

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

13th Congress
First Regular Session

House Bill No. 2036



Introduced by Representative Abraham Kahlil B. Mitra

EXPLANATORY NOTE

The serious economic condition in the Philippines has now reached alarming proportions never before experienced by our country. The budgetary deficit is caused by insufficiency in the collection of government revenues. It is therefore prudent to take measures necessary to ensure that the taxes and other government impositions already in place be collected correctly and efficiently.

The Constitution speaks of as a state policy protecting the Filipino enterprises against unfair trade practices. It is declared by the Constitution that acts, which circumvent or negate any of the Constitutional provisions on National Economy and Patrimony shall be considered inimical to the national interest and subject to criminal and civil sanctions, as may be provided by law. It is therefore imperative that Congress enact a law criminalizing acts of unfair competition and imposing stiff penalties.

This Act shall be instrumental in curbing, the proliferation of the activities of those engaged in unfair competition and trade practices that threaten the very foundation of the local industry and business sectors in particular, and the Philippine economy, in general. It aims also to ensure that the proper duties and taxes are paid to augment the government's depleted resources which are urgently needed to meet the society's basic requirements.

Immediate approval of this Act is earnestly sought.


ABRAHAM KAHLIL B. MITRA
Second District, Palawan

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AN ACT
DEFINING VARIOUS FORMS OF UNFAIR PRACTICES AS ACTS
OF ECONOMIC SABOTAGE, PRESCRIBING STIFFER
PENALTIES THEREFOR, GRANTING INCENTIVES AND
REWARDS FOR ASSISTANCE OF WITNESSES AND
INFORMANTS LEADING TO PROSECUTION THEREOF

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

1 **Section 1. Title.** This Act shall be known as the "Anti-Economic
2 Sabotage Act"

3 **Sec. 2. Declaration of Policy.** The policy of the State on National
4 Economy and Patrimony in relation to the local industry and business is
5 enshrined in the Constitution which provides that the State shall protect Filipino
6 enterprises against unfair foreign competition and trade practices. It is likewise
7 declared by the Constitution that Acts which circumvent or negate any of the
8 Constitutional provisions on National Economy and Patrimony shall be
9 considered inimical to the national interest and subject to criminal and civil
10 sanctions, as may be provided by law

11 **Sec. 3. Definition of Terms.** For purposes of this Act, the following
12 terms shall be defined as follows:

13 a. "Smuggling" shall mean the act of importing into the Philippines goods or
14 articles of commerce without the complete government required importation
15 documents or the act of brining in goods or articles into the country and
16 disposing of the same in the local market without having been cleared by the
17 Bureau of Customs or other authorized government agencies, for the purpose

1 of evading payment of the prescribed taxes, duties, and other government
2 charges.

3 b. "Technical Smuggling" shall mean the act of unlawfully importing goods into
4 the Philippines through fraudulent, falsified or erroneous declarations and for
5 the purpose of reducing or totally avoiding the payment of the prescribed
6 taxes, duties, and other government charges, usually perpetrated by way of-

7 a. misclassification as to nature, quality or value

8 b. undervaluation in terms of price, quality, or weight; or

9 c. out rightly non-declaration of the imported articles.

10 c. "Person" shall mean both natural and juridical persons.

11 d. "Vital information" shall mean any materials, information, documents, written
12 or oral testimonies, or any other evidence necessary to build up the people's
13 case and/ or secure the conviction of the criminal perpetrators.

14 **Sec. 4. Prohibited Acts.** The Acts of Smuggling and Technical Smuggling
15 are inimical to the national interest and are hereby declared as Acts of Economic
16 Sabotage.

17 **Sec. 5. Penalty.** Any person found guilty of committing any of the foregoing
18 Acts of Economic Sabotage shall suffer a penalty based on the aggregate
19 amount of taxes, duties, and other charges of which the government was
20 deprived by reason of said Acts of Economic Sabotage, as follows:

21 Aggregate Amount of Taxes

<u>Duties, and other Charges Avoided</u>	<u>Penalty</u>
22 Not more than P 100,000.00	23 Prision Correccional
24 P100,000.00 to P1,000,000.00	25 Prision Mayor
26 P 1,000,000.00 to P5,000,000.00	27 Reclusion Temporal
28 More than P5,000,000.00	29 Reclusion Perpetua

30 In case the offender is a government official or employee acting in
31 connivance with private individuals or other government official or employees, the
penalty next higher in degree shall be imposed, in addition to the accessory
penalty of perpetual absolute disqualification from holding public office, whether
by election or appointment.

1 In all cases, a fine equivalent to twice the aggregate amount of the taxes,
2 duties, and other charges avoided shall likewise be imposed.

3 In case any of the Acts of Economic Sabotage is committed by a juridical
4 person, the corresponding penalty shall be imposed on the Members of the
5 Board, officers, or partners, as the case may be, who is responsible for the
6 commission of the said acts.

7 **Sec. 6. Concealment, Withholding, or Destruction of Pertinent**
8 **Document and Information.** Persons who shall be found guilty of concealment,
9 withholding, or destruction of documents and information pertinent to the
10 institution of or conviction for a criminal action arising from this Act shall suffer a
11 penalty one degree lower than that imposed on the principal offender.

12 **Sec. 7. Rewards and Incentives.** Any informants or witnesses who shall
13 testify or provide Vital Information regarding the existence or activity of a person
14 involved in any of the Acts of Economic Sabotage shall, upon recommendation of
15 the prosecutor and approval of the Secretary of Justice based on an undertaking
16 previously executed by the said informants or witnesses, be entitled to a reward
17 equivalent to twenty (20%) percent of the total amounts due and actually
18 collected from the offender arising from the unpaid taxes, duties, and other
19 government charges involved. In addition, the informants and witnesses shall be
20 immune from criminal prosecution for his participation or involvement in any such
21 criminal prosecution for his participation or involvement or prosecution; Provided
22 however, that immunity from criminal prosecution, in case of a witness, shall
23 attach only upon his actual testifying in court in accordance with his undertaking
24 as approved by the Secretary of Justice; Provided, however, that the following
25 conditions are complied with:

- 26 a. That there is absolutely necessity for the testimony of the witness
27 and/or the information given by him regarding the existence or a
28 person committing Acts of Economic Sabotage;
- 29 b. That there is no other evidence available for the proper prosecution of
30 the offense, other than the information or testimony to be given by the
31 informant or witness;

1 c. That such testimony or information can be substantially corroborated
2 in its material points, and

3 d. That the informant or witness, if he may be involved, does not appear
4 to be the most guilty.

5 **Sec. 8. Presumption.** Any person found in possession of articles or
6 goods which are the subject or any of the Acts Of Economic Sabotage shall be
7 presumed to be the perpetrator thereof, unless he can adequately present
8 documents or evidences showing the regularity of the articles or goods
9 importation or his lawful acquisition thereof.

10 **Sec. 9. Appropriation.** The amount of TWENTY MILLION PESOS
11 (P20,000,000.00) is hereby appropriated out of any funds from the National
12 Treasury not otherwise appropriated to carry into effect the provisions of this Act.

13 **Sec. 10. Separability Clause.** If any of the provision of this Act or parts
14 hereof is declared invalid, the remaining provisions shall not be affected by such
15 declaration and shall continue to be in full force and effect.

16 **Sec. 11. Repealing Clause.** All laws, decrees, orders and relations
17 inconsistent with this Act are hereby repealed or amended accordingly.

18 **Sec. 12. Effectivity.** This Act shall take effect thirty (30) days from
19 publication in the Official Gazette or any two (2) newspaper of general circulation,
20 whichever is sooner.

21 ***Approved.***