

THIRTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

5 MAR 22 P3:06

SENATE

S. No. 1969

RECEIVED BY: \_\_\_\_\_

INTRODUCED BY HONORABLE MAR ROXAS

EXPLANATORY NOTE

Smuggling has been a constant debacle to the advancement of the Philippine economy. Every year, government loses potential revenues of not less than 100 billion pesos because of smuggling, crippling the government's ability to earn and channel funds to deliver basic services to the citizenry. Moreover, smuggling distorts market prices and affects trading of goods at a great cost to legitimate businesses in the country. It threatens not only the occupation of Filipino producers, manufacturers and retailers but also Filipino workers who depend on local industries for livelihood and employment.

There has long been a felt need to tighten our laws in order to minimize the occurrence of both outright and technical smuggling. By amending certain provisions of Presidential Decree No. 1464, otherwise known as the Tariff and Customs code of the Philippines, the proposed bill, entitled "Anti-Smuggling Act of 2005," seeks to address this urgent and significant concern.

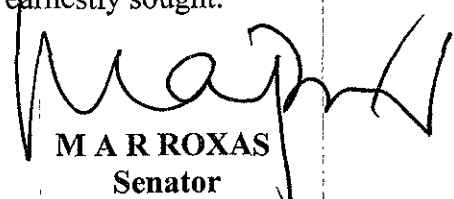
The Act has three features to effectively curb smuggling. First, **it enshrines key systematic solutions into law to make it easier to detect smuggling.** By requiring advanced copies and the publication of inward foreign manifests (section 2 and section 3), the use of Revision Orders (ROs) as a third screen in detecting undervaluation (section 4); and the participation of the private sector in deliberations on valuation issues (section 8), the Act promotes greater transparency in import transactions. The Act also directs all bonded warehouses to make available its books of accounts to the industry association concerned (section 6).

Second, **the Act provides for stiffer penalties against individuals and syndicates involved in smuggling activities.** For outright smuggling, fines are increased from the current maximum of ten thousand pesos to a maximum of two million pesos, while the current maximum prison term of twelve years are raised to reclusion perpetua (section 11). For technical smuggling, fines are increased from the current maximum of ten thousand pesos to two million pesos and the current maximum prison term from twelve years to reclusion perpetua (section 12.)

Finally, **an Anti-Smuggling Commission is created,** armed with powers of subpoena duces tecum, with the inclusion of concerned government agencies and representatives of the private sector, to investigate and prosecute violations of this Act (section 13).

By discouraging, if not fully eradicating smuggling, the implementation of this bill enables government to generate much needed revenues as Philippine trade increases and supports while supporting the growth and viability of domestic industries and continued employment of millions of workers in both the industrial and agricultural sectors of the country.

In view of the foregoing, the early passage of this bill is earnestly sought.

  
M A R ROXAS  
Senator

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AN ACT  
AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 1464,  
OTHERWISE KNOWN AS THE TARIFF AND CUSTOMS CODE OF THE  
PHILIPPINES, AS AMENDED, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

**Section 1. Short Title.** – This Act shall be known and cited as the “Anti-smuggling Act of 2005.”

**Section 2.** Section 1005 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

“Sec. 1005. Manifest Required of Vessel From Foreign Port. — Every vessel from a foreign port must have on board a complete manifest of all her cargo.

All of the cargo intended to be landed at a port in the Philippines must be described in separate manifests for each port of call therein. Each manifest shall include the port of departure and the port of delivery with the marks, numbers, quantity and description of the packages, their value, and the names of the consignees thereof. Every vessel from a foreign port must have on board complete manifests of passengers and their baggage, in the prescribed form, setting forth their destination and all particulars required by the immigration laws; and every such vessel shall have prepared for presentation to the proper customs official upon arrival in ports of the Philippines a complete list of all sea stores then on board. If the vessel does not carry cargo or passengers the manifest must show that no cargo or passenger, as the case may be, is carried from the port of departure to the port of destination in the Philippines.

