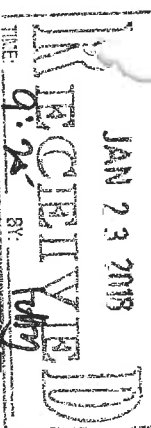


JAN 23 2018



2018 REVISED RULES AND REGULATIONS GOVERNING THE TRADING AND REDRYING OF LOCALLY GROWN LEAF TOBACCO

Pursuant to the authority vested to the National Tobacco Administration (NTA) by virtue of Executive Order No. 245, Section 32 of Presidential Decree No. 1481, and Section 5, paragraph (c) of Presidential Decree No. 1143, the following rules and regulations governing the trading of locally grown leaf tobacco are hereby promulgated, for the information and guidance of all concerned.

REGULATION I - GENERAL PROVISIONS

Rule. 1. Definition of Terms - As used in these Rules and Regulations:

- a. Accountable Record/Columnar Book (ARCB) – refers to an accountable book assigned to each BS to be used by the NTA designated inspector in recording tobacco acceptances and deliveries.
- b. Administrator - refers to the Chief Executive Officer of the NTA.
- c. Branch Office Tobacco Production and Regulation Officers (BO-TPROs) – refers to the branch office employees who are tasked to implement these rules and regulations.
- d. Buying Station (BS) – refers to the place, (building or warehouse), including its accessories/facilities, which is used for buying, selling, baling, grading, weighing, paying and/or storing leaf tobacco in accordance with these rules and regulations.
- e. Central Office Tobacco Production and Regulation Officers (CO-TPROs) – refers to the central office employees who are tasked to formulate, recommend and monitor the adoption/implementation of rules and regulations governing the trading of locally grown leaf tobacco.
- f. Certificate of Authority (COA) – refers to a written authority issued to a Viajero to gather/collect/purchase only Dark-air cured type tobacco to and from the Visayas and Mindanao areas.
- g. Certificate of Inspection (COI) – refers to a serially numbered certificate issued by the NTA to BS/BS/WTD/RP/CM/Viajero for the actual inspection of tobacco delivered, accepted and/or shipped/exported.
- h. Cigar/Cigarette Manufacturers (CMs) – refers to a local entity engaged in the manufacture of cigars and cigarettes for domestic consumption and exports, and duly licensed by the NTA to purchase leaf tobacco from the WTD/Farmer Cooperators.
- h. Competitiveness Enhancement Fee (CEF) – refers to the fee paid by the CMs for actual purchases of locally grown tobacco to support the production of quality Philippine tobacco.
- i. Composite Team - refers to a group of NTA officials created by the NTA Administrator with the primary function to review/study and

recommend specific modification/action of these rules and regulations and/or the systems and procedures, in coordination with the Regulation Department.

- J. Deputy Administrator for Operations (DAOP) – the second highest official of the NTA who is tasked to assist the NTA Administrator in the effective enforcement and implementation of these rules and regulations.
- K. Dry Weight - weight of tobacco after undergoing re-drying process.
- L. Farmer-Cooperator (FC) – refers to a tobacco farmer who has been contracted to produce tobacco by a Licensed Buyer under a Marketing Agreement.
- M. Farmer Leader (FL) – refers to any person, who must be a contracted tobacco farmer himself/herself, duly designated by a contracting buyer to supervise the members of his/her cluster in the production of their contracted tobacco.
- N. Field Canvasser – refers to the representative of the Buying Station duly authorized by the NTA to buy tobacco directly from the FC, for and in behalf of the Buying Station.
- O. Financial Guarantee – refers to a duly notarized written undertaking with performance bond equivalent to the value of the estimated volume of tobacco purchases based on the existing floor price executed by the contracting buyer to guaranty that it is financially qualified and capable and assumes the payment of all the leaf tobacco to be purchased by buyers without MA with farmers.
- P. Green/Fresh Weight – refers to the farm-gate weight of cured tobacco and without having undergone any further processing.
- Q. License and Authority to Buy – refers to a license issued by the NTA to qualified contracting tobacco buying firm to buy leaf tobacco.
- R. Manos – refers to a bundle/ pack of leaf tobacco containing 100 leaves per bundle/pack.
- S. Marketing Agreement (MA) – refers to the written contract by and among the NTA, the farmer-cooperator and the tobacco contracting buyer firm or by and between the FC and the contracting buying firm wherein the Farmer-Cooperator commits to sell his tobacco to the latter and the latter commits to purchase all the usable tobacco produce of the former, while the NTA renders technical and marketing assistance to the FC.
- T. National Tobacco Administration (NTA) - a government agency mandated to administer and regulate the Philippine tobacco industry.
- U. NTA Board - refers to the policy-making body of the Agency.
- V. NTA Branch Office (NTA BO) – refers to any of the branch offices of the NTA located at the tobacco producing provinces and headed by a Branch Manager, which is tasked to implement and enforce this rules and regulations governing the trading of locally grown leaf tobacco.
- W. NTA Inspector/Grader – refers to an NTA official/employee who had undergone training and gained expertise on tobacco grading and inspection and duly assigned or designated by the NTA Administrator to supervise/monitor the classifying/grading/inspection

- of leaf tobacco.
- x. NTA Designated Inspector – NTA personnel who is issued with a designation and authority to conduct actual inspection of all tobacco acceptances and deliveries/shipments.
 - y. Paldo – refers to a bale of leaf tobacco containing 50 to 60 kilograms of leaf tobacco.
 - z. Packed Weight – the weight of tobacco after having been packed which shall further undergo redrying process ;
 - aa. Permit and Authority to Purchase – refers to a permit issued by the NTA to WTD and CM to purchase leaf tobacco on wholesale basis from contracting tobacco buyer firm with marketing agreement.
 - bb. Permit and Authority to Redry – refers to a permit issued by the NTA to redrying plant operator to redry/process/thresh/pack leaf tobacco of contracting tobacco buying firm and not an authority for the RP to purchase any tobacco from any tobacco seller.
 - cc. Contracting Tobacco Buyer Firm – refers to the entity that buys tobacco produce of contracted tobacco farmers.
 - dd. Pole Vaulting – An individual or group of tobacco farmer-cooperators with an existing MA to a Buyer Firm (BF) that sells his/her tobacco produce to other tobacco buyer firm/non-contracting BF.
 - ee. Purchase Commitment – is a duly notarized written undertaking with a corresponding performance bond equivalent to the volume committed to purchase based on the existing average floor price issued by the contracting tobacco buyer firm in favor of the NTA to buy or caused to be procured a quantity equal to the estimated purchases of all his/her identified contracted Farmer-Cooperators and to pay liquidated damages to the NTA the amount not less than one hundred percent (100%) of the value of the unpurchased quantity due to any reason, exception case of force majeure.
 - ff. Purchase Invoice Voucher (PIV) – refers to an accountable form that identifies the leaf tobacco purchased by the contracting tobacco buying firm with Marketing Agreement, indicating the name of farmer-seller, source of the tobacco, the weight, grade, total price per grade, total market value of the tobacco sold, time of arrival and payment of the sales proceeds of the tobacco and name and signature of the owner of the Extension Buying Station (BS) operator/authorized representative.
 - gg. Regulation Department (RD) – refers to the department of the NTA which acts as the regulatory arm of the agency.
 - hh. Request For Inspection (RFI) – refers to the written request submitted by the contracting tobacco buyer firm/ exporter to NTA for the inspection of every tobacco to be delivered, shipped, accepted, redried and exported.
 - ii. Redrying Plant (RP) – refers to a company duly licensed by the NTA to redry, process, thresh and/or pack leaf tobacco.
 - jj. Tabo System – refers to the leaf tobacco trading system, conducted thru an auction, at a designated place within a municipality within the Visayas and Mindanao areas..
 - kk. Tally-In-Sheet (TIS) – refers to an NTA prescribed Form used by WTD/RP/CM for every tobacco purchased/redried.

