



SEA Customs and Trade Alert

Stay informed of changes

Southeast Asia | July 2014

Greetings from your SEA Customs and Global Trade Services group. This newsletter is your reference for practical information on relevant customs issues. We are pleased to enclose for your information the latest Customs and Trade Alert on:

[Philippines Customs propose pre-shipment inspection for all containerized cargo](#)

The Philippines Bureau of Customs (BOC) have proposed to expand Pre-Shipment Inspection (PSI) requirements to include all imported containerized cargoes. This move is part of BOC's efforts to combat incorrect customs declarations, and in particular undervaluation of imported goods, which result in significant revenue leakage.

The draft Customs Administrative Order (CAO), proposed the additional PSI requirement would be introduced in **July/August** this year. However the BOC have been challenged by businesses as to whether they can introduce these new measures without additional legislation, and over the additional costs to importers, and penalties provisions for violations.

Current indications are that there will be a 2 month delay whilst BOC address these challenges so it is anticipated that more stringent PSI requirements will become effective from **September/October** this year.

Regardless the final outcome of these further considerations, it is clear that the BOC have stepped up, and will continue to step up, their challenges on import declarations.

What does it mean for you?

Once ratified, **all** imports (including containerized cargoes) destined for the Philippines have to undergo a pre-shipment inspection by an Accredited Cargo Surveyor (ACS) at the country of export.

The ACS inspectors will test 15 key data elements including **Description of goods; Quantity and Quality; Price or Value** and **HS Classification**.

Based on the proposed CAO, the inspection fees by the ACS are expected to be up to 0.5% of the FOB value of the cargo.

Penalties for failure to comply with pre-shipment inspection requirements range from:-

- a fine equivalent to 10% of the FOB value (1st offence), through to,
- a fine equivalent to 10% of the dutiable value plus 1 year cancellation of import rights.

Note: The current draft CAO exempts the following shipments from PSI:

- Air shipments
- Containerized shipments of Super Green Lane (SGL) members
- Consolidated shipments or loose container load shipments with 3 or more consignees
- Importations of Customs Bonded Warehouses
- Importations covered by an import or admission permit and bound for Philippine Economic Zone Authority (PEZA)
- Importations by government agencies, government owned and controlled corporations (GOCCs) and other government instrumentalities, except importation of rice by the National Food Authority

However this listing may be revised when the final CAO is released.

What to do?

Recognizing the increased scrutiny by BOC on imports into the Philippines, companies should review the procedures and processes they have in place to ensure that:

- sufficient time is factored into the supply chain to accommodate any requirement for pre-shipment inspection in the country of export
- suppliers provide relevant and accurate information to the ACS
- accurate information is furnished on customs declarations for imports into the Philippines, particularly the key data elements of description of goods, quantity, tariff classification, country of origin and customs value.
- declarations submitted by customs brokers and declaring agents on their behalf are being monitored for completeness and accuracy.

How we can support

Deloitte can support your company in the following areas:

- advise on the key data elements required to be provided to the ACS
- assess whether shipments to the Philippines are subject to pre-shipment inspection, or qualify for exemption
- general advice on the customs import and export procedures
- determination of appropriate tariff classification, country of origin and customs value
- application for and securing of trade facilitation status (i.e. Super Green Lane)
- dispute resolution

For more information on the above or any Customs and Global Trade matters, please contact **Richard Lapres** or any of the contacts shown.

Find out more

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