



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR Monetary Stability Sector

CIRCULAR-LETTER No. CL 2008-003

To : All Authorized Agent Banks (AABs)

Subject : Advance Import Payments

In line with Circular No. 590 dated 27 December 2007, all AABs may sell foreign exchange to importers for full or partial payment of their imports in advance of the presentation of original shipping documents, without Bangko Sentral ng Pilipinas (BSP) approval subject to the following conditions:

1. The advance payment shall not exceed US\$100,000.00 or its equivalent; exceeding amounts shall be referred to the BSP-International Department for approval;
2. Presentation to the AAB concerned prior to the sale of foreign exchange of the original purchase order (PO) and sales contract (SC) or proforma invoice (PI) signed by the resident importer and foreign supplier requiring payment of the importation in advance and indicating the intended delivery period of the imported goods; and submission of the importer to said AAB of a notarized Letter of Undertaking (LOU) to the effect that if the importation is cancelled, the importer shall inform the AAB of the cancellation and shall inwardly remit the foreign exchange refunded by the foreign supplier and sell same for pesos to the foreign exchange selling and remitting bank on the same date;
3. The foreign exchange sale and remittance shall be transacted on the same date and shall involve only one AAB. The foreign exchange remittance shall be made directly to the foreign supplier and serviced at the exchange rate prevailing at the time of remittance, subject to the applicable tax provisions of the National Internal Revenue Code, as amended;
4. The importer shall present to the foreign exchange selling and remitting AAB the original shipping documents [import invoice and bill of lading (B/L) or air waybill (AWB)] where the date and amount of foreign exchange sold shall be stamped and duly signed by the AAB's authorized signatory and the Bureau of Customs Import Released Documents, within three (3) banking days after receipt thereof;
5. The importation shall comply with Circular No. 1389 dated 13 April 1993, as amended, as well as all other applicable requirements/regulations of other governmental agencies/entities;
6. Submission by the foreign exchange selling and remitting AAB to the BSP-International Department of the following reports:

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- a. Within the first five (5) banking days of the month succeeding the date of foreign exchange sale – Monthly Report on Sale of Foreign Currency for Advance Payment of Importations up to US\$100,000.00 using the prescribed format (Annex A); and
 - b. Within the first five (5) banking days of the month succeeding the receipt of the refund – Monthly Report on Purchase of Foreign Currency from Refund of Advance Payment of Importations up to US\$100,000.00 using the prescribed format (Annex B); and
7. The foreign exchange selling and remitting AAB shall report to BSP under FX Form 1 (Consolidated Report on FX Assets and Liabilities) the following transactions:
- a. The sale of foreign exchange by the AAB to the importer for advance payment of imports as "Import Advances/Down Payments" (Code No. 040) under Schedule 4 (FX Disposition for Loans);
 - b. The purchase of foreign exchange by the AAB from the importer arising from a refund of advance payment on cancelled imports as "Refund of Import Advances/Down Payments" (Code No. 040) under Schedule 3 (FX Acquisition from Loans); and
 - c. In case of a partial advance payment, the balance shall be reported as letter of credit, documents against acceptance or open account arrangement under Schedule 10 [Import Letters of Credit (L/Cs) Opened and DA-OA Import Availments and Extensions] of FX Form 1.
8. The foregoing rules shall apply to partial or full advance payments, as applicable, under any of the following modes of payments: letters of credit, documents against acceptance or open account arrangements.

Any violation of this Circular-Letter shall be subject to the penalty provisions under R.A. 7653 (The New Central Bank Act) and other existing banking laws and regulations.

All BSP issuances inconsistent with this Circular-Letter are deemed amended.

This Circular-Letter shall take effect upon effectivity of Circular No. 590 dated 27 December 2007, i.e., 21 January 2008.


DIWA C. GUINIGUNDO
Deputy Governor

// January 2008