

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



Senate
Office of the Secretary



'17 AUG 24 P3:59

SENATE

P. S. RES. NO. 474

RECEIVED BY: X. Arroyo

Introduced by Senator Antonio "Sonny" F. Trillanes IV

RESOLUTION

DIRECTING THE COMMITTEE ON WAYS AND MEANS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE POSSIBLE VIOLATIONS IN REPUBLIC ACT NO. 10863 OR THE CUSTOMS MODERNIZATION AND TARIFF ACT OF THE PHILIPPINES, IN CONNECTION TO THE PRESENT CONTROVERSY INVOLVING SEVERAL PERSONALITIES UNDER THE BUREAU OF CUSTOMS

WHEREAS, the Bureau of Customs (BOC) is primarily tasked to institute a modernized and efficient customs administration with the end goal of generating revenue necessary to implement various government plans and programs;

WHEREAS, furthermore, the agency is tasked "*to protect and enhance government revenue, institute fair and transparent customs and tariff management that will efficiently facilitate international trade, prevent and curtail any form of customs fraud and illegal acts, and modernize customs and tariff administration.*"¹

WHEREAS, the basic function of the BOC as one of the government's main revenue generating agency could not be discounted;

WHEREAS, according to a 2014 report by Global Financial Integrity, the Philippines lost about US\$410.5 billion (around P 19.34 trillion) between 1960 and 2011 on illicit financial flow, with customs fraud related to imported goods surging in recent years;²

WHEREAS, the number one government institution/agency in the Philippines in terms of lost revenue is the Bureau of Customs. According to the same report, US\$1 in every US\$4 goes unreported to Customs officials;³

WHEREAS, since year 2000 illicit financial flows have cost the government an average of US\$1.46 billion (around P68.8 billion) in tax revenue each year;⁴

¹ Republic Act No. 10863. Retrieved from <http://www.officialgazette.gov.ph/downloads/2016/05may/20160530-RA-10863-BSA.pdf>

² Rey, A. (10 August 2016). IN NUMBERS: Impact of corruption on the Philippines. Retrieved from <https://www.rappler.com/move-ph/issues/corruption/141391-impact-corruption-philippines>

³ Ibid.

⁴ Ibid.

WHEREAS, in the year 2011 alone, US\$25.8 billion dollars came into the Philippines illegally. This is equivalent to a loss of US\$3.85 billion (P166.74 billion) in tax revenues which is 10% of the national budget that year;⁵

WHEREAS, present controversies hounding the BOC are finally shedding light on the rampant corruption in the said bureau;

WHEREAS, recently P6.4 billion-worth of shabu shipment was able to enter the country undetected by the BOC. Further investigations on the matter revealed a long-standing 'tara' system perpetuated by different players in connivance with numerous officials of the BOC;

WHEREAS, Witness Mark Ruben Taguba and no less than Senator Panfilo Lacson revealed a long list of names which includes the then Commissioner Nicanor Faeldon himself, deputy commissioners, members of the command center, collectors, and the bag men allegedly accepting pay-offs from players in the bureau;

WHEREAS, based on the exposé of Taguba, he is paying a total of P27,000 per container as 'tara'. Multiply this by 10,000 containers per day and 365 days a year, the total money the government is losing amounts to P98.5 billion a year. This is twice the target revenue to be collected if the tax on sugar-sweetened beverages will be imposed;

WHEREAS, while there have been efforts to constantly update the legislative mandate of Bureau of Customs through Republic Act No. 10863 or the Customs Modernization and Tariff Administration (CMTA) Law, which was passed into law last 30 May 2016, such efforts appear to be inadequate;⁶

WHEREAS, it is therefore imperative upon the Senate to study and formulate remedial legislation to strengthen existing laws and/or correct implementation loopholes in order to finally carry out reforms in the BOC, and to restore the confidence of the public in the said bureau that carries out such a relevant revenue-generating function.

NOW THEREFORE, BE IT HEREBY RESOLVED, as it is hereby resolved by the Philippine Senate, to direct the Committee on Ways and Means to conduct an inquiry, in aid of legislation, on the possible violations in Republic Act No. 10863 or the Customs Modernization and Tariff Act of the Philippines, in connection to the present controversies involving several personalities under the Bureau of Customs.

Adopted,


ANTONIO "SONNY" F. TRILLANES IV
Senator

⁵ Temple-West, P. (4 February 2014). Smuggling, fraud cost Philippines \$25.8 billion in 2011, study says. Retrieved from <http://www.reuters.com/article/us-philippines-fraud-study-idUSBREA130DY20140204>

⁶ Republic Act No. 10863. Retrieved from <http://www.officialgazette.gov.ph/downloads/2016/05may/20160530-RA-10863-BSA.pdf>