AN ADVANCE COPY OF THE CARGO MANIFEST SHALL BE SENT TO THE BUREAU OF CUSTOMS AND THE PHILIPPINE PORTS AUTHORITY AT LEAST FORTY EIGHT (48) HOURS BEFORE ARRIVAL INTO PHILIPPINE PORTS, WHO IN TURN SHALL POST IT IN THEIR RESPECTIVE BULLETIN BOARDS AND WEBSITES WITHIN 24 HOURS AFTER RECEIPT THEREOF.

A cargo manifest shall in no case be changed or altered after entry of the vessel, except by means of an amendment by the master, consignee or agent thereof, under oath, and attached to the original manifest: *Provided, however,* That after the invoice and/or entry covering an importation has been received and recorded in the office of the appraiser, no amendment of the manifest shall be allowed, except when it is obvious that a clerical error or any other discrepancy has been committed in the preparation of the manifest, without any fraudulent intent, discovery of which could not have been made until after examination of the importation has been completed. PRIOR TO RELEASE OF THE CARGO, THE VERACITY OF THE AMENDMENT SHALL BE EXAMINED BY THE COMMISSIONER OF CUSTOMS FOR THE PURPOSE OF

INVOKING PENAL PROVISIONS UNDER SECTIONS 2503 AND 3602 OF THIS ACT.”

**Section 3.** Section 1007 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

“Sec. 1007. Manifests for Auditor and Collector — Papers to be Deposited with Consul. — Immediately after the arrival of a vessel from a foreign port, the master shall deliver or mail to the Auditor General, Manila, a copy of the cargo manifest properly indorsed by the boarding officer, and within twenty-four hours after arrival, he shall present to the Collector the original copy of the cargo manifest and, for inspection, the ship's register or other document in lieu thereof, together with the clearance and other papers granted to the vessel at the port of departure for the Philippines.

WITHIN THREE (3) DAYS FROM RECEIPT OF THE CARGO MANIFEST FROM THE MASTER, THE COLLECTOR SHALL POST COPIES THEREOF AT A BULLETIN BOARD FOR TWO (2) CONSECUTIVE WEEKS AND IN THE BOC WEBSITE.”

**Section 4.** Section 201 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

“Sec. 201. Basis of Dutiable Value. —

x x x

If in the course of determining the dutiable value of imported goods, it becomes necessary to delay the final determination of such dutiable value, the importer shall nevertheless be able to secure the release of the imported goods upon the filing of a sufficient guarantee in the form of a surety bond, a deposit, cash or some other appropriate instrument in an amount equivalent to the imposable duties and taxes on the imported goods in question conditioned upon the payment of customs duties and taxes for which the imported goods may be liable: *Provided, however,* That goods, the importation of which is prohibited by law shall not be released under any circumstance whatsoever.

Nothing in this Section shall be construed as restricting or calling into question the right of the Collector of Customs to satisfy himself as to the truth or accuracy of any statement, document or declaration presented for customs valuation purposes. When a declaration has been presented and where the customs administration has reason to doubt the truth or accuracy of the particulars or of documents produced in support of this declaration, the customs administration may ask the importer to provide further explanation, including documents or other evidence, that the declared value represents the total amount actually paid or payable for the imported goods, adjusted in accordance with the provisions of Subsection (A) hereof.

REFERENCE INFORMATION OBTAINED FROM REVISION ORDERS SHALL BE USED TO TEST THE TRUTHFULNESS AND ACCURACY OF A GIVEN VALUE DECLARATION. A VALUE DECLARATION WHICH FALLS OUTSIDE OF THE VALUE RANGE OF REVISION ORDERS SHALL TRIGGER A VALUATION QUERY ON THE APPLICABILITY OF THE METHOD OF VALUATION USED BY THE IMPORTER, IN WHICH CASE THE VALUATION ISSUE SHALL BE DECIDED ON THE APPROPRIATE METHOD OF VALUATION PRESCRIBED UNDER SECTION 201 OF THIS ACT.

