

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 NOV 16 P5:52


SENATE

RECEIVED BY: 

S. B. NO. **1854**

(In substitution of SBN 1815, in consideration of HBN 3174)

Prepared by the Committee with Senator ~~Enrile~~ and Recto as author thereof.

Per manifestation
of Senator Enrile
had as directed
by the Senate
President during
the session of
Nov 22, '04


AN ACT

INCREASING THE EXCISE TAX RATES IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS, AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144, 145 AND 288 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

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

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

5 (a) If produced from the sap of nipa, coconut, cassava, camote, or buri
6 palm or from the juice, syrup or sugar of the cane, [provided such materials are
7 produced commercially in the country where they are processed into distilled
8 spirits, per proof liter, Eight Pesos (P8.00): Provided, That if produced in a pot
9 still or other similar primary distilling apparatus by a distiller producing not
10 more than one hundred (100) liters a day, containing not more than fifty percent
11 (50%) of alcohol by volume, per proof liter, Four pesos (P4.00)] **ELEVEN PESOS
12 AND SIXTY-FIVE CENTAVOS (P11.65);**

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



1 (1) Less than Two hundred and fifty pesos (P250) – [Seventy Five Pesos
2 (P75)] **ONE HUNDRED TWENTY-SIX PESOS (P126.00)**, per proof liter;

3 (2) Two hundred and fifty pesos (P250) up to Six hundred and seventy
4 five pesos (P675) – [One hundred and fifty pesos (P150)] **TWO**
5 **HUNDRED FIFTY-TWO PESOS (P252.00)**, per proof liter; and

6 (3) More than Six hundred and seventy five pesos (P675) – [Three
7 hundred pesos (P300)] **FIVE HUNDRED FOUR PESOS (P504.00)**, per
8 proof liter.

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

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

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

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

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

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

28 [For the above purpose, 'n] '**Net retail price**' shall mean the price at which
29 the distilled spirit is sold on retail in ten (10) major supermarkets in Metro

1 Manila, excluding the amount intended to cover the applicable excise tax and the
2 value added tax [as of October 1, 1996]. FOR BRANDS WHICH ARE
3 MARKETED OUTSIDE METRO MANILA, THE 'NET RETAIL PRICE'
4 SHALL MEAN THE PRICE AT WHICH THE DISTILLED SPIRITS IS SOLD
5 IN FIVE (5) MAJOR SUPERMARKETS IN THE REGION EXCLUDING THE
6 AMOUNT INTENDED TO COVER THE APPLICABLE EXCISE TAX AND
7 THE VALUE-ADDED TAX.

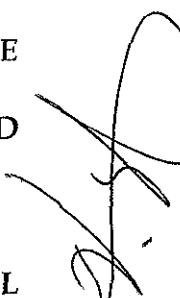
8 VARIANTS OF EXISTING BRANDS AND VARIANTS OF NEW
9 BRANDS WHICH ARE INTRODUCED IN THE DOMESTIC MARKET
10 AFTER THE EFFECTIVITY OF THIS ACT SHALL BE TAXED UNDER THE
11 HIGHEST CLASSIFICATION OF ANY VARIANT OF THAT BRAND.

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

16 NEW BRANDS SHALL BE CLASSIFIED ACCORDING TO THEIR
17 CURRENT SUGGESTED NET RETAIL PRICE.

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

22 'SUGGESTED NET RETAIL PRICE' SHALL MEAN THE NET RETAIL
23 PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR
24 IMPORTED DISTILLED SPIRITS ARE INTENDED BY THE
25 MANUFACTURER OR IMPORTER TO BE SOLD ON RETAIL IN MAJOR
26 SUPERMARKETS OR RETAIL OUTLETS IN METRO MANILA FOR THOSE
27 MARKETED NATIONWIDE, AND IN OTHER REGIONS, FOR THOSE
28 WITH REGIONAL MARKETS. AT THE END OF THREE (3) MONTHS
29 FROM THE PRODUCT LAUNCH, THE BUREAU OF INTERNAL REVENUE



1 SHALL VALIDATE THE SUGGESTED NET RETAIL PRICE AGAINST THE
2 NET RETAIL PRICE AS DEFINED HEREIN AND FINALLY DETERMINE
3 THE CORRECT TAX BRACKET TO WHICH A PARTICULAR BRAND OF
4 DISTILLED SPIRITS SHALL BE CLASSIFIED.

