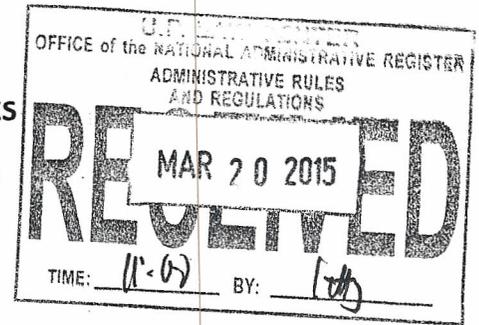


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DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099



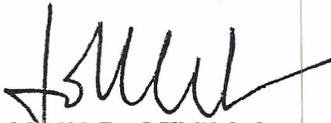
17 March 2015

CUSTOMS MEMORANDUM ORDER
NO. 08 - 2015

Subject: **Mandatory Electronic Processing of Transshipments of PEZA Locators to PEZA Zones, and Other Procedures**

The Bureau of Customs – PEZA Joint Memorandum Order No. 01-2015 on the Mandatory Electronic Processing of Transshipments of PEZA Locators to PEZA Zones, and Other Procedures is hereby published for compliance of the Bureau personnel and guidance of the transacting public.

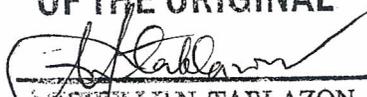
This order shall take effect on 04 May 2015.


JOHN P. SEVILLA
Commissioner



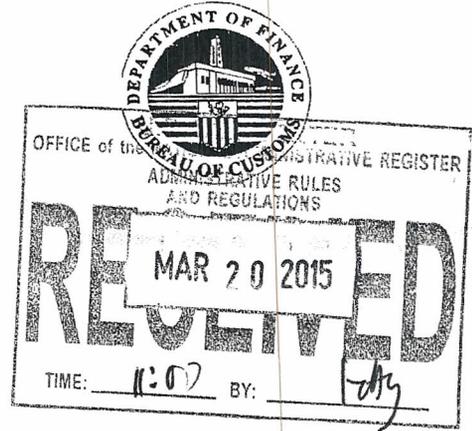
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MICHELLE N. TABLAZON
Admin Officer I
CRMD-Printing Unit



PEZA



**Bureau of Customs- PEZA Joint Memorandum Order
No. 1-2015**

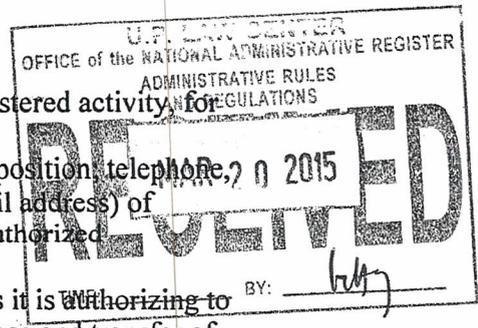
16 March 2015

Subject: Mandatory Electronic Processing of Transshipments of PEZA Locators to PEZA Zones, and other Procedures

1. This Joint Memorandum Order (JMO) is effective, on a mandatory basis, on 4 May 2015.
2. From 13 April 2015, PEZA locators may, but are not required to, file their transshipment entries with the Bureau of Customs through the e2m system as prescribed in this Joint Memorandum Order. From 4 May 2015, PEZA locators will be required to comply with this Joint Memorandum Order in full.
3. This Joint Memorandum Order (JMO) repeals Bureau of Customs – PEZA Joint Memorandum Orders 5-2010, 1-2001 and all other Joint Memorandum Orders (JMOs) and Customs Memorandum Orders (CMOs) inconsistent with this JMO.
4. All PEZA locators importing goods for transshipment from any port of discharge to any PEZA locations must file a transshipment entry through the Bureau of Customs' e2m system at the port of discharge where the goods arrive. Manual filing will only be allowed under the circumstances listed in Section 8 of this JMO, and following the procedures listed in Section 9 of this JMO.
5. In each PEZA zone, PEZA shall provide a Customs Clearance Area with ample space and facilities for the joint use of PEZA and the Bureau of Customs for the implementation of this JMO.
6. Enrollment of PEZA locators with PEZA and PEZA-accredited Value-Added Service Providers (PEZA VASPs)
 - 6.a. A PEZA locator shall enroll with PEZA through the PEZA VASPs to qualify for using the PEZA electronic Import Permit System (e-IPS) to secure electronic Import Permits e-IPs for the tax and duty-free importation of foreign goods it requires for its PEZA-registered activity, by submitting the following information and documents:

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Admin Officer I
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- 6.a.i. List of Importables it requires for its PEZA-registered activity for PEZA approval;
- 6.a.ii. List and contact information (i.e. name; title or position, telephone, mobile phone and facsimile numbers; and e-mail address) of responsible company officials/ personnel and authorized representatives;
- 6.a.iii. List and contact information of customs brokers it is authorizing to secure e-IPS and arrange for the clearance, release and transfer of its transit goods from the ports of discharge to its economic zone location, as well as other information and/or documents PEZA may require;
- 6.a.iv. Proof(s) of enrolment with one or more PEZA-accredited VASP(s).
- 6.a.v. Other information which PEZA may require.

