



Republic of the Philippines  
**House of Representatives**  
Quezon City, Metro Manila



Twentieth Congress  
First Regular Session

**HOUSE BILL NO. 1316**

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Introduced by HON. ROMERO FEDERICO “MIRO” QUIMBO

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**EXPLANATORY NOTE**

Tobacco use remains one of the most pressing public health threats in the Philippines. While past sin tax reforms aimed to curb smoking rates and generate much-needed health revenues, recent trends show a reversal—smoking prevalence has begun to rise again, and harmful products remain widely accessible. Unless urgent action is taken, the public health gains we have fought for over the last decade risk being undone.

Most alarming is the sharp increase in youth exposure to tobacco and nicotine. Between 2015 and 2023, adolescent use of e-cigarettes skyrocketed from 0.8% to 39.9%, driven by the affordability and accessibility of vape and heated tobacco products, especially online. The absence of proper controls over these new products has created a loophole that has exploited a younger, more vulnerable market.

The increase in the number of smokers in 2023 may be partly attributed to illicit trade, but it also reflects the irrational taxation of vape and heated tobacco products, which remain significantly cheaper than cigarettes. This price gap distorts consumer behavior and undermines the intended deterrent effect of excise taxes. While current tax rates are high, enforcement remains weak—tax collections

fell by 13.7% in 2023 despite rising production and consumption. To correct this, the bill mandates a digital tracking and tracing system, registration of manufacturing equipment, and accountability for online sellers.

By modernizing our tax administration and closing enforcement gaps, this measure ensures that our excise tax policy remains credible, effective, and aligned with its dual purpose: to discourage harmful consumption and to secure vital revenues for public services. Without decisive reforms, we risk allowing illicit trade, online loopholes, and policy inconsistencies to erode both our fiscal stability and the health of future generations.

This bill is a necessary step toward accountability, equity, and a healthier Philippines; thus, support for this measure is earnestly sought.

A handwritten signature in black ink, appearing to be 'R' followed by a stylized flourish.

**HON. ROMERO FEDERICO “MIRO” QUIMBO**

Representative

Second District, Marikina City



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**AN ACT**  
**STRENGTHENING THE ADMINISTRATION OF EXCISE TAX ON TOBACCO**  
**PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS,**  
**VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS, AMENDING FOR**  
**THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS**  
**AMENDED**

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

**SECTION 1. Declaration of Policy.** - It is the policy of the State to strengthen tax administration and minimize revenue losses resulting from trade of illicit tobacco and related products, thereby promoting sustainable economic growth through a whole-of-government and whole-of-society approach.

The State recognizes that illicit trade increases accessibility and affordability of tobacco and related products, undermines regulation, especially excise tax measures, and causes significant losses in government revenues.

The State acknowledges the need to develop scientific, technical, and institutional capacity to plan and implement appropriate measures to mitigate all forms of illicit trade of tobacco and related products.

**SEC. 2. Definition of Terms.** - As used in this Act:

- a) *Covered Products* refer to locally manufactured and imported tobacco products, cigars, cigarettes, heated tobacco products, vapor products, and novel tobacco products, including hand-rolled cigarettes, smokeless tobacco, nicotine pouches, gums, and lozenges;
- b) *Digital Platforms* refer to information and communication technology-enabled mechanisms that connect and integrate buyers and sellers in online environments where goods and services are requested, developed, and sold, and data is generated and exchanged such as e-marketplace, mobile application platforms, online delivery platforms, social media platforms, and travel platforms; and
- c) *Tracking and tracing* refer to the secure marking and up-to-date monitoring of movement of products throughout the supply chain through an electronic and digitized system.