If, after receiving further information, or in the absence of a response, the customs administration still has reasonable doubts about the truth or accuracy of the declared value, it may, without prejudice to an importer's right to appeal pursuant to Article 11 of the World Trade Organization Agreement on customs

valuation, be deemed that the customs value of the imported goods cannot be determined under Method One. Before taking a final decision, the Collector of Customs shall communicate to the importer, in writing if requested, his grounds for doubting the truth or accuracy of the particulars or documents produced and give the importer a reasonable opportunity to respond. When a final decision is made, the customs administration shall communicate to the importer in writing its decision and the grounds therefor."

**Section 5.** A new Section to be known as Section 1910 is hereby inserted in Part I, Title V, Book II of the Tariff and Customs Code of the Philippines, as amended, which shall read as follows:

"SECTION 1910. ENFORCEMENT. CUSTOMS OFFICERS SHALL CONDUCT SPOT CHECKS AND PERIODIC AUDITS TO ENSURE APPLICABLE CUSTOMS LAWS AND REGULATIONS ARE FOLLOWED BY BONDED FACILITIES.

THE FOLLOWING ACTS SHALL BE DEEMED AS SMUGGLING PUNISHABLE UNDER SECTION 3601 AND 3602 OF THIS CODE:

(A) BREAKING OF CUSTOMS SEALS OR UNAUTHORIZED REMOVAL OF ARTICLES FROM BONDED WAREHOUSES;

(B) SUBMISSION OF INCORRECT OR FALSE INFORMATION BY THE BONDED WAREHOUSE;

(C) BONDED WAREHOUSING OF THE FOLLOWING SHIPMENTS:

1. FINISHED ARTICLES, WITHOUT EXCEPTION.

2. ARTICLES NOT AUTHORIZED FOR IMPORTATION OR IN EXCESS OF THE VOLUME AND QUANTITY ALLOWED UNDER THE LICENSE OF THE CUSTOM BONDED WAREHOUSE.

3. PROHIBITED ARTICLES, AND REGULATED ARTICLES WITHOUT THE CORRESPONDING CLEARANCE AND/OR IMPORT AUTHORITY DULY ISSUED BY A COMPETENT AUTHORITY.

(D) UNAUTHORIZED TRANSFERS FROM THE CUSTOMS ZONE OF WAREHOUSING ARTICLES IMPORTED BY THE BONDED WAREHOUSE;

(E) UNAUTHORIZED WITHDRAWAL FROM BONDED WAREHOUSES WITHOUT PAYMENT OF DUTIES AND TAXES.

(F) FAILURE TO LIQUIDATE IMPORTED ARTICLES UNDER BOND WITHIN THIRTY (30) DAYS FROM WITHDRAWAL FROM THE BONDED WAREHOUSE.

(G) FAILURE TO PAY DUTIES AND TAXES ON THE REMAINING (NOT EXPORTED) IMPORTED MATERIALS WITHIN THIRTY (30) DAYS FROM LAPSE OF THE PERIOD FOR RE-EXPORTATION.

IMPORTATIONS MADE IN VIOLATION OF THE ABOVE PROVISIONS IN THIS SECTION SHALL *IPSO FACTO* BE FORFEITED IN FAVOR OF THE GOVERNMENT TO BE DISPOSED OF PURSUANT TO THE PROVISIONS OF THIS CODE."

**Section 6.** A new Section to be known as Section 1911 is hereby inserted in Part I, Title V, Book II of the Tariff and Customs Code of the Philippines, as amended, which shall read as follows:

"SECTION 1911. VERIFICATION BY THE COMMISSIONER. — A CAREFUL ACCOUNT SHALL BE KEPT BY THE COLLECTOR OF ALL ARTICLES DELIVERED TO ANY BONDED WAREHOUSE, AND A

SWORN MONTHLY RETURN, VERIFIED BY THE CUSTOMS OFFICIAL IN CHARGE, SHALL BE MADE BY THE BONDED WAREHOUSE CONTAINING A DETAILED STATEMENT OF ALL IMPORTED ARTICLES STORED THEREIN.