- 6.b. PEZA locators shall be fully responsible for the actions of their designated responsible officials/personnel and authorized representatives and shall provide them appropriate ID cards and written authorizations to act and sign official documents on behalf of the company, as well as pay the required BOC and PEZA fees, in connection with the clearance, release and transfer of their transit goods from the ports of discharge to their economic zone destinations.

- 6.c. PEZA locators and their authorized representatives shall enroll with PEZA-accredited VASPs for the electronic lodgment of e-IP applications and shall provide, among others, numbers of mobile phones and e-mail addresses to which system-generated SMS (text) and/or e-mail alert messages shall be sent to inform them of e-IP applications lodges in their names.
 - 6.c.i. Payment of the PEZA-Processing Fee for an e-IP application lodged through a PEZA-accredited VASP triggers the sending of a system-generated SMS (text) message mobile phones and/or an e-mail message to e-mail addresses specified by the PEZA locator in the enrolment with the PEZA-accredited VASP.
 - 6.c.ii. Upon receipt of an SMS (text) and/or e-mail message indicating lodgement of an e-IP application for transit cargo, the PEZA locator shall immediately acknowledge or deny whether it is the consignee and/or whether it has authorized the lodgement of the e-IP application. In cases where it has not authorized lodgement of the e-IP application and/or where it is not the consignee of the import shipment, the PEZA locator shall immediately call the attention of PEZA so that a Hold and Alert Order can be issued on the transit cargo falsely attributed to it.
 - 6.c.iii. A PEZA locator which fails to inform PEZA that it is not the consignee of a transit-cargo shipment attributed to it in a lodged e-IP application, shall be deemed the owner of the transit-cargo shipment and shall be subject to penalties which may be imposed in case the transit-cargo shipment is found to be in violation of BOC and/or PEZA rules and regulations or other laws.

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MARCELO N. TABLAZON
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7. General Transportation Surety Bond

7.a. The District Collector in the port of discharge shall require PEZA locators processing transshipment entries to post a General Transportation Surety Bond with the Bonds Division of that district to guarantee the direct, immediate, and faithful delivery of goods covered by transshipment entries to the destination PEZA locations, as stated in the Transit SADs

7.b. Boat notes will no longer be issued for transshipments to PEZA zones; nor will they required to be underguarded.

7.c. Upon the effectivity of this JMO, each PEZA locator shall post a General Transportation Surety Bond in each port of discharge in which its shipments arrive, with a face value of the higher of P 1,000,000 and:

$(\text{Dutiable Value of Imports admitted in Last Three Months in the Port of Discharge}) \times \frac{1}{3} \times 1.4\%$

Locators may post a bond with a validity period of their choice, provided that at any point in time, the bond must have a remaining validity of at least 30 days. Locators whose bonds are expiring in less than 30 days shall not be allowed to file transshipment entries until they post a bond with an expiry of at least 30 days from the date of filing of an entry.

7.d. When a General Transportation Surety Bond is posted, it will be the only bond required to secure the transit of goods from a port of discharge to a destination PEZA location.

7.e. The Deputy Collector for Operations shall:

7.e.i. On a daily basis:

7.e.i.a. Verify whether any PEZA locators in his port of discharge have bonds which have a remaining validity of less than 30 days, including bonds which have expired.

7.e.i.b. Ensure that no transshipment entries are processed until a bond with the minimum amount and a remaining validity of at least 30 days is posted.

7.e.ii. On the first week of every calendar month:

7.e.ii.a. Calculate, for each PEZA locator, the minimum amount of the bond, which shall be the higher of P 1,000,000 and :

$(\text{Dutiable Value of Imports admitted in Last Three Months}) \times \frac{1}{3} \times 1.4\%$

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Admin Officer I
CRMD-Printing Unit

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7.e.ii.b. For any PEZA locator whose bond has a face value of less than the minimum amount of the bond, ensure that no transshipment entries are processed until a bond with at least the minimum amount and a remaining validity of at least 30 days is posted.

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7.f. The Deputy Collector for Operations shall maintain a record of every PEZA locator processing transshipment entries in his port or sub-port in the format shown below, using Excel, and ensure that it is up to date at all times.

Port of Discharge	PEZA Locator	Amount of Bond	Expiration Date of Bond	Issuer of Bond	Duties and Taxes Due in Last Month	Minimum Bond Amount (10% of duties and taxes due in last month)

7.g. At any given point in time, each PEZA locator should only have one bond posted in each port of discharge or sub-port of discharge. If a new bond must be posted to comply with a new minimum amount or new validity date, that new bond must, by itself, and not in combination with any other bonds posted in that port or sub-port. Upon posting of a new bond, any other bonds outstanding in that port or sub-port which were posted for purposes of complying with this JMO shall be cancelled or returned to the PEZA locator.

7.h. The Bureau of Customs may draw upon the bond up to the amount of duties, taxes, surcharges and other amounts due to the Bureau, for any transshipments for which any part does not arrive at the destination PEZA location within the timeframes specified in this JMO or otherwise determined by the Bureau of Customs, or for other reasons specified in other issuances by the Bureau of Customs.

