

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

House Bill No. **4767**



Introduced by: **Hon. CONRADO M. ESTRELLA III** and
Hon. FRANCISCO EMMANUEL R. ORTEGA III

EXPLANATORY NOTE

WHEREAS, notwithstanding the Philippines' status as an emerging economy, as evidenced by the reports from the recently hosted World Economic Forum, it continues to grapple with a prolonged battle against smuggling;

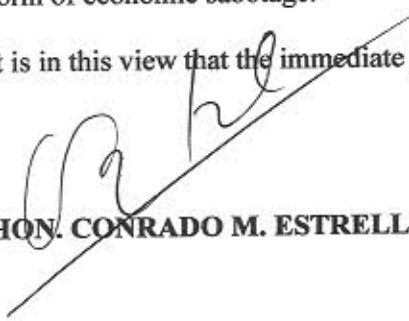
WHEREAS, aside from depriving the government of much needed revenue, smuggling fosters unfair competition thereby posing a constant hindrance to the growth of domestic industries;

WHEREAS, due to the influx of smuggled goods, local producers and manufacturers, as well as licensed distributors, wholesalers and retailers are unjustly prejudiced, which eventually lead to the incurring of substantial business losses, the closure and cessation of legitimate businesses, the loss of millions of jobs for Filipinos, to the detriment of the Philippine economy;

WHEREAS, smuggling likewise exposes the public to substandard and noxious products;

WHEREAS, considering the far-reaching detrimental effect of smuggling to the Philippine economy and to Filipinos, regardless of their socio-economic status, large scale smuggling should be considered as a form of economic sabotage.

It is in this view that the immediate passage of this bill is earnestly sought.


HON. CONRADO M. ESTRELLA III


HON. FRANCISCO EMMANUEL R. ORTEGA III

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HOUSE BILL NO. 4767

Introduced by: Hon. Conrado M. Estrella III and
Hon. Francisco Emmanuel R. Ortega III

AN ACT AMENDING PRESIDENTIAL DECREE NO. 1464, OTHERWISE KNOWN AS "THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES", TO DEFINE SMUGGLING AS AN ACT THAT CONSTITUTES ECONOMIC SABOTAGE, TO PROVIDE THE APPROPRIATE PUNISHMENT AND PENALTIES THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. Section 3514 of Presidential Decree. 1464 is hereby amended to read as follows:

"Sec.3514. Words and Phrases Defined. – As used in this Code:

'Foreign port' means a port or place outside the jurisdiction of the Philippines.

'Port of entry' is a domestic port open to both foreign and coastwise trade. The term includes principal ports of entry and sub ports of entry. A '*principal port of entry*' is the chief port of entry of the collection district wherein it is situated and is the permanent station of the Collector of such port. Subports of entry are under the administrative jurisdiction of the Collector of the principal port of entry of the district. Whenever the 'Port of entry' is used herein, it shall include 'airport of entry'.

'Person' whether singular or plural refers to an individual, corporation, partnership, association, cooperative, company or any other kind of organization.

'Economic Sabotage' refers to any and all activities that undermines, weakens or renders into disrepute the economic system or viability of the country or tends to bring about such effects. For the purpose of this Act, any violation of Section 3601 and 3602 of this Act, which involves goods and/or articles with the aggregate value of One Million Pesos (Php 1,000,000.00), shall constitute as 'Economic Sabotage'.

Section 2. Section 3601 of Presidential Decree No. 1464 is hereby amended to read as follows:

"Sec. 3601. Unlawful Importation – Any person who shall fraudulently import or bring in to 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 punished by a fine of not less than Six Hundred Pesos (Php 600.00)

nor more than Five Thousand Pesos (Php5000.00) and imprisonment for not less than six (6) months nor more than two (2) years and if the offender is an alien, he shall be deported after serving the sentence.

Any violation of this provision that constitutes as economic sabotage, as defined in this Act, shall be punished as follows:

- (a) Fine equal to twice the fair market value of the articles involved;
- (b) Fine equal to the aggregate amount of the taxes, duties and other charges avoided;
- (c) Imprisonment of a minimum of eight (8) years and one (1) day up to life imprisonment; and
- (d) Confiscation of the articles involved.

If the person violating this provision is a juridical entity, the penalty of imprisonment shall be imposed on the president and the responsible officers thereof. In addition, the business permits and licenses of the business entity shall be revoked or cancelled.

The broker of the violator of this provision shall be punished as a principal.

When, upon trial for a violation of this section, the defendant is shown to have or to have had possession of the article in question, such possession shall be deemed sufficient evidence to authorize conviction, unless the defendant shall explain the possession to the satisfaction of the court.'

Section 3. Sec. 3602 of Presidential Decree No. 1464 is hereby 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 means of any false statement, written or verbal or by means of any false or fraudulent practice whatsoever, or shall be guilty of any willful act or omission by means of whereof the Government might be deprived of the lawful duties, taxes and other charges, or any portion thereof, accruing from the article or any portion thereof, embraced or referred to in such invoice, declaration, affidavit, letter, paper, or statement, or affected by such act or omission, shall, for each offense, be punished by a fine of not less than Six Hundred Pesos (Php 600.00) nor more than Five Thousand Pesos (Php 5000.00) and by imprisonment for not less than six (6) months nor more than two (2) years and if the offender is an alien, he shall be deported after serving the sentence.

Any violation of this provision that constitutes as economic sabotage, as defined in this Act, shall be punished as follows:

- (a) Fine equal to twice the fair market value of the articles involved;
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- (d) Confiscation of the articles involved.

If the person violating this provision is a juridical entity, the penalty of imprisonment shall be imposed on the president and the responsible officers thereof. In addition, the business permits and licenses of the business entity shall be revoked or cancelled.

The broker of the violator of this provision shall be punished as a principal.”

Section 4. Repealing Clause – All laws, decrees, executive orders, issuances or regulations inconsistent with the provisions of this Act hereby revised or amended accordingly.

Section 5. Reparability Clause - If any part of this Act is declared unconstitutional or invalid such parts or provisions thereof not so declared shall remain valid and subsisting.

Section 6. Effectivity Clause – This Act shall take effect fifteen (15) days after its publication in at least two (2) Newspapers of general circulation.