



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

[DATE]

**CUSTOMS ADMINISTRATIVE ORDER (CAO)**  
**NO. \_\_\_\_\_**

**SUBJECT: CLEARANCE OF POSTAL ITEM OR MAIL**  
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**INTRODUCTION.** This CAO implements Section 438, Chapter 4, Title IV; Section 800 (f) and Section 800 (g), Chapter 1, Title VIII; and other related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

**Section 1. Scope.** This Order shall cover:

- 1.1.** The clearance procedures for postal item or mail whether or not subject to duties, taxes and other charges; and
- 1.2.** The clearance procedure for postal item or mail for export including those for transshipment.

**Section 2. Objectives.**

- 2.1.** To enforce the Bureau's function of supervision and control over the handling of all foreign postal items and mails arriving in the Philippines for the purpose of collecting revenues and preventing the entry and transshipment of contraband;
- 2.2.** To streamline postal customs clearance of postal item or mail consistent with international standards and customs best practices.
- 2.3.** To establish an inventory system for all unclaimed or abandoned postal items or mail using Information and Communication Technology (ICT);
- 2.4.** To enhance customs control in the exportation of postal item or mail; and
- 2.5.** To strengthen collaboration of the Bureau with the postal agency of the government to enhance operating procedures and other initiatives relative to customs formalities in respect of postal items or mails

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

- 3.1. Availment** – 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** – A corrugated box or other container or receptacle up to a maximum volume of three (3.00) gross cubic meters 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** - The period from January 1 to December 31 of the same year.<sup>1</sup>

- 3.4. CN22 or CN23** – The Special Declaration forms for postal items as described in the Acts of the Universal Postal Union (UPU) currently in force.<sup>2</sup>

- 3.5. 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.<sup>3</sup> 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.

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<sup>1</sup> CMTA, Title VIII, Chapter 1, Sec. 800 (g), par.2

<sup>2</sup> World Customs Organization (WCO) – Universal Postal Union (UPU) Postal Customs Guide, page 17

<sup>3</sup> Department of Finance (DOF) Department Order (DO) 57-2011, 2 (b).

- 3.6. Damaged Postal Item** – Postal item or mail the condition of the external packaging is damaged by weather or improper handling, cut, torn and/or broken, or not intact.<sup>4</sup>
- 3.7. De Minimis Value** – The value of goods for which no duty or tax is collected.<sup>5</sup>
- 3.8. Filipino Residents of the Philippines** – Resident Filipino citizens who temporarily stay abroad which may include holders of student visa, holders of investors' visa and similar visas which allow them to establish legal temporary stay abroad.
- 3.9. Household Effects** – Furniture, dishes, linens, libraries, and similar household furnishing for personal use.<sup>6</sup>
- 3.10. Mail** – all matters authorized by the Government to be delivered through the postal service and shall include letters, printed materials, and money orders.<sup>7</sup>
- 3.11. Misrouted/Missent Dispatch**- Misdelayed postal dispatch through air or sea to PHLPost; receptacle mislabeled or the receptacle label of which is PHLPost but destination postal operator in the dispatch documents is not PHLPost.<sup>8</sup>
- 3.12. Office Of Exchange (OE)** – refer to the postal facilities of postal agency of the government (postal agency) receiving, handling, processing, dispatching and/or delivering postal items from other countries, such as but not limited to: 1) Central Mail Exchange Center (CMEC); 2) Foreign Service Mail Distribution Center (FSMDC); and other OEs that may be established in the future.<sup>9</sup>
- 3.13. 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).

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<sup>4</sup> cf. 2016 MOA Definition of Terms Section 202.1

<sup>5</sup> cf. CAO No. 02-2016, Section 3.2

<sup>6</sup> cf. U.S. Customs Border Protection (CBP) Info Center.

<sup>7</sup> Republic Act No. 7354, the Postal Services Act of 1992, Article 1, Section 2 (c)

<sup>8</sup> cf. 2016 MOA Definition of Terms Section 202.1

<sup>9</sup> cf. 2016 MOA Definition of Terms Section 103.1

**3.14. 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.<sup>10</sup> 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).