ALL DOCUMENTS, BOOKS AND RECORDS OF ACCOUNTS CONCERNING THE OPERATION OF ANY BONDED WAREHOUSE SHALL, UPON DEMAND, BE MADE AVAILABLE TO THE COLLECTOR OR HIS REPRESENTATIVE OR THE INDUSTRY ASSOCIATION OR INDUSTRY SECTOR AFFECTED AND SOUGHT TO BE SERVICED BY THE BONDED WAREHOUSE, FOR EXAMINATION AND/OR AUDIT.”

**Section 7.** Section 2003 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

“Section 2003. Procedure for Withdrawal. — Articles received into such bonded manufacturing warehouse or articles manufactured therein may be withdrawn or removed therefrom for direct shipment and for immediate exportation in bond to foreign countries under the supervision of the proper official, who shall certify to such shipment and exportation, or lading for immediate exportation as the case may be, describing the articles by their mark or otherwise, the quantity, the date of exportation and the name of the vessel or aircraft: *Provided*, That the waste and by-products incident to the processes of manufacture in said bonded warehouse may be withdrawn for domestic consumption upon payment of duty equal to the duty which would be assessed and collected pursuant to law as if such waste or by-products were imported from a foreign country[: *Provided, further*, That all waste materials may be destroyed under government supervision. All labor performed and services rendered under these provisions shall be under the supervision of a proper customs official and at the expense of the manufacturer].

VIOLATION OF THE FOREGOING PROVISION SHALL BE DEEMED AS SMUGGLING PUNISHABLE UNDER SECTION 3601 AND 3602 OF THIS CODE.

THE ARTICLES SUBJECT OF THE VIOLATION SHALL *IPSO FACTO* BE FORFEITED IN FAVOR OF THE GOVERNMENT. ALL WASTE MATERIALS MAY BE DESTROYED UNDER GOVERNMENT SUPERVISION. ALL LABOR PERFORMED AND SERVICES RENDERED SHALL BE UNDER THE SUPERVISION OF A PROPER CUSTOMS OFFICIAL AND AT THE EXPENSE OF THE MANUFACTURER.”

**Section 8.** A new Section to be known as Section 2308-A is hereby inserted in Part I, Title VI, Book II of the Tariff and Customs Code of the Philippines, as amended, which shall read as follows:

“SECTION 2308-A. A VALUATION AND CLASSIFICATION REVIEW COMMITTEE (VCRC) SHALL HEREBY BE ESTABLISHED WHICH SHALL DECIDE ON GENUINE VALUATION ISSUES. IT SHALL BE HEADED BY THE DISTRICT COLLECTOR OF CUSTOMS.

TWO REPRESENTATIVES OF THE PRIVATE SECTOR SHALL SERVE AS MEMBERS OF THE VCRC. THESE MEMBERS SHALL BE SELECTED FROM A LIST OF RECOMMENDEES SUBMITTED BY THE DEPARTMENT OF TRADE AND INDUSTRY AND THE DEPARTMENT OF AGRICULTURE.”

**Section 9.** Section 2503 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

“Sec. 2503. Undervaluation, Misclassification and Misdeclaration in Entry. — When the dutiable value of the imported articles shall be so declared and

entered that the duties, based on the declaration of the importer on the face of the entry, would be less by ten percent (10%) than should be legally collected, or when the imported articles shall be so described and entered that the duties based on the importer's description on the face of the entry would be less by ten percent (10%) than should be legally collected based on the tariff classification, or when the dutiable weight, measurement or quantity of imported articles is found upon examination to exceed by ten percent (10%) or more than the entered weight, measurement or quantity, a surcharge shall be collected from the importer in an amount of not less than the difference between the full duty and the estimated duty based upon the declaration of the importer, nor more than twice of such difference: *Provided*, That an undervaluation, MISCLASSIFICATION AND/OR misdeclaration of more than thirty percent (30%) between the value, weight, measurement, or quantity declared in the entry, and the actual value, weight, quantity, or measurement shall constitute a *prima facie* evidence of fraud penalized under Section 2530 AND 3602 of this Code: *Provided, further*, That any misdeclared or undeclared imported articles/items found upon examination shall ipso facto be forfeited in favor of the Government to be disposed of pursuant to the provisions of this Code.

