

Republic of the Philippines  
House of Representatives  
Quezon City

Seventeenth Congress  
First Regular Session

HOUSE BILL NO. **3471**

HOUSE OF REPRESENTATIVES	
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**Introduced by Honorable Joseph Stephen S. Paduano**

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### **EXPLANATORY NOTE**

This bill seeks to regulate the purchase of gold and silver by jewelry enterprises from other sources, amending for the purpose Republic Act (RA) No. 8502, otherwise known as the "*Jewelry Industry Act of 1998*."

Section 3 of RA 8502 authorizes jewelry enterprises to buy gold and silver directly from other sources. However, the term "*other sources*" was not adequately defined by the law. Thus, small-scale miners sell their gold and silver to jewelry enterprises instead of the Bangko Sentral ng Pilipinas as mandated by Section 17 of RA 7076, otherwise known as the "*People's Small-Scale Mining Act of 1991*," which provides, in part, that "*All gold produced by small-scale miners in any mineral area shall be sold to the Central Bank, or its duly authorized representatives, which shall buy it at prices competitive with those prevailing in the world market regardless of volume or weight.*" Further, Section 69 of RA 7653 or the "*Central Bank Act*" states, in part, that "*The Bangko Sentral may buy and sell gold in any form, subject to such regulations as the Monetary Board may issue.*"

These laws firmly stipulate that sale transactions of gold of small-scale miners should only be through the Bangko Sentral ng Pilipinas. However, in 2011, the Bureau of Internal Revenue mandated the collection of excise and withholding taxes from small-scale miners. The Bureau of Internal Revenue, through the Bangko Sentral ng Pilipinas, collects 2% excise tax and a creditable withholding tax of 5% of gross payments from small-scale miners. Thus, a massive drop in the gold-buying trade of the Bangko Sentral ng Pilipinas with small-scale miners was observed.

The decline in the trade of gold to the Bangko Sentral ng Pilipinas became the gain of jewelry enterprises and the non-formal market because gold is a saleable and valuable commodity which is essential to their business. Jewelry enterprises took advantage of this circumstance and purchased gold and silver directly from these small-scale miners. But, in order for the Bangko Sentral ng Pilipinas to maintain adequate international reserves and promote monetary stability and convertibility of the Philippine peso, immediate action must be taken.

This bill seeks to regulate the purchase of gold and silver by jewelry enterprises from other sources and also mandates them to submit a report indicating their sale transactions of gold and silver from those sources to the Department of Trade and Industry. The Department of Trade and Industry is also mandated to furnish the Bangko Sentral ng Pilipinas the copy of the report submitted by jewelry enterprises relating to gold and silver transactions.

In view of the foregoing, early passage of this bill is earnestly recommended.



**JOSEPH STEPHEN S. PADUANO**

Republic of the Philippines  
House of Representatives  
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Seventeenth Congress  
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HOUSE BILL NO. **3471**

**Introduced by Honorable Joseph Stephen S. Paduano**

**AN ACT**

**REGULATING THE PURCHASE OF GOLD AND SILVER BY  
JEWELRY ENTERPRISES FROM OTHER SOURCES, AMENDING  
FOR THE PURPOSE REPUBLIC ACT NO. 8502, OTHERWISE  
KNOWN AS THE “JEWELRY INDUSTRY DEVELOPMENT ACT OF  
1998”**

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

SECTION 1. Section 3 of Republic Act No. 8502 is hereby amended to  
read as follows:

“SEC. 3. *Development Incentives.* – The following  
incentives shall be available to qualified jewelry enterprises in the  
jewelry industry:

a) xxx

xxx

xxx

xxx

f) Authority for jewelry enterprises to buy gold and  
silver directly from other sources EXCEPT FROM SMALL-  
SCALE MINERS;

g) xxx

xxx

xxx

1                   h)     xxx                   xxx                   xxx.

2                   JEWELRY    ENTERPRISES    MUST    SUBMIT    A  
3                   MONTHLY REPORT INDICATING THEIR PURCHASES OF  
4                   GOLD AND SILVER FROM OTHER SOURCES TO THE  
5                   DEPARTMENT OF TRADE AND INDUSTRY.    THE  
6                   DEPARTMENT OF TRADE AND INDUSTRY SHALL  
7                   PERIODICALLY FURNISH THE BANGKO SENTRAL NG  
8                   PILIPINAS THE COPY OF THE REPORT RELATING TO  
9                   GOLD AND SILVER TRANSACTIONS.”

10               SEC. 3. The Secretary of Trade and Industry shall, within sixty (60) days  
11               after the effectivity of this Act, promulgate the rules and regulations for the  
12               effective implementation of this Act.

13               SEC. 4. This Act shall take effect fifteen (15) days after its publication in  
14               the *Official Gazette* or in a newspaper of general circulation.

15               Approved,