- ll. Tally-Out-Sheet (TOS) – refers to an NTA prescribed Form used by BSM/WTDRP for every tobacco delivered/shipped.
- mm. Tobacco Contract Growing System (BSGS) – is a market-oriented production system that assured the tobacco manufacturer and exporter of the volume and quality of tobacco they need; and, at the same time, assures the farmers of the technology, production assistance, technical assistance, from seedbedding to delivery of produce, ready market, proper grading, accurate weighing and better prices for their produce, including incentives for good performance, like production quota, 100% delivery, prompt repayment and high nicotine, among others.
- nn. Tobacco Farmer – refers to a person whose stock of leaf tobacco is the product of the land tilled by him. He may be a self-financed or buyer firm/NTA financed.
- oo. Tobacco Leaf – locally produced material which is used in the manufacture of cigarettes and cigars consisting of three (3) types: a) Virginia; b) Burley; and c) Native, which undergoes flue-curing, air curing or dark-air curing, respectively.
- pp. Buying Station (BS) - refers to the place, (building or warehouse), including its accessories/facilities, which is used for buying, selling, baling, grading, weighing, paying and/or storing leaf tobacco in accordance with these rules and regulations.
- qq. Trading Rules and Regulations (TRR) – refers to the approved rules and regulations governing the trading, wholesale, and redrying of locally grown leaf tobacco.
- rr. Viajero – refers to a leaf tobacco buyer, who buys native/dark type of leaf tobacco directly from the tobacco farmer-producer and sells, delivers, transports and ships the same to other barangay/s, municipality/ies, provinces/ or other leaf tobacco buyers within the Visayas and Mindanao areas.
- ss. Wholesale Tobacco Dealer (WTD) - refers to the tobacco company which, under a purchase commitment and financial guaranty, commits to purchase all the leaf tobacco bought by the licensed contracting tobacco buyer firm on a Wholesale Basis contracted under the Marketing Agreement.

REGULATION II - JURISDICTION AND GENERAL FUNCTIONS

For the effective enforcement of these Rules and Regulations:

Rule 1. The NTA Board of Directors shall:

- a) Adopt policies in the promulgation of appropriate leaf tobacco trading rules and regulations in consultation with the management; and
- b) Adopt policies in the promulgation and prescription of tobacco grade descriptions/classifications and floor prices.

Rule 2. The NTA Administrator shall:

- a) Approve Licenses and Authority to Buy for tobacco buyers from its contracted farmer cooperators and Permit and Authority to Purchase/Redry after compliance with the requirements prescribed under these rules and regulations.

- b) Primarily responsible for the proper, effective and efficient implementation of the trading rules and regulations, particularly, on the rules relating to the proper classification and grading, accurate weighing, prompt payment and proper documentation of tobacco acceptances; and
- c) Prosecute criminal offenses and impose appropriate administrative sanctions and/or fines to erring WTD/RP/contracting tobacco buyer firm/Viajero/Farmer Cooperators for violations of the herein trading rules and regulations.

REGULATION III – NTA LICENSE TO ENGAGE IN THE TRADING OF LEAF TOBACCO BY BUYING STATIONS AND FIELD CANVASSERS

Rule 1. Who May Apply For License and Authority To Buy Leaf Tobacco – Only person of legal age and having the legal capacity to enter into contract, a corporation, partnership, company, cooperative, or any other juridical entity, and duly licensed to do business in the Philippines due to may apply for a License and Authority to Buy, subject to the provisions of Rules 3 and 4, hereof, and after paying the required processing and licensing fees, the amount of which shall be computed on the basis of the average volume of tobacco purchases/acceptances for the last three (3) trading seasons or estimated production of his contracted FCs for the trading season/year applied for, whichever is higher.

The amount to be paid for the processing and licensing fees shall be determined in accordance with the following table, to wit:

Volume of Tobacco Purchased/Accepted	Amount
A. For Virginia or Burley Tobacco	
250,000 kilograms and below	PhP 9,500.00(*)
250,001– 350,000 kilograms	11,500.00
350,001– 450,000 kilograms	13,500.00
Above 450,000 kilograms	15,500.00
B. Native/Dark Leaf Tobacco	
250,000 kilograms and below	PhP3,000.00(*)
250,001– 350,000 kilograms	4,000.00
350,001– 450,000 kilograms	4,500.00
Above 450,000 kilograms	5,500.00

(*) covers new applicants

In addition to the above fees, the BS shall likewise pay for the Certificate of Authority for its duly designated Field Canvassers at the following rate:

Volume of Acceptances	Fees
2,000kg and below	P1,500.00*
2,001-20,000 kg	2,900.00
20,001-40,000kg	4,300.00
40,001-100,000kg	6,500.00
100,001-250,000kg	8,000.00

* - applicable to new applicants

Provided, that a Field Canvasser shall not be authorized to purchase tobacco from the FCs in excess of the maximum limit as provided above, otherwise, they shall be treated as a buying station and shall comply with the requirements as such. The Certificate of Authority shall be valid for the NTA branch office where the application was filed, hence, a Field Canvasser shall be required to apply for another Certificate of Authority in case it shall operate to other areas within the jurisdiction of other NTA branch office/s.

Rule 2. Where And When To File Application For License and Authority To Buy Tobacco – Application for license and authority to buy/certificate of authority shall be filed with the NTA Administrator, through the NTA BO concerned where the contracting tobacco buyer firm operates. In case of provinces/regions with no NTA BO, the application may be filed with the NTA Administrator, through the RD, by means of on-line application or any mode of available and fastest way of communication. It shall be filed on or before the following dates:

1. Virginia Type - January 15;
2. Burley Type
 - a. Region I and Mindoro - January 15;
 - b. Region II - January 31;
3. Native Type
 - a. Regions I and II - January 31;
 - b. Visayas/Mindanao
 - b.1 First Cropping - January 15;
 - b.2 Second Cropping - June 30.

If the last day of filing of application falls on a Saturday, Sunday or Holiday, the last day of filing is deemed moved to the next working day. In case of unavoidable circumstances, the deadline set above maybe changed through a Memorandum Circular to be issued by the NTA Administrator.

A surcharge of fifty percent (50%) of the annual License / Permit Fee shall be assessed for applications filed after the deadlines set.

Rule 3. Requirements To Support The Application For License and Authority To Buy Leaf Tobacco - An application (NTA-RD-Form No. 001-A rev 02) for the issuance of a License and Authority to Buy leaf tobacco, shall be supported by the following:

1. Application form (NTA-RD-F-001 rev 01) properly accomplished;
2. Information sheet (NTA-RD-F-002 rev 01) of the buying station operator;
3. Designation Order (NTA-RD-F-003 rev 01) from the principal buyer/corporation, as the duly authorized operator of such trading center, if trading center is a corporation or operates under the corporate name of a principal buyer;
4. Photocopy of Articles of Incorporation/By-Laws, if the applicant is a corporation (**NEW APPLICANT ONLY**);
5. Clearance (NTA-RD-F-004 rev 01) from the Branch Office, as to where the BS/WTD/RP/Viajero is located and as to the payment of R & R fees and other obligations;
6. Photocopy of audited financial statements and/or Income Tax Returns of the buying station operator or the corporation, for the two (2) past preceding calendar/fiscal year; (**IF NEW APPLICANT**) (**IF RENEWAL CURRENT/LATEST FINANCIAL STATEMENT**)
7. Duly notarized Purchase Commitment (NTA-RD-F-014 rev 02) and Financial Guarantee (NTA-RD-F-005 rev 02) with Performance Bond;
8. List of Farmer-Cooperators (NTA-RD-F-006 rev 02) under its Marketing Agreement, including their personal circumstances (age, civil status, address), area and location of the parcel of land where tobacco shall be grown, as well as their estimated production;
9. Names and Duly Notarized Designation Letters of Field Canvassers and the specific areas/ they intend to purchase tobacco from FCs contracted by their principal Buying Station.
10. List of contracting tobacco buyer firm (NTA-RD-F-006-A rev 01) where he/she will sell/deliver his/her leaf tobacco acceptances;
11. Vicinity/location and floor plan of the buying station, indicating its total area, location and dimension of the different service areas (**FOR NEW APPLICANT ONLY**);
12. Photocopy of the Mayor's Permit for the current year /or proof of payment (O.R.) issued by the municipality/city where the buyer applied for a Mayor's Permit; (**IF APPLICANT FILES ON DEC. OF THE CURRENT YEAR THE MAYOR'S PERMIT OF THE CURRENT YEAR WILL SUFFICE**);
13. Photocopy of Official Receipt of Registration Fee for attendance to the Orientation Seminar conducted by the NTA; and
14. Photocopy of preceding year's License and Authority to Buy Leaf Tobacco (NTA-RD-F-033) (**FOR RENEWAL ONLY**).

Rule 4. Evaluation of Application and Issuance of License and Authority to Buy Leaf Tobacco – The BO shall pre-process the application upon receipt of the full payment of the corresponding processing/licensing fees. If the supporting documents are complete, the BO shall endorse the application to the DAOP, thru the RD within five (5) working days from receipt of the application, for further verification and evaluation.

If the application is found in order, the RD shall prepare the License and Authority to Buy Leaf Tobacco and recommend the same, thru the DAOP, for the approval of the NTA Administrator. Immediately upon the approval of the License to Buy, the RD shall issue the license and authority to buy to the Applicant, through the Branch Office concerned.

Rule 5. Validity of License and Authority to Buy – The License shall be valid only for each type of tobacco applied for and does not authorize the contracting tobacco buyer firm to purchase other tobacco types and shall be valid for a period of one (1) tobacco trading season, which shall be as follows:

- A. Virginia/Flue-Cured leaf tobacco - January 15 to June 30
- B. Burley/Bright Air-Cured Leaf Tobacco
 - Region I - February 1 to July 31
 - Region II - April 1 to September 30
 - Visayas & Mindanao - June 1 to December 31
- C. Native/Dark Air-Cured Leaf Tobacco
 - Region I - March 1 to December 31
 - Region II - April 1 to December 31
 - Visayas & Mindanao
 - 1) First Cropping - February 1 to May 31
 - 2) Second Cropping - July 1 to December 31

Opening and closing of trading operations shall be simultaneous to all contracting tobacco buyer firm. However, opening and closing of trading operations earlier or later than the aforesaid period may be undertaken upon filing of written request at least ten (10) working days by the tobacco contracting buyer firm and duly approved by the NTA Administrator, provided, that early or late closing should not be undertaken beyond fifteen (15) days before or after the official trading period as afore stated.

REGULATION IV – TOBACCO TRIPARTITE CONSULTATIVE CONFERENCE

Every two (2) years, except, in cases when unforeseen and extraordinary circumstances surrounding the tobacco industry occur, the setting of floor prices for all types of locally grown leaf tobacco is being conducted by the NTA, to protect the tobacco farmer-producers and to keep abreast with the varying tobacco market and price conditions/situations. The objective of this Regulation is to ensure and guarantee a 25% fair return of the investments made by the tobacco farmer-producer in the production of tobacco.

Rule 1. Pre-Consultative Tripartite Conference Procedure – The RD, in coordination with the

FTSD, shall review the Cost of Production (COP) and other data from the last tripartite conference and shall recommend the proposed NTA Floor Prices, per tobacco type, per grade, for approval of the Administrator, thru the DAOP. The NTA shall invite selected farmer leaders-representatives NAFTAC Officers to a scheduled date of conduct of Tripartite Consultative Conference.

Rule 2. Conference Proper Procedure – The NTA shall be in charged in the conduct of the conference, with the RD Department Manager as the facilitator and the Administrator as the Moderator. The following procedures shall be observed in the following order:

- a. The Farmers Group through their designated spokesperson shall present their position paper and the proposed COP;
- b. The Buyers Group through their designated spokesperson shall render a rebuttal on thru Farmers' Group presentation;
- c. The Farmers' Group and Buyers' Group shall make further rebuttals and sur-rebuttals as may be allowed until all issues and questions are resolved and that both groups are agreeable to a common COP, taking into consideration the following:
 - 1) Formula to be used in the determination of Floor Price increase;
 - 2) Yield per hectare
 - 3) Percentage Grades of Distribution, and
 - 4) Method of computations
- d. The Buyers' Group and the Farmers' Group, with the conformity of the NTA, shall then agree to set the new floor prices, per type and per grade for the ensuing trading season. (at least two years)

In case of disagreement, the NTA shall present to the participants its computed cost of production.

Rule 3. Signing of the Memorandum of Agreement – Immediately after the determination of the agreed floor prices, the parties and the NTA, shall execute and sign the Memorandum of Agreement, per tobacco type (NTA-RD-F No. 32, 32-A and 32-B VT, BT, and NT, respectively). The fact that the MOA is not signed by any one or all of the parties shall not be a bar for its implementation.

Rule 4. Confirmation of the New Floor Prices by the NTA Governing Board – The NTA Administrator shall submit to the NTA Governing Board the proposed new floor prices together with the implementing

Memorandum Circular for confirmation. The approved new floor prices and the Memorandum Circular shall be published in a newspaper of general circulation and filed with the Office of the National Administrative Register (ONAR), UP Law Center.

Rule 5. Effectivity of New Floor Prices – The approved new floor prices shall become effective for two (2) trading seasons starting with the immediately succeeding tobacco trading season and the next tobacco season and thereafter shall be subject to continuing review/revision.

REGULATION V - TRADING OF LEAF TOBACCO

Rule 1. The Following Are Qualified To Buy Leaf Tobacco:

- a. Any person, who is engaged in tobacco contract growing and duly licensed and issued with License and Authority to Buy by the NTA, may purchase leaf tobacco from his/her identified contracted FCs; and
- b. The NTA, in case of abnormal market conditions/contingencies in accordance with Rule 6 of this Regulation from contracted FCs whose contracted buyer failed to purchase their contracted tobacco using the performance bond issued by the defaulting contracting tobacco buyer firm.

Rule 2. Time, Place and Duration of Trading – The buying of leaf tobacco at the BS shall be from 8:00 a.m. to 5:00 p.m., Monday to Friday, except, if any of the said days is declared as an official holiday. However, the buying at the BS outside the official working day may be allowed upon written request by the BS operator filed at least twenty-four (24) hours prior to the conduct of such operations, and duly approved by the BO Manager concerned.

If in case trading operation extends beyond the official business hours or working days, there shall be a designated NTA inspector to supervise the trading operations. In which case the concerned BS Operator shall be responsible for the payment of overtime pay for the services rendered by the NTA-designated inspector, the BO concerned shall adopt a scheme in the assignment of inspectors to undertake overtime services to supervise the trading operations beyond the official business hours or outside the official working day/s.

Notwithstanding any provision of these rules and regulations to the contrary, a FL who is duly authorized by the contracting buyer firm may be allowed to collect/gather/deliver the contracted tobacco of other FCs under his/her cluster under the following circumstances, to wit:

- a. In remote areas or places where FCs find great difficulty in transporting their contracted tobacco to the nearest trading center; or

- b. In a province where there is no buying station (BS) actually operating.

Rule 3. Location And Use Of The Buying Station (BS) – The BS shall be located in a place adjacent to a street or thoroughfare, permitting easy access to it by the farmer-producer/seller. The BS warehouse/building shall be used solely for leaf tobacco trading. Other business activities conducted within the premises of the BS may also be allowed, provided, such activities will not in any way, hamper/obstruct the regular tobacco trading operations.

