



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

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

**SUBJECT: CUSTOMS CLEARANCE PROCEDURES ON EXPRESS SHIPMENTS**

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**INTRODUCTION.** This CAO implements Section 439, Chapter 4, Title IV and other related provisions of Republic Act No. 10863 otherwise known as the Customs Modernization and Tariff Act (CMTA).

**Section 1. Scope.** This covers Express Shipments carried as cargo under its own Master Air Waybill (MAWB) consigned to Air Express Cargo Operators.

**Section 2. Objectives.**

- 2.1.** To prescribe uniform and simplified procedures in the transport, documentation and clearance of Express Shipments in all Philippine airports;
- 2.2.** To ensure border protection against the entry of dangerous and hazardous goods by applying internationally accepted best practices; and
- 2.3.** To maximize the use of Information and Communications Technology (ICT) for purposes of monitoring and generating relevant statistical information relative to Express Shipments.

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

- 3.1. Air Express Cargo Operator (AECO)** – shall refer to a company which provides and arranges for the fast and rapid transport and delivery of express shipments, by order and in the interest of shippers or consignors, either as a direct common carrier or an indirect air carrier, and as such issues its own air waybill to shippers or consignors of shipments under its solicitation<sup>1</sup>.

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<sup>1</sup> CMO 46-1998, Section 3.1.2

- 3.2. Consolidated Cargo Manifest** – shall refer to the true and correct manifest of all the individual shipments or 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<sup>2</sup>.
- 3.3. Delivered at Place (DAP)** – shall refer to an international commercial term covered by the Incoterms Rules 2010 developed by International Chamber of Commerce (ICC) which means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination<sup>3</sup>.
- 3.4. Delivered Duty Paid (DDP)** - shall refer to an international commercial term covered by the Incoterms Rules 2010 developed by International Chamber of Commerce (ICC) which means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination.<sup>4</sup>
- 3.5. De Minimis Value** – shall refer to the value of goods for which no duty or tax is collected<sup>5</sup>.
- 3.6. Express Shipments** – shall refer to consolidated air shipments of goods which are time-sensitive in character, usually under a door-to-door service arrangement with on-time delivery commitment, which are shipped under a Master Air Waybill (MAWB) consigned to an Air Express Cargo Operator (AECO)<sup>6</sup>.
- 3.7. Free Carrier (FCA)** – shall refer to an international commercial term covered by the Incoterms Rules 2010 developed by International Chamber of Commerce (ICC) which means free carrier or 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 of this type of sale are well advised to specify clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point<sup>7</sup>.

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<sup>2</sup> cf. CMO 79-70, Section 2.1.6.

<sup>3</sup> International Commercial Terms 2010

<sup>4</sup> International Commercial Terms 2010

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

<sup>6</sup> cf. CMO 46-1998, Section 3.1.1

<sup>7</sup> International Commercial Terms 2010

- 3.8. Free On-Board (FOB)** – shall refer to an international commercial term covered by the Incoterms Rules 2010 developed by International Chamber of Commerce (ICC) which means free on board or that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from the moment onwards.<sup>8</sup>
- 3.9. High-Value** – shall refer to goods of a commercial nature with FOB or FCA value of more than fifty thousand pesos (₱50,000.00)<sup>9</sup>.
- 3.10. House Air Waybill (HAWB)** – shall refer to an air waybill covering a single, individual shipment or consignment issued by the freight forwarder or consolidator to a 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 good shipped by air<sup>10</sup>.
- 3.11. Inward Foreign Manifest** – shall refer to an inward cargo declaration which contains the particulars of an import shipment such as the transport document numbers, name of carrier, voyage or flight number, name of consignor and consignees, marks and numbers, container information for sea-freight, kinds and number of packages, description and quantities, weights and measures of the goods, port of loading and intended destination<sup>11</sup>.
- 3.12. Low-Value, Dutiable** – shall refer to goods of a commercial nature with FOB or FCA value of more than ten thousand pesos (Php10,000.00) but less than fifty thousand pesos (Php50,000.00)<sup>12</sup>.
- 3.13. Low-Value, Non-Dutiable** – shall refer to the value of goods with an FOB or FCA value of ten thousand pesos (Php10,000.00) or below for which no duty or tax is collected<sup>13</sup>.
- 3.14. Master Air Waybill (MAWB)** – shall refer to an airway bill issued by a common air carrier to a consolidator covering a consolidated shipment<sup>14</sup>.

