



# Committee Daily Bulletin

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## COMMITTEE MEETINGS ON HOUSE MEASURES

COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Agrarian Reform	HR 178	Rep. Suarez (D.)	Investigation into the exclusion of agriculturally viable parcels of land in Sariaya, Quezon from the implementation of the Comprehensive Agrarian Reform Program (CARP)	<p>The Committee, chaired by Ifugao Rep. Solomon Chungalao, will continue its investigation into the issues raised in HR 178 in its next meeting.</p> <p>Rep. David "Jay-Jay" Suarez (2<sup>nd</sup> District, Quezon), author of HR 178, underscored the need to fast-track a solution to address the plight of farmers whose lands they have actually tilled for several years even prior to CARP were excluded from the coverage of the program. According to Rep. Suarez, the subject parcels of land in Sariaya, Quezon have been classified as non-agricultural land prior to the enactment of CARP but they were long devoted to and suitable for agriculture, and the farmers tilling the land have been granted certificates of land ownership award (CLOAs). He said that as a result of the exclusion of the land from CARP, some of these CLOAs have already been revoked.</p> <p>Rep. Chungalao remarked that the purpose of the investigation is to find out who was responsible for authorizing the exclusion and to verify if the lands are indeed agriculturally viable and were actually tilled by farmers for several years. He added that an ocular inspection of the area is necessary and so are documentary or testimonial evidence from concerned parties and agencies to validate the claims of the farmers. He also said that certified copies of the CLOAs and emancipation patents (EPs) should be obtained as these are vital to the investigation.</p> <p>Department of Agrarian Reform (DAR) Undersecretary Luis Meinrado Pañgulayan pointed out that under RA 9700 or the law strengthening the CARP, the DAR does not allow exemption of lands which are irrigated or irrigable as determined by the National Irrigation Administration (NIA) regardless of the classification.</p> <p>However, Pañgulayan explained that this changed due to DOJ Opinion No. 44 Series of 1990 and Supreme Court decision in <i>Natalia Realty Inc. vs DAR</i> which ruled that the DAR has no jurisdiction over agricultural lands that were reclassified as commercial, industrial or residential lands before June 15, 1988, the date of effectivity of RA 6657 or the CARP Law.</p> <p>Quezon Province Governor and former House Member Danilo Suarez sought the help of the</p>

