



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

CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. 5-2016

**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) in so far as the consolidated shipment of Balikbayan Boxes is concerned.

Section 1. Scope. This covers consolidated shipments of Balikbayan Boxes entered through any port of entry sent to families or relatives by Qualified Filipinos While Abroad. Balikbayan Boxes brought in through means other than consolidated shipments shall be covered by a different CAO.

Section 2. Objectives.

- 2.1.** 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;
- 2.2.** 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
- 2.3.** To adopt clear and transparent customs rules, regulations, policies and procedures, consistent with international standards and customs best practices;¹



¹ cf. CMTA, Title I, Chapter 2, Section 101 (b).

Section 3. Definition of Terms. For purposes of this CAO, the following terms are defined as follows:

- 3.1. Availment** – refers to the determination by the Bureau or by the qualified 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 and non-taxable 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 of availment; provided that the Qualified Filipinos While Abroad can only send to one ultimate consignee in one consolidated shipment.

- 3.2. Balikbayan Box** – refers to a corrugated box or other container or receptacle up to a maximum volume of two hundred thousand (200,000) gross cubic centimeters without regard as to the shape of the container or receptacle.

For purposes of duty and tax exemption, the Balikbayan Box should contain only 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.

- 3.3. Calendar Year** - refers to the period from January 1 to December 31 of the same year.²

- 3.4. Commercial Quantity** – refers to 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 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.

- 3.5. Consolidated Cargo Manifest** – refers to the 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



² cf. CMTA, Title VIII, Chapter 1, Sec. 800 (g), par.2.

³ cf. DOF DO 57-2011, 2 (b).

⁴ cf. CMO 79-90, Section 2.1.6.

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- 3.6. Consolidated Shipments** – refer to 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
- 3.7. Consolidator** – refers to a foreign-registered 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
- 3.8. Deconsolidator** – refers to a local freight forwarder or consolidator's agent that provides services to ungroup or deconsolidate shipments, orders, goods, etc. to facilitate distribution.
- 3.9. De Minimis Value** – refers to the value of goods for which no duty or tax is collected.⁷
- 3.10. Family and Relatives** – refer to relatives up to the fourth (4th) civil degree of consanguinity or affinity.
- 3.11. FCA** – refers to 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

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⁵ cf. CMO 79-90, Section 2.1.1.

⁶ cf. CAO 5-89 Part I (3).

⁷ cf. CMTA, Title IV, Chapter 3, Section 423.

⁸ cf. International Commercial Terms 2010.

3.12. Freight Forwarder – refers to 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

3.13. House Airway Bill (HAWB) – refers to 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

3.14. House Bill of Lading (HBL) – refers to 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

3.15. Household Effects – refer to furniture, dishes, linens, libraries, and similar household furnishing for personal use.¹²

3.16. Master Airway Bill – refers to an airway bill issued by a common air carrier to a consolidator covering a consolidated shipment.¹³

3.17. Master Ocean Bill of Lading – refers to an ocean bill of lading issued by a common ocean carrier to a consolidator covering a consolidated shipment.¹⁴

3.18. Non-Vessel Operating Common Carrier (NVOCC) – refers to 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



⁹ cf. CMTA, Title I, Chapter 2, Sec. 102 (aa).

¹⁰ cf. CMO 79-90 Section 2.1.5.

¹¹ cf. CMO 79-90 Section 2.1.5.

¹² cf. U.S. Customs Border Protection (CBP) Info Center.

¹³ cf. CMO 79-90 Section 2.1.4.

¹⁴ cf. CMO 79-90 Section 2.1.4.

¹⁵ cf. DTI Department Administrative Order No.02 s.1995.

- 3.19. Non-Resident Filipinos** – refer to Filipinos those who have established permanent residency abroad but have retained Filipino citizenship, whether or not they have availed of the benefits under Republic Act No. 9225 or the Citizenship Retention and Re-acquisition Act of 2003.
- 3.20. Overseas Filipino Worker (OFW)** – refers to 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 For purposes of this CAO, the term OFW includes Filipinos working abroad under job contracts who do not require a certification from the Department of Labor and Employment (DOLE) or the Philippine Overseas Employment Administration (POEA).
- 3.21. Personal Effects** – refer to 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.
- 3.22. Qualified Filipinos While Abroad** – A collective term used to refer to Non-Resident Filipinos defined in Section 3.19, OFWs defined in Section 3.20, and Resident Filipinos under Section 3.24 of this CAO.
- 3.23. Regulated Importation** – refers to goods which are subject to regulation and may be imported or released only after securing the necessary clearances, permits, licenses, and any other requirements.¹⁷
- 3.24. Resident Filipinos** – refer to 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 temporary stay abroad.
- 3.25. Ultimate Recipient or Consignee** – refers to the Family Member or Relative of the Sender of the Balikbayan Box who will be the ultimate beneficiary of the same.



¹⁶ cf. CMTA, Title VIII, Chapter 1, Sec. 800 (g), par.2.

