REPUBLIC OF THE PHILIPPINES

 DEPARTMENT OF FINANCE

 BUREAU OF CUSTOMS

 MANILA 1099

[DATE]

**CUSTOMS ADMINISTRATIVE ORDER (CAO)**

**NO. \_\_\_\_\_\_\_\_\_\_\_**

**SUBJECT: CONSOLIDATED SHIPMENT OF DUTY AND TAX-FREE “BALIKBAYAN BOXES”**

**Introduction.** This CAO implements Section 800 (g), Chapter 1, Title VIII; Section 423, Chapter 3, Title IV; and other related provisions of Republic Act No. 10863 otherwise known as the Customs Modernization and Tariff Act (CMTA).

1. **Scope.** This covers bringing in or sending of “Balikbayan Boxes” entered through any port of entry sent to families or relatives by Qualified Filipinos While Abroad.

# Section 2. Objectives.

1. To prescribe simplified customs clearance procedures for consolidated shipment of “balikbayan boxes” sent by Qualified Filipinos While Abroad to their families or relatives, especially the OFWs in recognition of their significant contribution to the Philippine economy;
2. To facilitate customs clearance of consolidated shipment of “balikbayan boxes” without sacrificing the Bureau’s other functions of revenue collection and border protection through application of risk management techniques and Information and Communication Technology (ICT) enabled monitoring and control systems; and
3. To adopt clear and transparent customs rules, regulations, policies and procedures, consistent with international standards and customs best practices;[[1]](#footnote-1)

**Section 3. Definition of Terms.** For purposes of this CAO, the following terms are defined accordingly.

1. **Availment** – determination by the Bureau or the qualified passengers or senders that the balikbayan boxes brought in or sent are counted as first, second or third within a calendar year and thus entitled to duty and tax exemption pursuant to Section 800 (g), Chapter 1, Title VIII, CMTA. Any amount in excess of the allowable non-dutiable value shall be subject to the applicable duties and taxes.

 Shipment that is above the de minimis threshold shall be automatically considered as one availment. De minimis importation shall not be included in the counting; provided that the Qualified Filipinos While Abroad can only send to one ultimate consignee in one consolidated shipment.