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<sup>8</sup> International Commercial Terms 2010

<sup>9</sup> cf. CMTA, Title IV, Chapter 1, Section 402

<sup>10</sup> CMO 79-90 Section 2.1.5

<sup>11</sup> cf. World Customs Organization Glossary of Customs International Terms 2013

<sup>12</sup> cf. CMTA, Title IV, Chapter 1, Section 402

<sup>13</sup> cf. CMTA, Title IV, Chapter 3, Section 423

<sup>14</sup> CAO 05-2016, Section 3.16.

**3.15. Package** – shall refer to a closed container (i.e. box, carton or envelope) or covering in which the contents of a consignment is packed, ready for shipment or transport<sup>15</sup>.

**3.16. 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
- 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>16</sup>

**3.17. Regulated Importation and Exportation** – goods which are subject to regulation shall be imported only after securing the necessary goods declaration, clearances, licenses, and any other requirements, prior to importation. 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>17</sup>

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

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<sup>15</sup> CMO 46-98 Section 3.1.4

<sup>16</sup> CMTA, Title I, Chapter 3, Section 118

<sup>17</sup> cf. CMTA, Title I, Chapter 3, Section 117

- 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;
- f. Any other goods whose importation are restricted;<sup>18</sup>
- g. Weapons of mass destruction and goods included in the National Strategic Goods List (NSGL) as provided under Republic Act No. 10697 or the Strategic Trade Management Act (STMA);
- h. Toxic and Hazardous goods under Republic Act No. 6969 or the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990."

The restriction to import the above stated goods shall include the restriction on their transit.

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

**4.1. Express Shipments.** Pending the issuance of an Executive Order on the restructuring of the Bureau of Customs, Express Shipments shall be processed under the control and supervision of an Interim Express Shipment Unit (IESU) of the Deputy Collector for Assessment of the airport of entry, to handle clearance formalities on the release of express shipments.

An Air Express Facility shall be established by the Bureau to house the IESU for the centralized processing of express shipments.

**4.2. Customs Clearance Formalities.** For purposes of granting immediate release, express shipments shall be divided into four (4) categories, as follows:

**4.2.1. Correspondence and Documents** – Correspondence and Documents shall be limited to written messages from one person to another, post cards and letters containing personal messages.

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<sup>18</sup> cf. CMTA, Title I, Chapter 3, Section 119.

Documents shall be limited to printed matter in non-commercial quantities, provided that Correspondence or Documents that are recorded on carrier media shall not be included in this Category. Items that are prohibited or restricted, are likewise not included.

a. The Air Express Cargo Operator (AECO) shall submit electronically prior to the flight arrival, a detailed Consolidated Manifest for all Correspondence and Documents arriving on a particular flight.

i. Those coming from Asia – 1 hour prior to arrival

ii. Those coming from other continents – 4 hours prior to arrival

b. The AECO shall ensure that Non-Document shipments are not mixed with Correspondence and Documents. Should this occur, the AECO shall provide supporting documents to the Bureau that the Non-Document shipment was manifested correctly. Any shipment found to contain dutiable goods shall be segregated from Correspondence and Documents and the same shall be filed and cleared separately.

c. Unmanifested goods shall be subject to the penalties of the applicable Customs order.

d. The Consolidated Manifest for Correspondence and Documents shall serve as the goods declaration.

e. Prior to release, the Bureau shall conduct non-intrusive inspection for shipments classified as Correspondence and Documents.

f. All Correspondence and Documents shall be placed in a sealed green courier bag.

g. Documents included in the Consolidated Manifest for Correspondence and Documents shall be cleared without payment of duty and tax.

h. The Bureau may prescribe a weight limit for purposes of risk management.

