



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

*A modernized and credible customs administration that upholds good governance and is among the world's best*

**CUSTOMS ADMINISTRATIVE ORDER (CAO)  
NO. \_\_\_\_\_**

**SUBJECT: CROSS-BORDER CONTROL ON E-COMMERCE IMPORTATIONS**

**Introduction.** This Customs Administrative Order (CAO) establishes a standard customs clearance process for cross-border e-Commerce goods bought via e-Commerce online shopping platform, consistent with the World Customs Organization (WCO) Framework of Standards on Cross-Border e-Commerce, WCO Immediate Release Guidelines and Article 7.8 of the World Trade Organization (WTO) Agreement on Trade Facilitation.

**Section 1. Scope.** This Order shall cover the processing, clearance, and release of imported goods brought into the country by means of on-line trading platforms (e-Commerce), excluding express shipments which are covered under the provisions of CAO No. 05-2020 with Subject: Customs Clearance Procedures on Express Shipments.

**Section 2. Objectives.**

- 2.1.** To provide guidelines in the processing, customs clearance and release of e-Commerce goods;
- 2.2.** To establish procedures in the accreditation of all stakeholders involved in e-Commerce transactions with the Bureau;
- 2.3.** To prevent revenue leakage by ensuring the collection of the lawful and correct duties, taxes and other charges on importations of e-Commerce shipments; and
- 2.4.** To implement a dedicated e-Commerce System that will assist the Bureau of Customs (BOC) to monitor the entry of e-Commerce goods efficiently and effectively by optimizing the use of Information and Communication Technology (ICT).

**Section 3. Definition of Terms.**

- 3.1. Advanced Electronic Manifest** — shall refer to the electronic submission to the Bureau of the Inward Foreign Cargo Manifest (IFCM) prior to the arrival of the carrying aircraft.<sup>1</sup>

<sup>1</sup> cf. CAO No. 5-2020, Section 3.1.

- 3.2. Airway Bill (AWB)** – shall refer to a transport document for airfreight used by airlines and international freight forwarders which specify the holder or consignee of the bill who has the right to claim delivery of the goods when they arrive at the port of destination. It is a contract of carriage that includes carrier conditions, such as limits of liability and claims procedures. In addition, it contains transport instructions to airlines and carriers, a description of the goods, and applicable transportation charges.<sup>2</sup>
- 3.3. Bill of Lading (BL)** – shall refer to a transport document issued by shipping lines, carriers and international freight forwarders or non-vessel operating common carriers for water-borne freight. The holder or consignee of the bill has the right to claim delivery of the goods at the port of destination. It is a contract of carriage that includes carrier conditions, such as limits of liability and claims procedures. In addition, it contains transport instructions to shipping lines and carriers, a description of the goods, and applicable transportation charges.<sup>3</sup>
- 3.4. Bureau** – shall refer to the Bureau of Customs.<sup>4</sup>
- 3.5. Clearance** – shall refer to the completion of customs and other government formalities necessary to allow goods to enter for consumption, warehousing, transit or transshipment, or to be exported or placed under another customs procedure.<sup>5</sup>
- 3.6. Clearance Agent** – shall refer to the Freight Forwarders and Customs Brokers which are designated by the digital platform providers to process the clearance and release of e-Commerce goods.
- 3.7. Consolidated Inward Foreign Cargo Manifest (CIFCM)** – shall refer to a true and accurate manifest, containing all house airwaybills or bills of lading of all the individual shipments in the consolidation destined and intended to be unloaded at a port of entry in the Philippines, de-grouped or split from the master air waybills of shipments the consignees of which are just nominal such as banks, forwarders, and consolidators, submitted as rider to the inward foreign manifest of the carrying vessel or aircraft.<sup>6</sup> In electronic format this also known as the Electronic Consolidated Inward Foreign Cargo Manifest (e-CIFCM).

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<sup>2</sup> CAO No. 15-2020, Section 3.4.

<sup>3</sup> CMTA, Title I, Chapter 2, Section 102(h).

<sup>4</sup> cf. CMTA, Title I, Chapter 2, Section 102 (i)

<sup>5</sup> cf. CMTA, Title I, Chapter 2, Section 102 (k)

<sup>6</sup> cf. CAO No. 01-2016.

