



Savings with Document Review

- The Philippines receives needed government funds through the collection of duties and taxes. Documents must be reviewed for compliance and accuracy. Without this review the various government agencies will find fault with documents. This usually results in an increase in the import costs.
- Import documents must be consistent in reference to document information.
- The Bill of Lading (BL), Commercial Invoice (CI), and Packing List must be prepared with consideration for the Philippine importation process.
- Nomenclature used for the cargo, if reviewed can save a substantial amount of money.
- The following examples will outline the major problems. It must be noted that it would be difficult to example every commercial situation that would result in a cost savings. MOF Subic has been very successful with this type of assistance. Our relationship and experience with customs will definitely make a difference on your project
- What we would like to introduce as an important procedure in documentation is the "REVIEW PROCESS" which enables us to specifically determine with correctness the appropriate tariff classification of the imported items and recommend items description in tariff terms suited to a lower rate of duty;
- In the review process we can avoid customs examiner from reclassifying the imported items and upgrading the tariff duty rate as shown in the data resulting to difference as additional duty & tax due. Likewise, you will notice that there is an increase in dutiable value which is the Duty base and the landed cost which is the VAT base;
- As illustrated on the Spreadsheet Data I the resultant difference between 3% rate of duty and 10% rate of duty results into an additional Duty of PHP 3,881,370.58 and VAT of PHP 388,137.06 or a total of PHP 4,269,507.64 duty & tax equivalent to 58% variance. Also, on Spreadsheet Data II the difference between 3% and 20% rate of duty results into an additional Duty of PHP 9,426,185.69 and VAT of PHP 942,618.57 or a total of PHP 10,368,804.26 duty & tax equivalent to 140% variance.
- Customs had the disposition to impose penalty of one time (100%) duty or twice (200%) duty depending on the value difference of that which is declared against actual customs findings.

COMPANY INTERNATIONAL

1234 Utah Street, Anytown Country.

Australia January 24, 2001

HSBC-001-1234

Invoice No. 007

Sold to: San Roque Power Corporation Pangasinan Province Luzon Island Republic Of the Philippines	
Shipped By: Toshiba	From: London England
To: Manila Philippines	Sailing On or About Jan. 30, 2001
Purchase Order NO.: SRPO-UEI-005	LC No.: N.A.

**SHOULD
STATE
CIF
VALUE**

INVOICE

Mark & Number	Description	Qty.	Amount
1	Equipment for San Roque Hydroelectric Power Generating Plant Stationary Parts	1 lot	US\$ 1,237,300

Shipping Mark:
San Roque Power Corporation
Luzon Island Philippines
P.O. Number: SRPO-UEI-005
Gross Weight xxx,xxx kg's
Dimensions L x W x H CM

**SHOULD
EQUAL**

FOB: US\$ 1,184,345
FRT: US\$ 42,955
INS: US\$ 5,292
Total CIF: US\$ 1,232,592

**SHOULD SAY
Turbine parts and Accessories**

Samual Jackson
Samual Jackson
Vice President

COMPANY INTERNATIONAL

1234 Utah Street, Anytown Country.

Australia January 24, 2001

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Invoice No. 007

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Shipped By: Toshiba	From: London England
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Purchase Order NO.: SRPO-UEI-005	LC No.: N.A.

INVOICE

Mark & Number	Description	Qty.	Amount
1	Equipment for San Roque Hydroelectric Power Generating Plant Turbine Parts and Accessories	1 lot	CIF Value: US\$ 1,232,592

Shipping Mark:
San Roque Power Corporation
Luzon Island Philippines
P.O. Number: SRPO-UEI-005
Gross Weight xxx,xxx kg's
Dimensions L x W x H CM

FOB: US\$ 1,184,345
FRT: US\$ 42,955
INS: US\$ 5,292
Total CIF: US\$ 1,232,592



Samual Jackson
Samual Jackson
Vice President

	based on 3 %	based on 10 %	Difference
Export Value	\$ 1,184,345.00	\$ 1,184,345.00	\$ -
Freight	\$ 42,955.00	\$ 42,955.00	-
Insurance	\$ 5,292.00	\$ 5,292.00	-
Dutiable Value in Rate of Exchange	\$ 1,232,592.00 \$1 = Php 44.99	\$ 1,232,592.00 \$1 = Php 44.99	-
Dutiable Value in Rate Of Duty	Php 55,448,151.12 3%	Php 55,448,151.12 10%	-
Customs Duty	Php 1,663,444.53	Php 5,544,815.11	Php 3,881,370.58
Dutiable Value	Php 55,448,151.12	Php 55,448,151.12	
Customs Duty	Php 1,663,444.53	Php 5,544,815.11	Php 3,881,370.58
Brokerage Fee	Php 72,603.94	Php 72,603.94	
Arrastre Charge	Php 24,381.06	Php 24,381.06	
Wharfage Due	Php 7,535.96	Php 7,535.96	
Import Processing Fee	Php 250.00	Php 250.00	
Customs Documentary Stamps	Php 265.00	Php 265.00	
Landed Cost	Php 57,216,631.61	Php 61,098,002.19	Php 3,881,370.58
VAT Rate	10%	10%	
Value Added Tax	Php 5,721,663.16	Php 6,109,800.22	Php 388,137.06
Summary			
Customs Duty	Php 1,663,445.00	Php 5,544,815.00	Php 3,881,370.00
Value Added Tax	Php 5,721,663.00	Php 6,109,800.00	Php 388,137.00
Sub-total	Php 7,385,108.00	Php 11,654,615.00	Php 4,269,507.00
penalty		Php 3,881,370.00	Php 3,881,370.00
Amount of SBLC	Php 7,385,108.00	Php 15,535,985.00	Php 8,150,877.00

	based on 3 %	based on 20 %	Difference
Export Value	\$ 1,184,345.00	\$ 1,184,345.00	\$ -
Freight	\$ 42,955.00	\$ 42,955.00	-
Insurance	\$ 5,292.00	\$ 5,292.00	-
Dutiable Value in Rate of Exchange	\$ 1,232,592.00 \$1 = Php 44.99	\$ 1,232,592.00 \$1 = Php 44.99	-
Dutiable Value in Rate Of Duty	Php 55,448,151.12 3%	Php 55,448,151.12 20%	-
Customs Duty	Php 1,663,444.53	Php 11,089,630.22	Php 9,426,185.69
Dutiable Value	Php 55,448,151.12	Php 55,448,151.12	
Customs Duty	Php 1,663,444.53	Php 11,089,630.22	Php 9,426,185.69
Brokerage Fee	Php 72,603.94	Php 72,603.94	
Arrastre Charge	Php 24,381.06	Php 24,381.06	
Wharfage Due	Php 7,535.96	Php 7,535.96	
Import Processing Fee	Php 250.00	Php 250.00	
Customs Documentary Stamps	Php 265.00	Php 265.00	
Landed Cost	Php 57,216,631.61	Php 66,642,817.30	Php 9,426,185.69
VAT Rate	10%	10%	
Value Added Tax	Php 5,721,663.16	Php 6,664,281.73	Php 942,618.57
Summary			
Customs Duty	Php 1,663,445.00	Php 11,089,630.00	Php 9,426,185.00
Value Added Tax	Php 5,721,663.00	Php 6,664,282.00	Php 942,619.00
Sub-total	Php 7,385,108.00	Php 17,753,912.00	Php 10,368,804.00
penalty		Php 9,426,185.00	Php 9,426,185.00
Amount of SBLC	Php 7,385,108.00	Php 27,180,097.00	Php 19,794,989.00