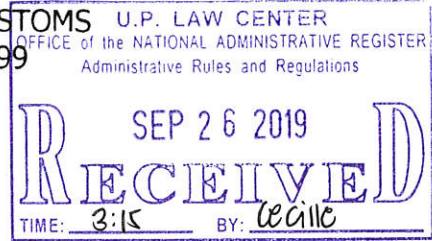




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099



CUSTOMS ADMINISTRATIVE ORDER (CAO)
NO. **15-2019**

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 CAO shall cover the movement within Customs Territory of Foreign Goods for Outright Exportation, Warehousing and those admitted to Free Zones, their liability for duties and taxes for non-compliance with the conditions on Transit, if any, and the necessary security in order to protect the revenue due the government.

This shall also include transfer of goods from Customs Facilities and Warehouses.

Goods covered by R.A. 10668 known as "An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes" shall be governed by a separate CAO.

Section 2. Objectives.

- 2.1.** To institute safeguard measures over Transit Goods for Outright Exportation, Warehousing, Admission into and withdrawal from Free Zones, and movement from one customs office to another and transfer of Goods to Customs Facilities and Warehouses.
- 2.2.** To generate timely and accurate information on Transit of Goods in the Customs Territory through the use of tracking device and linking it with the electronic documentation system for Admission into Free Zones, Customs Facilities and Warehouses and for Outright Exportation through the full use of Information and Communications Technology (ICT) – enabled system.

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Nathan Eliezer R. Bayasen
NATHAN ELIEZER R. BAYASEN
Executive Assistant, Office of the Secretary
Department of Finance

- 2.3. To ensure the proper collection of duties and taxes of Goods allowed for Transit under R.A. 10668, or otherwise known as "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:

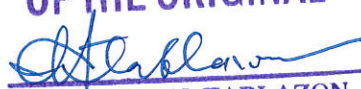
- 3.1. **Admission** — shall refer to the act of bringing imported Goods directly or through Transit into a Free Zone.¹
- 3.2. **Authority to Load** — shall refer to the permission given by the authorized customs personnel at the Office of Destination to load the Goods for Outright Exportation.
- 3.3. **Co-loading** — shall refer to agreements between two (2) or more international sea carriers whereby a sea carrier bound for a specified destination agrees to load, transport, and unload the container van, or cargo of another carrier bound for the same destination.²
- 3.4. **Container Freight Station** — shall refer to a facility duly authorized to accept and store containers containing consolidated shipments, for temporary storage, examination, stripping, stuffing, unstuffing, and other related activities as may be allowed under customs laws, rules, and regulations. A Container Freight Station may be established either within the seaport or off-dock, as may be allowed under customs laws, rules, and regulations.
- 3.5. **Container Yard** — shall refer to a facility duly authorized to accept and store container vans, laden or empty, intended for international shipping for storage within the period allowed under applicable customs laws, rules and regulations. A Container Yard may be established either within the seaport or off-dock, as may be allowed under customs laws, rules, and regulations.
- 3.6. **Customs Facilities and Warehouses (CFW)** — shall refer to facilities for temporary storage of Goods established and authorized by the Bureau pursuant to Title VIII, Chapter 2 of the CMTA. These include Container Yards, Container Freight Stations, seaport temporary storage warehouses, airport temporary storage warehouses and other premises for customs purposes.³

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

² cf. R.A. 10668, or otherwise known as "An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes".

³ cf. CMTA, Title VII, Chapter 2, Section 803



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- 3.7. Customs Territory** — shall refer to areas in the Philippines where customs and tariff laws may be enforced.⁴
- 3.8. Customs Transit** — shall refer to the customs procedure under which Goods are transported under customs control from one customs office to another.⁵
- 3.9. Customs Transit Operation** — shall refer to the transport of Goods from an Office of Departure to an Office of Destination under Customs Transit.
- 3.10. Entry** — shall refer to the act, documentation and process of bringing imported Goods into the Customs Territory, including Goods coming from Free Zones.⁶
- 3.11. Exportation** — shall refer to the act, documentation, and process of bringing Goods out of Philippine territory.⁷
- 3.12. Foreign Goods** — shall refer to Goods originating from a 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.
- 3.13. 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 Freeport 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 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 No. 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 Act No. 9728; Morong Special Economic Zone under Proclamation No. 984 s. 1997; and such other Freeports as established or may be created by law.⁸
- 3.14. Free Zone Locator** — shall refer to a sole proprietorship, partnership, corporation or entity duly registered with the Free Zone Authority and issued a Certificate of Registration and/or Tax

⁴ CMTA, Title I, Chapter 2, Section 102 (q).


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

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

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

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

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Exemption that is not expired or has not been revoked, suspended or cancelled.

- 3.15. Goods** — shall refer to articles, wares, merchandise and any other items which are subject of Importation or Exportation.⁹
- 3.16. 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.¹⁰
- 3.17. Importation** — shall refer to the act of bringing Goods from a foreign territory into Philippine territory, whether for consumption, Warehousing, or Admission as defined in this CAO.¹¹
- 3.18. Inland Customs Office** — shall refer to any customs administrative unit outside a Port of Entry that is competent and authorized to perform all or any of the functions enumerated under customs and tariff laws.¹²
- 3.19. Lodgement** — shall refer to the electronic registration of a Goods Declaration with the Bureau and the Free Zone Authority.
- 3.20. Multi-Purpose Declaration** – shall refer to a customs single administrative document (SAD) accomplished by the importer, or his authorized representative, under oath and submitted to the BOC for purposes of declaring and identifying among others the nature of the Goods being imported, its value, volume, weight, and any relevant description thereof, whether entered through consumption, Warehousing or by Admission which will assist the BOC in determining the true description of the Goods, the correct classification and the assessment of the duties and taxes due to the imported Goods, if any.¹³
- 3.21. Office of Departure** — shall refer to any customs office at which a customs Transit operation commences.¹⁴
- 3.22. Office of Destination** — shall refer to any customs office at which a customs Transit operation is terminated.¹⁵

⁹ CMTA, Title I, Chapter 2, Section 102 (x).

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

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

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

¹³ cf. Customs Administrative Order 1-2009

¹⁴ Revised Kyoto Convention Specific Annex C, Chapter 1, E6./F2.

¹⁵ Revised Kyoto Convention Specific Annex C, Chapter 1, E7./F3.



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- 3.23. 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.¹⁶
- 3.24. Port of Destination** — shall refer to the last port of call of a carrier to unload foreign cargo.¹⁷
- 3.25. Port of Discharge** — shall refer to port of unloading, which is a place where a vessel or aircraft unloads its shipments, from where they will be dispatched to their respective consignees.¹⁸
- 3.26. Port of Entry** — shall refer to a domestic port open to both domestic and international trade, including principal ports of Entry and sub ports 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. Sub ports 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 CAO shall include airport of Entry.¹⁹
- 3.27. Port of Loading** — shall refer to a place where shipments are loaded and secured aboard a vessel.
- 3.28. Transfer Note** — shall refer to a document that accompanies the transfer of cargo to a Customs Facility and Warehouse (CFW) and serves as proof of delivery or receipt of the article at its intended destination duly acknowledged on its face by the customs official stationed thereat. It is also commonly referred to as a “boat note”.
- 3.29. 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.²⁰
- 3.30. Transit/Transfer Permit** — shall refer to customs document authorizing the transport of imported Goods from the port of exit to the point of destination. For Transit of Goods to CFW, it is previously called special permit to transfer.

¹⁶ Revised Kyoto Convention Specific Annex C, Chapter 1, E1./F1.

¹⁷ 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)

¹⁸ cf. CMTA, Title 1, Chapter 2, Section 102 (ii)

¹⁹ CMTA, Title I, Chapter 2, Section 102 (hh).

²⁰ CMTA, Title I, Chapter 2, Section 102 (rr).



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3.31. Warehousing — shall refer to a privilege given to qualified persons to import and store, tax and duty free, raw materials for manufacture, processing and subsequent Exportation within the period allowed by law.