[When the undervaluation, misdescription, misclassification or misdeclaration in the import entry is intentional, the importer shall be subject to the penal provision under Section 3602 of this Code.]”

**Section 10.** A new Section to be known as Section 2503-A is hereby inserted in Part 4, Title VI, Book II of the Tariff and Customs Code of the Philippines, as amended, which shall read as follows:

“SEC. 2503-A. NON-IMPOSITION OF SURCHARGE – EXEMPTION FROM THE SURCHARGE SHALL BE ALLOWED ONLY IN CASES WHEN THE DECLARED OR ENTERED CLASSIFICATION IS BASED ON RULINGS BY THE TARIFF COMMISSION PURSUANT TO SECTION 1313-A OF THIS CODE: PROVIDED, THAT THE DESCRIPTION OF THE ARTICLE IS FOUND CORRECT UPON EXAMINATION AND PROVIDED FURTHER, THAT BASED ON THE RESULT OF THE EXAMINATION, THE ARTICLE IS FOUND ESSENTIALLY THE SAME AS THAT DESCRIBED IN THE RULING.”

**Section 11.** Section 3601 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

“SEC. 3601. Unlawful Importation. - Any person who shall fraudulently import or bring into the Philippines, or assist in so doing, any article, contrary to law, or shall receive, conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of such article after importation, knowing the same to have been imported contrary to law, shall be guilty of smuggling and shall be punished with:

1. A fine of not less than [fifty pesos] THREE HUNDRED THOUSAND PESOS nor more than [two hundred pesos] FIVE HUNDRED THOUSAND PESOS and/OR imprisonment of [not less than five days nor more than twenty days] PRISION CORRECCIONAL, if the appraised value, to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported does not exceed [twenty-five pesos] ONE HUNDRED THOUSAND PESOS;

2. A fine of not less than [eight hundred pesos] FIVE HUNDRED THOUSAND PESOS nor more than [five thousand pesos] EIGHT HUNDRED THOUSAND PESOS and/OR imprisonment of [not less than six months and one day nor more than four years] PRISION MAYOR, if the appraised value, to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported exceeds [twenty-five pesos] ONE HUNDRED

THOUSAND PESOS but does not exceed [fifty thousand pesos] ONE MILLION PESOS;

3. A fine of not less than [six thousand pesos] EIGHT HUNDRED THOUSAND PESOS nor more than [eight thousand pesos] ONE MILLION PESOS and/OR imprisonment of [not less than five years and one day nor more than eight years] RECLUSION TEMPORAL, if the appraised value, to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported [is more than fifty thousand pesos] EXCEEDS ONE MILLION PESOS but does not exceed [one hundred fifty thousand pesos] FIVE MILLION PESOS;

4. A fine of not less than [eight thousand pesos] ONE MILLION PESOS nor more than [ten thousand pesos] TWO MILLION PESOS and imprisonment of [not less than eight years and one day nor more than twelve years] RECLUSION PERPETUA, if the appraised value, to be determined in the manner prescribed under this Code, including duties and taxes, of the article unlawfully imported exceeds [one hundred fifty thousand pesos] FIVE MILLION PESOS.

[5. The penalty of prison may or shall be imposed when the crime of serious physical injuries shall have been committed and the penalty of reclusion perpetua to death shall be imposed when the crime of homicide shall have been committed by reason or on the occasion of the unlawful importation.]

