

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



23 JAN 31 P 1 :38

SENATE

S. No. 1812

RECEIVED BY: 

Introduced by Senator MANUEL "LITO" M. LAPID

**AN ACT
AMENDING SECTIONS 3 AND 4 OF REPUBLIC ACT NO. 10845, OTHERWISE
KNOWN AS THE ANTI-AGRICULTURAL SMUGGLING ACT OF 2016 AND FOR
OTHER PURPOSES**

EXPLANATORY NOTE

As cigarette smuggling pushes the prices of cigarettes down, it neither restricts nor prevents the people, especially the youth, from consuming cigarettes. Worse, it encourages the same to use cigarettes. It runs counter to our Sin Tax Law to utilize tax to deter or reduce cigarette consumption. Further, it endangers public health by increasing the availability of cheap, untaxed cigarettes, which in turn deprives the national government of excise tax revenues.

Smuggling of cigarettes from neighboring ASEAN countries resulted to a loss in fiscal gains of P26-billion in taxes annually. The latest estimates of market analysis provider Euromonitor International had shown that 13 percent of cigarettes being sold in the Philippines was illegal, either smuggled without payment of import duties, or manufactured locally but sold without tax stamps signifying correct excise payments. In fact, in Mindanao, six out of every 10 cigarettes sold was illegal.

Albay Representative Joey Salceda, who chairs the House Ways and Means Committee, had estimated bigger foregone revenue of P60 billion yearly. On April 16, 2022 in Ipil, Zamboanga Sibugay alone, police seized smuggled cigarettes worth

around P5.266 million. Further, on July 25 to August 11, 2022, the Bureau of Customs – Port of Zamboanga confiscated P8.6 million worth of cigarettes during multiple anti-smuggling operations.

Given these, it is important to combat large-scale tobacco smuggling through the imposition of stringent penalties and by deterring the entry and sale of illegal tobacco in the country. It must be remembered that during the tough times brought by the COVID-19 pandemic, revenues from the sin products, such as the cigarettes, were used to finance the government’s universal health care program.

Thus, this bill seeks to include tobacco as among those agricultural commodities the illegal importation of which can be classified as economic sabotage.

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



MANUEL "LITO" M. LAPID
Senator

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1 **AN ACT**

2 **AMENDING SECTIONS 3 AND 4 OF REPUBLIC ACT NO. 10845, OTHERWISE**
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4 **OTHER PURPOSES**

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

5
6 **Section 1.** Section 3 of Republic Act No. 10845 or the Anti-Agricultural
7 Smuggling Act of 2016 is hereby further amended to read as follows:

8 **SEC. 3. *Large-Scale Agricultural Smuggling as Economic***
9 ***Sabotage.*** – The crime of large scale agricultural smuggling as
10 economic sabotage, involving sugar, corn, pork, poultry, garlic,
11 onion, carrots, fish, and cruciferous vegetables, in its raw state,
12 or which have undergone the simple processes of preparation or
13 preservation for the market, with a minimum amount of one
14 million pesos (P1,000,000.00), or rice, with a minimum amount
15 of ten million pesos (P10,000,000.00), **OR TOBACCO,**
16 **WHETHER MANUFACTURED OR UNMANUFACTURED,**
17 **INCLUDING FINISHED PRODUCTS SUCH AS CIGARS,**
18 **CIGARETTES OR HEATED TOBACCO PRODUCTS, WITH A**
19 **MINIMUM EXCISE TAX AND VAT PAYABLE IN THE**

1 **AMOUNT OF ONE MILLION PESOS (P1,000,000.00)**, as
2 valued by the Bureau of Customs (BOC), is committed through
3 any of the following acts:

