AMENDED RULES AND REGULATIONS ON THE TREATMENT OF IMPORTED ARTICLES DECLARED AS OFF-QUALITY

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In view of the resurgence and increase in the number of shipments declared as stocklots, side-runs, cull rolls, seconds, mill lots, off-grade, B-grade, C-grade, used, second-hand, off-specs, sub-standard, off-quality, overruns, sweepings, overflow, recycled, "waste-waste", reconditioned, refurbished, re-fashioned, surplus, scrap, scrap metals, metal waste, cut-up, bath-roll, odd lengths, unbranded, or other descriptions purporting to con vey a condition or quality other than prime, for purposes of avoiding the payment of proper duties and taxes, the following rules are hereby promulgated:

I. Objectives
1. 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, C-grade, used, second-hand, off-specs, sub-standard, off-quality, overruns, sweepings, overflow, recycled, "waste-waste", reconditioned, refurbished, re-fashioned, surplus, scrap metals, metal waste, cut-up, bath-roll, lengths, unbranded or analogous terms in describing imported articles in the commercial invoice and/or entry declaration for purposes of avoiding payment of the proper duties and taxes

To protect the interest of the Government by collecting the proper duties and taxes due on imported articles passed-off as substandard or off-quality but to be sold as brand new/ prime quality in the market.

To protect the health and safety of the consumers against prohibited, sub-standard and/ or hazardous products.

II. Administrative Provisions
All shipments/importations declared in the shipping/commercial invoice and entry as stockiots, side-runs, cull rolls, seconds, mill lots, off-grade, IB-grade, C-grade, used, second-hand, off-specs, sub-standard, off-quality, overruns, sweepings, overflow, recycled, waste-waste", reconditioned, refurbished, re-fashioned, surplus, scrap metals, metal waste, cut-up, bath-roll, odd lengths, unbranded and other similar descriptive terms, shall be:

1 Subject to 100% examination in the presence of FCCI/FPI technical expert pursuant to GMO9-99.

2. Subject to clearance by the District Collector who shall be the Principal Accountable Officer.

3. Accompanied by a duly notarized Manufacturer's and/or Supplier's Certificate of Quality as to the actual condition/quality of the article/s, indicating therein the attributes/qualities in physical measurable terms, such as but not limited to:

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

4. The Manufacturer's and/or Supplier's Certificate shall be authenticated by the Commercial Attache or Consulate at the Country of Origin as to the Quality of the shipment and not merely an authentication on the genuineness of the signature of the document issued. Otherwise, the same shall not be considered by the Bureau.

5. Subject to Laboratory analysis by the Philippine Customs Laboratory. In case of unavailability of apparatus/equipment, PCL may indorse the article/s or sample thereof to the DOST or other accredited

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laboratories for analysis.

6. In the absence of the requirements prescribed under Section 3, 4 and 5, hereof, assessment shall be made using the VRIS Test Value or Published Reference Value for a Prime quality article subject to the provisions of the TCCP, CMO 64-93 and other applicable laws, rules and regulations.

III. Operational Provisions
Allowable Discount- a nominal discount per standard trade practice of the Industry based on the Customs Value of brand new or prime quality article/s may be allowed for shipments/articles found by the Ports as sub-standard or off-quality which shall not exceed 30% discount, if the requirements under sub-pars, 3,4 and 5 of Article II hereof have been complied with.

IV. Accountability
It shall be the responsibility of the Principal Appraiser/Examiner, COO III, and the Chief of the Port's Formal Entry Division or its equivalent unit to check, make a return Of findings on the actual condition of the shipment and verify the accuracy and truthfulness of the Manufacturer's and/or Supplier's Certificate of Quality submitted by the importer.

Failure on the part of those officials and concerned personnel to perform their respective duties and responsibilities shall be a ground for disciplinary action pursuant to the Civil Service Rules and Regulations.

The District Collector and the Deputy Collector for Assessment shall be the principal accountable officers who shall take full responsibility for the effective implementation of this Order in all cases, under his/her District's jurisdiction.

V. Repealing clause
This repeals CMO Nos. 14-95, 37-93 and 62-91. All other orders, rules and regulations inconsistent with this Order are deemed repealed/amended accordingly.

VI. Effectivity
This Order shall take effect fifteen (15) days from complete publication in a newspaper of general circulation.

Adopted: 16 April 2008

(SGD.) NAPOLEON L. MORALES
Commissioner

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