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SENATE  
P.S. Res. No. **1079**

RECEIVED BY: 

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Introduced by Senator Lacson

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**RESOLUTION**

**DIRECTING THE COMMITTEES ON WAYS AND MEANS, AND EDUCATION, ARTS AND CULTURE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE ISSUED DEPARTMENT OF FINANCE ORDER NO. 17-09 DATED MARCH 24, 2009, IMPOSING A TARIFF OF 1% TO 5% ON IMPORTED BOOKS, FOR BEING CONTRARY TO AN EXISTING INTERNATIONAL OBLIGATION OF THE COUNTRY AND A CIRCUMVENTION, IF NOT A DEROGATION, OF R.A. NOS 8047 and 9337, WITH THE END IN VIEW OF FINDING A REMEDIAL SOLUTION TO THE PROBLEM.**

**WHEREAS**, Section 17, Article II of the 1987 Philippine Constitution mandates the State to "give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development";

**WHEREAS**, the Florence Agreement, to which the Republic of the Philippines was a signatory, ensures a free flow of information and provides that the contracting States *shall undertake not to apply customs duties, or other charges on, or in connection with, the importation of books, publications, and document;*

**WHEREAS**, in conformity with the said Agreement, the Tariff Customs Code of the Philippines under Section 105 (S) thereof exempts books and materials used for publishing from paying customs duties and expressly provides that the same shall be released duty-free;

**WHEREAS**, on June 7, 1995, Congress enacted Republic Act No. 8047, or the Book Publishing Industry Development Act, to further strengthen the book publishing industry by mandating that *there shall be no import taxes and duties on books or raw materials used in book publishing;*

**WHEREAS**, Sections 2 and 4(j) of said law further provide that "*xxx it is hereby declared a policy of the state to promote the continuing development of the book publishing industry, with the active participation of the private sector, to ensure an adequate supply of affordable, quality- produced books ...xxx*", AND "*to reaffirm and ensure to the country's commitment to the UNESCO principle of free flow of information and other related provisions as embodied in the Florence Agreement and in other similar international agreement*";

**WHEREAS**, to show further our country's adherence to the Florence Agreement, Congress enacted on July 1, 2005 Republic Act No. 9337, amending Section 109 (R) of

the Tax Reform Act of 1997 exempting from the coverage of the Value-Added Tax (VAT) the *“sale, importation, printing or publication of books and any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of paid advertisements”*;

**WHEREAS**, on March 24, 2009, the Department of Finance issued DOF Order No. 17-09 imposing a tariff of *one (1) percent for educational books and five (5) percent for non-educational books* on imported books;

**WHEREAS**, publishers, editors, and other stakeholders argued that the imposition of tariff on imported books contravened not only the provisions of the Florence Agreement, which under the generally accepted international principle of *Pacta Sunt Servanda* (treaties must be complied with in good faith), the Philippines is bound to comply with, but also the tenets of two municipal enactments, i.e., RA Nos. 8047 and 9337;

**WHEREAS**, the custom duties under DOF Order No. 17-09 can be considered as an indirect tax, which will ultimately place the burden on the consumers by increasing the cost of books, thus, adversely affecting the free flow of information;

**WHEREAS**, the subject matter being taxed includes books and other publications that play a pivotal role in the transmission of knowledge for the benefit of the citizenry, **NOW, THEREFORE**,

**BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, to direct the Committee on Ways and Means, and the Committee on Education, Arts, and Culture to conduct an Inquiry, in aid of legislation, into the issued Department of Finance Order No. 17-09 dated March 24, 2009, imposing a tariff of 1% to 5% on imported books, for being contrary to an existing international obligation of the country and a circumvention, if not a derogation, of R.A Nos. 8047 and 9337, with the end in view of finding A remedial solution to the problem.

Adopted,

  
**PANFILO M. LACSON**  
Senator