



AUG 11 2009

CUSTOMS MEMORANDUM ORDER

No. 34-2009

SUBJECT: RULES AND REGULATIONS STRENGTHENING THE FUNCTIONS OF WAREHOUSE COORDINATION DIVISION (WCD) UNDER THE OFFICE OF THE ASSESSMENT OPERATIONS COORDINATING GROUP (AOCG)

I. OBJECTIVES

- a. To ensure that the rules and regulations on customs bonded warehouse are properly implemented thru effective coordination, evaluation, supervision and monitoring of relevant policies and guidelines as provided in Executive Order No. 127 and enhanced in Customs Administrative Order No. 1-2009 entitled "Revised Rules and Regulations for the Establishment, Operation, Supervision and Control of Customs Bonded Warehouses;
- b. To have a central office/unit responsible for coordination, evaluation, supervision and monitoring of warehousing activities/operations, including the liquidation of bonded raw materials and subsequent bonds cancellation;
- c. To have an organic unit or central office implementing a duly formulated effective internal control system to monitor and deter possible violations of rules and regulations on warehousing , such as setting a comprehensive database related to warehousing activities/operations;
- d. To protect the interest of the government against abuses of warehousing privilege by developing the Compliance Rate System (CRS), subject to the review by the Department of Finance and, establishing the Wastage Valuation Data Base (WVDB), which shall be utilized by the BOC in assessing the duties and taxes due on allowable residue/wastage/by-products or other portion of the imported article/s which can no longer be used for the manufacture of articles to be exported.

- e. To efficiently recommend to the Commissioner of Customs thru the Deputy Commissioner, AOCG, appropriate sanctions against CBW Operator found to be non compliant with existing customs rules and regulations;
- f. To have a real time data on warehousing activities/operations for reportorial purposes to the Commissioner of Customs and as may be required by other government agencies; and
- g. To perform other appropriate functions consistent with the assigned tasks of the AOCG that may be given by the Commissioner.

II. SCOPE

This Order covers all matters relating to the monitoring, supervision, coordination and evaluation of warehousing activities and its support operations, to include the liquidation of bonded raw materials, by strengthening the functions of Warehouse Coordination Division, Import Assessment Service, AOCG, pursuant to Executive Order No. 127 and further enhanced under Customs Administrative Order No. 1-2009 dated 12 March 2009.

III. ADMINISTRATIVE PROVISIONS

1. The Warehouse Coordination Division (WCD), is hereby directed to establish and maintain a comprehensive database of information related to warehousing activities and its support operations.

To this end, the Warehousing Documents and Records Division (WDRD) of the Port of Manila or its equivalent unit in all Ports are directed to furnish the WCD certified true copies of the 201 files of all customs bonded warehouse operators, including their respective extension warehouse, if any, sub-contractors, members, and/or client/end-users and such other relevant information as may be required.

2. In the same manner, in order to effectively monitor, supervise, coordinate and evaluate the warehousing activities, including the liquidation of bonded raw materials in all Ports, the Warehouse Operating Divisions or its equivalent unit in all Ports are directed to furnish the

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certified true copies of reports relating to warehousing activities/support operations of customs bonded warehouse under their respective jurisdiction which shall include, among others, the Approved List of Importable Raw Materials, Latest ITDI Formula of Manufacture, Description of Finished Product in the Export Declaration, Summary of Monthly Reports of Filed and Processed Warehousing Entries and/or Transfer Notes, if any, Percentage of Sale to the Domestic Market, Quota Allocation for Regulated Commodities(e.g sugar, resin), GTIS Accreditation for Garments, Service Agreement with Subcontractor together with the List of Raw Materials/ Semi-Finished Articles to be Subcontracted, Statement of Full/Partial Liquidation submitted by CBW Operator, Description of Waste Materials/Rejects/By-Products, Withdrawal Permit filed covering the wastages/by-products and Duties and Taxes paid on wastages/rejects/by-products, if any;

3. Further, the WCD, shall be given free access to presently maintained and/or hereinafter to be established Automated Raw Material Inventory Management System (ARMIMS), Automated Bonds Management System (ABMS), Raw Material Liquidation System, and/or counterpart systems. In the meantime, the Liquidation and Billing Division and Bonds Division or their counterparts in all Ports shall provide the same access to WCD to carry out the set forth objectives ;
4. The WCD shall submit to the Commissioner of Customs thru the Deputy Commissioner, AOCG, a Monthly Comprehensive Report relative to the warehousing activities/operations of customs bonded warehouse operator, including its sub-contractor/s, member/s and/or client/end-user/s, if any, applying for the accreditation of its member/s and/or client/end-user/s, if any, or for the renewal of its license to operate.
5. The said Comprehensive Report shall include among others, WCDs' assessment and recommendation on the degree of compliance of concerned CBW Operator including its sub-contractor/s, member/s and/or client/end-user/s, if any, with relevant laws, customs rules and regulations pertinent to warehousing;
6. Accordingly, the WCD shall become the official Secretariat of the Bonded Warehouse Committee which shall be responsible for the safekeeping of all applications deliberated

by the Committee. It shall serve as the custodian of all relevant data pertaining to the operation of a customs bonded warehouse and shall be responsible to the Commissioner of Customs, thru the Chairman, BWC in providing the most updated data on warehousing activities.