7.i. To enable the Deputy Collector for Operations to calculate the duties and taxes which would have been due for each PEZA locator in each port or sub-port, the Deputy Commissioner for MISTG will, by the second business day of every calendar month, send or make available an electronic file containing all transshipment entries for all consignees in all ports and sub-ports, and the duties and taxes which would have been payable for each entry.

8. Procedures for clearance of goods for tax- and duty-free transit from ports of discharge to PEZA locations

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8.a. Electronic Lodgment

- 8.a.i. PEZA locators [and/or their authorized representatives] shall lodge their applications for electronic Import Permits (e-IPs) through PEZA VASPs, in accordance with procedures and requirements prescribed by PEZA.
- 8.a.ii. PEZA locators [and/or their authorized representatives] shall print approved e-IPs with the system-generated barcodes, for submission to the BOC as a support document to the Transshipment Entry.
- 8.a.iii. Authorized representatives of PEZA locators shall lodge a Transshipment Entry in the BOC's e2m system through one of the BOC-accredited Value-Added Service Providers (VASPs).

8.b. In the Port of Discharge

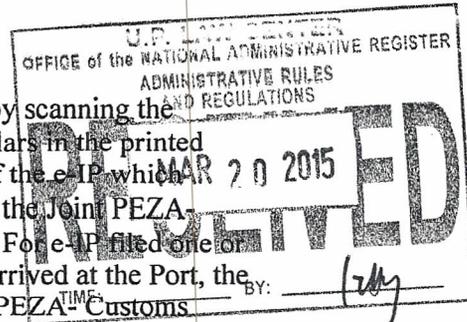
- 8.b.i. After lodging of the Transshipment Entry, and within 30 days of the date of last discharge of all packages from the vessel in which a PEZA locator's goods arrived, the PEZA locator's authorized representative shall bring the print-out of its approved e-IP and its corresponding invoice to the Joint PEZA-Customs Office. PEZA staff will validate its authenticity, stamp, and sign it. The PEZA locator's authorized representative shall also pay any PEZA processing fees at this time.
- 8.b.ii. After lodging of the Transshipment Entry, and within 30 days of the date of last discharge of all packages from the vessel in which a PEZA locator's goods arrived, the PEZA locator's authorized representative shall bring the following documents to the Deputy Collector for Operations of the port of discharge:
 - 8.b.ii.a. A print-out of the e-IP, stamped and signed by the PEZA staff of the Joint PEZA-Customs Office.
 - 8.b.ii.b. A print-out of the Transshipment Single Administrative Document (TSAD) generated after lodging the Transshipment Entry, with the corresponding Temporary Assessment Notice bearing a systems-generated Customs Reference Number, which will confirm completion of lodgment of the Transshipment Entry.
 - 8.b.ii.c. The Bill of Lading, or for cargo which arrived by air, an Airway Bill
 - 8.b.ii.d. Invoice
 - 8.b.ii.e. Packing List
 - 8.b.ii.f. If any of the goods in the Transshipment Entry are regulated products, the license(s), permit(s), and/or clearance(s) issued by the appropriate regulating agency or agencies.

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Admin Officer I
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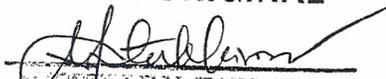
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8.b.iii. The Deputy Collector for Operations shall:



- 8.b.iii.a. Verify the authenticity of the e-IP by scanning the Barcode and comparing the particulars in the printed copy with particulars of the copy of the e-IP which appears in the computer monitor in the Joint PEZA-Customs Office e-IPS workstation. For e-IP filed one or more day(s) after the goods have arrived at the Port, the e-IP shall be accepted by the Joint PEZA-Customs Office only if accompanied by a written endorsement from PEZA in accordance with procedures prescribed by PEZA.
- 8.b.iii.b. Verify the authenticity and consistency of the printed TSAD with the electronic entry lodged in e2m.
- 8.b.iii.c. Verify the completeness and correctness of the documents provided by the PEZA Locator's authorized representative. After complete examination of the documents, stamp "Documents Verified" and sign on the TSAD and on the eIP.
- 8.b.iii.d. Examine the documents provided by the PEZA Locator's authorized representative, requesting additional information and documents if and only if these are required to determine a final assessment. The Port Operations shall ensure, prior to calculation of duties and taxes, that all items in the transshipment entry are covered by an e-IP.
- 8.b.iii.e. Calculate the duties and taxes which would be payable if the goods were not duty- and tax-free.
- 8.b.iii.f. Perform final assessment, modifying any fields in the TSAD electronically, through the e2m system, when necessary. If any fields are modified, the Deputy Collector for Operations shall print out a new copy of the corrected TSAD and give the PEZA locator or its authorized representative a copy of this.
- 8.b.iii.g. After performing final assessment, stamp the TSAD with the words "Documents Verified" and sign the TSAD.
- 8.b.iii.h. Inform the Joint PEZA-Customs Office within the port of discharge that the shipment has been cleared to leave the port of discharge, by providing the Joint PEZA-Customs office a copy of the TSAD PEZA staff at the Joint PEZA-Customs Office shall stamp the TSAD "copy received." It is this stamped copy of the TSAD

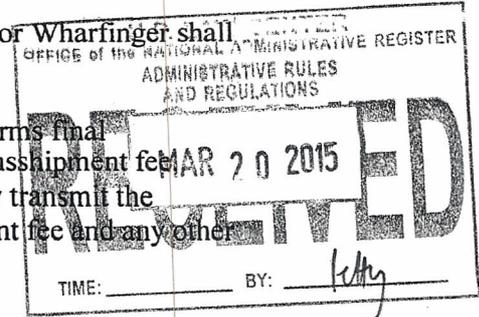
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Admin Officer I
CRMSD-Printing Unit

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which the Customs Warehouseman or Wharfinger shall use in Section 6.b.vii.

8.b.iv. After the Deputy Collector for Operations performs final assessment, the PEZA Locator shall pay the transshipment fee. PEZA Locators' authorized representatives may transmit the transshipment fee to the BOC. The transshipment fee and any other amounts payable may be paid:



8.b.iv.a. With funds previously deposited in a Prepaid Account opened by the PEZA Locator or its authorized representative in accordance with CMO 27-2014.

8.b.iv.a.1 When filing a Transshipment Entry in e2m, a PEZA Locator or its authorized representative who wishes to pay transshipment fees from its Prepaid Account should:

8.b.iv.a.1.a Leave box no 28, PASS5 Bank Reference Number, blank.

8.b.iv.a.1.b Fill in box no. 48, Prepaid Account Reference Number, indicating the reference number of the account from which payment will be made.

8.b.iv.a.2 Upon final assessment of the transshipment entry, the e2m Pre-Payment System shall automatically deduct the transshipment fees payable to the Bureau of Customs from the balance in the Prepaid Account.

8.b.iv.a.3 A PEZA Locator its authorized representative filing an entry through e2m is responsible for ensuring that the balance in his or her Prepaid Account is sufficient to pay the transshipment fees and other fees which may be payable on that entry. If the account balance is insufficient, e2m processing shall stop, and the PEZA locator or its authorized representative will have to do one of the following:

8.b.iv.a.3.a Cancel the entry, and re-lodge an entry, this time paying through the PASS5 System.

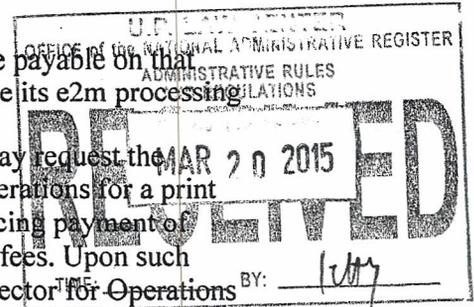
8.b.iv.a.3.b Make a deposit to the Prepaid Account, of an amount sufficient to pay the transshipment fees and other

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fees which may be payable on that entry, and continue its e2m processing



8.b.iv.a.4 An importer or broker may request the Deputy Collector for Operations for a print out of the receipt evidencing payment of transshipment and other fees. Upon such request, the Deputy Collector for Operations shall be obliged to provide such a print-out.

8.b.iv.b. Through the existing PASS5 System, as described in CAO 10-2008.

8.b.v. Upon payment of the transshipment fee, the e2m system shall automatically trigger authorization to release the goods from the port of discharge through the On-Line Release System (OLRS) in e2m.

8.b.vi. The Deputy Collector for Operations shall ensure that goods covered by transshipment entries are released only to duly authorized officers and representatives of PEZA locators.

8.b.vii. The Customs Warehouseman or Wharfinger in the Transit Facility shall check the number of packages, weight and marking on the package of loose transit-cargo and make sure that these match the particulars in the TSAD as stamped in accordance with Section 6.b.iii.h.

Where they differ, the Customs Warehouseman or Wharfinger shall submit an Irregularity Report to the Deputy Collector for examination. Upon clearance from the Deputy Collector for Operations, the Customs Warehouseman or Wharfinger shall supervise loading of the transit-cargo on the carrier.

8.b.viii. All transshipment cargo in containers must be secured with a PEZA seal when it leaves the port of discharge, and that seal must not be tampered or otherwise opened when it arrives in the destination PEZA location.

All cargo not contained in containers must either be:

8.b.viii.a. Underguarded by PEZA while in transit from the port of discharge to the destination PEZA location.

8.b.viii.b. In a sealed truck or van, with a PEZA seal, when it leaves the port of discharge. That seal must not be tampered or otherwise opened when it arrives in the destination PEZA location.

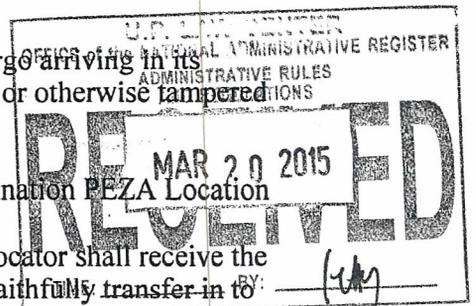
PEZA may draw up a policy under which only selected transshipments which are not in containers are underguarded, but such a policy will only be implemented upon the approval of the BOC.

