



OFFICE OF THE GOVERNOR

Circular No. 638
Series of 2009

Subject : Circular Amending Circular No. 909-83 dated 6 January 1983

Pursuant to Monetary Board Resolution No. 1732 dated 23 December 2008, the following rules and regulations are hereby promulgated in connection with the collection of advance deposits and final payments of duties and taxes on imports cleared thru Customs offices operating the e2m Customs System and for other purposes:

Section 1. Collection of Deposits of Import Duties. All financial institutions shall, prior to opening of the letters of credit (LC) covering imports, collect from the applicant/importer a deposit equivalent to the full amount of advance import duties due on the importation covered by such letters of credit. The deposit which shall be effected through an electronic Import Entry Declaration (IED) lodged thru a Value Added Service Provider (VASP), shall not be withdrawable and shall be utilized only by crediting the same to the import duties, taxes and other charges due on the importation.

Section 2. Amount of Advance Deposit. The import duties due shall be computed by the e2m system based on the applicant's declared descriptions, ASEAN Harmonized Tariff Nomenclature (AHTN), quantities and values in the IED. The LC applicant must ensure that the particulars of the LC application and the supporting pro-forma invoice correspond to those declared in the IED and any undervaluation, misclassification and misdeclaration in the IED shall subject the LC applicant to the penalties prescribed under Section 2503 of the Tariff and Customs Code, as amended. The amount payable to the AAB, which shall be the full advance duty payable on the importation taking into account exemptions obtained, shall be notified to the AAB thru an electronic Advance Deposit Payment Instruction (ADPI).

The net amount payable must be paid within the IED validity period which is reckoned as seven calendar days from date the payment instruction is generated by the e2m system. Beyond the validity period, the IED status will be indicated as expired. For expired IEDs, AABs shall not accept payment. Importers will have to file a new IED.

Section 3. Duty Exempt Imports. If the importer/applicant declares in the IED that the importation is exempt from duties, such claim shall be taken at face value in the determination by the Bureau of Customs (BOC) of the amount of advance deposit. However, AABs shall, as a requirement for the opening of the LC require from the applicant a sworn statement to the effect that it is duty-exempt and citing the specific basis/authority of such exemption, supported by a copy of the applicable certification/approval/letter of authority of the government agency concerned.

Section 4. Transmittal of the ADPI to the AABs. The ADPI shall be transmitted by the BOC to the Philippine Clearing House Corporation (PCHC) Payment Gateway which shall have responsibility for forwarding the same to the AAB concerned.

Section 5. Collection by Debit from Designated Bank Account. The collection of the advance deposit as well as of the final duties, taxes and other charges payable on the importation shall be by debit from the applicant's bank account designated in the ADPI or in the Final Payment Instruction (FPI) and credited to the BOC's account.

Section 6. Validation of Advance Deposits. Payment of advance deposits shall be validated by official receipts, such as electronic Advance Payment Confirmations (APC) prepared and transmitted by the AAB using the payment subsystem of the e2m system via the PCHC Payment Gateway.

Section 7. Other Payment Arrangements. The requirement of a deposit as stated in Section 1 hereof shall likewise apply even if the importation is effected under other types of payment arrangements or on a deferred payment basis. The deposit should be made upon presentation of the import documents to the agent bank.

Section 8. Confirmation of Advance Duties Collected. The e2m system shall provide the importer's VASP the APC. The VASP shall in turn notify the importer by e-mail of its receipt of the APC and provide the importer a printed copy thereof upon request.

Section 9. Collection of Final Duties and Tax Payable. The final duties and tax payable as computed by the e2m system shall be notified to the AAB concerned thru an electronic FPI. After collecting the amount in the FPI, the AAB shall transmit to BOC via the PCHC Payment Gateway a Final Payment Confirmation (FPC).

Section 10. Statement of Duties and Taxes Availment (SDTA). Upon receipt of the FPC from the AAB, the BOC shall provide the importer electronically a SDTA which shall be his proof of having settled all duties, taxes, and other charges on the importation.

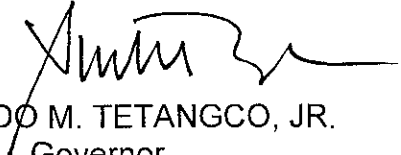
Section 11. Phased Implementation. The e2m system shall be rolled out nationwide in phases. Importations to be cleared thru Customs Collection Districts already operating the e2m system shall be paid thru payment system prescribed under this Circular. However, importations to be cleared thru non-e2m customs ports shall follow the old payment system during the migration period.

Section 12. Violations. Any violation of the provisions of this Circular shall be penalized under the pertinent provisions of the Tariff and Customs Code of the Philippines, as amended, and/or under Section 37 of Republic Act No. 7653 (The New Central Bank Act).

Section 13. Repealing Clause. The provisions of BSP Circulars inconsistent herewith are hereby repealed and/or deemed modified accordingly.

Section 14. Effectivity. This Circular shall take effect 15 days after publication in the Official Gazette or in a newspaper of general publication.

FOR THE MONETARY BOARD



AMANDO M. TETANGCO, JR.
Governor

9 January 2009