

[BOC MEMORANDUM CIRCULAR NO. 92-98, March 16, 1998]

AMENDED JOINT-ORDER NO. 1-91

Attached for your information and guidance is the Amended Joint Order No. 1-91 issued by the Secretary of Finance, Secretary of Trade and Industry and the Governor of the Bangko Sentral ng Pilipinas incorporating all the amendments in the implementation of the Comprehensive Import Supervision Scheme (CISS) beginning March 16, 1998, referred to as the Selective Pre-shipment Inspection-Advance Clearance System (SPACS).

Kindly be guided accordingly.

Adopted: 16 March 1998

(SGD.) GUILLERMO L. PARAYNO JR.
Commissioner

"Attachment"

Amended Joint Order 1-91

In compliance with Memorandum Order No. 391 dated September 2, 1991, the Secretary of Finance, the Secretary of Trade and Industry and Governor of the Bangko Central ng Pilipinas hereby reissue this Joint Order 1-91 incorporating all the amendments thereto for the implementation of the Comprehensive Import Supervision Service (CISS):

1. Importation of goods may be effected by a Letter of Credit (L/C) or without the use of an L/C as provided by existing laws, circulars, rules and regulations.
2. Except as otherwise provided for herein, goods destined for importation into the Philippines from all countries of supply shall be subject to the CISS to be undertaken by the SGS being the inspector duly authorized by government, thru SGS Registration/Selective Pre-shipment Inspection Advance Clearance System (SPACS), under which SGS shall:
 - a. Check the compliance of the shipment to the convention on the proper description of imported goods as provided for under CMO 46-94.
 - b. Verify from the data warehouse value and report the availability of export and transaction values;
 - c. Ascertain and report the proper classification of shipment based on the data bank

of classification.

d. Make a risk assessment profile of the shipment by checking its particulars against the intelligence database.

The SPACS combines and converts the existing IAN process and the Import Entry Declarations (IED) into a Clean Report of Findings (CRF).

The import of these goods into the Philippines customs territory is only permitted after SGS registration is done and the Clean Report of Findings (CRF) is issued by SGS.

3. The conduct of the selective pre-shipment inspection under SPACS shall be limited to:

a. Shipments of goods description of which do not conform to the convention under CMO 46-94.

b. Goods that require laboratory or complex test procedure to establish its identity, classification and proper valuations.

c. Shipments declared to be seconds, off-quality, stocklot and other descriptions connoting sub-standard or not prime quality.

d. Waste materials to ascertain compliance with environmental standards.

e. Other shipments ascertained by the Bureau of Customs to be high risk.

f. Shipments volunteered for inspection to take advantage of quick release processes in the ports.

4. The Government of the Philippines may require SGS to conduct physical pre-shipment inspection on goods otherwise exempt from pre-shipment inspection under paragraph 5 below in which case such inspections shall be conducted as provided under the terms of the Agreement between the Government and SGS. SGS will cooperate with Philippine Government officials designated by the Government through the Bureau of Customs, or otherwise, to witness the inspections performed subject to legal restrictions in the host country.

5. The following importations of goods are exempt from the CISS:

a. Goods imported pursuant to Section 105 of the Tariff and Customs Code of the Philippines but not including commercial imports under consignment basis.

b. Crude oil and petroleum products in bulk such as but not limited to crude oil, LPG, Naphtha, Gasolines, Reformates, Kerosenes, Aviation fuels, Gas Oils, Base Oil for lubricants, Fuel Oils, Asphalt-all in bulk but not including chemicals and their products, petroleum additives and lubricating oils.

c. Shipments of explosives, ammunition, arms and equipment and other strategic materials certified as such by the Department of National Defense but not including raw materials such as chemicals for the manufacture of explosives and firearms and

ammunition for commercial use.

d. Precious stones, artifacts and precious metals.

e. Fresh, frozen or chilled foodstuff and fruits.

f. Live animals.

g. Works of art.

h. Current newspapers and periodicals.

i. Parcel post.

j. Individually-owned motor vehicles qualifying under the provisions of Executive Order no. 248, Vehicle Development Program, Series of 1987, specifically relating to the no-dollar importation of second hand motor vehicles of returning residents or immigrant.

k. Goods the FOB value of which as declared in Letter of Credit is less than US\$500 FOB or its equivalent in other currencies at the time of L/C opening but not including part shipments invoiced at less than US\$500 f.o.b against a Letter of Credit the value of which exceeds US\$500 f.o.b. In the case of goods financed by means other than a Letter of Credit, goods where the value of the total invoice covering the shipment is less than US\$500 or its equivalent in other currencies.

The exemption provided for in this paragraph will not apply to goods invoiced or declared in the shipping documents, as off-quality under such descriptive terms as stock-lots, side-runs, cull rolls, seconds, mill lots, scraps, off-grade, reconditioned, used, junk, or similar terms conveying or purporting to convey the condition of the article as sub-standard or off-grade and not of prime quality.

l. Importation into the Philippines where the consignee is either the Government of the Philippines or any of its corporation, agencies, and instrumentalities, but not including goods imported on behalf of these entities by private importers.

m. Importation of semi-conductor and allied enterprises subject to the qualification requirements of the Board of Investments.

n. Importation by export processing zone enterprises duly registered as such with the Philippines Economic Zone Authority.

o. Importation of equipment, machinery, spare parts and other materials for oil, coal mining and geothermal operations by petroleum, geothermal and coal service contractors pursuant to P.D. Nos. 529, 972 and 1442 as certified by the Office of Energy Affairs.

p. Importation by member firms of the automotive wiring harness industry.

q. Importation of pre-cut fabrics and accessories for processing into finished garment and textile products for export by firms which have been engaged in the garment and textile exports for the last five (5) years subject, however, to the

following conditions: (1) the firm and/or any of its officers have not violated any rules and regulations of the GTEB and BOC governing import/export operations during this five year period nor have any pending case whether administrative or judicial regarding the conduct of importation of its raw materials; (2) the firm must not be delinquent in the liquidation of imported raw materials; (3) the said pre-cut fabrics and accessories are directly used in the manufacture of the products to be exported; and (4) the firm must present an exemption certificate issued by the Ad Hoc Committee on the CISS thru the Garments Textile Export Board.

r. Importations by enterprises/firms registered with the Subic Bay Metropolitan Authority (SMBA) and Clark Special Economic Zone (CSEZ), subject to the implementing rules and regulations jointly promulgated by the SBMA, CSEZ and the Bureau of Customs, except for shipment bound for duty free shops, outlets or trading warehouses catering to duty free shops and outlets.

s. All duty and tax exempt shipments including those entered under the CBMW (Customs Bonded Manufacturing Warehouse).

6. Importation into the Philippines which are subject to SGS CISS under the provisions of this Joint Order, may be subject to further examination and appraisal by the Bureau of Customs at the discretion of the Collector. The CRF shall be considered recommendatory in nature with regard to the Tariff and Customs Code Classification. However, except where the value in the invoice or the published value is higher, the dutiable value reported in the Clean Report of Findings shall be the basis for the assessment of duties and taxes.

7. The inspection to be conducted under the Selective Pre-Shipment inspection Advance Clearance System (SPACS) shall consist of:

Inspection and Price verification:

- inspection of quality;
- inspection of quantity;
- price verification;
- determination of dutiable value as defined by paragraph 1 of Section 201 of the Tariff and Customs Code;
- verification of freight charges in accordance with Customs rules and regulations;
- verification of Tariff and Customs Code Classification and Tariff rate.

8. Procedures for importation effected through the opening of an L/C:

a. At the convenience of the importer, he may consider any of the following two procedures to comply with the Selective Pre-Shipment inspection Advance Clearance System (SPACS) as provided for by this Order.

- Self Assessment

The importer shall declare at the time of L/C opening whether his proposed shipment is subject to the requirement of physical pre-shipment inspection as described in section 3 of this Order.

— Assessment by SGS

Prior to L/C opening, the importer may directly approach SGS Manila Liaison Office or any of its satellite offices which will provide within 12 hours an SGS registration document clearly indicating whether the proposed shipment is subject to the requirement of physical pre-shipment inspection as described in section 3 of this Order.

b. The importer shall apply for the L/C with the Opening Bank. The L/C application shall state the type, quality, quantity, unit price and total value, freight charges, country of supply and PSCC Code number of the goods.

c. The L/C opened by the Opening Bank shall have the following annotation if the goods are subject to SGS pre-shipment inspection:

"Goods are subject to the prescribed SGS Pre-shipment inspection, in which case beneficiary certificate to this effect is required."

d. The importer shall inform the recipient of the L/C in writing or by electronic means as to whether the goods are subject to the requirement of physical pre-shipment inspection by SGS under the SPACS as provided for by this Order. The recipient of the L/C shall be responsible for facilitating the smooth physical inspection of the goods by SGS and the bank shall only make payment upon submission of the beneficiary's certificate confirming compliance with the required SGS PSI.

The L/C should be opened not later than ten (10) days prior to the scheduled date of shipment, if subject to pre-shipment inspection abroad.

e. Prior to issuance of the L/C, the Importer shall complete the Import Entry Declaration (IED) stating the tariff heading (HS Code), import duty charges due on the shipment, the importer's Tax Identification Number (TIN) and all other information as required by the Bureau of Customs and/or the Commercial Bank, and shall pay the estimated advance customs duties due to the Opening Bank. Where an importation has been exempted from payment of advance duties the importer shall furnish the Opening Bank with a letter of exemption from the authorized government agency;

f. The Opening Bank shall checkwrite/validate the IED on the advance duties collected. The Opening Bank prepares copies of the following documents for collection by the SGS Manila Liaison Office (Liaison Office)

- all copies of the L/C whether subject to SGS physical pre-shipment inspection, registration or not.
- seller's pro forma invoice
- the IED