**4.2.2. Low-Value, Non-Dutiable and Non-Taxable – *De Minimis* Shipments with FOB or FCA value of Php10,000.00 or less.** The Bureau shall ensure that information provided by the AECO regarding the value of a shipment is readily available.

- a. The AECO, prior to the arrival of the shipments, shall submit electronically to the Bureau a detailed Consolidated Manifest of all shipments with FOB or FCA value of Php10,000.00 or less.
- b. The detailed Consolidated Manifest shall serve as the goods declaration for all low-value, non-dutiable shipments, provided that low-value, non-dutiable but regulated shipments shall be declared separately per House Air Waybill (HAWB).
- c. The detailed Consolidated Manifest as goods declaration shall include the following information for each shipment included in the consolidation:
  - c.1. Flight Number;
  - c.2. Flight Date;
  - c.3. Registry Number;
  - c.4. MAWB No;
  - c.5. HAWB No;
  - c.6. Marks and numbers of cartons, drums, boxes, crates and other forms of protective packaging;
  - c.7. Shipper Name;
  - c.8. Shipper Address;
  - c.9. Consignee Name;
  - c.10. Consignee Address;
  - c.11. Number of packages;
  - c.12. Kinds of packages (cartons, boxes, crates, drums, etc.);
  - c.13. Description of goods;
  - c.14. Declared Value;
  - c.15. Gross Weight;
  - c.16. Country of origin;
  - c.17. Notify Party
- d. The Customs Examiner shall carry out risk assessment on the consolidated manifest submitted by the AECO and tag shipments for physical inspection or for submission of clearance or permit from the concerned Regulatory, as the case may be.

**4.2.3. Low-Value, Dutiable and Taxable Shipments** – These are shipments that are above the *De Minimis* threshold but below the value specified under Section 402 of the CMTA which is Php50,000.00. Any goods that are prohibited or restricted are excluded. The Bureau may consider the following clearance procedures:

#### **4.2.3.1. Immediate release with simultaneous clearance**

**a.** Shipments may be granted immediate release with simultaneous clearance, subject to any Customs selective documentary or physical examination or both, of the goods based on risk management techniques and provided that:

(i) The Consolidated Manifest with the information as indicated below, for each shipment, is submitted to the Bureau in advance prior to the arrival of the goods for the purposes of processing information, calculating the amount of duties and taxes payable and for selecting shipments for documentary or physical examination or both, if deemed necessary:

- a.** HAWB No.;
- b.** Shipper Name;
- c.** Shipper Address;
- d.** No of packages;
- e.** Description of goods;
- f.** Declared Value;
- g.** Consignee Name;
- h.** Consignee Address;
- i.** Flight No.;
- j.** Flight Date;
- k.** MAWB No.;
- l.** Weight;
- m.** Customs Duty Amount (Duty);
- n.** VAT;
- o.** Express Clearance Fee; and
- p.** Other charge i.e. Fines/Penalties.

(ii) A simplified Goods declaration containing the information required by the Bureau is presented by the AECO prior to the arrival of the goods;

(iii) All duties, taxes and other charges are paid or deferred payment terms are accepted on the clearance of the shipments concerned.

