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SENATE

P.S. RES NO. 440

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Introduced by SENATOR PIA S. CAYETANO

**A RESOLUTION
DIRECTING THE OVERSIGHT COMMITTEE CREATED UNDER REPUBLIC ACT NO.
10351 OR THE "SIN TAX REFORM ACT OF 2012" TO CONDUCT AN INQUIRY, IN
AID OF LEGISLATION, ON THE STATUS OF IMPLEMENTATION OF THE SAID
LAW**

WHEREAS, Republic Act No. 10351 or the "Sin Tax Reform Act of 2012" was signed into law by President Benigno Aquino III on December 20, 2012 and became effective on January 1, 2013;

WHEREAS, the Implementing Rules and Regulations (RR 17-2012) of RA No. 10351 were issued on December 21, 2012 and these include the revised rates and bases of the specific tax, tax classification of alcohol and tobacco products, excise tax treatment of all importations of alcohol or tobacco products, additional export and import requirements for tobacco products, and revised provisions for the manner of packaging of cigarettes, among others;

WHEREAS, there is a need to determine the level of compliance of all alcohol and tobacco manufacturers, importers and exporters with these rules after one year of its effectivity to ensure that the government collects the right taxes from them to be able to reach its revenue goals and social justice targets;

WHEREAS, the Oversight Committee, composed of the Chairpersons of the Committees on Ways and Means, Agriculture, and Health of both the Senate and the House of Representatives, is tasked to monitor and ensure the proper implementation of RA 10351;

WHEREAS, Section 10 of the law mandates "the Department of Budget and Management (DBM), Department of Agriculture (DA), Department of Health (DOH) and the Philippine Health Insurance Corporation to each submit to the Oversight Committee a detailed report on the expenditure of the amounts earmarked in the law on the first week of August of every year. The reports shall be simultaneously published in the Official Gazette and in the agencies' websites."

WHEREAS, the reportorial requirement ensures that the funds earmarked to the different agencies concerned were spent based on the provisions of RA 10351;

WHEREAS, RA 10351 is not only focused on generating the much needed revenue for the government but it also emphasizes the welfare of the tobacco farmers and the health needs of the Filipinos;

WHEREAS, Section 8 (B) of the law provides "Fifteen percent (15%) of the incremental revenue collected from the excise tax on tobacco products under R. A. No. 8240 shall be allocated and divided among the provinces producing burley and native

tobacco in accordance with the volume of tobacco leaf production. The fund shall be exclusively utilized for programs to promote economically viable alternatives for tobacco farmers and workers.”

WHEREAS, Section 8 (C) of the law also provides, “Eighty percent (80%) of the remaining incremental revenues will be allocated for the universal health care under the National Health Insurance Program and twenty percent (20%) will be allocated nationwide for medical assistance and health enhancement facilities program.”

WHEREAS, to date, there are no specific guidelines or rules and regulations on the earmarking of funds from the incremental revenues on alcohol and tobacco products under RA 10351;

WHEREAS, during the Senate budget deliberations for General Appropriations Act (GAA) 2014 in November of 2013, the Department of Health (DOH) stated that they are not aware of any releases to them for universal health care under the National Health Insurance Program, medical assistance, or the health facilities enhancement program that was sourced from the incremental revenues of RA 10351 in addition to DOH’s regular budget from the GAA;

WHEREAS, aside from these above-mentioned issues, there is also a pressing need to look into how the law is being implemented, whether it is effective in curbing the prevalence of smoking among Filipinos, especially the youth, and if it is on track in achieving its revenue goals and targets;

WHEREAS, this law being both a health and a revenue measure, the allocation of the earmarked funds is crucial for the government’s health programs and as provided by law, is mandatory;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate of the Philippines directs the Oversight Committee created under RA No. 10351 to conduct an inquiry, in aid of legislation, on the status of implementation of the said law.

Adopted,


PIA S. CAYETANO
Senator