A Customs Bonded Warehouse is basically defined as a warehouse licensed by the Bureau of Customs where:

- Imported articles (raw materials, semi-finished materials, components and packaging materials)

- Stored without the payment of duties and taxes provided the finished products are re-exported within the prescribed period of time and/or

- If withdrawn for local consumption, payment of duties, taxes and other charges shall be required.
RELEVANT LAWS, RULES AND REGULATIONS ON WAREHOUSING
1. Warehousing in general
   • Sections 1901 – 1909, TCCP

2. Bonded Manufacturing Warehouse
   • Sections 2001 – 2004, TCCP
SEC. 1901 Establishment and Supervision of Warehouses

• Subject to the approval of the Commissioner
• Subject to the supervision of the District Collector through the respective Operating Divisions

SEC. 1902 Responsibility of Operators

• Operators’ liability to pay the corresponding duties/taxes in case of losses or unaccounted imported articles
• The government has no legal responsibility in the safekeeping of articles stored in any customs warehouse or premises
SEC. 1903  **Bonded Warehouses**

- Submission of bonded applications in writing with complete documentary requirements
- Follow procedures in accordance to customs rules and regulations

SEC. 1904  **Irrevocable Domestic Letter of Credit or Bank Guarantee of Warehousing Bond**

- The Collector shall require, equivalent to the amount of duties/taxes and other charges, conditioned upon the withdrawal of articles within the prescribed storage period
- Upon compliance with all legal requirements
SEC. 1905  *Discontinuance of Warehouses*

- Made in writing and/or pursuant to customs rules and regulations
- Effective upon the official notice and approval of the Collector

SEC. 1906  *Entry of Articles for Warehousing*

- Shall be verified as in the entry of articles filed for consumption
- Such article is not contrary to any law
SEC. 1907  **Withdrawal of Articles from Bonded Warehouse**

- Legal/authorized withdrawals only
- Requested by an authorized personnel of the firm
- Supervised by an authorized customs officer

SEC. 1908  **Limit to Period of Storage in Bonded Warehouse**

- Prescribed storage period allowed for a maximum of one (1) year
SEC. 2001  Establishment of Bonded Manufacturing Warehouse

- Conditionally free importation intended for exportation
- Posting of bonds for the faithful observance of applicable laws
SEC. 2002  **Exemption from Duty**

- When intended for exportation
- When covered by the prescribed storage period

SEC. 2003  **Procedure for Withdrawal**

- Raw materials for manufacturing
- Waste and by-products for payment of duties/taxes
- Other withdrawals or disposals supervised by an authorized customs officer
SEC. 2004 Verification by the Commissioner

• A careful account officer kept by the Collector and availability of documents for verification of the Commissioner
3. Customs Administrative Orders (CAO)

3.1 CAO 1-2009 – Revised rules and regulations for the establishment, operation, supervision and control of customs bonded warehouses

3.2 CAO 7-2003 – establishment of industry-specific customs bonded warehouse (ICBW) servicing the semiconductor and electronics industry and the rules and regulations governing its operation
3.3 CAO 2-2003 – rules and regulations rationalizing the use and operation of public CBWs supplementing/modifying CAO 2-91 and other related issuances

3.4 CAO 2-1991 – rules and regulations for the establishment, operations, supervision, and control of customs bonded warehouses
4. Customs Memorandum Orders (CMO)

4.1 CMO 4-2011 – Physical Inventory and Audit of all existing Accredited Industry-Specific Customs Bonded Warehouse

4.2 CMO 3-2011 – Moratorium on Approval to Establish and Operate an Industry-Specific Customs Bonded Warehouse

4.3 CMO 40-2010 – application and renewal to be approved by commissioner

4.4 CMO 19-2005 – renewal of licenses of customs bonded warehouses
4.5  CMO 6-2000 – creation of the Bonded Warehouse Committee

4.6  CMO 3-1998 – moratorium on approvals to operate and establish off dock CY-CFS, customs public and private bonded warehouses, customs bonded trading warehouses, common bonded warehouses and government sheds.
RELEVANT LAWS, RULES AND REGULATIONS ON WAREHOUSING

4.7 CMO 32-1997 – guidelines on the implementation of automated processing of warehousing entries at Customs District III-NAIA

4.8 CMO 39-1991 – rules and regulations implementing CAO 2-91 for the establishment, supervision, and control of customs bonded warehouses
DIFFERENT TYPES OF CUSTOMS BONDED WAREHOUSES
DIFFERENT TYPES OF CUSTOMS BONDED WAREHOUSES

1. Miscellaneous Manufacturing Bonded Warehouse
2. Garments Textile Manufacturing Bonded Warehouse
3. Common Bonded Warehouse
4. Private Bonded Warehouse
5. Public Bonded Warehouse
6. Industry-Specific Customs Bonded Warehouse
7. Multinational Regional Bonded Warehouse
8. Airline Customs Bonded Warehouse
1. Miscellaneous Manufacturing Bonded Warehouse (MMBW)