#### **4.2.3.2 Immediate release with subsequent clearance**

**a.** Express shipments may be released prior to the payment of the assessed customs duty, tax and other charges subject to the posting of a bank



guaranty and the issuance of the final clearance by the Bureau provided;

- (i) The Informal Entry for express shipments sought to be released shall have been duly filed and processed;
- (ii) The documentary and/or physical examination of the cargo, if necessary, has been completed, and the duties, taxes and other charges due on the consignment have been properly determined by the Bureau;
- (iii) Only such number of shipments with aggregate assessed duties, taxes and other charges not exceeding the amount guaranteed by an accredited agent bank shall be allowed to be released;
- (iv) The shipments sought to be released is not subject to any alert/hold order issued by the authorized Alerting Unit of the Bureau;
- (v) The AECO shall submit to the District Collector of Customs a notarized written commitment executed by an Accredited Agent Bank (AAB), guaranteeing to pay the Bureau of Customs upon demand whatever customs duties, taxes and other charges assessed on any import not paid by the EO;
- (vi) The AECO shall deposit and maintain at all times in a duly Accredited Agent Bank (AAB) the amount of not less than FIVE MILLION PESOS (Php5,000,000.00) specifically to guaranty immediate payment by the bank upon demand by the Bureau, in case of default on the part of the EO, of all assessed customs duties, taxes, and other charges and were released prior to payment of duties, taxes and other charges;
- (vii) The AECO shall pay the Bureau the customs duties, taxes and other charges assessed on express shipments not later than 12:00noon of the first working day following the release of the cargo; and

- (viii) The Bureau shall provide an Official Receipt for each individual AWB.

**4.2.4. High-Value Shipments.** Shipments with an FOB value of more than Php50,000.00 shall be processed under Formal Entry. Each shipment shall be declared individually through Customs Cargo Clearance System.

- a. The Bureau shall accept payment for duty, tax and other customs charges from the EO for Delivered Duty Paid (DDP), Delivered at Place (DAP) and other modes of payment as defined by the international terms of trade.
- b. The Bureau shall enable the DDP and DAP profiles in the Client Profile Registration System upon the request of the AECO.

#### **4.3. Manifest Submission**

**4.3.1.** The AECO shall submit an Advanced Electronic Manifest to the Bureau containing HAWB information before the arrival of a given flight, within the period to be prescribed by the Bureau.

**4.3.2.** The AECO must submit a final manifest no later than 4 hours after flight arrival. The final manifest must include HAWB information of actual arrivals.

- i. Those coming from Asia – 4 hour after arrival of the aircraft
- ii. Those coming from other continents – 12 hours after arrival of the aircraft

**4.4. Treatment of Split Consignments.** Two or more low value non-document express consignment which appears on the consolidated manifest to have the same shipper and the same consignee, whose aggregate value exceeds Php50,000.00, or its foreign currency equivalent value at the date of arrival of shipment shall be treated as a single consignment and will require the filing of formal entry.

#### **4.5. Provision of Manpower**

**4.5.1. Assignment of BOC Personnel.** The District Collector shall assign customs personnel at IESU on a 24/7 basis, to implement clearance procedures and control measures.

**4.5.2.** The Bureau shall provide the AECO with sufficient personnel to render overtime service after regular office hours and during Saturdays, Sundays and holidays. Such service shall be

requested by the Operator in advance and in writing, specifying the number of personnel required and other relevant information.

**4.5.3.** The Operator shall pay the Bureau service and/or overtime fees for services rendered in accordance with Sections 1211 and 1508 of the CMTA.

**Section 5. Registration of AECO.** Air Express Cargo Operators must register with the Account Management Office (AMO) before they may be able to transact business with the Bureau.

**Section 6. Risk Management.** The customs officer may, based on internationally accepted custom administration risk management principles, conduct non-intrusive inspection on air express shipments.

**Section 7. Regulated Shipments.** Regulated shipments shall not be subject to immediate release.

**Section 8. Express Shipment Restrictions.** No express shipment shall include any of the following<sup>19</sup>:

- a. Prohibited and/or Restricted imports under the Philippine laws;
- b. Dangerous Goods and/or Hazardous substances such as explosives and other hazardous chemicals under RA 6969;
- c. Valuable goods such as jewelry, works of art and the like;
- d. Animals, fishes and fowls (live or frozen);
- e. Foodstuff and highly perishable articles;
- f. Human remains/cadavers; and
- g. Money (coins, cash, paper money and negotiable instruments equivalent to cash).

**Section 9. Reportorial System.** A Reportorial System shall be established in the Bureau for statistical purposes and monitoring of air express shipments.

**Section 10. Sanctions for Violations.** Expedited clearance and release procedures may be discontinued if an Operator is found to violate or fail to comply with any of the provisions of this Order.

**Section 11. Administrative Sanctions.** A customs employee who violates any of the provisions of this Order shall be held administratively liable, in addition to the penal sanctions that may be imposed upon his person.

**Section 12. Penal Provisions.** 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.

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<sup>19</sup> CMO 46-98, Section 4.2.

**Section 13. Periodic Review.** Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

**Section 14. Repealing Clause.** This CAO expressly repeals and recalls CMO 23-96 and revokes NAIA CMOs 59-91 and 14-94. All other issuances inconsistent or in conflict with this Order are hereby superseded, amended or modified accordingly.

**Section 15. 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 16. 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 section only provides information and does not give rise to any substantive or formal rights or obligations.

**1. History.** This CAO amends all the previous issuances of the Bureau of Customs relating to clearance of traveler and passenger baggage processing.

**2. Related Policies.**

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| <ul style="list-style-type: none"> <li>• Republic Act 10863</li> </ul>   | <ul style="list-style-type: none"> <li>• An Act Modernizing the Customs and Tariff Administration. Otherwise known as Customs Modernization and Tariff Act (CMTA)</li> </ul>                                      |
| <ul style="list-style-type: none"> <li>• Customs Administrative Order 02-2016</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Imported Goods with <i>De Minimis</i> Value Not Subject to Duties and Taxes</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Customs Administrative Order 05-2016</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Consolidated Shipment of Duty and Tax-Free "Balikbayan Boxes"</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Customs Memorandum Order No. 46-98</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Expedited Clearance or Clearance Procedures and Guidelines on Express Consignment</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Customs Memorandum Order No. 16-2001</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Procedures in the Release of Air Express Cargo at NAIA Customshouse</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Customs Memorandum Order No. 37-2002</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Clearance of Air Express Consignment of DHL Worldwide Express at NAIA</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Customs Memorandum Order No. 02-2006</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Cargo Pre-Clearance Release System for the Air Express Cargo Industry</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Customs Memorandum Order No. 51-2010</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Amendment of CMO 46-98</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Customs Memorandum Order No. 79-90</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Revised Rules and Regulations Governing the Entry of Non-Commercial Inbound Consolidation Shipments from Filipino Abroad, Repealing for the purpose CMO 32-90</li> </ul> |
| <ul style="list-style-type: none"> <li>• NAIA Customs Memorandum Order No. 1-2015</li> </ul>                               | <ul style="list-style-type: none"> <li>• Transfer Underguard (TUG) Procedures</li> </ul>  |
| <ul style="list-style-type: none"> <li>• World Customs Organization Glossary of Customs International Term 2013</li> </ul> |   |
| <ul style="list-style-type: none"> <li>• International Commercial Terms 2010</li> </ul>                                    |   |
| <ul style="list-style-type: none"> <li>• Glossary of Customs and Trade Terms</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Glossary of Customs and Trade Terms</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Revised Kyoto Convention</li> </ul>   | <ul style="list-style-type: none"> <li>• Specific Annex A, Chapter 1 Definition of Terms</li> </ul>   |
| <ul style="list-style-type: none"> <li>• WCO Asia/Pacific Regional Workshop</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Risk Based Passenger Selectivity</li> </ul>  |

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

- [www.customs.gov.ph](http://www.customs.gov.ph).
- Republic Act 10863
- World Customs Organization Glossary of Customs International Term 2013
- International Commercial Terms 2010
- Glossary of Customs and Trade Terms
- Revised Kyoto Convention
- WCO Asia/Pacific Regional Workshop