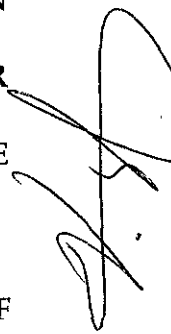
5 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
6 INCREASED BY EIGHT PERCENT (8%) EVERY TWO YEARS STARTING
7 ON JANUARY 1, 2007 UNTIL JANUARY 1, 2011.

8 ANY DOWNWARD RECLASSIFICATION OF PRESENT
9 CATEGORIES, FOR TAX PURPOSES, OF EXISTING BRANDS OF
10 DISTILLED SPIRITS DULY REGISTERED AT THE TIME OF THE
11 EFFECTIVITY OF THIS ACT WHICH WILL REDUCE THE TAX IMPOSED
12 HEREIN, OR THE PAYMENT THEREOF, SHALL BE PROHIBITED.

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

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

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



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

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

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

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


17 "SEC 142. *Wines.* - On wines, there shall be collected per liter of volume
18 capacity, the following taxes:

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

21 (1) Five hundred pesos (P500) or less - [One hundred pesos (P100)] **ONE**
22 **HUNDRED FORTY-FIVE PESOS AND SIXTY CENTAVOS (P145.60); and**

23 (2) More than Five hundred pesos (P500) - [Three hundred pesos (P300)]
24 **FOUR HUNDRED THIRTY SIX PESOS AND EIGHTY CENTAVOS (P436.80).**

25 (b) Still wines containing fourteen percent (14%) of alcohol by volume or
26 less, [Twelve pesos (P12.00)] **SEVENTEEN PESOS AND FORTY-SEVEN**
27 **CENTAVOS (P17.47); and;**



1 (c) Still wines containing more than fourteen percent (14%) but not more
2 than twenty-five percent (25%) of alcohol by volume, [Twenty-four pesos
3 (P24.00)] **THIRTY-FOUR PESOS AND NINETY-FOUR CENTAVOS (P34.94).**

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

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


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

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

18 **VARIANTS OF EXISTING BRANDS AND VARIANTS OF NEW**
19 **BRANDS WHICH ARE INTRODUCED IN THE DOMESTIC MARKET**
20 **AFTER THE EFFECTIVITY OF THIS ACT SHALL BE TAXED UNDER THE**
21 **HIGHEST CLASSIFICATION OF ANY VARIANT OF THAT BRAND.**

22 **A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON**
23 **WHICH A MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT**
24 **NAME OF THE BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES**
25 **THE SAME LOGO OR DESIGN OF THE EXISTING BRAND.**

26 **NEW BRANDS SHALL BE CLASSIFIED ACCORDING TO THEIR**
27 **CURRENT SUGGESTED NET RETAIL PRICE.**



1 'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE
2 DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE
3 PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF WINE.


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

16 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
17 INCREASED BY EIGHT PERCENT (8%) EVERY TWO YEARS STARTING
18 ON JANUARY 1, 2007 UNTIL JANUARY 1, 2011.

19 ANY DOWNWARD RECLASSIFICATION OF PRESENT
20 CATEGORIES, FOR TAX PURPOSES, OF EXISTING BRANDS OF WINES
21 DULY REGISTERED AT THE TIME OF THE EFFECTIVITY OF THIS ACT
22 WHICH WILL REDUCE THE TAX IMPOSED HEREIN, OR THE PAYMENT
23 THEREOF, SHALL BE PROHIBITED.

24 The classification of each brand of wines based on the average net retail
25 price as of October 1, 1996, as set forth in Annex 'B', shall remain in force until
26 revised by Congress.

27 MANUFACTURERS AND IMPORTERS OF WINES SHALL, WITHIN
28 THIRTY (30) DAYS FROM THE EFFECTIVITY OF THIS ACT, AND WITHIN
29 THE FIRST FIVE (5) DAYS OF EVERY MONTH THEREAFTER, SUBMIT TO



1 THE COMMISSIONER A SWORN STATEMENT OF THE VOLUME OF
2 SALES FOR EACH PARTICULAR BRAND OF WINES SOLD AT HIS
3 ESTABLISHMENT FOR THE THREE-MONTH PERIOD IMMEDIATELY
4 PRECEDING.

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

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

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

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

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

28 "SEC. 143. *Fermented Liquor*. - There shall be levied, assessed and collected
29 an excise tax on beer, lager beer; ale, porter and other fermented liquors except

1 *tuba, basi, tapuy* and similar [domestic] fermented liquors in accordance with the
2 following schedule:

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

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

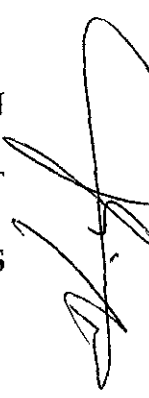
11 (c) If the net retail price (excluding the excise tax and the value-added tax)
12 per liter of volume capacity is more than Twenty-two pesos (P22.00), the tax shall
13 be [Twelve pesos and fifteen centavos (P12.15)] **SIXTEEN PESOS AND**
14 **THIRTY-THREE CENTAVOS (P16.33)** per liter.

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

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

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

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



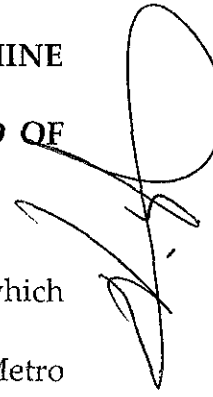
1 [The rates of excise tax on fermented liquor under paragraphs (a), (b), and
2 (c) hereof shall be increased by twelve percent (12%) on January 1, 2000].

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

5 **'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE**
6 **DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE**
7 **PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF FERMENTED**
8 **LIQUOR.**

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

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



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

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

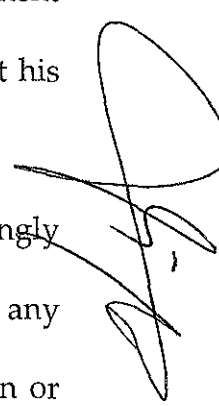
7 **THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE**
8 **INCREASED BY EIGHT PERCENT (8%) EVERY TWO YEARS STARTING**
9 **ON JANUARY 1, 2007 UNTIL JANUARY 1, 2011.**

10 **ANY DOWNWARD RECLASSIFICATION OF PRESENT**
11 **CATEGORIES, FOR TAX PURPOSES, OF EXISTING BRANDS OF**
12 **FERMENTED LIQUOR DULY REGISTERED AT THE TIME OF THE**
13 **EFFECTIVITY OF THIS ACT WHICH WILL REDUCE THE TAX IMPOSED**
14 **HEREIN, OR THE PAYMENT THEREOF, SHALL BE PROHIBITED.**

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

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

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

A large, stylized handwritten signature in black ink, located on the right side of the page, overlapping the text of the 18th and 19th lines.

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

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

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

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

10 "SEC. 144. *Tobacco Products.* - There shall be collected a tax of [seventy-five
11 centavos (P0.75)] **ONE PESO (P1.00)** on each kilogram of the following products
12 of tobacco:

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

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

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

19 *Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and*
20 *sweepings of tobacco resulting from the handling of stripping of whole leaf*
21 *tobacco may be transferred, disposed of, or otherwise sold, without any*
22 *prepayment of the excise tax herein provided for under such conditions as may*
23 *be prescribed in the rules and regulations promulgated by the Secretary of*
24 *Finance, upon recommendation of the Commissioner, if the same are to be*
25 *exported or to be used in the manufacture of other tobacco products on which*
26 *the excise tax will eventually be paid on the finished product.*

27 On tobacco specially prepared for chewing so as to be unsuitable for use
28 in any other manner, on each kilogram, [Sixty centavos (P0.60)] **SEVENTY-NINE**
29 **CENTAVOS (P0.79).**

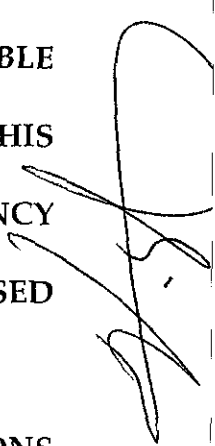
1 THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE
2 INCREASED BY SIX PERCENT (6%) EVERY TWO YEARS STARTING ON
3 JANUARY 1, 2007 UNTIL JANUARY 1, 2011.

