



October 2, 2007

CUSTOMS MEMORANDUM ORDER

No. 27 2007

**SUBJECT: Implementing CAO No. 8-2007 entitled
DESCRIPTION OF IMPORTED ARTICLES IN TARIFF
TERMS**

I. Objective:

To implement a convention to be observed in the proper description of imported goods for declaration, statistical and other purposes pursuant to CAO No. 8-2007.

II. Scope:

This convention shall be used:

1. as the basis for encoding box 31 of the Import Entry and Internal Revenue Declaration (IEIRD).
2. as the basis in the preparation of the packing list, commercial invoices, entry declaration, VRIS and Classification Rulings, and other relevant documents.
3. by the COO IIIs and COO Vs in the accomplishment of their returns of the IEIRD.
4. in describing the items for establishment and/or publication of values.
5. for statistical purposes.

III. General Provisions

1. The convention described herein must be strictly observed in the following instances:
 - a. In the proper encoding of the Single Administrative Document in ACOS, or its upgrade.
 - b. In the proper filing of the IEIRD.
 - c. In the accomplishment of the returns of the COO III and COO V.
 - d. In describing articles for publication
 - e. In describing articles for statistical purposes.
2. Any delay in the processing of the entries or SAD due to failure to fully describe the shipment shall be the full responsibility of the importer and/or broker.
3. The convention described herein shall be observed to the extent practicable, taking into account that some products such as raw materials

may not have specific brand names, but are still susceptible to description in tariff terms.

IV. Administrative Provisions:

1. It shall be the responsibility of the COO V together with the Chief, Formal Entry Division, to ensure proper implementation of this Order.
2. The Commissioner of Customs through the VRIS shall issue a list of products covered by this Order, together with specific per article guidelines on the proper description of goods.
3. The Chief, Formal Entry/Assessment Division of each Port/District shall compile a list indicating the entry number and other shipment details of companies violating this Order and shall submit the same regularly on a weekly basis to the Head, Valuation Reference Information System (VRIS) and the Director, Trade Information Risk Analysis Office (TIRAO), Post Entry Audit Group (PEAG) for profiling purposes.

4. Motor Vehicles

2.1. For motor vehicles, the specific description shall be in accordance with the following illustrative example:

2.1.1. MAKE -----	<i>Nissan GXI</i>
2.1.2. SERIES -----	<i>Infinity</i>
2.1.3. BODY TYPE -----	<i>Wagon</i>
2.1.4. YEAR MODEL -----	<i>2006</i>
2.1.5. GROSS WEIGHT -----	<i>3,600 kilos</i>
2.1.6. NET WEIGHT -----	<i>1,800 kilos</i>
2.1.7. PISTON DISPLACEMENT -----	<i>3,500 kilos</i>
2.1.8. NO. OF CYLINDERS -----	<i>6 cylinders</i>
2.1.9. ENGINE NO. -----	<i>VK 45(DE) 4194</i>
2.1.10. CHASSIS NO. -----	<i>JN1GS08W25X402111</i>
2.1.11. VIN NO. -----	<i>XXXXXXXXXXXXXXXXXX</i>
2.1.12. FUEL -----	<i>Gas</i>

NOTE 1: Data on engine and chassis/VIN number shall be supported by stencil prints to validate the findings of the COO III.

NOTE 2: It shall be the responsibility of the official signatories of the Certificates of Payment to ensure compliance with the above requirements.

2.2. For Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) members, participants in the Motor Vehicle Development Program (MVDP) and the Motorcycle Development Program, and other importers who are the authorized distributors of specific car brands in the Philippines, the Packing List attached to the consumption entry shall indicate the respective chassis and engine numbers.

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V. The Convention:

(IMO 2% 2007)

I. Description of Articles

The description of articles must be in sufficient detail to enable the article to be identified for tariff classification, valuation and other statistical purposes including the following:

1.1. General Description

Pertains to the generic name or general name of the product, e.g. pump, engine, milk, bag, etc.

1.2. Specific Description

Pertains to the specific description of 1.1., e.g. centrifugal (for pump), diesel (for engine), skimmed (for milk), shoulder (for bag), etc.

1.3. Make/Brand

Refers to the brand name of the product e.g. Caterpillar, Nike, Gucci, Honda, etc.

1.4. Model/Style

The model number, style, reference and other reference e.g. "SR" for a Honda Civic car, model "Thinkpad R50e" for an IBM notebook, model "E90" for a Nokia cellular phone, etc.

1.5. Capacity/Quality/Grade/Process

The capacity, output, horsepower or other indication of size and performance, among others, of the product e.g. 200 h.p., 10 kw, 120 watts rms, etc.; or the description of quality, grade specification or applicable standard e.g. technical grade 95%, AISI G 310 1/87 SS 41, etc.; or process by which the product is manufactured e.g. suspension, emulsion, dispersion, etc.

1.6. Retail Packaging

This pertains to the detailed packaging or measure within the unit used, e.g. 12x1L bottles, 24x300 oz cans, 150 kg bags, etc.

If said details are not provided for in the invoice, an accompanying inspection report with the above details must be submitted as part of the working copy of the entry.

VI. List of Covered Importations

Attached is Annex "A" containing a preliminary list of generally declared products which are subject to 100% examination to determine conformance with the provisions of the Customs and (MO) No. 9, 2007.

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Goods declared in a general manner to avoid proper classification or valuation shall undergo 100% examination and are to be considered in a status of continuing alert, subject to the following:

1. All items listed in Annex "A" or in subsequent updates issued by the Commissioner shall be established as a separate Selectivity Parameter for Red Channel in the Selectivity Module of ACOS or its equivalent under ASYCUDA World.
2. Entries containing containerized generally described goods shall be subjected to the Commissioner's Special Stop.
3. For bulk shipments, generally described goods shall not be allowed special permits to discharge until full payment of correct duties and taxes are made.
4. Habitual violators or those violating this Order by persisting to declare their importation in a general manner shall be penalized in the following manner:
 - a. First Offense. – Warning
 - b. Second Offense. – Suspension of Accreditation for 6 months
 - c. Third Offense. – Cancellation of accreditation and blacklisting as an importer
5. Licensed customs brokers will be treated in the same manner as importers and their licenses recommended to be cancelled.
6. Good faith is not a defense. Both importers and customs brokers shall exercise utmost diligence in declaring goods for purposes of customs clearance.

VII. Penalties

In addition to number VI, the penalties prescribed under the TCCP, as amended, particularly those special criminal provisions on making false statements or declarations shall be made to apply for violations of the provisions of this Order.

VIII. Rescinding Clause

All Customs Memorandum Orders and Circulars or parts thereof which are inconsistent with this Order are hereby deemed rescinded and/or modified accordingly.

IX. Effectivity

This Order shall take effect immediately



NAPOLEON L. MORALES
Commissioner