

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6388

Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

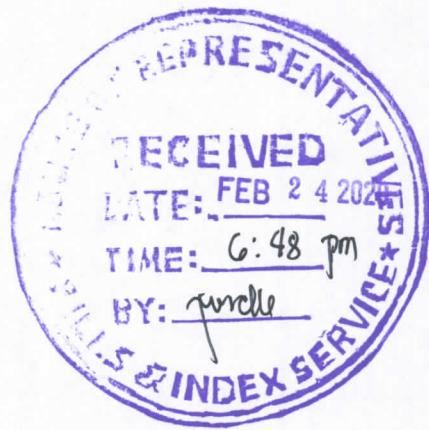
Article II, Section 5 of the 1987 Constitution of the Republic of the Philippines provides that, "The maintenance of peace and order, the protection of life, liberty, and property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy."

Section 21 of the same Constitution further states that "The preservation of peace and order within the regions shall be the responsibility of the local police agencies which shall be organized, maintained, supervised, and utilized in accordance with applicable laws. The defense and security of the regions shall be the responsibility of the National Government."

Despite the many steps involved in the purchase and licensing of guns, the number of gun related injuries and fatalities has remained high across the country. According to an interview with the head of the Office of the Special Envoy on Transnational Crime (OSETC) Ambassador Bruce Concepcion, an estimated 726,181 guns were unregistered in 2018. This number is based on the number of expired licenses in the Philippine National Police Firearms and Explosives Office (PNP FEO) data management system with the number likely to be higher. Meanwhile, gun amnesty programs of the government have seen varying levels of efficiency. In the same interview, Concepcion claimed that "Because they are held so often, unlicensed firearm owners don't see them (gun amnesty programs) as a unique opportunity to legitimize or clear themselves of their holdings."

In regulating the proliferation of firearms, different jurisdictions abroad have pursued strategies pursuant to their respective legal frameworks and domestic concerns to varying levels of success.

The European Union, for example has issued and amended directives on the acquisition and possession of firearms. Meanwhile, other countries such as New



Zealand and Australia implement gun bans or other ways of restricting ownership and possession.

In the United States, however, various gun control laws are enforced at the state level but a Firearms and Ammunition Excise Tax (FAET) is imposed at the federal level. Revenues collected from this tax are used to fund the Pittman-Robertson Wildlife Restoration Act of 1937 which aims to aid the wildlife restoration fund, hunter safety programs, and maintenance and implementation of various programs of government-owned target ranges.

Proactive local governments in the US have also moved to localize gun control measures. In 2016, Seattle issued a Firearms and Ammunition Tax on guns and ammunition bought and sold in the city. The Tacoma City Council in Washington has also turned to tax to curb gun proliferation in November 2019. The ordinance shall come into effect in July 2020 and is expected to raise some US\$30,000 annually to fund preventive programs.

What gun bans do not address however is the negative externalities of gun proliferation.

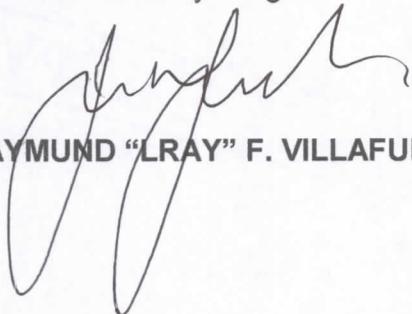
This bill uses a novel approach. Through a market-based strategy, this bill shall reduce the number of guns in circulation by raising the price of ownership while using tax revenue to actually promote preventive and capacity-building measures for the professionals responsible for regulating the gun industry in the country.

This bill shall impose a ten (10) percent excise tax on handguns such as pistols and revolvers, and ammunition and accessories of such and an eleven (11) percent excise tax on firearms other than pistols and revolvers, as well as the ammunition and accessories of such.

This bill also provides for the funding of peace and order programs for the country.

In using a new market-based approach this bill seeks to address a gap in the country's gun control legal framework. Restricting the manufacturing and sale of firearms only goes so far whereas taxation of firearms can go a long way towards promoting preventive measures while simultaneously decreasing gun proliferation.

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



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

AN ACT

RATIONALIZING THE EXCISE TAX ON FIREARMS, AMMUNITION, AND ACCESSORIES THEREOF, AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippine Congress Assembled:

Section 1. Short Title. – This act shall be known as “Firearms, Ammunition, and Accessories Tax Act” (FAAT).