- 3.8. Consolidator** – shall refer to a juridical person which procures transport of goods by sea or air and issues house bills of lading or house airway bills to consignors of shipments under its solicitation, to whom it directly assumes the liabilities and responsibilities of a carrier for the transportation of such goods from the point of receipt to the point of destination of such goods, and ships the shipments together in its name consigned to its Deconsolidation Agent in the Philippines.<sup>7</sup>
- 3.9. Customs Broker** – shall refer to any person who is a bona fide holder of a valid Certificate of Registration/Professional Identification Card issued by the Professional Regulatory Board and Professional Regulation Commission pursuant to Republic Act No. 9280, as amended, otherwise known as the “Customs Brokers Act of 2004”.<sup>8</sup>
- 3.10. Inward Foreign Cargo Manifest (IFCM)** – shall refer to the Cargo Manifest of all shipments destined and intended to be unloaded at a port of entry in the Philippines for consumption, admission, or warehousing,<sup>9</sup> and contains a detailed list of cargoes (freight) on board a Vessel or Aircraft giving the commercial particulars of the goods, such as transport document numbers, consignors, consignees, marks and numbers, number and kind of packages, weight, descriptions, quantities of the goods and destination. In electronic format, it is also known as Electronic Inward Foreign Cargo Manifest (e-IFCM).<sup>10</sup>
- 3.11. Digital Platform** – shall refer to the software and technology used that allows communication between a supplier and a consumer. It also helps facilitate activities between businesses and customers and within enterprises.
- 3.12. Digital Platform Provider (DPP)** – shall refer to juridical entities that provide the platforms for the use of the suppliers and consumers for the exchange of goods and services.
- 3.13. De Minimis Threshold** – shall refer to the FOB or FCA value not exceeding ten thousand pesos (₱10,000.00) or as may be adjusted under Section 423 of the CMTA, for which no duty or tax is collected on the imported goods.
- 3.14. Electronic Commerce (E-Commerce) Transactions** – shall refer to the sale or purchase of goods or services, conducted over digital platforms or other computer networks by methods specifically designed for the purpose of receiving or placing of orders.<sup>11</sup>

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<sup>7</sup> cf. CMO No. 04-2017; cf. CAO No. 05-2016, Section 3.7

<sup>8</sup> cf. CMTA, Title I, Chapter 2, Section 102 (n)

<sup>9</sup> cf. <http://www.farrow.com/article-what-is-emanifest>

<sup>10</sup> CMO No. 9-2021.

<sup>11</sup> Organization for Economic Cooperation and Development (OECD) definition.

**3.15. Free Carrier (FCA)** – shall refer to an international commercial term which means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place. The parties of this type of sale should specify clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.<sup>12</sup>

**3.16. Free On-Board (FOB)** – shall refer to an international commercial term which means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from the moment onwards.<sup>13</sup>

**3.17. Freight Forwarder** — shall refer to a local entity that acts as a cargo intermediary and facilitates transport of goods on behalf of its client without assuming the role of a carrier, which can also perform other forwarding services, such as booking cargo space, negotiating freight rates, preparing documents, advancing freight payments, providing packing/crating, trucking and warehousing, engaging as an agent/representative of a foreign non-vessel operating as a common carrier/cargo consolidator named in a master bill of lading as consignee of a consolidated shipment, and other related undertakings.<sup>14</sup>

**3.18. High-Value Goods (Category 4)** – shall refer to goods of a commercial nature with FOB or FCA value of Fifty Thousand Pesos (Php50,000.00) or over.<sup>15</sup>

**3.19. House Air Waybill (HAWB)** – shall refer to an air waybill covering a single, individual shipment or consignment issued by the freight forwarder or consolidator to a consignor or sender containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of good shipped by air.<sup>16</sup>

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<sup>12</sup> International Commercial Terms 2020.

<sup>13</sup> International Commercial Terms 2020.

<sup>14</sup> cf. CMTA, Title I, Chapter 2, Section 102 (aa)

<sup>15</sup> cf. CMTA, Title IV, Chapter 1, Section 402.

<sup>16</sup> Cf. CAO No. 6-2016, Section 3.9.

