



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

19 June 1995

CUSTOMS MEMORANDUM ORDER  
NO. 14-95

TO : All Service/Division Chiefs  
Collectors of Customs  
And Others Concerned

SUBJECT : Supplement to CMO No. 62-91 on  
Rules and Regulations in the  
Treatment of Imported Articles  
Declared as Off-Quality  
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It has been observed that there has been an increase in the number of shipments declared as stocklots, B-grade, off-grade, or other descriptions implying condition or quality other than prime, for the purpose of getting acceptance for low declared values.

It is further observed that the requirement in item no. 1.4 of CMO No. 62-91 is no longer required particularly if the shipment is accompanied by a Clean Report of Findings (CRF), to wit:

"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 substandard. The certification shall include the following:

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

1. Objective:

This Order seeks to prevent abuses in the use of words and/or phrases such as stocklots, side-runs, cull rolls, seconds, mill lots, off-grade, B-grade, 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.

2. General Provisions:

Where there is no physically verifiable attribute/property in the imported article that would enable Customs and SGS officers to distinguish between a prime quality product and a non-quality product, then, for Customs assessment purposes, the imported article shall be valued as prime.

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3. **Administrative Provisions:**

- a. Further to the provisions of CMO 62-91, any shipment described above shall be accompanied by a certification executed by either the manufacturer or the supplier as to the condition of the article being off-quality or substandard. Said certification, which must indicate in physically measurable terms the attributes/qualities that make the article non-prime, shall be presented to the SGS inspectors and that the same shall be confirmed by SGS and reflected in the CRF. The certification shall be filed/attached with the entry and the CRF shall indicate confirmation of the contents of the certification.
- b. Shipments exempt from Pre-Shipment Inspection under Joint Order No. 1-91, as amended, shall have the certification submitted directly to Customs at the time of filing of the import entry; *Provided, however,* that goods the f.o.b. value of which is declared at less than \$500.00 either in the L/C or in the covering invoice (for non-L/C shipments), shall continue to be subject to Pre-shipment Inspection whenever they are likewise declared as non-prime, in which case the preceding paragraph shall apply.

4. **Effectivity:**

This Memorandum Order shall take effect 15 August 1995.

For the rule requiring importers to attach the certificate in the entry, all shipments with bill of lading date beginning 15 August 1995 must be entered together with the certification as supporting document; *Provided, however,* that shipments that have already been required off-quality certifications under existing orders shall continue to comply with the certification requirement of said orders.

  
GUILLERMO L. BARAYNO, JR.  
Commissioner