

CONGRESS OF THE PHILIPPINES
THIRTEENTH CONGRESS
First Regular Session



HOUSE OF REPRESENTATIVES

H. No. 3174

BY REPRESENTATIVES DE VENECIA, SUAREZ, SINGSON, CAGAS, FIGUEROA, JAVIER, CUA (J.), LIBANAN, REMULLA, (J.C.) MANDANAS, FUENTEBELLA, LAPUS, TEVES, ROMAN, ARROYO (I.), LOCSIN, BADELLES, PABLO, HIZON, MALANYAON, BACULIO, OLAÑO, RAMIRO, ZIALCITA, BATERINA, LACSON, ERMITA-BUHAIN, ECLEO, SANDOVAL, LAGMAN, ANDAYA, VALDEZ, VILLAFUERTE, GOLEZ, ABLAN, SALCEDA, SUMULONG, TULAGAN, UMALI (A.), ESPINA, CASTELO DAZA, DY (C.), DEFENSOR (M.), ABAD, ACOSTA, ALFELOR, ARBISON, MACAPAGAL ARROYO, BANAAG, BARINAGA, BAUTISTA, BUESER, BULUT, CABILAO, CAJES, CARI, CHATTO, CHIONGBIAN, CODILLA, COJUANGCO (M.), DADIVAS, DIMAPORO, DOMOGAN, DUMARPA, DY (F.), ESPINOSA (E.T.), ESTRELLA, GARCIA (V.), IPONG, JALA, JOAQUIN, JOSON, MACARAMBON, MACIAS, MARAÑON, MARCOLETA, MITRA, NANTES, NEPOMUCENO, NICOLAS, ORTEGA, PINGOY, PUENTEVELLA, REYES (E.), RODRIGUEZ, ROMUALDO, SILVERIO, SOON-RUIZ, UY (E.), VELOSO, VICENCIO, YAPHA, MAGSAYSAY (E.) AND ALMARIO, PER COMMITTEE REPORT No. 60

AN ACT INCREASING THE SPECIFIC TAX RATES IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

SECTION 1. Section 141 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 141. *Distilled Spirits.* – On distilled spirits, there shall be collected, subject to the provisions of Section 133 of this Code, excise taxes as follows:

(a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or from the juice, syrup or sugar of the cane, provided such materials are produced commercially in the country where they are processed into distilled spirits, per proof liter, [Eight Pesos (P8.00)] **TEN PESOS AND SEVENTY-FIVE CENTAVOS (P10.75)**; *Provided*, That if produced in a pot still or other similar primary distilling apparatus by a distiller producing not more than one hundred (100) liters a day, containing not more than fifty percent (50%) of alcohol by volume, per proof liter, [Four pesos (P4.00)] **FIVE PESOS AND THIRTY-EIGHT CENTAVOS (P5.38)**;

(b) If produced from raw materials other than those enumerated in the preceding paragraph, the tax shall be in accordance with the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity (excluding the excise tax and the value-added tax) as follows:

(1) Less than Two hundred and fifty pesos (P250.00) – [Seventy-Five Pesos (P75.00)] **ONE HUNDRED PESOS AND EIGHTY CENTAVOS (P100.80)**, per proof liter;

(2) Two hundred and fifty pesos (P250.00) up to Six hundred and seventy five pesos (P675.00) – [One hundred and fifty pesos (P150.00)]

1 TWO HUNDRED ONE PESOS AND SIXTY CENTAVOS (P201.60), per proof
2 liter; and

3 (3) More than Six hundred and seventy-five pesos (P675.00) –
4 [Three hundred pesos (P300.00)] FOUR HUNDRED THREE PESOS AND
5 TWENTY CENTAVOS (P403.20), per proof liter.

6 (c) Medicinal preparations, flavoring extracts, and all other
7 preparations, except toilet preparations, of which, excluding water,
8 distilled spirits form the chief ingredient, shall be subject to the same tax as
9 such chief ingredient.

