related laws.

Intellegence Group (IG)

X-RAY INSPECTION PROJECT

For 2019, a total of 37 new x-ray machines were installed and are currently operational. Another 13 machines are currently being installed in various ports to further improve BOC scanning capabilities.

In addition, 8 donated machines are also being proposed for deployment in the Port of Manila, Port of Subic, Manila International Container Port, Port of Cebu, Ninoy International Airport and Clark International Airport. As of year-end 2019, the BOC has a total of 117 scanning equipment.

ALERT ORDER CLEARING HOUSE DESK

For 2019, the Alert Order Clearing House Desk processed 926 Alert Orders (AOs). 202 AOs were found to be negative, while 675 AOs or 76.96% were found positive for discrepancies.

Of the latter, 368 AOs resulted in the collection of additional duties and taxes amounting to P40,943,220.03, while 209 AOs were forwarded to the Ports Law Division. Of the 209 AOs, 188 AOs were issued Warrants of Seizure and Detention (WSD) and action on 21 AOs are pending hearing for probable cause at ports.

Department of Finance
BUREAU OF CUSTOMS

ENFORCEMENT GROUP (EG)

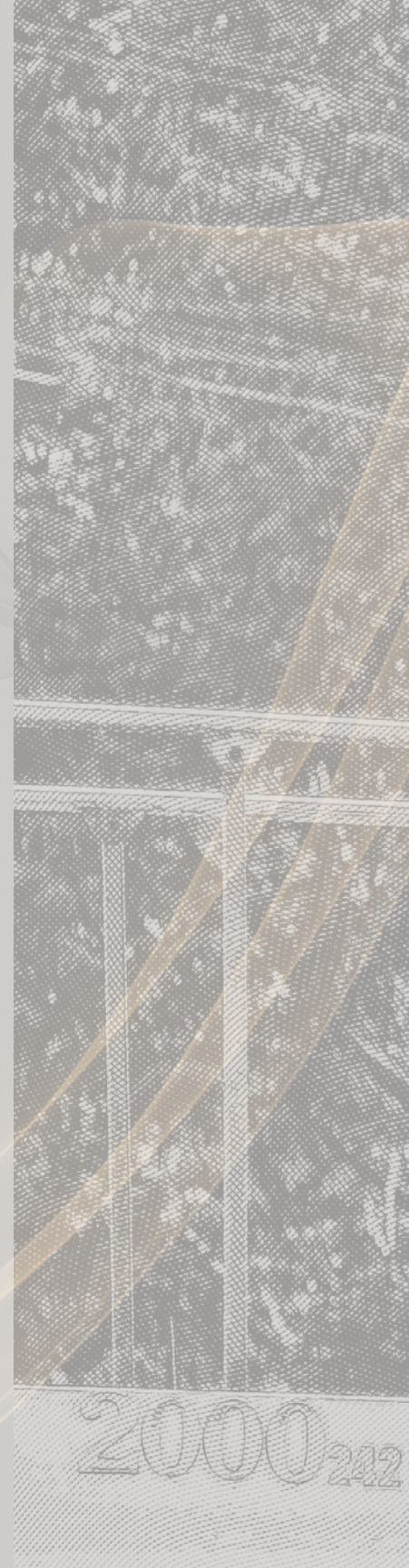
The Enforcement Group (EG) is tasked with assisting the Commissioner in the exercise of police authority to secure the country's ports and BOC installations, as well as to protect cargoes and properties inside the customs zone.

The group consists of the Enforcement and Security Service (ESS) which includes the Customs Police Division, Radio Communication Division, Environmental Protection Compliance Division and Water Patrol Division.

As part of the Commissioner's 10-Point Priority Program, the Enforcement Group under the office of the Deputy Commissioner implemented the Fuel Marking Program on August 02, 2019. The program aims to properly tag and inventory fuel products to ensure that the proper duties and taxes are collected. For 2019 the Group has successfully marked 1.1 Billion liters of fuel in oil depots located all over the country. The Fuel Marking Team was also outfitted with the necessary tools with the procurement of Forty (40) Personal Protective Equipment (PPE) for Fuel Marking Personnel.