Section 2. Declaration of Policy. - It is the policy of the State to maintain peace and order and protect the people against violence. The State also recognizes the right of its qualified citizens to self-defense through, when it is the reasonable, means to repel the unlawful aggression under the circumstances, the use of firearms.

Towards this end, the State shall hereby impose an excise tax upon the sales by the manufacturers, producers, or importers of Firearms Ammunition, and Accessories thereof.

The state shall employ a market-based strategy to reduce the number of guns in circulation by effectively raising the price of ownership. Revenue generated by this policy shall be used to fund peace and order programs.

Section 3 Definition of terms - This Act shall adopt the definition of terms as used in REPUBLIC ACT No. 10591 AN ACT PROVIDING FOR A COMPREHENSIVE LAW ON FIREARMS AND AMMUNITION AND PROVIDING PENALTIES FOR VIOLATIONS THEREOF

(a) Accessories - refer to parts of a firearm which may enhance or increase the operational efficiency or accuracy of a firearm but will not constitute any of the major or minor internal parts thereof such as, but not limited to, laser scope, telescopic sight and sound suppressor or silencer.

(b) Ammunition - refers to a complete unfired unit consisting of a bullet, gunpowder, cartridge case and primer or loaded shell for use in any firearm.

(c) Antique firearm - refers to any:

(1) firearm which was manufactured at least seventy-five (75) years prior to the current date but not including replicas;

(2) firearm which is certified by the National Museum of the Philippines to be curio or relic of museum interest; and

(3) any other firearm which derives a substantial part of its monetary value from the fact that it is novel, rare, bizarre or because of its association with some historical figure, period or event.

(d) Arms smuggling - refers to the import, export, acquisition, sale, delivery, movement or transfer of firearms their parts and components and ammunition, from or across the territory of one country to that of another country which has not been authorized in accordance with domestic law in either or both country/countries.

(e) Authority to import - refers to a document issued by the Chief of the Philippine National Police (PNP) authorizing the importation of firearms, or their parts, ammunition and other components.

(f) Authorized dealer - refers to any person, legal entity, corporation, partnership or business entity duly licensed by the Firearms and Explosive Office (FEO) of the PNP to engage in the business of buying and selling ammunition, firearms or parts thereof, at wholesale or retail basis.

(g) Authorized importer - refers to any person, legal entity, corporation, partnership or business duly licensed by the FEO of the PNP to engage in the business of importing ammunition and firearms, or parts thereof into the territory of the Republic of the Philippines for purposes of sale or distribution under the provisions of this Act.

(h) Authorized manufacturer - refers to any person, legal entity, corporation, or partnership duly licensed by the FEO of the PNP to engage in the business of manufacturing firearms, and ammunition or parts thereof for purposes of sale or distribution.

(i) Confiscated firearm - refers to a firearm that is taken into custody by the PNP, National Bureau of Investigation (NBI), Philippine Drug Enforcement Agency (PDEA), and all other law enforcement agencies by reason of their mandate and must be necessarily reported or turned over to the FEO of the PNP.

(j) Demilitarized firearm - refers to a firearm deliberately made incapable of performing its main purpose of firing a projectile.

(k) Duty detail order - refers to a document issued by the juridical entity or employer wherein the details of the disposition of firearm is spelled-out, thus indicating the name of the employee, the firearm information, the specific duration and location of posting or assignment and the authorized bonded firearm custodian for the juridical entity to whom such firearm is turned over after the lapse of the order.

(l) Firearm - refers to any handheld or portable weapon, whether a small arm or light weapon, that expels or is designed to expel a bullet, shot, slug, missile or any projectile,

which is discharged by means of expansive force of gases from burning gunpowder or other form of combustion or any similar instrument or implement. For purposes of this Act, the barrel, frame or receiver is considered a firearm.

(m) **Firearms Information Management System (FIMS)** - refers to the compilation of all data and information on firearms ownership and disposition for record purposes.

(n) **Forfeited firearm** - refers to a firearm that is subject to forfeiture by reason of court order as accessory penalty or for the disposition by the FEO of the PNP of firearms considered as abandoned, surrendered, confiscated or revoked in compliance with existing rules and regulations.

(o) **Gun club** - refers to an organization duly registered with and accredited in good standing by the FEO of the PNP which is established for the purpose of propagating responsible and safe gun ownership, proper appreciation and use of firearms by its members, for the purpose of sports and shooting competition, self-defense and collection purposes.