<p>Continuation... Agrarian Reform</p>				<p>Committee in finding a solution to the issue as it would affect approximately 608 families of farmers. He said that taking back the CLOAs that were already granted is unjust and damaging to the welfare of the farmers who already spent most of their years tilling those lands. He also claimed that the exempted lands in question are not viable for industrial or tourism activities given their present unmaintained condition. He suggested to the Committee to inspect the area and to discuss the matter with the landowners themselves.</p> <p>Land Registration Authority (LRA) Deputy Administrator Robert Nomar Leyretana said that it is important to check whether the CLOAs and EPs were really canceled and to determine who the new owners are.</p> <p>DAR CALABARZON Director Rene Colocar said that he will furnish the Committee and the LRA with copies of the CLOAs and EPs.</p> <p>On the query of Rep. Geraldine Roman (1<sup>st</sup> District, Bataan) as to which agency authorized the reclassification of the lands from agricultural to industrial lands, Colocar answered that it was the Housing and Land Use Regulatory Board (HLURB).</p> <p>Legal Counsel Joaquin Miguel Hizon of the Ellice Agro-Industrial Corporation, the owner of the lands in question, asked to be given more time to submit the corporation's position paper on the matter.</p> <p>Rep. Eufemia "Ka Femia" Cullamat (Party-List, BAYAN MUNA) called for the enactment of a genuine agrarian reform law that will include a provision granting farmers full ownership of the land they till by issuing land titles and not just CLOAs.</p> <p>Department of Justice (DOJ) State Counsel Leilani Fajardo-Aspiras supports the conduct of an investigation to determine if enacting a new law or amending existing ones would be necessary to ensure the proper implementation of the CARP. Likewise, Department of Agriculture (DA) CALABARZON Executive Director Arnel De Mesa said that this issue should be resolved soon as it might have an impact on food security, considering that Quezon province is a major producer of agricultural products.</p> <p>The Federation of Free Farmers, Ugnayan Ng Magsasaka sa Gitnang Quezon, and other farmer-groups urged the Committee to help resolve the legal issue on the exemption of the lands in Quezon from CARP, giving priority consideration to the rights and welfare of the farmers.</p> <p>The Chair requested the DAR to submit a legislative proposal that will address the loopholes in the CARP Law such as the</p>
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<b>Ways and Means</b>	Substitute Bill to HBs 6765, 6944 & 4531, and HR 685	Reps. Salceda and Garin (S.), and Deputy Speakers Santos-Recto and Savellano	Imposing value-added tax (VAT) on digital transactions in the Philippines, amending for the purpose Sections 105, 108, 109, 110, 113, 114, and 236 and adding a new Section 105-a of the National Internal Revenue Code (NIRC) of 1997, as amended	<p>The Committee, chaired by Rep. Joey Sarte Salceda (2<sup>nd</sup> District, Albay), approved the Substitute Bill to the four measures. The Secretariat was directed to draft the corresponding Committee Report.</p> <p>Committee Vice Chair Rep. Sharon Garin (Party-List, AAMBIS-OWA), author of HB 6944 and chair of the technical working group which crafted the substitute bill, reported to the Committee the key provisions of the proposed law, among which are as follows:</p> <ul style="list-style-type: none"> <li>• Amendment of Section 105 (Persons Liable) of the NIRC to include persons doing trade or business involving digital or electronic transactions as among those who are subject to VAT payment;</li> <li>• Addition of a new provision, Section 105-A, which provides for non-resident digital service providers as withholding agents, defining digital services subject to VAT, and defining a buyer for the purpose of determining VAT liability;</li> <li>• Amendment of Section 108 (Value-added Tax on Sale of Services and Use or Lease of Properties) of the NIRC to include the sales or exchange of services rendered electronically; and transactions particular to digital advertising, subscription-based services, and online eservices delivered through the internet, to be subjected to VAT;</li> <li>• Amendment of Section 109 (Exempt Transactions) of the NIRC to exempt from VAT the sale and importation of books, newspapers, magazines, or bulletins which are sold electronically; and</li> <li>• Amendment of Section 110 (Tax Credits) of the NIRC to include a provision which states that nonresident digital service providers are not eligible to avail of the tax credit mechanism in relation to VAT.</li> </ul>
	HR 556	Deputy Speaker Pichay	Inquiry into the unabated smuggling of goods into the country by unscrupulous operators of customs bonded warehouses to the detriment of local manufacturers and producers and the Philippine economy, with the end in view of recommending measures to stop smuggling using the warehousing system by revisiting the provisions of the Customs Modernization Tariff Act on bonded warehouses and limiting the type, nature and number of bonded warehouses	<p>The Committee will hold another meeting where the findings and recommendations on HR 556 will be presented.</p> <p>Senior Vice Chair Rep. Estrellita Suansing (1<sup>st</sup> District, Nueva Ecija) took over as presiding officer during the deliberation on this measure.</p> <p>Rep. Suansing said that the Committee invited the Bureau of Customs (BOC) to give a briefing on its processes and procedures concerning customs bonded warehouses (CBWs) in order to guide the Committee in coming up with its recommendations pursuant to HR 556 and in</p>