To bolster the enforcement needs of the Bureau, Enforcement Group recruited 64 additional Customs Police and 23 Customs Seaman. The newly recruited personnel have undergone rigorous training before their deployment as part of the program to professionalize the ranks of Customs Police. The training was conducted by the Office of the Director, ESS.

The Office of the Director, Enforcement and Security Service was also able to implement letters of authority (LOA) issued by the Commissioner of Customs resulting in the seizure of counterfeit cigarettes, raw materials for manufacturing of counterfeit cigarettes, fake BIR cigarette tax stamps, unlicensed cigarette making machines and other illegal goods with an aggregate estimated value of P1,627,670.00.





mm

2000 236 mm

4000 266 mm

W.Y. GABDI
METAL WORKS AND FABRICATION

Enforcement Group

CUSTOMS POLICE DIVISION

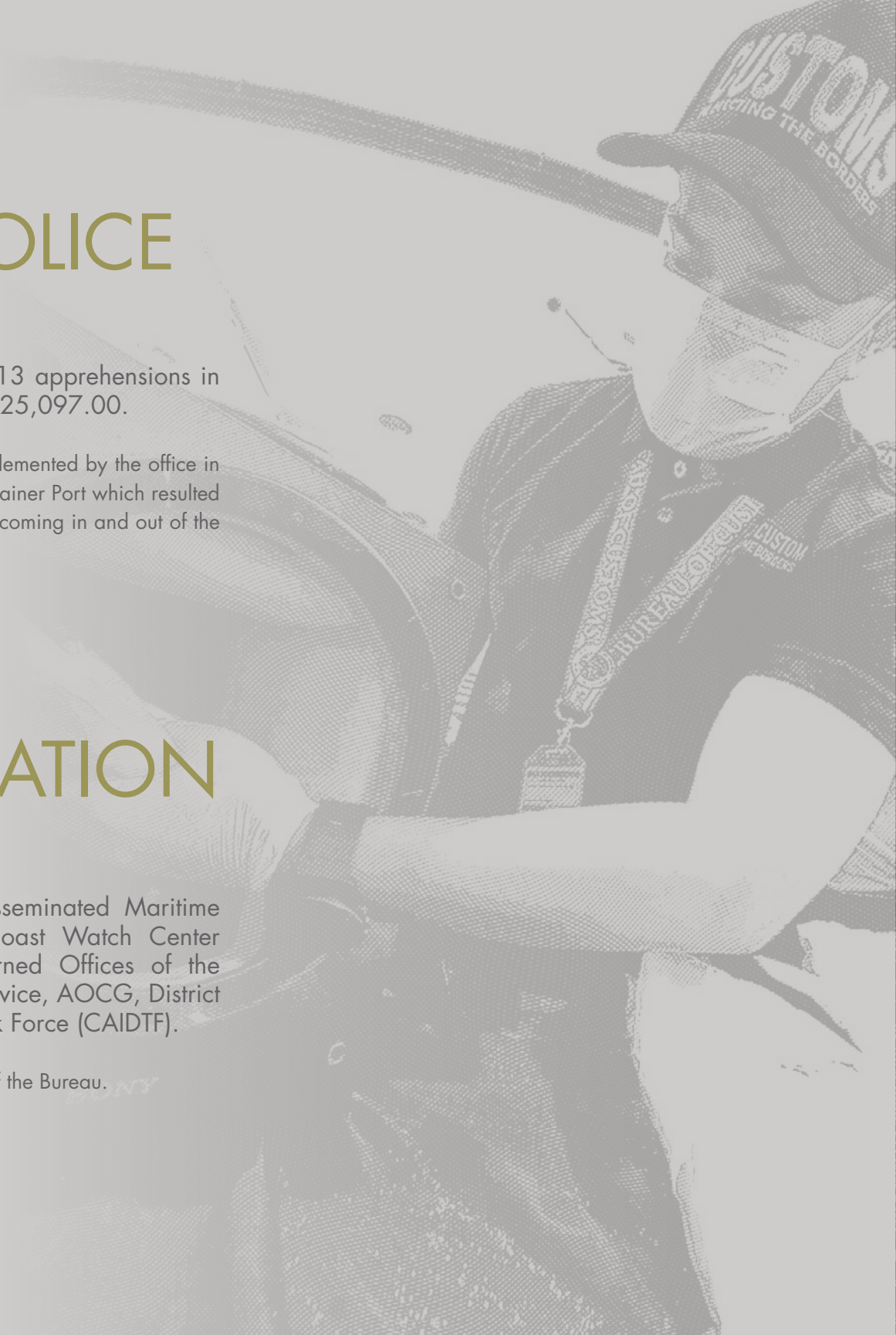
The Customs Police Division recorded 213 apprehensions in 2019 with an estimated value of P281,225,097.00.