In applying the above scale of penalties, if the offender is an alien, he shall be deported after serving the sentence without further proceedings for deportation. If the offender is a government official or employee, the penalty [shall be the maximum as hereinabove prescribed and the offender shall suffer an additional] NEXT HIGHER IN DEGREE SHALL BE IMPOSED, IN ADDITION TO THE penalty of perpetual disqualification from public office, to vote and to participate in any public election.

When, upon trial for violation of this section, the defendant is shown to have had possession of the article in question, possession shall be deemed sufficient evidence to authorize conviction unless the defendant shall explain the possession to the satisfaction of the court: Provided, however, That payment of the tax due after apprehension shall not constitute a valid defense in any prosecution under this section."

**Section 12.** Section 3602 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

"SEC. 3602. Various Fraudulent Practices Against Customs Revenue. — Any person who makes or attempts to make any entry of imported or exported article by means of any false or fraudulent invoice, declaration, affidavit, letter, paper or by any means of any false statement, written or verbal, or by any means of any false or fraudulent practice whatsoever, or knowingly effects any entry of goods, wares or merchandise, at less than the true weight or measure thereof or upon a false classification as to quality or value, or by the payment of less than the amount legally due, or knowingly and willfully files any false or fraudulent entry or claim for the payment of drawback or refund of duties upon the exportation of merchandise, or makes or files any affidavit, abstract, record, certificate or other document, with a view to securing the payment to himself or others of any drawback, allowance, or refund of duties on the exportation of merchandise, greater than that legally due thereon, or who shall be guilty of any willful act or omission shall, for each offense, be GUILTY OF TECHNICAL SMUGGLING AND be punished [in accordance with the penalties prescribed in the preceding section] with:

1. A FINE OF NOT LESS THAN THREE HUNDRED THOUSAND PESOS NOR MORE THAN FIVE HUNDRED THOUSAND PESOS AND

IMPRISONMENT OF PRISION CORRECCIONAL, IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT, OR QUANTITY DECLARED IN THE ENTRY AND THE ACTUAL VALUE, WEIGHT, QUANTITY, OR MEASUREMENT OF THE ARTICLE UNLAWFULLY IMPORTED DOES NOT EXCEED ONE HUNDRED THOUSAND PESOS;

2. A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS NOR MORE THAN EIGHT HUNDRED THOUSAND PESOS AND IMPRISONMENT OF PRISION MAYOR, IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT, OR QUANTITY DECLARED IN THE ENTRY AND THE ACTUAL VALUE, WEIGHT, QUANTITY, OR MEASUREMENT OF THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS ONE HUNDRED THOUSAND PESOS BUT DOES NOT EXCEED ONE MILLION PESOS;

3. A FINE OF NOT LESS THAN EIGHT HUNDRED THOUSAND PESOS NOR MORE THAN ONE MILLION PESOS AND IMPRISONMENT OF RECLUSION TEMPORAL, IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT, OR QUANTITY DECLARED IN THE ENTRY AND THE ACTUAL VALUE, WEIGHT, QUANTITY, OR MEASUREMENT OF THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS ONE MILLION PESOS BUT DOES NOT EXCEED FIVE MILLION PESOS;

4. A FINE OF NOT LESS THAN ONE MILLION PESOS NOR MORE THAN TWO MILLION PESOS AND IMPRISONMENT OF RECLUSION PERPETUA, IF THE DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT, OR QUANTITY DECLARED IN THE ENTRY AND THE ACTUAL VALUE, WEIGHT, QUANTITY, OR MEASUREMENT OF THE ARTICLE UNLAWFULLY IMPORTED EXCEEDS FIVE MILLION PESOS.

IN APPLYING THE ABOVE SCALE OF PENALTIES, IF THE OFFENDER IS AN ALIEN, HE SHALL BE DEPORTED AFTER SERVING THE SENTENCE WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION. IF THE OFFENDER IS A GOVERNMENT OFFICIAL OR EMPLOYEE, THE PENALTY NEXT HIGHER IN DEGREE SHALL BE IMPOSED IN ADDITION TO THE PENALTY OF PERPETUAL DISQUALIFICATION FROM PUBLIC OFFICE, TO VOTE AND TO PARTICIPATE IN ANY PUBLIC ELECTION."

