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RULES AND REGULATIONS GOVERNING TRADING OF LOCALLY GROWN VIRGINIA LEAF TOBACCO

NTA, May 03, 1991

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Pursuant to the authority vested in the National Tobacco Administration (NTA) under Executive Order No. 245 and other laws not inconsistent thereto and in consonance with its regulatory functions, the following trading rules and regulations for Virginia tobacco are hereby promulgated for the information and guidance of all concerned.

Regulation I
General Provisions
RULE 1. Definition of Terms — As used in those Rules and Regulations:

a. Executive Order refers to Executive Order No. 245.

b. NTA refers to the National Tobacco Administration, a government agency created and existing under Executive Order No. 245.

c. Board refers to the Board of Directors of the NTA.

d. Administrator refers to the Managing Head or Officer-in-Charge of the NTA.

e. NTA Officials refers to the Administrator, Deputy Administrator, Chairman or any member of the Board, Manager of the Market Development and Regulation Department, Legal Department, Farm Development Department, Branch Managers of Provincial Branch Offices or Head of any special trading enforcement team of the NTA.

f. NTA Tobacco Inspector or Grader refers to any other NTA employee duly appointed or assigned by the Administrator to assist in the grading or classification of Virginia tobacco and implementation and enforcement of these Rules and Regulations.

g. BIR refers to the Bureau of Internal Revenue.

h. Person refers to any natural person, corporation, company, partnership, association, cooperative, consortium of dealers, or any other juridical entity.

i. Tobacco refers to locally grown Virginia type tobacco excluding those that are redried, threshed or blended.

j. Farmer is a person whose stock of leaf tobacco is the product of the land tilled by him or is given to him as renumeration for assisting in the growing of tobacco or in the flue-curing of tobacco leaves.

k. Buyer is a person, corporation, company, partnership, consortium of tobacco dealers, or entity duly authorized by the NTA under license to buy tobacco from farmers and other authorized dealers.

l. Trading Center is a building or warehouse, including its accessories, used exclusively for buying, selling, baling or handling, and storing of tobacco from farmers or authorized sellers.

m. Purchase Commitment is a written undertaking in favor of the NTA to buy or cause to be procured a definite quantity of tobacco from farmers and other authorized sellers during a particular trading season, and to pay liquidated damages to the NTA, the amount of which shall not be less than ten percent of the estimated average value of the unpurchased quantity, in the event of unreasonable refusal and failure to procure the quantity undertaken to be purchased.

n. Authorized Seller refers to any person, other than a farmer whose stock of leaf tobacco is acquired through other lawful means.

o. T/C Agent refers to any person or group of persons whose stock of leaf tobacco is acquired/purchased from farmers/other authorized sellers who is duly registered as such for a particular trading season. He may be affiliated with one or more T/Cs to whom such leaf tobacco shall be delivered. In no case may such T/C Agent/Middleman deliver directly to Principal Buyers/Wholesale Tobacco Dealers/Redrying Plants.

p. Leaf Tobacco refers to whole leaf locally grown Virginia type tobacco, excluding those that are redried, threshed, stripped, or blended.

q. Trading includes the buying, selling, delivery to redrying plants for processing, deposit or storage, barter or exchange of leaf tobacco.

r. Wholesale Tobacco Dealer is a person other than the licensed buyer, manufacturer, exporter, and redrier with permit to Purchase issued by NTA.

s. End-Buyer refers to manufacturers, exporters, and redriers with permit to Purchase/Redry issued by NTA.

t. License to Buy is a written authority issued by NTA as a license for buyers to purchase tobacco at trading centers from registered farmers or authorized sellers or T/C Agents/Middlemen.

u. Permit to Purchase is a written authority issued by NTA to Wholesale Tobacco Dealers and/or End-Buyers to purchase tobacco from trading centers.

v. Permit to Redry is a written authority issued by NTA to redriers of tobacco only engaged in redrying or processing of tobacco of end-Buyers.

w. Production Commitment is a written undertaking of a registered farmer to produce/procure a certain quantity of leaf tobacco for a particular trading season.

x. Production Quota is a written authority issued by NTA to a registered farmer to produce/procure and deliver to T/Cs during a particular trading season a certain quantity of leaf tobacco.

y. Purchase/Sales/Transfer Book is a book showing all transactions such as buying, selling, transferring of a particular buyer T/C indicating among other things the name of farmer/seller or T/C Agent/Middleman, certain quantity of tobacco bought/delivered with specified value and quantity sold, transferred with serial number of source document, Principal Buyer/WTD/RP that purchased the same and duly recorded in a chronological manner for the duration of the trading season. These Books shall be submitted to the MDRD, Central Office, NTA after the end of every trading season. Keep and recorded as official document of the Office (NTA).

Regulation II
Registration of Farmers

RULE 1. Who May Apply for Registration — In general, any tobacco farmer who intends to sell his tobacco stocks to a Buyer shall apply for the registration or inclusion of his name in the NTA roster of tobacco farmers and the issuance of a production quota.

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RULE 2. Form and Content of Application/Production Quota — Application for registration shall be accomplished and filed in at least three copies on the form prescribed for the purpose, duly subscribed and sworn to before a person authorized to administer oaths or attested to by a Barangay Captain or President of farmers association and stating particularly, among others, with sufficient correctness and clarity, the following:

a. Full name and address of the applicant;

b. Applicant's citizenship, age, sex and civil status;

c. The location and size in hectares of the area being cultivated by him for Virginia tobacco; or in case of farm helpers and flue-curers, the names and addresses of the farmers for whom they have rendered services;

d. Estimated quantity of tobacco produced or received as share, as the case may be, by the applicant;

e. The full name, age and other personal circumstances of one person whom the applicant is designating as his representative, who shall be either his spouse or any of his relatives within the fourth civil degree;

f. The applicant shall attach to his application his two (2) black and white photographs (ID size), taken within the last six months and also two (2) pictures of his representative[s]; and

g. The applicant shall sign the production commitment portion of the application, stating among others the quantity in kilos of his estimated production for the ensuing trading season.

RULE 3. Where to File Application — An application for registration in the prescribed form, together with the accompanying pictures, shall be filed with the NTA Provincial/Field Offices or any NTA Tobacco Inspector or Technician in the province where the applicant resides. No application fee shall be collected from any applicant for registration.

RULE 4. Verification and Evaluation — Upon receipt of the application, the Manager, NTA Provincial/Field Office shall cause the verification of the correctness of the information contained therein. He shall inform the applicant, after verification and processing of the application, as to the deficiencies if any.

RULE 5. Issuance of Production Quota — Upon satisfactory showing that the applicant is a bona fide farmer or authorized seller, after signing the commitment portion of the application, the NTA Administrator, through the Provincial/Field Office, shall issue to him the Production Quota for the trading season.

