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COMMITTEE MEETINGS ON HOUSE MEASURES

COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Local Government	Substitute Bill to HBs 259, 2702, 3021, 4085, 5535, 5572, 6366 & 9264	Reps. Sato, Panotes, Palma, Marquez, Daza, Hofer, Yap (E.), and Deloso-Montalla	Converting existing capital towns into component cities of provinces without a city, amending for the purpose Section 450 of RA 7160, as amended, otherwise known as the Local Government Code of 1991	<p>The Committee, chaired by Rep. Noel Villanueva (3rd District, Tarlac), approved the Substitute Bill to the eight bills.</p> <p>Rep. Wilter "Sharky" Wee Palma II (1st District, Zamboanga Sibugay), Chair of the technical working group (TWG) that crafted the substitute bill, said that the proposed law amends Section 450 of Republic Act 7160 by adding a provision which states that "Notwithstanding the requisites prescribed under this Section, existing capital towns are hereby converted into component cities of provinces without a city upon approval by a majority of the votes cast in a plebiscite to be held in the said capital towns."</p>
	Substitute Bill to HBs 397, 1030, 1667, 2579, 5169, 5217, 5284, 6189, 7343, 8585, 8982 & 9242 and HJR 7	Reps. Erice, Salceda, Biron, Bagatsing, Deputy Speaker Rodriguez, Reps. Nograles (J.F.F), Castelo, Zamora (M.), Delos Santos, Baronda, and Elago	Providing honoraria, allowances and other privileges to Sangguniang Kabataan (SK) officials, including the secretary and treasurer, amending for the purpose Section 16 of RA 10742, otherwise known as the SK Reform Act of 2015	<p>The Committee approved the substitute bill in consolidation with House Bills 9450, 9564, 9580, 9592, and 9892, subject to style and amendment.</p> <p>Rep. Sarah Jane Elago (Party-List, KABATAAN), Chair of the TWG that crafted the substitute bill, urged the passage of the proposed law, which she said is urgently needed and long overdue.</p>
	HB 9450	Rep. Villafuerte	Further empowering the members of the SK by amending certain provisions of RA 10742	<p>The Committee already approved the substitute bill on March 17 but decided to discuss it again to take into consideration the amendments to the bill's funding provisions, as recommended by the Committee on Appropriations, and the consolidation of the substitute bill with recently referred bills having similar subject matter.</p>
	HBs 9564, 9580, 9592 & 9892	Reps. Tutor, Quimbo, Deputy Speaker Alonte, and Rep. Dy (F.)	Strengthening the SK by institutionalizing additional reforms to revitalize youth participation in governance	<p>Expressing support for the bills were representatives from the Technical Education and Skills Development Authority (TESDA) and the Department of Budget and Management (DBM).</p> <p>TESDA lawyer Clefford Pascual suggested that SK treasurers must undergo bookkeeping training from the TESDA, which shall issue the appropriate certification after the trainee's successful completion of the course.</p>
	HB 8037	Rep. Yap (E.)	Declaring November 23 of every year as a special nonworking holiday in the Province of Benguet in commemoration of its founding anniversary to be known as "Benguet Day"	<p>The Committee approved HB 8037.</p> <p>Rep. Rowena Niña Taduran (Party-List, ACT-CIS) sponsored HB 8037, in behalf of the author.</p>