The No Contact Policy was also successfully implemented by the office in the Port of Manila and Manila International Container Port which resulted in the control of entry and movement of vehicles coming in and out of the Bureau of Customs compound.

RADIO COMMUNICATION DIVISION

The Radio Communication Division disseminated Maritime Information Report of the National Coast Watch Center (NCWC) Analysis Team to all concerned Offices of the Bureau, including the Port Operation Service, AOCG, District Collectors, Customs Anti-Illegal Drug Task Force (CAIDTF).

These are vital in the anti-smuggling campaign of the Bureau.





Enforcement Group

WATER PATROL DIVISION

The division is the law enforcement arm tasked to secure the various ports of the Bureau through the use of various water vessels further improving border security.

The office is currently in the process of recruiting and training water patrol personnel. Its major program for the year is the procurement of water assets. Documents relevant to the procurement of twenty (20) speedboats had been submitted to the PITC as the procuring agency.

Other offices under the Enforcement Group worked with solid results as well. The Customs Anti-Illegal Drugs Task Force (CAIDTF) seized 67 shipments of illegal drugs with an estimated value of P3,396,916,182.64. The CAIDTF processed and cleared 28,750 Import Entries, while the Environmental Protection Division (EPCD) validated and determined the authenticity of 3,489 Pre-shipment Importation Clearances issued by DENR. The ESS-Motor Vehicle and Monitoring Clearance Office (EMVMCO) issued Clearance of No Derogatory Information for 112,620 units of vehicles and parts and components for replacement parts.





Department of Finance

BUREAU OF CUSTOMS

MANAGEMENT INFORMATION SYSTEM AND TECHNOLOGY GROUP (MISTG)

The Management Information System and Technology Group (MISTG) is tasked with assisting the Commissioner in the implementation of the BOC's computerization and modernization program.

The Group is responsible for maintaining the customs system to improve operational efficiency as well as providing IT solutions to boost trade facilitation.

The group consists of the Planning and Systems Development Service which includes the Planning & Management Information Division and Systems Development Division and the Technology Management Service which includes the Technical Support Division and System Management Division.

Management Information System and Technology Group **DEVELOPMENT SERVICE**

The Planning and Systems Development Service had successfully awarded 100% or all nine (9) projects through the BOC-Bids and Awards Committee (BAC).

The BAC projects consist of capital outlays using the 2019 budget. Out of the twelve (12) projects outsourced through the Philippine International Trading Corporation (PITC), five (5) or 41.67% have already been awarded and delivered. The procurements for the other projects are likewise already in progress.

The Office has also finalized the Terms of Reference necessary for the procurement of a new and upgraded customs system to replace the current E2M system.

Through the efforts of the Systems Development Division (SDD), the office was able to impact the

modernization efforts of the Bureau of Customs with the implementation of the Revised Goods Declaration Verification System (GDVS), Parcel Tracking System (PTS), Alert Order Monitoring System (AOMS), National Value Verification System (NVVS), Document Tracking System (DTS), OCOM Dashboard System, WCO Cargo Targeting System and Informal Entry System (IES) for Commercial Goods. The SDD was also responsible for the Integration of Balikbayan Box Tracking System with Parcel Tracking System and the Maintenance and Support of the current E2M system.



Management Information System and Technology Group

TECHNOLOGY MANAGEMENT SERVICE

The Technical Support Division (TSD) conducted trainings in all ports nationwide to provide customs personnel with basic knowledge in using the various systems developed and/or deployed by the Bureau such as the Automated Bonds Management System, Good Declaration Verification System, Alert Order Monitoring System, Customer Care Portal System, Document Tracking System, IES for Commercial Goods and the Balikbayan Box Tracking System.

