

**[ BOC CUSTOMS MEMORANDUM ORDER NO. 50-94,  
December 05, 1994 ]**

**SUPPLEMENTAL GUIDELINES IN THE IMPLEMENTATION OF CMO  
20-88**

It has been brought to the attention of this Office that there is difficulty in strictly observing the provision of CMO 20-88 for shipments not subject to the CISS.

CMO 20-88 provides:

"2 Freight and Other Charges and Fees —

"a. **Freight** — The freight charges covering the transportation of the imported article to the port of entry in the Philippines. For purposes of assessment of duties and taxes, the freight charges shall be determined in accordance with the following guidelines:

"1) **Sea Freight** — It shall be the amount specified in the covering Bill of Lading or in other related shipping documents, but in no case lower than 70% of the gross conference rate;

"2) **Air Freight** — It shall be the amount specified in the covering airway bill or in other related shipping documents or, in the absence thereof, the International Air Transport Association (IATA) rate."

The difficulty of our assessment personnel arises from the following:

- 1) most bills of lading do not reflect the freight charges
- 2) absence of a Gross Conference Rate List.

We have also discovered a wrong application of CMO 20-88 involving the taking of 70% of the freight as reflected in the Bill of Lading or as certified to by the shipping line as the dutiable freight.

To correct the above, the following supplemental guidelines are hereby prescribed in determining the dutiable freight for CISS-exempt shipments:

- 1) If no freight charges appear in the Bill of Lading or related shipping documents a certificate of freight charges paid issued by the shipping line must be presented;
- 2) The applicable freight must be 100% of the one appearing in the B/L or certification;
- 3) If *conference rate* is available *70% of the rate* must be computed. The higher rate between the computed rate based on the conference rate or the one in No. 2 above must be applied.