Rule 4. Requirements Before Buying – Before buying leaf tobacco, a BS shall:

- a) Make available all the prescribed trading forms, such as PIV, duly registered with the BIR, Purchase Books and TOS;
- b) Submit to the NTA BO, the name/s and facsimile signature/s of the BS operator/manager, his/her tobacco grader/s, weigher/s, and the BS official, if any, who may be authorized/designated by the BS operator, to sign in his behalf;
- c) Put up in front of the BS, a signboard measuring 3 feet x 6 feet containing, the name and address of the BS, the corresponding NTA license number, its regular business hours and days of trading (e.g., "Open for business 8:00 am to 5:00 p.m., Monday to Friday, and other information which the BS operator may opt or decide to include;
- d) Display conspicuously inside the BS, the NTA duly approved and certified samples of leaf tobacco that should meet/approximate the standard and specifications/descriptions of each official grade/s, as prescribed by the NTA, and shall be kept in an appropriate display board that is visible to the public and should be changed every fifteen (15) days, or earlier, in case of sudden deterioration or change of the quality of the samples, particularly, in the color, thereof;
- e) Install weighing scale/s that is scientifically calibrated and sealed by the NTA – BO deputized inspector/calibrator.

The installed weighing scale/s shall be inspected and calibrated annually by the NTA, in collaboration with, the Department of Science and Technology (DOST), and periodically be monitored by NTA calibrators/TPROs, as to the accuracy of such weighing scale/s, at least twice during the trading season.
- f) Exhibit the original copy of the NTA issued License and Authority To Buy leaf tobacco in a conspicuous place within the premises of the BS;
- g) Hire sufficient number of BS personnel to accomplish the NTA-prescribed trading forms in accordance with these rules and regulations;
- h) Provide permanent/adequate space for the NTA bulletin/billboard/s,

- i) in a conspicuous place, within the premises of the BS; and Undergo annual orientation seminar on the TRR, which shall be conducted by the RD, to be assisted by the concerned NTA BO.

Rule 5. Trading Of Leaf Tobacco Under The Tobacco Contract Growing System (TCGS) Production and/or Marketing Agreement

- a) Tobacco production and/or marketing arrangement entered into by and between the tobacco farmer and buyer must be covered by a duly notarized written contract or Marketing Agreement (MA) (NTA-RD F 007 rev 01).
- b) All tobacco areas of a contracted FC and even the nearest of kin within the first degree of consanguinity or affinity are not allowed to be contracted/covered by any two (2) or more different tobacco buyers.
- c) The contracted tobacco buyer firm (BF) shall buy the tobacco produce at current prevailing market prices. However, the prevailing buying prices shall not be lower than the tobacco floor prices per grade set by the NTA. The tobacco buyer may provide additional incentives to farmer-cooperators (FCs) to motivate good performance, to include good agricultural practices, productivity, quality, grading, delivery, repayment performance and non-tobacco related materials, among others, provided that the amount of any incentives or subsidy shall be on top of and shall not be part of the buying prices as appearing in the PIVs.
- d) All leaf tobacco under this program shall be personally delivered by the FC to the BS/WTD with whom he/she has entered into an MA, and shall be accompanied by the NTA TPRO assigned and/or shall be gathered/collected/delivered by the authorized cluster FL to the contracting Buyer Firm who correspondingly issue PIV to the FCs/FLs.
- e) After the weighing and grading of the tobacco delivered by the FC, the BS operator shall issue immediately to the FC the farmer's copy of PIV/computer print-out for the purpose of payment of the sales proceeds of his leaf tobacco produced/sold.
- f) The contracting buyers' cashier shall deduct from the sales proceeds of the leaf tobacco sold, the amount of tobacco production assistance (including interest and service fee) due to the NTA/contracting buyer, in accordance with the schedule of loan repayment and shall remit within 24 hours to the NTA/buyer firm the collected production assistance from FCs;
- g) All FCs who have availed of any tobacco production assistance from the NTA and/or from the contracting buyer shall properly maintain and carry his record book at all times for reconciliation and validation purposes; and
- h) The contracting tobacco buyer firm shall not buy/accept tobacco from farmers contracted by other Buying Station. Likewise, a BS-financed FC shall not deliver/sell his contracted tobacco to any other BS/WTD with which he/she has not entered into a MA.

Any violation of the provision/s of the MA shall be subject to the provisions of Regulation XIV, hereof, without prejudice to the filing of any appropriate cases/ by the aggrieved party to protect, preserve and/or promote their interest under the circumstances.

Notwithstanding the foregoing, any self-financed tobacco farmer may be allowed to produce tobacco with or without a market tie up; Provided, that he/she shall be solely responsible for himself/herself and shall free the NTA or any of its officers/employees of any obligation/liability in the event that hi/her produce will not be bought. For this purpose, a self-financed tobacco farmer refers to a farmer whose name is not included in the list of FCs submitted to the NTA by the Buying Stations.

Rule 6. Classification Of Tobacco – The FC shall deliver/sell his/her contracted tobacco produce to his/her contracted tobacco buyer firm/WTD, properly bundled/baled and classified in accordance with the prescribed grading and classification standards prescribed by the NTA.

However, for cigar-filler type tobacco, the FC may deliver/sell his/her contracted tobacco produce in sticks, for fermentation purposes.

Rule 7. Procedure in the Grading Of Tobacco – The grading of the leaf tobacco shall be done in the presence of the FC, and the appropriate grade/s shall be in accordance with the grade/classification prescribed by the NTA. The set of the NTA - approved and certified leaf tobacco samples displayed at the BS shall be used as basis in determining the proper grade.

Issues that may arise between the contracting buyer and FC with respect to grading and classification shall be subject to mediation and arbitration proceedings under Regulation XIII, hereof.

Rule 8. Order of Buying/Acceptance – buying/acceptance of tobacco shall be attended strictly on a “first come, first serve” basis. It shall be recorded chronologically in the incoming logbook of the BS and the ARCB (NTA-RD-F 010 rev 01) of the NTA Designated Inspector/ TPRO.

Rule 9. Weighing of the Leaf Tobacco - The leaf tobacco shall be weighed on a duly calibrated weighing scale installed by the BS. Weighing of leaf tobacco shall be done in the presence of the FC/BS.

Rule 10. Determination of Net Weight – The net weight of the leaf tobacco, which shall be the basis of payment, shall be determined by deducting the weight of the baling materials, which is equivalent to two (2) kilos, if it is a jute sack. If appropriate, the “open-baling system” is recommended. The use of plastic sacks or sticks shall no longer be allowed.

For cigar-filler type sold in sticks, the net weight of the leaf tobacco shall be determined by deducting the weight of the sticks, which is equivalent to 5% of the total weight of 100 sticks.

Rule 11. Pricing of Leaf Tobacco – The leaf tobacco shall be bought at the current prevailing market prices but not lower than the prescribed floor price corresponding to a particular grade, as agreed upon in a Tobacco Tripartite Consultative Conference.

Rule 12. Procedure in the Documentation and Recording of Tobacco Acceptances and Deliveries of the BS - During the tobacco trading operations, there shall be NTA Designated Inspector/TPROs to supervise and monitor the tobacco acceptances of the BS and deliveries to WTD.

An RD-Controlled **ARCB (NTA-RD-F 010 rev 01)** shall be assigned for each BS to be used by the NTA Designated Inspectors/TPROs to record all tobacco acceptances of the BS concerned. The ARCB should indicate the following information, to wit: (1) date; (2) time of arrival; (3) name of seller; (4) address of seller; (5) volume of acceptance; (6) source/s of tobacco; (7) name and signature of the NTA designated inspector and BS representative; and (8) remarks.

At the end of the business operations for the day, the ARCB shall be closed and signed by the NTA Designated Inspector and witnessed/attested by the BS representative to be turned-over to the next NTA Designated Inspector who shall likewise record all transactions after the closing of the ARCB by the preceding inspector.

