



REPUBLIC OF THE PHILIPPINES

DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

CUSTOMS ADMINISTRATIVE ORDER (CAO)

NO. _____

**SUBJECT: RULES AND REGULATIONS FOR CUSTOMS TRANSIT IN THE
CUSTOMS TERRITORY**

Introduction. This CAO implements Sections 600, 601 and 602, Chapter 1, Title VI; 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 the movement within Customs Territory of Foreign Goods and Goods for export, its liability for duties and taxes for non-compliance with the condition on Transit, if any, and the necessary Security in order to protect the revenue due the government.

Section 2. Objectives.

- 2.1.** To provide the guidelines on the procedures for the Transit of Goods in Customs Territory for warehousing, for Outright Exportation, for Admission into and withdrawal from the Free Zone for introduction to Customs Territory or to another Free Zone, and movement from one customs office to another.
- 2.2.** To institute safeguard measures over Transit Goods for warehousing, Outright Exportation, Admission into and withdrawal from Free Zones, and movement from one customs office to another.
- 2.3.** To generate timely and accurate information on Transit of Goods for the purpose of monitoring the status of Transit Goods and linking it with the electronic documentation system for Admission into Free Zones and for Outright Exportation through the full use of Information and Communications Technology (ICT) – enabled system.
- 2.4.** To ensure the proper collection of duties and taxes of Goods allowed for Transit under R.A. 10668 or the “An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes”.

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

- 3.1. Admission** — shall refer to the act of bringing imported goods directly or through Transit into a Free Zone.¹
- 3.2. Authority to Load** — shall refer to the permission given by the authorized customs personnel at the office of destination to load the goods for outright exportation.
- 3.3. Co-loading Act** — shall refer to Republic Act 10668 known as “An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes”.²
- 3.4. Customs Territory** — shall refer to areas in the Philippines where customs and tariff laws may be enforced.³
- 3.5. Customs Transit** — shall refer to the customs procedure under which goods, in its original form, are transported under customs control from one customs office to another, or to a free zone.⁴
- 3.6. Entry** — shall refer to the act, documentation and process of bringing imported goods into the customs territory, including goods coming from Free Zones.⁵
- 3.7. Exportation** — shall refer to the act, documentation, and process of bringing goods out of Philippine territory.⁶
- 3.8. Foreign Goods** — shall refer to goods originating from foreign country which are neither imported into customs territory nor admitted into Free Zones which are discharged in a port of entry for transit to a port of exit for outright exportation
- 3.9. Free Zone** — shall refer to special economic zones registered with the Philippine Economic Zone Authority (PEZA) under Republic Act No. 7916, as amended, duly chartered or legislated special economic zones and freeports such as Clark Freeport Zone, Clark Special Economic Zone, Clark Green City; Poro Point Freeport Zone; John Hay Special Economic Zone and Subic Bay Freeport

¹ *cf.* CMTA, Title I, Chapter 2, Section 102 (c).

² Republic Act No. 10668 known as “An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes”, Section 2 (a).

³ CMTA, Title I, Chapter 2, Section 102 (q).

⁴ *cf.* Revised Kyoto Convention, Specific Annex E, Chapter 1, E4. /F7.

⁵ CMTA, Title I, Chapter 2, Section 102 (r).

⁶ CMTA, Title I, Chapter 2, Section 102 (s).

Zone under Republic Act No. 7227, as amended by Republic Act No. 9400; the Aurora Pacific Economic Zone and Freeport Authority under Republic Act No. 9490, as amended by Republic Act 10083; the Cagayan Special Economic Zone and Freeport under Republic Act No. 7922; the Zamboanga City Special Economic Zone Authority under Republic Act No. 7903; the Freeport Area of Bataan under Republic At No. 9728, Morong Special Economic Zone under Proclamation 984 s. 1997; and such other freeports as established or may be created by law.⁷

3.10. Free Zone Locator — shall refer to a sole proprietorship, partnership corporation or entity duly registered with the Free Zone Authorities and issued a Certificate of Registration and/or Tax Exemption that is not expired or has not been revoked, suspended or cancelled.

3.11. Goods — shall refer to articles, wares, merchandise and any other items which are subject of importation or exportation.⁸

3.12. Goods Declaration — shall refer to a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the persons concerned indicate the procedure to be observed in the application for the entry or admission of imported goods and the particulars of which the customs administration shall require.⁹

3.13. Importation — shall refer to the act of bringing in of goods from a foreign territory into Philippine territory, whether for consumption, warehousing, or admission as defined in this CAO.¹⁰

3.14. Inland Customs Office — shall refer to any customs administrative unit outside port of entry that is competent and authorized to perform all or any of the functions enumerated under customs and tariff laws;¹¹

3.15. Lodgement — shall refer to the electronic registration of a goods declaration with the Free Zone Authority and the Bureau.¹²

3.16. Multi-Purpose Declaration – shall refer to any commercial or transport document acceptable to the Bureau and Zone Authority which will set out clearly the necessary particulars as the descriptive part of the Goods declaration for Customs Transit.

