MEMORANDUM ORDER NO. 2007 002

TO : PEZA-Registered Export-Producers and IT Enterprises Operating in Cebu and Mactan Economic Zones
Economic Zone Administrators and Managers
PEZA Unit Heads in the Customs-PEZA Clearance Offices

FROM : Director General LILIA B. DE LIMA

SUBJECT : Roll Out of the Implementation of the PEZA Electronic Import Permit System (e-IPS) in Cebu and Mactan Economic Zones

DATE : 20 February 2007

Implementation of the PEZA Electronic Import Permit System (e-IPS), as provided in PEZA Memorandum Order No. 2006-003 dated 11 September 2006, is hereby expanded to cover applications for Import Permits of Export-Producers and IT Enterprises operating in Cebu and Mactan economic zones effective immediately.

The e-IPS implementation is intended to simplify procedures and accelerate approval cycle time in the processing of applications for tax and duty-free importations of PEZA-registered ecozone export enterprises (EEEs) and IT/IT-enabled enterprises (ITEEs). Specifically, the e-IPS will enable EEEs and ITEEs to electronically file their Import Permit Applications, pay the required processing fees through electronic modes of payments and print system-generated electronic Import Permits.

Pursuant to its Guidelines issued on 14 July 2006, PEZA has accredited two Value-Added Solutions Providers (VASPs), to assist economic zone enterprises in the implementation of the e-IPS, namely:

- E-Konek Pilipinas Inc. (E-Konek)
- InterCommerce Network Services Inc. (INS)

The e-IPS shall be implemented in the processing of Import Permit applications and release of air shipments arriving at the Cebu-Mactan International Airport (CMIA) cleared through the Customs-PEZA Clearance Office (CPCO) in MEZ 1 and sea shipments arriving at the Cebu International Port (CIP) cleared through the Customs-PEZA Documentation Unit.

The procedure for the implementation of the e-IPS is presented in Annex 1 and shall be subject to the following rules and conditions:

1. PEZA-registered EEEs and ITEEs entitled to avail of the tax and duty-free importation privilege for production inputs shall register with the Office of the

"Trabaho at kabahayan sa bawat tao"
President Gloria Macapagal Arroyo
PEZA Zone Administrators / Managers by providing, among others, the following information:

a. Company official(s) of managerial rank/position, who will be responsible for e-IPS transactions, with contact information;

b. Preferred PEZA-accredited VASP(s) they have contracted for access to the e-IPS;

c. PEZA-registered broker(s)/forwarder(s) authorized to arrange e-IPS transactions, if any, provided it is understood that the economic zone enterprises shall be fully responsible for all e-IPS transactions, including those undertaken by its authorized broker(s)/forwarders;

d. Preferred electronic mode(s) of payment of the PEZA Processing Fee for Import Permit applications; and

e. Other information as may be required for participation in the implementation of the e-IPS.

The proforma economic zone enterprise application letter to PEZA is presented as Annex 2. The e-IPS Enrollment Form is available on-line at the VASPs’ websites.

2. PEZA-registered EEEs and ITEEs enrolled for the implementation of the e-IPS shall submit to the Office of the PEZA Zone Administrators / Managers soft- and hardcopies of their Lists of Importables, in MS Excel format, consisting of the following:

a. For EEEs: raw materials, parts and components, supplies, spare parts and other inputs required in the manufacture of their registered export-products or activities. Production machinery and equipment shall not be included in the lists of importables;

b. For ITEEs: computer hardwares and parts, softwares, call center workstations/accessories, network equipment, data source documents and other inputs for their registered IT activities

The Lists of Importables should include the corresponding 8-digit HS code of each item, based on the ASEAN Harmonized Tariff Nomenclature (AHTN) of the Philippine Tariff Commission 2004 and subsequent amendments thereto. The format of the List of Importables is presented in Annex 3.

3. Hazardous chemicals, explosives, telecommunication equipment and other items required by EEEs and ITEEs as production inputs, which are covered by import controls/clearances implemented by government agencies (e.g., DENR-EMB, PNP, PDEA, NTC etc.), specialized equipment/vehicles and construction related equipment/materials that are subject to approval of the PEZA Board/Head Office, shall be excluded from the Lists of Importables.
4. Economic Zone Administrators/Managers shall review the Lists of Importables and endorse the validated lists to the PEZA-MIS Department through e-mail (c/o mis@peza.gov.ph) within five (5) days from receipt of the Lists from EEEs and ITEEs.

5. PEZA MIS shall upload the Lists of Importables in the PEZA Database and immediately advise the concerned EEEs and ITEEs, through the respective economic zone and their contracted VASPs that they can start submitting their Import Permit applications through the e-IPS.

6. EEEs and ITEEs shall be responsible for the following:

a. Accuracy of the descriptions and corresponding HS Codes of the items included in their Lists of Importables;
b. Ensuring security of their Users' Codes;
c. Monitoring Import Permit applications filed by their authorized representatives, brokers and forwarders;
d. Confirming or denying ownership of import application filed electronically for the enterprise in accordance with the procedures of the VASPs;
e. Confirming delivery of the goods at their plant site.

7. PEZA-accredited VASPs and banks are authorized to collect e-IPS access and e-Payment service-fees from EEEs and ITEEs based on market driven rates.

8. Effective 02 May 2007, Open Import Permits shall no longer be used for import shipments arriving at the Cebu-Mactan International Airport and Cebu International Port.

For clarifications and assistance, please contact the Office of PEZA Economic Zone Administrators/Managers or the PEZA Enterprise Operations Department [ Telephone No. (02) 551-34-52 ] or the PEZA MIS Department [ Telephone No. (02) 551-95-91 ].

For strict compliance of all concerned.
### Annex 1

PEZA Electronic Import Permit (e-IP) System

**PROCESS FLOW**

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>Responsible Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STEP 1. List of Importables</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Accomplish the e-IP Registration Form</td>
<td>1.1 Enterprise</td>
</tr>
<tr>
<td>1.2 Prepare list according to format and submit to PEZA Zone Office</td>
<td>1.2 Enterprise</td>
</tr>
<tr>
<td>1.3 Review list and endorse to PEZA Head Office</td>
<td>1.3 ZA/ZM/OIC</td>
</tr>
<tr>
<td>1.4 Upload the validated list into the PEZA data server</td>
<td>1.4 Head Office- MIS</td>
</tr>
<tr>
<td><strong>STEP 2. Enrollment with Accredited VASPs</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 Comply with VASP enrollment requirements</td>
<td>2.1 Enterprise</td>
</tr>
<tr>
<td>2.2 Nominate authorized users (company representative and/or brokers)</td>
<td>2.2 Enterprise</td>
</tr>
<tr>
<td><strong>STEP 3. Enrollment for Payment of PEZA Fees</strong></td>
<td></td>
</tr>
<tr>
<td>3.1 E-bank mode: Open Account with authorized Banks</td>
<td>3.1 Enterprise, Banks, VASP</td>
</tr>
<tr>
<td>3.2 Advance Payment mode: make advance payment to the PEZA Zone Office, then PEZA Zone Officer encodes O.R. No. and amount paid. System debits actual fees for every application</td>
<td>3.2 Enterprise, Zone Office</td>
</tr>
<tr>
<td>3.3 Cash mode: pay to Zone per I.P. application then Zone Officer encodes O.R. No. and amount paid</td>
<td>3.3 Enterprise, Zone Office</td>
</tr>
<tr>
<td><strong>STEP 4. Connectivity Test and Users Training</strong></td>
<td></td>
</tr>
<tr>
<td>4.1 Check connectivity to the system</td>
<td>4.1 VASP</td>
</tr>
<tr>
<td>4.2 Network, system trouble shooting</td>
<td>4.2 VASP</td>
</tr>
<tr>
<td>4.3 Customer Assistance</td>
<td>4.3 VASP</td>
</tr>
<tr>
<td><strong>STEP 5. Electronic filing of Import Permit</strong></td>
<td></td>
</tr>
<tr>
<td>5.1 Authorized representative files application using VASP solution and services</td>
<td>5.1 Enterprise representative</td>
</tr>
<tr>
<td>5.2 Screening and Approval process: authorized user? E-IP registered enterprise? Approved importable item? IP fee Payment remitted and confirmed? Ownership confirmed? Others?</td>
<td>5.2 VASP System (and e-Bank as applicable)</td>
</tr>
<tr>
<td>5.3 Print approved Import Permit (valid for 15 days)</td>
<td>5.3 Enterprise representative</td>
</tr>
<tr>
<td><strong>STEP 6. Release of Goods at Port of Entry</strong></td>
<td></td>
</tr>
<tr>
<td>6.1 File system generated e-IP print out (Import Permit) together with support documents (the same as in the manual process)</td>
<td>6.1 Enterprise representative</td>
</tr>
<tr>
<td>6.2 Validation of the printed e-IP(IP number, Enterprise items: description, quantity and value, IP fee paid, validity); support documents: required clearances complied e.g. PNP, PDEA; check any alert to hold process</td>
<td>6.2 CPCO</td>
</tr>
<tr>
<td>6.3 Issue endorsement to BOC for transshipment permit</td>
<td>6.3 CPCO</td>
</tr>
</tbody>
</table>
6.4 Process transshipment permit, CEWE
6.5 Issue Authority to Withdraw, endorse release at the
    gate and tag the IP as “Used” in the PEZA System