Continuation... Local Government				Rep. Taduran said that the proposed law seeks to declare November 23 of every year a special non-working holiday in the Province of Benguet to provide opportunity for the people of the province to revisit their past and reconnect with their roots. She added that the declaration of the Benguet Day provides a reason for the province to celebrate milestones that transpired through the years since the creation of the first Civil Government of Benguet in 1900 under Act 48.
	HB 10383	Rep. Gonzalez (A.)	Creating a barangay to be known as Barangay Pulung Bulu in the City of San Fernando, Province of Pampanga	<p>The Committee approved HB 10383 subject to style and the submission of the Land Management Bureau's (LMB) comments on the territorial boundaries of Barangay Pulung Bulu.</p> <p>Rep. Aurelio "Dong" Gonzales Jr. (3rd District, Pampanga), author of HB 10383, urged the passage of his bill to allow Barangay Pulung Bulu to receive its just share in the National Tax Allotment (formerly known as the Internal Revenue Allotment), thereby enabling it to provide better services to its constituents. Rep. Gonzales said that Barangay Pulung Bulu is an independent barangay in the City of San Fernando, Province of Pampanga, created pursuant to Ordinance No. 2002-010, dated September 25, 2002. Based on the Local Government Code, as a barangay created by a local government, Barangay Pulung Bulu obtains its funding from the City of San Fernando and is not entitled to a share in the IRA/NTA.</p> <p>Philippine Statistics Authority's Supervising Statistical Specialist Raul Ludovice informed the Committee that the population of Barangay Pulung Bulu is 6,448 as of May 1, 2020. This number is way above the population requirement of 2,000 inhabitants, as provided under the Local Government Code, for the creation of barangays outside Metro Manila and other metropolitan political subdivisions or highly urbanized cities.</p> <p>DBM Local Government and Regional Coordinating Bureau OIC-Director John Aries Macaspac expressed support for the bill. He confirmed that the subject barangay is not entitled to the NTA because it was created through a local ordinance. He further said that presently there are over 100 barangays nationwide that are in a similar situation. The DBM was requested to submit the list of these barangays to the Committee.</p> <p>Meanwhile, Rep. Villanueva wanted to know the comments of the LMB on the accuracy of the territorial boundaries of Barangay Pulung Bulu, as stated in Section 2 of the bill, to ensure that there will be no conflict with its neighboring barangays in terms of jurisdiction.</p> <p>However, the LMB had no representative present in the meeting who could have given the bureau's position on the matter.</p>

Continuation... Local Government				Under Section 386 (b) of the Local Government Code, "The territorial jurisdiction of the new barangay shall be properly identified by metes and bounds or by more or less permanent natural boundaries."
Public Accounts	HR 2135	Rep. Singson	Inquiry into the revenue collections and the budget utilization of the Bureau of Customs (BOC) prior to and during the COVID-19 pandemic situation in the country	<p>The Committee, chaired by Rep. Jose "Bonito" Singson Jr. (Party-List, PROBINSYANO AKO), will continue its deliberation on the issues raised relative to House Resolution 2135.</p> <p>At the outset, Rep. Singson said that the purpose of today's meeting is to look into the revenue performance of the BOC prior to and during the COVID-19 pandemic in order for Congress to determine what actions should be undertaken to help revenue generating agencies, such as the BOC, perform more efficiently.</p> <p>BOC Commissioner Rey Leonardo Guerrero reported that since 2018, the BOC has exceeded its tax collection targets except in 2019. However, he pointed out that despite not having met its revenue target in 2019, the BOC's collection for that year amounting to P630.31 billion was its highest collection so far. He added that for the period January to October 2021, the BOC has already exceeded its collection target by P12.17 billion. For next year, the BOC's projected collection is P671.7 billion.</p> <p>On budget utilization, Guerrero informed the Committee that the BOC's disbursement rate for the years 2019, 2020, and 2021 is recorded at 80.58%, 88.09%, and 80.32%, respectively.</p> <p>Discussing the BOC's programs, Guerrero said that the top priority program of the BOC in 2019 was the enhancement of BOC Information System; in 2020, the full automation of frontline transactions; and in 2021, the implementation of the Customs Modernization Program.</p> <p>In addition, Guerrero said that the BOC fully implemented its Fuel Marking Program to curb oil smuggling and improve the Bureau's revenue collection. Since the program's implementation in 2019 up to October 2021, the BOC marked more than 31.65 billion liters of petroleum products and collected the amount of P429.61 billion in duties and taxes. He also discussed the accomplishments of the BOC under its programs on trade facilitation, fight against graft and corruption in the BOC, and post-clearance audit of importers.</p> <p>Rep. Singson, noting recent reports on smuggled luxury cars, inquired how these cars worth millions of pesos could slip past customs personnel and enter the country undetected.</p>