(Title III 3.3.6 of CAO 1-2009)

Is a warehouse facility licensed by the BOC to import, receive and store raw materials, accessories and packing materials, except garments and textile, for manufacture into finished products for export.
DIFFERENT TYPES OF CUSTOMS BONDED WAREHOUSES

2. Garments/Textile Manufacturing Bonded Warehouse (GTMBW)

(Title III 3.3.4 of CAO 1-2009)

Is a warehouse facility jointly licensed by the BOC and the BOARD OF INVESTMENTS (BOI) through its accreditation committee to import, receive and store garments, textile, accessories and packaging materials for manufacture into finished products for export.
3. Customs Common Bonded Warehouse (CCBW)  

(Title III 3.3.3 of CAO 1-2009)

Is a warehouse facility licensed by the BOC alone, or jointly with GTIS for garments industry, to import, receive and store raw materials, accessories, spare parts, supplies and packing materials for the account of its accredited members for manufacture into finished products for export.
DIFFERENT TYPES OF CUSTOMS BONDED WAREHOUSES

4. Private Bonded Warehouse (PrBW)

(Title III 3.3.8 of CAO 1-2009)

Is a warehouse facility licensed by the BOC, to import, receive and store articles for its production intended for domestic consumption, withdrawal of which shall be made only upon payment of duties and taxes and other charges due thereon.
5. Public Bonded Warehouse (PuBW)

(Title III 3.3.9 of CAO 1-2009)

Is a warehouse facility licensed by the BOC, to receive and store general cargoes for exportation, transfer to another custom bonded warehouse, PEZA or Freeport registered enterprise, or for local consumption, in the same state when the cargoes were imported. Articles for local consumption shall only be withdrawn upon payment of the assessed duties and taxes and other charges due thereon.
Is a warehouse facility duly licensed by the BOC, to import under bond and **under its name and account** raw materials (except fibers, yarns, fabrics and accessories for the manufacture of garments) **for storage and subsequent sale/transfer** to the following where these shall be manufactured into export products:

a. License client/end-user;
b. Customs Bonded Manufacturing Warehouse; or
c. PEZA or Freeport locator.
7. Multinational Regional Bonded Warehouse (MRBW)

(Title III 3.3.7 of CAO 1-2009)

Is a warehouse facility licensed by BOI in proper cases, to serve as a supply depot for the storage, deposit, safekeeping of spare parts components, semi finished products and raw materials including packing, covering, putting up, marking, labeling, cutting or alter to customer satisfaction, mounting and or packaging into kits or marketable lots thereof to fill up transactions and sales made by its officer or parent companies and to serving as a storage of goods purchased locally by the home office of the multinational for export abroad under the supervision of the BOC.
8. Airline Customs Bonded Warehouse (ACBW) (Title III 3.3.2 of CAO 1-2009)

Is a special type of Customs Bonded Warehouse which caters to the needs of the international air carriers operating in the country.
INSTRUCTIONS

1. ALL PARTICIPANTS WILL BE GROUPED INTO 3 GROUPS. LEADER WILL BE GIVEN 10 MIN. TO DISCUSS AND BRAINSTORMS ON ALL ASPECTS OF WAREHOUSE OPERATIONS

- DEFINITION – CBW
- RELEVANT LAWS
- TYPES
- PERSONNEL
LIQUIDATION OF MATERIALS/ WAREHOUSING ENTRY AND CANCELLATION OF BONDS

(Reference : CAO No. 12-2003)

START

CBW OPERATOR

OPERATING DIVISION

1. Collates all pertinent export documents
2. Prepares and accomplishes Statement of Liquidation
3. Submits to the Operating Division within a non-extendible period of sixty (60) days from the date of full exportation of finished products

4. Receives Statement of Liquidation and all pertinent documents
5. Retrieves working copy of warehousing entry
6. Checks completeness and genuineness
7. Reviews and ascertain the materials consumption
8. Signs all copies of Statement of Liquidation within fifteen (15) days from the date of receipt of applicant for liquidation and thereafter transmits to Bonds Division
9. Receives warehousing bonds, Warehousing Entry, Statement of Liquidation and supporting documents for final liquidation
10. Liquidation of entries within five (5) days from receipt hereof
11. Transmit to the Bonds Division indorsement for cancellation of bonds

12. Receives Indorsement from Operating Division the Warehousing Entry together with the Statement of Liquidation and supporting documents
13. Cancels the bond within five (5) days from receipt thereof
14. Notifies the CBW operator and the surety company
15. Transmits Warehousing Entry, Statement of Liquidation and other supporting documents to Liquidation and Billing Division
16. Bonds cancellation shall be posted in Bonds Division, copy furnished the operating division and WDRD
DETERMINATION OF RAW MATERIAL USAGE FOR MANUFACTURING
1. As mandated by BOC rules, only the Formula of Conversion (FOC) approved by the Industrial Technology Development Institute shall be used in the computation of raw material usage.