**SEC. 3.** Section 8 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

***“SEC. 8. Duty of the Commissioner to Ensure the Provision and Distribution of Forms, Receipts, Certificates, and Appliances, and the Acknowledgment of Payment of Taxes. -***

***“(A) Provision and Distribution to Proper Officials. –*** Any law to the contrary notwithstanding, it shall be the duty of the Commissioner, among other things, to prescribe, provide, and distribute to the proper officials the requisite licenses; internal revenue stamps; unique, secure and non-removable identification markings (hereafter called unique identification markings), such as codes or stamps, be affixed to or form part of all unit packets and packages and any outside packaging of **TOBACCO PRODUCTS, CIGARS, cigarettes, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS,** and bottles of distilled spirits; labels and other forms; certificates; bonds; records; invoices; books; receipts; instruments; appliances and apparatus used in administering the laws falling within the jurisdiction of the Bureau. For this purpose, internal revenue stamps, or other markings and labels shall be caused by the Commissioner to be printed with adequate security features.

“Internal revenue stamps, whether of a bar code or fusion design, or other markings, shall **EITHER HAVE PHYSICAL OR DIGITAL FEATURES, OR**

**A COMBINATION THEREOF AND** be firmly and conspicuously affixed or printed on each pack of **TOBACCO PRODUCTS**, cigars, cigarettes, **HEATED TOBACCO PRODUCTS**, **VAPOR PRODUCTS**, **AND NOVEL TOBACCO PRODUCTS**, and bottles of distilled spirits subject to excise tax in the manner and form as prescribed by the Commissioner, upon approval of the Secretary of Finance.

“To further improve tax administration, **TOBACCO PRODUCT, CIGAR, cigarette, HEATED TOBACCO PRODUCT, VAPOR PRODUCT, NOVEL TOBACCO PRODUCT**, and alcohol manufacturers shall be required to install automated volume-counters of packs and bottles to deter over-removals and misdeclaration of removals.

xxx"

**SEC. 4.** Section 144 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

**“Sec. 144. Tobacco Products, Heated Tobacco Products, and Vapor Products. -**

**“(B) Heated Tobacco Products. – THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED ON HEATED TOBACCO PRODUCTS AN EXCISE TAX AT THE RATE OF FIFTY-ONE PESOS AND THIRTY-SIX CENTAVOS (₱51.36) PER PACK OF TWENTY (20) UNITS OR PACKAGING COMBINATIONS OF NOT MORE THAN TWENTY (20) UNITS.**

**“xxx”**

**“(C) Vapor Products. – THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED ON VAPOR PRODUCTS CONTAINING ANY LIQUID SUBSTANCE, REGARDLESS OF NICOTINE CONTENT, INCLUDING NICOTINE-FREE LIQUIDS OR ANY SIMILAR PRODUCT, WHETHER CLASSIFIED AS NICOTINE SALT OR SALT NICOTINE, OR CONVENTIONAL ‘FREEBASE’ OR ‘CLASSIC’ NICOTINE, AN EXCISE TAX AT THE RATE OF SIXTY-ONE PESOS AND FORTY-TWO CENTAVOS (₱61.425) PER MILLILITER OR A FRACTION THEREOF.**

**“Xxx”**

**SEC. 5.** A new section designated as Section 147-A of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

**“SEC. 147-A. *TRACKING AND TRACING SYSTEM.* – A TRACKING AND TRACING SYSTEM SHALL BE ESTABLISHED FOR THE MANUFACTURING, IMPORTATION, STORAGE, REMOVAL, DISTRIBUTION, AND SALE OF TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS.**

**THE SYSTEM SHALL USE SECURE DIGITAL MARKERS UTILIZING UNIQUE IDENTIFIER CODES PRINTED ON OR INCORPORATED IN THE PRODUCTS WHICH SHALL ALLOW THE AUTHORITIES AND THE GENERAL PUBLIC TO VERIFY THE PRODUCT'S ORIGIN, MANUFACTURER, PRODUCTION DATE, AND OTHER RELEVANT DATA, AS MAY BE REQUIRED BY THE BUREAU OF INTERNAL REVENUE.**

**THE DEVELOPMENT, OPERATION, AND OVERSIGHT OF THE TRACKING AND TRACING SYSTEM SHALL BE MANAGED BY THE BUREAU OF INTERNAL REVENUE. THE BUREAU OF INTERNAL REVENUE MAY CONSULT THE MANUFACTURERS OF TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS TO ENSURE THE OPERABILITY AND COMPATIBILITY WITH CURRENT PROCESSES.**

**ALL MANUFACTURERS AND IMPORTERS OF TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS SHALL BE REQUIRED TO COMPLY WITH THE TRACKING AND TRACING SYSTEM. MANUFACTURERS AND IMPORTERS MUST ENSURE THAT ALL PRODUCTS ARE PROPERLY MARKED WITH THE UNIQUE IDENTIFIER CODES PRIOR TO REMOVAL TO FACILITATE THE TRACKING AND TRACING PROCESS.**

**SEC. 6.** A new section designated as Sec. 164-A of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

**“SEC. 164-A. *MANDATORY REGISTRATION OF EQUIPMENT AND MANUFACTURING-RELATED ITEMS OF TOBACCO PRODUCTS,***

***CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS.* – ALL EQUIPMENT, MACHINERY, AND COMPONENTS USED IN THE MANUFACTURE, PACKAGING, OR PRINTING OF PACKAGING OF TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS SHALL BE REGISTERED WITH THE BUREAU OF INTERNAL REVENUE WITHIN THIRTY (30) DAYS FROM ITS ACQUISITION AND DISPOSAL. REGISTRATION SHALL BE UPDATED ANNUALLY.**

**THE REGISTRATION SHALL INCLUDE PRODUCT SPECIFICATIONS, ORIGINS, AND INTENDED USE OF THE FOLLOWING:**

- 1) TOBACCO LEAF PROCESSING MACHINERY;**
- 2) CIGARETTE MAKING MACHINES;**
- 3) CIGAR ROLLING EQUIPMENT;**
- 4) MACHINES FOR PRODUCING HEATED TOBACCO PRODUCTS AND VAPOR PRODUCTS;**
- 5) FILTERS AND PAPER USED FOR TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, AND NOVEL TOBACCO PRODUCTS MANUFACTURING;**
- 6) PACKAGING AND LABELING MACHINERY FOR TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS;**
- 7) PRINTING MACHINERY FOR PACKAGING OF TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS; AND**
- 8) ANY OTHER MACHINERY OR COMPONENT PRIMARILY DESIGNED FOR MANUFACTURING AND PACKAGING OF TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS.**

**“UPON THE EFFECTIVITY OF THIS ACT, BUSINESS ENTITIES**

**OR INDIVIDUALS IN POSSESSION OF ANY EQUIPMENT FOR THE MANUFACTURING OF TOBACCO PRODUCTS, CIGARS, CIGARETTES, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND NOVEL TOBACCO PRODUCTS, INCLUDING MANUFACTURING-RELATED ITEMS, ARE GIVEN A TRANSITORY PERIOD OF THIRTY (30) DAYS TO COMPLY WITH THE REGISTRATION REQUIREMENTS.**

**“MANUFACTURERS SHALL BE JOINTLY LIABLE WITH SUB-CONTRACTORS OR TOLL MANUFACTURERS IN COMPLYING WITH MANDATORY REGISTRATION REQUIREMENTS PROVIDED HEREIN.**

**SEC. 7.** A new section designated as Sec. 263-B of the National Internal Revenue code of 1997, is hereby further amended to read as follows:

**“ANY PERSON WHO, IN THE COURSE OF TRADE OR BUSINESS, IS ENGAGED IN THE MANUFACTURE, IMPORTATION, OR SALE OF TOBACCO PRODUCTS, HEATED TOBACCO PRODUCTS, VAPOR PRODUCTS, AND CIGARS AND CIGARETTES, SHALL BE ALLOWED TO CLAIM LOSSES DIRECTLY ATTRIBUTABLE TO ILLICIT TRADE AS A DEDUCTIBLE EXPENSE UNDER SECTION 34(D) OF THIS CODE.**

**THE SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER OF INTERNAL REVENUE, SHALL ISSUE THE NECESSARY REVENUE REGULATIONS TO IMPLEMENT THIS PROVISION, INCLUDING THE CRITERIA FOR ELIGIBILITY, THE MANNER OF CLAIMING THE DEDUCTIBLE EXPENSE, AND ANY LIMITATIONS THERETO.”**

**SEC. 8. *Monitoring of Illicit Trade of Covered Products.*** - In order to ascertain the magnitude of illicit trade, assess and improve compliance with regulatory and enforcement measures, the Philippine Statistics Authority is mandated to conduct surveys and studies encompassing producers, traders, retailers, and consumers, and focusing on production, consumption, prices, online transactions, and compliance with regulation such as tax stamps, packaging guidelines, storage guidelines: *Provided*, That the results of which shall be published and submitted annually to the Inter-Agency Council on Anti-Illicit Trade created under Section 10 of this Act.

**SEC. 9. *Illicit Trade of Covered Products.*** - The crimes and statutory offenses

under Republic Act No. 8424, otherwise known as the “National Internal Revenue Code of 1997, as amended;” Republic Act No. 10863, otherwise known as the “Customs Modernization and Tariff Act (CMTA);” Republic Act No. 8293, otherwise known as the “Intellectual Property Code of the Philippines;” Republic Act No. 11900, otherwise known as “Vaporized Nicotine and Non-Nicotine Products Regulation Act;” and Republic Act No. 10643, otherwise known as “The Graphic Health Warnings Law” pertaining to covered products shall be considered as illicit trade.

In addition, the crime of illicit trade involving covered products as defined under Section 3 of this Act shall include the following acts:

- a) Manufacturing or importing into the country without the requisite registration or import permits from the appropriate regulatory agencies;
- b) Using import permits belonging to person/s, natural or juridical, other than those specifically named in the permit;
- c) Using fake, fictitious, or fraudulent import permits or shipping documents;
- d) Selling, lending, leasing, assigning, consenting or allowing the use of import permits of corporations, non-governmental organizations, associations, cooperatives, or single proprietorship by other persons;
- e) Organizing or using dummy corporations, one-person corporations, non-governmental organizations, associations, cooperatives, or single proprietorship for the purpose of acquiring import permits;
- f) Knowingly allowing the use of private ports, government ports, fish ports, fish landing sites, resorts, marinas, airports, warehouses, aircrafts, and/or vessels to perpetrate the crime of smuggling;
- g) Producing or manufacturing any of the covered products or any part or component thereof using equipment, machinery, or components that are not registered with the Bureau of Internal Revenue (BIR) pursuant to Section 164-A of the National Internal Revenue Code of 1997, as amended;
- h) Declaring covered products as for export when they are in fact sold or intended for sale in the domestic market to evade taxation;
- i) Declaring covered products for transshipment when they are sold or intended for sale in the domestic market to evade taxation;
- j) Selling, distributing, causing the transportation, and storing genuine covered products diverted from the legitimate supply chain and sold without excise tax payment;

- k) Knowingly transporting and storing of covered products with marks that are used without the authorization of the trademark owner or which cannot be distinguished in its essential aspect from the original mark: *Provided*, That the transport and storage of the covered products shall not constitute illicit trade when the purpose of the transport or storage is for use in judicial, quasi-judicial, or administrative proceedings, or when the transport and storage is for exhibition and educational purposes with consent of the trademark owner; and
- l) Selling, distributing, causing the transportation, and storing covered products that are not included in the list of registered brands of the BIR or the Department of Trade and Industry (DTI): *Provided*, That the transport and storage of covered products not included in the list of registered brands shall not constitute illicit trade under the following circumstances:
  - i) when the purpose of the transport or storage is for use in judicial, quasi-judicial, or administrative proceedings;
  - ii) when the transport and storage is for exhibition and educational purposes with prior notice given to the Inter-Agency Council on Anti-Illicit Trade; or
  - iii) when the quantity imported is allowable under Republic Act No. 10863, otherwise known as the “Customs Modernization and Tariff Act (CMTA)”.

**SEC. 10. *Penalties.* –**

- a) Any person found guilty of any of the punishable acts enumerated in Section 7 shall be punished with imprisonment of not less than twenty (20) years and one day but not more than forty (40) years and a fine twice the fair market value and the aggregate amount of the taxes, duties, and other charges avoided through illicit trade for finished covered products.
- b) Any person found guilty of aiding or abetting in any of the punishable acts enumerated in Section 7 shall be punished with imprisonment of not less than twelve (12) years and one day but not more than twenty (20) years and

a fine equal to the fair market value of the smuggled products and the aggregate amount of the taxes, duties, and other charges avoided.

- c) Any person found guilty of any of the punishable acts enumerated in Section 7 of this Act who provides information or testifies regarding any insider knowledge in the conduct of the illicit trade, against any other involved party, and is material in the establishment of the case, shall benefit from a mitigating circumstance or a reduced penalty of not less than six (6) years and one day but not more than twelve (12) years imprisonment.

In all cases, the illicit covered products, manufacturing equipment, instruments, boats, or vessels used in distributing or transporting or any other mode of transportation without distinction shall be confiscated and shall be forfeited in favor of the government. The same shall be destroyed or disposed of in government-owned or supervised materials recovery, composting, and extrusion facilities which shall be established, maintained, and secured by the BIR, the Bureau of Customs (BOC), or the DTI to be located in major strategic areas in the country.

When the offender is a juridical person, criminal liability shall attach to its president, chief operating officer, manager or any other corporate officer who consents to or knowingly tolerates or ignores the commission of the offense.

Any person, natural or juridical, found guilty under Section 7 of this Act, shall also suffer the penalty of perpetual absolute disqualification to engage in any business involving importation.

If the offender is a public official or employee, the penalty shall be imprisonment of not less than forty (40) years and a fine twice the fair market value and the aggregate amount of the taxes, duties, and other charges avoided by the illicit trade, for finished covered products. In addition, the public official or employee, elected or appointed, will be deemed to be absolute and perpetually disqualified in holding any public office.

If the offender is an alien, the alien shall, in addition to the penalties herein prescribed, be deported without further proceedings after serving the penalties herein prescribed.

Prosecution under this Act shall be without prejudice to any liability or violation of the provisions of the Revised Penal Code, as amended, or other special laws such as Republic Act No. 11900, otherwise known as the “Vaporized Nicotine and Non-Nicotine Product Regulation Act, except those acts considered as illicit trade of covered products punished under the National Internal Revenue Code of 1997, as amended, and the Customs

Modernization and Tariff Act (CMTA), and Republic Act No. 9993, otherwise known as the “Philippine Coast Guard Law of 2009.”

The foregoing notwithstanding, the BIR in accordance with its power to assess and collect, is mandated to issue a schedule of fines based on the violations stated in this Act, which shall be immediately due and demandable upon the arrest of the offender/s or the seizure or confiscation of the covered products.

**SEC. 11. *Liability of Digital Platforms Selling Illicit Covered Products.*** - Digital platforms shall be responsible for ensuring that no illicit covered products shall be posted or sold in their digital platforms by:

- 1) Requiring all merchants of covered products to display their proof of registration with the DTI or the Securities and Exchange Commission, and BIR on their shop page;
- 2) Requiring all merchants of covered products to provide permits and license information of covered products; and
- 3) Contractually obligating the compliance with sale procedures and limitations, and other relevant conditions for the sale of covered products.

The DTI and the BIR shall publish in their respective official websites a list of legitimate products that can be sold online regularly.

The digital platforms shall be solidarily liable if it fails to remove or disable the listing of the illicit products on its platform. The BIR may, upon verification, order the blocking of specific webpages of sellers not compliant with the provisions of this Act, or the entire websites of the digital platforms or online market places found to be in violation of Section 9 herein. This shall be implemented by the Department of Information and Communications Technology (DICT), through the National Telecommunications Commission.

**SEC. 12. *Inter-Agency Council on Anti-Illicit Trade.*** - An inter-agency council on anti-illicit trade, hereinafter referred to as the “Council,” shall be established to oversee the implementation of this Act. It shall be chaired by the Department of Finance. It shall be composed of a representative from each of the following agencies:

- 1) Department of Finance;
- 2) Department of Justice;
- 3) Department of Agriculture;
- 4) Department of the Interior and Local Government;

- 5) Department of Transportation; and
- 6) Department of Trade and Industry.

The Council shall convene at least once a month or upon the initiation of the Chairperson. The Department of Finance shall provide Secretariat to the Council from its existing organizational structure. The Council may invite resource persons to discuss important matters as they may deem necessary.