The TSD has implemented and successfully rolled out these modernization projects in major ports and sub ports nationwide by the Implementation and the Site Support Teams. TSD likewise oversaw the launching and the end-user training of the Cargo Targeting System (CTS) in coordination with the World Customs Organization.

The Systems Management Division (SMD) was able to configure and install 730 new PC desktops and 550 Laptops which were distributed to various BOC offices. As part of the E2M Stabilization plan, the MISTG technical team has migrated all BOC Servers into Virtual Machine (VM) servers on the newly acquired HP Simplivity High Performance Server which will provide the BOC IT systems a stable and reliable cloud environment with enough capacity to greatly improve system performance and storage. The HP High performance server is also covered by a 3-year warranty and support ensuring the continued operation of BOC IT systems until the acquisition of

the new Customs Processing system. Also deployed was the FireEye Appliance for Cyber Security on the New Co-Location Server. Network connections were secured thru Virtual Private Network (VPN), with 160+ VPN accounts created to date.

As part of E2M Stabilization plan, SMD completed the switch-over of the E2M Database from the old Oracle Database Appliance (ODA) to the new Oracle Private Cloud Appliance (PCA), this will ensure that the BOC data will be running on the latest oracle database hardware supported and maintained for 3 years with enough resources to ensure the most optimum performance and reliability of the BOC database. The initial activities done on the E2M Server and Database have resulted in performance and reliability improvements. of the custom system.

The Way Forward

10 POINT PRIORITY PROGRAM FOR 2020

The year 2019 was an excellent year for the Bureau of Customs as it achieved numerous milestones despite all the changes it faced throughout the year. The Bureau sustained its momentum from 2018 and never showed any signs of slowing down as it pushed its goal of transforming the agency into a modern, efficient and credible customs administration.

As a consequence of the progress that had been made in 2019, the priorities of 2020 have been defined as follows:

1 CONTINUE FILLING-UP PLANTILLA POSITIONS

Recruit 1,000 more employees to fill up vacant plantilla positions.

2 FULL AUTOMATION OF FRONTLINE TRANSACTIONS

Implementation and institutionalization of "No-Contact Policy" in transactions.

3 IMPROVEMENT OF RISK MANAGEMENT SYSTEM

Systems and processes will be streamlined, new technologies will be acquired and compliance mechanisms will be reinforced to improve risk management.

4 IMPLEMENT CUSTOMS MODERNIZATION PROGRAM

Customs Modernization Project will be implemented with funding support from the World Bank with the following 4 components: (1) Customs Reform & Modernization Support; (2) Institutional Development; (3) ICT Modernization; (4) Project Management Support

5 ISO CERTIFICATION OF CUSTOMS UNITS/OFFICES AND PGS COMPLIANCE

Continue the conduct of ISO internal audit on the different offices, ports and sub-ports of the Bureau and to spearhead ISO-related trainings for the Bureau.

The Bureau of Customs is determined and committed to continue contributing to the reform and development agenda as envisioned under the leadership of President Rodrigo Roa Duterte. Its unwavering focus on improving revenue collection and uncompromising drive to eradicate graft and corruption and other illegal activities in the Bureau are on top of the must-do targets in 2020.

6 ENHANCE TRADE FACILITATION

Implement Authorized Economic Operator program, and improve pre & post importation processes for Clearance, Assessment and etc.

7 RATIONALIZE PENALTY REGIME

Implement stiffer penalties to improve compliance to Customs rules and regulations.

8 ENHANCEMENT OF MANAGEMENT AND TECHNICAL SKILLS

Avail of trainings and seminars through the Japan International Cooperation Agency (JICA) and the World Customs Organization (WCO) programs.

9 ENHANCE STAKEHOLDERS ENGAGEMENT

Improve BOC external website and conduct more frequent and wider consultations.

10 INTENSIFY BORDER PROTECTION

Acquire additional scanning and detection equipment and to hire and train additional border protection personnel.





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HOTLINE NUMBERS:

(02) 8-705-6000
0905-299-7977
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boc.cares@customs.gov.ph



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