(p) **Gunsmith** - refers to any person, legal entity, corporation, partnership or business duly licensed by the FEO of the PNP to engage in the business of repairing firearms and other weapons or constructing or assembling firearms and weapons from finished or manufactured parts thereof on a per order basis and not in commercial quantities or of making minor parts for the purpose of repairing or assembling said firearms or weapons.

(q) **Imitation firearm** - refers to a replica of a firearm, or other device that is so substantially similar in coloration and overall appearance to an existing firearm as to lead a reasonable person to believe that such imitation firearm is a real firearm.

(r) **Licensed citizen** - refers to any Filipino who complies with the qualifications set forth in this Act and duly issued with a license to possess or to carry firearms outside of the residence in accordance with this Act.

(s) **Licensed juridical** - entity refers to corporations, organizations, businesses including security agencies and local government units (LGUs) which are licensed to own and possess firearms in accordance with this Act.

(t) **Light weapons** - are: Class-A Light weapons which refer to self-loading pistols, rifles and carbines, submachine guns, assault rifles and light machine guns not exceeding caliber 7.62MM which have fully automatic mode; and Class-B Light weapons which refer to weapons designed for use by two (2) or more persons serving as a crew, or rifles and machine guns exceeding caliber 7.62MM such as heavy machine guns, handheld underbarrel and mounted grenade launchers, portable anti-aircraft guns, portable anti-tank guns, recoilless rifles, portable launchers of anti-tank missile and rocket systems, portable launchers of anti-aircraft missile systems, and mortars of a caliber of less than 100MM.

(u) **Long certificate of registration** - refers to licenses issued to government agencies or offices or government-owned or controlled corporations for firearms to be used by their officials and employees who are qualified to possess firearms as provided in this Act, excluding security guards.

(v) **Loose firearm** - refers to an unregistered firearm, an obliterated or altered firearm, firearm which has been lost or stolen, illegally manufactured firearms, registered firearms in the possession of an individual other than the licensee and those with revoked licenses in accordance with the rules and regulations.

(w) **Major part or components of a firearm** - refers to the barrel, slide, frame, receiver, cylinder or the bolt assembly. The term also includes any part or kit designed and intended for use in converting a semi-automatic burst to a full automatic firearm.

(x) **Minor parts of a firearm** - refers to the parts of the firearm other than the major parts which are necessary to effect and complete the action of expelling a projectile by way of combustion, except those classified as accessories.

(y) **Permit to carry firearm outside of residence** - refers to a written authority issued to a licensed citizen by the Chief of the PNP which entitles such person to carry his/her registered or lawfully issued firearm outside of the residence for the duration and purpose specified in the authority.

(z) **Permit to transport firearm** - refers to a written authority issued to a licensed citizen or entity by the Chief of the PNP or by a PNP Regional Director which entitles such person or entity to transport a particular firearm from and to a specific location, within the duration and purpose in the authority.

(aa) **Residence** refers to the place or places of abode of the licensed citizen as indicated in his/her license.

(bb) **Shooting range** refers to a facility established for the purpose of firearms training and skills development, firearm testing, as well as for sports and competition shooting either for the exclusive use of its members or open to the general public, duly registered with and accredited in good standing by the FEO of the PNP.

(cc) **Short certificate of registration** refers to a certificate issued by the FEO of the PNP for a government official or employee who was issued by his/her employer department, agency or government-owned or controlled corporation a firearm covered by the long certificate of registration.

(dd) **Small arms** refer to firearms intended to be or primarily designed for individual use or that which is generally considered to mean a weapon intended to be fired from the hand or shoulder, which are not capable of fully automatic bursts of discharge, such as:

(1) **Handgun** which is a firearm intended to be fired from the hand, which includes:

(i) A **pistol** which is a hand-operated firearm having a chamber integral with or permanently aligned with the bore which may be self-loading; and

(ii) **Revolver** which is a hand-operated firearm with a revolving cylinder containing chambers for individual cartridges.

(2) **Rifle** which is a shoulder firearm or designed to be fired from the shoulder that can discharge a bullet through a rifled barrel by different actions of loading, which may be classified as lever, bolt, or self-loading; and

(3) **Shotgun** which is a weapon designed, made and intended to fire a number of ball shots or a single projectile through a smooth bore by the action or energy from burning gunpowder.