1. **Balikbayan Box** – a corrugated box or other container or receptacle containing personal and household effects that shall neither be in commercial quantities nor intended for barter, sale or for hire sent by Qualified Filipinos While Abroad often shipped by freight forwarders specializing in balikbayan boxes by sea or air.
2. **Calendar Year** - the period from January 1 to December 31.[[2]](#footnote-2)
3. **Commercial Quantity** – the quantity for a given kind or class of articles which are in excess of what is compatible with and commensurate to the person’s normal requirements for personal use.[[3]](#footnote-3) For a single sender with multiple ultimate consignees, commercial quantity of a given class shall be determined based on the total quantity thereof sent by the sender to all the consignees.
4. **Consolidated Cargo Manifest** – a true and correct manifest of all the individual shipments/consignments in a consolidated shipment destined to be unladen in a port of entry in the Philippines, the same being attached as a rider to the Inward Foreign Manifest of the carrying vessel or aircraft.[[4]](#footnote-4)
5. **Consolidated Shipments** – two (2) or more shipments from two (2) or more individual consignors/senders abroad, assembled and consolidated at one point of origin or exportation and shipped together under a single master ocean bill of lading or master airway bill of lading by a consolidator to its deconsolidator in the Philippines.[[5]](#footnote-5)
6. **Consolidator** – a foreign forwarding company acting as a Non-Vessel Operating Common Carrier (NVOCC) which procures transport of goods by sea or air and issues in its name house bill of lading or house airway bill to consignors of shipments under its solicitation, to whom it directly assumes the liabilities and responsibilities of a common carrier for the transportation of such goods from the point of receipt to the point of destination of such goods, and ships the shipments together in its name under a master bill of lading/master airway bill consigned to its deconsolidator at the port of destination in the Philippines.[[6]](#footnote-6)
7. **Deconsolidator** –a local freight forwarder or consolidator’s agent that provides services to ungroup or deconsolidate shipments, orders, goods, etc. to facilitate distribution.
8. ***De Minimis* Value** – the value of goods for which no duty or tax is collected. Goods with *De Minimis* Value are considered importations of negligible amount[[7]](#footnote-7) and entitled to immediate release.
9. **Family** – the spouse, father, mother, son, daughter, brother and/or sister, by consanguinity or affinity, whether of the full or half blood.
10. **FCA** – an international commercial term covered by the Incoterms® Rules 2010 developed by International Chamber of Commerce (ICC) that refers to “Free Carrier” which means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.[[8]](#footnote-8)
11. **Filipino Residents of the Philippines** – resident Filipino citizens who temporarily stay abroad which may include holders of student visa, holders of investors’ visa, holders of tourist visa and similar visas which allow them to establish legal temporary stay abroad.
12. **Freight Forwarder** – a local entity that acts as a cargo intermediary and facilitates transport of goods on behalf of its clients without assuming the role of a carrier, which also performs other forwarding services, such as booking cargo space, negotiating freight rates, preparing documents, advancing freight payments, providing packing or crating, trucking and warehousing, engaging as an agent or as a representative of a foreign NVOCC or as a cargo consolidator named in a master bill of lading as consignee of a consolidated shipment, and other related undertakings.[[9]](#footnote-9)
13. **House Airway Bill (HAWB)**– an airway bill covering a single, individual shipment or consignment issued by the freight forwarder or consolidator to the consignor or sender containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of the goods shipped through air.[[10]](#footnote-10)
14. **House Bill of Lading (HBL)**– a bill of lading covering a single, individual shipment or consignment issued by the freight forwarder to the consignor or containing the names and addresses, respectively, of both the consignor or sender and the consignee or receiver and the detailed, specific description of the goods shipped through sea.[[11]](#footnote-11)
15. **Household Effects** – furniture, dishes, linens, libraries, and similar household furnishing for personal use. [[12]](#footnote-12)
16. **Master Airway Bill**– an airway bill issued by a common air carrier to a consolidator covering a consolidated shipment.[[13]](#footnote-13)
17. **Master Ocean Bill of Lading** – an ocean bill of lading issued by a common ocean carrier to a consolidator covering a consolidated shipment.[[14]](#footnote-14)
18. **Non-Vessel Operating Common Carrier (NVOCC) –** a transport enterprise which publishes its own freight tariff, issues its own bills of lading and assumes all responsibilities of a common carrier without operating its own vessels.[[15]](#footnote-15)
19. **Other Filipinos** – Filipinos who have availed of the benefits under the Republic Act No. 9225 or the Citizenship Retention and Re-acquisition Act of 2003 or those who have established permanent residency abroad but have retained Filipino citizenship. This includes Filipinos working abroad under job contracts not certified by Department of Labor and Employment (DOLE) or the Philippine Overseas Employment Administration (POEA).
20. **Overseas Filipino Worker (OFW)** – a holder of a valid passport issued by the Department of Foreign Affairs (DFA) and certified by DOLE or POEA for overseas employment purposes. This covers all Filipinos working in a foreign country under employment contracts, regardless of their professions, skills or employment status in a foreign country.[[16]](#footnote-16)
21. **Personal Effects** – commodities whether new or used, for personal use or consumption and not for commercial purposes, such as wearing apparel, personal adornments, electronic gadgets, toiletries, or similar items. Tobacco, cigars, cigarettes, distilled spirits, fermented liquor and wine are not considered as personal effects.[[17]](#footnote-17)
22. **Qualified Filipinos While Abroad** - Any Filipino Resident of the Philippines, Overseas Filipino Workers (OFWs) or other Filipinos while residing abroad.
23. **Regulated Importation** – goods which are subject to regulation and may be imported or released only after securing the necessary clearances, permits, licenses, and any other requirements.[[18]](#footnote-18)
24. **Relatives** – other family members up to the fourth (4th) civil degree of consanguinity or affinity.
25. **Sender of Balikbayan Box** – shall be limited to Qualified Filipinos While Abroad. Although sole proprietorships and juridical entities, such as cooperatives, corporations and partnerships may send balikbayan boxes, they are not qualified to avail of the benefits under this CAO.
26. **Ultimate Recipient or Consignee** – the Family Member or Relative of the Sender of the Balikbayan Box who will be the ultimate beneficiary of the same.