In case the tobacco are purchased within the jurisdiction of a particular NTA BO and are directly delivered to another province or area of jurisdiction of another NTA BO, the place of delivery shall be responsible in the recording of the acceptance in the ARCB, provided, however, that the place of origin is clearly indicated. Likewise, the processing of the shipment documents (i.e. RFI and Request for Local Permit To Transport/Special Permit To Buy (NTA-RD-F 011 rev 01), COI/PTT (NTA-RD-F 011-A rev 01), which shall be undertaken at the place of origin. The COI/PTT shall be accomplished in triplicate copies to be distributed as follows;

Original – Applicant

Duplicate – Branch Office

Triplicate – Regulation Department

In the absence of BS, all tobacco deliveries made by FC to a nearby BS must be supported by COI, duly signed by the designated TPRO/Agriculturist assigned to accompany the delivery and the FC and the basis of preparation of PIV by the BS.

Rule 13. Purchase Invoice Voucher (PIV) – Every leaf tobacco purchased from a tobacco farmer-cooperator shall be covered by a PIV

that is duly registered with the BIR as inspected and verified by the NTA. Upon, acceptance, the BS operator shall immediately accomplish the PIV in triplicate copies and issue the same as follows:

Original	-	Farmer-Cooperator
Duplicate	-	Buyer
Triplicate	-	NTA-BO/RD

In case the BS, which uses digital/computerized-weighting scales would not be able to immediately issue the PIV, the computer printout, if it is serially numbered and complies with the NTA-prescribed PIV form, shall be the one to be distributed in accordance with paragraph 1 hereof, subject to the accomplishment of the PIV form to be submitted not later than seven (7) days from date of purchase.

The same computer printout, duly reconciled with the ARCB, may be used as basis in the computation of volume of tobacco acceptances for the purpose of billing of R&R fee.

The PIV shall indicate the name of the BS, its business address, BIR registration number, name of tobacco farmer/cooperator whoever personally delivered/sold the tobacco produced to the BS, date of transaction, source of the tobacco, as to barangay, municipality and province, grade/s of the tobacco, gross weight and the corresponding deduction/s, if any, net weight of each grade, the corresponding buying price, per kilogram, for each grade, the purchase value for each grade, the total purchase value for the grades, name and signature of the BS operator/Representative, the time of its arrival at the BS. However, cash incentives or fertilizer subsidies given to the FCs shall be on top of the buying prices as appearing in the PIVs.

To avoid delays in the issuance of PIVs due to reconciliation of grades, the data contained in the computer printout issued earlier by the buyer firm shall be the same grade/data may be used and the NTA BO shall do the reconciliation upon receipt of the PIVs.

During the trading operations, the NTA trading official/employee shall immediately, but not later than seven (7) days from the date of purchase, gather/collect the PIVs used by the BS and submit the same to the NTA BO for chronological recording in the Purchase Book of, the following information data:

- Date of transaction
- Serial number/s of the PIV
- Name of Farmer-Cooperator
- Source of the tobacco (Barangay, Municipality, Province)
- Volume, grade and value of the leaf tobacco

Rule 14. Permit to Transport – For NTA BOs which require the issuance of a **Permit to Transport {NTA-RD-F 011-A (National)/011-B (Local)}**, in addition to the COI/PTT (NTA-RD-F-011 rev 01), all BS/BF/FL shall secure a **Request for Inspection/PTT (NTA-RD F-011 rev 1)** from the NTA BO concerned such permit for every tobacco to be delivered to another area of jurisdiction other than the BS/BF/FLs registered province/area of operation or for exportation. The permit shall indicate the volume and source of tobacco, place of destination and name of FC and contracting tobacco buyer firm/BF/FL and shall serve as a gate pass to be presented at the designated tobacco inspection points.

Rule 15. Supervision and Enforcement – During the leaf tobacco trading season, the Administrator and/or his authorized representative shall designate and assign a Roving Team to oversee the effective and efficient enforcement/implementation of these trading rules and regulations at the BS level, particularly, on the proper grading, proper weighing, prompt payment and proper documentation of leaf tobacco acceptances.

Rule 16. Specific Prohibitions in the Trading of Leaf Tobacco – The following or similar acts or circumstances are considered prohibited in the trading of locally grown leaf tobacco, to wit:

- a) Buying and selling outside the period provided in Regulation III hereof, unless with prior written approval from the NTA;
- b) Buying and Selling of tobacco by and among Farmer Leaders;
- c) Selling and buying tobacco without license from the NTA;
- d) Buying and selling of tobacco between or among BS;
- e) Selling and delivering tobacco directly from BS directly to CM;
- f) Buying and selling of tobacco with non-tobacco related materials (NTRM);
- g) Buying/accepting/selling of unclassified tobacco at the BS, except for cigar-filler type tobacco for fermentation purposes;
- h) Spraying of water on leaf tobacco, except for cigar-filler tobacco, provided it is within the acceptable/recommended percentage of moisture content of not more than 18%;
- i) Deducting shrinkage allowances or handling losses;
- j) Delivering tobacco from BS to WTD/RP or from WTD/RP to CM/Export Market without NTA inspection;
- k) Buying directly from tobacco farmers except with marketing agreement;
- l) Selling and buying of tobacco between WTDs;
- m) Buying of tobacco by RPs;
- n) Delivering of tobacco by BS to WTD more than its acceptances based on the estimated volume of production of its contracted FCs;
- o) Delivering of tobacco by FC more than 100% his/her expected volume of Individual or Cluster production based on the actual area planted as recorded by the concerned NTA BO;
- p) Buying of leaf tobacco directly from FCs by CMs without NTA License and Authority to Purchase; and

- q) Buying and accepting tobacco by the BS/BF more than the estimated maximum volume of production as per submitted list of contracted farmers and area planted, without a Special Permit to Buy.

REGULATION VI - PAYMENT OF TOBACCO

Rule 1. Manner of Payment – All leaf tobacco purchased by BS shall be paid in cash/ATM Card. Payment in the form of check shall be allowed, provided that there is a bank or other facility for encashment within the province where the BS is located, and that such mode of payment is acceptable to the FC .

Rule 2. Time of Payment - The BS shall pay the FC, immediately after the grading and weighing of the delivered leaf tobacco. However, if payment cannot be made promptly due to fortuitous event or circumstances beyond the control of the BS, payment shall be made within forty-eight (48) hours, after the normal conditions are restored.

Rule 3. Place of Payment - The place of payment shall be at the BS. Payment in a place other than the BS may be allowed, if the payment cannot be effected at the BS by reason of the deterioration of the peace and order conditions in that place or any other cause beyond the control of both parties. No payment shall be effected in any bardisco house or drinking establishment, gambling or other similar places.

REGULATION VII – LICENSING OF “VIAJEROS”

Rule1. Native/dark leaf tobacco trading by the viajeros in the Visayas and Mindanao Areas can only buy native/dark leaf tobacco type - Before buying leaf tobacco, a “viajero”, shall secure a COA by filing the properly accomplished prescribed application form with the NTA authorized TPROs deployed in their respective provinces/municipalities concerned, and pay the corresponding processing and registration fees, in the amount to be determined by the NTA.

The COA, shall be valid for one (1) trading season, the period of which shall be in accordance with the provision of Rule 5 of Regulation , III hereof. **If the “Viajero” intends to buy leaf tobacco in Luzon, Rule 1 of Regulation III shall apply.**

Only NTA licensed “viajeros” are allowed to buy leaf tobacco directly from the tobacco farmer-producers within the province/s as indicated in his/her Certificate of Authority issued by NTA, subject to the following rules:

- a) The copy of COA shall be carried personally by the “viajero” at all times, when buying / selling native/dark leaf tobacco.

