



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
Collection District II-A
Port of Manila

CUSTOMS MEMORANDUM ORDER
NUMBER 62-91

TO : All District/Port Collectors
Service/Division Chiefs
Others Concerned

SUBJECT: Repealing CMO 136-88 RE:
Rules and Regulations in the treatment of Imported
Articles declared as Off-Quality

SECTION 1. OBJECTIVES

This Order seeks to prevent abuses in the use of words and/or phrases such as stock-lots, side-runs, cull rolls, seconds, mill lots, scraps, offgrade, reconditioned, used, junk or similar terms in describing imported articles in the commercial invoice and/or entry declaration for the purpose of avoiding the payment of the proper duties and taxes.

SECTION 2. COVERAGE

1. All entries, whether consumption or warehousing covering imported articles invoiced/declared as off-quality under such descriptive terms as stock-lots, side-runs, cull rolls, scraps, off-grade, reconditioned, used, junk or similar terms conveying or purporting to convey the condition of the article as sub-standard or off-grade.

SECTION 3. ADMINISTRATIVE PROVISIONS

1. All shipments/importations declared in the shipping/commercial documents/entry declaration as off-quality or sub-standard.
 - 1.1 Shall be automatically subject to clearance by the District Collector;
 - 1.2 When originating from countries covered by the (SGS) Comprehensive Imports Supervision Scheme (CISS), they shall be subject to the (SGS) pre-shipment inspection at the port/country of origin, irrespective of value thereof; and
 - 1.3 As the nature of the commodity may require, the same shall be subject to laboratory analysis, and
 - 1.4 Shall be accompanied by a duly notarized certification executed by the seller-manufacturer as to the condition of the article being off-quality or sub-standard. The certification shall include the following:

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CMD-62-1

- a. Standard for the product being imported.
- b. Deviation from such standard which reduced its quality.

SECTION 4. OPERATIONAL PROVISIONS

1. Allowable Discount- a thirty percent (30%) discount based on the value of a brand new or prime quality shall be allowed by reason of the subject article being sub-standard or off-quality. In case of paper or paperboard the discount shall be twenty percent (20%).
2. Depreciation Method- in lieu of the discount mentioned above, the straight line method of depreciation shall be used whenever applicable.

SECTION 5. REPEALING CLAUSE

This repeals CMD 136-88.

SECTION 6. EFFECTIVITY

This Order shall take effect on

July 5, 1991

Salvador M. Mison
SALVADOR M. MISON
Commissioner