2. Units of measure used in the Formula of Conversion must be followed, thus units of import which are different must be converted into the same units as those of the FOC.

3. To determine raw material usage, the following computation should be applied

   \[ \text{No. of pieces of Finished Goods} \times \text{Unit Usage in FOC} = \text{Total Raw Material used} \]
### DETERMINATION OF RAW MATERIAL USAGE FOR MANUFACTURING

**EXAMPLES:**

#### A. Formula of Conversion

<table>
<thead>
<tr>
<th>Product</th>
<th>Raw Materials</th>
<th>Unit</th>
<th>Usage/Piece of FP*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skirt Regular</td>
<td>100% cotton fabric 57-58”w</td>
<td>m</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>Non-fusible interlining 36”w</td>
<td>m</td>
<td>0.23</td>
</tr>
<tr>
<td></td>
<td>Poly gross-grain tape 56”w</td>
<td>m</td>
<td>1.10</td>
</tr>
<tr>
<td></td>
<td>100% cotton bias fabric 56”w</td>
<td>m</td>
<td>.14</td>
</tr>
<tr>
<td>Zipper</td>
<td></td>
<td>pc.</td>
<td>1</td>
</tr>
<tr>
<td>Thread</td>
<td></td>
<td>m</td>
<td>230</td>
</tr>
<tr>
<td>Hook &amp; bar / Hook &amp; eyelet</td>
<td></td>
<td>set</td>
<td>1</td>
</tr>
</tbody>
</table>

*B: Finished Product*
### DETERMINATION OF RAW MATERIAL USAGE FOR MANUFACTURING

#### A.1. Raw Materials / Importation

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Quantity</th>
<th>Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% cotton 57-58 “w”</td>
<td>29,959.60 yds.</td>
<td>27,395.06 meters</td>
</tr>
<tr>
<td>Non-fusible interlining 36”w</td>
<td>8,900 yds.</td>
<td>8,138.16 meters</td>
</tr>
<tr>
<td>Poly gross-grain tape</td>
<td>42,200 yds.</td>
<td>38,587.68 meters</td>
</tr>
<tr>
<td>100% cotton bias fabric</td>
<td>5,400 yds.</td>
<td>4,937.76 meters</td>
</tr>
<tr>
<td>Hook &amp; bar / Hook &amp; eyelet</td>
<td>250 gross</td>
<td>36,000 pcs.</td>
</tr>
<tr>
<td>Zipper</td>
<td>250 gross</td>
<td>36,000 pcs.</td>
</tr>
</tbody>
</table>

**TO CONVERT:**

- **yards to meters**: yards \( \times \) 0.9144 = meters
- **meters to yards**: meters \( \times \) 1.094 = yards
- **gross to pieces**: gross \( \times \) 144 = pieces
## A.2. Raw Material Usage

<table>
<thead>
<tr>
<th>Finished Product</th>
<th>Raw Materials</th>
<th>Total Quantity Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>35,000 pieces Skirt (regular)</td>
<td>100% cotton 57-58 “w”</td>
<td>.78 m x 35,000 pcs = 27,300 m</td>
</tr>
<tr>
<td></td>
<td>Non-fusible interlining 36”w</td>
<td>.23 m x 35,000 pcs = 8,050 m</td>
</tr>
<tr>
<td></td>
<td>Poly gross-grain tape</td>
<td>1.10 x 35,000 pcs = 38,500 m</td>
</tr>
<tr>
<td></td>
<td>100% cotton bias fabric</td>
<td>.14 x 35,000 pcs = 4,900 m</td>
</tr>
<tr>
<td></td>
<td>Zipper</td>
<td>1 x 35,000 pcs = 35,000 pcs</td>
</tr>
<tr>
<td></td>
<td>Hook &amp; bar / Hook &amp; eyelet</td>
<td>1 x 35,000 pcs = 35,000 sets</td>
</tr>
</tbody>
</table>
### DETERMINATION OF RAW MATERIAL USAGE FOR MANUFACTURING

#### YARN & KNITTED FABRICS

**B. Formula of Conversion**

<table>
<thead>
<tr>
<th>Product</th>
<th>Raw Materials</th>
<th>Unit</th>
<th>Usage/Piece of FP*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Girls’ Jogset 2 pcs./set</td>
<td>60-40 combed cotton/polyester spun yarn</td>
<td>kg</td>
<td>3.07</td>
</tr>
<tr>
<td></td>
<td>65% poly 35% blended cotton yarn</td>
<td>kg</td>
<td>1.14</td>
</tr>
<tr>
<td></td>
<td>CVC 60/40 1x1 rib 57/58”w (knitted fabrics)</td>
<td>kg</td>
<td>2.01</td>
</tr>
<tr>
<td></td>
<td>Main labels</td>
<td>kg</td>
<td>24</td>
</tr>
</tbody>
</table>