- b) Buying of tobacco may be in “manos” or “paldos”, provided, that there shall be a corresponding equivalent volume in kilos of the “manos” or “paldos” which shall be properly indicated in the COP to be issued by the “viajero”, to the native/dark leaf tobacco farmer-producer/seller.
- c) The tobacco farmer-producer/seller shall be paid within 24 hours after the consummation of the sale or before the delivery / release of the tobacco from his bodega/storage.
- d) The “viajero” shall secure a **Certificate of Inspection/Permit to Transport (NTA-RD 11a rev 01)** from the NTA Authorized TPROs deployed in their respective provinces/municipalities, before transporting any leaf tobacco purchased, to other barangay, municipality or province, indicating therein that the corresponding research & regulation fees for the native leaf tobacco purchased, are fully paid to the NTA Authorized TPROs, which shall issue the corresponding official receipts/.
- e) The “viajero” shall not buy leaf tobacco produced by a tobacco farmer-producer covered by a tobacco contract growing project supervised by the NTA.

Rule2. “Tabo System” of Tobacco Trading – Buying and selling of native leaf tobacco under a “tabo system” shall follow the rules stipulated herein:

- a) Any local government unit (LGU) which operates or intends to operate a tabo system of native/dark leaf tobacco trading shall notify the NTA through the Authorized TPROs concerned, by providing the following data / information:
 - 1) Copy of the Resolution of the “Sangguniang Bayan/Barangay” concerned, to operate a “tabo system” for native/dark leaf tobacco trading;
 - 2) Location plan of the place/s where the “tabo system” shall be conducted;
 - 3) Floor plan of the building, indicating its total area, location and dimension of the different service area/s; and
 - 4) Designated day/s and time of “tabo” native/dark leaf tobacco trading.
- b) Native/dark leaf tobacco farmer-producer/s and NTA licensed native/dark leaf tobacco buyers-“Viajeros” shall be allowed to participate in the “tabo system” of native/dark leaf tobacco trading.
- c) During the designated days and time of “tabo system” of native/dark leaf tobacco trading, an NTA official/employee and/or a Roving Team shall be assigned to oversee the trading activity/ies thereat.
- d) The native/dark leaf tobacco purchased/auctioned thereat shall be properly weighed on a duly-calibrated weighing scale in the presence of the tobacco farmer-producer and NTA Roving Team/Authorized TPROs, who, thereafter, issue a Certificate of Inspection and the corresponding official receipt for the payment of the Research & Regulation Fees.

REGULATION VIII – RESEARCH AND REGULATION FEES

Rule 1. Research & Regulation Fee - A Research & Regulation Fee (R&R) at the rate of P0.50, shall be paid for every kilogram (farm-gate weight) of leaf tobacco purchased/accepted by the contracting BSs, with no shrinkage allowance to be deducted therefrom. The R&R fee herein provided may be increased in consultation with the stakeholders of the tobacco industry.

Rule 2. Additional R&R Fee - An additional R&R fee of P0.95, for every kilogram of locally grown leaf tobacco delivered by the contracting tobacco buyer firm/WTD to local cigarette/cigar manufacturers shall be paid by the CMS to the NTA based from the billing issued by RD.

Rule3. The Basis of the R&R Fees – The basis of the R & R fees shall be the total monthly acceptances/purchases of leaf tobacco, as recorded in the ARCB, as reconciled with the PIV, whichever is higher.

In case the “Viajero” does not have any BS tie-up, within twenty four (24) hours after issuance of COP to the farmer seller/s, shall correspondingly pay the R&R fees of the total volume purchased based from his/her issued COP to the concerned NTA-BO Authorized TPROs.

Rule4. Billing and Collection Of R&R Fees – The BO Manager shall be responsible for the billing and collection of the R&R fees on or before the 10th day of the month following the month of purchase/acceptance of the leaf tobacco.

Rule5. Payment of R & R Fees - The BS shall pay the R&R fees to the BO where such BS is operating/located within three (3) days from receipt of the notice. Late payments of R&R Fees shall be subject to the provisions of Regulation XIV hereof.

Rule6. Remittance of R & R Fees - All collection on R&R Fees and penalties, if any, shall be deposited by the concerned BO to the NTA– Central Office’s On-Line Bank Account, in accordance with the generally accepted principles of accounting and auditing standards.

Rule7. Authorized Collecting Agent – (Vis-Min) In the case of provinces without existing NTA BO, the billing, collection and remittance of R&R fees herein provided shall be undertaken by the NTA authorized TPROs, and shall correspondingly issue an O.R. for every collection made and immediately deposit to the NTA On-Line Bank Account.

REGULATION IX – TRADING AND DELIVERY OF LEAF TOBACCO BY WHOLESALE TOBACCO DEALERS (WTDS)

Rule 1. Who may Engage in the Purchase of Leaf Tobacco – Any

person may apply for a "Permit and Authority To Purchase" from the NTA, through the BO, upon full payment of the processing and license fee of Sixteen Thousand Two Hundred Pesos (Php16,200.00), per tobacco type, per province, and submission of the following requirements:.

- a) Duly accomplished **Application Form (NTA-RD-F No. 001 rev 01)**;
- b) Duly notarized **Certificate of Financial Guarantee (NTA-RD-F No. 005 rev 02)** with performance bond of duly licensed BSs that shall operate under its Purchase Commitment and the duly authorized signatories in all trading documents;
- c) **Purchase commitment (NTA-RD-F No. 014 rev 02) with performance bond**, to purchase not less than the volume of tobacco production of its contracted FCs under MOA; Photocopy of the Official Receipt for attendance to the annual Orientation-Seminar conducted by the NTA; and
- d) Photocopy of the Permit and Authority to Purchase Tobacco (RENEWAL).

Rule 2. Manner of Purchase— WTDs are authorized to purchase leaf tobacco deliveries from BS/contracting buyer firm/FCs, provided, that every delivery shall be supported by a COI and PTT, TIS, Control Sheet/Inventory Report, BIR Tobacco Delivery Permit (Guia) indicating therein, the volume / net weight of the tobacco purchased, date of purchase and place of origin.

Rule 3. Conditions of Purchase Commitments – Every Purchase Commitment to be executed by the WTD shall be duly notarized and accompanied with a performance bond. It shall contain an undertaking to buy or caused to be procured a quantity equal to the estimated purchases of all its identified FCs/BS operating under its Financial Guarantee.

Rule 4. Validity of Permit and Authority to Purchase – A Permit and Authority to Purchase issued to WTDs shall be valid only for one (1) cropping season for its purchases from FCs/BS under its Financial Guaranty and shall not in any manner authorizes the WTD to purchase tobacco directly from any farmer, except those under its MA.

REGULATION X – LICENSING OF REDRYING PLANTS

Rule 1. Who may Engage in the Redrying of Leaf Tobacco – Any natural/juridical person may engage in the redrying of leaf tobacco by securing from the NTA a "Permit and Authority to Redry", after full payment of the processing and license fee of Sixteen Thousand Two Hundred Pesos (Php16,200.00), per province, and upon submission of the following requirements:

- a. Duly accomplished **Application Form (NTA-RD-F 001 rev 01)**
- b. Photocopy of the Official Receipt for attendance to the annual Orientation-Seminar conducted by the NTA; and
- c. Photocopy of the Permit and Authority to Redry Tobacco

(RENEWAL).

Rule 2. Manner of Redrying –an RP is authorized to redry leaf tobacco of BS/WTDs, provided, that every delivery shall be supported by a TIS, control sheet/inventory report, GUIA, PTT and COI indicating therein the volume/net weight of the tobacco to be redried, the date of delivery and place of origin.

Rule 3. Validity of Permit to Redry – A permit and authority to redry shall be valid only for one (1) year for purposes of redrying, threshing, packing and processing of leaf tobacco and shall not in any manner authorize the RP to purchase leaf tobacco from any FC.

In case the RP intends to purchase tobacco from BSs or tobacco farmers, he/she shall be required to secure the necessary License and Authority to Buy as Trading Center and Permit and Authority to Purchase as WTD and submit the documentary requirements as provided in Regulations III and IX of these rules and regulations.

