

Republic of the Philippines
House of Representatives
Quezon City



First Regular Session

HOUSE BILL NO.: 426

Introduced By: ***HONORABLE JOSE CARLOS V. LACSON***

Explanatory Note

This bill seeks to provide the Sugar Regulatory Administration (SRA) with adequate funding to enable it to pursue and carry out its mandates and objectives under its Charter, Executive Order No. 18, dated May 28, 1986. Since its creation and organization, the activities and programs of the SRA, especially on research and development, have suffered continuous setback due to lack of funds.

In the face of the current global trade reforms, there is a pressing need to resuscitate the sugar industry and bring it to a competitive level with other sugar-producing countries.

In the consideration of this bill, it is noteworthy to point out the historical fact that the predecessors of the SRA, namely, the Philippine Sugar Institute and the Sugar Quota Administration, were adequately funded from the following sources:

1. Commonwealth Act No. 567 (Sugar Adjustment and Stabilization Fund) which imposed a P0.02 basic tax on every picul of the total marketable sugar manufactured.
2. Republic Act No. 1328 (Philippine Sugar Institute Special Fund) which provided that the P0.02 basic tax per picul collected under C.A. No. 567 shall be availed for use of the Philippine Sugar Institute.
3. Republic Act No. 3051 providing that the 50% of the proceeds of the percentage tax shall accrue to the Sugar Research and Stabilization Fund.

The revenue derived under the aforecited laws accrued to the research and development programs of the agencies, which preceded the SRA. The said laws were repealed upon the adoption of the Value Added Tax (VAT) on January 1, 1988, pursuant to Executive Order No. 273, leaving no provision for the continuance of the source of funds for the SRA.

It is noted that the share of the component of the industry in the present tax burden is not efficiently channeled back to where it should --- the sugar industry and the agency charged with the stabilization and promotion of its growth and development --- the SRA.

This bill, therefore, seeks to correct an oversight, if not an injustice, and to provide a mechanism by which VAT collections on sugar and its by-products are channeled back to the sugar industry in the form of funding for the SRA.

In view of the foregoing, approval of this bill is earnestly recommended.



JOSE CARLOS V. LACSON

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***AN ACT TO STABILIZE THE SUGAR INDUSTRY BY ESTABLISHING
THE SUGAR INDUSTRY RESEARCH AND STABILIZATION FUND AND
FOR OTHER PURPOSES.***

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

SECTION 1. This Act shall be known as "THE SUGAR
INDUSTRY STABILIZATION ACT OF 1995."

SECTION 2. Twenty percent (20%) of the total Value Added Tax
(VAT) proceeds collected on sugar and sugar by-products shall, accrue to and
form part of a special fund for the sugar industry which shall be made available
solely to finance the operation, programs and activities of the Sugar Regulatory
Administration in pursuance of its charter objectives.

SECTION 3. For this purpose, the proceed as herein provided
shall be set aside to constitute a fund known as the Sugar Industry Research and
Stabilization Fund which shall be paid out for the purpose herein stated.

SECTION 4. All laws, decrees, executive orders, rules, and
regulations, administrative orders, and other issuance or parts thereof which are
contrary to or inconsistent herewith are hereby deemed repealed, amended or
modified accordingly.

SECTION 5. This Act shall take effect upon its approval.

Approved.