



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

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November 10, 2015

CUSTOMS MEMORANDUM CIRCULAR
NO. 157-2015

TO: All Deputy Commissioners
All Directors / District and Port Collectors
All Chiefs of Divisions Concerned

SUBJECT: *BOC-Regional Economic Zone Authority (ARMM) Joint Order No. 01-2015*

Attached is the BOC-Regional Economic Zone Authority (REZA) Joint Order No. 01-2015 entitled: "Mandatory Electronic Processing of Transshipments of REZA Locators to REZA Zones, and Other Procedures".

For your information and guidance.

Please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt hereof.


ALBERTO D. LINA
Commissioner



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06 September 2015

Bureau of Customs – REZA Joint Memorandum Order
No. 01-2015

SUBJECT: Mandatory Electronic Processing of Transshipments of REZA Locators to REZA Zones, and other Procedures

1. This Joint Memorandum Order (JMO) is effective, on 01 January 2016.
2. REZA locators shall be required to file their transshipment entries with the Bureau of Customs through the e2m system as prescribed in this Joint Memorandum Order. REZA locators will be required to comply with this Joint Memorandum Order in full.
3. All REZA locators importing goods for transshipments from any port of discharge to any REZA 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.
4. In each REZA zone, REZA shall provide a Customs Clearance Area with ample space and facilities for the joint use of REZA and the Bureau of Customs for the implementation of this JMO.
5. Enrolment of REZA locators with REZA and REZA-accredited Value-Added Service Providers (REZA VASPs)
 - 5.a A REZA locator shall enrol with REZA through the REZA VASPs to qualify for using the REZA 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 REZA-registered activity, by submitting the following information and documents.
 - 5.a.i. List of Importables it requires for its REZA-registered activity for REZA approval;
 - 5.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;
 - 5.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 REZA may require;

- 5.a.iv. Proof(s) of enrolment with one or more REZA-accredited VASP(s).
 - 5.a.v. Other information which REZA may require.
 - 5.b. REZA 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 REZA fees, in connection with the clearance, release and transfer of their transit goods from the ports of discharge to their economic zone destinations.
 - 5.c. REZA locators and their authorized representatives shall enrol with REZA-accredited VASPs for the electronic lodgement 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.
 - 5.c.i. Payment of the REZA-Processing Fee for and e-IP application lodged through a REZA-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 REZA locator in the enrolment with the REZA-accredited VASP.
 - 5.c.ii. Upon receipt of an SMS (text) and/or e-mail message indicating lodgement of an e-IP application for transit cargo, the REZA 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 REZA locator shall immediately call the attention of REZA so that a Hold and Alert Order can be issued on the transit cargo falsely attributed to it.
 - 5.c.iii. A REZA locator which fails to inform REZA that 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 REZA rules and regulations or other laws.
6. General Transportation Surety Bond
- 6.a. The District Collector in the port of discharge shall require REZA 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 REZA locations, as stated in the Transit SADs.

- 6.b. Boat notes will no longer be issued for transshipments to REZA zones; nor will they be required to be underguarded.
- 6.c. Upon the affectivity of this JMO, each REZA 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:

(Dutiable Value of Imports admitted in last Three Months in the Port of Discharge) X 1/3 x 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.

- 6.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 REZA location.
- 6.e. The Deputy Collector for Operations shall:
 - 6.e.i. On a daily basis:
 - 6.e.i.a. Verify whether any REZA locators in his port of discharge have bonds which have a remaining validity of less than 30 days, including bonds which have expired.
 - 6.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.
 - 6.e.ii. On the first week of every calendar month:
 - 6.e.ii.a. Calculate, for each REZA locator, the minimum amount of the bond, which shall be the higher of P 1,000,000 and:

(Dutiable Value of Imports admitted in Last Three Months) x 1/3 x 1.4%

- 6.e.ii.b. For any REZA 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.
- 6.f. The Deputy Collector for Operations shall maintain a record of every REZA locator processing transshipment entries in his port or sub-port in the

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format shown below, using Excel, and ensure that it is up to date at all times.

Port of Discharge	REZA 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)

- 6.g. At any given point in time, each REZA 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 REZA locator.
 - 6.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 REZA 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.
 - 6.i. To enable the Deputy Collector for Operations to calculate the duties and taxes which would have been due for each REZA 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.
7. Procedures for clearance of goods for tax and duty-free transit from ports of discharge to REZA locations.
- 7.a. Electronic Lodgement
 - 7.a.i. REZA locators [and/or their authorized representative] shall lodge their applications for electronic Import Permits (e-IPs) through REZA VASPs, in accordance with procedures and requirements prescribed by REZA.

- 7.a.ii. REZA locators [and/or their authorized representative] shall print approved e-IPS with the system-generated barcodes, for submission to the BOC as a support document to the Transshipment Entry.
 - 7.a.iii. Authorized representatives of REZA locators shall lodge a Transshipment Entry in the BOC's e2m system through one of the BOC-accredited Value-Added Service Providers (VASPs).
- 7.b. In the Port of Discharge
- 7.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 REZA locator's goods arrived, the REZA locator's authorized representative shall bring the print-out of its approved e-IP and its corresponding invoice to the Joint REZA-Customs Office. REZA staff will validate its authenticity, stamp, and sign it. The REZA locator's authorized representative shall also pay any REZA processing fees at this time.
 - 7.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 REZA locator's goods arrived, the REZA locator's authorized representative shall bring the following documents to the Deputy Collector for Operations of the port of discharge:
 - 7.b.ii.a. A print-out of the e-IP, stamped and signed by the REZA staff of the joint REZA-Customs office.
 - 7.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.
 - 7.b.ii.c. The Bill of Lading, or for cargo which arrived by air, an Airway Bill
 - 7.b.ii.d. Invoice
 - 7.b.ii.e. Packing List
 - 7.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.

- 7.b.iii. The Deputy Collector for Operations shall:
 - 7.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 REZA-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 REZA-Customs Office only if accompanied by a written endorsement from REZA in accordance with procedures prescribed by REZA.
 - 7.b.iii.b. Verify the authenticity and consistency of the printed TSAD with the electronic entry lodged in e2m.
 - 7.b.iii.c. Verify the completeness and correctness of the documents provided by the REZA Locator's authorized representative. After complete examination of the documents, stamp "Documents Verified" and sign on the TSAD and on the e-IP.
 - 7.b.iii.d. Examine the documents provided by the REZA 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.
 - 7.b.iii.e. Calculate the duties and taxes which would be payable if the goods were not duty-and tax-free.
 - 7.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 REZA locator or its authorized representative a copy of this.
 - 7.b.iii.g. After performing final assessment stamp the TSAD with the words "Documents Verified" and sign the TSAD.
 - 7.b.iii.h. Inform the Joint REZA-Customs Office within the port of discharge that the shipment has been cleared to leave the port of discharge, by providing the Joint REZA-Customs Office a copy of the TSAD REZA staff at the Joint REZA-Customs Office shall stamp the TSAD "copy received." It is this stamped copy of the TSAD which the Customs Warehouseman or Wharfinger shall use in Section 6.b.vii.
- 7.b.iv. After the Deputy Collector for Operations perform final assessment, the REZA Locator shall pay the transshipment fee

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REZA Locators' authorized representatives may transmit the transshipment fee to the BOC. The Transshipment fee and any other amounts payable may be paid:

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

7.b.iv.a.1 When filing a Transshipment Entry in E2m, a REZA Locator or its authorized representative who wishes to pay transshipment fees from its Prepaid Account should:

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

7.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.

7.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.

7.b.iv.a.3 A REZA 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 REZA locator or its authorized representative will have to do one of the following:

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

7.b.iv.a.3.b Make a deposit to the Prepaid Account, of an amount sufficient to pay the transshipment fees and other fees which may be payable on that entry, and continue its e2m processing

7.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.

- 7.b.iv.b. Through the existing PASS5 System, as described in CAO 10-2008.
- 7.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.
- 7.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 REZA locators.
- 7.b.vii. The Customs Warehouseman of 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.

- 7.b.viii. All Transshipment cargo in container must be secured with a REZA seal when it leaves the port of discharge, and that seal must not be tampered or otherwise opened when it arrives in the destination REZA location.

All cargo not contained in container must either be:

- 7.b.viii.a. Underguarded by REZA while in transit from the port of discharge to the destination REZA location.
- 7.b.viii.b. In a sealed truck or van, with a REZA seal, when it leaves the port of discharge. That seal must not be tampered or otherwise opened when it arrives in the destination REZA Location.

REZA 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.

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

