

REPUBLIC ACT NO. 4155

AN ACT TO PROMOTE AND STRENGTHEN THE VIRGINIA TOBACCO INDUSTRY

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

SECTION 1. Declaration of policy. – It is declared to be the national policy, with respect to the local Virginia tobacco industry, to encourage the production of local Virginia tobacco of the qualities needed and in quantities marketable in both domestic and foreign markets, to establish this industry on an efficient and economic basis, and to create a climate conducive to local cigarette manufacturer of the qualities desired by the consuming public, blending imported and native Virginia leaf tobacco to improve the quality of locally manufactured cigarettes.

SEC. 2. Objectives. – To attain this national policy the following objectives are hereby adopted:

1. Financing;
2. Marketing;
3. The disposal of stocks of the Agricultural Credit Administration (ACA) and the Philippine Virginia Tobacco Administration (PVTA) at the best obtainable prices and conditions in order that a reinvigorated Virginia tobacco industry may be established on a sound basis; and
4. Improving the quality of locally manufactured cigarettes through blending of imported and native Virginia leaf tobacco; such importation with corresponding exportation at a ratio of one kilo of imported to four kilos of exported Virginia tobacco, purchased by the importer-exporter from the Philippine Virginia Tobacco Administration.

SEC. 3. Creation of the Virginia Tobacco Research and Grading Institute. – There shall be created under the Philippine Virginia Tobacco Administration a Virginia Tobacco Research and Grading Institute.

The Philippine Virginia Tobacco Administration shall for this purpose:

1. Establish a training institute for researchers and graders; and
2. Promulgate rules and regulations covering the nature and duration of training of the said researchers and graders.

Only those trainees who meet the standards prescribed by Philippine Virginia Tobacco Administration shall, at the end of their training period, receive certificates attesting to their qualification for assignment.

All such certificates shall be valid for a period of three years after which, graders and researchers of proven competence and good moral standing shall return to the Virginia Tobacco Research and Grading Institute and, after undergoing a review of grading and research techniques, shall receive additional certificate of merit.

Official graders or researchers may be removed from office at any time upon the recommendation of the General Manager with the approval of the Philippine Virginia Tobacco Administration Board of Directors.

The rules on civil service eligibility shall not apply in the selection of these official graders or researchers whose employment shall, for this purpose be considered as highly technical in nature. Their salaries shall be fixed by the Philippine Virginia Tobacco Administration Board.

SEC. 4. Importation of foreign leaf tobacco only for blending purposes. – No person shall import leaf tobacco except as herein provided. When the Philippine Virginia Tobacco Administration Board believes that it is necessary to improve the quality of locally made Virginia cigarettes, the Philippine Virginia Tobacco Administration may authorize any Filipino citizen or Filipino controlled corporation or company to import, subject to rules and regulations promulgated by the Philippine Virginia Tobacco Administration, foreign leaf tobacco for blending purposes; Provided, That the importer is required to purchase local Virginia leaf tobacco from the Philippine Virginia Administration and export the same at the ratio of not more than one kilogram of imported foreign leaf tobacco to every four kilograms of exported local Virginia leaf tobacco purchased by the importer from the Philippine Virginia Administration which shall be exported simultaneously or earlier than the importation; Provided, further, That no other tariff or taxes shall be imposed on high grade foreign leaf tobacco so imported except an amount equivalent to one hundred per centum of it's landed cost.

SEC. 5. Financing. – The support given by the Central Bank as provided for by Republic Act Numbered Eleven hundred ninety-four, as amended, is hereby discontinued and in lieu thereof, a special fund is hereby established to be known as the Tobacco Fund, which shall be constituted by and collected from the proceeds of fifty per centum of the tariff or taxes of imported leaf tobacco as herein above provided and also fifty per centum of the specific taxes on locally manufactured Virginia type cigarettes. This fund shall be expended for the support or payment of:

1. Indebtedness of the Philippine Virginia Tobacco Administration and the former Agricultural Credit and Cooperative Financing Administration to FACOMAS and farmers and planters regarding Virginia tobacco transactions in previous years;
2. Indebtedness of the Philippine Virginia Tobacco Administration and the former Agricultural Credit and Cooperative Financing Administration to the Central Bank in gradual amounts regarding Virginia tobacco transactions in previous years.
3. Continuation of the Philippine Virginia Tobacco Administration support and subsidy operations including the purchase of locally grown and produced Virginia leaf tobacco, at the present support and subsidy prices, its procurement, redrying, handling warehousing and disposal thereof, and the redrying plants trading within the preview of their contacts;
4. Operational, office and field expenses, and the establishment of the Tobacco Research and Grading Institute.

The Commissioner of the Internal Revenue and the Commissioner of Customs are hereby directed to turn over and deliver immediately the said funds mentioned in this section to the Philippine Virginia Tobacco Administration as soon as the collections are made.

SEC. 6. Sale of Stock. – All stocks of locally produced Virginia leaf tobacco of the Agricultural Credit Administration and the Philippine Virginia Tobacco Administration, shall be sold at the best prices available. The proceeds shall be used to pay their obligations to the farmers, the FaCoMas, and also the Central Bank of the Philippines. The balance of such obligation to the Central Bank of the Philippines shall be paid to the said bank over a period not to exceed ten (10) years, out of the Tobacco Fund. Any surplus shall accrue to the Tobacco Fund herein provided.

SEC. 7. Continuation of the Philippine Virginia Tobacco Administration. – The Philippine Virginia Tobacco Administration is hereby continued as provided for under Republic Act Numbered Six Hundred ninety-four and Twenty-two hundred sixty-five with the amendments provided under this Act.

SEC. 8. Penal Provisions. – Any person who violates any provision of this Act or nay rule or regulation issued pursuant thereto shall be punished with imprisonment for not less than one year and not more than ten years, and a fine of not less than five thousand pesos and not more than twenty thousand pesos. If the offender is a corporation or association, the penalty shall be imposed upon the president, directors, manager and/or other officials thereof responsible for the offenses.

SEC. 9. Repealing and Amending Clause. – All enactments, legislative acts and rules and regulations inconsistent or incompatible with the provisions of this present Act are hereby repealed.

Republic Acts Numbered Six hundred ninety-eight, Eleven hundred ninety-four and Twenty-two hundred sixty-five and previous legislative enactments are hereby amended in conformity with this Act.

SEC. 10. Effectivity. – This Act shall take effect upon its approval.

Approved, June 20, 1964.