



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA 1099

26 September 2003

**CUSTOMS MEMORANDUM ORDER**

NO. 21-2003

Subject: **Supplemental Guidelines in the  
Determination of Air Freight Charges**

To establish the guidelines in the determination/application of air freight charges as a component of dutiable value for Customs purposes, the following are hereby prescribed:

**1. DEFINITION OF TERMS**

For the purpose of this Order, the following definitions are adopted:

- 1.1 **Air Freight Charges** – the fees charged by airline companies or air carriers for the transport of air shipments.
- 1.2 **Back-to-Back Airway Bill** – a Master Airway Bill (MAWB) with the corresponding House Airway Bill (HAWB).
- 1.3 **Break Bulk/Consolidation Agent** – the representative of a freight forwarder/consolidator named in the MAWB as consignee of a consolidated shipment.
- 1.4 **Consolidated Cargo Manifest** – a list of all the individual shipments/consignments that compose the consolidated shipment, usually attached as a rider to the inward foreign cargo manifest of the carrying aircraft.
- 1.5 **Consolidated Shipment** – refers to two (2) or more shipments, assembled and consolidated at the point of origin/exportation and shipped together by a freight forwarder/consolidator under one MAWB.
- 1.6 **Direct Airway Bill** – the document, covering a shipment, issued by the air carrier directly to the shipper/ consignee.
- 1.7 **Freight Forwarder/Consolidator** – the person/entity who shipped the goods to the Philippines and issued the HAWB.

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- 1.8 **House Airway Bill (HAWB)** – the document issued by the freight forwarder/consolidator to the individual consignee/importer.
- 1.9 **Master Airway Bill (MAWB)** – the shipping document issued by the air carrier to a consolidator/freight forwarder, covering a shipment, which could be consolidated or not.

**2. DETERMINATION OF AIR FREIGHT CHARGES**

The air freight charges to be applied in determining the dutiable value of an air shipment shall be the amount based on as follows:

- 2.1 On the basis of the Direct Airway Bills, the amount of freight charges indicated therein;
- 2.2 On the basis of MAWB and HAWB, the amount indicated as freight charges therein provided they are the same;
- 2.3 If no amount is indicated as freight charges in either or both MAWB and HAWB, or there is a discrepancy between the freight charges indicated in the MAWB and HAWB, the following shall apply:
  - 2.3.1 The amount of freight charges indicated in the Official Receipt issued by the air carrier;
  - 2.3.2 The amount of freight charges paid as certified to by the carrier/consolidator on its stationery. If the certification is faxed, the original copy of the certification shall be submitted within three (3) weeks from the date the certification was faxed and received.
  - 2.3.3 The amount indicated in the consolidated manifest as freight charges, provided, however, that the individual freight charges are indicated in the different HAWBs;
  - 2.3.4 In the case of electronically transmitted manifests, the amount appearing thereon as freight charges shall be accepted, unless there is a discrepancy between the amount charges appearing thereon and that indicated in the MAWB, in which case 2.3 hereof applies.

**3. DOCUMENT VERIFICATION**

The Chief of the Formal Entry Division, or of the equivalent unit, shall verify in writing with the issuing entity the authenticity of the submitted documents and/or the accuracy of the information therein, citing the





reason for such action, copy furnished the Deputy Collector for Assessment.

**4. SANCTIONS**

The violation of any of the provisions of this Order shall be penalized in accordance with to Section 3612 and 3604 of the TCCP, as amended.

**5. ACCOUNTABILITY**

- 5.1 The Customs officers and personnel are directed to perform their responsibilities as required herein.
- 5.2 The District Collector shall be responsible for the smooth, proper and effective implementation of this Order in all cases, under his/her district's jurisdiction, where it applies.
- 5.3 All signatories to any certificate/report required under this Order shall be liable for any flaw/defect found therein.

**6. REPEAL CLAUSE**

All customs orders, rules and regulations or parts thereof which are inconsistent with this Order are hereby repealed or modified accordingly.

**7. EFFECTIVITY**

This Order shall take effect immediately.



**ANTONIO M. BERNARDO**  
Commissioner