**3.15. 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.

**3.16. Postal Item** – Anything handled, processed and delivered by postal agency such as but not limited to: Express post; Parcel post; and other postal items as defined by the postal agency.<sup>11</sup>

**3.17. Prohibited Importation and Exportation** – The importation and exportation of the following goods are prohibited:

- a. Written or printed goods in any form containing any matter advocating or inciting treason, rebellion, insurrection, sedition against the government of the Philippines, or forcible resistance to any law of the Philippines, or written or printed goods containing any threat to take the life of, or inflict bodily harm upon any person in the Philippines;
- b. Goods, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter which advertises, describes or gives direct or indirect information where, how or by whom unlawful abortion is committed;
- c. Written or printed goods, negatives or cinematographic films, photographs, engravings, lithographs, objects, paintings, drawings or other representation of an obscene or immoral character;
- d. Any goods manufactured in whole or in part of gold, silver or other precious metals or alloys and the stamp, brand or mark does not indicate the actual fineness of quality of the metals or alloys;
- e. Any adulterated or misbranded food or goods for human consumption or any adulterated or misbranded drug in violation of relevant laws and regulations;
- f. Infringing goods as defined under the Intellectual Property Code and related laws; and

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<sup>10</sup> *cf* CMTA, Title VIII, Chapter 1, Sec. 800 (g), par.2.

<sup>11</sup> 2016 MOA between BOC and PHLPost Implementing Rules and Regulations

- g. All other goods or parts thereof which importation and exportation are explicitly prohibited by law or rules and regulations issued by the competent authority.<sup>12</sup>

**3.18. 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.

**3.19. Regulated Importation and Exportation-** Goods which are subject to regulation shall be imported and exported only after securing the necessary goods declaration, clearances, licenses, and any other requirements, prior to importation and exportation. In case of importation, submission of requirements after arrival of the goods but prior to release from customs custody shall be allowed but only in cases provided for by governing laws or regulations.<sup>13</sup>

**3.20. Restricted Importation and Exportation** – Except when authorized by law or regulation, the importation and exportation of the following restricted goods are prohibited:

- a. Dynamite, gunpowder, ammunitions and other explosives, firearms and weapons of war, or parts thereof;
- b. Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes or other goods when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof;
- c. Lottery and sweepstakes tickets, except advertisements thereof and lists of drawings therein;
- d. Marijuana, opium, poppies, coca leaves, heroin or other narcotics or synthetic drugs which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the government of the Philippines or any person duly authorized by the Dangerous Drugs Board, for medicinal purposes;
- e. Opium pipes or parts thereof, of whatever material; and
- f. Any other goods whose importation and exportation are restricted;

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<sup>12</sup> CMTA, Title I, Chapter 3, Section 118

<sup>13</sup> *cf.* CMTA, Title I, Chapter 3, Section 117

The restriction to import or export the above stated goods shall include the restriction on their transit.<sup>14</sup>

**3.21. Surface Airlifted Item-** Non-priority postal item conveyed by air from country of origin and transported within the Philippines by vessel or ship.

**3.22. Transshipment** - refers to a shipment or cargo arriving at any port of entry in the Philippines from other foreign port or place indicated in the Carrier's manifest and destined for transshipment to another foreign port.

**3.23. Universal Postal Union** - The inter-governmental organization founded in 1874 by the Treaty of Bern as the "General Postal Union", which, in 1878, was renamed the "Universal Postal Union (UPU)" which since 1048 has been a specialized agency of the United Nations.<sup>15</sup>

#### **Section 4. General Provisions.**

**4.1.** The Bureau shall establish a system that is capable of interfacing with the postal agency for the submission of the following:

**4.1.1.** Advance copy of the Customs Declaration (CN22 or CN23) for postal items from countries wherein the postal agency has a bilateral or multilateral agreement;

**4.1.2.** List of postal items and mails received which should contain at least the following:

- a. addressee or claimant's name;
- b. sender;
- c. origin;
- d. description of goods;
- e. value;
- f. weight ; and
- g. postage

**4.1.3.** List of unclaimed postal item or mail beyond thirty (30) days from the date of arrival with the Notice Card;

**4.1.4.** List of Returned to Sender postal item or mail;

**4.1.5.** List of postal items or mails that were redirected to a third country;

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<sup>14</sup> cf. CMTA, Title I, Chapter 3, Section 119

