



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

CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. _____

SUBJECT: Clearance Formalities of an On-Board Courier (OBC) Baggage at International Airports of Entry

INTRODUCTION. This CAO implements Sections 437 and 439, Chapter 1, Title IV, in so far as Courier Baggage processing is concerned, and other related provisions of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA).

Section 1. Scope. This covers Courier Baggage by a registered Courier Service Operator (CSO) through air on behalf of a consignee or consignor, entered through an international airport.

Section 2. Objectives.

- 2.1.** To provide simplified customs clearance procedures for Courier Baggage thereby facilitating international trade and to align with international standards and customs best practices; and
- 2.2.** To facilitate customs clearance of On-Board Courier Baggage without sacrificing the Bureau's other functions of revenue collection and border protection through application of risk management techniques and maximizing the use of Information and Communication Technology (ICT)-enabled monitoring and control systems.

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

- 3.1. Commercial Quantity** – shall refer to quantity for a given kind or class of articles which are in excess of what is compatible or commensurate with a person's normal requirements for personal use¹.

¹ CAO 02-2016, Section 3.1.

- 3.2. Consignment or Shipment** – shall refer to one or more pieces of baggage received from one authorized courier and addressed to multiple consignees at one final destination².
- 3.3. Courier Baggage** – shall refer to a closed container (i.e. box, carton or envelope) or covering in which the contents of a consignment or shipment is packed or bagged transported not more than the weight and measurement as prescribed by the airlines³.
- 3.4. Courier Services Operator (CSO)** – shall refer to a natural or juridical entity registered with the Bureau, which, by itself or in concert with affiliated or subcontractors, provide for the speedy transport (as an indirect air carrier) and delivery of express consignments being brought and arriving as accompanied baggage of its courier flying as passenger of commercial airlines.
- 3.5. Documents** – shall refer to written or printed messages or information which are business, inter-office, or personal (BIP) in character and have no commercial value. Included under this category are documents contained in diplomatic bags or pouches with official seal⁴.
- 3.6. Non-Documents** – shall refer to consignments which do not fall under the Documents category.
- 3.7. OBC Clearance Center (OBC-CC)** – shall refer to the place where the goods are stored, processed, cleared and released.
- 3.8. On-Board Courier** – shall refer to a representative of a registered Courier Service Operator who picks up packages, boards a passenger or chartered jet, and hand carries goods to its destination⁵.
- 3.9. 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

² cf. CMO 46-98, Section 3.1.5.

³ cf. CMO 46-98, Section 3.1.4.

⁴ cf. CMO 46-98, Section 4.1.1.

⁵ cf. JSI Time Critical Logistic Services <http://www.jsilogistics.com/freight-forwarding/time-critical-logistics/?gclid=CMDbs6b2u9MCFcMrvQodWtYKZg>

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.⁶

3.10. 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.⁷

3.11. Restricted Importation and Exportation – except when authorized by law or regulation, the importation 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;

⁶ CMTA, Title I, Chapter 3, Section 118

⁷ cf. CMTA, Title I, Chapter 3, Section 117.

- 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 material⁸;
- f. 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); and
- g. Toxic and Hazardous goods under Republic Act No. 6969 or the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990."
- h. Any other goods whose importation are restricted⁹;

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

Section 4. General Provisions.

- 4.1.** All OBC importations shall be exclusively processed, cleared and released at the On-Board Courier Clearance Center (OBC-CC).
- 4.2.** In the interim, the OBC-CC shall be under the control and supervision of the Deputy District Collector for Passenger Services or equivalent office, pending the creation of a permanent office for the OBC.
- 4.3.** The registered Courier Service Operator (CSO) shall electronically submit to the Bureau the Courier Baggage Voucher (CBV) issued by the airline abroad, prior to the arrival of the goods, through the Office of the Deputy Collector for Passenger Services for pre-arrival processing and risk management.
- 4.4.** The CBV shall contain shall contain the following information;
 - a. Courier Baggage Voucher Number
 - b. Baggage Tag Number
 - c. Country of Origin
 - d. Shipper Name

⁸ cf. CMTA, Title I, Chapter 3, Section 119

⁹ cf. CMTA, Title I, Chapter 3, Section 119

- e. Shipper Address
- f. Number of Packages
- g. Description of Goods
- h. Declared Value of each package
- i. Consignee Name
- j. Consignee Address
- k. Flight Number
- l. Flight Date
- m. MAWB
- n. Gross Weight

4.5. The Master Airway Bill (MAWB) which shall be submitted to the Bureau shall contain the following information:

- a. HAWB Number
- b. Shipper Name
- c. Shipper Address
- d. Name of the Agent of the Issuing Carrier
- e. Agent's IATA Code
- f. Country of Origin
- g. Country of Destination
- h. No of packages
- i. Description of goods
- j. Declared Value
- k. Consignee Name
- l. Consignee Address
- m. Flight No
- n. Flight Date
- o. Gross Weight

4.6. Customs Clearance Formalities. For purposes of granting immediate release, goods brought in by OBC shall be divided into four (4) categories, enumerated as follows:

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

The registered CSO shall submit electronically, prior to flight arrival, a detailed Consolidated Manifest for all documents within the periods prescribed below:

- a. Those coming from Asia – 1 hour prior to arrival
- b. Those coming from other continents – 4 hours prior to arrival

4.6.1.1. The registered CSO shall ensure that Non-Document goods are not mixed with Documents. Should this occur, the registered CSO 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 Documents and the same shall be filed and cleared separately.