<p>Continuation... Public Accounts</p>				<p>Guerrero surmised that smugglers could be using different ports in Luzon and Visayas. He acknowledged that smuggling has been a perennial problem of the BOC. But he said that with the full implementation of the Customs Modernization Program, such illegal activities would be largely curtailed.</p> <p>The Chair likewise asked how the BOC can stop the dubious practice of auctioning off seized smuggled luxury cars with the smugglers themselves participating in the auction and eventually becoming the winning bidders.</p> <p>To ensure a credible and transparent conduct of auction, Guerrero said that the BOC will soon hold the auctions publicly by streaming them live on social media or through other similar means.</p> <p>Rep. Adriano Ebcas (Party-List, AKO PADAYON PILIPINO) inquired on what measures are being undertaken by the BOC to curb the reported rise in smuggling activities during the pandemic.</p> <p>Guerrero replied that the BOC has intensified its monitoring of all ports nationwide through the establishment of the Customs Operations Center which serves as BOC's central facility for the command and control of the intelligence and enforcement operations of its 17 collection districts nationwide. Moreover, Guerrero said that BOC has purchased additional x-ray machines to scan cargoes.</p> <p>In response to the query of Rep. France Castro (Party-List, ACT-TEACHERS) on the country of origin of most smuggled goods, Guerrero said that most smuggled goods and products come from China.</p> <p>Guerrero also disclosed that the BOC is closely coordinating with the Ministry of Customs of China for information on notorious Chinese smuggling groups. He added that the BOC and China's Ministry of Customs have recently signed an agreement for the purpose of improving the monitoring of smuggling activities.</p> <p>Rep. Ferdinand Gaité (Party-List, BAYAN MUNA) verified from BOC if its report on the estimated value of seized smuggled goods from 2019 to October 2021 in the amount of P54.24 billion includes smuggled rice and other agricultural products. Guerrero answered in the affirmative.</p> <p>On the part of the Commission on Audit (COA), State Auditor IV Marilyn Miran reported that COA is in the process of validating the compliance of the BOC with the FY 2020 COA Audit Observation Memorandum (AOM).</p>
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Continuation... Public Accounts				<p>Guerrero said that as of October 31, the BOC has complied with 71 of the 76 audit recommendations of COA.</p> <p>The Committee enjoined COA to make a final report on the compliance of BOC with the AOM and thereafter submit its report to the body.</p> <p>The Committee also requested BOC to submit its proposals, which need legislative action, to further improve its revenue collection performance.</p>
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AGENCY BRIEFING		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Ways and Means	<p>Briefing by the Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), and National Tobacco Administration (NTA) on Illicit trade of cigarettes and tobacco products, including enforcement activities against this illicit trade, policy innovations to prevent smuggling in ecozones, and updated data on tax collection and volume of removals of tobacco products</p>	<p>The Committee, chaired by Rep. Joey Sarte Salceda (2nd District, Albay), agreed to create a technical working group (TWG) to discuss further the issue on illicit trade of cigarettes and other tobacco products and how this can be stopped.</p> <p>Committee Vice Chair, Rep. Sharon Garin (Party-List, AAMBIS-OWA), was designated as TWG Chair.</p> <p>BIR Large Taxpayers Service (Excise Tax) Director Beverly Milo gave an update on BIR's enforcement activities and policy innovations meant to stop the illicit trade of cigarettes and tobacco products. The policy innovations were established pursuant to the recommendations of the TWG, headed by Rep. Jericho Jonas Nograles (Party-List, PBA), which was created early this year to review and amend BIR Revenue Regulation (RR) No. 9-2015.</p> <p>In the past, the BIR, based on RR 7-2014, required the affixing of tax stamps on cigarettes for export to indicate that proper taxes were paid. However, this was amended by RR 9-2015, which dispensed with the physical tax stamp requirement and replaced this with unique identifier codes (UICs) that are placed on the labels.</p> <p>According to Milo, a new Revenue Regulation (RR No. 18-2021) dated September 10 was issued amending RR 9-2015, taking into consideration the recommendations of the TWG. Among the policies and enforcement activities covered by RR No. 18-2021 are the following:</p> <ul style="list-style-type: none"> • Assignment of Revenue Officers-on-Premise (ROOPs) for Philippine Economic Zone Authority (PEZA)-registered enterprises, as manufacturers/dealers of tobacco products, to monitor the production and removal of goods; • Inclusion of specific documents, such as the bill of lading and range of UICs and/or cargo manifest with product description, in the list of documentary requirements to be submitted by exporters within 30 days from the date of actual removal of tobacco products from the place of production. This is to ensure that goods intended for export reaches the country of destination; • Mandatory registration with Excise Large Taxpayers Regulatory Division of all PEZA locators/enterprises engaged in tobacco production/disposal together with the registration of product's brands/variants and compliance with packaging requirements; and • Payment of export bond in lieu of the tobacco product

Continuation...
Ways and Means

replenishment scheme. (Under RR No. 3-2008, all manufacturers of articles subject to excise tax shall pay the excise tax that is otherwise due on every removal thereof from the place of production that is intended for exportation or sale/delivery to international carriers or to tax-exempt entities/agencies. In case the excisable products were removed by the manufacturer from his place of production or from any storage facility located outside his place of production after prepayment of the excise tax, the manufacturer may avail a claim for product replenishment scheme. Under this scheme, the next removal of excisable products from the place of production of the manufacturer, covering the same kind and volume that were subject of the prepayment or advance payment, shall be exempt from the payment of excise tax.)

The BIR also reported that the total collections from income tax, value-added tax, and excise tax levied on tobacco products as of October 2021 amounted to P185.74 billion. With regard to volume removals (tobacco products removed from the place of production of manufacturers that are due for export and subject to excise tax) for 2021, Milo said the total quantity for cigarettes is 2.32 billion, for cigars 211.62 million, and for other tobacco products 761,250. In addition, Milo also presented the updated list of all registered cigarette and tobacco brands which have now reached 505, including those produced by local manufacturers and PEZA-registered manufacturers.

National Tobacco Administration's Department Manager for Regulation Rohbert Ambros presented the data on the importation and exportation of tobacco as of October 31, 2021. He reported that for tobacco leaves, total importation is 60,479,000 kilograms (kg) valued at \$261 million while for tobacco products, total importation is 42,645,000 kg valued at \$402 million. As for tobacco exports, he said the total value amounted to \$42 million.

For his part, BOC Enforcement Group Deputy Commissioner Teddy Raval informed the body that BOC conducted a total of 103 apprehensions in 2021 involving illicit tobacco trade.

BOC Commissioner Rey Leonardo Guerrero added that in 2019, the BOC seized on several instances smuggled cigarettes worth P2.67 billion, and in 2020, it seized smuggled cigarettes with an estimated aggregate value of P5.77 billion.

Asked for an update on the cases filed against GB Bem Cigarette Company (GB-BEM) and GB Global Expres, Inc. (GB Global), Milo said that the case against GB-BEM is still pending with the Department of Justice (DOJ) while the case against GB Global is pending with the Court of Tax Appeals. Refraining from discussing the merits of the case, Milo instead promised to submit a status report on the cases to the Members of the Committee. (In previous meetings of the Committee, it was reported that the two cigarette manufacturers, which are PEZA locators, were raided by a BIR team last year due to reports that they were selling cigarettes in the local market. During the raid, GB-BEM was found to have no BIR registration and permit to operate, while GB Global had no permit to manufacture the cigarette brands found within their premises.)

PEZA representative Atty. Ross Vincent Sy said that GB-BEM and GB Global were issued suspension orders on April 24, 2021, and their certificates of registration were subsequently cancelled in May 2021 for non-compliance with the BIR revenue regulations. He confirmed that both companies are not operating as of today.