<sup>15</sup> WCO-UPU Postal Customs Guide, page 17

- 4.1.6.** List of damaged postal item or mail;
  - 4.1.7.** Periodic report/s on the postal items received, handled, processed and dispatched by Customs Warehouse Offices (CWO) at Offices of Exchange; and
  - 4.1.8.** The lists required under 4.1.3 to 4.1.7 shall include those postal items or mail dispatched to the various Offices of Exchange.
- 4.2.** The Bureau shall endeavor, in collaboration with PHLPost to establish a centralized examination and assessment of customs duties, taxes and other charges for the following postal items or mails arriving and for delivery within the Philippines:
  - 4.2.1.** One (1) Customs Warehouse Exchange (CWO) at Office of Exchange (OE) for postal consignments arriving by air; and
  - 4.2.2.** One (1) CWO at OE for postal consignments conveyed by sea including Surface Airlifted (SAL) postal item or mail.
- 4.3.** The Bureau shall require the postal agency to secure approval prior to re-exportation of misrouted or missent dispatch, damaged postal item or mail to be returned to sender.
- 4.4.** The Bureau shall provide security during the transport of postal item or mail from the carrier to the OE and shall account the postal or mail transported and turned over to the OE.
- 4.5.** Carriers shall be required to submit a Summary of the Inward Foreign Manifest to the Bureau.
- 4.6.** Rules and regulations on *de minimis* importation shall apply on postal item or mail falling within the *de minimis* value. Until such time the prescribed form is issued by the Bureau, small packets of postal consignments shall be released under a simplified clearance procedure using CN 22 and CN 23.
- 4.7.** Postal items with an FCA or FOB value of more than Php50,000.00 shall be cleared through a formal entry process and shall require the lodgment of goods declaration except for the following which shall be cleared through an informal entry process:
  - a. Those covered by Section 800 (f) and (g) of the CMTA;
  - b. Goods of a commercial nature with Free on Board (FOB) or Free Carrier At (FCA) value of less than fifty thousand pesos (P50,000.00); and

c. Personal and household effects or goods, not in commercial quantity.

**4.8. Clearance Formalities under Section 800 (f).** The availment of the tax and duty exemption pursuant to Section 800 (f) of the CMTA, a processing fee of PhP300.00 (inclusive of the legal research fee of PhP10.00) shall be collected per availment.

**4.8.1.** Household appliances, jewelry, precious stones, and other goods of luxury which were previously exported from the Philippines shall be exempt duties and taxes when covered by a Certificate of Identification (CI) issued by the District Collector, or a customs officer duly authorized by the former, before departure from the Philippines. Upon importation of the exported goods, the customs examiner shall verify the goods brought in as against the CI.

**4.8.2.** To be exempt from duties, taxes and other charges, personal and household effects normally used for the comfort and convenience of the Returning Residents or OFWs during their stay abroad, must accompany them on their return, or arrive within a reasonable time which, barring unforeseen and fortuitous events, in no case shall exceed sixty (60) calendar days after the owner's return.

**4.8.3.** To clear the shipment, Returning Resident or OFW shall accomplish, sign and submit in advance to the Bureau a Personal and Household Effects Declaration Form (PHED), to be developed by the Bureau, containing among others, the following basic information:

- a. Complete name of the shipper, date of birth, citizenship, passport number, address abroad and in Philippines, contact number and email address, if any;
- b. Contents, quantity, unit value and total value of shipment;
- c. Packing List Information which shall contain an itemized listing of all goods in each box and their respective quantities and description;
- d. Names of accompanying family members and their respective passport numbers;
- e. Date of last departure from the Philippines;
- f. Date of arrival in the Philippines.



**4.8.4.** For shipments by sea, the Returning Resident or OFW shall secure a Duty and Tax Exemption Certificate from the Revenue Office of the Department of Finance and the concerned office in the Bureau.

**4.8.5.** Importations of excisable articles such as, but not limited to, distilled spirits, wines, cigars and cigarettes, perfumes, toilet waters, in excess of the allowable quantity to be prescribed by the Bureau shall be subject to payment of duties, taxes and other charges.

**4.9. Clearance Formalities under Section 800 (g).** For the availment of the tax and duty exemption pursuant to Section 800 (g) of the CMTA, a processing fee of PhP250.00 (inclusive of the legal research fee of PhP10.00) shall be collected per availment.

**4.9.1.** Any resident of the Philippines, OFWs or other Filipinos while residing abroad who are allowed to send to their families or relatives Balikbayan boxes which are exempt from applicable duties, taxes and other charges subject to the conditions provided by Section 800 (g), Chapter 1, Title VIII of the CMTA, may do so through post or mail. Such sending of Balikbayan boxes through post or mail shall be counted in the frequency - the exemption privilege has been availed of by the qualified sender; provided however that the De Minimis importation whether by post, mail or other mode of importation is not counted.

**4.9.2.** Balikbayan boxes whether brought in or sent by Qualified Filipinos Non-Resident Filipinos or OFWs shall be included in the counting of the frequency of availment of the privilege which is up to maximum of three (3) times per calendar year; and, provided further, that De Minimis importation shall not be included in the counting. A shipment that is above PhP10,000.00 shall be automatically considered as one availment.