Section 4. General Provisions.

4.1. Goods transported for Outright Exportation, destined to customs bonded warehouse at the Port of Destination or admitted in an Inland Customs Office, and Goods intended for Transit covered by Republic Act No. 10668, otherwise known as "An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes", shall not be subject to the payment of duties and taxes at the Port of Entry: Provided, That any conditions and security required by the Bureau are complied with.

4.2. Customs Transit within the Customs Territory shall be transported as follows:²¹

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

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

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

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

4.3. Guidelines and Documentary Requirements.


4.3.1. For Section 4.2.1., Foreign Goods shall be allowed for Transit in Customs Territory for Outright Exportation at the Office of Destination when the Goods Declaration for Transit 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. For Section 4.2.2., Imported Goods shall be allowed for Transit in Customs Territory to another Port of Entry or to an Inland Customs Office for manufacturing, processing,

²¹ Title VI, Chapter 1, Section 600



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Warehousing when the Goods Declaration for Transit together with the required documents as provided by the existing laws and regulations are electronically lodged at the Office of Departure together with the required security.

In case of transfer of Goods to Customs Facilities and Warehouses, the transfer of Goods should be covered by an electronic permit to transfer issued by the Office of Departure together with the required documents and duly acknowledged by the responsible customs officer at the Office of Destination.

- 4.3.3.** For Section 4.2.3., Imported Goods admitted in Free Zones that have undergone processing, manufacturing or manipulation shall be withdrawn from the Free Zones for Transit to the Port of Loading for Outright Exportation upon Lodgement of Export Declaration with the concerned Free Zones Authority. The Export Declaration shall serve as the Transit Permit while being transported from the Office of Departure to the Office of Destination where the corresponding Authority to Load must be issued by the latter for Outright Exportation.
- 4.3.4.** For Section 4.2.4., Transit of Goods from one Port of Entry or from a Free Zone into another Port of Entry or to another Inland Customs Office, or from one Inland Customs Office to another Inland Customs Office for Admission into Free Zones shall be covered by the necessary Goods Declaration for Transit and upon posting of sufficient security to guarantee the complete and immediate delivery of Goods to the Office of Destination subject of Transit under such guidelines to be issued by the Bureau in coordination with the Free Zone Authorities.
- 4.4.** 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.
- 4.5. Obligation of Parties Responsible for Customs Transit.**
- 4.5.1.** Upon arrival of the Goods, the Deputy Collector for Operations in the Office of Destination or point of exit, or a person authorized by the District Collector, shall tag in the system the arrival of the Transit Goods.

4.5.2. The carrier, broker, consignee, or any of its agents 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 or period for delivery of the Goods may immediately subject the Goods to the corresponding duties, taxes and other applicable fines, penalties, and surcharges.²²

4.5.3. The Management Information and System Technology Group (MISTG) shall establish an electronic transit cargo monitoring system that would monitor and track the movement of goods under customs Transit that will generate accurate information on Transit of Goods, risk management and responsibilities of parties.

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 which shall be equivalent to the duties and taxes of the Goods for Transit but not less than 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.²³

Section 5. Accreditation of Solution Providers. The Bureau shall provide guidelines for the accreditation of solution providers for the electronic transit cargo monitoring system for use pursuant to this CAO, including the specifications thereof and the fee structure, provided however that engagement of solution providers must comply with Procurement laws.

Section 6. Periodic Review. Unless otherwise provided, this CAO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 7. Repealing Clause. All other rules and regulations issued by the Bureau which are inconsistent with this CAO are deemed repealed or modified accordingly.

Section 8. 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.

²² cf. CMTA, Title VI, Chapter 1, Section 600.

²³ CMTA, Title VI, Chapter 1, Section 602.



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Section 9. Effectivity. This CAO shall take effect thirty (30) 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.

FEB 26 2019

REY LEONARDO B. GUERRERO
Commissioner of Customs




APPROVED:


CARLOS G DOMINGUEZ
Secretary of Finance
JUN 04 2019



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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
- Revised Port Operations Manual dated June 2010

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