



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA
BOX NO. 443

JUN 11 1998

CUSTOMS MEMORANDUM ORDER
NO. 15-98

To: The District Collector, Port of Manila
The Deputy Collectors, Port of Manila
The Chiefs, Customs Bonded Warehouse Operating Divisions
The Chief, Warehousing Assessment Division
The Chief, Bonds Division
The Chief, Warehousing Documentation & Records Division
The Bonded Warehouse Operators
The Philippine Chamber of Commerce and Industry
Concerned Value Added Network Operators
All Others Concerned

Subject: **Remote Lodgement of Warehousing Entries Using the EDI Gateway Facility**

1.0 Objectives

- 1.1. To provide a service facility that will allow a greater number of BOC clients to remotely and electronically create/transmit import declarations/entries on a 24 hours, year round basis;
- 1.2. To supplement the Direct Trader Input (DTI) facility in the provision of a remote entry lodgement facility for import clearance processing;
- 1.3. To promote "paperless" procedure and the use of internationally agreed standards in import clearance processing.
- 1.4. To further instil best Customs practices towards trade facilitation.

2.0. Scope

- 2.1. This Order shall be initially applicable to common bonded, garments and miscellaneous warehousing entries filed and processed at the Port of Manila;
- 2.2. The schedule of implementation for other ports and/or types of entries shall be given in

memoranda subsequent to this Order.

3.0. General Provisions

3.1. Definition of Terms

3.1.a. **Electronic Data Interchange or EDI** is defined as the system-to-system exchange of business information in structured or standard message format between parties. Specifically in this case, EDI shall be a complete electronic transaction cycle for a Customs import declaration with the following components, details of which are provided in paragraph 4.0 - Operational Provisions of this Order:

- 3.1.a.1. creation of entry declaration
- 3.1.a.2. submission via transmission
- 3.1.a.3. verification via validation
- 3.1.a.4. acceptance via reception
- 3.1.a.5. acknowledgement/processing result via response

3.1.b. **UN/EDIFACT** or United Nations Electronic Data Interchange for Administration, Commerce and Transport - internationally agreed message standards

3.1.c. EDI Message Formats

CUSDEC - CUSStoms DEClaration message, a subset of UN/EDIFACT standards
CUSRES - CUSStoms RESponse message, a subset of UN/EDIFACT standards

3.1.d. **EDI Gateway** is a facility which allows users to transact with the Bureau using a remote computer and internationally accepted standard messages (e.g. UN/EDIFACT).

3.1.e. EDI clients, hereinafter refers to warehouse operators/ importers/ declarants, engage a third party called **Value Added Network (VAN)** service provider which will provide the interface services to facilitate connectivity to the Gateway.

3.1.f. **EDI Lodged Declaration.** An EDI entry declaration is considered lodged/filed when the declaration is successfully accepted, validated and registered by ACOS. Lodgement is consummated at the date/time a Registration Number is assigned to the declaration. The date/time stamp, once given, becomes a permanent record of the entry and not subject to any form of adjustment/amendment.

In case of arbitration arising from any disagreement based on any legal undertaking recognized by the Bureau, the ACOS Administrator (who shall be the duly recognized custodian of the system's information), shall, at the Bureau's sole discretion, release a duly certified print out of any requisite information relative to the entry declaration pertinent to the subject arbitration.

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3.2. The EDI Network Inter-connection Infrastructure

The EDI import declaration lodgement cycle shall go through a network interconnection infrastructure which in this case has the following components:

3.2.1. The EDI Client's Application System. Any application system used by the EDI client must be able to create/print an import declaration in SAD format, transmit the declaration message to a VAN, receive an ACOS response message and print a declaration Assessment Notice.

EDI entry declaration shall use any of the following codes for Box No. 1 of the SAD as the model of declaration:

- "7E 7" - for creating a regular warehousing entry declaration
- "7TE 7" - for creating a warehousing entry declaration of a shipment previously covered by a transshipment permit
- "7WE 7" - for creating a "bonded to bonded" warehousing entry declaration

3.2.2. Value Added Network (VAN). Any accredited VAN must be able to establish a two-way connection between the EDI client's application system and the Gateway and perform the following:

- a. receive and validate import declaration message transmitted in 3.2.1
- b. convert the declaration to a CUSDEC message (if applicable)
- c. forward CUSDEC message to the Gateway
- d. receive, translate (if applicable) and forward the CUSRES message sent by ACOS via the Gateway to the EDI client's application system

3.2.3. Gateway Facility. The EDI Gateway shall perform the following:

- a. receive/validate/convert CUSDEC message sent by the VAN
- b. forward the converted message to ACOS
- c. receive Customs response from ACOS via the Gateway, converts this to a CUSRES message and forwards the same to the EDI client's application system via a VAN.

3.2.4. Automated Customs Operation System(ACOS). ACOS shall -

- a. accept/validate/process EDI declaration
- b. lodge the processed declaration
- c. generate the corresponding responses (e.g. Assessment Notice)
- d. send the responses to the Gateway for transmission to the EDI client via a VAN.

3.3. Interconnection Agreement and Service Levels

The Gateway and the VANs shall enter into an interconnection agreement which will describe the delivery of the following support services:



3.3.1. **Client Assistance.** The EDI Gateway and the respective VANs shall each make available a help desk support system commensurate to their individual service agreements.

3.3.2. **Service Availability.** In order that EDI clients may take full advantage of EDI lodgement which allows them to create/transmit declaration at any hour of the day or night, including periods when ACOS is officially shut down, the requisite services of the VAN and Gateway as described herein shall be available on a 24 hour, year round basis.

3.3.3. **Training.** It shall be the responsibility of the VANs to conduct training for their respective EDI clients. The scope of the training shall include, but not limited to, the following subjects:

- a. BOC EDI procedure
- b. EDI technology and its use
- c. Familiarization on the use of VAN facility and application system

3.4. Accreditation of EDI Users

Accreditation will be required for interested parties who want to avail of the EDI service. In general, the process of accreditation shall consist of the following :

- a. **Application.** The interested party must secure, accomplish and submit an application form (attached as Annex "A") which is subject to evaluation by the Bureau.
- b. **Registration.** Upon approval of an application, the Bureau shall recognize the applicant as duly registered for the EDI service.

A duly approved application form shall likewise serve as the registration certificate of the EDI user.

3.5. Automatic Bond Charging

Bond charging for EDI lodged warehousing entry declaration shall be automatically done by ACOS, upon successful electronic assessment of the declaration. The implementing procedures of the automatic bond charging shall be provided in a customs memorandum order subsequent to this Order.

In the event that the automated bond charging procedure has not been implemented yet, "Post Bond Charging" concept as described below shall be followed:

3.5.1 Post bond charging shall take place after processing of release documents or immediately after the release of shipment.

3.5.2. The above shall be implemented provided that the warehouse operator/importer have set-up "General Bond Undertaking (GBU)" which shall guarantee payment of duties and taxes in cases of events or incidents deviating from the normal EDI process.

3.6. Use of SAD in lieu of IEIRD

To further reduce the number of paper documents involved in processing an EDI declaration, the following shall be observed:

3.6.1. The EDI generated SAD shall be permitted in lieu of the normal IEIRD.

3.6.2. Any fees related to the use of the IEIRD shall be included in the payment for processing of the import document using the SAD.

a. These fees shall be automatically collected following the pre-payment scheme (CMO 23-97).

b. Fees to be automatically collected include IPF, boatnote, cost of IEIRD, and documentary stamp.

3.6.3. In the event that an EDI lodged declaration is "Selected", the EDI client shall submit the printed SAD, together with the required supporting documents, to the Bureau of Customs for regular processing.

For Green Lane shipments, immediate submission of the SAD and supporting documents are not required. However, the same must be submitted in batch to the concerned customs bonded warehouse operating division, such that all SADs covering Green Lane entries filed for a particular week must be submitted on the *first working day* of the following week or earlier.

4.0. Operational Provisions

4.1. Activities Outside the Bureau of Customs

4.1.1 Creating and Transmitting Declaration Message (At the EDI Client's Office)

EDI client creates warehousing entry declaration using his own application system and transmits the same to his contracted VAN.

During ACOS regular shutdown schedule, transmission between the EDI Client and the Gateway thru the VAN shall be available 24 hours a day, on a year round basis. During this period, the Gateway shall transmit to ACOS the successfully validated/converted EDI declaration at the first hours of the next working day and have the lodgement results from ACOS available to the EDI client immediately.

4.1.2. Validation and Forwarding of CUSDEC Message (At VAN Side)

The validation process in the VAN shall consist of checking that-

- a. the declaration message sender is a registered EDI client of the VAN,
- b. the transmitted entry conforms with the prescribed message specifications, and,
- c. the TIN numbers of importer and the brokers are registered with ACOS.

Failure in any of the checks shall cause rejection of the message and will require subsequent re-sending of the corrected version

The VAN shall forward the successfully validated declaration message to the Gateway in CUSDEC format.

4.1.3. Validation and Translation of CUSDEC Message (At Gateway Side)

The Gateway shall validate the CUSDEC message forwarded by the VAN. Upon successful validation, the message shall be translated into ACOS readable format and forwarded it to the BOC ACOS system.