RULE 6. Term of Production Quota — The Production Quota is valid for one trading season only, but renewable every year thereafter.

RULE 7. Prohibition — Registered farmer/sellers are prohibited to sell their leaf tobacco product to unregistered trading centers and unregistered middlemen or TC Agents. Any farmer/seller who sells his leaf tobacco to unregistered buyers/middlemen is not protected by these tobacco laws, trading rules, and regulations. Complaints from said farmer/s who violate this prohibition shall not be entertained by NTA.

RULE 8. Assignability/Transferrability of Production Quota — A production quota may be transferred, sold, or assigned in any manner provided by law, to any registered farmer/seller who fails to meet its Production Quota or falls short of his production commitment or production quota, and any person, firm or entity whose stock of leaf tobacco was acquired through other lawful means may apply for a Special Production Quota or may sell/assign his tobacco stocks to a quota holder.

RULE 9. Form and Content of Special Production Quota — Application for Special Production Quota with the necessary supporting documents shall be filed in at least three copies and sworn to before any official authorized by law to administer oaths and stating particularly among others, the following:

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a. Full name, address and personal circumstances of the applicant;

b. A brief statement of the circumstances or nature of the transaction under which he acquired the tobacco stocks;

c. The name and address of the person, firm or entity from whom he acquired the tobacco stocks;

d. The quantity and grade/s of tobacco;

e. The place or location where the tobacco is stored and the applicant shall attach to his application copies of supporting documents.

RULE 10. When and Where to Apply — The application for Special Production Quota together with the supporting documents, shall be filed with the NTA Provincial/Field office where the tobacco is stored.

RULE 11. Verification and Evaluation — Upon presentation of convincing proof that such tobacco was acquired by the applicant through accidental and isolated legitimate transaction, and there is no reason to believe that the applicant is a person engaged in the business of dealing in tobacco without a license, a Special Production Quota may be issued for such quantity of tobacco as specified in the application.

RULE 12. Duration of the Special Production Quota — The Special Production Quota shall only be valid for a single transaction and it shall be surrendered to and cancelled by the Buyer of the tobacco described in the Quota. It shall be attached to the original copy of his purchase invoice voucher (PIV).

Regulation III
License to Buy Tobacco

RULE 1. Who May Apply for License to Buy Tobacco — Any person of legal age and having the legal capacity to enter into contract, a corporation, company, particularly cooperative, consortium or association of tobacco dealers, or any other juridical entity, foreign or domestic, which has complied with requirements of the law as a juridical entity, may apply for a license to Buy Virginia tobacco from Registered farmers, other authorized sellers, and T/C Agents/Middlemen, Provided, That the applicant:

a. has the financial capacity to buy a definite minimum quantity of tobacco which shall not be less than 250,000 kgs. during a particular trading season;

b. is willing to execute a Purchase Commitment in a form prescribed by NTA.

c. can post the required surety bond in favor of the NTA, if necessary; and

d. is willing and able to establish, operate and maintain a trading center/s in such place/s to be designated by the NTA where he shall buy tobacco in accordance with the prescribed rules and procedures.

However, an association, organization or consortium of tobacco dealers may be allowed for special reasons to execute and sign the required Purchase Commitment for the purpose of the issuance of license to buy unto and in favor of its members, or agents or representatives as may be designated by such member, for whom the association, organization or consortium of tobacco dealers is acting and whose identities must be disclosed and who, upon being found to be qualified and eligible to engage in tobacco trading, shall be issued the corresponding licenses in their own respective individual names and account. Such association, organization or consortium may execute and sign the Purchase Commitment alone or jointly and severally with its members, but nothing herein provided shall be construed as a waiver by the NTA of its power to regulate, control and supervise the trading of Virginia tobacco, as provided for by law.

RULE 2. Surety Bond — The bond shall be issued by a reputable bonding company in favor of and acceptable to

the NTA to guarantee faithful compliance by the Buyer of his obligations as Licensed Buyer, such as but not limited to the payment of liquidated damages in the event that the Licensee refuses or fails to buy the quantity undertaken by him to procure and payment of regulation fees. However, a Surety Bond shall not be required if the T/C is financially guaranteed by a Principal Buyer.

RULE 3. Amount of Bond — If necessary, an applicant shall file a surety bond in favor of the NTA in accordance with the following schedule:

a. P50,000.00 — if the total purchase commitment is 250,000 kgs. but less than 500,000 kgs.

b. P100,000.00 — if the total purchase commitment is 500,000 kgs. but less than 1,000,000 kgs.

c. P200,000.00 — if the total purchase commitment is 1,000,000 kgs. but less than 1,500,000 kgs.

d. P300,000.00 — if the total purchase commitment is 1,500,000 kgs. but less than 2,000,000 kgs.

e. P400,000.00 — if the total purchase commitment is 2,000,000 kgs. or more.

RULE 4. Reduction or Waiver of Amount of Bond — The bond herein required may be reduced in amount or waived entirely by NTA upon showing by the buyer or by any other interested party of valid and special reasons, such as but not limited to the financial stability and solvency of the buyer or his evident capability to comply with his Purchase Commitment and his other obligations as a Buyer.

RULE 5. Purchase Commitment of Association, Consortium or Organization of Tobacco Dealers — An association, organization or consortium of tobacco dealers may be allowed for special reasons to execute and sign the required Purchase Commitment for the purpose of the issuance of licenses unto and in favor of its members, or the agents or representatives as may be designated by such members, for whom the said association, organization or consortium of tobacco dealers is acting and whose identities must be disclosed and who, upon being found to be qualified and eligible hereunder to engage in tobacco trading, shall be issued the corresponding License to Buy in their own respective names and account. Such association, organization or consortium may execute and sign the Purchase Commitment alone or jointly or severally with its members; Provided, finally that the bond herein required may be waived entirely by the NTA upon showing by the Buyer or by any other interested party of good and special reasons such as but not limited to the financial stability and solvency of the Buyer or his evident capability to comply with his Purchase Commitment and his other obligation as a Buyer.

RULE 6. Location and use of Trading Center — The Trading Center shall be located on or adjacent to a street or thoroughfare, permitting easy access to it by farmers and other authorized Sellers, and shall be used exclusively for buying, baling, packing and storing tobacco.

RULE 7. Type of Building — A Trading Center shall be built of strong or mixed materials. If mixed materials are used, the frame must be made of durable wood, and the roof may be of cogon or nipa and the walls may be made of double sawali or bamboo. In any case, the building must be capable of being securely locked and the roof must be waterproof. The floor may be of concrete tile, brick, stone or similar materials: Provided, That wooden or centimeters above the level of the ground and are capable of supporting the weight of the tobacco. The Trading Center must be free from hazards that may cause or likely to cause physical harm or great discomfort to Authorized Sellers or loss or damage to their tobacco, and it must also have sufficient office space for NTA personnel.

RULE 8. Form and Contents of Application — Application for License to Buy shall be accomplished and signed in at least three (3) copies on the form prescribed by the NTA and stating particularly among others, with sufficient fullness and clarity, the following:

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a. Full name and postal or business address of the applicant;

b. Applicant's citizenship, age, sex and civil status, in case of individual, the date of registration and length of authorized organization or corporate life or existence in case the applicant is a partnership or corporation (Articles of Incorporation and By-Laws of Corporation; Articles of Partnership if Partnership);

c. The address or location of the proposed warehouse or bodega which the applicant intends to use as Trading Center;

d. Name and registered owner/Manager of trading center premises;

e. Authorized signatories of trading center documents;

f. Certification of the Municipal/City/Provincial Treasurer that the Weighing Scales used or to be used by such T/C is/are duly calibrated, together with a photocopy of the official receipt; and

g. Tax Account No. and Residence Certificate No.

RULE 9. Documents to Support New Application — The following documents shall be attached to the application of new applicants:

a. Copy of the Articles of Incorporation/By-Laws or Articles of Partnership duly registered with the Securities and Exchange Commission, if the applicant is a corporation or partnership, and in case of an individual, his bio-data or information sheet;

b. A copy of the latest audited financial statements of the corporation or T/C and certified copies of his Income Tax Return for the last two years, and other convincing proof of his financial capacity to engage in tobacco trading;

c. Latest Mayor's Permit and License;

d. Vicinity or location plan of the proposed Trading Center;

e. Floor plan of the proposed Trading Center, indicating its total area and the location and dimensions of the different service areas;

f. List of equipment and other facilities to be used in the trading center;

g. Certification of the Municipal/City/Provincial Treasurer that the Weighing Scales used or to be used by such T/C is/are duly calibrated, together with a photocopy of the official receipt; and

h. List of signatories in trading documents and name of its Manager and 3 specimen signatures.

RULE 10. Application and Processing Fee —- An application and processing fee of Five Hundred (P500.00) Pesos shall be first paid before any application for a license shall be received and failure on the part of the applicant to pay the same shall be a ground for the NTA Provincial Office not to receive the application.

RULE 11. When and Where to File Application — An application for license in the prescribed form together with the accompanying papers shall be filed with the Office of the Chief of the NTA Branch office concerned, on or before the opening of the trading season.

A principal Buyer or WTD that has more than one T/C as satellites may file application for license for its T/C satellites in the NTA Central Office; Provided, that such satellite or T/Cs had operated as T/Cs previously without change of ownership or management for the preceding trading seasons.

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RULE 12. Verification and Evaluation — Upon receipt of the application, the Branch Manager of the NTA Provincial Office shall verify the correctness of the information contained therein, and for this purpose, he may require an ocular inspection of the Applicant's Trading Center and his equipment and facilities to determine its adequacy in meeting the basic requirements of a legitimate buyer. The Chief of the NTA Branch Office concerned shall inform the applicant, after verifying and processing the application, as to deficiencies, if any, and shall require the submittal of additional papers and documents that are needed in the evaluation of the application.

Thereafter, the Chief of the NTA Branch Office shall forward the application, together with his observation and recommendation, to the Administrator thru the Marketing Department for appropriate action.

Application of T/Cs maybe filed and received by the NTA Central Office and the corresponding License maybe issued subject to the following conditions:

a. That such T/C has been operating for the last two (2) preceding years;

b. That the NTA clearance has been duly issued;

c. That all documents supporting the application have been completed and submitted;

d. That the license fees for the trading season have been paid to the Treasury Division; and

e. That a certification of the Principal Buyer is attached to the application stating that the same is a Satellite/Buyer of such Mother Buyer/Principal Buyer.

RULE 13. Notice of Approval or Denial — The Administrator shall within a reasonable time, inform the applicant of the approval or denial of his application.

RULE 14. Automatic Registration of Certain Trading Centers — Certain qualified trading centers that complied with the following requirements in previous trading operation/s shall be considered as automatically registered for the ensuing tobacco trading season, subject to the approval of the NTA Administrator:

a. Trading Centers of good standing that have been in continuous operation for the last three successive trading season;

b. Trading Centers that have no administrative or derogatory case/information filed or pending;

c. Trading Centers that have a financial capacity to buy a definite quantity of tobacco which shall not be less than 250,000 kilos during a particular trading season or Trading Centers that are under the financial guarantee of Principal Buyers; and

d. Trading Centers that have no back accounts for Research and Regulation fees and other obligations to NTA.

RULE 15. Issuance of License/Payment of Regulation Fees — Upon approval by the NTA Administrator of the list of T/Cs qualified for automatic registration, the MDRD, shall notify immediately the T/C concerned or its Mother Buyer of the approval and to secure their License subject to the payment of regulation fees for the preceding trading season and License fees for the ensuing trading season. The Branch Manager shall be notified accordingly.

RULE 16. License Fee, Purchase Commitment and Bond — Within ten (10) days following receipt of the notice of approval of his application as ordinary Trading Center or Notice of Automatic Registration, the qualified trading center shall pay the amount of One Thousand (P1,000.00) Pesos as License Fee, execute the Purchase Commitment and post a surety bond, if necessary.

RULE 17. Granting Licenses to Trading Centers that are not Automatically Registered — Upon compliance with all the requirements related to the application of T/Cs not qualified for automatic registration, a License to Buy

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Tobacco shall be issued by the Administrator. A License shall in no case be allowed to use one (1) license for two or more Trading Centers.

RULE 18. Term of License to Buy — Unless sooner cancelled or revoked by the NTA for cause, the term of all Licenses to buy shall be for a period of one tobacco trading season, renewable for another like period upon timely application.

RULE 19. Rights Conveyed Under a License — The License issued under the provision of these Rules and Regulations, conveys upon the Licensee from the date of its issuance and during its term the privilege and authority to buy locally grown Virginia leaf tobacco at the Trading Center specified therein from Registered Farmers, other Authorized Sellers and/or TC Agents/Middlemen at prices not lower than the minimum floor prices prescribed by the NTA.

RULE 20. Non-Transferrability of License — No License shall be assigned, transferred, or conveyed by the holder in any manner to or in favor of any person, firm or entity, nor it be used in any place other than that fixed in the License.

RULE 21. Change of Address — Any transfer of business address or site of a Trading Center within the Municipality indicated in the License may be done only with the prior approval of the NTA.

RULE 22. Additional Trading Centers — To comply with his Purchase Commitment, a buyer may apply for as many licenses to buy tobacco as such additional Trading Centers in places to be designated by the NTA by:

a. Filing with the Branch Manager concerned a written application attaching thereto the location and floor plan of the proposed Trading Centers and list of the equipment and facilities to be used thereat;

b. Paying to the NTA Cashier the corresponding application and processing fee of Five Hundred (P500.00) Pesos for each Trading Center;

c. If it shall be determined that the proposed additional T/Cs are adequate to meet the normal requirements of the buyers and sellers, the Administrator shall issue the necessary license upon payment of the corresponding license fee of One Thousand (P1,000.00) Pesos for each additional Trading Center; and

d. The tobacco purchased by a buyer at such additional Trading Center/s shall be credited to its Purchase Commitment.

RULE 23. Renewal of License — Any holder of a License to Buy Tobacco may secure renewal of such License by:

a. Filing on a prescribed application form before the official opening of the tobacco trading season;

b. Submitting the following documents in support of such application:

- Original License to Buy Tobacco;

- Copy of the latest Income Tax Return;

- Convincing proof of his financial capacity to buy;

- BIR Tax Clearance; and

- Certification from the NTA Officers concerned that the applicant has submitted all the necessary report/s; paid the required regulation fees and contributions and penalties, thereof; and that there is no derogatory report or pending case against the applicant concerning violations of the pertinent tobacco laws and trading regulations.

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c. Paying to the NTA Cashier the amount of Two Hundred Fifty (P250.00) Pesos as application and processing fee;

d. Paying to the NTA Cashier the amount of One Thousand (P1,000.00) Pesos as License Fee, within ten (10) days following notice of approval of the application; and

e. Executing the Purchase Commitment and posting the required surety bond, if any.

RULE 24. Cancellation of License — The statement made in the application or made in support thereof, shall be considered as conditions and essential parts of every license to Buy Tobacco that may be granted by virtue of such application, and any falsehood in these statements or omissions of facts which may alter, change or affect, substantially the facts set forth in said statements may cause the cancellation of such license.

RULE 25. Other Causes for Cancellation or Suspension — Any license may likewise be cancelled or suspended for failure of the Licensee or his grader/s and other employees, to comply with any of the provisions of existing applicable laws, decrees and other Presidential issuances, or for violations of any provisions of the Decree or of these Rules and Regulations and such other rules and regulations as may be promulgated hereafter by the NTA.

RULE 26. Procedure for Cancellation or Suspension — Except as herein provided, before any license is cancelled or suspended, the License shall first be notified in writing of the cause of causes of the cancellation or suspension and shall be given an opportunity to be heard and to show cause why the License shall not be suspended or cancelled. If upon investigation, the Administrator shall find the respondent to be guilty, the License may be suspended or cancelled in an order to that effect, a copy of which shall be furnished to the Licensee and which order shall become final if not contested after seven (7) days from receipt thereof.

RULE 27. Consequence Cancellation or Suspension — Upon receipt of the order of cancellation or suspension, the Licensee shall immediately cease and desist from buying tobacco, close his T/C and surrender his License to NTA. Such suspension and cancellation shall not relieve the Licensee from his undertakings under the Purchase Commitment and under these Rules/Regulations. Failure of the Licensee to comply with the order of cancellation shall render him liable for criminal prosecution under existing laws not inconsistent herewith.

RULE 28. Summary Suspension of License — A License to Buy Tobacco may be summarily suspended by the Administrator or any other NTA Official in the following instances:

a. In case of any act of gross and apparent violation of any of the provisions of these rules/regulations and applicable laws committed by the Licensee, his grader or other employees, in the presence of NTA Official/s; and

b. In case of reported or persistent violations by the Licensee, his grader or other employees of the aforementioned tobacco laws, decrees, regulations notwithstanding earlier admonitions or warnings by any NTA Official/s.

The NTA Officials concerned shall issue on the spot the corresponding suspension order; serve the order to the Licensee or his representative; demand the surrender of his License; and immediately submit a written report to the Administrator.

Regulation IV
Registration and Rules Applicable to
Middlemen/Trading Center Agents

RULE 1. Who May Apply for Registration — Any person of legal age, Filipino, and who has the capacity to enter into a contract and/or duly affiliated to a Trading Center may apply for registration as Trading Centers Agent or Middlemen. Registered Trading Centers may also apply for registration of its T/C Agents by submitting requirements in the prescribed form. Registration fee of One Hundred Fifty (P150.00) Pesos shall be paid by each

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TC Agent/Middlemen upon filing of application.

RULE 2. Form and Contents of Application — Application for registration shall be accomplished and filed in triplicate in the prescribed form and subscribed and sworn to before a person authorized to administer oath or attested to by a Barangay Officer or the President of Farmers Association or T/C Association in that province and stating among others:

a. Full name and address of applicant;

b. Applicant's citizenship, age, sex and civil status;

c. Name and location of Trading Center/s affiliated to, if any;

d. Area of jurisdiction and 2 ID pictures (1" x 1") of applicant, police clearance/certificate of good moral character from Barangay Captain/Mayor/OIC or President of Farmers Association or T/C Association; and

e. Affidavit that such applicant will purchase/buy not more than 50,000 kilos during said trading season, for any particular type of tobacco (Virginia leaf tobacco).

RULE 3. Evaluation and Verification — Upon receipt of the application, the Manager, M D R Department or NTA Branch Manager shall cause the evaluation and verification of the information contained therein and shall inform the applicant of any action/s taken. NTA personnel deployed in T/Cs are deputized to register and evaluate applications of Middlemen/Agents and shall report to NTA any person operating as such without a License/I.D.

RULE 4. Issuance of Agent's Identification Card (AIC) — Upon satisfactory showing that the applicant is duly affiliated to a trading center and/or has complied with the requirements above-mentioned, the NTA Administrator thru the MDRD or NTA Branch/Field Office shall issue the necessary identification card free of charge, upon payment of the corresponding registration fee.

RULE 5. Privileges and Rights of the Agent's Card (ID Holder) — The ID Card issued to a Trading Center Agent or Middlemen shall entitle him from date of issue the following:

a. Right to buy or offer to buy tobacco from registered farmers or authorized sellers within the province where he is registered as such but such purchase should not exceed 50,000 kilos only. He may register also as T/C Agent or Middleman in other provinces provided he complies with these Rules and Regulations;

b. Right to pay the farmer/sellers and receive the tobacco for his principal trading center/s;

c. Right to sell and/or deliver tobacco to registered trading centers. They are not allowed to sell/deliver tobaccos directly to WTDs/End-Buyers/RP.; and

d. AIC's shall be exhibited when buying tobacco from farmers.

RULE 6. Validity, Cancellation or Suspension of Agent's ID Card — Agent's ID Card shall be valid for one tobacco trading season. It may be voided, cancelled or suspended on any of the ground/s and according to the procedures prescribed for cancellation of License to Buy Tobacco under existing trading rules and regulations. Unless sooner cancelled or revoked by NTA the Agent's ID shall be valid only for a period of one tobacco trading season for one type of tobacco subject to renewal as provided herein.

RULE 7. A Licensed Trading Center shall inform NTA in writing the name/s of all its middlemen or trading center agents.

RULE 8. All sales of tobacco between the Trading Center Agent/Middlemen and the farmer-seller or any authorized seller shall be considered as final sale only at the Trading Center level insofar as that particular tobacco

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delivery is concerned. Accordingly, the trading center agent shall issue a temporary PIV or a Provisional PIV to the farmer/seller subject to a final PIV in the name of the Middlemen/TC Agent to be issued by the Principal Trading Center. A temporary receipt maybe issued in the absence of a PIV.

RULE 9. A Trading Center shall be authorized to buy tobacco for his Principal TC and/or any other registered TC in accordance with existing tobacco laws and rules. All acts performed outside the scope of his authority as Agent and beyond the ambit of existing laws and rules shall be considered as the agent's personal act and liability.

RULE 10. Registered Middlemen or T/C Agents are only allowed to sell the tobacco bought from farmers or other authorized sellers to registered trading centers. They are not allowed to sell/deliver directly to WTDs/End-Buyers/RPs.

RULE 11. At the end of a tobacco trading season, the TC Principal shall submit to NTA thru the Branch Offices or MDRD, a summary of tobaccos purchased by the Trading Center Agent/s or middlemen.

Regulation V
Trading in Locally Grown Virginia
Leaf Tobacco at Trading Centers

RULE 1. Place and Duration of Trading — The buying and selling of tobacco between Buyers and Registered Farmers and other Authorized Sellers shall be done only at the Trading Center or at the farmer/sellers place during the period beginning the second day of January until all tobaccos of farmers/sellers are purchased unless otherwise determined or changed by the Administrator.

RULE 2. Classification and Baling of Tobacco — Registered Farmers and other Authorized Sellers intending to sell their tobacco shall, before delivering their produce to a Buyer, should first classify their tobacco according to the official grades, tie them into butts or bundles of about 25 to 30 leaves each, and bale or roll them in sacks. The buying and selling of tobacco in sticks is allowed provided they are properly classified. Any buyer found in possession of tobacco in sticks which are not classified shall be presumed prima facie to have acquired the same in violation of these rules and regulations.

RULE 3. Minimum Prices — Unless otherwise fixed by law or the NTA, no buyer shall buy tobacco from Registered Farmers or Authorized Sellers at prices lower than the floor prices set by NTA after consultations with the legitimate farmers and the Principal Buyers/Trading Centers concerned, or any other government agency concerned.

RULE 4. Requirement Before Buying — Before buying tobacco, a Buyer/Trading Center shall:

a. Obtain all prescribed trading forms (e.g., Invoice/Receipt, Purchase/Sales Book, and register them with NTA and BIR);

b. Submit to the NTA Branch Office copy of the contract of employment of his Tobacco Grader who has successfully completed a training course in grading of Virginia tobacco conducted by NTA and/or the Principal Buyer;

c. Submit to the NTA name/s and facsimile signatures of the Licensees' Manager or his representatives, graders, weighers, and other persons who are authorized to sign for and in behalf of the Licensee;

d. Submit to the NTA a certified copy of his business or revenue permit (L-3 TC);

e. Set up in front of the Trading Center a signboard measuring 3 feet x 6 feet containing, among others his name and address, the words "Virginia Tobacco Trading Center" and the phrase "NTA License No. ___";

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f. Set up in front of the Trading Center a bulletin board indicating his hours and days of trading (e.g., "Open for Business: 8:00 A.M. to 5:00 P.M., Mondays to Fridays; 8:00 A.M. to 12:00 Noon, Saturdays and Sundays");

g. Display conspicuously in the Trading Center samples of tobacco leaves that meet the minimum specifications or descriptions of each official grade. These samples shall be approved and certified by an NTA Tobacco Grader assigned thereat and shall be kept in an appropriate glass-encased display board that is visible to the public and should be changed every fifteen days or earlier in case of sudden deterioration or change in the color and quantity of the tobacco samples;

h. Install at least one licensed/certified and sealed platform or Toledo scale which is duly registered, calibrated and certified by the Municipal Treasurer or any government agency concerned. The weighing scale shall be inspected and calibrated every now and then by NTA personnel who shall monitor the same during trading season.

i. Advise the Marketing Department or Branch Office of the name and address of the redrying plant/wholesale tobacco dealer where the tobacco purchases shall be delivered for redrying and/or sale;

j. Exhibit the original copy of T/C License to Buy Tobacco in a conspicuous place in the Trading Center; and

k. Post the names of T/C Agents/Middlemen.

RULE 5. Schedule of Trading — The Buyer shall buy tobacco daily from Monday to Friday, from 8:00 A.M. to 5:00 P.M.; Provided, that if he intends to open for business during Saturdays, Sundays and Holidays; he shall give an advance written notice to the Branch Office of NTA and the public;

RULE 6. Order of Acceptance — Tobacco delivered for acceptance at Trading Center shall be attended strictly on a “first come, first serve” basis.

RULE 7. Incoming Logbook — Every Buyer shall keep an Incoming Logbook to record chronologically the order of arrivals of tobacco for sale/acceptance. Each page of the logbook shall be prenumbered consecutively and it shall contain appropriate columns for the names of sellers, the estimated quantity of tobacco brought in by them, and the time of arrival. Entries in the logbook shall be closed at the end of each trading day by the Buyer and the NTA representative detailed thereat.

RULE 8. Supervision — The inspection, grading, weighing, recording and payment of every tobacco delivery shall be made in the presence of the Registered Farmer or his Authorized Representative or Authorized Seller /Tobacco Middlemen/Agent and under the supervision of the NTA Tobacco Inspector/Grader/Contractual employee detailed thereat, subject to inspection and monitoring on a case to case basis, by the Branch office or Central Office Monitoring teams.

RULE 9. Grading — The grade of tobacco offered for sale shall be determined in accordance with the official grades and Rules prescribed by the NTA. The grading shall be done publicly. The official tobacco samples displayed at the Trading Center shall be used for comparison. In case of apparent misgrading of the tobacco and/or upon complaint by a farmer/seller, the NTA Inspector or Grader/Supervisor assigned thereat shall direct the TC Grader to regrade the tobacco.

RULE 10. Grades and Tags — The grade of each tobacco bale or roll shall be written legibly on each of the three segments of the bale tag by the Buyer’s Grader and initialed by him and the tobacco farmer/middlemen/agent shall be given a copy.

RULE 11. Weighing — The net weight of the bale or roll of tobacco shall likewise be indicated and the tag by the weigher and initialed by him.

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RULE 12. Tag Distribution — After the grading and weighing of the tobacco, the three segments of the tag shall be distributed as follows:

Segment No. 3 - To be attached to bale or roll of tobacco

Segment No. 2 - To Buyer

Segment No. 1 - To Seller/Farmer/Agent

RULE 13. Purchase Invoice Voucher (PIV) — Every purchase of tobacco from a Registered Farmer or any authorized seller must invariably be covered by an Invoice Receipt (PIV) duly registered with the NTA and BIR, which shall be accomplished by the Buyer immediately after the grading and weighing of the tobacco and prepared in four copies to be distributed as follows:

Original - To Buyer

Duplicate - To NTA Central Office

Triplicate - To the Seller

Quadruplicate - To Stub Copy

RULE 14. Receipt of Reject Tobacco — Every Buyer who shall buy reject tobacco shall indicate on the corresponding invoice the kind of Reject tobacco purchased by him (e.g., black rot, sun-dried, etc.)

RULE 15. Purchase/Sales/Transfer Book — At the end of each business day, the NTA representative deployed at the trading center shall record in the Purchase/Sales/Transfer Book all tobaccos purchased/sold/transferred, in chronological manner all information pertaining to all transactions including but not limited to the following:

-

name of farmer/seller/agent

-

date of purchase/sale

-

quantity, grade and value

-

serial number of source document

RULE 16. Semi-Monthly Report — within the first ten days of each quincena, the NTA TC representative shall submit a semi-monthly report on purchase/sales/transfer based on the Purchases/Sales/Transfer Book which shall be signed by the Buyer and the NTA representative.

Regulation VI
Mediation, Arbitration, and Review

RULE 1. Mediation — In case of disagreement, as to the grades of a tobacco between the Buyer and the Seller, including any dispute involving reject tobacco, the matter shall be immediately referred to an NTA Tobacco Grader/Inspector for mediation.

RULE 2. Arbitration — If mediation fails, the NTA Tobacco Inspector or Grader shall advise the Seller that he

may request the Branch office Tobacco Inspector or Grader to arbitrate and determine the correct grade of his tobacco, or he may withdraw his tobacco from the Trading Center; Provided, that if the tobacco is subject to arbitration, the decision of the Branch Office Tobacco Inspector or Grader shall be binding upon the Buyer, the Registered Farmers or the Authorized Seller.

RULE 3. Procedure in Arbitration — If the Seller is willing to have the grades of his tobacco determined by an NTA Tobacco Grader, the following procedures shall be followed:

a. The NTA Branch Office Tobacco Grader shall inform the Buyer and direct the segregation of the tobacco;

b. The NTA Branch Office Tobacco Grader shall then direct the Arbiter Grader authorized by the Branch Manager to immediately inspect, examine and determine the grade/s of the tobacco subject of arbitration, using as the basis of the official grades and rules prescribed by the NTA. In case of doubt as to the proper grades of the tobacco, the arbiter grader shall resolve the doubt in favor of the Registered Farmer;

c. The Arbiter shall summarize his findings in written report or memorandum to be submitted to the NTA Tobacco Grader and Branch Manager; and

d. The NTA Tobacco Grader/Branch Manager shall see to it that the arbitrated tobacco shall be immediately weighed, covered by Purchase Invoice (PIV) and paid by the Buyer.

RULE 4. Review of Arbiter's Decision — Notwithstanding the decision of the Arbiter and the payment of the arbitrated tobacco, the Arbiter’s decision may be appealed to and reviewed by a special Review Committee, composed of an NTA Official or another NTA Grader as Chairman, a representative designated by the Buyer and another designated by the Seller or an association of tobacco growers recognized by the NTA, as members, if it is alleged that there is a strong evidence that:

a. The Arbiter or NTA Tobacco Grader is grossly incompetent or evidently partial; or

b. There is fraud or collusion.

RULE 5. Procedure in the Review of Arbiter's Decision — The procedure to be followed in the review of the Arbiter’s decision shall be as follows:

a. A party aggrieved by the Arbiter’s decision shall, upon being informed of the decision, signify his protest thereto by informing the NTA Tobacco Grader/Branch Manager of his desire to have the Arbiter’s decision reviewed by a Special Committee to be formed by NTA Administrator and indicating his ground/s therefore;

b. The NTA Tobacco Grader shall see to it that copies of all the Purchase Invoice Vouchers covering the tobacco subject to arbitration and the Arbiter’s written report or decision are immediately stamped “PROTESTED”. He shall also see to it that the entire tobacco subject to arbitration shall remain segregated; and that they shall be securely wrapped or bundled and likewise marked “PROTESTED” and placed under his control or custody;

c. Upon receipt of the notice of protest the Branch Manager or the Head of the Branch Special Trading Enforcement Team shall immediately direct the members of the Special Review Committee to convene with-in-twenty-four (24) hours at the Trading Center. In the presence of the Buyer and Seller, the Committee shall immediately proceed to investigate;

d. In case the protest is based on fraud or collusion, the Special Review Committee shall, aside from determining the correct grades of the tobacco subject to arbitration, endeavor to secure sworn statements and other pertinent evidence in support thereof and forward the same to the NTA Administrator for appropriate action;

e. The decision of the Special Review Committee as formed by the NTA Administrator shall be in writing and

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shall indicate, among others:

- The quantity of and grade of tobacco subject of controversy as decided by the Arbiter;

- The quantity and grades of the same tobacco as decided by the Committee;

- The price already paid to received by the Seller and price differentials to be paid or refunded, if any; and

- A statement as to whether or not there is prima facie evidence of incompetence or partiality against the arbiter or whether he has committed acts of fraud or collusion to the prejudice of the party seeking review of his decision.

RULE 6. Decision is Final — The decision of the Special Review Committee with respect to the disputed grades of tobacco shall be final and unappealable and shall be binding upon the Buyer and the Seller.

RULE 7. The Original Copy of the decision shall be forwarded to the Administrator through the NTA Tobacco Grader/Branch Manager, together with all documentary exhibits and the Seller, Buyer and the Arbiter concerned, shall each be furnished a copy of the decision.

The NTA Tobacco Grader/Branch Manager shall see to it that the decision of the Committee is immediately enforced.

Regulation VII
Payment of Tobacco

RULE 1. Manner of Payment — Tobacco purchases shall be paid in cash and the use of promissory notes, negotiable instruments or other forms of payment other than legal tender shall be allowed when both parties consent/agree.

RULE 2. Time of Payment — The buyer shall pay the tobacco immediately after grading and weighing and issuance of the corresponding invoice. However, if payment can not be made promptly due to circumstances beyond the Buyer’s control, payment shall be made within forty eight (48) hours after the issuance of the Invoice/Receipt, unless otherwise agreed by both parties.

RULE 3. Place of Payment — The place of payment shall be at or near the place of the Trading Center. Payment in a place other than the Trading Center shall be permissible if payment cannot be effected at or near the trading center by reason of deterioration of peace and order conditions or any other causes; provided that no payment shall be made in any bar/club or drinking establishment, gambling or other similar places.