<p>Continuation... Ways and Means</p>		<p>In relation to the virtual tax stamp fee of P4 centavos under RR No. 18-2021, Milo explained that this amount will cover the system maintenance of the Asian Productivity Organization (APO) Production Unit, Inc., as the service provider, and that the amount of the fee was accepted by the cigarette industry stakeholders. (APO is a government-owned and controlled corporation which provides highly sensitive security printing services for the National Government and its agencies).</p> <p>Relaying the queries of Deputy Speaker Deogracias Victor “DV” Savellano (1st District, Ilocos Sur), Committee Senior Vice Chair, Rep. Estrellita Suansing (1st District, Nueva Ecija), asked why the BIR strike team decreased the frequency of its raids against illicit cigarette manufacturers and smugglers. Milo explained that due to the ongoing COVID-19 pandemic, there was a decrease in the number of available team members which prevented the team from conducting additional or follow-up operations.</p> <p>BOC Assistant Commissioner Vincent Philip Maronilla apprised the body of the conduct of post clearance audit of certain PEZA locators within the Victoria Wave Special Economic Zone as earlier requested by the Committee.</p> <p>The resource persons were asked to submit the documents requested by the Members during the meeting.</p>
	<p>Briefing by the BOC and the Bureau of Animal Industry (BAI) on the streamlining of processes in the inspection of imported meat and other plant products</p>	<p>The Committee agreed to create a TWG to discuss further the measures that shall be adopted to streamline the processes in the inspection of imported meat and other plant products.</p> <p>Rep. Jericho Jonas Nograles (Party-List, PBA) was designated as TWG Chair.</p> <p>The BOC Commissioner presented the policies and strategic innovations BOC instituted together with PEZA and other ecozone authorities relative to customs inspection of imported meat and other plant products, as follows:</p> <ul style="list-style-type: none"> • Suspension of the accreditation or license to import of enterprises used as conduits for smuggling; • Upcoming issuance of a Joint Memorandum of Agreement enhancing cooperation between PEZA and BOC; • Upcoming integration of the Automatic Export Declaration System of PEZA with the BOC system; • Continuous implementation of the Electronic Tracking of Containerized Cargo (E-TRACC) System for all containerized importations bound for PEZA and Ecozones; • Granting the Department of Agriculture (DA) personnel access to both X-ray and E-TRACC areas of the Bureau; • Issuance of memorandum to prioritize the unloading and all necessary arrangements in relation to fish importation; • Forging of an agreement between the BOC and the DA to establish data exchange system to validate shipments; and • Creation of a TWG to update the regulations and procedures for clearing imported agricultural commodities. <p>For his part, BAI OIC-Director Reildrin Morales gave an update on the construction of cold storage facilities inside the Port of Manila. He said the BAI reached an agreement with the BOC to establish cold storage facilities in the Port of Manila to ensure the freshness and quality of meat and other plant products under inspection.</p>

<p>Continuation... Ways and Means</p>	<p>Briefing by the BOC on its data on the value of oil importation compared with that of the United Nations Conference on Trade and Development (UNCTAD)</p>	<p>The resource persons were asked to submit the documents requested by the Members during the meeting.</p> <p>The Committee agreed to create a TWG to discuss further the issues pertaining to oil importation and oil smuggling in the country.</p> <p>Rep. Suansing was designated as TWG Chair.</p> <p>At the start of his presentation, Raval clarified that what the BOC will be presenting are data on the value of oil importation and not the volume, as requested by the Committee. He apologized for the mistake but was then allowed by the Chair to proceed with his presentation.</p> <p>Raval presented the BOC data on the value of oil importation for the years 2016, 2017, 2018, 2019, and 2020. He disclosed that there is a deviation or variance of -20.6%, -19.0%, -8.9%, 7.9% and -2.7% for the said years, respectively, when the BOC data were compared with those of the UNCTAD. He explained that the UNCTAD always has a slightly higher figure on the value of oil importation as compared with the BOC except for the year 2019.</p> <p>Raval also reported that, upon the recommendation of Rep. Salceda, an inter-agency task force against fuel smuggling was created, called the "Joint Fuel Integrity and Field Testing (FIFT) Task Force" which is composed of the BOC, BIR, Department of Energy, Philippine Coast Guard, and the National Bureau of Investigation.</p> <p>Meanwhile, Rep. Salceda said that based on the study and analysis conducted by the Committee, the total difference between the figures reported by the BOC and UNCTAD on the value of petroleum product imports from 2016 to 2020 is estimated at P260.02 billion. He said the DOJ should be alerted about this for closer monitoring and stronger enforcement in order to deter price gouging and other abuses by oil industry players.</p> <p>The BOC was requested to present in the meeting of the TWG a detailed report on the alleged fuel smuggling involving Chevron and Petromobil Corporation as per initial findings by the FIFT Task Force, as well as on the supposed variance of more than 10 million barrels between total oil importation (66.64 million barrels) and oil consumption (77.02 million barrels) during the first half of 2021.</p>
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