Failure in the validation shall cause rejection of the message and will require subsequent re-sending of the corrected version.

Based on the EDI declaration, the BOC ACOS shall automatically register, select clearance channel, assess the duties/ taxes (if not Selected) and collect the import processing fee (IPF) and other fees. Afterwhich, a response containing AN information is created and sent to the EDI client via the Gateway-VAN interconnection.

4.1.4. Printing of Assessment Notice (AN) and Single Administrative Document (SAD) (At the EDI Client's office)

Upon detection of the presence of the response message, prints a copy of the SAD and the AN for presentation to the concerned customs offices depending on the declaration customs clearance assignment.

4.1.5. Pick-up and Delivery of Shipments (By the Warehouse Operator)

Based on the results of Selectivity, the Client has to go to arrastre operator either for pick-up and delivery of the shipment or to the Warehousing Assessment Division for the preparation for documentary/physical examination.

4.2. Activities at the Bureau of Customs

Selected EDI warehousing entries shall follow the current procedures that requires Declarants to submit documents and personally appear before Customs officers.

EDI entries granted green status, however, will adhere with the following procedure:

4.2.1. Customs Bonded Warehouse Operating Division (CBWOD)

At CBWOD, a tracer document called the ACOS green lane EDI Warehousing Assessment Form (EWAF) will be printed at the time the EDI processed information is received at this office. The EWAF will take the place of the working copy of the entry in procedures where paper handling is still being performed. Based on the printed EWAF, the concerned customs bonded warehouse operating division shall perform the following procedures:

- a. Posts the warehousing transaction based on the EWAF;
- b. Checks importable and accounts quota balances;
- c. Manually lifts the duty stop. In case where the ACOS OLRs already includes cargo release covered by warehousing entry, this procedure is no longer necessary;
- d. Prepares and issues boatnote;

e. Send the EWAF to the Bonds Division for bond charging.

4.2.2. Bonds Division

Upon receipt of the EWAF from CBWOD, the Bonds Division shall perform the following:

- a. Applies the bond against the shipment based on the duties and taxes indicated in the EWAF;
- b. Signs-off the document and indicates the bond number on the EWAF;
- c. Send the EWAF to Warehousing Assessment Division.

4.2.3. Warehouse Assessment Division (WAD)

The WAD shall perform the following:

- a. Keeps the EWAF until the submission of the necessary SAD and required documents on the following first working day of the week or earlier
- b. WAD staff retrieves the electronic EDI warehousing entry in the ACOS system based on documents submitted by the EDI clients and the EWAF
- c. Performs a post audit check based on the entry documents
- d. WAD staff periodically submits the results of post audit to the Deputy Collector for Assessment. The results of the post audit shall be the basis of performance measure of the EDI Client.
- e. The WAD staff shall be responsible for monitoring the Client's performance. Record of discrepancies discovered in the EDI entries will be kept to serve as one of the basis for the client's retention in the list of qualified EDI clients.
- f. After the conduct of the post audit, the EWAF and all pertinent documents are then returned to the Customs Warehousing Documentation & Records Division for safekeeping & future reference, and the bond contract to the Bonds Division.

A flow chart illustrating the above process, in general, is hereto attached as Annex "B".

5.0 Repealing Clause

All rules and regulations inconsistent with this Order are hereby deemed repealed, superseded or modified accordingly.

6.0. Effectivity

This Order shall take effect upon approval.


GUILLERMO L. PARAYNO, JR.
Commissioner



BUREAU OF CUSTOMS
EDI SERVICE APPLICATION FORM
 (CERTIFICATE of REGISTRATION)

Notes:

- Please accomplish this form clearly and legibly.
- By submission of this Form, the applicant signifies agreement to the following conditions to which approval of this application is subject:
 - Compliance to the provisions of CMO No. _____;
 - Engagement of the services of a duly recognized Value Added Network (VAN) service provider;
 - Non-repudiation of any entry declaration lodged via the EDI service;
 - Recognition of ACOS system information, duly certified by its Administrator, as valid and/or correct;
 - Full understanding, acknowledgement and compliance to the authority of BOC, which, in its sole discretion, may accept and approve or reject and deny this application, or, suspend and/or terminate service for cause;
- Upon approval, this document shall serve as your Certificate of Registration as shall be so indicated by the proper notation and duly authorized signature hereon.

