



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. _____

**SUBJECT: ACCREDITATION, ESTABLISHMENT AND OPERATION OF E-2M VALUE
ADDED SERVICE PROVIDERS (VASPS)**

INTRODUCTION. This CAO revises the existing policy in line with the e-2m Project, and given the government's thrust of continuously providing better, efficient and reliable front-line services to the trading community through partnership with the private sector, the BOC shall continue to adhere to practice of using a Customs Value Added Service Provider (VASP) as a link to deliver world-class-quality front-end customs ICT services to BOC's growing transacting public.

Section 1. Scope. This CAO shall apply to all collection districts, including sub ports, and other BOC offices nationwide. This shall also cover all types of transactions on imports and exports to be provided by the VASPs, namely;

- 1.1.** Registration of Bureau of Customs (BOC) Clients;
- 1.2.** Lodgment of Import Declarations (Consumption, Warehousing, Transshipment, and Informal);
- 1.3.** Lodgment of Export Declarations;
- 1.4.** Transmission of Raw Materials Liquidation Information;
- 1.5.** Transmission of Surety Bonds Information;
- 1.6.** Transmission of Payment Information;
- 1.7.** Transmission of Online Release Information;
- 1.8.** Transmission of Manifest; and
- 1.9.** Other services as may be defined by the Commissioner.

Section 2. Objectives.

- 2.1.** To establish the administrative and operational structures for the activation, operation, supervision and control of VASP, as defined in the BOC Terms of Reference for the e-2m Project.

- 2.2.** To implement the criteria set by the VASP Accreditation Committee (VAC) to select and accredit qualified ICT companies to become VASPs, and provide necessary guidelines for the accreditation, establishment, and operation of VASPs.
- 2.3.** To harness the technical expertise and maximize the participation of the private sector in the delivery of world-class-quality front-end customs ICT services of the BOC.
- 2.4.** To manage the use of VASPs by importers, exporters, customs brokers and other stockholders in the processing of import and export entries, registration and other value added services offered to the transacting public.
- 2.5.** To promote the implementation of Customs best practices towards the achievement of the BOC's key result areas in trade facilitation, revenue generation, enforcement, professionalization of personnel, and quality of corporate life development.
- 2.6.** To provide a model for the delivery of frontline ICT services by the private sector for other government agencies in the context of the evolving National Single Window system as provided by Executive Order 482 dated December 27, 2005 — Creating the National Single Window Task Force for Cargo Clearance.

Section 3. General Provisions.

3.1. Accreditation of VASP

3.1.1. VASP Accreditation Committee.

The VASP Accreditation Committee created by the BOC to ensure the successful implementation of e-2m Project, shall perform the following:

- a.** Facilitate and fast-track the accreditation process;
- b.** Recommend relevant policies, responsibilities and liabilities of VASPs, rules and processes related to all issues surrounding the accreditation of VASPs;
- c.** Recommend evaluation criteria, business model and timeframes for accreditation of VASPs for approval of the Commissioner of Customs; and
- d.** Publish and hold informational campaigns to ensure widest circulation of the VASP program in partnership with the accredited VASPs.

3.1.2. Accreditation Criteria

The VASP Accreditation Committee shall observe the published accreditation criteria and shall recommend any amendments thereto to the Commissioner for approval.

3.1.3. Accreditation Process

- a.** Through the VAC, BOC issues invitation for a Letter of Intent from select ICT companies in the Philippines. This also includes the Eligibility Requirements that interested candidates must meet in order to be eligible for participating the accreditations process.
- b.** The VAC reviews the documents submitted by the candidate companies that pass the eligibility requirements and qualified to proceed to the next stage.
- c.** BOC releases the Term of Reference, along with the Non-Disclosure Understanding to be signed by the candidate VASP. The Terms of Reference includes the system and other critical requirement for technical proposal and financial requirements for financial proposal.
- d.** Candidate VASPs prepare and submit their technical and financial proposals,
- e.** Candidate VASPs shall also start with the development of the VASP system based on the system requirements issued by BOC. At this point, BOC releases its Testing Criteria that will be used as guide for testing the VASP System of the candidate companies.
- f.** Using the agreed Testing Criteria as reference, BOC organizes a Quality Assurance Team, composed of technical experts from MISTG which will determine the compliance of the candidate company to the system requirements. The testing shall also include, among others, checks for user-friendliness of the system.
- g.** After the conduct of test and site visits, BOC shall now identify successful candidates that will be accredited to become VASP/s.
- h.** BOC shall pre-qualify VASP Candidates.
- i.** BOC shall release terms of reference.
- j.** VASPs shall submit technical and financial proposal.
- k.** VASP shall develop the System Application.

- l.** BOC shall test for quality assurance the VASP System Application.
- m.** BOC shall select and accredit the VASP.

3.1.4. Conditions for Accreditation

- a.** Service Level Undertaking (SLU) and a Non-Disclosure Undertaking (NDU)
 - i.** The selected VASPs shall sign a SLU and a NDU.
- b.** Accreditation Fees
 - i.** A one-time accreditation fee of One Million Pesos (Php 1,000,000.00) for first year and an annual fee of 25% of gross receipts, payable every first week of succeeding quarter.
- c.** Performance bonds
 - i.** The accredited VASPs shall post a Performance Bond, issued by a BOC-accredited surety company, amounting to Five Million Pesos (Php 5,000,000.00), which shall be forfeited in favor of BOC in the event it is established that the selected VASP is in default in any of its obligations.
- d.** Probationary period
 - i.** The accredited VASPs shall undergo a six (6)-month probationary period (technical evaluation) after which the BOC shall decide whether or not it will grant full accreditation status to the VASP.
- e.** Period and renewal of Accreditation
 - i.** The selected VASPs shall be given accreditation status for a period of three (3) years, inclusive of the probationary period, and will be renewable yearly thereafter subject to the evaluation of the quality of their performance as measured by the SLU and compliance to Eligibility requirements.

3.1.5. Other Conditions

- a.** BOC may re-conduct the accreditation process if there is only one (1) company accredited within subject period.
- b.** BOC may carry out further accreditation processes after three (3) years of operation of the initially accredited VASPs.
- c.** After the six-month probationary period, where a minimum of Five Million Pesos (Php 5,000,000.00) paid up capital

was required upon submission of application, the minimum paid up capital shall be increased to Ten Million Pesos (Php 10,000,000.00).

- d. VASPs must successfully pass the technical acceptance tests (including systems integration, data security and integrity, communications, and performance) that will be conducted by the Management Information Systems and Technology Group of the BOC for the initial, the post probationary and the yearly technical evaluation and validation, to qualify for continuous accreditation.

3.1.6. Pre-termination

BOC may pre-terminate its Agreement with the selected VASP for any of the following:

- a. Violation of the provisions of this Order and related rules and regulations, including SLU and NDU;
- b. Violation of the Customs Modernization and Tariff Act (CMTA) e-Commerce Act and other related laws;
- c. Actions inimical to the security and integrity of the BOC e-2m operations; and
- d. Other violations as may be determined by the Commissioner of BOC.

BOC reserves the right to change any of the accreditation criteria as may be deemed necessary by the Commissioner.

3.2. Schedule of Fees Payable to VASP by the transacting public.

- 3.2.1.** The VASPs will determine their respective fee structures based on several factors such as market conditions and systems sustainability requirements, among others. The BOC shall not collect those fees in behalf of the VASPs. Any changes shall be subject to the approval of the BOC after Public Consultation.

Section 4. Operational Provisions.

4.1. Systems for Import and Export entries through VASPs.

The accredited VASPs, under existing agreements and/or regulations, shall develop the VASP front-end ICT system and establish necessary infrastructure and telecommunications facilities to allow electronic transactions as mentioned in Section 3.2 herein.

The BOC-VASP Gateway (operated by the BOC) shall be the sole connectivity of VASPs to the BOC e-2m System for this purpose. The BOC clients shall be connected to the BOC-VASP Gateway via accredited VASP of their choice, which has the facility for the processing of import and export entries.

The VASP facility shall be available to duly registered importers, exporters and their designated brokers.

Section 5. Authority of the Commissioner to Promulgate Implementing Rules and Regulations in a Customs Memorandum Order. The Commissioner of Customs is hereby authorized to issue additional or amendatory guidelines for the effective, efficient and appropriate implementation of all initiatives to establish and operate the VASPs.

Section 6. Periodic Review. Unless otherwise, provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 7. 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 8. Repealing Clause. This CAO specifically amends CAO No. 2-2007 and other previously issued CAOs and CMOs which are inconsistent with the provisions here stated.

Section 9. Effectivity. This CAO shall take effect fifteen (15) days from publication at the Official Gazette or a newspaper of national circulation.

The Office of National Administrative Register (ONAR) of the UP Law Center shall be provided a 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.

- 1. History.** This is an amended version of CAO 2-2007 dealing with the accreditation, establishment and operation of e-2m Value Added Service Providers (VASPs).