<p>Continuation... Ways and Means</p>				<p>determining the need for a new legislation to address possible loopholes in the existing law.</p> <p>Deputy Speaker Prospero Pichay Jr. (1<sup>st</sup> District, Surigao del Sur), author of HR 556, explained that originally, CBWs were established to help Philippine exporters and manufacturers financially. The CBWs are used to store duty and tax-free raw materials imported by exporters for manufacturing into finished products that are then exported to other countries. However, the Deputy Speaker said that there are bonded warehouses that are not into exportation, but are enjoying duty and tax-free privileges for their imports, which should otherwise be taxable. He said that an inquiry into the flaws in the warehousing system is a must to stop smuggling using CBWs as conduits and to increase BOC's revenue collections which are very much needed by the government especially during this time of pandemic.</p> <p>BOC lawyer Liza Sebastian discussed several CBW processes and procedures such as those concerning warehouse import clearance; transit of cargo bound for CBWs; application for the withdrawal of articles for constructive exportation; and withdrawal of bonded goods for direct exportation.</p> <p>BOC Deputy Commissioner Edward James Dy Buco presented two automation projects – the CBW Online Inventory Management System and the Electronic Tracking of Containerized Cargo (e-TRACC) System – that aim to enhance the Bureau's efficiency, effectiveness, and transparency in monitoring and regulating CBWs.</p> <p>Dy Buco explained that the CBW Online Inventory Management System allows BOC personnel to track and audit the arrival, withdrawal, and liquidation of goods in CBWs for proper crediting of duties and taxes. Dy Buco reported that two applicant service providers are currently going through their respective Observation and Quality Assurance Tests for a period of three months. Their performance will be the basis in choosing which of them will become the accredited service provider.</p> <p>The e-TRACC System enables real-time monitoring of inland movements of containerized cargoes using an ICT-GPS-enabled tracking device to ensure the transport of goods to the intended destination. Dy Buco said that the system is now being fully implemented in the Port of Manila, Manila International Container Port, and the Port of Batangas. It will be rolled out in the ports of Davao, Cebu, Subic, and Clark in August and all other ports in the country in September.</p> <p>Deputy Speaker Pichay questioned the authority of the Department of Trade and Industry - Board of Investments (DOT-BOI) to</p>
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Continuation... Ways and Means				<p>issue a license to operate a CBW, saying that it is only the BOC which has the jurisdiction over the matter. He asked the BOC to look into this and shut down CBWs that continue to operate using a license from the BOI.</p> <p>When asked by the Deputy Speaker for an update on the BOC's audit of existing CBWs, Dy Buco replied that the Bureau is still in the process of inspecting CBWs to determine which will need to be subjected to an audit.</p> <p>Meanwhile, Rep. Suansing pointed out numerous practices of private CBWs that are violative of customs administrative orders. According to her, the transfer of goods from one CBW to another is allowed only for public CBWs, but some private CBWs are doing this. Likewise, several private CBWs engaged in the importation of gasoline and aviation fuel have also been found to be providing fuel to international airlines and vessels even though their goods are for domestic consumption only. She reiterated calls to investigate and, if warranted, file cases against Mofels Food International Corporation (Mofels) and Felmocor Food Processing Corporation (Felmocor) for the huge discrepancies in their importation and exportation declarations.</p> <p>Under Customs Administrative Order 13-2019, a CBW is a warehouse facility licensed by the Bureau to import, receive, and store, without payment of duties and taxes and under bond, goods, raw materials, accessories and packing materials either for manufacture into finished products for export or storage for the account of authorized end-users or clients. There are several types of CBWs which include public and private CBWs. A public CBW is a facility duly authorized to receive and store general cargoes for exportation, transfer to another CBW, free zones, or for local consumption in the same state when the cargoes were imported. While a private CBW refers to a facility licensed by the BOC to import, receive, and store articles for its production intended for domestic consumption, withdrawal of which shall be made only upon payment of duties and taxes, and other charges due thereon.</p> <p>BOC Commissioner Rey Leonardo Guerrero gave the assurance that the Committee's observations will be looked into promptly and that appropriate actions will be taken to address problems concerning the CBWs.</p>
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