**SEC. 13. *Powers and Functions of the Council.*** - The Council shall have the following powers and functions:

- a) Prepare and implement appropriate measures to prevent and suppress illicit trade of covered products;
- b) Issue letters of authority directing the BIR, the BOC, and the DTI to enforce measures to combat illicit tobacco trade by effecting searches, seizures, and arrest, and conducting inspections and securing documents. For this purpose, the BIR, the BOC, and the DTI may coordinate with law enforcement agencies in their operations;
- c) Establish a mechanism for the sharing of data or information on illicit trade of covered products within and among the members of the coordinating body including the identification and determination of the patterns of illicit trade in localities, possible routes for illicit trade, networks involved and possible hotspot areas, among others;
- d) Ensure the information disclosed are properly recorded and kept and complies with existing laws and rules;
- e) Create effective pathways and guidelines to implement measures against illicit trade of covered products;
- f) Disseminate the policies and guidelines established by the coordinating body and ensure its implementation in the national and local levels;
- g) Coordinate and network with similar bodies internationally or globally and share lessons and experiences to improve the implementation against illicit trade of covered products;
- h) Submit an annual report to the Joint Congressional Oversight Committee on Illicit Trade on Excisable Products on its accomplishment and status of operations;
- i) Act on a citizen's complaint, provided that any person may file a complaint

- or report violations to any member of the Council; and
- j) Set other important functions and perform and carry out the same in accordance with the rules set by the body.

**SEC. 14. *Custody and Disposition of Confiscated, Seized and/or Surrendered Covered Products.*** - The apprehending officer or team from either the BIR, BOC or DTI shall take charge and have custody of all covered products, as well as manufacturing equipment, parts, packaging materials and printing equipment or paraphernalia so confiscated, seized and/or surrendered, for proper disposition in the following manner:

- a) The apprehending officer or team having initial custody and control of the covered products shall, immediately after seizure and confiscation, conduct the physical inventory and photograph the seized or confiscated covered products in the presence of the person/s from whom such items were confiscated and/or seized, or his/her representative or counsel, which inventory shall be duly signed by the apprehending officer or team leader and witnessed and signed by at least two (2) barangay elected or appointed officials and be provided a copy thereof: *Provided*, That the physical inventory and photograph shall be conducted at the place where the search warrant is served;
- b) The complete list of names of the apprehending officer or team and the copy of inventory duly signed and witnessed under paragraph (a) hereof shall be submitted to the Council;
- c) The apprehending officer or team shall be responsible for the safekeeping of the seized or confiscated covered products until its final destruction;
- d) All seized or confiscated covered products must be destroyed, except for the retention of representative samples for use in judicial, quasi-judicial, or administrative proceedings; and
- e) In every case, the BOC, BIR or DTI shall conduct the destruction of the seized or confiscated illicit items in the presence of at least one (1) representative from the tobacco or vape manufacturing sector and at least one (1) official representative from the Department of Agriculture-National Tobacco Administration for tobacco products and materials, or the DTI-Fair Trade Enforcement Bureau for vapor products and materials, at least five (5) calendar days from receipt of the notice duly acknowledged by the

industry and government witnesses.

**SEC. 15. *Appropriations.*** – The amount necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act.

**SEC. 16. *Implementing Rules and Regulations.*** - Within ninety (90) days from the effectivity of this Act, the Department of Finance, through the BIR, shall, in consultation with the Department of Trade and Industry, through the Fair Trade Enforcement Bureau, the Department of Agriculture, through the National Tobacco Administration, the Department of Information and Communications Technology, through the National Telecommunications Commission, the Department of Justice, the Department of the Interior and Local Government, and the Department of Transportation, through the Philippine Coast Guard, promulgate the necessary guidelines for the effective implementation of this Act.

**SEC. 17. *Separability Clause.*** - If any provision of this Act is declared unconstitutional or invalid, other parts or provision hereof not affected thereby shall continue to be in full force and effect.

**SEC. 18. *Repealing Clause.*** - The National Internal Revenue Code of 1997, as amended and all other laws, orders, issuances, circulars, rules and regulation or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 19. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*