

[**BOC ADMINISTRATIVE ORDER NO. 1-2009,
March 12, 2009**]

**REVISED RULES AND REGULATIONS FOR THE ESTABLISHMENT,
OPERATION, SUPERVISION AND CONTROL OF CUSTOMS
BONDED WAREHOUSES**

TITLE I - OBJECTIVES

1.1 To enhance the rules and regulations for the establishment, operation, supervision and control of Customs Bonded Warehouses (CBWs) and guard against possible revenue leakages arising therefrom.

1.2 To introduce into the CBW scheme computerized systems and more transparent procedures which would aid the Bureau of Customs (BOC) in the monitoring, supervision, and control of CBW operations.

1.3 To align Customs regulations on CBWs with international standards and best practices.

TITLE II- DEFINITIONS

As used in this Order, the following terms shall have the following definitions:

2.1 **Accessories** refer to articles which are neither raw materials nor supplies which enhance the finished products to be exported.

2.2 **Account Officer** is the customs personnel responsible for monitoring, manually or through electronic medium, the performance of a CBW from importation to liquidation of its imported raw materials to ensure compliance with customs rules and regulations.

2.3 **Accountable Officer** is a responsible official of the CBW named and designated by the operator as the person, other than himself, answerable and liable to the BOC for all the operational aspects of the warehouse.

2.4 **Automated Raw Materials Inventory Management System (ARMIMS)** is the computerized system to be adopted by the CBW operator as a tool to determine and monitor the stock inventory of imported articles entered through warehousing of a CBW at any one time.

2.5 **Automated Bonds Management System (ABMS)** is the computerized system to be adopted by the BOC as a tool in the effective monitoring and cancellation of bonds for the liquidation of raw materials/entries.

2.6 **Bar Coding System (BCS)** is the system that may be utilized by the BOC in identifying and tracking certain imported articles entered for warehousing.

2.7 **Bonded Warehouse Committee (BWC)** is the committee created to act on applications for the establishment and operation of CBW, renewal of licenses to operate CBWs, application as member of a Common Bonded Warehouse, application as subcontractor of a CBW and other related matters pertaining to the operation of a CBW.

2.8 **Customs Certificate of License** - is a document signed by the Commissioner of Customs and the District Collector of Customs of the Port, issued to an enterprise with an approved authority to either operate a CBW, to be a licensed member, licensed subcontractor or licensed client/end-user stating its name, license number, exact office and warehouse address, date of grant and expiry of license and type of the approved warehouse, renewable every two (2) or three (3) years, as the case maybe, after proper re-evaluation and favorable recommendation by the BWC.

2.9 **Client Profile Registration System (CPRS)** - is the system of registration provided for BOC stakeholders under CMO No. 39-2008.

2.10 **Compliance Rate System (CRS)** - is a procedure to be adopted by the BOC in assessing the degree of compliance of a warehouse operator with relevant CBW rules and regulations and in taking any action on the CBW's license to operate or any extension thereof. The CRS shall be developed by the BOC subject to review by the Department of Finance (DOF) and consultation with concerned stakeholders. CRS may be applied to licensed members of Customs Bonded Warehouses and licensed subcontractors.

2.11 **Constructive Exportation/Importation** - involves the sale or any other mode of conveyance and delivery of raw materials and semi-finished products from a CBW to a Customs Manufacturing Bonded Warehouse (CMBW), PEZA/Economic Zone, Freeport, or vice versa.

2.12 **Customs Accreditation Secretariat (CAS)** is the office created to supervise and monitor the accreditation of importers and brokers with the BOC.

2.13 **Customs Bonded Warehouse Operator** is a natural or juridical person who has a duly approved license to operate a CBW issued by the BOC.

2.14 **Examination and Storage Facility** is a facility of a Customs Common Bonded Warehouse (CCBW) and Industry-Specific Customs Bonded Warehouse(ICBW) with sufficient personnel and space for examination and storage of goods.

2.15 **Exporter** is a natural or juridical person accredited by the Bureau of Export Trade Promotion (BEPT) of the DTI, or the Export Development Council (EDC).