- 3.20. House Bill of Lading (HBL)** — shall refer to a bill of lading covering a single, individual shipment or consignment issued by the international sea freight forwarder, NVOCC or a consolidator to the respective shippers containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of the goods shipped through sea.<sup>17</sup>
- 3.21. Low-Value, Dutiable Goods (Category 3)** — shall refer to goods of a commercial nature with FOB or FCA value of more the *De Minimis* Threshold but less than fifty thousand pesos (Php50,000.00).<sup>18</sup>
- 3.22. Low-Value, Non-Dutiable Goods (Category 2)** — shall refer to the goods with an FOB or FCA value not exceeding the *De Minimis* threshold.<sup>19</sup>
- 3.23. Non-Vessel Operating Common Carrier (NVOCC)** – refers to an entity, which may or may not own or operate a vessel that provides a point-to-point service which may include several modes of transport and/or undertakes groupage of less container load (LCL) shipments and issues the corresponding transport document.<sup>20</sup>
- 3.24. Ultimate Consignee** – shall refer to the party appearing in the transport document i.e. HBL or HAWB to whom delivery may be lawfully made in accordance with the contract of carriage.
- 3.25. Value Added Service Provider (VASP)** — shall refer to any Bureau-accredited ICT company who may provide the services enumerated under Section 4.1 of CAO No. 14-2020 and collect transaction fees as authorized by the Bureau.<sup>21</sup>

#### **Section 4. General Provisions.**

- 4.1. Advance Electronic Data.** Consistent with existing laws, rules and regulations, including mutual arrangements and agreements, there shall be an advanced exchange of electronic data between relevant parties involved in the e-Commerce supply chain, including relevant government agencies to enhance trade facilitation and control measures on cross-border e-Commerce goods, taking into account data security, privacy, protection and ownership. Relevant WCO and other international standards and guidance shall be implemented in

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<sup>17</sup> cf. CAO No. 15-2020, Section 3.27.

<sup>18</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 10.

<sup>19</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 9.

<sup>20</sup> cf. CMTA, Title I, Chapter 2, Section 102 (ee).

<sup>21</sup> cf. CMO No. 17-2022, Section 3.6.

an effective and harmonized manner, to facilitate the exchange of advance electronic data.<sup>22</sup>

For this purpose, the Bureau shall pursue data-sharing arrangements or advance information exchange with digital platform providers and other e-Commerce stakeholders, to allow risk management evaluation and analysis, as well as data mining and gathering for statistical and post clearance audit purposes.

**4.2. Advance Submission of Manifest.** A true and complete copy of the Cargo Manifest shall be electronically sent in advance as mandated under existing customs rules and regulations.

**4.3. Risk Management.** The Bureau shall develop and apply a dynamic risk management structure with advanced technologies that are specific to the e-Commerce context in order to identify goods and shipments that present a risk. The Bureau shall use data analytics and screening methodologies in conjunction with non-intrusive inspection equipment, across all modes of transportation and operators, as part of risk management, with a view to facilitating cross-border e-Commerce flows and strengthening customs controls.<sup>23</sup>

For this purpose, the Bureau shall work with e-Commerce stakeholders and relevant government agencies, as appropriate, to improve the timeliness, completeness and accuracy of advance electronic data with a view to supporting robust and effective risk management techniques and facilitate legitimate trade of e-Commerce goods.<sup>24</sup>

**4.4. Simplified Clearance Procedures.** The Bureau shall establish and maintain simplified clearance formalities/procedures utilizing pre-arrival processing and risk assessment of cross-border e-Commerce goods, and provide procedures for the immediate release of low-risk shipments on arrival or departure. Simplified clearance formalities/procedures shall include, as appropriate, an account-based system for collecting duties, taxes and other charges, as well as handling return shipments.<sup>25</sup>

**4.5. Missorted or Misrouted e-Commerce Goods.** Treatment of missorted or misrouted e-commerce goods shall follow the procedures under CAO No. 05-2020 with Subject: Customs Clearance Procedures on Express Shipments.

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<sup>22</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 1 & 2.

<sup>23</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 4 & 5.

<sup>24</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 3.

<sup>25</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 6.



**4.6. Application of Authorized Economic Operator (AEO) Program to Cross-Border e-Commerce.** The Bureau shall explore the possibilities of applying AEO Programs and Mutual Recognition Arrangements in the context of cross-border e-Commerce, including leveraging the role of intermediaries, to enable Micro, Small and Medium-sized Enterprises and individuals to fully benefit from the opportunities of cross-border e-Commerce.<sup>26</sup>

**4.7. Leveraging Transformative Technologies.** The Bureau, in collaboration with private sector and academia, shall explore innovative technological development and consider adopting such developments that can contribute to more effective and efficient control and facilitation of cross-border e-Commerce.<sup>27</sup>

The Bureau shall intensify its engagement with other relevant government agencies as appropriate to simplify customs procedures and facilitate customs clearance of e-commerce goods.

**4.8. Customs Control over E-Commerce Goods.** Nothing in this Order shall affect the right of the Bureau to examine, detain, seize, confiscate or refuse entry of goods, or to carry out post-clearance audits, including the use of risk management systems. Further, nothing in this Order shall prevent the Bureau from requiring, as a condition for release, the submission of additional information and the fulfilment of additional regulatory requirements.<sup>28</sup>

## **Section 5. Establishment of a Dedicated Customs e-Commerce Processing System.**

**5.1.** The Bureau shall establish a simplified and dedicated ICT-enabled e-Commerce Operations System that will enable exclusive processing, lodgment, clearance and monitoring of e-Commerce goods classified as Category 1 and 2, including split consignments, and support the following:

**5.1.1.** Transmittal of e-IFCM as may be practicable, and submission of e-CICFM data of shipments of registered e-Commerce operators by their appointed freight forwarder, NVOCC, consolidator or Clearance Agent, within the period mandated by existing rules and regulations. Such data shall be used for simplified or consolidated declaration and may qualify for pre-clearance processing.

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<sup>26</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 7.

<sup>27</sup> cf. WCO Framework of Standards on Cross-Border E-Commerce, Standard 16.

<sup>28</sup> WTO Agreement on Trade Facilitation, Article 7, par. 8.3.

- 5.1.2.** Lodgment of e-Commerce goods declarations after the validation of the manifest submission, observing the one goods declaration per HAWB/HBL procedure.
- 5.1.3.** Perform downstream functions of selectivity, segregation of regulated items, valuation, assessment, payment and release following operational guidelines to be issued by the Bureau.
- 5.1.4.** Interoperability with the systems of digital platform providers and other e-Commerce stakeholders, to enable data-sharing and advance information exchange.
- 5.1.5.** Other services as may be defined and determined by the Commissioner.
- 5.2.** Pending the establishment of a facility and implementation of an ICT-enabled BOC e-Commerce Operations System, the Bureau may enlist the services of third party solutions providers, consistent with the guidelines set forth under CAO No. 14-2020 with Subject: Accreditation and Regulation of Bureau of Customs Value-Added Service Providers (VASP).

## **Section 6. Accreditation of Customs e-Commerce Stakeholders.**

- 6.1.** All stakeholders including e-Commerce operators, digital platform providers, VASPs, freight forwarders and brokers shall be accredited with the Bureau for e-Commerce transactions before they can process e-Commerce goods using the Customs e-Commerce Processing System.
- 6.2.** The Bureau shall issue the necessary guidelines and procedures for the accreditation of the various e-Commerce stakeholders.

## **Section 7. Submission of Manifest.**

- 7.1.** Prior to the arrival of the shipments and to enable processing of e-Commerce goods, the appointed freight forwarder, NVOCC, consolidator or Clearance Agent shall submit to the Bureau a true, complete and detailed e-CIFCM, within the mandated cut-off period under existing laws, rules and regulations. Subject to the application of risk-based management techniques, the Bureau may allow the advanced processing of e-Commerce goods, as may be warranted.
- 7.2.** For purposes of identifying the individual e-Commerce shipments consigned to the ultimate consignees, the e-CIFCM must contain the following information:



<b>DATA ELEMENT</b>	<b>DESCRIPTION</b>
MBL Number	Master Bill of Lading Number
HBL Number	House Bill of Lading Number
Number of Packages	Number of individual items packaged in such a way that they cannot be divided without first undoing the packing
Description of Goods	Description of goods per item
Declared Value	FOB/FCA Value
Gross Weight	Total weight
Registry Number	Flight Number/Vessel Registry
Date of Arrival	Date on which a aircraft / vessel arrive at its destination port
Marks and Numbers	of cartons, drums, boxes, crates and other forms of protective packaging
Kinds of Packages	Cartons, boxes, etc.
Country of Origin	Country where goods originated
Seller's Name	Name of a party selling merchandise to a buyer
Seller's Address	Address of a party selling merchandise to a buyer
Seller's Identifier	Identifier of the party selling merchandise to a buyer
Buyer's Name	Name of the buyer of the e-commerce merchandise
Buyer's Phone number	Phone number of the buyer
Buyer's Email Address	e-Mail address of the buyer
Buyer's Address	Address of the buyer
Trading Platform/Marketplace Name	Name of the trading platform/marketplace where the sale is transacted
Trading Platform/Marketplace Website	URL of the trading platform/marketplace where the sale is transacted
Order Number	Unique purchase order number of the trading platform/marketplace
Intrinsic value	Price in Export Country & Listed Price on Marketplace
Port Code	Collection District / Port Code

- 7.3.** Cargoes not listed in the e-CIFCM shall be duly covered by a supplemental manifest which shall be submitted within six (6) hours upon arrival of the carrying aircraft or vessel.
- 7.4.** Unmanifested goods shall be subject to the fines and penalties as provided under the CMTA and existing rules and regulations.
- 7.5.** The HAWB or HBL of each ultimate consignee must be submitted by the appointed freight forwarder, NVOCC, consolidator or Clearance

Agent to the Bureau's automated system in accordance with existing Customs rules and regulations.