**Section 4. General Provisions.**

1. Qualified Filipinos While Abroad are allowed to bring in or send to their Families or Relatives in the Philippines balikbayan boxes which shall be exempt from the payment of duties and taxes, up to three (3) times in a calendar year; provided that balikbayan boxes brought in by Qualified Filipinos from abroad as accompanied or unaccompanied baggage as passengers shall be included in counting the availment; and, provided further, that de minimis importation shall not be included in the counting. A shipment that is above Php 10,000.00 shall be automatically considered as one availment.
2. Balikbayan boxes shall contain personal and household effects only and shall neither be in commercial quantities nor intended for barter, sale or for hire and that the total FCA value for all balikbayan boxes per sender shall not exceed one hundred fifty thousand pesos (P150,000.00) in any calendar year.
3. The Bureau shall establish a monitoring system to ensure that this exemption is availed of up to three (3) times only in a calendar year.
4. In coordination with the concerned government agencies and with the cooperation of the consolidators abroad through their respective local agents, the Bureau shall establish a registration system and/or database of deconsolidators, Qualified Filipinos While Abroad, as well as their respective families and relatives as ultimate recipients or consignees, who may enjoy the benefits of such exemption.
5. For purposes of counting the frequency of availment of the privilege which is up to maximum of three (3) times per calendar year, shipment of balikbayan boxes sent by a qualified sender, regardless of the number of ultimate consignees and number of balikbayan boxes in one consolidated shipment covered by one master bill of lading or master airway bill, shall be considered as one availment.
6. As far as practicable, ICT shall be used in the processing, monitoring and control of balikbayan boxes.
7. For the availment of the tax and duty exemption pursuant to Section 800 (g) of the CMTA, a processing fee of Php 300.00 (inclusive of the legal research fee of Php 10.00) shall be collected per house bill of lading/house airway bill.
8. **Strict Compliance to Due Notice Requirement**. In case of consolidated shipments of Balikbayan Boxes for which no goods declaration has been lodged or which remain unclaimed, the Bureau shall undertake measures to identify the names of the individual consignees and their addresses and send them Notice to File Entry or Claim within fifteen (15) days from receipt of the Notice.

 The Bureau shall prescribe in the Customs Memorandum Order (CMO) the more detailed rules and procedures to be applied for the individual release of balikbayan boxes by their respective consignees and for the lodgement of the goods declaration within the required period.

**Section 5. Obligations of the Parties.**

1. **Obligations of the Sender of Balikbayan Boxes.**
2. Ensure that only personal effects and household goods are sent through consolidated shipment of balikbayan boxes.
3. Accomplish, sign and submit the Information Sheet[[19]](#footnote-19) which shall serve as the packing list in a format to be designed by the Bureau and attached as an annex to the CMO to be issued by the Commissioner for the effective implementation of this CAO and shall contain the following basic information:
4. Complete name of the shipper/sender, date of birth, citizenship, passport details, address abroad and in Philippines, contact number and e-mail address, if any;
5. Total value of contents and number of Balikbayan boxes;
6. Packing List Information which shall contain an itemized listing of all goods in each Balikbayan Box and their respective quantities and description;
7. Relationship of the shipper/sender to the consignee;
8. Number of Availments within the calendar year;
9. Contact number, postal and e-mail address of the Consignee; and
10. Other essential information as may be required by the Bureau.

**5.1.3** Submit the following documents:

1. Photocopy of the pertinent page of the Philippine passport with personal information, picture and signature or in case of dual Filipino citizen without Philippine passport, photocopy of foreign passport with personal information, picture and signature plus copy of proof of dual Filipino citizenship; and
2. Invoice, receipt or equivalent document covering the goods contained in the balikbayan box, if any.
3. **Obligations of the Deconsolidator.**
4. The deconsolidator shall apply for registration with the Bureau, in addition to the registration requirements imposed by other government agencies, together with the following documentary requirements:
5. Duly filled – up application form;
6. Copy of the Service Contract with all the annexes; and
7. Such other documents as may be required by the Bureau in the supplemental customs regulations.
8. The deconsolidator shall cause the inclusion of the following provisions in the service contract as obligations of the consolidator:
9. Before accepting from the sender the shipment of balikbayan boxes, the consolidator shall require the sender to comply with his obligations under Section 5.1 of this CAO;
10. Within twenty-four (24) hours from the departure of the carrying vessel at the original port of loading for consolidated shipment transported by sea, the consolidator shall transmit electronically the consolidated cargo manifest and the duly accomplished and signed Information Sheet in Portable Document Format (PDF form);
11. For consolidated shipment transported by air, the consolidator shall transmit electronically the consolidated cargo manifest and the duly accomplished and signed Information Sheet in Portable Document Format (PDF form) to the deconsolidator who shall submit the same to the Bureau not later than the time of arrival of the carrying aircraft; and
12. The consolidator shall comply with all the regulations pertaining to consolidated shipment of balikbayan boxes.
13. The deconsolidator shall be required to post an annual Performance Bond of fifty million pesos (Php 50, 000,000.00) which shall answer for the various charges that may be incurred in the event of abandonment.
14. Within one year from the effectivity of this CAO, each deconsolidator must establish its own Customs Facility and Warehouse (CFW) equipped with CCTVs and baggage x-ray machine for the conduct of examination, as may be required by the Bureau.