Regulation VIII
Regulation Fees

RULE 1. Regulation Fees — Every buyer of tobacco shall pay to the NTA the amount of Twelve & 1/2 centavos for every kilogram of Virginia leaf tobacco purchased by him a Regulation Fee.

RULE 2. Remittance of Regulation Fee — The Regulation Fee herein provided shall be due and payable within the calendar month immediately following the month the tobaccos were purchased/delivered to the WTD/RP and it shall be the duty of the Principal Buyer/WTD/RP to pay such fees to the NTA for the account of the registered trading center, using the form prescribed for the purpose. The basis of the regulation fee shall be the quantity recorded on the Tally-in Sheet issued by the Buyer/WTD/RP. The total regulation fees for the account of a trading center shall be equal to its total deliveries to Principal Buyer/WTD/RP concerned shall be responsible only for the regulation fees of tobacco delivered to it based on the Tally-in Sheet and the difference, if any, shall be for the account of the T/C concerned or other Principal Buyer/WTD/RP, where such difference is delivered.

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RULE 3. Surcharge for Late Payment — In case the regulation fee are not fully paid to the NTA within the period prescribed herein, there shall be added to such fees a surcharge of three (3%) percent, per month of the unpaid regulation fees due from the WTD/PB/RP for the account of the T/C concerned.

RULE 4. Unreported Excess Purchases — In case the total inventory and deliveries of tobacco of a T/C Buyer to Principal Buyer/WTD/RP or to his buyers will be found to be more than his total purchases on the basis of records, such excess shall be presumed as purchases made in violation of these Regulations. Without prejudice to the imposition of appropriate penalty provided therein, T/C Buyer/s shall be assessed and shall pay the corresponding regulation fees to the NTA for such excess, plus twenty-five (25%) percent thereof as surcharge, which is due and payable by the T/C concerned at the end of its official closure or End of the trading operation, whichever is earlier.

RULE 5. Mode of Payment — The correct amount of regulation fee including surcharge, if any, as prescribed by these rules and regulations, shall be paid by every Principal Buyer/WTD/RP for the account of the trading center concerned to the NTA Cashier either in cash or in the form of Bank Draft, Certified Check, Bank Manager's or Cashier's Check, Money Order or Personal Check drawn against any bank established in the Philippines; Provided, that such Personal Check shall be drawn by the Principal Buyer/WTD/RP and made payable to the NTA and that under no circumstances shall the following checks be accepted:

a. Checks drawn payable in the name of any NTA official or employee;

b. Endorsed Checks;

c. Post-dated checks; and

d. Stale Checks.

Regulation IX
Miscellaneous Regulations
On Trading at the Trading Center

RULE 1. Suspension of Buying — Suspension or stoppage of buying for reasons such as cleaning or repair of the Trading Center, repiling and inventory of stocks, shall be allowed only with the prior approval of the NTA Branch Manager, after posting proper notices or announcements in front of the Trading Center. Provided; that in no case shall the suspension or stoppage of buying exceed five (5) consecutive days; and Provided, further, that such suspension or closing shall not relieve the Buyer from complying with his undertakings under these Rules/Regulations.

RULE 2. Place of Records — All records of the Buyer shall be kept and maintained in or about the premises of the Trading Center, and shall be open for inspection and examination by the NTA Administrator or his duly authorized representative/s or any Tobacco Trader/Branch Manager at any time during reasonable working hours/days. They shall be preserved in good condition for a period of two (2) trading seasons.

RULE 3. False Statements — It shall be unlawful for any Buyer to make, keep or maintain any statement, report or record as required by these Rules and Regulations knowing such statement, report or record to be false in any material respect.

RULE 4. Sale or Transfer of Tobacco Outside Province of Origin — A Farmer or any other Authorized Seller desiring to sell or transfer tobacco from its province of origin to another, shall inform the NTA Branch Office of the quantity and grade of the tobacco involved prior to such sale or transfer for purposes of recording and not for purposes of restraining or limiting his rights as the owner of such tobacco. Free trade shall not be hampered and

the Farmer/Seller shall be given the opportunity to sell/deliver his tobacco stocks to any Buyer/TC of his choice, subject to any other contract/s entered into by such Farmer/Seller.

RULE 5. Additional Receiving or Storage Areas — If the volume of trading demands, a Buyer may be permitted, upon proper application and showing, to establish such additional receiving or storage areas; Provided, that such additional receiving areas shall be located within the premises of his Trading Center.

RULE 6. Assistance to Financial Institution — All Buyers shall extend assistance and cooperation for financial institutions in any financing program for the tobacco-producing region, in the collection of loans granted by them to Farmer-Seller-Borrowers.

Any participating Financial Institution may request for reasonable assistance directly to the Buyer or through the NTA which shall forward the request to the tobacco Buyer immediately. The request shall be in writing and it shall indicate the assistance desired and such other pertinent information.

Regulation X
Trading of Virginia Leaf Tobacco with
Wholesale Tobacco Dealers/Principal
Buyers

RULE 1. Permit to Purchase and/or Redry of Wholesale Tobacco Dealers and End-Buyers — Any Wholesale Tobacco Dealer or End-Buyer may trade in locally grown Virginia tobacco by securing the necessary Permit from the NTA Administrator through the Manager, MDRD. Any redrier that is exclusively engaged in redrying and processing shall be issued a Permit to Redry upon proper application.

RULE 2. Shipping or Transferring Leaf Tobacco — No leaf tobacco shall be shipped, removed or transferred either for domestic sale, barter or exchange, warehousing or factory use or export unless it is purchased in accordance with these Rules and Regulations. Only registered trading centers and/or registered WTDs/End-buyers/RPs are allowed to trade with WTDs/Principal Buyers. Tobacco Middlemen/Agents are not allowed to sell directly to Principal Buyers, unless such Principal Buyer is also a registered trading center.

RULE 3. Preparation of Shipment — Before selling or transferring leaf tobacco to a Wholesale Tobacco Dealer, Principal Buyer/RP, the same must be classified in accordance with the NTA Official Grades.

RULE 4. Shipping Documents — In addition to the documents required under existing revenue regulations every shipment shall be accompanied by the following documents on the form prescribed by NTA.

Delivery Receipt or Tally-Out-Sheet which shall contain a summary of the shipment on the quantity by the bale which shall be signed by the NTA representative assigned thereat and the T/C concerned.

RULE 5. Reception of Shipment — No whole-sale Tobacco Dealer shall purchase or accept for deposit, processing, stripping, redrying, warehousing and/or for any other purpose, leaf tobacco unless the shipment is in conformity with these Rules and Regulations.

RULE 6. Notice of Arrival — Upon arrival of the tobacco shipment, the shipper or his representative shall immediately notify the NTA Tobacco Grader and/or NTA representative thereat and submit the shipping documents for verification and recording.

