

**[ JOINT BOC-PEZA MEMORANDUM ORDER NO. 02-2005, June 10, 2005 ]**

**RULES AND REGULATIONS TO GOVERN THE TRANSFER OF IMPORT SHIPMENTS EXEMPTED FROM PAYMENT OF DUTIES AND TAXES, FROM SEAPORTS OF DISCHARGE TO PEZA-REGISTERED ECONOMIC ZONE**

Pursuant to the Memorandum of Agreement entered into by and between the Bureau of Customs (BOC) and the Philippine Economic Zone Authority (PEZA) dated 28 April 2001, and as supplement to the implementation of BOC-PEZA Joint Memorandum Order No. 1-2001 (herein referred to as JMO No. 1-2001 and herewith attached as "Annex" A\*), the following rules and regulations are hereby prescribed to govern the transfer of import shipments exempted from payment of duties and taxes, from seaports of discharge to PEZA-registered economic zone locator enterprises.

**I. Objectives**

1. To establish ownership of all import shipments attributed to PEZA-registered economic zone locator enterprises discharged at seaports and to be released without payment of taxes and duties;
2. To facilitate and simplify procedures and requirements in the filing, processing and releasing of import shipments of PEZA-registered enterprises;
3. To confirm delivery of import shipments of PEZA-registered enterprises released at the seaports to their respective economic zone locations;
4. To develop and maintain a database on importations of PEZA-registered economic zone enterprises.
5. To generate and report trade and statistical data that may be utilized in the formulation of trade and investment policies.

**II. Scope**

This JMO shall apply to tax and duty-free import shipments of PEZA-registered economic zone locator enterprises arriving at and discharged from seaports for delivery to economic zone locations.

**III. Administrative Provisions**

1. A Customs-PEZA Clearance Office (CPCO) shall be established in each of the seaports where this Order shall be implemented.
  - 1.1. The CPCO shall be responsible for processing Transit-Import Entries and Internal Revenue Declarations (Transit-IEIRDs). It shall approve the release

and transfer of import shipments to the economic zone locations of the importing PEZA-registered enterprises, as prescribed in JMO No. 1-2001.

1.2. The CPCO shall be manned by BOC and PEZA officials and personnel.

1.3. The CPCO shall be under the direct supervision and control of the BOC Deputy Collector for Operations, who shall be responsible for the efficient and effective monitoring and accounting of all import shipments processed, released and transferred from the port of discharge to the economic zone locations of PEZA-registered enterprises.

1.4. The CPCO shall be equipped with ACOS workstations, electronic broadcasting facility and an automated system that will confirm actual delivery of import shipments received at the economic zone locations of the importing PEZA-registered enterprises.

1.5. The CPCO shall utilize an Auto-Debit mobile and/or similar cashless payment system.

1.6. For every import shipment processed and released from the port of discharge, the BOC shall collect a total P 1,015.00, as follows:

P 710.00	Cargo Transfer Fee (CTF)
40.00	Transit-IEIRD Form
<u>265.00</u>	Documentary Stamps
1,015.00	Total

#### IV. Operational Provisions

1. Import shipments of PEZA-registered economic zone enterprises shall be covered by Import Permits (IPs) issued by PEZA through its Electronic Import Permit System (EIPs).

1.1. Electronic Import Permits may be printed out as bar-coded hard copies.

1.2. The Electronic Import Permit shall be compatible with the Transit-IEIRD regarding its information content.

2. PEZA-registered enterprises shall lodge their Transit-IEIRDs in the CPCO.

2.1 In the case of a Direct Trader Input (DTI) lodgment, no separate printed Transit-IEIRD shall be required. Instead, the Single Administrative Document (SAD) generated, signed by the duly designated official of the PEZA-registered enterprise or its representative, shall serve as the Transit-IEIRD.

3. BOC shall develop and implement an Electronic to Mobile Broadcasting (e2m-Broadcasting) facility to verify ownership of import shipments attributed to PEZA-registered enterprises. Basically, using the facility, BOC will inform registered enterprises of all import shipments attributed to them, as well as the status of each including the moment the shipment is cleared for release.

3.1. The filing of the Transit-IEIRD at the CPCO will trigger the sending of e-mail and/or SMS message to enrolled e-mail addresses and/or cellular phone numbers to the PEZA-registered enterprise to which ownership of the import shipment is attributed.

3.2. Upon receipt of e-mail and/or SMS message from the BOC, PEZA-registered enterprises shall acknowledge or confirm ownership of the import shipments attributed to them by using pre-formatted text e-mails/SMS messages.

3.3. Denial of ownership of the import shipment by the PEZA-registered enterprise shall cause such shipments to be the subject to an immediate Hold and Alert Order.

3.4. Failure of PEZA-registered enterprises to acknowledge/confirm ownership of import shipments attributed to them shall cause such shipments to be held and released only after ownership of the import shipments shall have been established.

3.5. Failure of PEZA-registered enterprises to acknowledge/confirm ownership of import shipments attributed to them within 12 hours shall cause the import shipment to be subject to an appropriate Hold and Alert Order.

3.6. PEZA-registered enterprises shall enroll with BOC and PEZA the authorized e-mail addresses and cellular phone numbers as recipient of the e2m-Broadcasting messages.

4. PEZA-registered enterprises shall post General Transportation Bonds (GTBs) to cover all taxes and duties of import shipments while in transit through the customs territory, from the port of discharge to their economic zone locations.

4.1. The GTB shall be an annual chargeable bond equivalent to twice the amount of taxes and duties due on an average import shipment discharged and released at the seaport based on the following formula:

$$\text{Amount of GTB} = \frac{\text{Total taxes and duties due on all import shipments during the preceding year}}{2 \times \text{Total No. of import shipments during the preceding year}}$$

4.2. The outstanding GTB shall not be less than the total duties and taxes for the import shipment being filed.

4.3. PEZA-registered enterprises shall register the GTBs at the BOC Bonds Division in the respective ports where their import shipments are discharged and released.

4.3.1 The Bonds division of that particular port shall provide the CPCO a copy of the list of authorized PEZA-registered enterprises with sufficient bonds.

4.3.2. The BOC shall provide the CPCO with electronic GTB data as soon as the Automated Bonds Management System is operational.

4.4. Only GTB's issued by surety companies duly accredited by the BOC at the time of filing of the Transit-IEIRD (pursuant to CMO No. 22-2003) shall be honored.