

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Fifteenth Congress
Second Regular Session

HOUSE BILL NO. **5188**

Introduced by Honorable REYNALDO V. UMALI

EXPLANATORY NOTE

Republic Act No.4653, entitled "*An Act To Safeguard The Health Of The People And Maintain The Dignity Of The Nation By Declaring It A National Policy To Prohibit The Commercial Importation Of Textile Articles Commonly Known As Used Clothing And Rags*" prohibits the commercial importation of textile articles which are commonly known as used clothing and rags due to sanitary and hygienic concerns, and also to maintain the dignity of the nation. However, despite the existence of such law, the selling of imported used clothing and apparel or relief clothes at a cheaper price in the "*ukay-ukay*" market continues to proliferate in the country. The booming "*ukay-ukay*" phenomenon also threatens to stifle the local garments industry. Thus, the imperative need to legalize the importation of used clothes in order to generate revenue through the collection of import duties and taxes.

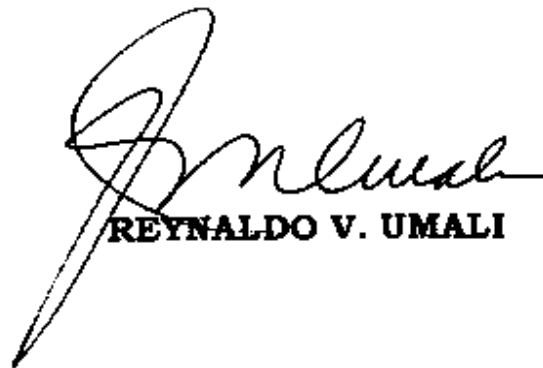
This bill, therefore, seeks to regulate the commercial importation of used clothing by imposing limitations that will protect the health of the people and the welfare of local textile manufacturers.

The proposed measure shall impose ad-valorem duties and taxes and require that importation of used clothing be entered

through a customs house at a port of entry. Upon payment of import duties along with other taxes and charges, the Bureau of Customs shall release to the importers or consignees the imported used clothing ready for sale in the local market.

The proposed bill likewise seeks to regulate and monitor donations of used clothing to ensure that these articles are exclusively and entirely ^{used} by the intended beneficiaries and do not find their way in the open market.

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



REYNALDO V. UMALI

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HOUSE BILL NO. 5183

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AN ACT
REGULATING THE COMMERCIAL IMPORTATION OF USED CLOTHING, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 4653, ENTITLED "AN ACT TO SAFEGUARD THE HEALTH OF THE PEOPLE AND MAINTAIN THE DIGNITY OF THE NATION BY DECLARING IT A NATIONAL POLICY TO PROHIBIT THE COMMERCIAL IMPORTATION OF TEXTILE ARTICLES COMMONLY KNOWN AS USED CLOTHING AND RAGS"

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 as the *"Used Clothing Regulation Act"*

SEC. 2. **Declaration of Policy.** – It is the policy of the State to promote the right of the health of the people and protect the rights of workers and promote their welfare. Towards this end, the State shall impose regulatory measures in the commercial importation of used clothing.

SEC. 3. **Importation of Used Clothing.** – The commercial importation of used clothing from any foreign country into the

Philippines, shall be allowed subject to payment of import duties and taxes upon each importation.

There shall be levied, collected and paid on every commercial importation of used clothing an ad valorem tax duty equivalent to *thirty percent (30%)* based on the total value of the goods: *Provided*, That the rate of the duty herein imposed shall be subject to periodic investigation by the Tariff Commission and may be revised by the President of the Philippines upon recommendation of the National Economic and Development Authority (NEDA).

An ad valorem tax equivalent to thirty percent (30%) based on the total value of the goods used by the Bureau of Customs in determining tariff and customs duties, shall be levied and collected. Such tax shall be paid by the importer prior to the release of such goods from customs custody.

For purposes of this Act, the term "*used clothing*" refers to second-hand apparel, materials, merchandise or other similar items which includes, but not limited to, the following:

- a. Clothing;
- b. Clothing accessories;
- c. Travelling rugs and blankets;
- d. Household linen and furnishing articles of textile materials;
- e. Footwear and headgear of any material.

SEC. 4. ***Exemption and Limitation.*** – The importations of used clothing for the sole use of victims of natural calamities and disasters caused by typhoon, flood, volcanic eruption, famine, conflagration and similar catastrophe shall be exempt from the imposition of the taxes and duties subject to the following conditions:

- a) The cargo or packing is clearly and visibly labeled as “*Donation*” and “*Not For Re-Sale;*”
- b) The recipient is a government agency, local government unit, private cause-oriented group or non-governmental organization (NGO) duly accredited by Department of Social Welfare (DSWD); and
- c) The consignee is the DSWD.

SEC. 5. ***Health Certification.*** – All importations under this Act shall be released from the custody of the Bureau of Customs subject to the prior inspection and issuance of health and safety certification from the Department of Health (DOH).

SEC 6. ***Penal Provisions.*** – Any importer or consignee found violating or causing another to violate any provision of this Act or its implementing rules and regulations shall, upon conviction thereof, be penalized as follows:

- a. For failure to pay customs duties and taxes on importations with an imposable duty of Two hundred thousand pesos (P200,000.00) or less, the penalty shall be imprisonment from six (6) months to six (6)

years or fine of not less than Five hundred thousand pesos (P 500,000.00) but not more than One Million pesos (P1,000,000.00), or both imprisonment and fine, at the discretion of the court.

- b. For failure to pay customs duties and taxes on importations with an imposable duty of Two hundred thousand pesos (P 200,000.00) but not exceeding One Million pesos (P1,000,000.00), the penalty shall be imprisonment from six (6) years to twelve (12) years or fine of One Million pesos (P1,000,000.00) but not more than Two Million pesos (P2,000,000.00), or both imprisonment and fine, at the discretion of the court.
- c. For failure to pay customs duties and taxes on importations with an imposable duty of One Million pesos (P1,000,000.00) and above, the penalty shall be life imprisonment and fine of Two Million pesos (P2,000,000.00) but not more than Three Million pesos (P 3,000,000.00).
- d. For importations which shall violate Sections 4 and 5 of this Act, the penalty shall be imprisonment of not less than six (6) months to two (2) years or fine of One hundred thousand pesos (P100,000.00) but not more than Five hundred thousand pesos (P500,000.00), or both imprisonment and fine, at the discretion of the court. In case the violation is committed by

associations, partnerships, corporations or any juridical person, the penalty shall be imposed on the president, partner, general manager, treasurer and employees responsible for the violation.

The used clothing imported in violation of this Act shall be forfeited in favor of the government in accordance with existing laws, rules and regulations.

Sec. 7. *Implementing Rules and Regulations.* – The Secretary of Finance shall, in coordination with the DSWD and DOH, promulgate rules and regulations for the effective implementation of this Act and shall regularly monitor strict compliance therewith.

SEC. 8. *Repealing Clause.* – Republic Act No. 4653, entitled “*An Act To Safeguard The Health Of The People And Maintain The Dignity Of The Nation By Declaring It A National Policy To Prohibit The Commercial Importation Of Textile Articles Commonly Known As Used Clothing And Rags*” is hereby repealed. All other laws, decrees, orders, issuances, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 9. *Separability Clause.* – If, for any reason, any provision of this Act, or any part thereof, is declared invalid or unconstitutional, all other sections or provisions not affected thereby shall remain in force and effect.

SEC. 10. ***Effectivity.*** – This Act shall take effect fifteen (15) days after publication in the Official Gazette and in two (2) newspapers of national circulation.

Approved,