*Finished Product*
# DETERMINATION OF RAW MATERIAL USAGE FOR MANUFACTURING

## B.1. Raw Materials / Importation

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Quantity</th>
<th>Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>60-40 combed cotton/polyester spun yarn</td>
<td>88,217.5 kgs</td>
<td></td>
</tr>
<tr>
<td>65% poly 35% blended cotton yarn</td>
<td>32,757.5 kgs</td>
<td></td>
</tr>
<tr>
<td>CVC 60/40 1x1 rib 57/58”w (knitted fabrics)</td>
<td>22,035.57 kgs</td>
<td>55,813.63 meters</td>
</tr>
<tr>
<td>Main labels</td>
<td>675,000 pcs</td>
<td></td>
</tr>
</tbody>
</table>

*Equivalent yardage for invoice & packing list*
## B.2. Raw Material Usage

<table>
<thead>
<tr>
<th>Finished Product</th>
<th>Raw Materials</th>
<th>Total Quantity Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,000 dozens/set Girls’ Jogset</td>
<td>60-40 combed cotton/polyester spun yarn</td>
<td>25,000 doz/set X 3.07 kgs. = 76,750 kgs.</td>
</tr>
<tr>
<td></td>
<td>65% poly 35% blended cotton yarn</td>
<td>25,000 x 1.14 kgs. = 28,500 kgs.</td>
</tr>
<tr>
<td></td>
<td>CVC 60/40 1x1 rib 57/58”w (knitted fabrics)</td>
<td>25,000 x 2.01 m = 50,250 meters</td>
</tr>
<tr>
<td></td>
<td>Main labels</td>
<td>25,000 x 24 pcs. = 600,000 pcs</td>
</tr>
</tbody>
</table>
### C. Formula of Conversion

<table>
<thead>
<tr>
<th>Product</th>
<th>Raw Material/s</th>
<th>Unit</th>
<th>Usage / Piece of FP*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ends for 307 easy open</td>
<td>307 Tin Free Steel (open ends) easy open ends</td>
<td>pc</td>
<td>1</td>
</tr>
<tr>
<td>307 x 112 cans with easy open ends</td>
<td>307 Tin Free Steel (open ends) easy open ends</td>
<td>pc</td>
<td>1</td>
</tr>
</tbody>
</table>

*Finished Product*
### C.1. Raw Materials / Importation

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Quantity</th>
<th>Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>307 Tin Free Steel (open ends)</td>
<td>2,073,600 pcs</td>
<td>30,336 kgs</td>
</tr>
<tr>
<td>Finished Product</td>
<td>Raw Materials</td>
<td>Total Quantity Used</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>Ends for 307 Easy Open (2,073,600 pcs)</td>
<td>307 Tin Free Steel (open ends)</td>
<td>1 pc x 1,036,800 pcs = 1,036,800 pcs</td>
</tr>
<tr>
<td>307 x 112 cans with easy open ends</td>
<td>307 Tin Free Steel (open ends)</td>
<td>1 pc x 1,036,800 pcs = 1,036,800 pcs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total 2,073,600 pcs</td>
</tr>
</tbody>
</table>
PREPARATION OF THE STATEMENT OF MONTHLY RAW MATERIAL IMPORTATION REQUIREMENT

A. **Description of Finished Goods (F/G)** – Ex. Ladies’ Dresses/Ladies’ Skirts

B. **Unit of Measure of F/G** – Ex. Pieces

C. **Quantity** – Refers to quantity of F/G that is to be manufactured in a month’s time. This quantity is usually based on actual orders, on projected sales or on the monthly average production of previous years. The limiting factor on this quantity is the rated capacity of the warehouse. This quantity must not exceed the rated capacity.

D. **Description of R/M** – Ex. 100% cotton woven fabric / 95% cotton and 5% spandex fabric / description must be tariff-heading compliant

E. **Unit of Measure of R/M** – Depending on the system prevailing in the country of origin of the new materials, unit of measure maybe in yards, meters, rolls, gross, dozens etc.