10 This tax shall be proportionally increased for any strength of the
11 spirits taxed over proof spirits, and the tax shall attach to this substance as
12 soon as it is in existence as such, whether it be subsequently separated as
13 pure or impure spirits, or transformed into any other substance either in the
14 process of original production or by any subsequent process.

15 '*Spirits or distilled spirits*' is the substance known as ethyl alcohol,
16 ethanol or spirits of wine, including all dilutions, purifications and
17 mixtures thereof, from whatever source, by whatever process produced,
18 and shall include whisky, brandy rum, gin and vodka, and other similar
19 products or mixtures.

20 '*Proof spirits*' is liquor containing one-half (1/2) of its volume of
21 alcohol of a specific gravity of seven thousand nine hundred and thirty-
22 nine ten thousandths (0.7939) at fifteen degrees centigrade (15°C). A
23 'proof liter' means a liter of proof spirits.

24 [The rates of tax imposed under this Section shall be increased by
25 twelve percent (12%) on January 1, 2000.]

26 [New brands shall be classified according to their current net retail
27 price.]

1 [For the above purpose, 'n] 'Net retail price' shall mean the price at
2 which the distilled spirit is sold on retail in ten (10) major supermarkets in
3 Metro Manila, excluding the amount intended to cover the applicable
4 excise tax and the value added tax [as of October 1, 1996] FOR BRANDS
5 WHICH ARE MARKETED OUTSIDE METRO MANILA, THE 'NET RETAIL
6 PRICE' SHALL MEAN THE PRICE AT WHICH THE DISTILLED SPIRITS IS
7 SOLD IN FIVE (5) MAJOR SUPERMARKETS IN THE REGION EXCLUDING
8 THE AMOUNT INTENDED TO COVER THE APPLICABLE EXCISE TAX AND
9 THE VALUE-ADDED TAX.

10 VARIANTS OF EXISTING BRANDS AND VARIANTS OF NEW BRANDS
11 WHICH ARE INTRODUCED IN THE DOMESTIC MARKET AFTER THE
12 EFFECTIVITY OF THIS ACT SHALL BE TAXED UNDER THE HIGHEST
13 CLASSIFICATION OF ANY VARIANT OF THAT BRAND.

14 A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON WHICH A
15 MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE
16 BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO
17 OR DESIGN OF THE EXISTING BRAND.

18 New brands shall be classified according to their current
19 SUGGESTED net retail price.

20 'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE
21 DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY
22 REGISTERED BUT INACTIVE BRANDS OF DISTILLED SPIRITS.

23 'SUGGESTED NET RETAIL PRICE' SHALL MEAN THE NET RETAIL
24 PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR
25 IMPORTED DISTILLED SPIRITS ARE INTENDED BY THE MANUFACTURER
26 OR IMPORTER TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR
27 RETAIL OUTLETS IN METRO MANILA FOR THOSE MARKETED
28 NATIONWIDE, AND IN OTHER REGIONS, FOR THOSE WITH REGIONAL

1 MARKETS. AT THE END OF THREE (3) MONTHS FROM THE PRODUCT
2 LAUNCH, THE BUREAU OF INTERNAL REVENUE SHALL VALIDATE THE
3 SUGGESTED NET RETAIL PRICE AGAINST THE NET RETAIL PRICE AS
4 DEFINED HEREIN AND FINALLY DETERMINE THE CORRECT TAX BRACKET
5 TO WHICH A PARTICULAR BRAND OF DISTILLED SPIRITS SHALL BE
6 CLASSIFIED.

7 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
8 INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS
9 FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

10 THE EXCISE TAX DUE FROM ANY BRAND OF DISTILLED SPIRITS
11 SHALL NOT BE LOWER THAN THE TAX DUE AS OF THE DATE
12 IMMEDIATELY PRIOR TO THE EFFECTIVITY OF THIS ACT OR THE TAX
13 DUE AS OF DECEMBER 31, 1999.

14 The classification of each brand of distilled spirits based on the
15 average net retail price as of October 1, 1996, as set forth in Annex 'A',
16 shall remain in force until revised by Congress.

17 * MANUFACTURERS AND IMPORTERS OF DISTILLED SPIRITS SHALL,
18 WITHIN THIRTY (30) DAYS FROM THE EFFECTIVITY OF THIS ACT, AND
19 WITHIN THE FIRST FIVE (5) DAYS OF EVERY MONTH THEREAFTER,
20 SUBMIT TO THE COMMISSIONER A SWORN STATEMENT OF THE VOLUME
21 OF SALES FOR EACH PARTICULAR BRAND OF DISTILLED SPIRIT SOLD AT
22 HIS ESTABLISHMENT FOR THE THREE-MONTH PERIOD IMMEDIATELY
23 PRECEDING.

24 ANY MANUFACTURER OR IMPORTER WHO, IN VIOLATION OF THIS
25 SECTION, KNOWINGLY MISDECLARES OR MISREPRESENTS IN HIS OR ITS
26 SWORN STATEMENT HEREIN REQUIRED ANY PERTINENT DATA OR
27 INFORMATION SHALL, UPON DISCOVERY, BE PENALIZED BY A SUMMARY
28 CANCELLATION OR WITHDRAWAL OF HIS OR ITS PERMIT TO ENGAGE IN
29 BUSINESS AS MANUFACTURER OR IMPORTER OF DISTILLED SPIRITS.

30 ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE FOR

1 ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS SECTION SHALL
2 BE FINED TREBLE THE AMOUNT OF DEFICIENCY TAXES, SURCHARGES
3 AND INTEREST WHICH MAY BE ASSESSED PURSUANT TO THIS SECTION.

4 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
5 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE AND
6 PENALIZED UNDER SECTION 254 OF THIS CODE. ANY PERSON WHO
7 WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY SUCH ACT OR
8 OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE
9 PRINCIPAL.

10 IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE
11 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE,
12 WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION.”

13 SEC. 2. Section 142 of the National Internal Revenue Code of
14 1997, as amended, is hereby further amended to read as follows:

15 “SEC 142. *Wines.* – On wines, there shall be collected per liter of
16 volume capacity, the following taxes:

17 (a) Sparkling wines/champagnes regardless of proof, if the net
18 retail price per bottle (excluding the excise tax and the value-added tax) is:

19 (1) Five hundred pesos (P500) or less – [One hundred pesos
20 (P100.00)] ONE HUNDRED THIRTY-FOUR PESOS AND FORTY CENTAVOS
21 (P134.40); and

22 (2) More than Five hundred pesos (P500) – [Three hundred pesos
23 (P300.00)] FOUR HUNDRED THREE PESOS AND TWENTY CENTAVOS
24 (P403.20).

25 (b) Still wines containing fourteen percent (14%) of alcohol by
26 volume or less, [Twelve pesos (P12.00)] SIXTEEN PESOS AND THIRTEEN
27 CENTAVOS (P16.13); and

1 (c) Still wines containing more than fourteen percent (14%) but not
2 more than twenty-five percent (25%) of alcohol by volume, [Twenty-four
3 pesos (P24.00)] **THIRTY-TWO PESOS AND TWENTY-SIX CENTAVOS**
4 **(P32.26).**

5 Fortified wines containing more than twenty-five percent (25%) of
6 alcohol by volume shall be taxed as distilled spirits. 'Fortified wines' shall
7 mean natural wines to which distilled spirits are added to increase their
8 alcohol-strength.

9 [The rates of tax imposed under this Section shall be increased by
0 twelve percent (12%) on January 1, 2000.]

1 [New brands shall be classified according to their current net retail
2 price.]

3 [For the above purpose, 'n] 'Net retail price' shall mean the price
4 at which wine is sold on retail in ten (10) major supermarkets in Metro
5 Manila, excluding the amount intended to cover the applicable excise tax
6 and the value added tax [as of October 1, 1996] **FOR BRANDS WHICH ARE**
7 **MARKETED OUTSIDE METRO MANILA, THE 'NET RETAIL PRICE' SHALL**
8 **MEAN THE PRICE AT WHICH THE WINE IS SOLD IN FIVE (5) MAJOR**
9 **SUPERMARKETS IN THE REGION EXCLUDING THE AMOUNT INTENDED TO**
0 **COVER THE APPLICABLE EXCISE TAX AND THE VALUE-ADDED TAX.**

1 **VARIANTS OF EXISTING BRANDS AND VARIANTS OF NEW BRANDS**
2 **WHICH ARE INTRODUCED IN THE DOMESTIC MARKET AFTER THE**
3 **EFFECTIVITY OF THIS ACT SHALL BE TAXED UNDER THE HIGHEST**
4 **CLASSIFICATION OF ANY VARIANT OF THAT BRAND.**

5 **A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON WHICH A**
6 **MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE**
7 **BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO**

1 OR DESIGN OF THE EXISTING BRAND.

2 NEW BRANDS SHALL BE CLASSIFIED ACCORDING TO THEIR
3 CURRENT SUGGESTED NET RETAIL PRICE.

4 'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE
5 DATE OF EFFECTIVITY⁷ OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY
6 REGISTERED BUT INACTIVE BRANDS OF WINE.

7 'SUGGESTED NET RETAIL PRICE' SHALL MEAN THE NET RETAIL
8 PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR
9 IMPORTED WINES ARE INTENDED BY THE MANUFACTURER OR IMPORTER
0 TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR RETAIL OUTLETS
1 IN METRO MANILA FOR THOSE MARKETED NATIONWIDE, AND IN OTHER
2 REGIONS, FOR THOSE WITH REGIONAL MARKETS. AT THE END OF
3 THREE (3) MONTHS FROM THE PRODUCT LAUNCH, THE BUREAU OF
4 INTERNAL REVENUE SHALL VALIDATE THE SUGGESTED NET RETAIL
5 PRICE AGAINST THE NET RETAIL PRICE AS DEFINED HEREIN AND
6 FINALLY DETERMINE THE CORRECT TAX BRACKET TO WHICH A
7 PARTICULAR BRAND OF WINE SHALL BE CLASSIFIED.

8 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
9 INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS
0 FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

1 THE EXCISE TAX DUE FROM ANY BRAND OF WINES SHALL NOT BE
2 LOWER THAN THE TAX DUE AS OF THE DATE IMMEDIATELY PRIOR TO
3 THE EFFECTIVITY OF THIS ACT OR THE EXCISE TAX DUE AS OF
4 DECEMBER 31, 1999.

5 The classification of each brand of wine based on the average net
6 retail price as of October 1, 1996, as set forth in Annex 'B', shall remain in
7 force until revised by Congress.

8 MANUFACTURERS AND IMPORTERS OF WINES SHALL, WITHIN
9 THIRTY (30) DAYS FROM THE EFFECTIVITY OF THIS ACT, AND WITHIN

1 THE FIRST FIVE (5) DAYS OF EVERY MONTH THEREAFTER, SUBMIT TO
2 THE COMMISSIONER A SWORN STATEMENT OF THE VOLUME OF SALES
3 FOR EACH PARTICULAR BRAND OF WINES SOLD AT HIS ESTABLISHMENT
4 FOR THE THREE-MONTH PERIOD IMMEDIATELY PRECEDING.

5 ANY MANUFACTURER OR IMPORTER WHO, IN VIOLATION OF THIS
6 SECTION, KNOWINGLY MISDECLARES OR MISREPRESENTS IN HIS OR ITS
7 SWORN STATEMENT HEREIN REQUIRED ANY PERTINENT DATA OR
8 INFORMATION SHALL, UPON DISCOVERY, BE PENALIZED BY A SUMMARY
9 CANCELLATION OR WITHDRAWAL OF HIS OR ITS PERMIT TO ENGAGE IN
10 BUSINESS AS MANUFACTURER OR IMPORTER OF WINES.

11 ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE FOR
12 ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS SECTION SHALL
13 BE FINED TREBLE THE AMOUNT OF DEFICIENCY TAXES, SURCHARGES
14 AND INTEREST WHICH MAY BE ASSESSED PURSUANT TO THIS SECTION.

15 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
16 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE AND
17 PENALIZED UNDER SECTION 254 OF THIS CODE. ANY PERSON WHO
18 WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY SUCH ACT OR
19 OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE
20 PRINCIPAL.

21 IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE
22 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE,
23 WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION.”

24 SEC. 3. Section 143 of the National Internal Revenue Code of
25 1997, as amended, is hereby further amended to read as follows:

26 “SEC. 143. *Fermented Liquor*. – There shall be levied, assessed and
27 collected an excise tax on beer, lager beer; ale, porter and other fermented
28 liquors except *tuba, basi, tapuy* and similar [domestic] fermented liquors
29 in accordance with the following schedule:

1 (a) If the net retail price (excluding the excise tax and value-added
2 tax) per liter of volume capacity is less than Fourteen pesos and fifty
3 centavos (P14.50), the tax shall be [Six pesos and fifteen centavos (P6.15)]
4 **EIGHT PESOS AND TWENTY-SEVEN CENTAVOS (P8.27)** per liter;

5 (b) If the net retail price (excluding the excise tax and the value-
6 added tax) per liter of volume capacity is Fourteen pesos and fifty centavos
7 (P14.50) up to Twenty-two pesos (P22.00), the tax shall be [Nine pesos
8 and fifteen centavos (P9.15)] **TWELVE PESOS AND THIRTY CENTAVOS**
9 **(P12.30)** per liter;

10 (c) If the net retail price (excluding the excise tax and the value-
11 added tax) per liter of volume capacity is more than Twenty-two pesos
12 (P22.00), the tax shall be [Twelve pesos and fifteen centavos (P12.15)]
13 **SIXTEEN PESOS AND THIRTY-THREE CENTAVOS (P16.33)** per liter.

14 Variants of existing brands AND VARIANTS OF NEW BRANDS which
15 are introduced in the domestic market after the effectivity of [Republic Act
16 No. 8240] THIS ACT shall be taxed under the highest classification of any
17 variant of that brand.

18 A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON WHICH A
19 MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE
20 BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO
21 OR DESIGN OF THE EXISTING BRAND.

22 Fermented liquor which are brewed and sold at micro-breweries or
23 small establishments such as pubs and restaurants shall be subject to the
24 rate in paragraph (c) hereof.

25 [The excise tax from any brand of fermented liquor within the next
26 three (3) years from the effectivity of R.A. No. 8240 shall not be lower
27 than the tax which was due from each brand on October 1, 1996.]

[The rates of excise tax on fermented liquor under paragraphs (a), (b), and (c) hereof shall be increased by twelve percent (12%) on January 1, 2000]

New brands shall be classified according to their current SUGGESTED net retail price.

‘NEW BRAND’ SHALL MEAN A BRAND REGISTERED AFTER THE DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF FERMENTED LIQUOR.

‘SUGGESTED NET RETAIL PRICE’ SHALL MEAN THE NET RETAIL PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR IMPORTED FERMENTED LIQUOR ARE INTENDED BY THE MANUFACTURER OR IMPORTER TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR RETAIL OUTLETS IN METRO MANILA FOR THOSE MARKETED NATIONWIDE, AND IN OTHER REGIONS, FOR THOSE WITH REGIONAL MARKETS. AT THE END OF THREE (3) MONTHS FROM THE PRODUCT LAUNCH, THE BUREAU OF INTERNAL REVENUE SHALL VALIDATE THE SUGGESTED NET RETAIL PRICE AGAINST THE NET RETAIL PRICE AS DEFINED HEREIN AND FINALLY DETERMINE THE CORRECT TAX BRACKET TO WHICH A PARTICULAR BRAND OF FERMENTED LIQUOR SHALL BE CLASSIFIED.

[For the above purpose, ‘] ‘Net retail price’ shall mean the price at which the fermented liquor is sold on retail in twenty (20) major supermarkets in Metro Manila (for brands of fermented liquor marketed nationally), excluding the amount intended to cover the applicable excise tax and the value-added tax. For brands which are marketed outside Metro Manila, the ‘net retail price’ shall mean the price at which the fermented liquor is sold in five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added

1 tax.

2 The classification of each brand of fermented liquor based on its
3 average net retail price as of October 1, 1996, as set forth in Annex 'C',
4 shall remain in force until revised by Congress.

5 [A 'variant of a brand' shall refer to a brand on which a modifier is
6 prefixed and/or suffixed to the root name of the brand and/or a different
7 brand which carries the same logo or design of the existing brand.]

8 **THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE**
9 **INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEAR**
10 **FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.**

11 **THE EXCISE TAX DUE FROM ANY BRAND OF FERMENTED LIQUORS**
12 **SHALL NOT BE LOWER THAN THE TAX DUE AS OF THE DATE**
13 **IMMEDIATELY PRIOR TO THE EFFECTIVITY OF THIS ACT OR THE EXCISE**
14 **TAX DUE AS OF DECEMBER 31, 1999.**

15 Every brewer or importer of fermented liquor shall, within thirty
16 (30) days from the effectivity of [R.A. No. 8240] THIS ACT, and within
17 the first five (5) days of every month thereafter, submit to the
18 Commissioner a sworn statement of the volume of sales for each particular
19 brand of fermented liquor sold at his establishment for the three-month
20 period immediately preceding.

21 Any brewer or importer who, in violation of this Section, knowingly
22 misdeclares or misrepresents in his or its sworn statement herein required
23 any pertinent data or information shall be penalized by a summary
24 cancellation or withdrawal of his or its permit to engage in business as
25 brewer or importer of fermented liquor.

26 Any corporation, association or partnership liable for any of the acts
27 or omissions in violation of this Section shall be fined treble the amount of

deficiency taxes, surcharges and interest which may be assessed pursuant to this Section.

Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of this Code. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.

If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence, without further proceedings for deportation.”

SEC. 4. Section 144 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 144. *Tobacco Products.* – There shall be collected a tax of [seventy-five centavos (P0.75)] **NINETY CENTAVOS (P.90)** on each kilogram of the following products of tobacco:

(a) Tobacco twisted by hand or reduced into a condition to be consumed in any manner other than the ordinary mode of drying and curing;

(b) Tobacco prepared or partially prepared with or without the use of any machine or instruments or without being pressed or sweetened; and

(c) Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and sweepings of tobacco.

Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and sweepings of tobacco resulting from the handling of stripping of whole leaf tobacco may be transferred, disposed of, or otherwise sold, without any prepayment of the excise tax herein provided for under such conditions as may be prescribed in the rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner,

1 if the same are to be exported or to be used in the manufacture of other
2 tobacco products on which the excise tax will eventually be paid on the
3 finished product.

4 On tobacco specially prepared for chewing so as to be unsuitable for
5 use in any other manner, on each kilogram, [Sixty centavos (P0.60)]
6 SEVENTY-TWO CENTAVOS (P0.72).

7 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
8 INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS
9 FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

10 MANUFACTURERS AND IMPORTERS OF TOBACCO PRODUCTS
11 SHALL, WITHIN THIRTY (30) DAYS FROM THE EFFECTIVITY OF THIS ACT,
12 AND WITHIN THE FIRST FIVE (5) DAYS OF EVERY MONTH THEREAFTER,
13 SUBMIT TO THE COMMISSIONER A SWORN STATEMENT OF THE VOLUME
14 OF SALES FOR EACH PARTICULAR BRAND OF TOBACCO PRODUCTS SOLD
15 AT HIS ESTABLISHMENT FOR THE THREE-MONTH PERIOD IMMEDIATELY
16 PRECEDING.

17 ANY MANUFACTURER OR IMPORTER WHO, IN VIOLATION OF THIS
18 SECTION, KNOWINGLY MISDECLARES OR MISREPRESENTS IN HIS OR ITS
19 SWORN STATEMENT HEREIN REQUIRED ANY PERTINENT DATA OR
20 INFORMATION SHALL, UPON DISCOVERY, BE PENALIZED BY A SUMMARY
21 CANCELLATION OR WITHDRAWAL OF HIS OR ITS PERMIT TO ENGAGE IN
22 BUSINESS AS MANUFACTURER OR IMPORTER OF CIGARS OR CIGARETTES.

23 ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE FOR
24 ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS SECTION SHALL
25 BE FINED TREBLE THE AMOUNT OF DEFICIENCY TAXES, SURCHARGES
26 AND INTEREST WHICH MAY BE ASSESSED PURSUANT TO THIS SECTION.

27 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
28 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE AND

1 PENALIZED UNDER SECTION 254 OF THIS CODE. ANY PERSON WHO
 2 WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY SUCH ACT OR
 3 OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE
 4 PRINCIPAL.

5 IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE
 6 SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE,
 7 WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION.”

8 SEC. 5. Section 145 of the National Internal Revenue Code, as
 9 amended, is hereby further amended to read as follows:

0 “SEC. 145. *Cigars and Cigarettes.*

1 (A) *Cigars.* There shall be levied, assessed and collected on cigars
 2 a tax of [One peso (P1.00)] ONE PESO AND THIRTY-FOUR CENTAVOS
 3 (P1.34) per cigar.

4 (B) *Cigarettes Packed by Hand.* There shall be levied, assessed
 5 and collected on cigarettes packed by hand a tax of [Forty centavos
 6 (P0.40)] FORTY-EIGHT CENTAVOS (P0.48) per pack.

7 (C) *Cigarettes Packed by Machine.* There shall be levied, assessed
 8 and collected on cigarettes packed by machine a tax at the rates prescribed
 9 below:

0 (1) If the net retail price (excluding the excise tax and the value-
 1 added tax) is above Ten pesos (P10.00) per pack, the tax shall be [Twelve
 2 pesos (P12.00)] SIXTEEN PESOS AND THIRTEEN CENTAVOS (P16.13) per
 3 pack;

4 (2) If the net retail price (excluding the excise tax and the value-
 5 added tax) exceeds Six pesos and fifty centavos (P6.50) but does not
 6 exceed Ten pesos (P10.00) per pack, the tax shall be [Eight pesos (P8.00)]
 7 TEN PESOS AND SEVENTY-FIVE CENTAVOS (P10.75) per pack;

1 (3) If the net retail price (excluding the excise tax and the value-
2 added tax) is Five pesos (P5.00) but does not exceed Six pesos and fifty
3 centavos (P6.50) per pack, the tax shall be [Five pesos (P5.00)] **SIX PESOS**
4 **AND SEVENTY-TWO CENTAVOS (P6.72)** per pack;

5 (4) If the net retail price (excluding the excise tax and the value-
6 added tax) is below Five pesos (P5.00) per pack, the tax shall be [One peso
7 (P1.00)] **ONE PESO AND THIRTY-FOUR CENTAVOS (P1.34)** per pack;

8 Variants of existing brands **AND VARIANTS OF NEW BRANDS** of
9 cigarettes which are introduced in the domestic market after the effectivity
0 of [R.A. No. 8240] **THIS ACT** shall be taxed under the highest
1 classification of any variant of that brand.

2 A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON WHICH A
3 MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE
4 BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO
5 OR DESIGN OF THE EXISTING BRAND.

6 [The excise tax from any brand of cigarettes within the next three
7 (3) years from the effectivity of R.A. No. 8240 shall not be lower than the
8 tax, which is due from each brand on October 1, 1996: *Provided, however,*
9 That in cases where the excise tax rates imposed in paragraphs (1), (2), (3)
0 and (4) hereinabove will result in an increase in excise tax of more than
1 seventy percent (70%), for a brand of cigarette, the increase shall take
2 effect in two tranches: fifty percent (50%) of the increase shall be effective
3 in 1997 and one hundred percent (100%) of the increase shall be effective
4 in 1998].

5 Duly registered or existing brands of cigarettes or new brands
6 thereof packed by machine shall only be packed in twenties.

7 [The rates of excise tax on cigars and cigarettes under paragraphs

1 (1), (2), (3) and (4) hereof, shall be increased by twelve percent (12%) on
2 January 1, 2000.]

3 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
4 INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS
5 FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

6 THE EXCISE TAX DUE FROM ANY BRAND OF CIGARS AND
7 CIGARETTES SHALL NOT BE LOWER THAN THE TAX DUE AS OF THE DATE
8 IMMEDIATELY PRIOR TO THE EFFECTIVITY OF THIS ACT OR THE EXCISE
9 TAX DUE AS OF DECEMBER 31, 1999.

10 New brands shall be classified according to their current
11 SUGGESTED net retail price.

12 'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE
13 DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY
14 REGISTERED BUT INACTIVE BRANDS OF CIGARETTES.

15 'SUGGESTED NET RETAIL PRICE' SHALL MEAN THE NET RETAIL
16 PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR
17 IMPORTED CIGARETTES ARE INTENDED BY THE MANUFACTURER OR
18 IMPORTER TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR RETAIL
19 OUTLETS IN METRO MANILA FOR THOSE MARKETED NATIONWIDE, AND
20 IN OTHER REGIONS, FOR THOSE WITH REGIONAL MARKETS. AT THE END
21 OF THREE (3) MONTHS FROM THE PRODUCT LAUNCH, THE BUREAU OF
22 INTERNAL REVENUE SHALL VALIDATE THE SUGGESTED NET RETAIL
23 PRICE AGAINST THE NET RETAIL PRICE AS DEFINED HEREIN AND
24 FINALLY DETERMINE THE CORRECT TAX BRACKET TO WHICH A
25 PARTICULAR BRAND OF CIGARETTE SHALL BE CLASSIFIED.

26 [For the above purpose, 'n] 'Net retail price' shall mean the price
27 at which the cigarette is sold on retail in twenty (20) major supermarkets in
28 Metro Manila (for brands of cigarettes marketed nationally), excluding the
29 amount intended to cover the applicable excise tax and the value-added

tax. For brands which are marketed only outside Metro Manila, the 'net retail price' shall mean the price at which the cigarette is sold in five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax.

The classification of each brand of cigarettes based on its average net retail price as of October 1, 1996, as set forth in Annex 'D', shall remain in force until revised by Congress.

[A 'variant of a brand' shall refer to a brand on which a modifier is prefixed and/or suffixed to the root name of the brand and/or a different brand which carries the same logo or design of the existing brand.]

Manufacturers and importers of cigars and cigarettes shall, within thirty (30) days from the effectivity of [R.A. No. 8240] THIS ACT and within the first five (5) days of every month thereafter submit to the Commissioner a sworn statement of the volume of sales for each particular brand of cigars and/or cigarettes sold at his establishment for the three-month period immediately preceding.

Any manufacturer or importer who, in violation of this Section, knowingly misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall, upon discovery, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of cigars or cigarettes.

Any corporation, association or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the amount of deficiency taxes, surcharges and interest which may be assessed pursuant to this Section.

Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of

1 this Code. Any person who willfully aids or abets in the commission of
2 any such act or omission shall be criminally liable in the same manner as
3 the principal.

4 If the offender is not a citizen of the Philippines, he shall be
5 deported immediately after serving the sentence without further
6 proceedings for deportation.”

7 SEC. 6. *Implementing Rules and Regulations.* – The Secretary of
8 Finance shall, upon the recommendation of the Commissioner of Internal
9 Revenue, promulgate the necessary rules and regulations for the effective
0 implementation of this Act.

1 SEC. 7. *Separability Clause.* – If any of the provisions of this Act is
2 declared invalid by competent court, the remainder of this Act or any
3 provision not affected by such declaration of invalidity shall remain in
4 force and effect.

5 SEC. 8. *Repealing Clause.* – All laws, decrees, ordinances, rules
6 and regulations, executive or administrative orders, and such other
7 presidential issuances as are inconsistent with any of the provisions of this
8 Act are hereby repealed, amended or otherwise modified accordingly.

9 SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days
0 following its publication in the *Official Gazette* or in at least two (2)
1 newspapers of general circulation.

Approved,