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

11 ANY MANUFACTURER OR IMPORTER WHO, IN VIOLATION OF
12 THIS SECTION, KNOWINGLY MISDECLARES OR MISREPRESENTS IN
13 HIS OR ITS SWORN STATEMENT HEREIN REQUIRED ANY PERTINENT
14 DATA OR INFORMATION SHALL, UPON DISCOVERY, BE PENALIZED
15 BY A SUMMARY CANCELLATION OR WITHDRAWAL OF HIS OR ITS
16 PERMIT TO ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER
17 OF CIGARS OR CIGARETTES.

18 ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE
19 FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS
20 SECTION SHALL BE FINED TREBLE THE AMOUNT OF DEFICIENCY
21 TAXES, SURCHARGES AND INTEREST WHICH MAY BE ASSESSED
22 PURSUANT TO THIS SECTION.

23 ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS
24 PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE
25 AND PENALIZED UNDER SECTION 254 OF THIS CODE. ANY PERSON
26 WHO WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY SUCH
27 ACT OR OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME
28 MANNER AS THE PRINCIPAL.



1 **IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE**
2 **SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE,**
3 **WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION."**

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

6 "SEC. 145. *Cigars and Cigarettes.* -

7 (A) *Cigars.* - There shall be levied, assessed and collected on cigars a**N AD**
8 **VALOREM** tax [of One peso (P1.00) per cigar.] **BASED ON THE NET RETAIL**
9 **PRICE PER CIGAR (EXCLUDING THE EXCISE TAX AND THE VALUE-**
10 **ADDED TAX) IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:**

11 (1) **IF THE NET RETAIL PRICE PER CIGAR IS FIVE HUNDRED**
12 **PESOS (P500.00) OR LESS, TWENTY PERCENT (20%); AND**

13 (2) **IF THE NET RETAIL PRICE PER CIGAR (EXCLUDING THE**
14 **EXCISE TAX AND THE VALUE-ADDED TAX) IS MORE THAN FIVE**
15 **HUNDRED PESOS (P500.00), ONE HUNDRED PESOS (P100.00) PLUS**
16 **THIRTY PERCENT (30%) OF THE NET RETAIL PRICE IN EXCESS OF FIVE**
17 **HUNDRED PESOS (P500.00).**


18 (B) *Cigarettes Packed by Hand.* - There shall be levied, assessed and collected
19 on cigarettes packed by hand a tax **AT THE RATES PRESCRIBED BELOW** [of
20 Forty centavos (P0.40) per pack.]:

21 **EFFECTIVE ON JANUARY 1, 2005, EIGHTTY-FIVE CENTAVOS (P0.85)**
22 **PER PACK;**

23 **EFFECTIVE ON JANUARY 1, 2007, ONE PESO AND FOUR**
24 **CENTAVOS (P1.04) PER PACK;**

25 **EFFECTIVE ON JANUARY 1, 2009, ONE PESO AND TWENTY-FOUR**
26 **CENTAVOS (P1.24) PER PACK; AND**

27 **EFFECTIVE ON JANUARY 1, 2011, ONE PESO AND FORTY-FOUR**
28 **CENTAVOS (P1.44) PER PACK.**



1 DULY REGISTERED OR EXISTING BRANDS OF CIGARETTES OR
2 NEW BRANDS THEREOF PACKED BY HAND SHALL ONLY BE PACKED
3 IN THIRTIES.

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

6 [(1) If the net retail price (excluding the excise tax and the value-added
7 tax) is above Ten pesos (P10.00) per pack, the tax shall be Twelve pesos (P12.00)
8 per pack;]

9 [(2) If the net retail price (excluding the excise tax and the value-added
10 tax) exceeds Six pesos and fifty centavos (P6.50) but does not exceed Ten pesos
11 (P10.00) per pack, the tax shall be Eight pesos (P8.00) per pack;]

12 [(3) If the net retail price (excluding the excise tax and the value-added
13 tax) is Five pesos (P5.00) but does not exceed Six pesos and fifty centavos (P6.50)
14 per pack, the tax shall be Five pesos (P5.00) per pack;]

15 [(4) If the net retail price (excluding the excise tax and the value-added tax)
16 is below Five pesos (P5.00) per pack, the tax shall be:]

17 **(1) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND**
18 **THE VALUE-ADDED TAX) IS BELOW FIVE PESOS (P5.00) PER PACK, THE**
19 **TAX SHALL BE:**

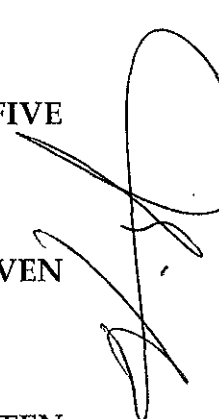
20 **EFFECTIVE ON JANUARY 1, 2005, ONE PESO AND SIXTY-FIVE**
21 **CENTAVOS (P1.65) PER PACK;**

22 **EFFECTIVE ON JANUARY 1, 2007, ONE PESO AND EIGHTY-SEVEN**
23 **CENTAVOS (P1.87) PER PACK;**

24 **EFFECTIVE ON JANUARY 1, 2009, TWO PESOS AND TEN**
25 **CENTAVOS (P2.10) PER PACK; AND**

26 **EFFECTIVE ON JANUARY 1, 2011, TWO PESOS AND THIRTY-FOUR**
27 **CENTAVOS (P2.34) PER PACK.**

28 **(2) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND**
29 **THE VALUE-ADDED TAX) IS FIVE PESOS (P5.00) BUT DOES NOT EXCEED**



1 SIX PESOS AND FIFTY CENTAVOS (P6.50) PER PACK, THE TAX SHALL
2 BE:

3 EFFECTIVE ON JANUARY 1, 2005, SIX PESOS AND SIXTY-SEVEN
4 CENTAVOS (P6.67) PER PACK;

5 EFFECTIVE ON JANUARY 1, 2007, SEVEN PESOS AND SEVEN
6 CENTAVOS (P7.07) PER PACK;

7 EFFECTIVE ON JANUARY 1, 2009, SEVEN PESOS AND FORTY-
8 EIGHT CENTAVOS (P7.48) PER PACK; AND

9 EFFECTIVE ON JANUARY 1, 2011, SEVEN PESOS AND NINETY-ONE
10 CENTAVOS (P7.91) PER PACK.

11 (3) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND
12 THE VALUE-ADDED TAX) EXCEEDS SIX PESOS AND FIFTY CENTAVOS
13 (P6.50) BUT DOES NOT EXCEED TEN PESOS (P10.00) PER PACK, THE TAX
14 SHALL BE:

15 EFFECTIVE ON JANUARY 1, 2005, TEN PESOS AND FORTY-FOUR
16 CENTAVOS (P10.44) PER PACK;

17 EFFECTIVE ON JANUARY 1, 2007, TEN PESOS AND NINETY-EIGHT
18 CENTAVOS (P10.98) PER PACK;


19 EFFECTIVE ON JANUARY 1, 2009, ELEVEN PESOS AND FIFTY-FOUR
20 CENTAVOS (P11.54) PER PACK; AND

21 EFFECTIVE ON JANUARY 1, 2011, TWELVE PESOS AND TWELVE
22 CENTAVOS (P12.12) PER PACK.

23 (4) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND
24 THE VALUE-ADDED TAX) IS ABOVE TEN PESOS (P10.00) PER PACK, THE
25 TAX SHALL BE:

26 EFFECTIVE ON JANUARY 1, 2005, SEVENTEEN PESOS AND FORTY-
27 SEVEN CENTAVOS (P17.47) PER PACK;

28 EFFECTIVE ON JANUARY 1, 2007, EIGHTEEN PESOS AND FIFTY-
29 TWO CENTAVOS (P18.52) PER PACK;



1 EFFECTIVE ON JANUARY 1, 2009, NINETEEN PESOS AND SIXTY-
2 THREE CENTAVOS (P19.63) PER PACK; AND

3 EFFECTIVE ON JANUARY 1, 2011, TWENTY PESOS AND EIGHTY-
4 ONE CENTAVOS (P20.81) PER PACK.

5 Variants of existing brands AND VARIANTS OF NEW BRANDS of
6 cigarettes which are introduced in the domestic market after the effectivity of
7 [RA No. 8240] THIS ACT shall be taxed under the highest classification of any
8 variant of that brand.

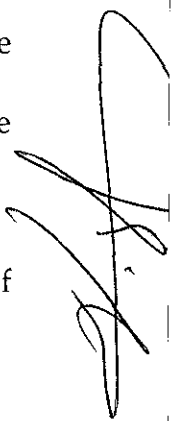
9 A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON
10 WHICH A MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT
11 NAME OF THE BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES
12 THE SAME LOGO OR DESIGN OF THE EXISTING BRAND.

13 [The excise tax from any brand of cigarettes within the next three (3) years
14 from the effectivity of R.A. No. 8240 shall not be lower than the tax, which is due
15 from each brand on October 1, 1996: *Provided, however,* That in cases where the
16 excise tax rates imposed in paragraphs (1), (2), (3) and (4) hereinabove will result
17 in an increase in excise tax of more than seventy percent (70%), for a brand of
18 cigarette, the increase shall take effect in two tranches: fifty percent (50%) of the
19 increase shall be effective in 1977 and one hundred percent (100%) of the increase
20 shall be effective in 1998].

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

23 [The rates of excise tax on cigars and cigarettes under paragraphs (1), (2),
24 (3) and (4) hereof, shall be increased by twelve percent (12%) on January 1, 2000.]

25 ANY DOWNWARD RECLASSIFICATION OF PRESENT
26 CATEGORIES, FOR TAX PURPOSES, OF EXISTING BRANDS OF CIGARS
27 AND CIGARETTES DULY REGISTERED AT THE TIME OF THE
28 EFFECTIVITY OF THIS ACT WHICH WILL REDUCE THE TAX IMPOSED
29 HEREIN, OR THE PAYMENT THEREOF, SHALL BE PROHIBITED.



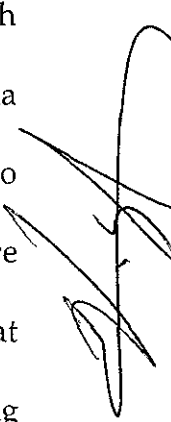
1 New brands shall be classified according to their current SUGGESTED
2 net retail price.

3 'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE
4 DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE
5 PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF CIGARETTES.

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

18 [For the above purpose, 'n] 'Net retail price' shall mean the price at which
19 the cigarette is sold on retail in twenty (20) major supermarkets in Metro Manila
20 (for brands of cigarettes marketed nationally), excluding the amount intended to
21 cover the applicable excise tax and the value-added tax. For brands which are
22 marketed only outside Metro Manila, the 'net retail price' shall mean the price at
23 which the cigarette is sold in five (5) major supermarkets in the region excluding
24 the amount intended to cover the applicable excise tax and the value-added tax.

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



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

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

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

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

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

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

26 SEC. 6. Section 288 of the National Internal Revenue Code of 1997, as amended, is
27 hereby further amended to read as follows:

28 "SEC. 288. *Disposition of Incremental Revenues.* -

29 "(A) *Incremental Revenues from Republic Act No. 7660.* -



1 "X X X

2 "(C) INCREMENTAL REVENUES FROM THE EXCISE TAX ON
3 ALCOHOL AND TOBACCO PRODUCTS. - TEN PERCENT (10%) OF THE
4 INCREMENTAL REVENUE GENERATED BY THE GOVERNMENT FROM
5 THE EXCISE TAX ON ALCOHOL AND TOBACCO PRODUCTS STARTING
6 JANUARY 2005 SHALL BE EARMARKED FOR THE NATIONAL HEALTH
7 INSURANCE PROGRAM TO MEET AND SUSTAIN ITS GOAL OF
8 UNIVERSAL COVERAGE, AND TWO AND A HALF PERCENT (2½%)
9 SHALL BE EARMARKED FOR THE PUBLIC INFORMATION PROGRAMS
10 ON THE ILL EFFECTS OF SMOKING OF THE DEPARTMENT OF
11 HEALTH."

12 SEC. 7. *Implementing Rules and Regulations.* - The Secretary of Finance shall, upon
13 the recommendation of the Commissioner of Internal Revenue, promulgate the
14 necessary rules and regulations for the effective implementation of this Act.

15 SEC. 8. *Separability Clause.* - If any of the provisions of this Act is declared invalid
16 by competent court, the remainder of this Act or any provision not affected by such
17 declaration of invalidity shall remain in force and effect.

18 SEC. 9. *Repealing Clause.* - All laws, decrees, ordinances, rules and regulations,
19 executive or administrative orders, and such other presidential issuances as are
20 inconsistent with any of the provisions of this Act are hereby repealed, amended or
21 otherwise modified accordingly.

22 SEC. 10. *Effectivity.* - This Act shall take effect on January 1, 2005.

Approved,

A handwritten signature in black ink, appearing to be a stylized name, possibly "R. Duterte", written over a horizontal line.