

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS

First Regular Session

House Bill No. 783

Introduced by **HON. ROZZANO RUFINO B. BIAZON**

EXPLANATORY NOTE


This bill seeks to provide a classification system for third parties which shall be used in the assessment of their capability to import, export, move, store or clear goods.

Section 102(uu) of the Customs Modernization and Tariff Act (CMTA) defines a "third party" as any person who deals directly with the Bureau of Customs, for and on behalf of another person, relating to the importation, exportation, movement or storage of goods. Section 1226 of the same law also provides that third parties may also refer to logistics providers, importers, exporters, carriers, airlines, shipping lines, shipping agents, forwarders, consolidators, port and terminal operators, and warehouse operators, if such persons or entities transacted with the Bureau.

It was found out during the investigations conducted by the Committee on Ways and Means and the Committee on Public Order and Safety on the alleged smuggling of high grade "shabu" through the express lane of the Bureau of Customs (BOC) that "consignees for hire" are being used by unscrupulous persons and entities to smuggle goods and other illegal contrabands into the country. These "consignees for hire" more often than not, are small companies that are used as "dummy companies" by these unscrupulous persons and entities to hide their true identities and thus escape prosecution. Under this set-up, these "consignees for hire", which, according to the provisions of the CMTA, may be considered as third parties, are usually small companies that may not even have the capability to engage in the import, export, movement, storage or clearance of goods if their capitalization is used as basis.

There is therefore a need to address this problem in order to abate the smuggling of goods and ensure that proper duties and taxes of goods are collected.

In view of the foregoing, the early passage of this bill is earnestly sought.


ROZZANO RUFINO B. BIAZON
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Lone District, Muntinlupa City

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AN ACT
PROVIDING FOR A CLASSIFICATION SYSTEM FOR THIRD PARTIES UNDER
THE CUSTOMS MODERNIZATION AND TARIFF ACT

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

SECTION ONE. Section 1226 of Republic Act No. 10863 is hereby amended to read as follows:

“SEC. 1226. *Supervision and Regulation of Third Parties.* – Third parties transacting with the Bureau on behalf of importers and consignees shall be treated equally as true importers or consignees.

Third parties transacting with the Bureau shall be liable for acts committed in violation of this Act and related laws.

Upon the recommendation of the Commissioner, the Secretary of Finance shall issue rules and regulations to govern and regulate the conduct of all third parties dealing directly with the Bureau in relation to the importation, exportation, movement, storage and clearance of goods for and on behalf of another person. The rules and regulations shall provide for specific conditions when third parties may or may not directly transact with the Bureau and shall provide a written notice in case such third parties are, for valid reasons, barred from transacting with the Bureau. **IT SHALL ALSO PROVIDE A CLASSIFICATION SYSTEM FOR THIRD PARTIES ACCORDING TO THEIR CAPITALIZATION AND VOLUME OF TRANSACTIONS WHICH SHALL BE USED IN THE ASSESSMENT OF THEIR CAPABILITY TO IMPORT, EXPORT, MOVE, STORE OR CLEAR**

GOODS. Third party is defined under Section 102(uu) of this Act. For purposes of this section, third parties may also refer to logistics providers, importers, exporters, carriers, airlines, shipping lines, shipping agents, forwarders, consolidators, port and terminal operators, and warehouse operators, if such persons or entities transacted with the Bureau.”

Sec. 2. *Repealing Clause.* – All laws, executive orders, rules and regulations inconsistent with or contrary to this Act are hereby deemed accordingly repealed or amended. †

Sec. 3. *Separability Clause.* – If, for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.

Sec. 4. *Effectivity.* – This Act shall take effect after fifteen (15) days from its publication in at least two (2) newspapers of national circulation.

Approved,