REGULATION XI – PROVISIONS COMMON TO WTDs AND RPs

Rule 1. Requirements for Documentation, Monitoring and Supervision – All WTD/RP/CM shall be required to:

a) Allow the NTA to enter into its trading areas, re-drying and/or manufacturing plants and similar premises for purposes of inspection, monitoring and supervision;

b) Submit to the NTA, through the BO (area of jurisdiction) the TIS, TOS and production reports for every delivery/acceptance/job orders; and Install at least one (1) unit of weighing scale to be regularly calibrated by the NTA.

Rule 2. Procedure in the Documentation of Deliveries from BS to WTD/RP and from WTD/RP to CM - The following procedure shall govern the delivery of tobacco from BS to WTD/RP/CM and from WTD/RP to CM, to wit:

a) Before any BS delivers tobacco to WTD/RP, it shall file a Request for Inspection (RFI) and/or Request for Permit to Transport (RFPPT) (NTA-RD-F-11 rev 01) with the NTA at least 24 hours prior to the loading;

b) The WTD/RP/CM shall notify the NTA of the arrival of the tobacco and shall within twenty four (24) hours request for an inspection of accepted tobacco and before delivery of the redried tobacco to CM. The tobacco delivered to WTD/Manufacturing plant/factory shall be evidenced by a TOS and COI;

c) The RPs shall within twenty four (24) hours likewise request for inspection of leaf tobacco received for redrying and shall issue production report per job order and shall likewise request for an inspection of tobacco accepted for redrying and before delivery of

the redried tobacco to WTD/CM's plant/factory. A TOS and production reports shall accompany the documents of the tobacco delivered to WTD/CM; and

d) A COI/PTT (NTA-RD-F 011A) shall be issued to the BS/WTD/RP/CM upon actual inspection of the tobacco to be delivered/accepted. All COI/PTT forms shall be serially numbered by the respective BOs.

Rule 3. Procedure in the Conduct of Inspection - The following is the procedure in the conduct of inspection by authorized NTA Inspectors:

- a) Inspectors shall conduct actual physical inspection of loading/unloading of incoming/outgoing leaf tobacco based on faxed information given by branch office of origin and/or requested shipping forms from tobacco company and make random sampling (at least 1 bale for every 20 bales) as to the actual weight of each bale loaded/unloaded. The average weight of the bales thus sampled shall be the basis for the computation of the total kilos of tobacco loaded/unloaded;
- b) BS/WTD/RP/CM shall not load/unload any tobacco without the presence of NTA-designated Inspector/s;
- c) Inspector shall reconcile actual inspection as to volume vis-à-vis the shipping documents, i.e., TOS, Stock Inventory/Inventory Report/Purchase Order/Job Order, GUIA COI/PTT from the BO of origin;
- d) Inspector shall prepare incident report for any violation of these rules and regulations within twenty four (24) hours to be submitted to concerned BO Manager, copy furnished the central office thru the RD, which shall correspondingly report to the Administrator through the Deputy Administrator for Operations (DAOP);
- e) If shipping documents and actual inspection are in order, Inspector shall issue the COI/PTT to BS/WTD/RP/CM's representative;
- f) Inspector shall advise the concerned BO/RD within 24 hours after inspection, thru the fastest means of communication, of the expected arrival of the tobacco and furnish copies of necessary shipping documents.

Rule 4. Inspection Fee. All BS/WTDs/RPs requesting for an Inspection shall pay the NTA the amount of P100.00 per certificate valid for one truck load. Each vehicle shall be issued one certificate of inspection.

REGULATION XII –COMPETITIVENESS ENHANCEMENT FEE (CEF)

(Note: Already covered by a separate rules and regulations)

Rule1. Competitiveness Enhancement Fee - There shall be a Competitiveness Enhancement Fee (CEF) for every kilogram of tobacco delivered to local CM, which shall be collected from and paid by the local CM based on the following weight category:

Green/Fresh Weight	Pack Weight	Dry Weight
PhP0.60/kg	PhP1.00/kg	PhP1.66/kg

Rule2. The Basis of the CEF Fees – The basis of the CEF fees shall be the total deliveries of leaf tobacco, on a per shipment basis, made by Wholesale Tobacco Dealers (WTDs), as per COI issued, and as reconciled with the TOS of WTD/RP, whichever is higher.

Rule3. Billing and Collection of CEF Fees – The Central/BO where the accepting CM is located shall be responsible for the billing and collection of the CEF. The NTA Finance Manager, shall prepare a Notice of Billing of CEF within twenty-four (24) hours upon receipt of notice of the actual delivery and inspection of tobacco to CM by the RD.

Rule4. Payment of CEF - The CM shall pay the CEF fees to the Central Office/BO where such CM is located, within three (3) days immediately upon receipt of the billing. Late payments of CEF shall be subject to the provisions of Regulation XIV hereof.

Rule5. Remittance of CEF - All collection on CEF and/or penalties, paid to the BO shall be deposited to the NTA–Central Office’s On-Line Bank Account, in accordance with generally accepted principles of accounting and auditing standards.

REGULATION XIII– MEDIATION AND ARBITRATION

Rule 1. Mediation – In case of disagreement as to the grading/classification of leaf tobacco between the farmer-seller and the BS operator, the NTA mediator assigned at the trading center shall immediately endeavor to make both parties concerned to come to an agreement.

The NTA, at the request of the aggrieved party, may intervene for purposes of mediation, in any dispute between the FC and BS as to any matter pertaining to the application or interpretation of any contract for production or marketing agreement.

Rule 2. Arbitration – If mediation fails, the NTA arbitrator shall advise the seller or the aggrieved party in a contract or agreement that he may request for arbitration or he may withdraw his tobacco from the BS.

Rule 3. Arbitration Procedure – If arbitration is requested, the following shall be followed:

- a) The NTA arbitrator shall inform the BS operator that arbitration is requested and shall direct the segregation of the tobacco in question;
- b) The NTA arbitrator shall designate an arbiter, another NTA official and/or employee present within the BS premises, provided that if one is not available, the NTA official and/or employee, who mediated, himself, shall act as arbiter;
- c) The Arbiter shall immediately inspect, examine and determine the grades of the tobacco subject of arbitration using as basis the official grades prescribed by the NTA, [in case of contract dispute, the NTA official shall determine the legality or propriety of the provisions in question and if necessary refer the same to the RD. The RD may request the NTA Legal Counsel for appropriate legal advice;
- d) The Arbiter shall forthwith prepare his written decision indicating therein, among others, the disputed grades and the grades given by him or the proper interpretation of any questioned provision of any contract or agreement; and
- e) The Arbiter's decision shall be immediately become final and executory and binding to both parties.

REGULATION XIV – OFFENSES AND PENALTIES

Notwithstanding the provisions of any law or regulation to the contrary, and for purposes of carrying out the provisions of this rules and regulations, the following acts or omission are hereby considered as serious, less serious, and light offenses and corresponding penalties therefore are herein prescribed:

(1) Specific Offenses:

- (a) Serious Offenses. — Any of the following acts or omissions shall constitute as serious offense:
 - (a.1) buying and selling of tobacco at prices lower than the prescribed floor prices;
 - (a.2) deducting shrinkage allowances or handling losses from the weight of the tobacco sold;
 - (a.3) buying and selling of tobacco from farmers or other authorized sellers without a license;
 - (a.4) knowingly and deliberately using tampered/inaccurate weighing scale; and
 - (a.5) buying and selling pole-vaulted tobacco

The offender shall be imposed the penalty of fine of not less than one hundred thousand pesos (Php100,000.00) nor more than five hundred thousand pesos (Php500,000.00).