**Section 6. Sanctions.** Failure of the deconsolidator to comply with its obligations under this CAO and to lodge the required goods declaration within the prescribed period may compel the Bureau to conduct a rigid procedure for the clearance and release of consolidated balikbayan shipments handled by the particular deconsolidator and to impose the following sanctions, aside from the penalties provided under Title XIV of the CMTA:

1. **First Offense** – Warning;
2. **Second Offense** –Penalty of Php 100,000.00;
3. **Third Offense** - Penalty of Php 200,000.00; and
4. **Subsequent Offenses** – Penalty of Php 300,000.00 per offense.

**Section 7. Exclusions from the Duty and Tax Exemption and/or Simplified Clearance Procedure.** The following shipments shall be excluded from duty and tax exemption and/or simplified clearance procedure:

1. Shipment of Balikbayan box, the contents of which have FCA value exceeding Php150,000.00;
2. Goods in Commercial Quantity, except if qualified as *de minimis* importation;
3. Regulated Goods in Commercial Quantity;
4. Donations;
5. Container mixed with other types of goods (e.g. donations, commercial and regulated goods, and goods for temporary admission); and
6. Failure of the sender to comply with any of the obligations enumerated under Section 5.1.2.

**Section 8. Additional Regulations.** The Bureau shall issue a CMO for the following purposes:

1. To prescribe the format of the Information Sheet and the Goods Declaration;
2. To provide the detailed procedures for the lodgment, processing and clearance of consolidated shipments of balikbayan boxes;
3. To prescribe the additional requirements for registration of the deconsolidators; and
4. To provide other details for the effective implementation of this CAO.

**Section 9. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

**Section 10. Repealing Clause.** This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

**Section 11. Separability Clause.** If any part of this CAO is declared unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

**Section 12. Effectivity.** This CAO shall take effect fifteen (15) days after its complete publication in the Official Gazette or a newspaper of general circulation.

The Office of the National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this CAO.

**NICANOR E. FAELDON**

Commissioner

APPROVED:

**CARLOS G. DOMINGUEZ III**

Secretary of Finance

**Informational Section.** As the title denotes this only provide information and does not give rise to any substantive or formal rights or obligations.