STEP 7. Delivery of the Goods to the Zone
7.1 Confirmation of actual arrival at Zone Gate by
    scanning of the IP and actual inspection of goods,
    or confirmation after inspection by PEZA and BOC
    Examiners by signing the CEWE and tagging the
    IP as “delivered” in the eIPS

NOTES:
1. For subsequent filing of Import Permits – go through Steps 5, 6, 7
2. For amendments on the approved list of importables – go through Step 1.2 until 1.4
3. For system/network trouble or failure to connect – call the VASP, inform PEZA Zone
    Office
4. For continued system failures within 30 minutes or beyond the committed time by the
    VASP to resume service – Enterprise should proceed with the Manual System

The PEZA Accredited Value Added Solution Providers (VASPs) are as follows:

1. E-konek Pilipinas Inc. (Ekonek)
   http://www.ekonek.com or Telephone 879-43-69
   Ms. Thelma Sotto, tsotto@ekonek.com
   Mr. Jowie Pilac, jpilac@ekonek.com
   Ms. Sandy Saguin, ssaguin@ekonek.com

2. InterCommerce Network Services Inc. (INS)
   http://www.intercommerce.com.ph or Telephone 843-81-55
   Mr. Francis Lopez, fllopez@intercommerce.com.ph
   Mr. Alex de Guzman, adeguzman@intercommerce.com.ph
   Ms. Kristine Bona, kbona@intercommerce.com.ph

The following are e-Payment Banks:
1. Land of the Philippines (accredited by PEZA)
2. Rizal Commercial Banking Corporation (accredited by PEZA)
3. Union Bank of the Philippines (accreditation in process)
Annex 2

PROFORMA APPLICATION LETTER

Date

PEZA Zone Administrator / Manager
Zone Location
Address

Dear ________________

This is to submit our application for registration in the PEZA electronic Import Permit System (e-IPS). The list of importable items, in soft and hard copies, duly certified by our Company's Manager for __________, Mr/Ms. __________ is enclosed and hereby endorsed for your review. The other details are as follows:

A. Responsible Officer/s: ________________________________________
   (Name, position and contact numbers: email, telephone landline and cellphone)

B. Preferred Value Added Solution Provider: _______________________

C. Preferred Date of e-IPS Activation: _____________________________

D. A copy of our enrollment form with the VASP is enclosed

E. Authorized Brokers/Forwarders
   (Locator may authorize more than one Broker; indicate the validity date of
   Broker's accreditation with PEZA; for each authorized Broker staff, indicate
   name, position, contact numbers through email, telephone landline and
   cellphone)

F. Modes of payment for PEZA Import Permit Fees (give details if cash per
   transaction or advance payment or name of Bank for e-pay, please don't give
   Bank Account number)

We confirm that we have read the guidelines for the e-IP system as per PEZA
Memo Order No. ______ dated ______ and that we are accountable for the
designation of authorized users on our behalf, the list of importables, monitoring of
e-IPS applications until delivery of the import shipment at our project site and
compliance with clearances required by other government agencies. We certify
that goods imported through the e-IPS shall be used only for our PEZA-registered
activities.

Thank you.

Very truly yours,

(CEO/President)
PEZA-Locator
Annex 3

Format for the LIST OF IMPORTABLES

PEZA-Registered Enterprise: ________________________________
Certificate of Registration No.: ____________________________

Submitted by: (Name and Position): _________________________
Date Submitted: __________________________________________

List of Submitted Activities:

<table>
<thead>
<tr>
<th>Original Registration Agreement</th>
<th>Date Approved:</th>
<th>Activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental</td>
<td>Date Approved:</td>
<td>Activities:</td>
</tr>
<tr>
<td>Supplemental</td>
<td>Date Approved:</td>
<td>Activities:</td>
</tr>
</tbody>
</table>

Required data (in MS Excel format)
1. Item/Goods Description – as indicated in the invoices, purchase orders
2. HS Code (8 digit HS Code, ASEAN Harmonized Tariff Nomenclature)

Optional data as may be required by a VASP (in MS Excel Format)
- a. Supplier Name
- b. Supplier Code
- c. Item Code or part number – as indicated in Purchase Orders, delivery/advance shipping notice, delivery confirmation and invoice
- d. Commodity Code
- e. Commodity Description
- f. Pre-Alert Description

Required Broker Certification

This is to certify that we have classified the import items listed herewith into the appropriate HS Code Tariff Classification pursuant to the latest ASEAN Harmonized Tariff Nomenclature (AHTN).

Name of Broker and Signature: ________________________________
PEZA Accreditation No. and validity date: ______________________

Date: ______________