7. The WCD may report directly to the Deputy Commissioner, AOCC, on matters requiring immediate action.

IV. OPERATIONAL PROVISIONS

For effective and efficient monitoring, supervision, coordination and evaluation of all warehousing activities/operations and to guard against possible revenue leakages that may arise therefrom, the following guidelines are hereby established:

1. Within fifteen (15) days from the effectivity of this Order, the WDRD of the Port of Manila or its equivalent unit in all Ports are directed to furnish the WCD, certified true copies of presently maintained 201 files of all CBW operators, including their respective sub-contractors, member/s and/or client/end-user/s, if any;
2. Within similar period of time, all operating Warehouse Divisions/Units in all Ports are likewise directed to furnish the WCD, certified true copies of all records relating to warehousing activities/operations of all customs bonded warehouse operators, including their respective sub-contractors, member/s and/or client/end-user/s, if any;
3. Upon submission thereof, the WCD is hereby directed to establish and maintain a comprehensive data base of all licensed customs bonded warehouse operators, including their respective sub-contractors, members and/or client/end-users, which shall include among others, the following:
 - a. Name and address of the Customs Bonded Warehouse / CBW No. (including the Extension Warehouse and /or customs accredited Sub-contractor/s if any);
 - b. Effectivity of the License to Operate
 - c. Type (e.g. Manufacturing, Public, Private, Common (Member/s), ICBW (Food), etc.);
 - d. Brief Description of Principal Products Manufactured, if any (e.g. Garments, Plastic Products etc.);

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- e. Latest Application (e.g. renewal, accreditation, expansion/extension/ change of name/ inclusion of raw materials etc.);
 - f. Approved List of Importable Raw Material/s
 - g. Latest ITDI Formula of Manufacture, if any
 - h. Annual Volume of Importation/ No. of Entries
 - i. Annual Volume of Exportation/Finished Product
 - j. Annual Percentage of Sale to the Domestic Market
 - k. Incentive (BOI, PEZA, Freeport etc.)
 - l. Annual Audited Financial Statement
 - m. Articles of Incorporation or DTI Certificate of Business Registration;
 - o. Other pertinent documents.

4. Similarly, the concerned Bureau of Customs Unit/Division shall give the WCD, free access to presently maintained and/or hereinafter to be established Automated Raw Material Inventory System, Automated Bonds Management System, Raw Material Liquidation System, and/or counterpart system;

In case of failure and/or unjustified refusal to submit the regular and/or periodic reports required, including but not limited to the documents enumerated in the preceding paragraph, and/ or to give WCD, access to presently maintained and/or hereinafter to be established Automated Raw Material Inventory System, Automated Bonds Management System, Raw Material Liquidation System, and/or counterpart system, or access by the Liquidation and Billing Division and Bonds Division, the erring BOC official/s and/or employee/s may be administratively held liable under existing civil service laws, rules and regulations, without prejudice to possible prosecution under the pertinent provisions of the Tariff and Customs Code , as amended;

5. In order to fully guide the Bonded Warehouse Committee (BWC) in denying and/or granting applications for accreditation and/or license to operate a CBW, including extension facilities, member/client/end-user, whether provisional or otherwise, and other relevant applications, the BWC shall transmit said applications to WCD which in turn will submit to the BWC a comprehensive report within seven (7) days upon receipt thereof together with the recommendation as to the degree of compliance of the CBW Operator with relevant laws, customs rules and regulations;

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6. The WCD shall enlist the assistance of other offices in the Bureau, e.g Warehouse Audit Monitoring Unit (WAMU), Post Entry Audit Group (PEAG), Investigation Prosecution Division (IPD) and Legal Service, to audit, investigate and for possible filing of administrative, civil and criminal case against erring CBW operator/s which are ascertained to be not complying with relevant laws, customs rules and regulations.

Based on reports submitted by such offices to WCD, the latter may recommend the imposition of applicable sanctions against such errant CBW to the BWC including the prosecution of the CBW operators in judicial proceedings for violation of customs laws, rules and regulations subject however, to the final review and approval by the Commissioner of Customs.

V. PENAL CLAUSE

Failure to comply with the directives of this Order may cause the suspension, revocation or cancellation of the accreditation of the concerned CBW operator without prejudice to any criminal/civil liability that may arise therefrom and shall subject the concerned BOC official/s and/or employee/s to administrative sanctions under existing civil service laws, rules and regulations.

VI. REPEALING/SEPARABILITY CLAUSE

All Orders, Rules, Regulations and other Issuances which are inconsistent with the provisions of this Order are hereby revoked and/or modified accordingly. In case any provision of this Order is declared invalid or unconstitutional, the provisions not affected thereby shall continue to be in full force and effect.

V. EFFECTIVITY

This order shall take effect immediately.

NAPOLEON D. MORALES
Commissioner



09-05641
Bureau of Customs
Manila