**History.** This CAO is amendatory to all the previous issuances of the Bureau of Customs relating to Balikbayan Boxes.

**Related Policies.**

* DTI Department Advisory dated October 2015
* CAO 7-86 dated September 22, 1986 - Inbound Consolidation Shipments
* CAO 5-89 dated May 19, 1989 - Revised Rules and Regulations Governing Inbound Consolidated Shipments By Sea
* CMO 54-89 dated May 29,1989 - Clearance of Consolidated Shipment
* CMO 55-89 dated June 6, 1989 - Further to CMO 54-89 dated May 29, 1989 Regarding the 100% Examination of Consolidated Cargoes and the Requirement of Prior Clearance From Commissioner, Requiring All Consolidators to Register with the CIIS in Accordance with CMO 149-88
* CMO 64-89 dated June 28, 1989 - Rules and Regulations Further Implementing and Supplementing CAO 7-86 dated 22 September 1986 Re: Inbound Sea/Air Consolidated Shipments
* CMO 32-90 dated April 16, 1990 - Rules and Regulations Further Implementing CAO 5-89 dated 19 May 1989, Covering Non-Commercial Inbound Consolidation Shipments from Filipinos Abroad
* CMO 79-90 dated September 28, 1990 - Revised Rules and Regulations Governing the Entry of Non-Commercial Inbound Consolidation Shipments from Filipino Abroad, Repealing for the purpose CMO 32-90
* CMO 10-91 dated February 01,1991 - Containerized Shipments Declared as Personal Effects (100% Examination and Clearance from OCOM)
* CMO 64-91 dated July 9, 1991 - Rules and Regulations on the Examination of Non-Commercial Inbound Consolidated Shipments with the use of X-Ray Equipment at a Facility Within the Customs Zone Duly Authorized for the purpose
* CMO 104-91 dated December 09, 1991 - Simplified Clearance Procedure for Informal Entries (One-Stop-Shop)
* CMO 11-94 - Clarificatory Guidelines in the Implementation of CAO 1-94, More Particularly in Connection with Consolidated Shipment (Php250.00 for each original IEIRD Formal & Informal Entries)
* CMO 20-2002 dated May 3, 2002 - Pre-Liquidation for Informal Entries
* CMO 25-2002 dated June 21, 2002 - Amendment to Section 3.2 on the Filing of Informal Import Entry Under the Operational Provisions of CMO 79-90 (10 cartons per entry)
* CMO 7-2004 dated March 12, 2004 - 100% Examination of Shipments Processed Under Informal Entry
* CMO 22-2011 dated May 23, 2011 - Requiring All Consolidated Shipments Under Informal Entry to Undergo the Mandatory X-Ray Inspection and/or Manual Examination
* CMO 10-2011 dated 02/08/2011 - Conduct of Physical and X-Ray Examination
* CMO 6-2014 dated 02/14/2014 - Realignment of the XIP to the Enforcement Group and Designation of Duty Customs Examiners at the XIP Designated Examination Area/Field Office by the District Collector
* CAO 8-2014 dated November 20, 2014 - Guidelines on the Imposition of Customs Documentary Stamp and Import Processing Fee for Informal Entries
* CMO 27-2015 dated August 27, 2015 - Revised Rules and Regulations on the Importation of "Balikbayan Boxes" from Overseas Filipino Workers

**Webpage, Forms, Handbooks and other References.**

* International Commercial Terms 2010
* Revised Kyoto Convention
* RA 10863 “Customs Modernization and Tariff Act”
* Republic Act 9334 “An Act Increasing the Excise Tax Rates Imposed on Alcohol and Tobacco Products, Amending for the Purpose Section 131, 141, 142, 143, 144, 145, and 288 of the National Internal Revenue Code of 1997, As Amended”
* Department of Finance Department Order 57-2011
1. *cf* CMTA, Title I, Chapter 2, Section 101 (b). [↑](#footnote-ref-1)
2. CMTA, Title VIII, Chapter 1, Sec. 800 (g), par.2. [↑](#footnote-ref-2)
3. DOF DO 57-2011, 2 (b). [↑](#footnote-ref-3)
4. *cf* CMO 79-90, Section 2.1.6. [↑](#footnote-ref-4)
5. *cf* CMO 79-90, Section 2.1.1. [↑](#footnote-ref-5)
6. CAO 5-89 Part I (3). [↑](#footnote-ref-6)
7. *cf*CMTA, Title IV, Chapter 3, Section 423. [↑](#footnote-ref-7)
8. International Commercial Terms 2010. [↑](#footnote-ref-8)
9. CMTA, Title I, Chapter 2, Sec. 102 (aa). [↑](#footnote-ref-9)
10. *cf*CMO 79-90 Section 2.1.5. [↑](#footnote-ref-10)
11. *cf*CMO 79-90 Section 2.1.5. [↑](#footnote-ref-11)
12. *cf*U.S. Customs Border Protection (CBP) Info Center. [↑](#footnote-ref-12)
13. *cf*CMO 79-90 Section 2.1.4. [↑](#footnote-ref-13)
14. *cf*CMO 79-90 Section 2.1.4. [↑](#footnote-ref-14)
15. DTI Department Administrative Order No.02 s.1995. [↑](#footnote-ref-15)
16. *cf* CMTA, Title VIII, Chapter 1, Sec. 800 (g), par.2. [↑](#footnote-ref-16)
17. *cf* RKC, Specific Annex J, Chapter 1, Item E4. [↑](#footnote-ref-17)
18. *cf*CMTA*,*Title I, Chapter 3*,* Sec.117. [↑](#footnote-ref-18)
19. The Information Sheet form is downloadable from the BOC website: *www.customs.gov.ph.* [↑](#footnote-ref-19)