



Republic of the Philippines  
Department of Finance  
**BUREAU OF CUSTOMS**  
Manila 1099

**OFFICE OF THE COMMISSIONER**

13 MAR 2012

March 12, 2012

**CUSTOMS MEMORANDUM ORDER**  
NO. 5-2012

**Subject: SIMPLIFIED CLEARANCE PROCEDURE FOR CONSUMPTION ENTRIES**

**I. CUSTOMS POLICIES**

- 1.1 To comply with international standards set by the World Customs Organization and the Revised Kyoto Convention; and
- 1.2 To automate Section Assignment Based on Tariff Classification to enhance revenue collection and trade facilitation

**II. OBJECTIVES**

- 2.1 To prevent familiarization and collusion between customs brokers and customs personnel;
- 2.2 To reduce face-to-face transactions;
- 2.3 To eliminate redundant procedures;
- 2.4 To reduce opportunities for rent-seeking;
- 2.5 To improve documentation compliance on the part of the importers and brokers.

**III. SCOPE**

The provisions of this Order shall initially be applied to the Formal Entry Division ("FED") of both Port of Manila ("POM") and Manila International Container Port ("MICP"). The applicability of these rules to the other ports and sub-ports utilizing the E2M System for the lodgment of import entries shall commence once all the necessary systems and hardware are ready and the Port's Brokers Lounge shall have been established. The Management Information System and Technology Group ("MISTG") shall develop the simplification process for the Informal Entry Division ("IED").

#### IV. ADMINISTRATIVE PROVISIONS

4.1 The MISTG shall enable the automation of the Division and Section assignments for each import entry filed through the EZM System.

4.1.1 The Automated Division Assignment Routing System ("ADARS") shall take into account the value, weight and volume of the importation.

4.1.2 The Automated Section Assignment Routing System ("ASARS") shall take into account the Tariff Heading and the value of the importation as specifically provided in 5.1.1c.

In ports where there is only an Assessment Division, only the ASARS shall be activated.

4.2 There is hereby created an FED Receiving Section, for the respective ports to be manned by Administrative Aides, the functions of which are described in the Operational Procedure below. The Chief, Human Resource Management Division ("HRMD") shall determine the complement needed for the said Receiving Sections.

4.3 The Entry Processing Units ("EPU") shall be abolished pursuant to the Rationalization Plan under EO 366. In the interim, Customs Personnel Orders shall be issued to affected employees.

4.4 The HRMD shall prepare a change management plan for the implementation of this Order.

#### V. OPERATIONAL PROVISIONS

##### 5.1 Formal Entry

5.1.1 Upon lodgment of the entry through any of the VASPs, the EZM System shall automatically determine the following:

a. Selectivity: whether the lodged entry is SELECTED or for GREEN LANE;

b. Division Assignment: whether the lodged entry is to be coursed through FORMAL ENTRY DIVISION or INFORMAL ENTRY DIVISION;

c. Section Assignment as indicated in the Single Administrative Document ("SAD"): which SECTION (1A, 1B, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 or 15) shall process the import entry;

The automated sectioning shall be based on the following criteria:

- i. Single Commodity - shall be based on the Tariff Heading.
- ii. Multiple Commodities
  1. Different Tariff Heading - shall be based on the commodity with the highest value;
  2. Different Tariff Heading, same value - shall be based on commodity with the higher rate of duty;
  3. Different Tariff Heading, same value, same Rate of Duty - shall be based on the commodity with a Tariff Heading that comes later.

5.1.2 The customs broker shall then proceed to the FED Receiving Section and submit the SAD print-out together with the following documents pursuant to Section 4.2 of CMO 27-2009

- a. Hard copy of the IEIRD
- b. Temporary Assessment Notice
- c. SDV
- d. Bill of Lading
- e. Invoice
- f. Packing List
- g. Processing Report Form
- h. Certificate of Origin, if applicable
- i. Insurance Certificate/Policy, if applicable
- j. Duty/Tax Exemption, if applicable
- k. Other Import Permits, if applicable (e.g. SRA for Sugar and ICC clearance for Steel)

Electronic Import Permits, if required, shall be verified by the COO III through the use of the National Single Window ("NSW") Website to ensure that the required permit has been issued.

The Receiving Administrative Aide shall not accept incomplete set of documents as herein required. Photocopied documents shall not be accepted except for duly certified true copies issued by the issuing Office. Issues on the authenticity and veracity of documents shall be the responsibility of the COO III and COO V.

5.1.3 The Receiving Administrative Aide shall transmit the import entry and the supporting documents to the Assigned Section for processing under existing rules and regulations. The COO V will assign the entry to the first available COO III. The Customs Broker shall await the result of the initial documentary check being conducted by the Assigned Section at the Brokers' Lounge.

5.1.4 The Area of the Formal Entry Division shall be off limits to Brokers/Importers. Any form of contact between the Customs Broker and the Section COO III or COO V to discuss pending entries should be avoided.

In situations where verification is needed, it must be done only in the designated Conference Area of the Port.

5.1.5 Status Updates of the import entries shall be flashed in the monitors strategically located at the Brokers' Lounge to inform the stakeholders, which are as follows:

- a. Entry Number
- b. Status
- c. Time
- d. Remarks (AO, PE, XI, ADT, R or V)

5.1.6 Once the entry is registered the COO III shall determine the action to be taken, which, per existing rules, shall be any of the following:

- a. For Hold/Alert Order (AO)
- b. For physical examination (PE)
- c. For x-ray inspection (XI)
- d. For imposition of additional duties and taxes (ADT), or
- e. For Release (R)
- f. For Verification (V)

The COO III shall encode his remarks on the computer, which can be viewed and accessed in the Computer Terminals located at the Brokers' Lounge and shall be considered as the signal for the customs broker to confer with the Assigned COO III if necessary. The discussion on the result of the documentary check shall be held in a designated Conference Area within the port.

The status (for Verification) shall serve as a catch all status, which shall include entries that will be subject to possible tentative release or provisional release.

5.1.7 The MISTG shall provide an area for verification in instances where the status of the entry is not found in the monitors in the Brokers' Lounge.

5.1.8 The Chief, Formal Entry Division shall be tasked to manage and supervise the flow of traffic in the Port's Brokers' Lounge and Conference Area.

5.1.9 Every end of the working day, the Section shall transmit to the Transaction Audit Division ("TAD"), Liquidation and Billing Division ("LBD") or an equivalent unit all import entries for shipments released for the day. The transmittal shall be in bundles, duly covered by a Transmittal Report, which shall be computer-printed and shall contain the following information:

Entry #	Consignee	Broker	Discrepancy as stated in the Inspection Act
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The Transmittal Report shall also be made available to the Risk Management Office ("RMO") for profiling purposes.

**VI. SEPARABILITY CLAUSE**


In the event that any of the herein provisions are declared null and void, the other provisions which are not affected shall remain in full force and effect.

**VII. REPEALING CLAUSE**

All CMOs, Memoranda, or parts thereof, which are inconsistent with this Order, are hereby repealed, amended or modified accordingly.

**VIII. EFFECTIVITY**

The provisions of this Order shall take effect on April 2, 2012 and shall last until revoked.

  
**ROZZANO RUBINO B. DIAZON**  
Commissioner