¹⁷ cf. CMTA, Title I, Chapter 3, Sec.117.

Section 4. General Provisions.

- 4.1.** Qualified Filipinos While Abroad are allowed to 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.
- 4.2.** 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 in any calendar year shall not exceed one hundred fifty thousand pesos (P150,000.00).
- 4.3.** Duty and Tax-free importation of Balikbayan Boxes under this CAO is limited to Qualified Filipinos While Abroad. To be clear, 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.
- 4.4.** 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. Balikbayan Boxes brought in through means other than consolidated shipments shall be covered by a different CAO, but shall be included in counting the frequency of availment of the privilege under Section 800 (g) of the CMTA.
- 4.5.** 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.
- 4.6.** 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.
- 4.7.** Balikbayan boxes or portions thereof which are compliant with the existing rules and regulations are entitled to immediate release.

When consolidated Balikbayan Boxes or portions thereof are subject to alert or any enforcement intervention, the boxes or portions thereof which are compliant shall be segregated and processed separately.

- 4.8. As far as practicable, ICT shall be used in the processing, monitoring and control of Balikbayan Boxes.
- 4.9. For the availment of the tax and duty exemption pursuant to Section 800 (g) of the CMTA, a processing fee of Two Hundred and Fifty Pesos (Php 250.00) (inclusive of the legal research fee of Php 10.00) shall be collected per house bill of lading/house airway bill. The Commissioner shall periodically review the processing fee and may revise the same based on prevailing costs to process the same.
- 4.10. **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.

The Deconsolidator shall be obliged to answer for the various charges that may be incurred by the Bureau such as government storage, arrastre, shipping demurrage, stripping and stuffing charges and other incidental expenses, not otherwise chargeable against the Forfeiture Fund, in case of implied abandonment of the goods.

Failure to comply with the obligations shall constitute a ground for the imposition of the sanctions prescribed under this CAO.

Section 5. Obligations of the Parties.

5.1. Obligations of Qualified Filipinos While Abroad.

- 5.1.1. Ensure that only personal effects and household goods are sent through consolidated shipment of Balikbayan Boxes.



5.1.2. Accomplish, sign and submit the Information Sheet¹⁸ 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:

- a.** 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;
- b.** Relationship of the shipper/sender to the consignee;
- c.** Contact number, postal and e-mail address of the Consignee;
- d.** Total value of contents and number of Balikbayan boxes;
- e.** Packing List Information which shall contain an itemized listing of all goods in each Balikbayan Box and their respective quantities and description;
- f.** Number of Availments within the calendar year; and
- g.** Other essential information as may be required by the Bureau.

5.1.3. Submit the following documents:

- a.** 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
- b.** Invoice, receipt or equivalent document covering the goods contained in the Balikbayan Box, if any.

5.1.4. The sender shall oblige the consolidator to comply with Republic Act No. 10173 or the Data Privacy Act of 2012, particularly on Section 20 thereof on security of personal information.

5.1.5. The sender shall also require the consolidator to transmit the Information Sheet and supporting documents as mentioned in Section 5.1.2 of this CAO to the Deconsolidator in a secured electronic format before arrival of the goods in the Philippines and within the period prescribed in Section 5.2.3 of this CAO.



¹⁸ The Information Sheet form is downloadable from the BOC website: www.customs.gov.ph.

5.2. Obligations of the Deconsolidator.

5.2.1. 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:

- a. Duly filled-up application form; and
- b. Copy of the Service Contract with all the annexes.

5.2.2. The Deconsolidator shall ensure that their principals abroad are made fully aware of the need for senders to provide information and documents as listed in Section 5.1.2 of this CAO, to enable the expeditious processing of the deconsolidated goods.

5.2.3. The Deconsolidator shall transmit to the Bureau the Information Sheet and supporting documents submitted by the sender in a secured electronic format before arrival of the goods in the Philippines and within the period prescribed below from the departure of the carrying vessel at the original port of loading for consolidated shipments by sea:

- a. Three (3)-day shipping time: Twenty-four (24) hours prior to arrival;
- b. Seven (7) - day shipping time: Forty-eight (48) hours prior to arrival; and
- c. Coming from America, Europe, Middle East, and other parts of the world whose shipping time does not fall under Section 5.2.3 (a) and (b): Ten (10) days prior to arrival.

For shipments carried by aircraft, the following periods shall apply:

- a. Those coming from Asia – 1 hour before arrival; and
- b. Those coming from countries – 6 hours prior to arrival.

5.2.4. Within one year from the effectivity of this CAO, each Deconsolidator shall 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.

In the alternative, the port operator, Deconsolidators or any third party may establish and maintain their own baggage x-ray facility subject to such service arrangements as may be

agreed upon between the facility operator and the client-Deconsolidator.

All baggage x-ray facilities shall be under the control and supervision of the Bureau and only trained BOC personnel shall be allowed to operate the baggage x-ray machines.

