



LEGISLATIVE RESEARCH SERVICE
KEY POINTS OF PLENARY PROCEEDINGS
Second Regular Session, 19th Congress

Session No. 20
Monday, 11 September 2023

1. Senate Bill No. 2200 under Committee Report No. 66

An Act Promoting Mental Health and Well-Being in Basic Education by Institutionalizing a School-Based Mental Health Program, Establishing Care Centers, Prescribing the Creation of New Plantilla Positions of Mental Health Specialists and Mental Health Associates in the Department of Education, Appropriating Funds Therefor, and for Other Purposes

Sponsor : Sen. Win Gatchalian
Cosponsors : Sen. Loren Legarda
Sen. Joel Villanueva
Sen. Risa Hontiveros
Sen. Christopher Lawrence T. Go
Sen. Ramon Bong Revilla Jr.
Sen. Ronald "Bato" Dela Rosa
Sen. Sonny Angara
Sen. Pia S. Cayetano

Approved on Third Reading

Explanation of Vote of Senator Hontiveros

Senator Hontiveros stated that the Act will accelerate the mainstreaming of school-based mental health programs to ensure not only the physical but also the psychological safety of the learning environment. She further mentioned that school-based mental health programs should be given funding priority instead of counter-productive and redundant surveillance activities in schools, which, according to her, worsen psychological distress.

Manifestation of Senator Villanueva that the Explanations of Vote of Senators Gatchalian, Villanueva, Padilla, and Go be inserted into the Record

2. Senate Bill No. 2243 under Committee Report No. 85

An Act Strengthening and Revitalizing the Salt Industry in the Philippines, Appropriating Funds Therefor, and for Other Purposes

Sponsor : Sen. Cynthia A. Villar
Cosponsors : Sen. Joel Villanueva

Approved on Third Reading

Manifestation of Senate President Zubiri that he be made coauthor.

3. Senate Bill No. 2224 under Committee Report No. 70

An Act Introducing Administrative Tax Reforms, Amending Sections 21, 22, 34, 51, 56, 57, 58, 76, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114, 115, 116, 117, 118, 119, 120, 128, 200, 204, 236, 237, 241, 242, 243, 245, 248, and 269 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes

Amendments of Senator Gatchalian

Senator Gatchalian proposed, and the Body approved, the following amendments, among others:

- a. On pages 2 to 3, line 3 to line 21, delete the entire Section 3 amending Section 21 of the National Internal Revenue Code of 1997 (NIRC).

Rationale: Instead of classifying taxpayers into micro, small, and medium, certain parameters will be set for taxpayers who will enjoy additional benefits from the bill. The benefits of taxpayers with assets worth P20 million and below will be enumerated in the subsequent new sections of the bill. This is to focus and assist on the needs of the small business owners in terms of tax compliance and monitoring of the Bureau of Internal Revenue (BIR) for a more responsive tax administration.

- b. On page 8
- i. line 13, after the word "withholding", insert the words AND REMITTANCE;
 - ii. line 17, after the words "fiscal year", insert a colon (:), and thereafter insert the following phrase: PROVIDED, THAT THE SAME HAD BEEN DECLARED IN THE TAX RETURN WHERE THE CORRESPONDING INCOME IS REPORTED.
- c. On page 9, line 16, after the word "BUSINESS" and the comma (,),
- i. insert the following phrase THE TAXPAYER SHALL FILE AN APPLICATION FOR REFUND OF;
 - ii. line 17, after the word "CREDIT", delete the words "OF THE SAID TAXPAYER SHALL BE REFUNDED", and replace it with a comma (,) followed by the phrase AND THE BIR SHALL DECIDE ON THE APPLICATION AND REFUND THE EXCESS TAXES.
- d. On page 14, line 20, after the word "equivalent", insert the words VALUE IN MONEY.
- e. On page 16, line 16, after the word "tax", insert the following phrase: AND THOSE AMOUNTS EARMARKED FOR PAYMENT TO THIRD (3RD) PARTY OR RECEIVED AS REIMBURSEMENT FOR PAYMENT ON BEHALF OF

ANOTHER WHICH DO NOT REDOUND TO THE BENEFIT OF THE SELLER AS PROVIDED UNDER RELEVANT LAWS, RULES OR REGULATIONS: PROVIDED, THAT FOR LONG-TERM CONTRACTS FOR A PERIOD OF ONE YEAR OR MORE, THE INVOICE SHALL BE ISSUED ON THE MONTH IN WHICH THE SERVICE, OR USE OR LEASE OF PROPERTIES IS RENDERED OR SUPPLIED.

- f. On pages 16 to 17, delete the entire paragraph (C) of Section 108.

Rationale: With regard to Section 17, Senator Gatchalian stated that the rationale for amending Section 108 of the NIRC is for the recognition of the “pass-through revenue” concept. Under this concept, pass-through revenues received by a seller do not form part of the seller’s gross sales because the money received by the seller does not belong to the seller and does not redound to the seller’s benefit. In other words, the seller receives this money in the capacity of a collecting agent for a third party. The said third party is the proper entity to record the payment received as its gross sales. With regard to the transfer of the proposed paragraph (C) of Section 108 with modification, to Section 110 of the NIRC, the purpose of the amendment is to cover both goods and services. In other words, with the amendment, both sellers of goods and services can claim output value-added tax (VAT) credit on uncollected receivables.

- g. On page 18, delete lines 4 to 8, specifically the second paragraph.

Rationale: Section 109 (2) is a previous provision found in the Tax Code but was deleted under the TRAIN Law. Section 109 (2), in effect, gives the seller an option to choose to apply 12% VAT on the VAT- exempt transactions under Section 109 (1), which is contrary to the reason and intent of the legislature.

- h. On page 19, line 6, insert a new paragraph to read as follows:

(D) OUTPUT VAT CREDIT ON UNCOLLECTED RECEIVABLES. – A SELLER OF GOODS OR SERVICES MAY DEDUCT THE OUTPUT VAT PERTAINING TO RECEIVABLES CONSIDERED AS BAD DEBTS IN ACCORDANCE TO SECTION 34(E) OF THIS CODE, FROM ITS OUTPUT VAT DURING THE PERIOD WHEN THE SAID BAD DEBTS WERE WRITTEN OFF: PROVIDED, THAT THE SELLER HAS FULLY PAID THE VAT ON THE TRANSACTION: PROVIDED, FURTHER, THAT THE VAT COMPONENT OF THE BAD DEBT WRITTEN OFF HAS NOT BEEN CLAIMED AS ALLOWABLE DEDUCTION UNDER SECTION 34(E) OF THIS CODE.

IN CASE OF RECOVERY OF BAD DEBTS PREVIOUSLY WRITTEN OFF, THE OUTPUT VAT PERTAINING TO THE BAD DEBTS RECOVERED SHALL BE ADDED TO THE OUTPUT VAT OF THE TAXPAYER DURING THE PERIOD OF RECOVERY.

Rationale: This amendment, which moves the provision of bad debts from Section 108 to Section 110 of the NIRC, is for the sellers of goods to be able to deduct the output VAT from their bad debts as a tax credit. Previously, the concept of bad debts was only under Section 108, which pertains to the sale of services. Further, the amendment is to clarify the application of the concept of “bad debts” for VAT purposes. The amendment is being proposed to clarify that the VAT component of the bad debts shall be deducted from the output VAT of the taxpayer. The clarification was based on Senator Gatchalian’s

discussion with Senator Pimentel, who suggested that the output VAT credit resulting from bad debts should be used as an adjustment in computing the VAT liability of a taxpayer.

- i. On page 21, line 5, after the words “ABOVE- DESCRIBED”, insert a colon (:) and the following proviso: PROVIDED, FURTHER, THAT IN CASE OF DISALLOWANCE BY THE COMMISSION ON AUDIT, ONLY THE TAXPAYER SHALL BE LIABLE FOR THE DISALLOWED AMOUNT WITHOUT PREJUDICE TO ANY ADMINISTRATIVE LIABILITY ON THE PART OF ANY EMPLOYEE OF THE BIR WHO MAY BE FOUND TO BE GROSSLY NEGLIGENT IN THE GRANT OF REFUND.
- j. On page 34
 - i. line 7, delete the word “ACT” and replace it with the words PROCESS AND DECIDE;
 - ii. line 8, delete the word “FIFTY” and the numerical equivalent of “(150)”, thereafter, replace it with the word EIGHTY followed by the numerical equivalent of (180) and add a hyphen (-).
- k. On page 36, lines 23 to 24, paragraph (C), after the word “OFFICE”, delete the words WHERE SUCH PERSON IS TO TRANSFER”, and replace it with the words WHICH INITIATED THE AUDIT INVESTIGATION.
- l. On page 41, line 12, after the words “valued at”, delete the word “One” and replace it with the word FIVE.
- m. On page 42, insert a new section, which shall amend Section 238 of the NIRC, and shall read as follows:

SEC. 34. SECTION 238 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, IS HEREBY FURTHER AMENDED, TO READ AS FOLLOWS:

SEC. 238. PRINTING OF [RECEIPTS OR] SALES OR COMMERCIAL INVOICES. — ALL PERSONS WHO ARE ENGAGED IN BUSINESS SHALL SECURE FROM THE BUREAU OF INTERNAL REVENUE AN AUTHORITY TO PRINT [RECEIPTS OR] SALES OR COMMERCIAL INVOICES BEFORE A PRINTER CAN PRINT THE SAME.

NO AUTHORITY TO PRINT [RECEIPTS OR] SALES OR COMMERCIAL INVOICES SHALL BE GRANTED UNLESS THE [RECEIPTS OR] INVOICES TO BE PRINTED ARE SERIALLY NUMBERED AND SHALL SHOW, AMONG OTHER THINGS, THE NAME, [BUSINESS STYLE,] TAXPAYER IDENTIFICATION NUMBER (TIN) AND BUSINESS ADDRESS OF THE PERSON OR ENTITY TO USE THE SAME, AND SUCH OTHER INFORMATION THAT MAY BE REQUIRED BY RULES AND REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER.

ALL PERSONS WHO PRINT [RECEIPTS OR] SALES OR COMMERCIAL INVOICES SHALL MAINTAIN A LOGBOOK/REGISTER OF TAXPAYERS WHO AVAILED OF THEIR PRINTING SERVICES. THE LOGBOOK/REGISTER SHALL CONTAIN THE FOLLOWING INFORMATION:

(1) NAMES, TINS OF THE PERSONS OR ENTITIES FOR WHOM THE [RECEIPTS OR] SALES OR COMMERCIAL INVOICES WERE PRINTED; AND

(2) NUMBER OF BOOKLETS, NUMBER OF SETS PER BOOKLET, NUMBER OF COPIES PER SET AND THE SERIAL NUMBERS OF THE [RECEIPTS OR] INVOICES IN EACH BOOKLET.

Rationale: The new Section 34 will amend Section 238 of the NIRC. The terms “receipts or” and “business style” will be deleted wherever they appear in the said section. The deletion of the word “receipts” is mainly for purposes of consistency with the shift from receipts to invoices. On the other hand, the deletion of the phrase “business style” is in line with the other proposed amendments in the Tax Code, particularly Section 21, amending Section 113 of the NIRC, as amended, deleting the required providing information pertaining to business style and invoices.

- n. On page 44, line 4, insert paragraph (l) of Section 245 and then, after the words “tax statistics”, insert a comma (,); thereafter, the phrase THE PUBLICATION OF INFORMATION REQUIRED TO BE PUBLISHED PURSUANT TO ANY LAW, RULES, AND REGULATIONS. FOR PURPOSES OF PUBLICATION, THE BUREAU OF INTERNAL REVENUE MAY MAKE USE OF ANY ELECTRONIC MEANS OF PUBLICATION IN THE OFFICIAL GAZETTE OR ITS OFFICIAL WEBSITE.
- o. On page 47, after line 19, insert a new section to read as follows:

SEC. 40. DIGITALIZATION OF BIR SERVICES. – IN ORDER TO IMPROVE THE PERFORMANCE AND EFFICIENCY IN THE DELIVERY OF ITS SERVICES, THE BIR SHALL ADOPT AN INTEGRATED DIGITALIZATION STRATEGY BY PROVIDING AUTOMATED END-TO-END SOLUTIONS FOR THE BENEFIT OF TAXPAYERS. FOR THIS PURPOSE, THE BIR CENTRAL OFFICE, REGIONAL OFFICES, RDOs, AND OTHER PERTINENT UNITS SHALL:

A) ADOPT AN INTEGRATED AND AUTOMATED SYSTEM FOR ACCEPTING AND FACILITATING BASIC TAX SERVICES SUCH AS REGISTRATION, TIN ISSUANCE AND VALIDATION, FILING OF RETURNS, SUBMISSION OF SUPPORTING DOCUMENTS AS ATTACHMENTS, AND PAYMENT OF TAXES, AS WELL AS FINES, SURCHARGES OR PENALTIES;

B) IMMEDIATELY TAKE MEASURES TO SET UP ELECTRONIC AND ONLINE SYSTEMS THAT WILL MAKE THE MEANS OF EXCHANGING DATA AND INFORMATION BETWEEN OFFICES, DEPARTMENTS, AABS, AND OTHER PERTINENT UNITS SECURE, EFFICIENT, AND SEAMLESS;

C) STREAMLINE PROCEDURES BY ADOPTING AUTOMATION AND DIGITALIZATION OF BIR SERVICES TO MINIMIZE FACE-TO-FACE TRANSACTIONS AND TO FACILITATE EFFICIENT DELIVERY OF SERVICES TO TAXPAYERS; AND

D) BUILD UP ITS TECHNOLOGY CAPABILITIES INCLUDING THE CREATION OF DATA CENTERS, DATA REPOSITORIES, BASIC MESSAGING, AND ELECTRONIC MAIL FACILITIES, ENCRYPTION SYSTEM AND CYBER SECURITY SYSTEM.

p. On page 47, before line 20, insert a new Section 41, to read as follows:

SEC. 41. EOPT AND DIGITALIZATION ROADMAP. – THE BIR SHALL DEVELOP AN EASE OF PAYING TAXES (EOPT) AND DIGITALIZATION ROADMAP THAT WILL PROVIDE FOR THE PROGRAMS AND PROJECTS TO BE IMPLEMENTED TO ENSURE EASE OF COMPLIANCE OF TAX LAWS, RULES AND REGULATIONS, INCLUDING BUT NOT LIMITED TO THE ADOPTION OF SIMPLIFIED TAX RETURNS, STREAMLINING OF TAX PROCESSES, REDUCTION OF TAX OR DOCUMENTARY REQUIREMENTS, AND DIGITALIZATION OF BIR SERVICES AS PROVIDED UNDER SECTION 40 OF THIS ACT: PROVIDED, THAT IN DEVELOPING THIS ROADMAP, THE BIR SHALL PRIORITIZE TAXPAYERS WITH TOTAL ASSETS OF NOT MORE THAN TWENTY MILLION PESOS (P20,000,000) WHO ARE CONSIDERED AS MICRO AND SMALL TAXPAYERS FOR PURPOSES OF THIS ACT, IN TERMS OF STREAMLINING TAX PROCEDURES AND DOCUMENTARY REQUIREMENTS ACCORDING TO TAXPAYER SIZE AND CAPACITY TO COMPLY: PROVIDED, FURTHER, THAT THE BIR SHALL ENSURE THE ACCESSIBILITY OF ITS VARIOUS SERVICES TO DIFFERENT TAXPAYERS PARTICULARLY THOSE WITH TOTAL ASSETS OF NOT MORE THAN TWENTY MILLION PESOS (P20,000,000) SO AS TO IMPROVE TAX COMPLIANCE, AND ENHANCE TAXPAYER CONVENIENCE.

THE BIR SHALL SUBMIT AN ANNUAL REPORT ON THE EOPT AND THE DIGITALIZATION ROADMAP TO THE CONGRESSIONAL OVERSIGHT COMMITTEE ON THE COMPREHENSIVE TAX REFORM PROGRAM (COCCTRP) AS PROVIDED UNDER SECTION 290 OF THE NIRC, AS AMENDED.

Rationale: The amendment is in support of the previous section on digitalization and to ensure that the DOF and the BIR will be able to achieve the objectives of this bill. As for the proviso on accessibility, this provision is to ensure that everyone can reap the benefits of digitalization. The BIR is mandated to ensure that all taxpayers, especially the micro and small taxpayers, can cope with the changes brought by digitalization. This can be made possible by requiring BIR to ensure the accessibility of taxpayers to its various services. Digitalization must be inclusive, available, and applicable for all taxpayers, regardless of size.

q. After the Section 39 amending Section 269 (j) of the NIRC, insert another new Section, which shall now be the new Section 42 of this bill:

SEC. 42. SPECIAL INCENTIVES FOR CERTAIN TAXPAYERS. – THE FOLLOWING INCENTIVES SHALL BE MADE AVAILABLE TO ALL TAXPAYERS WITH TOTAL ASSETS NOT EXCEEDING TWENTY MILLION PESOS (P20,000,000.00) WHO ARE CONSIDERED AS MICRO AND SMALL TAXPAYERS FOR PURPOSES OF THIS ACT:

- A. THE INCOME TAX RETURN (ITR) REQUIRED UNDER SECTION 51 OF THE NIRC SHALL CONSIST OF A MAXIMUM OF TWO (2) PAGES IN PAPER FORM OR ELECTRONIC FORM;
- B. EXEMPTION FROM THE OBLIGATION TO WITHHOLD TAXES AS PROVIDED IN SECTION 57(B) OF THE NIRC, AS AMENDED;
- C. A REDUCED RATE OF FIFTEEN PERCENT (15%) FOR CIVIL PENALTIES AS PROVIDED UNDER SECTION 248 OF THE NIRC, AS AMENDED
- D. A TWENTY PERCENT (20%) REDUCTION ON THE INTEREST RATE IMPOSED UNDER SECTION 249 OF THE NIRC, AS AMENDED;
- E. E. A REDUCED FINE OF FIVE HUNDRED PESOS (P500.00) AS PENALTY FOR FAILURE TO FILE CERTAIN INFORMATION RETURNS AS PROVIDED UNDER SECTION 250 OF THE NIRC, AS AMENDED; AND
- F. A REDUCED COMPROMISE PENALTY RATE OF AT LEAST FIFTY PERCENT (50%) FOR VIOLATIONS OF SECTIONS 113, 237, AND 238 OF THE NIRC, AS AMENDED.

r. On page 48, line 1, insert a new section to read as follows:

SEC. 44. TRANSITORY CLAUSE. - TAXPAYERS ARE HEREBY GIVEN SIX (6) MONTHS FROM THE EFFECTIVITY OF THE IMPLEMENTING REVENUE REGULATIONS TO COMPLY WITH THE AMENDMENTS TO TITLE IV ON VALUE ADDED TAX OF THE NIRC, AS AMENDED.

Amendment of Senator Revilla

On page 47, line 20, insert a new provision and renumber the succeeding provisions accordingly: APPLICABILITY OF DATA PRIVACY PRINCIPLES. – THE PROCESSING, RECORDING, TRANSMISSION AND STORAGE OF ALL PERSONAL DATA UNDER THIS ACT SHALL BE IN ACCORDANCE WITH THE REPUBLIC ACT NO. 10173, OTHERWISE KNOWN AS THE “DATA PRIVACY ACT OF 2012”, AND OTHER LAWS ON DISCLOSURE OF INFORMATION TO THE PUBLIC IN ADHERENCE TO THE PRINCIPLES OF TRANSPARENCY, LEGITIMATE PURPOSE, AND PROPORTIONALITY.

Rationale: It is essential to streamline the processes that allow taxpayers to comply with tax laws with ease. It also guarantees that data privacy is protected, especially when there is a proliferation of cybercrimes. The data and information they surrender to the State as they comply with their obligations as taxpayers must be protected against abuse and exploitation.

4. Senate Bill No. 2432 under Committee Report No. 118

An Act Defining the Crimes of Agricultural Economic Sabotage, Providing Penalties Therefor, Creating the Anti-Agricultural Economic Sabotage Council, Repealing Republic Act No. 10845 or The Anti-Agricultural Smuggling Act of 2016, and For Other Purposes

Sponsor : Sen. Cynthia A. Villar
Cosponsors : Sen. Joel Villanueva
Sen. Joseph Victor "JV" G. Ejercito
Sen. Ronald "Bato" Dela Rosa
Sen. Jinggoy Ejercito Estrada

Sponsorship Speech of Senator Villar

Senator Villar stated that the proposed measure would repeal the Anti-Agricultural Smuggling Act of 2016 or Republic Act No. 10845, which is deemed as a "failure" at the hands of the Bureau of Customs (BOC), with no having made seven years after the passage of the law. The bill seeks to define and propose stiff penalties for agriculture economic sabotage to include not only smuggling but also hoarding, profiteering, and cartels.

She cited that smuggling brings about unfair competition for locally-produced goods because it floods the market of cheaper agricultural products and is one of the reasons farmers continue to live in poverty. Farm commodities being smuggled into the country include sugar, corn, pork, poultry, garlic, onion, carrots, fish, and cruciferous vegetables, as cited by the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA).

The bill defines the crimes of agricultural economic sabotage—smuggling, hoarding, profiteering, and cartel. In agricultural smuggling, as proposed in the bill, mere possession or presence of any of the listed agricultural products in any BOC-controlled port, fish port, fish landing site, resort, airport or warehouse, cold storage, vessel, and other storage area, shall constitute *prima facie* evidence of violation. The crimes of agricultural smuggling, hoarding, profiteering, and cartel as economic sabotage are committed when the value of each agricultural and fishery product subject of the crime is at least P1 million using the Daily Price Index under Section 19 of this Act, computed at the time the crime was committed.

The proposed penalties for agricultural crimes include life imprisonment for any person who commits or aids in the commission of any of the prohibited acts enumerated. If a government officer or employee is the offender of the crime, aids in the commission of the crime, or prevents the filing of the case or its prosecution, or the actual arrest of the suspect, the penalty is also life imprisonment, and in addition to his/her perpetual disqualification from holding public office, exercise the right to vote, participate in any public election and forfeiture of his/her employment monetary and financial benefits. If the offender is a juridical person, the criminal liability shall attach to the president, the chief operating officer, the manager, or any officer who participated in the decision that led to the commission of the prohibited act. Any person found guilty under the Act shall be perpetually and absolutely disqualified to engage in any business involving the importation, transportation, storage, and domestic trade of agricultural products.

The *prima facie* violation of any of the crimes as economic sabotage and the possession of any agricultural products as its threshold amount under Section 4 of the Act shall be considered evidence of strong guilt, which renders the offense non-bailable.

The bill also proposes to establish the Anti-Agricultural Economic Sabotage Council, which shall be under and chaired by the president with 15 members, whose powers include the formulation of a national plan to address and counter the agricultural smuggling crimes enumerated, constitute a special team of prosecutors all over the country, which shall evaluate evidence submitted, consolidate criminal complaints apply for the issuance of warrant, initiate the conduct of preliminary investigation; and create an Anti-Agricultural Economic Sabotage Enforcement Group composed of seven government law enforcement agencies and representative (s) of concerned agricultural sector whose participation shall be defined by the Council, who shall effect searches and seizures, arrests and filing of cases before the prosecutor and appropriate agencies.

Manifestation of Senator Villanueva that his cosponsorship speech and the cosponsorship speeches of Senators Ejercito, Dela Rosa, and Estrada be inserted into the *Record*.

5. Senate Bill No. 2221 under Committee Report No. 118

An Act Providing for the Magna Carta of Filipino Seafarers

Sponsor : Sen. Raffy T. Tulfo

Interpellation of Senator Pimentel

Asked on the other salient features of the Maritime Labour Convention (MLC) 2006 that can be found in the measure, Senator Tulfo stated that there are six areas of concern that should be observed under the EU guidance and that should be followed to protect the rights and privileges of our seafarers: (a) Monitoring, supervision, evaluation of training and assessment; (b) Examination and assessment of competence; (c) Program and course design and approval; (d) Availability and use of training facilities and simulators; (e) On-board training; and (f) Issue revalidation and registration of certificates and endorsement.

As the Philippines is a state party to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) 1978, Senator Pimentel asked the Philippines' biggest obligation under the agreement. Senator Tulfo answered that the Philippines has to abide by education and training standards. It was observed that the Philippines has numerous violations as regards curriculum and training.

In response to Senator Pimentel's queries on the inclusion of the shipowners and manning agencies in the composition of the curriculum committee chaired by the Commission on Higher Education (CHED), Senator Tulfo reasoned that shipowners are part of the stakeholders because it is in their ships where the seafarers work. Shipowners must be consulted regarding compliance and regulations related to education and training. As for the manning agencies are

part of the curriculum committee because when it comes to operational aspects of shipping, they are there to match the skills and training of seafarers.

As for the exclusion of the seafarers as members of the curriculum committee, Senator Tulfo explained that the seafarers have their standard employment contract (SEC).

With regard to CHED's stand on the composition of the curriculum committee, Senator Tulfo stated that the CHED was consulted, and they agreed with the format.

Asked on the relationship of the Magna Carta with the Labor Code and with the DMW Law, Senator Tulfo explained that the Magna Carta of Seafarers covers domestic and international seafarers. However, the domestic seafarers are under the jurisdiction of the Department of Labor and Employment (DOLE), while the international seafarers are under the DMW. Senator Tulfo pointed out that domestic seafarers have an exclusive section in the bill.

Concerning the definition of "seafarer," Senator Pimentel pointed out that it is not consistent with the DMW's definition of "fisherfolk" who are working in commercial vessels and fishing in international waters. Senator Tulfo explained that while both have SEC, the fisherfolk and the seafarers have different legal bases to invoke. The fisherfolk are covered by the International Labor Organization (ILO) 188, while the seafarers are covered by MLC 2006, which has higher standards. Thus, the fisherfolk in the international commercial vessels cannot be included. Senator Tulfo further said that the DMW will be the primary agency should the Magna Carta for Seafarers become a law.

On the word "engaged" in the definition of seafarer, Senator Tulfo explained that only those actively engaged can be considered seafarers. There has to be an active and live contract.

Senator Pimentel asked if Senator Tulfo was open to the clarification of the definition of seafarer in view of Chapter XIV (an exclusive chapter on domestic seafarers), to which Senator Tulfo agreed.

Regarding the use of technical terms in the bill, Senator Tulfo stated that there are technical terms in the bill. Among them are "oceangoing vessels," defined based on MLC 2006, and "Philippine registered domestic ships" engaged in trade and commerce between Philippine ports and within Philippine territorial or internal water. Senator Tulfo said that oceangoing vessels go to international waters, while Philippine registered domestic ships are engaged in trade and commerce between ports and within Philippine territorial or internal waters. On the matter, Senator Pimentel said that the two types of vessel will also determine whether the seafarers are domestic or international.

On whether there is a foreign-registered vessel that can be considered a domestic ship, Senator Tulfo replied that it is not possible because it is against the law. The same way, it is not possible to employ a foreigner on a Philippine-registered domestic ship.

Asked on the cases involving seafarers versus shipowners or manning agencies, Senator Tulfo confirmed that there are 4,000 cases a year, most of which are about disability claims. With regard to the top three issues of seafarers

against shipowners or manning agencies, Senator Tulfo cited breach of contract, delay in remittance and difficulty of the seafarers' family/relatives in obtaining information about them in cases when something happens to them, and illegal dismissal.

Senator Tulfo stated that breach of contract will be minimized as the rights of the seafarers are consolidated under the bill. Further, if there is a breach of contract, the decision will be fast-tracked, with the DMW reviewing the contact and taking appropriate action on the seafarer's complaint.

Concerning dispute resolution, Senator Pimentel suggested that the provisions should be crafted in such a way that the grievance machinery is for the benefit of the seafarer and that the non-exhaustion cannot be used against the seafarer, to which Senator Tulfo agreed. Senator Pimentel also suggested that the agreement reached by the parties at the grievance proceeding should be signed by the seafarer.

Senator Pimentel also sought clarification of the term "duly repatriated." The Sponsor stated that it refers to the process of returning a seafarer to the point of destination, which shall be the point of hire or the seafarer's place of domicile. As long as the seafarer is still on board a ship and not yet in the Philippines, the seafarer is considered to be duly repatriated, and so the medical expenses should be covered by the shipowner.

On the prescription of offenses, Senator Pimentel suggested that the point of reference should be from the date of its discovery, which will make it prescribe longer, to which Senator Tulfo agreed.

As regards Section 57, which is about the entitlement of the seafarer to repatriation, which may be waived, Senator Pimentel asked if it would be better if such provision would no longer be spelled out. Senator Tulfo explained that the said section is in accordance with MLC, 2006.

On Senator Pimentel's query on why "hours of rest," instead of "hours of work," is being regulated, Senator Tulfo cited the different work conditions of sea-based workers. The provision of "hours of rest" is to ensure that the seafarers will not be prone to abuse. Senator Tulfo said that there are times when the seafarers need more than the eight-hour work. But there is a set amount of hours that they can only be allowed to work, and the bill is more concerned about their rest, safety, and mental health. As for the domestic seafarers, Senator Tulfo said that the concern is more "hours of work" as they have shorter voyages.

Senator Pimentel sought clarification on the use of "rest period" and "waiting time." As a reply, Senator Tulfo said they would revisit the matter and make clear distinctions.

The session was adjourned at 7:30 p.m.