⁷ CMTA, Title I, Chapter 2, Section 102 (w).

⁸ CMTA, Title I, Chapter 2, Section 102 (x).

⁹ *cf.* CMTA, Title I, Chapter 2, Section 102 (y).

¹⁰ CMTA, Title I, Chapter 2, Section 102 (z).

¹¹ CMTA, Title I, Chapter 2, Section 102 (o).

¹² CMTA, Title I, Chapter 2, Section 102 (dd).

- 3.17. Office of departure** — shall refer to any “Customs office at which a Customs transit operation commences.”
- 3.18. Office of destination** — shall refer to any “Customs office at which a Customs transit operation is terminated.”
- 3.19. Outright Exportation** — shall refer to the Customs procedure applicable to goods which, being in free circulation, leave the Customs territory and are intended to remain permanently outside it.¹³
- 3.20. Port of Destination** — shall refer to the last port of call of a carrier to unload foreign cargo.¹⁴
- 3.21. Port of Discharge** — also called Port of unloading, refers to a place where a vessel, ship, aircraft or train unloads its shipments, from where they will be dispatched to their respective consignees;
- 3.22. Port of Entry** — refers to a domestic port open to both domestic and international trade, including principal ports of entry and supports of entry. A principal port of entry is the chief port of entry of the Customs District wherein it is situated and is the permanent station of the District Collector of such port. Supports of entry are under the administrative jurisdiction of the District Collector of the principal port of entry of the Customs District. Port of entry as used in this Act shall include airport of entry.¹⁵
- 3.23. Security** — refers to any form of guaranty, such as a surety bond, cash bond, standby letter of credit or irrevocable letter of credit, which ensures the satisfaction of an obligation to the Bureau.
- 3.24. Transit** — shall refer to customs procedure under which goods, in its original form, are transported under customs control from one customs office to another, or to a free zone.¹⁶

Section 4. General Provisions.

- 4.1.** The Bureau shall allow Goods intended for warehousing at the Port of Entry, or for Outright Exportation at the point of exit, or for Admission to Free Zones, to be transported under Customs Transit

¹³ Revised Kyoto Convention Specific Annex C, Chapter 1, E1./F1.

¹⁴ *cf.* CMC 77-2016 Re: DOF-DOJ-DOTC-DTI Joint Department Administrative Order 001-2016/ Implementing Rules and Regulations of Republic Act No. 10668, Section 3 (u)

¹⁵ CMTA, Title I, Chapter 2, Section 102

¹⁶ CMTA, Title I, Chapter 2, Section 102 (rr).

from the Office of departure provided that any conditions and security required by the Bureau are complied with.

4.2. The Bureau shall not allow the Transit of Goods for consumption at the Port of Discharge except if the Transit is made under R.A. 10668 known as "An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes" subject to conditions and requirement that the Bureau may prescribed.

4.3. Customs Transit within the Customs Territory shall be transported as follows:

4.3.1. From Port of Entry to another Port of Entry as exit point for Outright Exportation;

Foreign Goods shall be allowed for Transit in Customs Territory for Outright Exportation when the Transit Single Administrative Document (TSAD) together with the required documents as provided by the existing laws and regulations are electronically lodged at the Port of Entry and the corresponding Authority To Load is issued at the Port of Exit.

4.3.2. From Port of Entry to another Port of Entry or Inland Customs Office;

Imported Goods shall be allowed for Transit in Customs Territory to Inland Customs Office for manufacturing, processing, warehousing or transfer for stripping, distribution and not otherwise for Outright Exportation, when the Transit Single Administrative Document (TSAD) or permit to transfer together with the required documents as provided by the existing laws and regulations are electronically lodged at the Office of departure.

4.3.3. From Inland Customs Office to a Port of Entry as point for Outright Exportation;

Imported Goods admitted in Ecozone that have undergone processing, manufacturing or manipulation inside the Ecozone, shall be withdrawn from the Ecozone for Transit to the port of loading for Outright Exportation upon lodgement of Export Declaration with the Ecozone. The Export Declaration shall serve as the transit permit while being transported to the Office of destination where the

corresponding Authority to Load must be issued for Outright Exportation.

4.3.4. From one Port of Entry or Inland Customs Office to another Port of Entry or Inland Customs Office.

Transfer of Goods from one Free Zone into another Free Zone or from one Inland Customs Office to another Inland Customs Office shall be covered by the necessary Transit Single Administrative Declaration (TSAD) and upon posting of sufficient security to guarantee the complete and immediate delivery of Goods to the office of destination or to cover the ascertained duties and taxes on the Goods subject of Transit under such guidelines issued and prescribed jointly by the Bureau and the Free Zone Authorities.