Section 6. Sanctions. The following acts shall constitute violations of this CAO and shall be subject to the sanctions provided thereunder to be imposed after due notice and hearing:

6.1. The Qualified Filipino While Abroad and the Deconsolidator and all other participants who use the Balikbayan Box duty and tax-exempt privilege as conduit for smuggling or other fraud against customs:

6.1.1. Payment of Php 300, 000.00 as administrative fine;

6.1.2. Criminal prosecution under Title XIV of the CMTA; and

6.1.3. Cancellation of registration as importer or broker, as may be applicable.

6.2. The Deconsolidator who fails to ensure that the consolidator is advised of the need for senders to provide in advance basic information:

6.2.1. First Offense – Warning;

6.2.2. Second Offense – Penalty of Php 100,000.00;

6.2.3. Third Offense - Penalty of Php 200,000.00; and

6.2.4. Succeeding Offenses – Penalty of Php 300,000.00.

6.3. The Deconsolidator or broker who fails without valid justification to lodge the goods declaration or to claim the goods within the prescribed period:

6.3.1. First Offense – Penalty of Php 100,000.00;

6.3.2. Second Offense - Penalty of Php 200,000.00; and

6.3.3. Third Offense - Penalty of Php 300,000.00 and the cancellation of registration as importer or broker, as may be applicable.

6.4. Failure to comply with any of the other obligations defined in this CAO:

- 6.4.1. First Offense – Warning;
- 6.4.2. Second Offense – Penalty of Php 100,000.00;
- 6.4.3. Third Offense – Penalty of Php 200,000.00 and six (6) months suspension of the registration as an importer or broker, as may be applicable; and
- 6.4.4. Fourth Offense – Penalty of Php 300,000.00 and cancellation of registration as importer or broker, as may be applicable.

The imposition of the above penalties shall be on a per HBL or HAWB basis and without prejudice to the action of the Fair Trade Enforcement Bureau of the Department of Trade and Industry (FTEB-DTI) to blacklist the erring Deconsolidator pursuant to its own rules and regulations.

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:

- a. Shipment of Balikbayan box, the contents of which have FCA value exceeding Php150,000.00;
- b. Shipments of a Qualified Filipino While Abroad whose total availments for any calendar year has exceeded Php150,000.00, even without exceeding the maximum number of availments per year;
- c. Shipments of a Qualified Filipino While Abroad who has availed of the privilege three (3) times in a calendar year, even if the total for all availments has not exceeded Php150,000.00 for the said year;
- d. Goods in Commercial Quantity, except if qualified as *de minimis* importation;
- e. Regulated Goods in Commercial Quantity;
- f. Donations;
- g. Container mixed with other types of goods (e.g. donations, commercial and regulated goods, and goods for temporary admission); and
- h. Failure of the sender to comply with any of the obligations enumerated under Section 5.1.2.

When any of the Balikbayan Boxes in a consolidated shipment is subject to inspection or any other enforcement intervention, the boxes not affected by such intervention shall be segregated and processed accordingly.

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

- 8.1. To prescribe the format of the Information Sheet and the Goods Declaration; with the explicit condition that the consolidator,

Deconsolidator, Customs Broker and other concerned parties shall strictly comply with the Data Privacy Act of 2012;

- 8.2. To provide the detailed procedures for the lodgment, processing and clearance of consolidated shipments of Balikbayan Boxes;
- 8.3. To prescribe the additional requirements for registration of the Deconsolidators; and
- 8.4. 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



DEC 02 2016

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.

- CMO 27-2015 dated August 27, 2015 - Revised Rules and Regulations on the Importation of "Balikbayan Boxes" from Overseas Filipino Workers
- CAO 8-2014 dated November 20, 2014 - Guidelines on the Imposition of Customs Documentary Stamp and Import Processing Fee for Informal Entries
- CMO 10-2011 dated February 08, 2011 - Conduct of Physical and X-Ray Examination
- 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 7-2004 dated March 12, 2004 - 100% Examination of Shipments Processed Under Informal Entry
- 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 20-2002 dated May 3, 2002 - Pre-Liquidation for Informal Entries
- 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 104-91 dated December 09, 1991 - Simplified Clearance Procedure for Informal Entries (One-Stop-Shop)
- 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 10-91 dated February 01, 1991 - Containerized Shipments Declared as Personal Effects (100% Examination and Clearance from OCOM)
- 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 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 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 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 54-89 dated May 29, 1989 - Clearance of Consolidated Shipment
- CAO 5-89 dated May 19, 1989 - Revised Rules and Regulations Governing Inbound Consolidated Shipments By Sea
- CAO 7-86 dated September 22, 1986 - Inbound Consolidation Shipments

Webpage, Forms, Handbooks and other References.

- Republic Act No. 10863 "Customs Modernization and Tariff Act"
- DTI Department Advisory dated October 2015
- Department of Finance Department Order 57-2011
- International Commercial Terms 2010
- Revised Kyoto Convention

