

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
First Regular Session

House Resolution No. 79

Introduced by Honorable Deogracias Victor "DV" B. Savellano

RESOLUTION

URGING THE HOUSE OF REPRESENTATIVES TO CONDUCT AN INVESTIGATION INTO THE MANUFACTURING OF ILLEGAL CIGARETTES, FAKE CIGARETTE LABELS AND FAKE REVENUE STAMPS; SMUGGLING OF FAKE CIGARETTES AND CIGARETTE-MAKING MACHINES; AND LOSS OF REVENUE BECAUSE OF UNCOLLECTED TAXES.

WHEREAS, according to news reports, in a meeting of the National Tobacco Administration (NTA) last June 27, 2019 at the NTA Central Office in Quezon City, it was reported that illicit cigarette trade is depriving the government of billions in annual revenues that could have been allocated for its priority programs such as the Universal Health Care law;

WHEREAS, Atty. Raul Academia of PMFTC, on behalf of the tobacco companies, reported that in 2018, the government raided 7 illegal cigarette factories, confiscating 8 lines of cigarette makers, 8 lines of cigarette packers, 4 lines of filter markers, and 2 units of over wrappers, which are capable of producing 5.6 billion sticks per year at an estimated rate of 2,500 sticks per minute;

WHEREAS, data gathered by the private sector showed the amount of seized illegal cigarettes almost doubled to 157 million sticks in 2018 from 89 million in 2017. These were valued at 628 million pesos, almost twice the 356 million pesos worth of fake cigarettes confiscated the previous year;

WHEREAS, Academia added that for the first half of 2019, the government has raided 6 factories, including the confiscation of 12 unregistered cigarette-make machines and fake stamps inside an illegal cigarette manufacturing facility in Tacloban City last February of 2019;

WHEREAS, agents of the Bureau of Internal Revenue (BIR) and the National Bureau of Investigation (NBI) shut down a printing facility in Malabon City that was churning out

fake cigarette labels and tax stamps as according to Finance Secretary Carlos G. Dominguez, as reported by Ben O. de Veras, reporter of Inquirer.Net;

WHEREAS, this “high-tech” factory could produce 245 million pesos worth of fake internal revenue stamps and deprived the government the same amount of taxes every year;

WHEREAS, the facility had the capacity to churn out 3,500 pieces of fake stamps per hour; and at 35 pesos per stamp, that’s 122,500 pesos in lost revenue per hour. Operating at 8 hours a day, 5 days a week, 50 weeks a year, it can produce 245 million pesos per year of fake stamps;

WHEREAS, the Bureau of Customs (BOC) confiscated machines that had been used to print fake cigarette labels and packaging in Valenzuela City while in June of 2019, the BOC seized fake cigarettes and cigarette-making machines, among other smuggled items worth over 160 million pesos in Bulacan;

WHEREAS, the BOC also confiscated 25 million pesos worth of smuggled cigarettes at the Port of Zamboanga, also last June of 2019. The BIR and BOC have been bracing for these because of impending cigarette tax increases;

NOW, THEREFORE, BE IT RESOLVED, BY THE HOUSE OF REPRESENTATIVES, TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE MANUFACTURING OF ILLEGAL CIGARETTES, FAKE CIGARETTE LABELS AND FAKE REVENUE STAMPS; SMUGGLING OF FAKE CIGARETTES AND CIGARETTE MAKING MACHINES; AND LOSS OF REVENUE BECAUSE OF UNCOLLECTED TAXES.


DEOGRACIAS VICTOR “DV” B. SAVELLANO