



05 January 2011

CUSTOMS MEMORANDUM ORDER

No. 6-2011

RECEIVED BY: *[Signature]*
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To : All Deputy Commissioners
Service Chiefs
District Collectors
Deputy Collectors for Operations
Division Chiefs
Philippine Economic Zone Authority (PEZA) Officials
Economic Zone Locator-Enterprises
Customs Brokers, Attorneys-in-Fact
All Others Concerned

**Subject: Enhanced Automated Cargo Transfer System (E-ACTS)
for Import Shipments Consigned to Economic Zone
Locator Enterprises Discharged at Airports and
Seaports with Operating ACOS and with the Economic
Zones as Final Destinations**

I. Objectives

To define and clarify details of the provisions of JMO No. 05-2010 pertaining to the implementation of the Enhanced Automated Cargo Transfer System (E-ACTS) for the processing of PEZA-authorized tax and duty-exempt import shipments of economic zone locator enterprises in the airports and seaports of discharge, for clearance, release and transfer to their economic zone destinations.

II. Scope

This Order shall apply to import shipments consigned to economic zone locator enterprises discharged at airports and seaports where ACOS is operating, such as but not limited to the Port of Manila (POM), Manila International Container Port (MICP), Ninoy Aquino International Airport (NAIA), Diosdado Macapagal International Airport (DMIA), Mactan-Cebu International Airport (MCIA), Port of Subic (POS), Port of Batangas (POB) and Cebu International Port (CIP), as provided under BOC-PEZA Joint Memorandum Order No. 05-2010 dated 22 December 2010.

III. General Provisions

The electronic Import Permit (e-IP) lodged and approved through the PEZA Electronic Import Permit System (e-IPS) is the one and only document to be accepted by the Bureau of Customs as proof of PEZA's authorization for the tax and duty-exempt importation of an economic zone locator enterprise.

1. Transit Cargo Transfer Documentary Requirements

1.1 Transit-Single Administrative Documents (Transit-SAD).

The Single Administrative Document (SAD), with Model of Declaration 8 – 8, supported by the Bill of Lading/Airway Bill, Invoice, Packing List and the PEZA Electronic Import Permit (e-IP) shall be submitted by an economic zone locator enterprise or its authorized representative to the Customs-PEZA Clearance Office (CPCO)/ PEZA Customs Documentation Unit (PCDU) at the ports of discharge, in lieu of the Warehousing Entry filed at the Port of Destination, Transshipment Permit (BOC Form 199), Transit Cargo Manifest, Boat Note and other documents required under other Customs Orders. A license, authorization, clearance or permit issued by the designated government regulatory office must also be provided, following established procedures, for any regulated or controlled commodity included in an import shipment.

The Transit-SAD printout, which shall replace the Import Entry and Internal Revenue Declaration (IEIRD) as the entry form, shall be submitted in two copies.

1.2 General Transportation Surety Bond (GTSB)

1.2.1 The District Collector of a port of discharge shall have the authority to require an increase in the amount of the GTSB posted by a economic zone locator enterprise where the values of current import shipments discharged at the port have significantly increased beyond the level during the last three (3) months of the current year, which level was used as the basis for the determination of the amount of the existing GTSB posted by the economic zone locator enterprise.

1.2.2 In the event that duties and taxes of a particular import shipment exceed the face value of the existing posted GTSB, the economic zone locator enterprise shall be given two options: (a) increase the face value of the GTSB; or (b) arrange for PEZA Under-guarding of the shipment instead of upgrading the face value of the GTSB, so as not to delay the transfer of the cargo to the economic zones.

1.3 Payment of the Cargo Transfer Fee

1.3.1 Economic zone locator enterprises shall open and maintain Pre-Payment Accounts at the Cash Division of the port of discharge following existing procedures. Customs brokers shall also be allowed to open and maintain Pre-Payment Accounts at the Cash Division of the port of discharge, following the same procedure employed by economic zone locator enterprises, which they will be allowed to use to pay Cargo Transfer Fees (CTF) on transit cargoes of their client-economic zone

locator enterprises (as well as freeport zone locator enterprises).

- 1.3.2 Economic zone locator enterprises or their authorized Customs brokers shall fund their Pre-Payment Accounts by depositing an amount at the designated BOC Bank Account at the BOC In-House Bank at the port of discharge, following existing procedures for funding Pre-Payment Accounts in ACOS.

2. Required Electronic Submissions

- 2.1 PEZA-accredited VASPs shall provide CPCOs/PCDUs access to the PEZA e-IPS and Barcode scanning capability to be used for validating authenticity of hard copies of e-IPs submitted as supporting documents to the Transit-SAD.
- 2.2 CPCO/PCDU shall not honor nor process manually transshipment forms, except where a PEZA-registered economic zone locator enterprise is not yet registered in ACOS.

3. Establishment of Customs-PEZA Clearance Office (CPCO)/PEZA Customs Documentation Unit (PCDU) at the Port of Discharge

- 3.1 In ports of discharge where the staff of the Office of the Deputy Collector for Operations is currently processing cargo transfer to the economic zones, such personnel may be considered as forming the CPCO/PCDU, until a District Customs Personnel Order (DCPO) establishing the CPCO/PCDU and assigning personnel therein has been issued by the District Collector.
- 3.2 The CPCOs/PCDUs shall be headed by a senior BOC official and manned by PEZA and BOC officials and personnel as may be required in the performance of its functions.
- 3.3 The CPCOs/PCDUs shall be responsible for the following: (1) processing of the Transit-SADs, (2) issuing release instructions to the temporary storage facility, and (3) monitoring the direct and faithful transfer of the cargo to the economic zone destinations within a reasonable period of time [i.e., six (6) hours from the time of release from the port of discharge, subject to review].
 - 3.3.1 The Deputy Collector for Operations shall designate a staff and an alternate to perform the functions of a COO III in the processing of the Transit-SAD, namely, updating the SAD in ACOS after a review of the Transit-SAD and its supporting documents.
 - 3.3.2 The Deputy Collector for Operations shall designate a staff and an alternate to perform the functions of a COO V in the processing of the Transit-SAD, namely, re-routing and assessment of the selected Transit-SAD.

- 3.4 The Deputy Collectors for Operations in the ports of discharge shall designate alternate officers and personnel in CPCOs/PCDUs to ensure uninterrupted processing of transit documents and release of transit cargoes of economic zone locator enterprises.
4. Physical examination may be undertaken on transit-cargo when there is derogatory information received from competent authorities, in which case an authority to undertake physical examination must be obtained from BOC officers authorized to issue Hold/Alert Orders under current regulation/s. Existing regulations for x-ray of containerized transit cargo shall prevail.

IV. Administrative Provisions

1. PEZA Under-guarding of tax and duty-exempt import shipments of an economic zone locator enterprise shall not be required during transfer from the ports of discharge to the economic zone destination, when real-time scanning of the Barcodes of e-IPs are already fully operational and where the economic zone locator enterprise has posted the required GTSB and registered the bond with the Bonds Division or equivalent office in the port of discharge.
2. In the event that duties and taxes of a particular shipment exceed the face value of the existing posted GTSB, the economic zone enterprise shall have the option to arrange for PEZA Under-guarding of the shipment during the transfer of the import shipment from the port of discharge to the economic zone destination, instead of increasing the face value of the existing posted GSTB, so as not to delay the transfer of the cargo to the economic zones.

V. Operational Provisions

1. Lodgement and Printing of Transit-SADs with the corresponding Assessment Notices

Economic zone locator enterprises or their authorized representatives shall electronically lodge Transit-SAD applications through BOC-accredited VASPs and print two copies of the registered Transit-SAD with the corresponding Assessment Notices bearing the system-generated Customs Reference Number.

An economic zone locator enterprise or its authorized representative shall then submit to the CPCO/PCDU two (2) printed copies of the Transit-SAD and the Assessment Notice bearing the Customs Reference Number, together with the Bill of Lading/Airway Bill, Invoice, Packing List, printed copy of the e-IP with the required system-generated encrypted Barcode, and any other clearances/permits issued by other regulatory government agencies, where required, as supporting documents for any controlled or regulated goods included in the import shipment.

2. Processing of Transit-SADs, Electronic-Import Permits (e-IPs) and Other Required Supporting Documents

Upon presentation by an economic zone locator enterprise or its authorized representative of a Transit-SAD and the required supporting documents, the CPCO/PCDU shall undertake the following:

- 2.1 Receive and check completeness of the Transit-SAD, e-IP and all required supporting documents submitted;
- 2.2 Validate the authenticity of the printed copy of the e-IP presented by scanning the Barcode and comparing the particulars of the retrieved electronic copy with those in the printed copy submitted.
- 2.3 Validate the Transit-SAD in the ACOS system by using the Customs Reference Number of the Transit-SAD to retrieve the electronic Transit-SAD and comparing this to the hard copy of the Transit-SAD submitted.
 - 2.3.1 In ports of discharge where the Electronic Manifest Clearance is in place, the manifest is written off at the time of assessment. In ports of discharge where the Electronic Manifest Clearance is not yet in operation, the manifest shall be written off post-clearance.
 - 2.3.2 CPCO/PCDU shall make all notes and markings on the printed copy of the Transit-SAD.
 - 2.3.2.1 In ports of discharge where the BOC Entry processing unit (EPU) is in the same building as the CPCO/PCDU, the authorized representative of an economic zone registered enterprise shall undertake Manifest Clearance in the EPU prior to the submission of the Transit Declaration application, e-IP and other supporting documents to the CPCO/PCDU.
 - 2.3.2.2 In ports of discharge where the BOC Composite Unit is housed in a separate Customs Transit Facility, Manifest Clearance shall be undertaken in the course of the release of the transit cargo at the EPU in the Customs Transit Facility. After business hours, when the EPU at the Customs Transit facility is closed, manifest Clearance shall revert back to the EPU at the BOC District Office.

- 2.4 Check for any Alert or Hold Order issued against the transit-cargo, pursuant to CMO No. 104-92. In the existence of one, notify the issuing office in order that appropriate action can be undertaken.
- 2.5 In the presence of derogatory information from competent authorities, or on the basis of the Automated BOC Risk Management and Selectivity Program (ARMSP), and with written authority from the Commissioner, undertake physical examination of a transit cargo, per provisions of CMO No. 104-92 (Hold/Alert System) or alternatively through x-ray procedure/facility.
- 2.6 Present the Transit-SAD to the Head of the CPCO for issuance of the release instruction to the temporary storage facility, if no Hold or Alert Order has been applied on the shipments. In ports of discharge where the ACOS On-Line Release System is not operational, the release instruction shall be a copy of the Transit-SAD marked "For Release" and countersigned by the authorized signatory.
- 2.7 Head of the CPCO/PCDU approves the release by signing in Box 51 of the Transit-SAD.
- 2.8 Forward the signed Transit-SAD to the Customs Bonded Warehouse/Arrastre Operator for release of the transit-cargo.

3. Release of Transit Cargoes

3.1 The Customs Warehouseman or Wharfinger in the Transit Facility shall check and verify the identity of the person who will receive the transit cargo upon its release and ensure that the transit cargo is released only to duly authorized official/personnel or representative of the economic zone locator enterprise.

3.2 The Customs Warehouseman or Wharfinger in the Transit Facility, shall check the number of packages, weight and markings on the package of loose transit-cargo and make sure that these match the particulars in the Transit-SAD.

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

3.3 Before releasing the transit cargo for transfer to the economic zone, the Customs Warehouseman or Wharfinger shall attach a numbered seal, to be provided by the Customs Public Warehouse/ CY-CFS Operator, on the back door of the container van or carrier.

- 3.4 For goods that will not be carried on board closed vans or similar transport units that can be secured by a customs seal, the packages shall be sealed in such a way that any tampering of the package can easily be detected.
- 3.5 The Customs Warehouseman or Wharfinger shall mark the original copy of the Transit-SAD "Released" and affix his signature to it and return the copy to the authorized representative of the economic zone locator enterprise. The Customs Warehouseman or Wharfinger shall retain the other copy of the Transit SAD.

4. Transfer and Delivery of the Transit Cargo to the Economic Zone

- 4.1.1 Upon arrival of the transit cargo at the economic zone destination, the PEZA official/ personnel shall receive the Transit-SAD and scan the Barcode, to confirm delivery of the transit-cargo to the economic zone.

(Note: Scanning of the e-IP Barcode will cause the PEZA e-IPS to register in its database, real-time, an electronic confirmation of the delivery of the transit-cargo to the economic zone. PEZA shall allow the CPCO/PCDU in the port of discharge to have access to the e-IPS database to enable the CPCO/PCDU to verify released transit-cargoes have been actually delivered to the economic zone.)
- 4.1.2 The authorized representative of the economic zone locator enterprise shall submit, for the signature to the designated BOC official in the economic zone, the Transit-SAD and other documents accompanying the transit cargo, also to confirm delivery of the transit-cargo to the economic zone.
- 4.1.3 When BOC is already implementing the ARMSP in the ports of discharge, BOC and PEZA officials shall conduct scanning of the e-IP Barcodes and signing of the Transit-SAD in an area they will agree upon. In addition, BOC and PEZA shall allow transit cargoes, which do not bear any sign that they have been opened or tampered during its transfer from the port of discharge to the economic zone, to be directly delivered to the premises of the locator enterprise for immediate use.
- 4.1.4 Designated BOC and PEZA officials shall undertake joint inspection of a delivered transit-cargo where there are indications that the transit cargo may have been opened or tampered during its transfer from the port of discharge to the economic zone, provided that BOC official who performed the inspection shall prepare a formal report on the inspection conducted, which he will jointly sign with the designated PEZA official.
- 4.1.5 BOC and PEZA officials shall undertake appropriate action against an economic zone locator enterprise 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.

VI. Transitory Provision

This Order shall allow for the dual processing of the Transit documents such that economic zone locator enterprises which are still in the process of complying with the requirements of Enhanced Automated Cargo Transfer System (E-ACTS) shall be allowed to clear the shipments through the existing manual transshipment procedures and forms, while locators who are ready and compliant with E-ACTS shall use the electronic system starting from the effectivity date of this Customs Memorandum Order.

All concerned BOC offices are hereby ordered to give priority to the processing and/or granting of requirements of the economic zone locator enterprises need to have or comply with to become qualified for mandatory E-ACTS implementation on the above-stated date.

VII. Repealing Clause

All provisions of JMO No. 05-2010 not expressly clarified or defined in this Order shall be deemed part of this Order. All rules and regulations prior to JMO No. 05-2010 inconsistent with this Order are hereby deemed repealed, suspended or modified accordingly.

VIII. Effectivity

This Order shall take effect immediately.

 2/4/11
ANGELITO A. ALVAREZ
Commissioner

11-00566