Company Name (and CBW No., if applicable):	
Company Address.:	
TIN:	Tel/Fax Nos.
Prospective VAN Service Provider:	
ACOS Registered? YES <input type="checkbox"/> NO <input type="checkbox"/> If NO, attach copies of the following: TIN card, VAT Certificate and CIIS Accreditation Certificate for Importers.	
Common Bonded Warehouse Operator? YES <input type="checkbox"/> NO <input type="checkbox"/> If YES, attach list of Members with their corresponding TINs	

This is to certify that the information provided herein, and any attachments hereto, are true and correct.

Further, accession to the conditions for approval of this Application as noted above is hereby affirmed.

 Signature over Printed Name

 Position/Official Designation

FOR BOC USE ONLY:

Received by: _____
 Disposition: Approved Disapproved

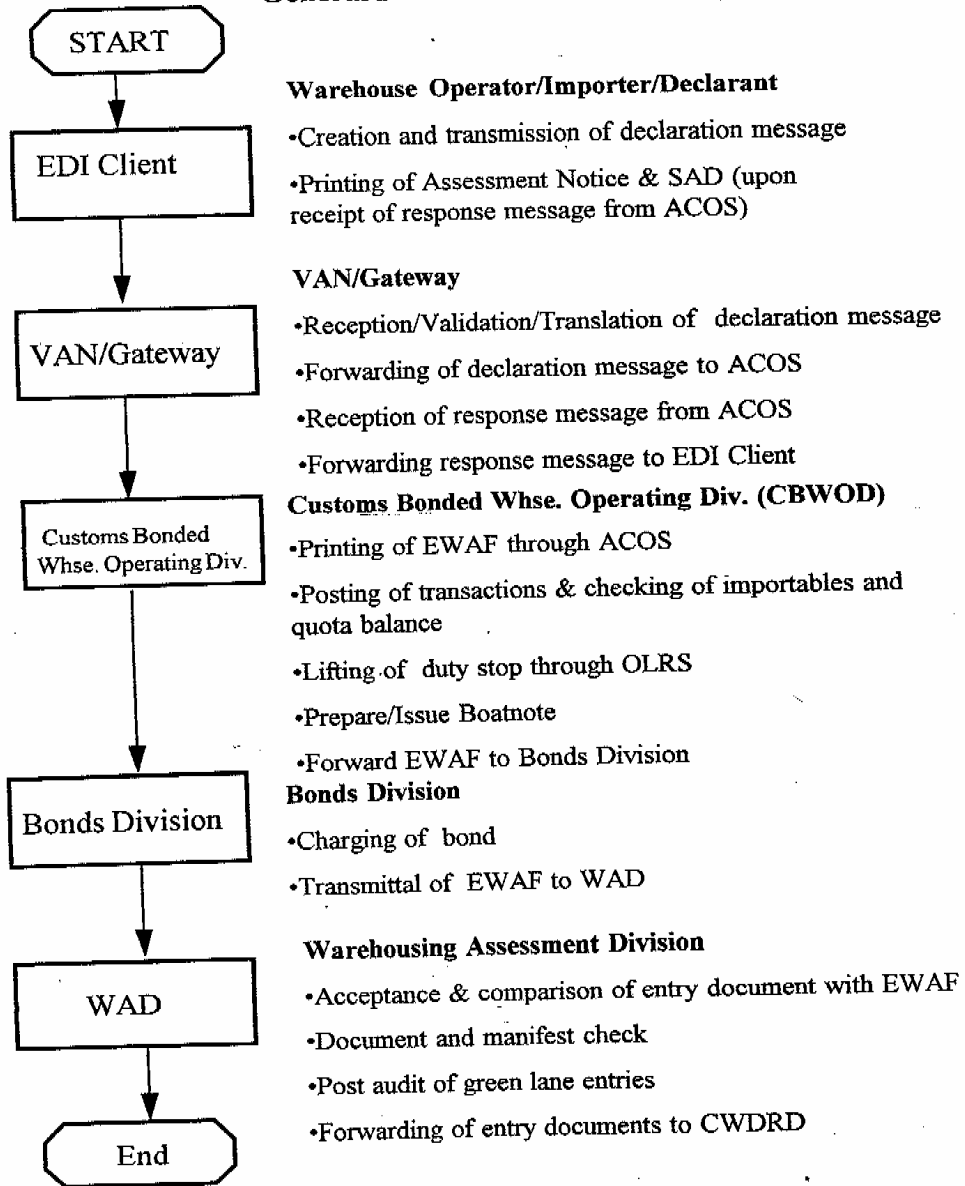
Date Received: _____
 Authorized by: _____

 Signature over Printed Name

 Position/Official Designation

EDI WAREHOUSE IMPORT CLEARANCE PROCESS

General Procedure For Green Shipment Only



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