2.16 **Extension Warehouse** is a separate customs bonded warehousing facility granted by the BOC to an already authorized C BW operator when the latter's current warehousing facilities are no longer sufficient to fully service the volume of its operations.

2.17 **Garments and Textiles Imports Services (GTIS)** is the government agency attached to the Department of Trade and Industry mandated to assist the BOC in granting license to be an operator or be a member or subcontractor of a warehouse facility involved in the manufacture of garments or textiles for export.

2.18 **Information Validator Service Provider (IVSP)** is the service provider accredited by the BOC under CAO No. 7-2008 tasked to validate and organize

information submitted by relevant stakeholders for purposes of accreditation as an importer and/or broker, compliance, and risk management.

2.19 **Licensed client/end-user** is a natural or juridical person licensed by the BOC to be a client/end-user of ICBW.

2.20 **Licensed Member** is a natural or juridical person licensed by the BOC alone, or jointly with the Garments and Textile Import Service (GTIS) for garments industry, to be a member of a CCBW.

2.21 **Licensed Sub-Contractor** is a person or company licensed by the BOC, and the GTIS in case of garments, to undertake or perform, for a definite period, certain manufacturing operations or activities incidental to the manufacture of bonded raw materials into finished products in behalf of a licensed CBW due to the latter's insufficiency of operational facilities or the lack of material time to meet export commitment/s.

2.22 **Multi-Purpose Declaration** is a Customs single administrative document accomplished by the importer, or his duly licensed broker, under oath and submitted to the BOC for purposes of declaring and identifying among others the nature of the article/s being imported, its value, volume, weight, and any relevant description thereof, whether entered through consumption or through warehousing which will assist the BOC in assessing the taxes and duties due on the imported article/s.

2.23 **Open Bonded System** is the operation of a duly licensed CBW wherein the tracking, monitoring and accounting of imported goods entered conditionally free under the CBW Scheme is done by means of computer linkage, without the need of assigning any customs personnel at the warehouse.

2.24 **Operating Warehouse Division/Unit** is the division/unit in each port responsible for the supervision and control of operation of CBWs.

2.25 **Prior Disclosure Statement (PDS)** is a sworn document executed by a CBW operator and submitted to the BOC, including any integral attachments or supporting document thereto, which declares information about certain facts pertaining to the operations of the CBW, including but not limited to its export-import performance, production and financial capacity, and any other information as may be requested by the BOC.

2.26 **Raw Material Liquidation System (RMLS)** is an automated system to be adopted and utilized by the BOC in determining the volume and value of the raw materials exported and subject for liquidation, including the duties and taxes due on the allowable residues/wastages/by-products and other portion of the imported article/s, entered through warehousing, no longer usable for the manufacture of the articles to be exported.

2.27 **Semi-finished products** are imported raw materials or articles that have undergone processing which shall be used in the further manufacture of finished products for export. They are also termed as "intermediate products".

2.28 **Supplies** refer to imported consumable and disposable indirect materials that are needed in the maintenance, operation and production of a CBMW. Such materials are not included in formula of manufacture of the finished products and are not duty/tax-free unless authorized by the BOI or exempted by the DOF.

2.29 **Transfer Note** is a customs document that accompanies the transfer or transit underguard of bonded imported articles to a PEZA/Freeport locator or to another CBW and serves as proof of delivery or receipt of the articles at its intended destination duly acknowledged on its face by the Collector of Customs or his duly authorized representative. It is also commonly referred to as a "boat note".

2.30 **Transit** is the customs procedure under which goods are transported under Customs control from one Customs office to another or to a PEZA-registered enterprise or Freeport locator, and vice versa.

2.31 **Unauthorized Withdrawal** is a violation of Customs law committed when an imported material entered through the warehousing scheme and destined for transit to a particular CBW, PEZA/Freeport locator, or from the CBW to the port or airport for exportation, is brought to some place other than its intended destination without any prior authority from the Collector having jurisdiction over the imported goods. Unauthorized withdrawal includes the act of directly transferring the imported materials to a licensed member or licensed subcontractor without passing through the physical facility of the CBW, or the transfer of such materials to a non-licensed member or subcontractor.

Unauthorized withdrawal is also committed by the withdrawal of any material/article stored in a CBW without the duly processed withdrawal or requisition slip or the unauthorized substitution of materials or finished products with local materials or articles.

2.32 **Wastage Valuation Data Base (WVDB)** is a bank of information and reference values which shall be utilized by the BOC in assessing the taxes and duties due on the allowable residue/wastage/by-products or other portion of the imported article/s which can no longer be used for the manufacture of the articles to be exported.

2.33 **Warehouse Coordinating Division (WCD)** is the Office created under Executive Order (E.O.) No. 127 mandated principally to coordinate and evaluate warehousing activities including the liquidation of materials, coordinate and monitor policies and guidelines for the effective implementation of laws, rules and regulations on bonded warehousing, and formulate effective internal control system to prevent possible violations of customs laws, rules and regulations.

TITLE III - GENERAL PROVISIONS

3.1 The BOC is responsible for the licensing, supervision, and control of all CBWs including its extension warehouses, licensed members and licensed subcontractors. Subcontractors located in PEZA or Freeports shall likewise be subject to monitoring by the Bureau of Customs upon proper coordination with the relevant agency concerned.

3.2 A CBW and variants thereof include the surrounding premises within its perimeter fence per approved application, rooms, compartments, and other areas necessary and exclusively used for storing, processing, re-packing, and manufacturing imported raw materials and the finished product, by-products, wastages and rejects incident to such activities as applied for and approved by the BOC. No other establishment shall be allowed thereat except upon proper approval of the BOC and under such conditions as may be imposed by the BOC.

3.3. Types of Warehouses and their Definitions:

3.3.1 **Ordinary Customs Bonded Warehouse (CBW)** is the traditional warehouse wherein a Customs Bonded Warehouseman, Sr. Storekeeper and CBW Guards, among others, may be assigned to supervise its activities and transactions with the BOC.

3.3.2 **Airlines Customs Bonded Warehouse (ACBW)** is a special type of CBW which caters to the needs of the international air carriers operating in the country.

3.3.3 **Customs Common Bonded Warehouse (CCBW)** is a warehouse facility licensed by the BOC alone, and jointly with GTIS for garment industry, to import, receive, and store raw materials, accessories, spare parts, supplies, accessories and packaging materials for the account of its accredited members for manufacture into finished products for export.

3.3.4 **Garments/ Textile Manufacturing Bonded Warehouse (GTMBW)** is a warehouse facility jointly licensed by the BOC and the GTIS through its accreditation committee to import, receive and store garments, textiles, accessories and packaging materials for manufacture into finished products for export.

3.3.5 **Industry-Specific Customs Bonded Warehouse (ICBW)** is a warehouse facility duly licensed by the BOC to import under bond and under its name and account raw materials (except fibers, yarns, fabrics and accessories for the manufacture of garments) for storage and subsequent sale/transfer to the following where these shall be manufactured into export products:

- a. Licensed client/end-user;
- b. Customs Bonded Manufacturing Warehouse; or
- c. PEZA or Freeport locator.

3.3.6 **Miscellaneous Manufacturing Bonded Warehouse (MMBW)** is a warehouse facility licensed by the BOC to import, receive, and store raw materials, accessories and packaging materials, except garments and textile, for manufacture into finished products for export.

3.3.7 **Multinational Regional Bonded Warehouse (MRBW)** is a warehouse facility licensed by BOI in proper cases, to serve as a supply depot for the storage, deposit, safekeeping of spare parts components, semi-finished products and raw materials including the packing, covering, putting up, marking, labelling, cutting or altering to customer's satisfaction, mounting and/or packaging into kits or marketable lots thereof to fill up transactions and sales made by its officer or parent companies and to serving as a storage of goods purchased locally by the home office of the multinational for export abroad under the supervision of the BOC.

3.3.8 **Private Bonded Warehouse (PrBW)** is a warehouse facility licensed by the BOC to import, receive and store articles for its production intended for domestic consumption, withdrawal of which shall