

**[ NTA MEMORANDUM CIRCULAR NO. 003, SERIES  
OF 2010, December 09, 2010 ]**

**AMENDMENT/ADDENDUM TO THE RULES AND REGULATIONS  
GOVERNING THE EXPORTATION AND IMPORTATION OF LEAF  
TOBACCO AND TOBACCO PRODUCTS TO INCLUDE  
TRANSSHIPMENTS WITHIN PRODUCTS TO INCLUDE  
TRANSSHIPMENTS WITHIN FREEPORT AND PEZA-REGISTERED  
ECONOMIC AND PROCESSING ZONES'**

**WHEREAS**, the **NATIONAL TOBACCO ADMINISTRATION (NTA)** recognizes the existence of a new tobacco business activity of transshipping tobacco products which is usually undertaken within freeport zones and/or legislated and/or Philippine Economic Zone Authority (PEZA)-registered Economic and Processing Zones (EPZ);

**WHEREAS**, while the **NTA** recognizes that this business undertaking encourages, promotes, induces and accelerates a sound and balanced industrial, economic and social development of the country, it is likewise equally important to take into consideration from verified reports that most contraband cigarettes usually originate from the Philippines, among other countries, through the facilities of these economic zones, which clandestinely make it to the local market and greatly affects the Philippine tobacco industry, thus deprives the government of millions in revenues;

**WHEREAS**, in order that the reputation of the Philippines will not continue to be tainted with depravity and anonymity of fraud on illegal activities, such as smuggling and counterfeiting of tobacco products, there is a need to prescribe and promulgate rules and regulations to monitor, supervise and regulate the transshipment of tobacco products;

**WHEREAS**, Section 6 of Republic Act No. 9334, amending Section 131 of the Internal Revenue Code, removed the tax exemption of tobacco products destined to legislated free ports/zones. Also, cigars/cigarettes removed or transferred from one free port to another free port shall be deemed an importation into the Philippine customs territory;

**WHEREAS**, the Philippine government, through the **NTA**, pursuant to the provisions of the World Health Organization-Framework Convention on Tobacco Control (WHO-FCTC), is mandated to adopt stricter rules and procedures for the protection of the rights of the people for the safeguard of their health from the hazards of tobacco smoke;

**WHEREAS**, the **NTA** as the government agency mandated to regulate the tobacco industry, has the sole authority to issue rules and regulations to monitor, supervise and regulate the transshipment of tobacco products through the expansion in the application of the **NTA Rules and Regulations Governing the Exportation and Importation of Leaf Tobacco and Tobacco Products**, to cover the

transshipments of the tobacco products undertaken through the facilities of freeport and economic zones;

**FOR AND IN CONSIDERATION OF THE FOREGOING PREMISES,** after due consultation with the concerned transshippers/stakeholders of the tobacco industry and by virtue of the powers and authority vested upon the NTA, the following addendum to the rules and regulations governing the exportation and importation of tobacco products is hereby adopted for the guidance, information and compliance by all concerned:

**Section 1.** Section 1 of the Amended Rules and Regulations Governing the Exportation and Importation of Leaf Tobacco and Tobacco Products is hereby amended to read as follows:

“Section 1. Title. - These rules and regulations shall be known as and cited as the “Tobacco Exportation, Importation and Transshipment Rules and Regulations”.

**Section 2.** Section 2 is hereby amended to read as follows:

“Section 2. Purpose and Objectives. – These rules and regulations are promulgated to prescribe the procedure and guidelines in order to facilitate the processing of exportation and importation of leaf tobacco and tobacco products and transshipment of tobacco products.”

**Section 3.** Section 4 is hereby amended to read as follows:

“Section 4. Declaration of Policy. – It is the policy of the government to promote the balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization by administering and regulating the exportation and importation of leaf tobacco and tobacco products and transshipment of tobacco products. It is likewise the policy of the government to protect the populace from hazardous products and promote the right to health and instill health consciousness among them, with the corresponding obligation of the government to institute a balanced policy to promote the general welfare, to safeguard the interests of the workers and other stakeholders of the tobacco industry.”

**Section 4.** Section 5 is hereby amended to include the following:

“Section 5. Definition of Terms. –

x x x

t. Transshipment - refers to transshipment of articles discharged at ports or airports of entry located in customs territory destined for delivery and actually delivered to freeport and PEZA-registered economic zones and articles coming from the latter intended for export and actually exported thru a Philippine Customs port/airport of entry which may be transported under bond, upon examination and consigned to the collector at the port of destination/export who will allow the consignor or the consignee to make entry exportation.”

**Section 5.** Section 7 is hereby amended to include the following: