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## THE EFFECTS OF THE SIN TAX REFORM LAW OF 2012 TO TOBACCO FARMERS OF AMULUNG, CAGAYAN

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**Abstract:** *The Sin Tax Bill which was signed into law last December 2012 and is now known as Republic Act No. 10351 or Sin Tax Reform Law and took effect on January 2013, is seen to be of great help to lessen the huge number of smokers in the country. Philippines ranked second in number of smokers and have the highest number of female smokers in the 10-member association of Southeast Asian Nations. Aside from this reason, the implementation of Sin Tax Reform Law is an important catalyst in reaching the government's revenue and health targets in the coming years. It is primarily a health measure with a revenue implication, but most fundamentally, it is a good governance measure. This study aims to determine the effects of Sin Tax Reform Law to the tobacco farmers in Amulung, Cagayan. The study is limited to section 8 and 9 of RA 10351 or the Sin Tax Reform law. The study is contained to Amulung, Cagayan Tobacco Farmers for the reason that the area is the primary producer of tobacco in Cagayan. The researcher chose to focus only to section 8 and 9 of the law for the provision of the said law specially give assistance to tobacco farmers and the financial support for displaced workers of the tobacco industry. Based from the findings of this study, majority of the tobacco farmers in Amulung, Cagayan are married when they started planting tobacco, started farming in their mid 20s to early thirties and found out that the law does more good than harm to the tobacco industry for the law contains provisions*



*that provides programs and projects not just to the displaced workers but also to the current tobacco farmers. Though, the law does good for the farmers it is necessary that the government should have sufficient measures in checking that the funds appropriated to Tobacco Industry really goes to right beneficiaries and that there should be an independent municipal body, organized by the Office of the Ombudsman and Commission on Audit that will have the sole and exclusive power over the implementation to conduct investigation on complaints against the misuse of these funds.*

**Keywords:** *Sin tax law, tobacco farmers, beneficiaries, RA 10351, office of the Ombudsman, commission on Audit, tobacco industry*

## **INTRODUCTION**

Sin Tax Bill which was signed into law last December 2012 and is now known as Republic Act No. 10351 or Sin Tax Reform Law and took effect on January 2013, is seen to be of great help to lessen the huge number of smokers in the country. Philippines ranked second in number of smokers and have the highest number of female smokers in the 10-member association of Southeast Asian Nations. Aside from this reason, the implementation of Sin Tax Reform Law is an important catalyst in reaching the government's revenue and health targets in the coming years. It is primarily a health measure with a revenue implication, but most fundamentally, it is a good governance measure.

Sin Tax Reform Law or R.A No. 10351, Section 8 provides Section 288, subsections (B) and (C) of the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334, is hereby further amended and states that fifteen percent (15%) of the incremental revenue collected from the excise tax on tobacco products under R.A. No. 8240 shall be allocated and divided among the provinces producing burley and native tobacco in accordance with the volume of tobacco leaf production. The fund shall be exclusively utilized for programs to promote economically viable alternatives for tobacco farmers and workers such as programs that will provide inputs, training, and other support for tobacco farmers who shift to production of agricultural products other than tobacco including, but not limited to, high-value crops, spices, rice, corn, sugarcane, coconut, livestock and fisheries; programs that will provide financial support for tobacco farmers who are displaced or who cease to produce tobacco; cooperative programs to assist tobacco farmers in planting alternative crops or implementing other livelihood projects; livelihood programs and projects that will promote,



enhance, and develop the tourism potential of tobacco-growing provinces; infrastructure projects such as farm to market roads, schools, hospitals, and rural health facilities; and agro-industrial projects that will enable tobacco farmers to be involved in the management and subsequent ownership of projects, such as post-harvest and secondary processing like cigarette manufacturing and by-product utilization. The Department of Budget and Management in consultation with the Department of Agriculture shall issue rules and regulations governing the allocation and disbursement of this fund, not later than one hundred eighty (180) days from the effectivity of this Act. Subsection C provides that after deducting the allocations under Republic Act Nos. 7171 and 8240, eighty percent (80%) of the remaining balance of the incremental revenue derived from this Act shall be allocated for the universal health care under the National Health Insurance Program, the attainment of the millennium development goals and health awareness programs; and twenty percent (20%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance and health enhancement facilities program, the annual requirement by which shall be determined by the Department of Health (DOH).

Section 9 of R.A 10351 also provides that a special financial support for displaced workers in the alcohol and tobacco industries shall be allocated and included in the appropriations under the Department of Labor and Employment (DOLE) to finance unemployment alleviation program; and to the Technical Education and Skills Development Authority (TESDA) to finance the training and retooling programs of displaced workers, to be included in the General Appropriations Acts for the Fiscal Years 2014 to 2017.

The general idea of combining control measures with livelihood assistance is a popular one, but it requires careful scrutiny of what drives the market for tobacco as well as the incentives that makes the farmers stay with or switch from tobacco cultivation. In the Philippines, tobacco is preferred for profitability and price stability, but off-season farmers' plant crops with lower labor and other input costs (Espino and Doroteo 2008). To date, while some best practice examples can be identified, the question of crop and/or livelihood alternatives to tobacco remains a challenge, with world experts still grappling with the research and the rollout phase (WHO 2015).

*The Philippine Sin Tax Reform Law brought about long-overdue reforms to tobacco and alcohol taxation to promote better health, improve financial capability and good governance.*



The affordability of cigarettes and alcoholic drinking had been increasing, especially because of decreasing real tax rates. Furthermore, prevailing excise taxes were poorly designed and failed to ensure a level playing field for all producers. Sin tax reform was an opportunity to curb smoking and excessive drinking, and to generate financing for expanding access to basic health insurance coverage, especially among the bottom 40% of the population. The successful passage of the STL demonstrates the government's commitment and ability to pass significant and decisive reforms.

The Sin Tax Reform Law greatly simplified and increased excise taxes, especially on cigarettes. In 2012, cigarettes were widely sold at Php 1 per piece or even less. Falling real taxes and growing incomes in the country meant that tobacco and alcohol products were widely accessible and affordable. The STL raised and simplified tobacco and alcohol excises, increasing government revenues and reducing smoking. After only one year of implementation, excise tax collections from tobacco and alcohol products shot up to approximately Php 103.4 billion, an increase of more than 86% from the previous collections of Php 55.7 billion. In 2015, total sin tax collections reached Php 141.8 billion, with tobacco accounting for Php 100 billion. Retail prices for cigarettes increased significantly because of the reform, prompting consumers to cut down and even stop smoking, with early data suggesting some declines in smoking prevalence.<sup>1</sup>

The Sin Tax Reform Law scaled up health care financing, nearly doubling the Department of Health (DOH) budget in its first year of implementation and financing the extension of fully subsidized health insurance to the poorest 40% of the population. From 2013 to 2014, the number of poor and near poor families enrolled in the National Health Insurance Program increased from 5.2 million to 14.7 million. This grew to 15.3 million by end 2015, almost tripling the coverage of the poor and the near poor. Sin tax revenues were also subsequently used to subsidize the insurance coverage of senior citizens, further expanding access to care among the vulnerable. By 2016, the DOH budget was triple its 2012 level, reaching Php 122.6 billion.<sup>2</sup>

The Sin Tax Reform Law strengthened governance arrangements on the tax and expenditure sides. This was done through the simplification of tax rates; by promoting greater transparency and accountability in the allocation of health insurance subsidies by using an existing official poverty targeting mechanism; and by mandating annual accountability



reports on the implementation of the STL by all concerned agencies to the Congress of the Philippines.

Although the initial impact of the Sin Tax Reform Law was felt immediately, it is a multiyear transition to a new tax regime, and its full implementation stretches to 2017 and beyond. This year, all cigarettes will be subject to a single unitary excise tier of Php 12 in 2013 from Php 2.72 in 2012. After 2017, the excise tax will be increased automatically by 4% per year. Higher cigarette prices should improve population health by curbing smoking. The STL retained revenue earmarking for tobacco-growth regions (almost equal to 15% of tobacco revenues), with major increase in these transfers slated for 2015, based on 2013 revenue realizations.<sup>3</sup>

The Sin Tax Reform Law overcame a challenging political economy characterized by pronounced rent seeking and elite capture. Dubbed as a “clever marriage of technical virtue and political pragmatism,” the STL navigated a political economy which special interests had often proved hostile to major reforms seeking to serve the broader public interest. Framing the reform as a health measure rather than tax measure helped its success. Together with a range of additional drivers as varied as sovereign debt ratings and international trade disputes, the cause of good health helped fuse a winning political coalition amid formidable opposing lobbies. The Philippines’ bicameral legislative structure meant the STL needed to be passed in the House of Representatives and the Senate, and then both versions reconciled by a bicameral committee. The reconciled law was finally passed in December 2012 by only one vote in the Senate highlighting just how precarious reforms can be in the Philippines.

The Sin tax Reform Law helped the Philippines shed its historical label as the “sick man of Asia.” It helped the Philippines achieve an investment-grade sovereign debt rating. Overall tax mobilization, at 12.4 percent of GDP in 2011, was low by international standards. A decisive tax reform, like the STL, would signal to the markets that the Philippines could deliver on better tax and expenditure policies. The STL stands as one of the main legacy legislative policy reforms of the past administration.<sup>4</sup>

Despite the good aims/goals of Sin Tax Reform Law of the Philippines, it cannot be denied that there are still those who are going to suffer because of the existence of the said Act. These are the tobacco farmers and the tobacco manufacturing industries together with their



employees. The enforcement of R.A No. 10351 brings alarm to these individuals, specifically the farmers who are dependent to tobacco products for their livelihood even though it is being assured to them that they have nothing to worry because those tobacco farmers who are affected will be given bigger livelihood support with the passage of the measure. On the part of the tobacco industry, it is being seen to it that the measure is intended to promote fair competition by rationalizing excise tax rates. Nevertheless, some farmers still believes that sin tax law will increase the poverty they've experienced due to the possibility that the demands of their products will certainly lessen. Industries also foresee the influx of illegal or smuggled cigarettes in the country just like what other countries have experienced when the government increased tobacco excise tax.

The efficaciousness of R.A No. 10351 does acknowledge that a lot of farmers will be affected, particularly in Northern Luzon wherein Cagayan Valley is one of the provinces where Amulung can be found, thus, providing an amount to every provinces which will enable the affected tobacco farmers to have alternatives in their tobacco farming.

### **STATEMENT OF THE PROBLEM**

This study aims to determine the effects of Sin Tax Reform Law to the tobacco farmers in Amulung, Cagayan. Specifically, this study seeks to answer the following questions:

1. What is the profile of the tobacco farmers in terms of:
  - a. Civil Status
  - b. Sex
  - c. Age
  - d. Number of household members
  - e. Number of years in farming industry
  - f. Average monthly income prior and after the implementation of Sin Tax Reform Law of 2012
  - g. Farm size prior and after the implementation of Sin Tax Reform Law of 2012
2. What are the salient features of Sin Tax Reform Law of 2012?
3. What is the number of tobacco farmers prior and after the implementation of the Sin Tax Reform Law?



4. What is the average monthly income of tobacco farmers prior and after the implementation of the Sin Tax Reform Law in terms of their income?
5. What are the reasons why the tobacco farmers left tobacco industry?

## RESEARCH METHODOLOGY

The researchers employed descriptive method in gathering the needed information for this study. This method enables the researchers to interpret the theoretical meaning of the findings and hypothesis development for further studies. Further, the researchers opted Slovin's Formula to get the number of respondents. The study involved description, recording, analysis and interpretation of the prevailing conditions of the tobacco farmers.

## ANALYSIS OF DATA

The statistical tool that were used by the researchers was simple frequency distribution used in determining the in determining the response of the respondents. Slovin's formula was also in determining the number of respondents.

The researchers also applied the random sampling, a probability sampling technique wherein all individuals in the defined population have an equal chance of being selected as sample. We opted this sampling because it would not create bias in the conduct of the research study.

**Table 1 Frequency and Percentage Distribution of Tobacco Farmers with regard to Their Civil Status**

Civil Status	Frequency	Percentage	Rank
Single	4	2.6	3rd
Married	137	88.4	1st
Widow / Widower	14	9	2nd
Total	155	100	

This table represents the number of respondents that are either married or single. There were 155 respondents and 151 or 97.4% of them are married while the remaining 4 respondents or 2.6% are still single. This study shows that most tobacco farmers are married. A constructive explanation would be because most of the tobacco farmers engaged in farming of tobacco in their mid 20s to late 30s. The reason of why there are single in tobacco industry is that they took part in tobacco production for their parents, who are also tobacco farmers, cannot manage to be in the industry due to health concerns.



**Table 2 Frequency and Percentage Distribution of the Respondents In Terms Of Their Sex**

Sex	Frequency	Percentage
Male	139	89.7
Female	16	10.3
Total	155	100

Table 2 shows the distribution of respondents' sex. Out of the 155 respondents 139 or 89.7% of them are male. 16 or 10.3% of them are female. In the study of Action for Economic Reforms and American Cancer Society on the Economics of Tobacco Farming in the Philippines, the study deduced that respondent tobacco farmers indicated that male heads of household were more likely to be that decision-maker, but that both men and women worked on the farms – typically, tobacco farming is very much a family affair in the Philippines.

**Table 3 Frequency and Percentage Distribution of the Age of tobacco farmers**

Age	Frequency	Percent
15-18 years old	8	5.2
19-21 years old	15	9.7
22-25 years old	32	20.6
26-30 years old	41	26.4
31-35 years old	39	25.2
36-40 years old	15	9.7
41 years old -above	5	3.2
Total	155	100

The mean age of tobacco farmers in Amulung, Cagayan when they are still engaged in the tobacco industry is 29.6. Table 3 shows that majority of the respondents were 50 years old and above years old during the survey which constitutes 94 or 60.4% of the total number of respondents which is 155. Next are respondents who were 44-49 years old with a frequency of 54 or 34.9% then by 38-43 years old amounting to 4 farmers or 2.6%. They are followed by 26-31 years old and 32-37 years old farmers having the number of respondents which is 2 or 1.3% while 32-37 years old garnered 1 or 0.6% respectively. Last, is 26-31 years old farmer with 1 frequency and 0.6% percentage among the entire respondent. Most farmers tended to be older than 40 years and an average of 49.78 years based on the study of Action for Economic Reforms and American Cancer Society. This is older than 50 than the general population and even those involved in agriculture. An industry with old workers tends to make the industry weak. This is one of many reasons why there is a significant decline in number of the tobacco farmers throughout the Philippines.





**Table 4 Frequency and Percentage Distribution According to the Number of Family Members**

Members	Frequency	Percentage	Rank
1-5	129	83.2	1
6-8	19	12.3	2
9-12	6	3.9	3
13-16	1	0.6	4
17 – above	0	0	5
Total	155	100	

Table 4 shows that there were 129 or 83.2% of the total number of respondents who have 1-5 family members when they are cultivating tobacco. There were also households who have 6-8 family members which amount to 19 or 12.3% of the total number of respondents. It is followed by tobacco farmers who have 13-16 family members constituting 1 or 0.6 only. Not a single respondent answered that they have 17 and above family members. The digits above show that majority of the tobacco farmers are still on the ideal family size. Notable on this result is that some of them are still below the poverty line. Some are part of the 4P's program of the government. These only show that though most of them are on the ideal family their profit on the tobacco production is not sufficient to satisfy all their needs.

**Table 5 Frequency and Percentage Distribution of Respondents According To Their Years in the Tobacco Industry**

Numbers of years	Frequency	Percentage
1-5 years	8	5.2
6-10 years	18	11.6
11-15 years	31	20
16-20 years	35	22.6
21-25 years	35	22.6
26 years – above	28	18.1
Total	155	100

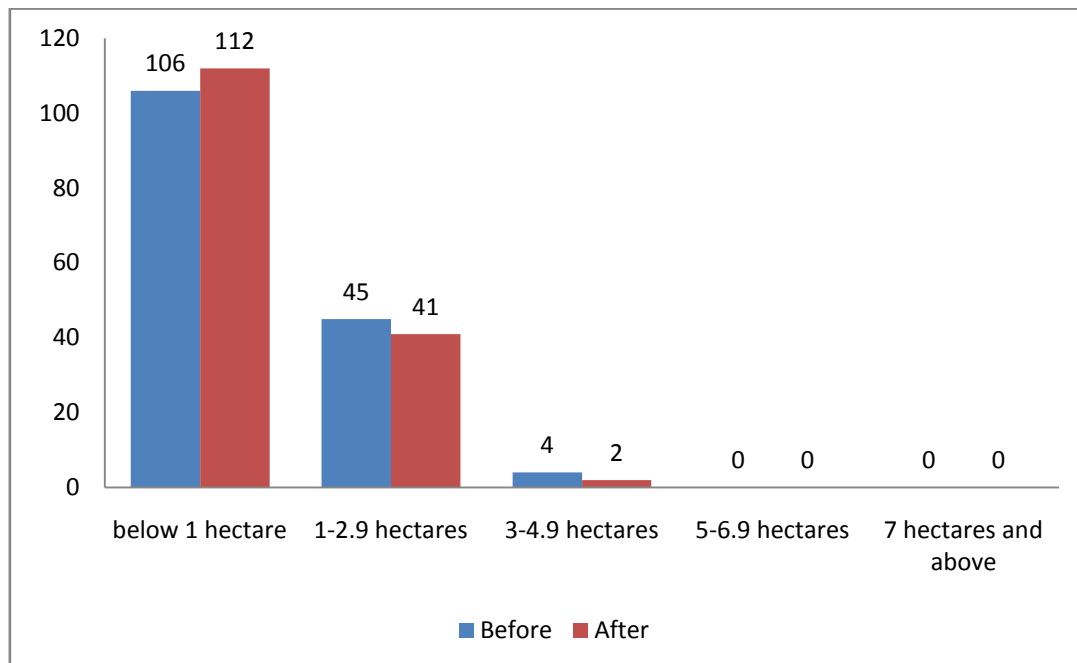
Out of 155 respondents, 35 or 22.6% of them answered that they are 21-25 years and 16-20 years already engaged in the tobacco cultivation. It is followed by farmers who are 11-15 years in the aforementioned industry amounting to 31 or 20%. Next are 28 or 18.1% of farmers engaged in the tobacco farming. 6-10 years and 1-5 years farmers involved in tobacco production which constitute to 18 or 11.6% and 8 or 5.2% respectively are the least. Majority of the respondents are 3-4 decades in the tobacco farming. They engage in this industry mostly because it has been their livelihood of their family ever since or been persuaded to be part of the tobacco industry for the high returns it may bring. But some of



them are dissatisfied with the result which resulted to the decreasing of farm size solely for tobacco and planted a better yielding crops are even abandonment of the industry.

**Table 6 Frequency and Percentage Distribution of respondents according to their farm size prior and after the Implementation of Sin Tax Reform Law of 2012**

Farm size	Frequency (Prior)	Percentage (Prior)	Frequency (After)	Percentage (After)	Rank
Below 1 hectare	106	68.4	112	72.3	1
1-2.9 hectares	45	29	41	26.5	2
3-4.9 hectares	4	2.6	2	1.3	3
5-6.9 hectares	0	0	0	0	
7 hectares and above	0	0	0	0	
Total	155	100	155	100	



**Figure 1**

Table 6 shows the farm size of the respondents prior the implementation of the Sin Tax Reform Law of 2012 and after the implementation of the Sin Tax Reform Law 2012. Majority of the respondents have below 1 hectare of cultivated land used solely for tobacco production as shown in the table, presents 106 or 68.4% and 112 or 72.3 %. It is followed by 1-2.9 hectares of farm lands with 45 or 29% prior the implementation while 41 or 26.5% after. Lastly, are the farm lands cultivated by the farmers with an area of 3-4.9 hectares consisting of 4 or 2.6% prior and 2 or 1.3% after the implementation of the Sin Tax Reform law of 2012. The farmers who have less than 1 hectare of land have been used by the



monopolist in the tobacco industry in lobbying the non-passage of the Sin tax Law before. These are the farmers prone to exploitation and abused by large firms in the tobacco industry. For this abuses and exploitation of large tobacco firms some of them left the industry and choose other farm crops. Some are still on the tobacco production not only for the profit they can make but also because of the promises of the monopolist in the industry.

## **THE SALIENT FEATURES OF SIN TAX REFORM LAW OF 2012**

Based from the RA 10351 (2012) and its implementing rules and regulations, and Department of Budget and Management Local Budget Memorandum 2016-72.

### **Earmark purpose**

Reinforce existing tobacco region earmarks and expansion of eligible projects. Tobacco earmarks stay the same as before (RA 10351 section 8), with additional earmarking for health in incremental revenues (following deduction set out in RA 7171 and RA 8240). Specifies use of Burley and Native tobacco funds for “programs to promote economically viable alternatives for tobacco farmers.”

### **Eligible programs**

The fund to be exclusively utilized for programs to promote economically viable alternatives for tobacco farmers and workers such as: Programs that will provide inputs, training, and other support for tobacco farmers who shift production to agricultural products other than tobacco including, but not limited to, high-value crops, spices, rice, corn, sugarcane, coconut, livestock, and fisheries. Programs that will provide financial support for tobacco farmers who are displaced or who cease to produce tobacco. Cooperative programs to assist tobacco farmers in planting alternative crops or implementing other livelihood projects. Livelihood programs and projects that will promote, enhance, and develop the tourism potential of tobacco-growing provinces. Infrastructure projects such as farm-to-market roads, schools, hospitals, and rural health facilities.

Agro-industrial projects that will enable tobacco farmers to be involved in the management and subsequent ownership of projects, such as postharvest and secondary processing (for example, cigarette manufacturing and by-product utilization).

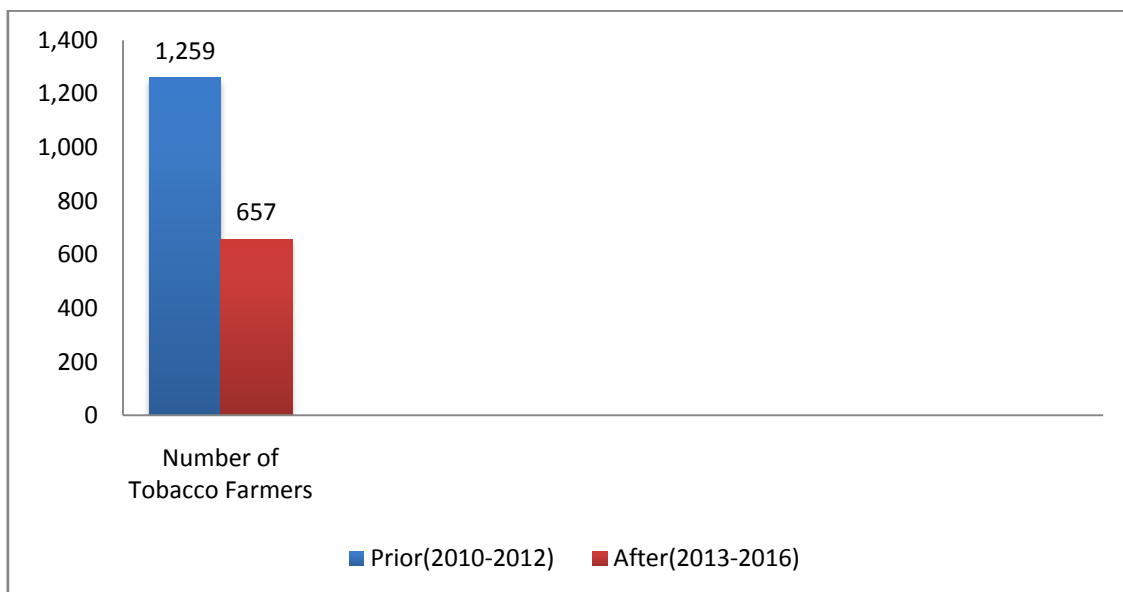
### **Allocation to growing regions**



RA 10351 does not specify allocation percentages. DBM Local Budget Memorandum 2016-72 specifies the guidelines on the release and utilization of local government unit transfers for 2013, and emphasizes the concomitant posting and reporting requirements to enhance transparency and accountability. These include mandatory postings of fund utilization and status of program/project implementation following specified formats each quarter, within 20 days, on a DBM established website and by individual local government units. The guidelines also address the issues raised by the November 2013 Supreme Court rulings declaring Priority Development Assistance Fund (“pork barrel”) allocations

### Incremental revenue calculation

Pending confirmation by forthcoming implementing rules and regulations, and congressional committee concerns, incremental revenue calculations for tobacco should remain the same as before. The exact calculations, however, are not readily available.



**Figure 2 Average Number of Tobacco Farmers Prior and After of the Sin Tax Reform Law of 2012 (Data from the National Tobacco Administration)**

Figure 02 shows a comparison on the numbers tobacco farmers wherein it can be easily deduce that there is a significant decreased of tobacco farmers from the years after the implementation of Sin Tax Reform Law of 2012. There is a significant decrease can be seen throughout the years after the implementation of the tobacco farmers. The Sin Tax Reform Law not only promises to give better allocation to projects and programs for displaced tobacco farm workers but also provides livelihood to those who prefer to enter other



industry. It can be deduce that somehow the Sin Tax Reform Law provision which provides helping tobacco farmers who will divert their production to other crops is quite successful.

**Table 7 Frequency and Percentage Distribution of respondents according to the year they stop cultivating tobacco or they are still planting tobacco**

Year	Frequency	Percentage	Rank
2013	31	20	3
2014	44	28.4	1
2015	31	20	2
2016	24	15.5	5
Still Farming	25	16.1	4
Total	155	100	

Table 7 shows majority of the respondents already stop cultivating as of this cropping season. Most of them refrain from planting tobacco during the year 2014 with 44 respondents or 28.4%. It is followed by 2013 and 2015 with 31 or 20% of all the respondents.

Most of the respondents of this study are not engaged in the tobacco production. Why did they stop? Their reasons will be discussed by the proceeding presentation and discussion on this chapter. It can be easily seen on the table above that there are still engaged in the tobacco industry.

**Table 8 Frequency and Percentage Distribution of respondents on their reason why they leave the tobacco industry**

Reason	Frequency	Percentage
Health Concern	25	19.2
High Cost of farm inputs	3	2.3
Significant Decrease in Demand due to STL of 2012	16	12.3
Unfair grading system of tobacco produce by the tobacco traders	25	19.2
Shift from other crops which yields better than tobacco	61	46.9
Total	130	100

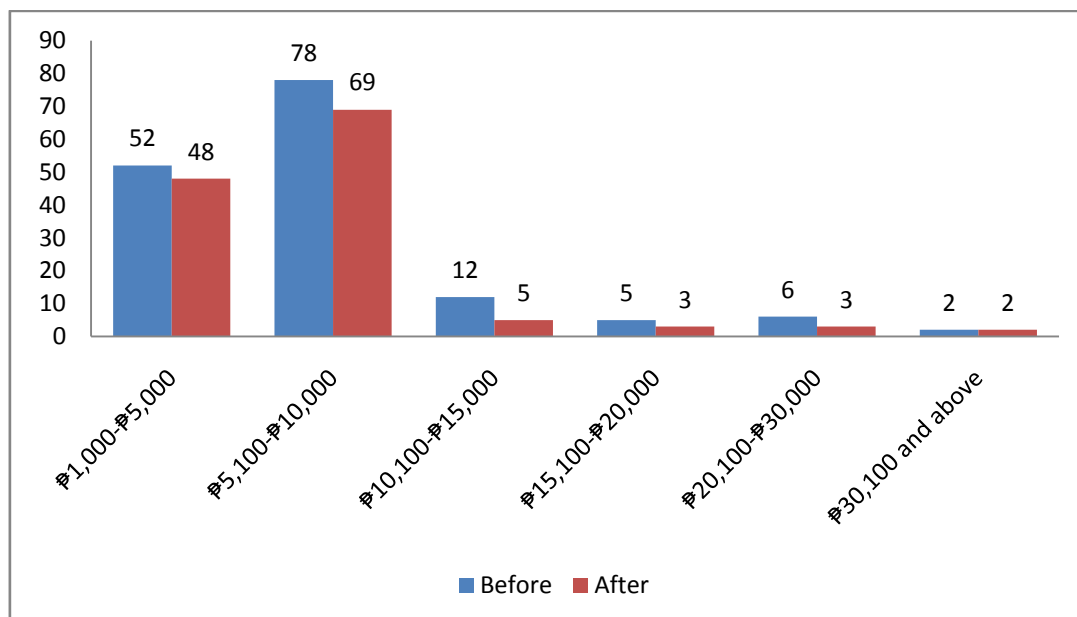
Table 8 shows the reasons why most of the respondents stop planting tobacco. Most of them answered that they shift from crops which yields better with 61 or 46.9 of the respondents who refrain from planting tobacco products since the implementation of Sin



Tax Reform Law of 2012. This is followed by the reason that their produce are graded unfairly or due to health concern with 25 or 19.2% of the respondents who refrain from planting tobacco products since the implementation of Sin Tax Reform Law of 2012. Last is the reason that the farm inputs are costly with a 3 or 2.3% of the respondents. Based from the table above, the government is quite successful with its program on diverting tobacco farmers to other industry which promise a high return. These reasons are also the justifications of some tobacco farmers in Amulung, Cagayan why they will soon leave the industry. There are government projects and programs that are construed for the tobacco farmers and displaced tobacco workers. These programs and projects are funded by the tax collected to large cigarette firms in the Philippines.

**Table 9 Frequency and Percentage Distribution of respondents according to their average net income when they are still in the tobacco industry**

Average monthly income	Frequency (Prior)	Percentage (Prior)	Frequency (After)	Percentage (After)	Rank
P1,000- P5,000	52	33.5	48	36.9	2
P5,100- P10,000	78	50.3	69	53	1
P10,100- P15,000	12	7.7	5	3.8	3
P15,100- P20,000	5	3.2	3	2.3	5
P20,100- P30,000	6	3.9	3	2.3	4
P30,000 – above	2	1.3	2	1.5	5
Total	155	100	130	100	



**Figure 3**



Table 9 shows that majority of the tobacco farmers prior the implementation of the Sin Tax Reform Law earned P5,100-P10,000 every month with a 78 or 50.3% of all the respondents. This is followed by farmers who have P1000-P5000 income per month which constitute to 52 or 33.5% of respondents. Next were farmers earning P10,100 – P15,000 constituting 12 or 7.7% of respondents. The bottom three are farmers having income of P20,100-P30,000, P15,100-P20,000 and P30,100 and above for they garnered 6 or 3.9%, 5 or 3.2 % and 2 or 1.3% respectively of all the number of respondents

Further, Table shows that majority of the respondents after the implementation of the Sin Tax Reform Law were earning P5,100-P10,000 monthly with 69 or 53% of all the respondents who stop planting tobacco after the implementation of the Sin Tax Reform Law of 2012. P1,00-P5,000 is next 48 or 36.9% of the respondents. After which farmers which earns P10,100-P15,00 monthly follows with 5 or 3.8% of the respondents which stop cultivating tobacco. Thereafter are the farmers who have earns P15,100-P20,000 and P20,100-P30,000 monthly both constituting 3 or 2.3% of the respondents. Lastly, former tobacco farmers who have monthly income of P30,000 and above garnering 2 or 1.5% of the respondents who are former tobacco farmers.

The reasons why tobacco farmers stop raising tobacco is the less profit as compare to other crops which yields better like high valued vegetables, rice and corn among others. The beforehand crops are the plants advertise by the government to tobacco farmers. Though after tobacco farmers left tobacco industry most of their income did not change.

In the study of Action for Economic Reforms, there is a slow growth in the tobacco farmers even they left tobacco farming for economic reasons. Some of them have large family size or most of their siblings are studying Also the abused and exploitation of traders are also one of factor stressed by the study.

## **CONCLUSIONS**

### **A. The Profile of the Tobacco Farmers**

1. Majority of the tobacco farmers in Amulung, Cagayan are married when they started planting tobacco.
2. Though there are women, still men dominates this industry.
3. Majority of the tobacco farmers started farming in their mid 20s to early thirties.
4. Most of the tobacco farmers have a household size of 1-5 members.



5. Most of the tobacco farmers are already engaged in the tobacco production more than 15 years to 25 years.
6. There is a significant decrease in tobacco farmlands with land area 1-2.9 hectares and 3-4.9 hectares after the implementation of the Sin Tax Reform Law.

**B. Salient Features of the Sin Tax Reform Law of 2012**

There are provisions of the Sin Tax Reform Law that provides great help to displaced workers due to the decrease in demand of tobacco leaves. There are also projects and programs under its Implementing Rules and Regulations that give assistance to all farmers planting tobacco.

**C. Number of Tobacco farmers prior and after the implementation of Sin Tax Reform Law of 2012**

There is a significant decrease of tobacco farmers after the implementation of Sin Tax Reform Law of 2012.

**D. What is average monthly income of tobacco farmers prior and after the implementation of the Sin Tax Reform Law of 2012?**

Majority of the tobacco farmers earns P5,100-P10,000 every month regardless the implementation of Sin Tax Reform Law of 2012.

**E. What is the reason why tobacco farmers left the tobacco industry?**

The researchers found out that former tobacco farmers saw a brighter future to other crops which yields better than tobacco.

**CONCLUSION**

Based from the analysis and findings, the result of the study shows that:

1. Cultivating tobacco leaf in the Amulung, Cagayan does not generate high economic returns.
2. The significant decrease of tobacco farmers can also be attributed to the aging farmers.
3. The Sin Tax Reform Law of 2012 has significant effect on tobacco farmers in Amulung, Cagayan. Further, the researchers strongly agreed that the aforementioned law does more good than harm to the tobacco industry for the law contains provisions that provides programs and projects not just to the displaced workers but also to the current tobacco farmers.





## **RECOMMENDATIONS**

Based on the findings and conclusions presented, the researchers have arrived to the following recommendations:

1. The government should have sufficient measures in checking that the funds appropriated to Tobacco Industry really go to right beneficiaries. There should be an independent municipal body, organized by the Office of the Ombudsman and Commission on Audit that will have the sole and exclusive power over to conduct investigation over complaints against the misuse of these funds.
2. The government specifically the legislative branch should enact laws protecting all farmers against the unfair grading system of traders or middlemen.
3. The government should have a lending system that can help the farmers so that they will not be subjected to high interest of some tobacco traders.
4. The government thru the Department of Agriculture should conduct seminars or livelihood trainings with the tobacco farmers.
5. The government should conduct research or studies to other uses of tobacco products so that tobacco farmers will not be bound to the abuses and exploitation of large cigarette firms.
6. The tobacco farmers should try other crops which yield better and have a high resistance to pests and disease like hybrid rice and corn.

The tobacco farmers though their cluster leaders in their locality must always report the injustices or abuses of the tobacco middlemen or traders to proper authority.

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