**Section 8. Customs Clearance Formalities.** The Bureau shall issue the relevant Customs Memorandum Order (CMO) providing the procedures for the release of e-Commerce goods.

**Section 9. Import Processing Charge.** The Bureau shall impose import processing charges for e-Commerce goods transaction as may be provided under existing rules and regulations.

**Section 10. Exclusion from E-Commerce Goods Processing.** The following importations shall not be entitled to processing as e-commerce goods:

**10.1.** Importations declared as "without commercial value", "of no commercial value" or with specific amount but qualified by the phrase "for customs purposes" or analogous phrases.

Hence, the freight forwarder, NVOCC, consolidator or Clearance Agent must declare the specific value of the goods supported by available invoice, receipt or equivalent document, if any, except for Correspondences and Documents classified under Category 1 of the WCO Guidelines for the Immediate Release of Consignments by Customs.

**10.2.** Goods including those with *De Minimis* Value subject to the requirements or conditions imposed by the concerned regulatory agency unless for personal use and within the limits allowed by regulations.

**10.3.** Importations to be entered conditionally free, for warehousing, for transit and/or admission to free zone.

**Section 11. Prohibited or Restricted Goods.** The importation and exportation of the following goods are Prohibited and/or Restricted:

- a. Prohibited and/or Restricted Goods under the Philippine laws;
- b. Dangerous Goods and/or Hazardous substances such as explosives and other hazardous chemicals under RA No. 6969;
- c. Valuable goods such as jewelry, works of art and the like;
- d. Animals, fishes and fowls (live or frozen);
- e. Human remains or cadavers;

- f. Money (coins, cash, paper money and negotiable instruments equivalent to cash); and
- g. Other goods/commodities which are determined to be of similar nature with those mentioned above.

**Section 12. Performance Bond.** All accredited stakeholders transacting with the Bureau for the release of e-Commerce Goods shall be required to post a Performance Bond in an amount to be determine by the Bureau. The Performance Bond shall guarantee the strict compliance of the accredited stakeholders with their duties and obligations, as required by the Bureau.

The Performance Bond shall also answer for the amount of duties and taxes which should have been collected in cases where mis-sorted or misrouted shipments where not re-exported within twenty-four (24) hours from arrival or, having been exported no proof of landing has been presented.

**Section 13. Opening of Prepayment Account.** Freight Forwarders accredited by the Bureau to process and release e-Commerce Goods shall open and maintain Prepayment Accounts in Authorized Agent Banks (AABs) in an amount of not less than Five Million Pesos (Php5,000,000.00) to guarantee immediate payment of the required duties and taxes imposable on the e-Commerce Goods.

**Section 14. Reportorial System.** A reportorial system shall be established in the Bureau for statistical purposes and monitoring of E-Commerce Goods.

**Section 15. Penalties and Sanctions.** Any individual including Bureau personnel who violates any of the provisions of this Order shall be meted the penalties and sanctions, as may be provided by law, including the discontinuance by a Freight Forwarder, NVOCC, Consolidator or Clearance Agent of the expedited clearance and release procedures for failure to comply with any provisions of this Order.

**Section 16. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

**Section 17. Transitory Provisions.** Pending the establishment of a facility and implementation of an ICT-enabled e-Commerce Processing System, accredited VASPs may be allowed by the Bureau to implement an automated system, to receive and process e-CIFCM for category 2 shipments (*De Minimis*) and Single Administrative Document (SAD) for category 3 and 4 shipments. The VASP shall allow customs personnel to access the interim system in order to perform clearance and release procedures.

**Section 18. Separability Clause.** If any part of this order is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

**Section 19. Effectivity.** This CAO shall take effect thirty (30) days after its complete publication at the Official Gazette or a newspaper of national circulation.

The Office of National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.

**BIENVENIDO Y. RUBIO**

Commissioner

Approved:

**RALPH G. RECTO**

Secretary of Finance

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