RULE 7. Notice of Unloading — Before the tobacco shipment is unloaded, the shipper or consignees shall give notice to the NTA Tobacco Grader and/or NTA representative assigned in the area of the time and date of acceptance; Provided, that leaf tobacco shipment shall be unloaded on a “first come, first served” basis.

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RULE 8. Issuance of Official Receipt or Tally-in-Sheet by Principal Buyer or Consignee — Immediately after the grading and weighing of a tobacco delivery coming from a registered trading center, the Principal Buyer or Consignee shall prepare and issue to the Seller a Purchase Invoice or receipt and shall furnish a correct copy thereof to the NTA representative assigned thereat. The Purchase Invoice or Receipt shall indicate, among others, the quantity, grades, weight and purchase price or value thereof.

RULE 9. Permit to Purchase and/or Redry of Wholesale Tobacco Dealers and End-Buyers — Any Wholesale Tobacco Dealer or End-Buyer may trade in locally grown Virginia leaf tobacco by securing the necessary permit from the NTA Administrator thru the Manager, MDRD. Any redrier that is exclusively engaged in redrying and processing shall be issued a Permit to Redry upon proper application.

RULE 10. Wholesale Tobacco Dealers who shall accept leaf tobacco for Redrying or processing from other Wholesale Tobacco Dealer shall submit to the NTA a daily production report of redried tobaccos. The report shall indicate among others, the names of the owners of tobacco, the quantity, grade and weight of the tobacco. No Wholesale Tobacco Dealer or End-Buyer shall purchase, or accept for deposit, processing (stripping, redying, warehousing and/or any purpose) leaf tobacco unless the shipment is in conformity with NTA Rules and Regulations.

RULE 11. The provisions of the rules and regulations on trading of Virginia leaf tobacco by and among WTDs, particularly those on shipping and transferring leaf tobacco; preparation of shipment, shipping documents, request for and making of inspection, notice of arrival and unloading, grading and weighing of tobacco deliveries, mediation and arbitration, issuance of Official Receipts or Tally-In-Sheets by Buyer or Consignee, provisions for suitable space and equipment for NTA personnel, and overtime work and overtime pay for NTA personnel equally apply to End-Buyers on Redriers.

RULE 12. Whenever in the opinion of the Administrator it is necessary that two (2) or more NTA personnel shall be assigned in an establishment where any leaf tobacco shall be accepted for any purpose, the Owner or Manager of such establishment shall provide such NTA employees with suitable space and such equipment as are necessary in the performance of their duties.

RULE 13. The Wholesale Tobacco Dealer shall be responsible for overtime pay of the NTA personnel assigned at its establishment for services rendered by such employees beyond the official working hours from Mondays to Fridays and during Saturdays, Sundays and Holidays.

RULE 14. Production Reports — Any End-Buyer who accepts leaf tobacco for redrying or processing, for itself or for other Wholesale Tobacco Dealers and End-Buyers, shall submit to the NTA Marketing Department weekly production reports of the redried tobacco. The report shall indicate, among others, the name of owners, the quantity and weight of the tobacco.

RULE 15. Continuity of Operations of WTDs and End-Buyers — Any WTD or End-Buyer with a Permit to Purchase and/or Redry issued by NTA shall continue its operation without interruption from its official opening up to its official closure, except for valid and justifiable reasons.

The WTD and/or End-buyer shall notify the Administrator thru the Manager, MDRD, a written notice of its closure date of operation at least ten (10) days prior to said closure date.

Regulation XI
Offenses and Penalties

RULE 1. Applicable laws provide for the following offenses and penalties.

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Notwithstanding the provisions of any law or regulation to the contrary, and for the purpose of carrying out the provisions of said laws and these rules/regulations, the following acts or omissions are hereby considered as serious, less serious, and light offenses and corresponding penalties, therefore are herein prescribed, in accordance with existing laws that are not inconsistent hereto.

a. Serious offenses — Any of the following acts or omissions shall constitute a serious offense:

- Buying of tobacco at prices lower than the NTA prescribed floor prices;

- Deducting shrinkage allowance from the weight of the tobacco sold, except for tobacco sticks and baling materials;

- Buying tobacco from farmers or other unauthorized sellers or T/C Agents/Middlemen without a license/permit issued by the NTA;

- Principal Buyers/WTDs/Rps accepting tobacco from TC Agents/Middlemen or TC Agents/Middlemen delivering tobacco to RPs/WTDs/Principal Buyers; and

- Knowingly and deliberately using tampered or inaccurate weighing scale/s.

The offender shall, upon conviction, be punished by imprisonment of not less than four years and one day but no more than five years, and/or a fine of not less than Fifteen Thousand Pesos but not more than Twenty Thousand Pesos.

b. Less serious offenses — Any of the following acts or omissions shall constitute a less serious offense:

- Failure or refusal to issue prescribed invoice or receipt covering tobacco purchases;

- Buying unclassified tobacco or tobacco in sticks which are not classified;

- Buying or selling tobacco by using fake, fictitious or another person’s license, permit or IDs;

- Selling or buying tobacco with an expired, suspended or cancelled license, permit or accreditation;

- 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 and refusal to permit the inspection of a tobacco.

The offender shall, upon conviction, be punished by imprisonment of not less than one year and one day to three years and/or by a fine of not less than five thousand pesos but not more than ten thousand pesos.

c. Light offenses — Any other violation of the provisions of trading rules or regulations 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.

The offender shall, upon conviction, be punished by imprisonment of not less than two months and one day or more than six months, and/or a fine of not less than five hundred pesos but not more than two thousand pesos.

d. Additional penalties — (1) The license of any buyer found guilty of serious or less serious or light offense, shall also be cancelled; Provided, however that the license of the offender shall not be renewed during the pendency of any investigation or prosecution for the commission of any such offenses.

If the offender is a public officer or government employee, including any official or employee of the NTA or any other government-owned or controlled corporation shall, upon conviction, be disqualified from holding public office.

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2. Acts of omissions for which no specific penalties are provided for under existing laws, decrees, orders but are punishable by any other existing law shall be punished under such law.

If an act or omission constitutes an offense under any decree/law which is also a violation of another existing law, or regulation, the law which imposes a heavier penalty shall be made to apply;

3. If the violation or offense is committed by a corporation, partnership, association, cooperative or other juridical entity, whether public or private, the penalties provided hereunder shall be imposed upon the directors, officers, graders, employees or other officials or persons therein responsible for the offense; except for the civil liabilities herein imposed, which shall be jointly and severally imposed on the corporation/partnership/trading center and/or officers/employees concerned. Provided, that if the offender is an alien, he shall be deported immediately without further proceedings.

4. The prosecution of any offense under the rules/regulations, laws, decrees or orders shall be without prejudice to the civil or administrative liabilities of the offender.

Be guided accordingly.

Adopted: Apr. 1991

(SGD.) EDILBERTO V. CARIASO
Administrator

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