- a.** Unmanifested goods shall be subject to the penalties of the applicable Customs order.
- b.** The Consolidated Manifest for Correspondence and Documents shall serve as the goods declaration.
- c.** Prior to release, the Bureau shall conduct non-intrusive inspection for goods classified as Correspondence and Documents.
- d.** All Documents shall be placed in a sealed courier bag.
- e.** Documents included in the Consolidated Manifest for Documents shall be cleared without payment of duty and tax.
- f.** The Bureau may prescribe a weight limit for purposes of risk management.

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

- a.** The registered CSO, prior to the arrival of the goods, shall submit electronically to the Bureau a detailed Consolidated Manifest of all goods 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 goods, provided that low-value, non-dutiable but regulated goods shall be declared separately per House Air Waybill (HAWB).

- c. The detailed Consolidated Manifest as goods declaration shall include the following information for each package 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; and
 - c.17. Notify Party
- d. The Customs Examiner shall carry out risk assessment on the consolidated manifest submitted by the registered CSO and tag goods for physical inspection or for submission of clearance or permit from the concerned Regulatory, as the case may be.

4.8. Low-Value, Dutiable and Taxable Goods – These are goods 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:

4.8.1. Immediate release with simultaneous clearance

- a. Goods 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 goods 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 shall be submitted by the registered CSO to the Bureau prior to the arrival of the goods;

4.8.2. Immediate release with subsequent clearance

- a.** Goods brought in by the Courier 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 Goods Declaration filed under Informal Entry sought to be released shall have been duly filed and processed;
 - (ii)** The documentary and/or physical examination of the goods, if necessary, has been completed, and the duties, taxes and other charges due have been properly determined by the Bureau;

- (iii) Only such number of goods 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 goods sought to be released is not subject to any alert/hold order issued by the authorized Alerting Unit of the Bureau;
- (v) The registered CSO 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 registered CSO;
- (vi) The registered CSO shall deposit and maintain at all times in a duly Accredited Agent Bank (AAB) the amount of not less than FIVE HUNDRED THOUSAND PESOS (Php500,000.00) specifically to guaranty immediate payment by the bank upon demand by the Bureau, in case of default on the part of the registered CSO, of all assessed customs duties, taxes, and other charges and were released prior to payment of duties, taxes and other charges;
- (vii) The shall pay the Bureau the customs duties, taxes and other charges assessed on express goods 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.

4.9. High-Value Goods. Goods 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.

4.10. All OBC importations shall be subject to non-intrusive inspection. When necessary, scanned baggage may be subject to physical examination based on existing risk management scheme used by the Bureau.

4.11. The Bureau shall maintain a database for purposes of monitoring the receipt and subsequent release of parcels or packages.

4.12. The CSO shall establish a facility inside an accredited Customs Facility Warehouse for its operations.

Section 5. Posting of Security Bond.

5.1. Cash Bond. The Bureau shall require the Courier to post a cash bond amounting to Php500,000.00 subject to approval of the District Collector of Customs, to guarantee the payment of customs duties, taxes and other charges. In the event that said bond is reduced or exhausted due to application to duties, taxes and other charges, the Courier shall replenish the same.

5.2. Surety Bond or Performance Bond. The Courier shall post a Surety Bond or Performance Bond to cover for possible losses, misdeliveries and other possible offenses.

Section 6. Exclusions from Immediate Release.

6.1. Courier Baggage are subject to immediate release, except the following:

- 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).

6.2. The following procedures shall govern in the event the goods mentioned in 6.1. were accepted by the registered CSO:

- a.** Prohibited goods and dangerous goods or hazardous substances shall be destroyed.
- b.** Regulated goods shall be disposed of in a manner to be determined by the appropriate regulatory agency.
- c.** Money (coins, cash, paper money and negotiable instruments equivalent to cash) shall be seized in favor of the government.

- d. For importations covered by letters E to G of Section 6.1 of this CAO, the same shall not be processed and released at the OBC-CC but shall be processed by the appropriate office, division or unit.

Section 7. 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.

7.1. The Bureau shall impose the sanctions specified below, upon failure of the registered CSO to comply with its obligations under this CAO:

- a. First Offense – Warning;
- b. Second Offense – Penalty of Php100,000.00;
- c. Third Offense - Penalty of Php200,000.00; and
- d. Fourth Offense – Revocation of Registration.

7.2. The Commissioner of Customs may forfeit the bond posted in the event the registered CSO fails to comply with any of the conditions of the bond executed by him under Subsections **5.1.** and **5.2.** of this Order.

Section 8. Registration of Courier. The Courier shall register with the Account Management Office (AMO) or its equivalent office.

Section 9. Reportorial System. A Reportorial System shall be established in the Bureau for statistical purposes and monitoring of On-Board Courier consignment or shipment.

Section 10. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 11. Repealing Clause. All previously issued Customs Administrative Orders, Customs Memorandum Orders, and other customs rules and regulations which are inconsistent with this CAO are hereby repealed and/or modified accordingly.

Section 12. 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 13. 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 OBC.

Related Policies.

Republic Act 10863	An Act Modernizing the Customs and Tariff Administration. Otherwise known as Customs Modernization and Tariff Act (CMTA)
Customs Memorandum Order No. 46-98	Expedited Clearance or Clearance Procedures and Guidelines on Express Consignment

Webpage, Forms, Handbooks and other References.

- JSI Time Critical Logistic Services:
<http://www.jsilogistics.com/freight-forwarding/time-critical-logistics/?gclid=CMDbs6b2u9MCFcMrvQodWtYKZg>
World Customs Organization, Guidelines of Immediate Release of Consignments by Customs:
<http://www.wcoomd.org/~media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/immediate-release-guidelines/immediate-release-guidelines--version-2014.pdf?db=web>