**Section 13.** A new Section to be known as Section 713 is hereby inserted in Part 1, Title I, Book II of the Tariff and Customs Code of the Philippines, as amended, which shall read as follows:

"SEC. 713. ANTI-SMUGGLING COMMISSION. - THERE IS HEREBY CREATED AN ANTI-SMUGGLING COMMISSION UNDER THE OFFICE OF THE PRESIDENT. ITS PRINCIPAL MISSION IS TO INVESTIGATE AND PROSECUTE VIOLATIONS OF THIS ACT, AS AMENDED, COMMITTED ON A LARGE SCALE OR BY CRIMINAL SYNDICATES, AND TO ENSURE THAT THERE IS A NATIONAL CAMPAIGN AGAINST SMUGGLING WHEREIN ALL INVOLVED LAW ENFORCEMENT AND COUNTERACTION AGENCIES ARE OPERATING AS PART OF AN INTEGRATED AND COORDINATED PRO-ACTIVE EFFORT. THE COMMISSION SHALL FORMULATE POLICIES, DEVELOP STRATEGIES, AND EXECUTE PROGRAMS OF ACTION FOR A CONSOLIDATED EFFORT TO PREEMPT, PREVENT AND SUPPRESS SMUGGLING, ARREST SMUGGLERS AND THEIR ACCESSORIES AND CAUSE THEIR SPEEDY PROSECUTION. TOWARD THIS END, THE COMMISSION SHALL HAVE THE POWERS OF SUBPOENA DUCES TECUM.



THE COMMISSION SHALL BE COMPOSED OF THE FOLLOWING GOVERNMENT AGENCIES: THE DEPARTMENTS OF FINANCE, TRADE AND INDUSTRY, AGRICULTURE, JUSTICE, INTERIOR AND LOCAL GOVERNMENT, NATIONAL DEFENSE, THE BUREAU OF CUSTOMS, THE BUREAU OF INTERNAL REVENUE, AND THE OFFICE OF THE OMBUDSMAN. THERE SHALL ALSO BE TWO REPRESENTATIVES OF THE PRIVATE SECTOR, ONE STANDING FOR THE INDUSTRIAL SECTOR AND THE SECOND FOR THE AGRICULTURAL SECTOR, TO BE APPOINTED TO THE COMMISSION BY THE PRESIDENT FOR A TERM OF THREE YEARS, FROM AMONG A LIST OF RECOMMENDEES SUBMITTED BY THE DEPARTMENT OF TRADE AND INDUSTRY, AND THE DEPARTMENT OF AGRICULTURE.

ACTS CONTRARY TO THIS ACT, AS AMENDED, SHALL BE DEEMED TO BE COMMITTED ON A LARGE SCALE WHEN THESE ACTS INVOLVE THE IMPORTATION OF GOODS OR CONTRABAND WITH A DETERMINABLE VALUE OF AT LEAST FIVE MILLION PESOS (P5,000,000.00); AND

ACTS CONTRARY TO THIS ACT, AS AMENDED, SHALL BE DEEMED TO BE COMMITTED BY A SYNDICATE WHEN CARRIED OUT BY A GROUP OF THREE (3) OR MORE PERSONS CONSPIRING AND/OR CONFEDERATING WITH ONE ANOTHER IN CARRYING OUT THESE UNLAWFUL ACTS.”

**Section 14. Rules and Regulations.** - The Secretary of Finance shall, upon the recommendation of the Commissioner of Customs, promulgate the necessary rules and regulations for the effective implementation of this Act within ninety (90) days after its effectivity.

**Section 15. Repealing Clause.** - All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

**Section 16. Effectivity.** † This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any two (2) newspapers of general circulation, whichever date comes earlier.

Approved,