4.3.5. A Transfer permit is required for Goods transported under Customs Transit. However, transfer of Goods in Customs Transit from one means of transport to another shall be allowed; provided, that any customs seal or fastening is not broken or tampered.¹⁷

4.4. Lodgement of Goods Declaration for Transit in Free Zone.

4.4.1. The Admission of Goods into the Free Zone, whether directly or through the Customs Territory, shall be covered by the necessary Goods Declaration for Admission or Transit.

- a)** Goods directly admitted into Free Zones shall be covered by a Goods Declaration for Admission together with required documents pursuant to existing laws and regulations.
- b)** Goods transited through a Customs Territory and admitted into Free Zones shall be covered by a Goods Declaration for Transit which shall be accepted by the Bureau and Free Zone Authorities as Goods Declaration for Transit and Admission whenever appropriate.
- c)** Goods directly admitted into Free Zones then subsequently entered into a Customs Territory shall be covered by a Goods Declaration for Warehousing or Consumption whenever appropriate. This shall be lodged with the Bureau together with the copy of previously lodged Goods

¹⁷ CMTA, Title VI, Chapter 1, Section 600.

Declaration for Admission and other required documents pursuant to existing laws and regulations.

- d) The Bureau shall coordinate with the concerned Zone Authority to come up with a Multi-Purpose Declaration that would be treated as Goods declaration for Admission and/or for Transit. It shall be a common document that will likewise serve as the Transit permit.

Pending implementation of the use of Multi-Purpose Declaration, existing procedures on the lodgment of goods declaration shall govern the clearance procedures for goods entered under warehousing, Outright Exportation and for Admission into and withdrawal from the Free Zone for introduction to Customs Territory or to another Free Zone, and movement from one customs office to another.

4.4.2. From One Free Zone to another Free Zone. Transfer of Goods from one Free Zone into another Free Zone shall be covered by the necessary Transit permit¹⁸ (or equivalent document allowed by the Freeport Authority) and Goods Declaration for Admission under such guidelines issued and prescribed jointly by Bureau and the Free Zone Authorities.

4.4.3. Movement of Goods within the Zone. Free Zone Authorities shall have the responsibility to monitor the movement of Goods within the Free Zone where the Goods are admitted. The Free Zone Authorities shall provide the Bureau copies of the report for the purpose of monitoring the location of the admitted goods.

4.5. Obligation of Party Responsible for Customs Transit.

4.5.1. Upon arrival of all of the cargo which is the subject of a Transit declaration to its final destination or point of exit, the Deputy Collector for Operations in the final destination or point of exit, his or her equivalent, or a person authorized by him or her, shall tag in the system the arrival of the Transit Goods.

4.5.2. The party responsible for the compliance of the obligations imposed on Customs Transit shall ensure that the Goods are presented intact and in due course at the customs Office of destination. Failure to comply with the aforementioned obligations or likewise failure to follow a prescribed itinerary

¹⁸ CMTA, Title VIII, Chapter 3, Section 816.

or period for delivery of the Goods may immediately subject the Goods to the corresponding duties, taxes and other applicable fines, penalties, and surcharges.¹⁹

4.5.3. The Management Information and System Technology Group (MISTG) of the Bureau shall devise an Information Communication Technology (ICT) enabled system for reporting and monitoring of Transit Goods.

4.6. Carrier's Security and Amount. Carriers that transport imported goods that shall be placed under customs transit from a port of entry to other ports, shall post a general transportation security amounting to at least fifty thousand pesos (₱50,000.00). Such security shall ensure the complete and immediate delivery of goods to the customs officer at the port of destination and the payment of pertinent customs charges and expenses and other transfer costs. The amount of the security may be adjusted by the Commissioner, upon approval of the Secretary of Finance.²⁰

Section 6. Authority of the Commissioner to Issue Supplementary Rules and Regulations. The Commissioner may, in consultation with the Free Zone Authorities, issue supplementary rules and regulations to effectively implement the provisions of this CAO.

Section 7. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 8. Repealing Clause. This CAO specifically amends or repeals CMC 77-2016 dated May 24, 2016 previously issued CAOs and CMOs which are inconsistent with the provisions herein stated.

Section 9. 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 10. 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.

¹⁹ CMTA, Title VI, Chapter 1, Section 600.

²⁰ cf. CMTA, Title VI, Chapter 1, Section 602.

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 is the first CAO dealing with Customs Transit.

Related Policies.

- CMC 77-2016 Re: DOF-DOJ-DOTC-DTI Joint Department Administrative Order 001-2016/ Implementing Rules and Regulations of Republic Act No. 10668, Section 3 (u)

Webpage, Forms, Handbooks and other References.

- Republic Act No. 10863 "Customs Modernization and Tariff Act"
- Republic Act No. 10668 "An Act Allowing Foreign Vessels To Transport And Co-Load Foreign Cargoes For Domestic Transshipment And For Other Purposes"
- Revised Kyoto Convention