F. **Tariff Heading** – The BOC is now using the Asean Harmonized Tariff Nomenclature
G. **Quantity of R/M per Unit of F/G** – This quantity must include the allowance for wastages aside from the unit usage per piece of F/G. There are two ways by which we can arrive at this quantity:

1). If the old FOC’s are used where the allowance for wastage is not indicated, the formula for R/M is:

\[
R/M = \frac{\text{Unit Usage per F/G}}{\% \text{ of unit usage over total RM}}
\]

Example:

\[
R/M = \frac{.78 \text{ m per piece of regular skirt}}{.97 \times (97\%)}
\]

\[
= .804 \text{ m per skirt}
\]
* 97% or .97 is the % of the unit usage over the total R/M per piece:

if wastage = 3%
then: unit usage = 97%

R/M per piece = 100%

2). If the newly issued FOC’s are to be used where the allowance for wastage has been computed and indicated therein, the last two columns are added to get the total R/M per piece of F/G.

Example:

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Raw Material</th>
<th>Unit</th>
<th>Unit Usage</th>
<th>Wastage Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ladies’ Skirt</td>
<td>100% polyester woven fabric 56” w</td>
<td>m</td>
<td>.6072</td>
<td>.1072</td>
</tr>
</tbody>
</table>

R/M per piece of skirt = .6072 + .1072 = .7144 m/skirt
Computation of quantity of R/M (column G of SMRMIR) in cases of Knitted Fabrics and Yarn

1). If FOC does not indicate allowance for wastage, the formula is:

\[ \text{R/M} = \frac{\text{unit of usage per F/G}}{\% \text{ of unit usage over total R/M}} \]

a. Yarn – Maximum limit in determining wastage is 13% 
   (yarn to fabric = 3%; fabric to garments = 10%)

   if wastage = 13%
   then unit/usage = 87%

   Total R/M = 100%

Example: 3.07 kgs./doz sets = 3.53 kgs/doz set

   .87 (or 87%) = TOTAL R/M
b. Knitted Fabrics – maximum limit in determining wastage is 10%

Wastage = 10%
unit usage = 90%
100%

Example:

R/M = 2.01 meters/dozen sets = 2.23 meters/dozen set
 .90 (90%)

2). If FOC indicates allowance for wastage the unit usage + wastage = R/M or just add up the last two columns of the FOC to get R/M
PREPARATION OF THE STATEMENT OF MONTHLY RAW MATERIAL IMPORTATION REQUIREMENT

Example: FOC

<table>
<thead>
<tr>
<th>F/G</th>
<th>Raw Material</th>
<th>Unit</th>
<th>Unit per 100 pcs</th>
<th>Wastage Per 100 pcs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jumper sets</td>
<td>CVC 60/40 2x1 rib (knitted)</td>
<td>m</td>
<td>45</td>
<td>2.25</td>
</tr>
<tr>
<td></td>
<td>T/C 65/35 poly/cotton yarn</td>
<td>kg</td>
<td>40</td>
<td>2</td>
</tr>
</tbody>
</table>

Computations:

Knitted: CVC 60/40 2x1 rib  R/M = 45 meters / 100 pcs (usage)  
+ 2.25 meters = wastage/100 pcs  
R/M  = 47.25 m / 100 pcs

Yarn: TC 65/35 poly/cotton  
R/M = 40 kg usage/100 pcs  
+ 2 kg wastage/100 pcs  
R/M = 42 kgs / 100 pcs
**PREPARATION OF THE STATEMENT OF MONTHLY RAW MATERIAL IMPORTATION REQUIREMENT**

**H. TOTAL Quantity per month** – To get this, we multiply the quantity in C by the figure we arrived at in G

Example:  
\[ C = 14,000 \text{ pcs/mo} \]
\[ G = 0.804 \text{ (old FOC)} \]
\[ H = C \times G \]
\[ = 14,000 \times 0.804 \text{ m} \]
\[ H = 11,256 \text{ meters} \]

**I. Unit Cost** – This refers to unit cost of the raw materials. The current unit cost can be supplied by the R/M supplied by the R/M suppliers themselves

**J. Value** – This refers to the total value in US $ or the total R/M computed in letter H and this can be arrived at by multiplying H by I
**PREPARATION OF THE STATEMENT OF MONTHLY RAW MATERIAL IMPORTATION REQUIREMENT**

**CBW Name:**

**CBW No.:**

**Port:**

I have the honor to submit the Statement of Monthly Raw Material Import Requirements, as follows:

<table>
<thead>
<tr>
<th>Description of F/G (A)</th>
<th>UOM (B)</th>
<th>Quantity (C)</th>
<th>Description of R/M (D)</th>
<th>UOM (E)</th>
<th>Tariff Heading (F)</th>
<th>Qty. of R/M per unit of F/G (G)</th>
<th>Total Quantity of R/M per Month (H=C*G)</th>
<th>Unit Cost (I)</th>
<th>Value (US$) (J=H*I)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

The above estimate of monthly raw material requirement is arrived at orders from our buyers abroad, export performance and capacity as per feasibility study in relation to ITDI formula of Conversion as follows:

- Estimate Export of Finished Product
- Amount of Material Usage per Month
- Total Raw Material Requirement per Month

**SUBMITTED BY:**

**CBW Operator**

(Please Sign Above Printed Name and Designation)

**Validated/Verified by:**

- Warehouseman
- Account Officer
- Chief Operating Division
- WAD or Equivalent Unit
- District Collector or Port Collector

**Legend:**

- **RM** = Raw Materials
- **FG** = Finished Goods
- **UOM** = Unit of Measurements
LIQUIDATION OF RAW MATERIALS IN GARMENTS MANUFACTURING BONDED WAREHOUSES

A. In the liquidation of raw materials we should be guided by the following:

1. Section 2002 or the Tariff and Customs Code of the Philippines
2. Sections III.1.4 and III.1.5 of CMO 39-91
3. CMC 001-2001 as amended
4. The ITDI approved Formula of Conversion
5. The prescribed format of the Statement of Reconciliation / liquidation of Raw Materials

B. The Statement of Reconciliation / liquidation of Raw Materials
<table>
<thead>
<tr>
<th>DESCRIPTION OF F/G</th>
<th>UOM</th>
<th>VOLUME OF F/G</th>
<th>DESCRIPTION OF RAW MAT’L</th>
<th>UOM</th>
<th>QTY. FOR PER 100PCS.</th>
<th>VOLUME OF RAW MATERIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finish Product No 1</td>
<td>Pc.</td>
<td>80,000.00</td>
<td>Raw Material A</td>
<td>Grm</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Raw Material B</td>
<td>Grm</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Raw Material C</td>
<td>Pc.</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Raw Material D</td>
<td>Mtr.</td>
<td>400</td>
<td></td>
</tr>
</tbody>
</table>
### CASE 1

#### ANSWER

<table>
<thead>
<tr>
<th>DESCRIPTION OF F/G</th>
<th>UOM</th>
<th>VOLUME OF F/G</th>
<th>DESCRIPTION OF RAW MAT'L</th>
<th>UOM</th>
<th>QTY. FOR PER 100 PCS.</th>
<th>VOLUME OF RAW MATERIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finish Product No 1</td>
<td>Pc.</td>
<td>80,000.00</td>
<td>Raw Material A</td>
<td>Gm</td>
<td>100</td>
<td>80,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Raw Material B</td>
<td>Gm</td>
<td>200</td>
<td>160,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Raw Material C</td>
<td>Pc.</td>
<td>300</td>
<td>240,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Raw Material D</td>
<td>M.</td>
<td>400</td>
<td>320,000.00</td>
</tr>
</tbody>
</table>
CASE NO. 2

COMPANY B SUBMITTED TO THE WAAREHOUSE OPERATING DIVISION ITS APPLICATION FOR THE DISPOSITION OF ITS WASTAGES THRU EXPORTATION. IT SUBMITTED THE FOLLOWING DOCUMENTS

<table>
<thead>
<tr>
<th>ENTRY NO</th>
<th>DESCRIPTION</th>
<th>VOLUME</th>
<th>UOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>Raw Material E</td>
<td>415</td>
<td>Yards</td>
</tr>
<tr>
<td>345</td>
<td>Raw Material F</td>
<td>500</td>
<td>Meters</td>
</tr>
<tr>
<td>567</td>
<td>Raw Material G</td>
<td>300</td>
<td>Meters</td>
</tr>
<tr>
<td>789</td>
<td>Raw Material H</td>
<td>400</td>
<td>Meters</td>
</tr>
</tbody>
</table>
2. VOLUME OF DRESSES EXPORTED: 400 Pieces
3. REJECT RAW MATERIALS EXPORTED

<table>
<thead>
<tr>
<th>ENTRY NO.</th>
<th>DESCRIPTION</th>
<th>VOLUME</th>
<th>UOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>345</td>
<td>RAW MATERIAL F</td>
<td>10</td>
<td>Meters</td>
</tr>
<tr>
<td>789</td>
<td>RAW MATERIAL H</td>
<td>20</td>
<td>Meters</td>
</tr>
</tbody>
</table>

4. FORMULA OF CONVERSION

<table>
<thead>
<tr>
<th>DESCRIPTION OF F/G</th>
<th>UOM</th>
<th>DESCRIPTION OF RAW MATERIAL</th>
<th>UOM</th>
<th>QTY. FOR EVERY PCS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRESS</td>
<td>PC</td>
<td>Raw Material E</td>
<td>Yd.</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Raw Material F</td>
<td>M.</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Raw Material G</td>
<td>M</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Raw Material H</td>
<td>M</td>
<td>0.50</td>
</tr>
</tbody>
</table>
5. PERCENTAGE OF WASTAGES IS 3.00%

PREPARE A STATEMENT OF RAW MATERIAL USAGE

FORMAT:

<table>
<thead>
<tr>
<th>ENTRY NO.</th>
<th>DESCRIPTION</th>
<th>VOLUME</th>
<th>UOM</th>
<th>EXPORT</th>
<th>WASTAGES</th>
<th>BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>Raw Material E</td>
<td>415</td>
<td>Yd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>345</td>
<td>Raw Material F</td>
<td>500</td>
<td>M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>567</td>
<td>Raw Material G</td>
<td>300</td>
<td>M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>789</td>
<td>Raw Material H</td>
<td>400</td>
<td>M</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## ANSWER

<table>
<thead>
<tr>
<th>ENTRY NO.</th>
<th>DESCRIPTION</th>
<th>VOLUME</th>
<th>UOM</th>
<th>EXPORT</th>
<th>WASTAGES</th>
<th>BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>Raw Material E</td>
<td>415</td>
<td>Yrd.</td>
<td>400</td>
<td>12.45</td>
<td>2.55</td>
</tr>
<tr>
<td>345</td>
<td>Raw Material F</td>
<td>500</td>
<td>Mtr.</td>
<td>410</td>
<td>14.70</td>
<td>75.30</td>
</tr>
<tr>
<td>567</td>
<td>Raw Material G</td>
<td>300</td>
<td>Mtr.</td>
<td>40</td>
<td>9.00</td>
<td>251.00</td>
</tr>
<tr>
<td>789</td>
<td>Raw Material H</td>
<td>400</td>
<td>Mtr.</td>
<td>220</td>
<td>11.40</td>
<td>168.60</td>
</tr>
</tbody>
</table>
THANK YOU!
GRACIAS!!!
DOCUMENTARY REQUIREMENTS
TRANSSHIPMENT

Transshipment Permit

Bill of Lading

Invoice

Packing List

Bond for Transit Cargo

Transit Cargo Manifest

Telegram for Transmission
WAREHOUSING ENTRY

Informal Import Declaration and Entry (BC form No. 177)

Warehousing Permit (BC Form No. 198)

Import Entry & Internal Revenue Declaration

Transshipment Permit, if any

Bill of Lading/Airway Bill

Invoice

Packing List

Bond for Transit Cargo

Transit Cargo Manifest

Telegram for Transmission
PAYMENT DUE TO EXPIRED STORAGE PERIOD

- Letter Request

- Original Import Entry with all import documents

- Certification of the Warehouseman that the Materials are still Intact in the Warehouse
DISPOSITION OF WASTAGES THROUGH PAYMENT

- LETTER REQUEST

- STATEMENT OR RAW MATERIAL USAGE

- CERTIFICATION OF THE WAREHOUSEMAN THAT THE SAID WASTAGES/REJECT MATERIALS ARE STILL INTACT IN THE WAREHOUSE

- CERTIFICATION OF THE CBW OPERATOR AS TO THE OCCURRENCE OF SAID WASTAGES OR THE REASON(S) FOR REJECTS

- CERTIFICATE IF IDENTIFICATION

- PRESCRIBED INDORSEMENT FORM
THROUGH CONDEMNATION

- LETTER REQUEST

- STATEMENT OF RAW MATERIAL USAGE

- CERTIFICATION OF THE WAREHOUSEMAN THAT THE SAID WASTAGES/REJECT MATERIALS ARE STILL INTACT IN THE WAREHOUSE
THROUGH EXPORTATION

- CERTIFICATE OF IDENTIFICATION
- CERTIFICATE OF INSPECTION AND LOADING
- BOAT NOTE
- EXPORT DECLARATION
- PEZA FORM 8105/BRING IN PERMIT FOR SPECIAL ECOZONE, IF APPLICABLE
- DENR/OTHER GOVT. AGENCY CLEARANCE, IF APPLICABLE
- PRESCRIBED INDORESEMENT FORM
BONDED TO BONDED/PEZA TRANSFER

- LETTER REQUEST

- FOR PEZA TRANSFER, PEZA FORM 8105 DULY SIGNED BY THE ENTERPRISE/BUYER OR HIS DULY AUTHORIZED REPRESENTATIVE. FOR LOCATOR IN A SPECIAL ECONOMIC ZONE, BRING IN PERMIT DULY SIGNED BY THE LOCATOR/BUYER OR HIS DULY AUTHORIZED REPRESENTATIVE

- CERTIFICATION OF THE WAREHOUSEMAN THAT THE GOODS ARE STILL INTACT IN THE WAREHOUSE

- CERTIFICATE OF IDENTIFICATION

- BOAT NOTE

- INVOICE/ PACKING LIST
- IN CASE OF CAPITAL EQUIPMENT/SPARE PARTS/SUPPLIES, FAVORABLE INDORSEMENTS FROM THE BOI AND DOF, IF APPLICABLE

