

**[ BOC MEMORANDUM ORDER NO. 14-95, June 19, 1995 ]**

**SUPPLEMENT TO CMO NO. 62-91 ON RULES AND REGULATIONS  
IN THE TREATMENT OF IMPORTED ARTICLES DECLARED AS OFF-  
QUALITY**

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.

3.  
Administrative Provisions

- a. Further to the provisions of CMO 6-91, 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