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The consequences of any cargo or portion of cargo arriving in its destination PEZA location with the seal opened or otherwise tampered with are shown in Section 14.



8.c. Transit between the Port of Discharge and the Destination PEZA Location

8.c.i. The authorized representative of the PEZA locator shall receive the transit cargo and immediately, directly and faithfully transfer in to the economic zone within a reasonable period of time, taking into account the distance and mode of transport.

8.c.ii. PEZA-issued e-IPS and Transit-SADs shall be used in the clearance and transfer of transit goods from ports of economic zone. Authorized cargo handlers and Customs brokers of PEZA locators shall, therefore, carry the Original Transit-SAD during the transfer or transit cargoes from the port of discharge, through the customs territory, to the premises of the PEZA locator in the economic zone, for presentation to and inspection by PEZA, Bureau of Customs, and other government officials authorized in writing by either PEZA or the Bureau of Customs to witness the inspection.

8.d. Procedures to be followed in the destination PEZA Location

8.d.i. Upon arrival at the economic zone, the authorized representative of the PEZA locator shall bring the transit-cargo to the customs clearance area (CCA) for joint inspection by designated BOC and PEZA officials in the presence of a representative of the PEZA locator.

8.d.ii. The PEZA Locator or its authorized representative shall provide copies of the following documents to the Customs examiner (or other Customs personnel designated in writing by the District Collector) and PEZA zone official:

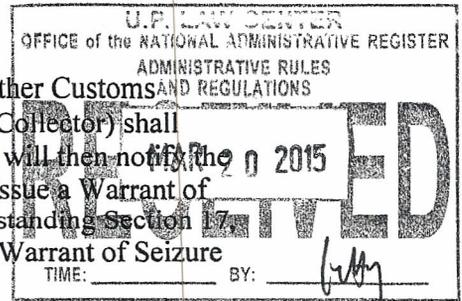
- 8.d.ii.a. A print-out of the e-IP
- 8.d.ii.b. A print-out of the Transshipment Single Administrative Document (TSAD) stamped "Document Verified" in accordance with Section 6.b.iii.g.
- 8.d.ii.c. The Bill of Lading, or for cargo which arrived by air, an Airway Bill.
- 8.d.ii.d. Invoice
- 8.d.ii.e. Packing List

8.d.iii. The Customs examiner (or other Customs personnel designated in writing by the District Collector) and PEZA zone official shall examine the shipment in the presence of a representative of the PEZA locator. Both Customs and PEZA representatives shall sign "inspected" on the TSAD and the PEZA e-IP prior to its release to PEZA, in turn for release by PEZA to the locator. If there are any goods in the shipment which are not contained in the Transshipment

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Customs Officer I
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Entry and the e-IP, the Customs examiner (or other Customs personnel designated in writing by the District Collector) shall notify the Sub-Port Collector accordingly, who will then notify the District Collector. The District Collector shall issue a Warrant of Seizure and Detention for such goods. Notwithstanding Section 17, no Sub-Port Collector is empowered to issue a Warrant of Seizure and Detention for such goods.

- 8.d.iv. After the Customs examiner (or other Customs personnel designated in writing by the District Collector) examines the shipment and is satisfied as to the accuracy of the Transshipment Entry, the Customs examiner shall release the shipment to the PEZA Locator. If, after the Customs examiner or other Customs personnel designated in writing by the District Collector examines the shipment, the assessment needs to be modified in any way, the Customs examiner or other Customs personnel designated in writing by the District Collector shall modify the assessment in the e2m system, and that modified assessment shall become the new final assessment.
- 8.d.v. The Customs examiner (or other Customs personnel designated in writing by the District Collector) shall tag the specific Transshipment Entry as "arrived" in the e2m system.
- 8.d.vi. BOC and PEZA officials shall undertake appropriate action against a PEZA locator and/or its authorized representative in cases where customs rules and regulations and /or other existing laws are found to have been violated during the transfer of the transit-cargo from the port of discharge to the economic zone.

9. Manual Filing of Transshipment Entries

- 9.a. Manual filing of transshipment entries will only be allowed if the Deputy Commissioner for MISTG certifies that the e2m system is down for more than two hours.

10. Processes to be followed for manual filing of Transshipment Entries

10.a. In the Port of Discharge

- 10.a.i. PEZA locators [and/or their authorized representatives] shall lodge their applications for electronic Import Permits (e-IPs) through PEZA VASPs, in accordance with procedures and requirements prescribed by PEZA.
- 10.a.ii. PEZA locators [and/or their authorized representatives] shall print approved e-IPs with the system-generated barcodes, for submission to the BOC as a support document to the Transshipment Entry.
- 10.a.iii. Authorized representatives of PEZA locators shall manually fill up a Transshipment Permit Form and a Customs-EPZA Warehousing Entry (CEWE).

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Main Officer I
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10.a.iv. Within 30 days of the date of last discharge of all packages from the vessel in which a PEZA locator's goods arrived, the PEZA locator's authorized representative shall bring the following documents to the Deputy Collector for Operations of the port of discharge:

- 10.a.iv.a. A print-out of the e-IP
- 10.a.iv.b. The Transshipment Permit Form, filled up.
- 10.a.iv.c. The Customs-EPZA Warehousing Entry (CEWE)
- 10.a.iv.d. The Bill of Lading, or for cargo which arrived by air, an Airway Bill
- 10.a.iv.e. Invoice
- 10.a.iv.f. Packing List
- 10.a.iv.g. If any of the goods in the Transshipment Entry are regulated products, the license(s), permit(s), and/or clearance(s) issued by the appropriate regulating agency or agencies.

10.a.v. The Deputy Collector for Operations shall:

- 10.a.v.a. Verify the authenticity of the e-IP.
- 10.a.v.b. Examine the documents provided by the PEZA Locator's authorized representative, requesting additional information and documents if and only if these are required to determine a final assessment. The Port Operations shall ensure, prior to calculation of duties and taxes, that all items in the transshipment entry are covered by an e-IP.
- 10.a.v.c. Calculate the duties and taxes which would be payable if the goods were not duty- and tax-free.
- 10.a.v.d. Perform final assessment, modifying any fields in the Transshipment Permit and Customs-EPZA Warehousing Entry (CEWE) when necessary.
- 10.a.v.e. Inform the Joint PEZA-Customs Office within the port of discharge that the shipment has been cleared to leave the port of discharge.

10.a.vi. After the Deputy Collector for Operations performs final assessment, the PEZA Locator shall pay the transshipment fee through the In-House Bank or Collection Division of the port of discharge.

10.a.vii. Upon payment of the transshipment fee, the Deputy Collector for Operations shall trigger the manual release of the goods from the port of discharge.

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- 10.a.viii. The Deputy Collector for Operations shall ensure that goods covered by transshipment entries are released only to duly authorized officers and representatives of PEZA locators.
- 10.a.ix. The Customs Warehouseman or Wharfinger in the Transit Facility shall check the number of packages, weight and marking on the package of loose transit-cargo and make sure that these match the particulars in the CEWE.

Where they differ, the Customs Warehouseman or Wharfinger shall submit an Irregularity Report to the Deputy Collector for examination. Upon clearance from the Deputy Collector for Operations, the Customs Warehouseman or Wharfinger shall supervise loading of the transit-cargo on the carrier.

10.b. Transit between the Port of Discharge and the Destination PEZA Location

- 10.b.i. The authorized representative of the PEZA locator shall receive the transit cargo and immediately, directly and faithfully transfer in to the economic zone within a reasonable period of time, taking into account the distance and mode of transport.
- 10.b.ii. PEZA-issued e-IPS and CEWEs shall be used in the clearance and transfer of transit goods from ports of economic zone. Authorized cargo handlers and Customs brokers of PEZA locators shall, therefore, carry the Original CEWE during the transfer or transit cargoes from the port of discharge, through the customs territory, to the premises of the PEZA locator in the economic zone, for presentation to and inspection by PEZA, Bureau of Customs, and other government officials authorized in writing by either PEZA or the Bureau of Customs to witness the inspection..

10.c. Procedures to be followed in the destination PEZA Location

- 10.c.i. Upon arrival at the economic zone, the authorized representative of the PEZA locator shall bring the transit-cargo to the customs clearance area (CCA) for joint inspection by designated BOC and PEZA officials in the presence of a representative of the PEZA locator..
- 10.c.ii. Upon arrival in the destination PEZA location, the PEZA Locator or its authorized representative shall provide copies of the following documents to the Customs examiner (or other Customs personnel designated in writing by the District Collector) and PEZA zone official:
 - 10.c.ii.a. A print-out of the e-IP
 - 10.c.ii.b. The Transshipment Permit Form, filled up.
 - 10.c.ii.c. The Customs-EPZA Warehousing Entry (CEWE)
 - 10.c.ii.d. The Bill of Lading, or for cargo which arrived by air, an Airway Bill

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A.T.O. Officer I
Clearing Unit

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10.c.ii.e. Invoice
10.c.ii.f. Packing List

- 10.c.iii. The Customs examiner (or other Customs personnel designated in writing by the District Collector) shall notify the Ports Operation Division at the port of discharge of the arrival of the shipment at the destination PEZA location within one hour of its arrival.
- 10.c.iv. The Customs examiner (or other Customs personnel designated in writing by the District Collector) shall examine the shipment in the presence of a representative of the PEZA locator. Both Customs and PEZA representatives shall sign "inspected" on the TSAD and the PEZA e-IP prior to its release to PEZA, in turn for its release by PEZA to the locator. If there are any goods in the shipment which are not contained in the CEWE and the e-IP, the Customs examiner (or other Customs personnel designated in writing by the District Collector) shall notify the Sub-Port District Collector accordingly, who will then notify the District Collector. The District Collector shall issue a Warrant of Seizure and Detention for such goods. Notwithstanding Section 17, no Sub-Port Collector is empowered to issue a Warrant of Seizure and Detention for such goods.
- 10.c.v. After the Customs examiner (or other Customs personnel designated in writing by the District Collector) examines the shipment, and, if applicable, after a consumption entry is filed, and duties and taxes paid, for any goods which were not contained in the CEWE and the e-IP, the Customs examiner shall release the shipment to the PEZA Locator.
- 10.c.vi. BOC and PEZA officials shall undertake appropriate action against a PEZA locator and/or its authorized representative in cases where customs rules and regulations and /or other existing laws are found to have been violated during the transfer of the transit-cargo from the port of discharge to the economic zone.

11. For transshipments which consist of more than one container, the port of discharge (PD) and Destination PEZA Zone (DPZ) shall manually monitor the departure from the PD and arrival at the DPZ, until such time that all containers of the transshipment have arrived at the DPZ, and the entire entry is tagged "arrived" in e2m, following the procedures below:

11.a. At the port of discharge, the Deputy Collector for Operations shall maintain a record, using Excel, of all transshipments which consist of more than one container following the format shown below:

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Admin Officer I
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Transshipment Entry Number	Total Number of Containers	Container Number	Date released from Port of Discharge	Date confirmed arrived at PEZA zone	U.P. LAW CENTER OFFICE of the NATIONAL ADMINISTRATIVE REGISTER ADMINISTRATIVE RULES AND REGULATIONS	
					Name of official confirming arrival at zone	RECEIVED MAR 20 2015
	1				TIME: _____	By: <i>[Signature]</i>
	2					
	3					
	4					
	5					
	6					
	7					
	8					
	9					
	10					

11.b. Upon arrival of a container at the destination PEZA location, the Customs examiner at the destination PEZA location shall check the TSAD and e2m record to determine whether that container is part of a larger shipment for which there are still parts or containers which have not yet arrived at the destination PEZA location. If yes, then he shall, until all the containers of the transshipment entry have arrived:

- 11.b.i. Maintain records for each such transshipment entry, in the format shown above
- 11.b.ii. Inform the Deputy Collector for Operations at the port of discharge, at least once a day, of all transshipment entries consisting of more than one container, for which one or more containers arrived on that day, and the container number of any containers.

11.c. When all containers in that transshipment have arrived, the Customs examiner shall:

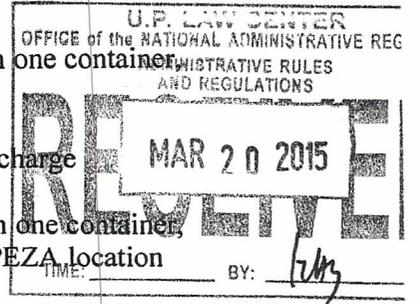
- 11.c.i. Inform the Deputy Collector for Operations at the port of discharge that all containers for that transshipment have arrive.
- 11.c.ii. Tag the transshipment entry as "arrived" in the e2m system.

11.d. At any given point in time, the Deputy Collector for Operations at the port of discharge should know:

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- 11.d.i. All transshipment entries for which there is more than one container but not all containers have left the port of discharge.
 - 11.d.i.a. Which containers have left the port of discharge
- 11.d.ii. All transshipment entries for which there is more than one container, but not all containers have arrived at the destination PEZA location
 - 11.d.ii.a. Which containers have arrived at the destination PEZA location

12. Monitoring of Arrival of Transshipments

12.a. Every day, the Deputy Collector for Operations shall prepare a record of:

- 12.a.i. Every Transshipment Entry that was filed in that port of discharge up to and including the previous day, for which, as of the previous day:
 - 12.a.i.a. At least one container has left the port of discharge, and
 - 12.a.i.b. Either of the following is true:
 - 12.a.i.b.1 If the entry was filed electronically and it has not been tagged arrived in e2m
 - 12.a.i.b.2 If the entry was manually filled, the [Customs examiner] at the destination PEZA location has not yet informed him that all containers for that transshipment entry have arrived.

This record shall be maintained in the format shown below, using Excel, and updated daily. A copy shall be provided daily to the Joint Customs-PEZA office at that port of discharge.

Date of report	Port of discharge	Transshipment Entry Number	Filed electronically or manually?	Consignee	Contents of shipment (brief only)	No. of containers	Date the shipment left the port of discharge	Destination PEZA Location	Number of containers which have left the port of discharge	Number of containers which have arrived at the Destination PEZA location as of

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 Cash-Printing Unit

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increased on a case-to-case basis upon formal written request by PEZA to the District Collector of the Collection District which has jurisdiction over the destination PEZA location.

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12.c. Transshipments consisting of more than one container, or leaving from ports of discharge not listed above, or leaving from ports of discharge listed above but with destination PEZA locations now listed above, must arrive at their destination PEZA location in their entirety and be tagged arrived, within a reasonable timeframe after the first container of the shipment leaves its port of discharge. The reasonable timeframe shall be determined by the District Collector or Sub-Port Collector of the port of discharge and the PEZA zone Administrator, Manager, or Officer-in-Charge, shall take into consideration the number of containers and the distance between the port of discharge and the destination PEZA location, but under no circumstances shall exceed 30 days. This timeframe may be increased on a case-to-case basis upon formal written request by PEZA to the District Collector of the Collection District which has jurisdiction over the destination PEZA location.

13. Maintenance of IT systems

13.a. PEZA VASPs shall provide the front-end systems which PEZA locators [and/or their authorized representatives] shall use to prepare and electronically lodge e-IP applications, and which BOC and PEZA officials shall use to authenticate hard copies of e-IPs submitted as one of the supporting documents for Transshipment Entries.

13.b. PEZA shall operate and maintain, through PEZA VASPs, the back-end system and database for processing e-IP applications and documenting, with scanning of the e-IP barcodes, use of e-IPs issued and delivery of transit goods at the destination PEZA location.

14. Alert Orders

14.a. If any shipment which is the subject of a transshipment entry becomes subject to an alert order issued in accordance with CMO 21-2014, prior to its clearance from the port of discharge in accordance with this JMO, it shall not be released from the port of discharge unless, following the procedures in CMO 21-2014, the Alerting Officer recommends the lifting of the Alert Order.

14.b. If any shipment which is the subject of a transshipment entry becomes subject to an alert order issued in accordance with CMO 21-2014, after its departure from the port of discharge but before its release to the PEZA locator in the destination PEZA zone, it shall not be released to the PEZA locator in the destination PEZA zone unless, following the procedures in CMO 21-2014, the Alerting Officer recommends the lifting of the Alert Order.

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15. Penalties for non-compliance

- 15.a. For all transshipments for which not all the containers have arrived at the destination PEZA zone within the time frames in Sections 12.b or 12.c
 - 15.a.i. If all the containers have left the port of discharge, but not all have arrived: the locator shall be liable to pay duties and taxes on the entire shipment, plus a 100% surcharge.
 - 15.a.ii. If not all containers have left the port of discharge: The Deputy Collector for Operations shall cause the cancellation of the transshipment entry. The locator shall be required to file a consumption entry through e2m for the entire shipment to obtain release of the remaining containers, paying duties and taxes, plus a 100% surcharge, for the entire shipment, within five days of written instruction from the Bureau of Customs.
 - 15.a.iii. After payment of all amounts due in accordance with Sections 15.a.i and 15.a.ii, upon verification of the portions of the transshipment which arrived at the destination PEZA location or did not leave the port of discharge, and the amounts of duties and taxes paid under Sections 15.a.i or 15.a.ii corresponding to these, the locator may file for a refund of duties, taxes, and surcharges with the Bureau of Customs for any portions of the transshipped cargo which did not leave the port of discharge or which did arrive at the destination PEZA location.
 - 15.a.iv. If payment is not made within this time frame, the Bureau of Customs may draw upon the General Transportation Surety Bond for the amount due, plus an additional surcharge of 20%.
- 15.b. For all transshipments for which, for any portion of the cargo, the PEZA seal referred to in Section 7.b.viii is found to have been opened or otherwise tampered, as attested and concurred to in writing by both BOC and PEZA examiners, the locator will be liable to pay duties and taxes on the entire shipment plus a 100% surcharge, within five days of written instruction from the Bureau of Customs.
- 15.c. The term "entire shipment" as used in Section 14 refers to all the goods which are the subject of the transshipment entry, including any goods which:
 - 15.c.i. Have not left the port of discharge
 - 15.c.ii. Have arrived at the destination PEZA location
 - 15.c.iii. Have seals which were not found to have been opened or otherwise tampered.
- 15.d. The Bureau of Customs may suspend the accreditation of any PEZA Locator which does not comply with any part of Section 14 of this JMO,

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without prejudice to other measures the Bureau of Customs may take against it.

15.e. Non-compliance by any Customs official with any provision of this CMO will be an incidence of Simple Neglect of Duty as used in CMO 25-2010, Title IV, Section 2, and shall be punishable upon second offense by Dismissal.

15.f. The tagging of a shipment as "arrived" when any part of that shipment has not arrived, or the entry of wrong information in the tables required to be maintained in Section 10 or Section 11.a shall be a Grave Offense as used in CMO 25-2010, Title IV, Section 2, and shall be punishable upon first offense by Dismissal.

16. The District Collector of any port (but not sub-port) may delegate the responsibilities and powers of the Deputy Collector for Operations in Sections 8.b, 10.a, 11, and 12 of this JMO to the head of the Joint PEZA-Customs Unit in any office or sub-port within his or her district. Such delegation shall be in writing, and shall cover all, and not only part, of the responsibilities and powers of the Deputy Collector for Operations in Sections 8.b, 10.a, 11, and 12 of this JMO.

17. Any reference to "port of discharge" refers equally to sub-ports of discharge. For transactions involving sub-ports of discharge, any responsibilities and powers of District Collectors in this Joint Memorandum Offer, except for those specifically excluded in Sections 8.d.iii and 10.c.iv, will be exercised by the Sub-Port Collector, and any responsibilities and powers of Deputy Collectors for Operations will be exercised by his equivalent in the sub-port.

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L. B. De Lima
Lilia B. De Lima
 Director-General
 Philippine Economic Zone Authority

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John P. Sevilla
John P. Sevilla
 Commissioner
 Bureau of Customs



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Michael N. TABLAZON
 Asst. Officer I
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