- PRESCRIBED INDORSEMENT FORM
RE-EXPORTATION

- LETTER REQUEST
- INVOICE/PACKING LIST
- CERTIFICATION FROM THE WAREHOUSEMAN THAT THE GOODS ARE STILL INTACT
- CERTIFICATE OF IDENTIFICATION
- CERTIFICATE OF INSPECTION AND LOADING
- BOAT NOTE
- EXPORT DECLARATION
LIQUIDATION OF MATERIALS AND BONDS CANCELLATION

- IMPORT ENTRY WITH ALL IMPORT DOCUMENTS
- STATEMENT OF LIQUIDATION OF MATERIAL IMPORTATION
- CERTIFICATE OF IDENTIFICATION FOR DIRECT EXPORT
- CERTIFICATE OF INSPECTION AND LOADING FOR DIRECT EXPORT
- BOAT NOTE FOR DIRECT EXPORT
- AIRWAY BILL OR BILL OF LADING
LIQUIDATION OF MATERIALS AND BONDS CANCELLATION

1. FOR DIRECT EXPORT

- STATEMENT OF LIQUIDATION OF RAW MATERIALS

- CERTIFICATION OF INSPECTION AND LOADING/CERTIFICATE OF IDENTIFICATION

- ORIGINAL COPY OF WAREHOUSING ENTRY
  - BOAT NOTE

- BILL OF LADING/AIRWAY BILL
- PACKING LIST

- EXPORT DECLARATION

- DULY ACCOMPLISHED WITHDRAWAL PERMIT FOR PAYMENT OF WASTAGES, IF APPLICABLE
2. INDIRECT EXPORT

- CERTIFICATE OF IDENTIFICATION
- BOAT NOTE COVERING TRANSFER
- SUMMARY OF USAGE OF RAW MATERIALS
- ORIGINAL COPY OF WAREHOUSING ENTRY
- APPROVED AUTHORITY TO TRANSFER
3. FOR PAYMENT

- COPY OF PROOF OF PAYMENT FOR RAW MATERIALS/WASTAGES

- WITHDRAWAL PERMIT

- ORIGINAL COPY OF WAREHOUSING PERMIT
PAYMENT OF RAW MATERIALS DUE TO EXPIRED STORAGE PERIOD

- LETTER REQUEST

- ORIGINAL IMPORT ENTRY WITH ALL IMPORT DOCUMENTS

- CERTIFICATION OF THE WAREHOUSEMAN THAT THE MATERIALS ARE STILL INTACT IN THE WAREHOUSE

- CERTIFICATION OF ACCOUNT OFFICER THAT THE QUANTITY REQUESTED FOR PAYMENT DOES NOT EXCEED 30% OF TOTAL IMPORTS FOR THE PERIOD, IF APPLICABLE
REQUEST FOR AUTHORITY TO IMPORT RESIN THROUGH WAREHOUSING SYSTEM PURSUANT TO CAO 4-2008A AS IMPLEMENTED BY CMO 33-2008

- SIX COPIES OF DULY NOTARIZED PRIOR DISCLOSURE STATEMENTS SIGNED BY EITHER THE PRESIDENT OF GENERAL MANAGER OF THE APPLICANT FIRM SECRETARY’S CERTIFICATE SHOULD BE ATTACHED AUTHORIZING ANOTHER OFFICER TO SIGN THE PDS

- CERTIFIED TRUE COPIES OF THE MOST RECENT APPROVAL STATEMENT OF RAW MATERIAL IMPORTATION REQUIREMENTS AND/OR LIST OF IMPORTABLES WITH AHTN

- CERTIFIED TRUE COPIES OF ITDI FORMULA OF CONVERSION

- INSPECTION REPORT ON THE APPLICANT’S WAREHOUSE FACILITY WHICH CERTIFIES THAT THE FACILITY COMPLIES WITH THE REQUIREMENTS UNDER CAO4-2008A AND CMO 33-2008
REQUEST FOR AUTHORITY TO IMPORT RESIN THROUGH WAREHOUSING SYSTEM PURSUANT TO CAO 4-2008A AS IMPLEMENTED BY CMO 33-2008

- IMPORT PERFORMANCE REPORT FOR TWO (2) CONSECUTIVE YEARS

- DETAILED EXPORT PERFORMANCE AND UTILIZATION REPORT AND THE SUMMARY OF EXPORT PERFORMANCE AND UTILIZATION REPORT FOR TWO (2) CONSECUTIVE YEARS

- CERTIFIED TRUE COPIES OF BOI REGISTRATION AND ITS TERMS AND CONDITIONS

- CERTIFIED TRUE COPIES OF PEZA REGISTRATION/CERTIFICATE (IF BUYERS ARE PEZA OF ECONOMIC LOCATORS)
THANK YOU!
GRACIAS!!!