- 4 a. Importing or bringing into the Philippines without the
5 required import permit from the regulatory agencies;
- 6 b. Using import permits of persons, natural or juridical, other
7 than those specifically named in the permit;
- 8 c. Using fake, fictitious or fraudulent import permits or
9 shipping documents;
- 10 d. Selling, lending, leasing, assigning, consenting or allowing
11 the use of import permits of corporations, non-
12 government organizations, associations, cooperatives, or
13 single proprietorships by other persons;
- 14 e. Misclassification, undervaluation or misdeclaration upon
15 the filing of import entry and revenue declaration with the
16 BOC in order to evade the payment of rightful taxes and
17 duties due to the government;
- 18 f. Organizing or using dummy corporations, non-
19 government organizations, associations, cooperatives, or
20 single proprietorships for the purpose of acquiring import
21 permits;
- 22 g. Transporting or storing the agricultural product subject to
23 economic sabotage regardless of quantity;
- 24 h. Acting as **A** broker, **AGENT, FACILITATOR,**
25 **FORWARDER, OR WAREHOUSE LESSOR** of the
26 violating importer;
- 27 i. **ALLOWING THE USE OF A PRIVATE PORT, FISH**
28 **PORT, FISH LANDING SITE, RESORT, AND/OR**

1 **AIRPORT TO PERPETUATE THE ECONOMIC**
2 **SABOTAGE REGARDLESS OF QUANTITY;**

3 j. **IMPORTING FINISHED PRODUCTS SUCH AS**
4 **CIGARETTES, CIGARS, AND HEATED TOBACCO**
5 **PRODUCTS, THAT ARE NOT REGISTERED WITH**
6 **THE BUREAU OF INTERNAL REVENUE, FOR THIS**
7 **PURPOSE, THE BUREAU OF INTERNAL REVENUE**
8 **SHALL PUBLISH AND REGULARLY UPDATE THE**
9 **LIST OF FINISHED GOODS THAT ARE REGISTERED**
10 **IN THEIR OFFICE, STATING THEREIN THAT ALL**
11 **UNREGISTERED PRODUCTS ARE ILLEGAL AND ARE**
12 **SUBJECT TO IMMEDIATE CONFISCATION; AND**

13 k. **MANUFACTURED TOBACCO REFERS TO ANY**
14 **PRODUCT THAT CONSISTS OF LOOSE TOBACCO**
15 **THAT CONTAINS NICOTINE AND IS INTENDED FOR**
16 **USE IN A CIGARETTE, INCLUDING ANY PRODUCT**
17 **CONTAINING TOBACCO AND INTENDED FOR**
18 **SMOKING OR HEATING OR PUFFING OR ORAL OR**
19 **NASAL USE. UNMANUFACTURED TOBACCO REFERS**
20 **TO AGRICULTURAL COMPONENTS DERIVED FROM**
21 **THE TOBACCO PLANT, WHICH ARE PROCESSED**
22 **FOR USE IN THE MANUFACTURING OF**
23 **CIGARETTES AND OTHER TOBACCO PRODUCTS.**

24 **Section 2.** Section 4 of Republic Act No. 10845 or the Anti-Agricultural
25 Smuggling Act of 2016 is hereby further amended to read as follows:

26 SEC 4. *Penalties.* – (a) The penalty of life imprisonment
27 and a fine of twice the fair value of the smuggled agricultural
28 product and the aggregate amount of the taxes, duties, and
29 other charges avoided shall be imposed on any person who
30 commits any of the acts enumerated under Section 3 of this Act.

1 KNOWINGLY STORES THE SMUGGLED TOBACCO
2 PRODUCT SUBJECT TO ECONOMIC SABOTAGE; OR

3 (4) THE REGISTERED OWNER, LESSEE,
4 PRESIDENT OR CHIEF EXECUTIVE OFFICER OF THE
5 PRIVATE PORT, FISH PORT, FISH LANDING SITES,
6 RESORTS, OR AIRPORTS WHO KNOWINGLY
7 ALLOWS THE TOBACCO PRODUCT TO BE
8 SMUGGLED INTO THE COUNTRY.

9 PROVIDED, THAT FOR PURPOSES OF THIS ACT,
10 THE OFFENSE UNDER THIS PARAGRAPH SHALL BE NON-
11 BAILABLE.

12 XXX

13 **Section 3. Repealing Clause.** – All laws, executive orders, presidential decrees,
14 rules and regulations and other issuances contrary to or inconsistent with this Act shall
15 be deemed repealed or modified accordingly.

16 **Section 4. Separability Clause.** – If any provision of this Act is subsequently
17 declared invalid or unconstitutional, the other provisions hereof which are not affected
18 thereby shall remain in full force and effect.

19 **Section 5. Effectivity.** – This Act shall take effect fifteen (15) days from the
20 date of publication in the *Official Gazette* or in a newspaper of general circulation.

21 *Approved,*