

[BOC MEMORANDUM ORDER NO. 3-2000, April 03, 2000]

ENHANCED CARGO CLEARANCE PROCEDURES WITH PROCEDURES ON TENTATIVE RELEASE

Pursuant to section 608, Tariff and Customs Code of the Philippines, as Amended, the following rules and regulations are hereby promulgated:

I. OBJECTIVES

1. To further enhance the regulations covering the import clearance processes under the WTO Valuation System; and
2. To facilitate the clearance of legitimate commerce while protecting government revenue.

II. SCOPE

This Order shall cover all shipments in all ports except those covered by the Super Green Lane facility, and by SGS-CRF, in which case CMO Nos. _ and 24-99 shall apply respectively.

III. CARGO CLEARANCE PROCEDURE

1. *Documentation Requirements* - The following documents shall be used in clearing importations at the BOC:

- 1.1 Import Entry and Internal Revenue Declaration (IEIRD) Form - BC Form 236, which will include the Supplemental Declaration on Valuation (SDV) form. The guidelines for the proper accomplishment thereof are prescribed by CMO 1-96 A;

- 1.2 Bill of Lading or Air Waybill or House Bill of Lading, where applicable;

- 1.3 Commercial Invoice;

- 1.4 Packing List; and

- 1.5 Others additional documents as may be required.

2. The IEIRD shall be based on self-assessment. As such, the importer and the customs broker shall make a complete and correct declaration of the particulars of the importation on the IEIRD and the SDV, which declaration shall be under oath and subscribed to by the importer and the Customs broker before a notary public or a Customs officer authorized to administer such oath under Section 3503 of the Tariff and Customs Code of the Philippines, as amended, under pain of

prosecution for perjury. However, in the case of SDV, the Customs broker shall sign to attest to the authenticity of the signature of the importer.

3. The importer/broker shall compute the duties and taxes using the applicable valuation method as prescribed in Section I of CAO No. 2-99.

4. The computed duties and taxes based on self-assessment shall be paid through Authorized Agent Bank (AAB) in accordance with CAO 2-95.

5. An import entry may be subject to post entry audit to verify the truth or accuracy of the declaration in the IEIRD and the SDV.

Entry Lodgement

6. For ports where the Automated Customs Operations System (ACOS) is in operation, electronic lodgment of import entries shall be made through any of the following as may be applicable:

6.1 Entry Encoding
Center (EEC)

6.3 Electronic Data
Interchange (EDI)

6.2 Direct Traders Input
(DiTI)

For ports, which are not equipped with ACOS, lodgment shall be at the Entry Processing Division or equivalent unit. In these ports, provisions pertaining to ACOS and Selectivity shall not apply.

7. Upon electronic lodgment, Selectivity is triggered.

7.1 If Green Channel — The import entry documents shall be forwarded together with the ACOS generated assessment notice to the Collection Division.

7.2 If Selected Channel — The import entry documents shall be forwarded together with the ACOS generated assessment notice to the Formal Entry Division (FED) through the Entry Processing Unit (EPU).

Assessment (for Selected Entries in ACOS)

8. At the Entry Processing Unit —

8.1 The document examiner/processor shall check that all required documents accompanying the IEIRD and the SDV are complete and forward the same to the Releasing Clerk/Segregator.

8.2 The Releasing Clerk/Segregator shall segregate the IEIRD copies according to the distribution list in II.3 of CAO 1-96A. He shall then forward the Customs Copy (white) together with all the supporting documents to the Formal Entry Division (FED), or equivalent unit concerned.

9. At the Formal Entry Division or equivalent unit concerned —

Upon receipt of the import entry documents the COO V shall, verify through ACOS whether the import entry has been selected due to the valuation screen or an enforcement screen. If hit by the valuation screen, the COO V shall stamp the word "VALUATION" on the top right corner of the IEIRD (space above the logo of the BOC).

For Entries under YELLOW Lane:

9.1 The conduct of document examination and disposition of yellow lane shipments shall be in accordance with current procedures governing yellow lane entries.

If hit by the valuation screen, the COO III and the COO V concerned shall forward the import entry documents to the Valuation and Classification Review Committee (VCRC).

But even if not hit by the valuation screen, the COO III and COO V may nevertheless forward the import entry to the VCRC under paragraph 10.2.1 below.

9.2 For import entries re-routed, in appropriate cases, to the red lane, the procedures for shipments through the red lane will apply.

For Entries under RED Lane:

9.3 The conduct of physical examination and disposition of red lane shipments shall be governed by the current procedures governing shipment in the red lane.

If hit by the valuation screen, the COO III and the COO V concerned shall forward the import entry documents to the Valuation and Classification Review Committee (VCRC).

But even if not hit by the valuation screen, the COO III and COO V may nevertheless forward the import entry to the VCRC under paragraph 10.2.1 below.

9.4 For import entries re-routed to red channel by VCRC, the COO III shall inspect the goods in accordance with existing rules and regulations and transmit the import entry, together with his findings to the COO V who shall then forward the import entry to the VCRC.

The Valuation and Classification Review Committee (VCRC)

10. There is hereby created for each Collection District a Valuation and Classification Review Committee (VCRC) directly under the Chairmanship of the respective District Collector of Customs to be composed of the following:

- Deputy Collector for Assessment — Vice Chairman
- Chief, FED or equivalent unit — Member
- Concerned COO V and COO III — Members

10.1 The VCRC shall have the following functions:

- 10.1.1 To determine if there is a genuine valuation issue;
- 10.1.2 When a genuine valuation issue exists, to determine whether delay will ensue in the determination of customs value;
- 10.1.3 To process request for tentative release, when applicable;
- 10.1.4 To re-route import entry when necessary to the red channel;
- 10.1.5 To determine applicable method of valuation including computation of duties and taxes;
- 10.1.6 To perform such other functions as may be necessary to effectively carry out its mandate.

The VCRC shall meet at least once a week or as often as necessary and shall be supported by a permanent Secretariat composed of a Head, several evaluators and a clerical staff to be assigned by the District Collector concerned.

10.2 Import Entries shall be coursed to the VCRC when:

10.2.1 Hit by the Valuation Screen under the selectivity system (the ACOS computer will display the word "VALUATION" if the particular shipment was hit by the valuation screen). Under this scenario, the COO V shall fill up the Request for VCRC Review Form and immediately forward the same together with the import entry to the VCRC.

Note that the COO V shall not decide whether or not the value of the shipment is doubtful. Only the VCRC has the power to cast doubt on the value of the shipment and decide whether a genuine valuation issue exists or not.

10.2.2 Further valuation scrutiny is needed even if not hit by the valuation screen as justified by the COO V and COO III. Such import entry shall be endorsed by the COO V and COO III, with the appropriate justification to the VCRC and shall be released tentatively, with the Transaction Value accepted provisionally. A guarantee will however not be required in this case and the procedures for tentative release are stated in Section IV below.

10.3 A genuine valuation issue exists when:

10.3.1 The shipment is hit by the Valuation Screen, and

10.3.2 At least one of the elements under the Transaction Value (method 1) is inconsistent with the declaration and/or is missing, and/or

10.3.3 The VCRC establishes that the method of valuation used by the declarant is incorrect;