- (b) Less Serious Offenses. - Any of the following acts of omission shall constitute a less serious offense:
 - (b.1) buying of tobacco from farmers and other authorized sellers

outside BS except when prior authority is given by the NTA/BS/WTD;

- (b.2) failure or refusal to issue prescribed invoice or receipt covering tobacco purchases;
- (b.3) buying unclassified tobacco or tobacco in sticks, except for cigar filler tobacco grown in Region II for fermentation purposes;
- (b.4) buying and selling of tobacco by using false, fictitious, or another person's license, permit or identification card;
- (b.5) selling or buying tobacco with an expired, suspended or cancelled license, permit or accreditation; and
- (b.6) hindering or obstructing any NTA official or employee in the course of his duties, including refusal to furnish information or copies of documents relating to any tobacco or to permit the inspection of a tobacco.

The offender shall be imposed the penalty of fine of not less than fifty thousand pesos (Php50,000.00) nor more than one hundred thousand pesos (Php100,000.00).

- (c) Light Offenses. — Any other violation of the provisions of these rules and regulations to be promulgated by the NTA for which no specific penalty is prescribed and which is not punished by any other existing law shall be considered a light offense, with the corresponding penalties, as follows:

- (c.1) The offender shall be imposed the penalty of fine of not more than five thousand pesos nor less than two thousand pesos.

- (c.2) Violation committed by farmer-seller will be fined Php 50,000.00 & blacklisting

- (c.3) Additional Administrative Penalties for Other Light Offenses. — In addition to the penalties herein above-stated, the violator may be imposed with following penalties, to wit:

- (c.3.1) The license of any buyer found guilty of serious, less serious or light offense, shall also be suspended/cancelled/revoked and shall not be renewed during the pendency of any investigation or prosecution for the commission of any such offenses.

- (c.3.2) Any tobacco found to be violative of any provisions of these rules and regulations shall be confiscated and/or detained and shall be released only upon compliance with the provisions hereof within five (5) days from notice. Any confiscated/detained tobacco which are unclaimed within fifteen (15) days from last day of compliance period shall be deemed abandoned and shall be disposed of at the discretion of the NTA.

However, where a person has been found to violate these rules in respect of any such tobacco, the said NTA may

declare such tobacco to be forfeited in favor of the Republic of the Philippines, where upon it may be destroyed or otherwise disposed of as the NTA shall determine.

(c.3.3) In case the deliveries of BS to WTD/RP/CM exceeds its total acceptances and deliveries to WTD/RP/CM outside its purchase commitment, a fine equivalent to 25% of the gross value of the excess tobacco delivered/sold shall be imposed, plus the corresponding R&R fees and penalty for late payments as hereinafter provided.

(c.3.5) Acts or omissions for which no specific penalties are provided for under this TRR but are punishable by any other existing law shall be punished under such law.

If any act or omission constitutes an offense under these rules and regulations as well as a violation of another existing law or regulation, the law that imposes a heavier penalty shall be applied.

If the violation is committed by a corporation, partnership, association, cooperative or other juridical entity, the penalties provided for under this TRR shall be imposed upon the directors, officers, graders, employees or other officials or persons therein responsible for the offense; Provided, That if the offender is an alien, he shall be deported immediately without further proceedings. The prosecution of any offense under this TRR shall be without prejudice to the civil or administrative liabilities of the offender.

(c.3.6) In case the R & R or CEF fees are not paid within the reglementary period prescribed herein, a penalty of three percent (3%) per month, compounded monthly, shall be imposed, paid and collected in the manner prescribed herein. The penalty of three percent (3%) per month shall be computed from the day immediately following the day the principal R & R Fees become due.

(c.3.7) Any violation of the provision/s of the Marketing Agreement or any of the herein provisions of this Regulation, by the NTA/BS/WTD/PB-financed tobacco farmer-producer and/or by the WTD/PB/BS operator, shall be considered as unfair tobacco trading practice, subject to the following administrative sanctions and/or fines,

in addition to the civil liability that may arise there from in favor of the injured party, to wit:

a. An NTA/BS/WTD-financed tobacco farmer-producer who violates the provision/s of the MA and/or any of the provisions of this Regulation, shall be blacklisted by the NTA and shall be disqualified as a beneficiary of any future production and facility assistance that the NTA may grant and shall pay an additional fine of three percent (3%) per month, of the unpaid loans; and

g) Any WTD/PB/BS operator who violates the same shall be

NTA and shall be disqualified as a beneficiary of any future production and facility assistance that the NTA may grant and shall pay an additional fine of three percent (3%) per month, of the unpaid loans; and

g) Any WTD/P/B/BS operator who violates the same shall be blacklisted from participating in any projects of similar nature and/or immediate revocation of its license to Buy/Operate and shall pay additional fine of PHP50,000.00.

(c.3.8) Violations of the prohibitions enumerated in Rule 16, Regulation IV and Rule 1, Regulation XI shall be subject to the imposition of penalties provided in c.3.1 of the foregoing regulation.

(c.3.9) Tobacco acceptances in excess of the estimated production of the BS identified FCs shall be subject to a penalty of PHP5.00 per kilogram of excess tobacco accepted, whether justified or not. If not justified, the excess tobacco shall be further confiscated at the disposal of the NTA, without prejudice to the imposition of other applicable administrative penalty provided in the foregoing regulation.

REGULATION XV – TRANSITORY AND MISCELLANEOUS PROVISIONS AND EFFECTIVITY

Rule 1. NTA Composite Team – The NTA Administrator may create an NTA Composite Team to Review the foregoing rules and regulations and/or the systems and procedures as may hereafter formulated. In coordination with the RD, the Composite Team shall have the duty to study and recommend specific modification/action in these rules and regulations subject to the approval of the NTA Administrator.

Rule 2. Creation of a Provincial Inspection Team (PIT) – In cases of verified violation with any provision of the TRR, the NTA Administrator may create a Provincial Inspection Team (PIT) composed of the Branch Manager, as Chairperson, the Provincial Director of the Philippine National Police (PNP), as the Co-Chairperson, and the Chief Agriculturist, as member. The PIT can deputize Branch Offices TPROs and Police Officers to monitor the tobacco in question, its movement, can confiscate, inspect and/or detain any tobacco. Police Officers shall be entitled to reasonable honorarium for actual duty/services rendered outside their regular working hours.

Rule 3. Powers of the PIT and Procedures for Inspection

(a) When a verified violation occurs, the PIT, may (1) enter any premises, vessel, boat, car, trucks, other conveyance used for the storage, processing, grading, packing, redrying, selling or offering for sale, shipping, or transporting of the tobacco and inspect such; and (2) stop for

(c) No person shall hinder or obstruct, in any manner, an inspector or a grader or members of the PIT, in the conduct of his duties.

Rule 4. Detention and Forfeiture of Tobacco by the PIT - Any tobacco, which in the opinion of the PIT an offense against this rules and regulations has been committed, may be placed under detention at the risk and expense of the owner, until such time as the owner of the tobacco complies with this rules and regulations, and/or where a person is convicted of an offense with respect to detained tobacco, the convicting court may declare such tobacco to be forfeited to the Republic of the Philippines, whereupon it may be destroyed or otherwise disposed of as the court directs.

However, the PIT shall undertake the foregoing inspection functions as a team and no individual inspection and monitoring shall be conducted in the absence of any one representative.

Rule 5. Regulation Department Inspectors – RD staff that are designated as Inspectors are likewise empowered to perform the functions of the PIT for areas not covered by any BO.

Rule6. Monitoring and Evaluation in the Implementation of the Trading Rules and Regulations – The RD shall be responsible in the monitoring on the effectiveness and relevance of the provisions of this TRR in coordination with the Composite Team, where they shall conduct validation/evaluation of the implementation of the systems and procedures and the provisions of this rules and regulations by the NTA Branch Offices.

Rule 7. Effectivity- These Amended Trading Rules and Regulations shall take effect upon approval of the NTA board of directors.

BY THE AUTHORITY OF THE NTA BOARD OF DIRECTORS:

ROBERT L. SEARES, M.D.

Administrator/Vice-Chairman of the Governing Board

Approved by the NTA Board of Directors under Resolution No. 777-2018, dated 12 January 2018.