**4.9.3.** Filipino resident of the Philippines, OFWs or Qualified Filipinos while abroad shall ensure that Balikbayan boxes sent as postal items should contain only personal effect or household goods.

**4.9.4.** Addressee or claimant of Balikbayan boxes shall be required to submit the print-out of the Information Sheet accomplished, signed and sent by the sender. The Information Sheet 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. Packing List Information which shall contain an itemized listing of all goods in each Balikbayan box and their respective description, quantities, unit value and total value;
- c. Relationship of the shipper/sender to the consignee;
- d. Number of Availments within the calendar year;
- e. Contact number, postal and e-mail address of the Consignee; and
- f. Other essential information as may be required by the Bureau.

**4.9.5.** In addition to the Information Sheet, senders of Balikbayan boxes shall send the following documents to the addressee or claimant for presentation to the Bureau:

**4.9.5.1.** 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

**4.9.5.2.** Invoice, receipt or equivalent document covering the goods contained in the Balikbayan box, if any.

**4.9** Physical examination or non-intrusive inspection shall be conducted subject to existing regulations and based on established risk management scheme of the Bureau.

**4.10** Postal item or mail shall be subject to mandatory non-intrusive inspection by the Bureau before dispatch from the Office of Exchange.

**4.11** The Bureau shall provide K9 sniffing dogs for the detection of illicit drugs entered through postal stations.

- 4.12** The customs officer, may, based on the result of risk management physically inspect the postal item or mail.
- 4.13** The Bureau shall coordinate with postal agency for immediate dispatch of postal items or mails to the concerned postal stations.
- 4.14** Postal item or mail which remain unclaimed despite due notice given to the addressee or claimant shall be subject to abandonment proceedings.

**Section 5. Exportation of Postal Item or Mail.** For postal item or mail for export, all or part of the data in the CN 22 or CN 23 shall be required by Bureau to be shared electronically by the postal agency for advance processing.

- 5.1. Labelling requirements.** The Bureau shall ensure that all receptacles for postal item or mail are properly labelled or marked in accordance with international standards to distinguish it as being mail, rather than cargo or freight.

**Section 6. Exclusions from Immediate Release.** The following postal items or mails are excluded from immediate release:

- 6.1.** Goods redeemed or claimed from airlines, hotels, magazines, etc., through mileage or points earned by the addressee or claimant.
- 6.2.** Conditionally free importation under Section 800 of the CMTA.
- 6.3.** Postal item or mail subject to requirements or conditions imposed by the concerned regulatory agency, unless for personal use and within the limits allowed by regulations.
- 6.4.** Postal item or mail declared as “without commercial value” or “of no commercial value” or with specific amount but qualified by the phrase “for customs purposes” or analogous phrases. Hence, the sender must declare in the CN the specific value of the goods.
- 6.5.** Importation of tobacco, cigars, cigarettes and liquor products within the *De Minimis* value shall be subject to the provisions of National Internal Revenue Code (NIRC), as amended, on excise tax.
- 6.6.** Prohibited and restricted postal item or mail.
- 6.7.** Postal item or mail to be entered conditionally free, for warehousing, for transit, and/or admission to free zone.

- 6.8.** Postal item purchased online and with discount which shall be subject to presentation of transaction record such as credit card statement or confirmation receipt of the seller.

**Section 7. Penal Provision.** Violations of this CAO committed by any person, officer or employee shall be penalized in accordance with Title XIV of the CMTA and other applicable penal provisions.

**Section 8. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended and revised, if necessary.

**Section 9. Repealing Clause.** This CAO specifically amends or repeals previously issued CAOs and CMOs which are inconsistent with the provisions here stated.

**Section 10. 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 11. Effectivity.** This CAO shall take effect after 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 three (3) certified copies of this CAO.

**NICANOR E. FAELDON**

Commissioner

Approved:

**CARLOS G. DOMINGUEZ III**

Secretary

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

**1. History.** This is the first CAO dealing on the Clearance of Postal Item or Mail.

**2. Related Policies.**

- 2016 Memorandum of Agreement (MOA) between the BOC and PHLPPost dated 21 March 2016 and its Implementing Rules and Regulations (IRR).

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

- Republic Act No. 7354, the Postal Services Act of 1992
- Revised Kyoto Convention
- RA 10863 "Customs Modernization and Tariff Act"