(ee) **Sports shooting competition** - refers to a defensive, precision or practical sport shooting competition duly authorized by the FEO of the PNP.

(ff) Tampered, obliterated or altered firearm - refers to any firearm whose serial number or other identification or ballistics characteristics have been intentionally tampered with, obliterated or altered without authority or in order to conceal its source, identity or ownership.

(gg) Thermal weapon sight - refers to a battery operated, uncooled thermal imaging device which amplifies available thermal signatures so that the viewed scene becomes clear to the operator which is used to locate and engage targets during daylight and from low light to total darkness and operates in adverse conditions such as light rain, light snow, and dry smoke or in conjunction with other optical and red dot sights."

Section 4. Amount of Tax. - There shall be levied, assessed and collected an *ad valorem* tax on firearms, ammunition, and accessories of such based on the authorized manufacturer's or authorized importer's selling price, net of excise and value-added taxes, in accordance with the following schedule:

a. **Articles taxable at ten (10) percent**

1. Pistols
2. Revolvers
3. Accessories for Pistols and Revolvers

b. **Articles taxable at eleven (11) percent**

1. Firearms (other than pistols and revolvers)
2. Ammunition, Shells, and cartridges
3. Accessories for firearms other than pistols and revolvers

Section 5. Coverage and Fees – FAAT shall be imposed on the authorized domestic manufacturer and authorized importers of firearms, ammunition, and accessories of such.

Section 6. Exemptions – Authorized manufacturers and authorized importers may sell firearms, ammunition, and accessories without payment of the FAAT for the following specific purposes or uses by the purchaser:

- a. Use by the purchaser for further manufacture;
- b. Resale by the purchase to a second purchase for use by such second purchaser in further manufacture;
- c. For export;
- d. Resale by the purchaser to a second manufacturer for export;
- e. Use by the purchaser as supplies for vessels or aircraft;
- f. For the exclusive use and appropriation by the national government and its political subdivisions as well as departments in the conduct of governmental functions; and
- g. A nonprofit educational organization for its exclusive use;

Provided that,

- a. Except for sales for export or for further manufacture, the manufacturer or importer must sell directly to the person or entity whose use is tax-free;
- b. All tax-free sales require that the manufacturer or importer inform the purchaser that the firearms or ammunition are being sold tax-free and that the purchaser is obtaining these articles tax-free for an exempt purpose under an exemption certificate or its equivalent;

- c. When a manufacturer or importer sells firearms or ammunition tax-free, the exempt purpose or use must precede any other use of the article by the manufacturer, importer, or tax-free purchaser;
- d. The purchase for further manufacture by a second purchaser, for export by the manufacturer or by a second purchaser will be tax-free only if the manufacturer or importer receives proof that the article has been resold for use in further manufacture or exported. The proof must be received within 6 months after the manufacturer or importer sells or ships the firearms or ammunition tax-free;
- e. The manufacturer or importer must have an approved Exemption Certificate; and
- f. Manufacturers and importers must maintain records to support all tax-free sales.

Section 7. Disposition of Revenues Collected – All revenues collected under this Act shall be used to promote community security through:

- a. creating and sustaining capacity-building measures of the Philippine National Police (PNP);
- b. improving and modernizing the Firearms Information Management System (FIMS);
- c. developing and promoting research on gun violence prevention;
- d. supporting existing programs to aid communities in dealing with gun violence;
- e. promoting the safe and responsible use of firearms;
- f. peace and order projects and programs of the government; and
- g. other projects and/or programs that are related to the objectives of this Act.

Section 8. Implementing Rules and Regulations – The Department of Finance in coordination with the Armed Forces of the Philippines (AFP), the Firearms and Explosives Office (FEO) of the Philippine National Police (PNP), and the Department of Budget and Management (DBM) shall promulgate not later than thirty (30) days upon the effectivity of this Act the necessary rules and regulations for its effective implementation.

Section 9. Separability Clause. – If any of the provisions of this Act is declared invalid by a competent court, the remainder of this Act or any provision not affected by such declaration of invalidity shall remain in force and effect.

Section 10. Repealing Clause - All laws, decrees ordinances, rules and regulations, executive or administrative orders and such other presidential issuances that are inconsistent with any of the provisions of this Act are hereby repealed, amended or otherwise modified accordingly.

Section 11. Effectivity – This act shall take effect fifteen (15) days after publication either in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved.