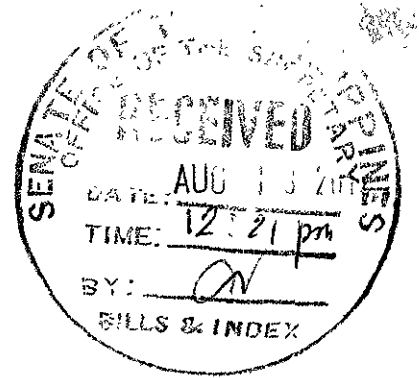


FIFTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )

SENATE  
S. No. **3249**



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Introduced by Senator Miriam Defensor Santiago

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#### EXPLANATORY NOTE

The Constitution provides:

Article 2, Section 15. The State shall protect and promote the right to health of the people and instill health consciousness among them.

Article 2, Section 13. The State recognizes the vital role of the youth in nation-building and shall promote and protect their physical, moral, spiritual, intellectual, and social well-being. It shall inculcate in the youth patriotism and nationalism, and encourage their involvement in public and civic affairs.

There is an urgent need for reform on excise tax on tobacco and alcohol products to achieve the following goals:

- (a) Deter young people from smoking and drinking alcohol, and protect them from the lifetime consequences of smoking and alcohol abuse;
- (b) Reduce the consumption of cigarettes and alcohol, thus decreasing the health and healthcare costs of tobacco and alcohol use; and
- (c) Finance a universal health care program to improve accessibility to quality health care.

This version of the sin tax bill contains the following reforms:

- (a) Removal of the price classification freeze on cigarettes. The current classification of cigarettes is still based from a net retail price survey done in 1996. It's been 16 years and prices of cigarettes have definitely increased through the years.
- (b) Unitary tax for all cigarette and alcohol products. The effect of cigarettes and alcohol is the same regardless of the price.
- (c) Indexation to the nominal gross domestic product (GDP) growth rate as published by the National Statistical Coordination Board (NSCB). Indexation to GDP will keep tax

rates real and will ensure that tobacco and alcohol products will not become more affordable as income increases over time.

(d) Significant increase in tax rates. This will serve as a deterrent to the young and the poor from tobacco use and alcohol drinking.

(e) Earmarking of incremental revenues to universal health care system to be allocated to the following:

(1) Expansion of NHIP enrollment and benefit delivery. This provides the poor some protection from financial impact of healthcare by improvement in the delivery ratio of the NHIP.

(2) Upgrading of health-care facilities, thus improving access to quality health care services.

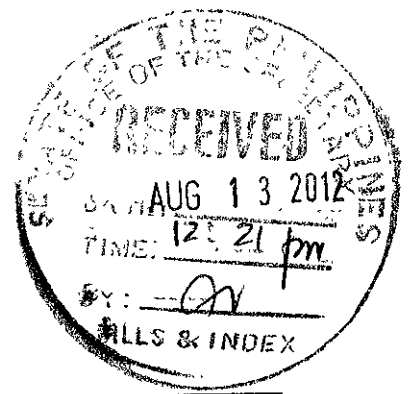
(3) Public health programs to include research and development to achieve millennium development goals, including addressing non-communicable diseases/lifestyle diseases.

(4) Periodic review (every 5 years) to modify tax rates to achieve the health and revenue objectives of the government as well as to comply with binding commitments to the World Health Organization (WHO) Framework Convention on Tobacco Control.

(5) Earmarking of funds (15%) from excise tax on tobacco products under Republic Act No. 8240, to be allocated to programs to help tobacco farmers (including financing of credit guarantee and crop insurance programs) shift to alternative crops other than tobacco and other alternative livelihood; and adjustment measures program for prevention of job losses and assistance to displaced workers.

This bill is supported by the Philippine College of Physicians, the Philippine College of Chest Physicians, the Philippine Cancer Society, Inc., the Framework Convention on Tobacco Control Alliance, Philippines, and the Philippine Society of Gastroenterology.

  
MIRIAM DEFENSOR SANTIAGO



SENATE  
S. No. **3249**

Introduced by Senator Miriam Defensor Santiago

1 AN ACT  
2 RESTRUCTURING THE EXCISE TAX  
3 ON ALCOHOL AND TOBACCO PRODUCTS

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

4 SECTION 1. Section 141 of the National Internal Revenue Code of 1997, as amended by  
5 Republic Act No. 9334, is hereby further amended to read as follows:

6 "SEC 141. *Distilled Spirits.* – On distilled spirits, there shall be collected, subject  
7 to the provisions of Section 133 of this Code, excise taxes IN ACCORDANCE WITH  
8 ALCOHOL CONTENT as follows:

9 (a) 45% ALCOHOL BY VOLUME AND LESS

10 January 1, 2013 -- P42.00 PER PROOF LITER

11 January 1, 2014 -- P80.00 PER PROOF LITER

12 January 1, 2015 -- P150.00 PER PROOF LITER

13 *PROVIDED, THAT, ON THE FOURTH YEAR AND*  
14 *EVERY YEAR THEREAFTER, THE EXCISE TAX RATES*  
15 *PRESCRIBED HEREIN SHALL BE ADJUSTED TO ITS*  
16 *PRESENT VALUE USING THE PER CAPITA NOMINAL*  
17 *GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE, AS*  
18 *PUBLISHED BY THE NATIONAL STATISTICAL*  
19 *COORDINATION BOARD (NSCB)."*

20 (b) MORE THAN 45% ALCOHOL BY VOLUME --

21 January 1, 2013 -- P317.45 PER PROOF LITER

22 January 1, 2014 -- P233.73 PER PROOF LITER

23 January 1, 2015 -- P150.00 PER PROOF LITER

24 *PROVIDED, THAT, ON THE FOURTH YEAR AND*  
25 *EVERY YEAR THEREAFTER, THE EXCISE TAX RATES*  
26 *PRESCRIBED HEREIN SHALL BE ADJUSTED TO ITS*  
27 *PRESENT VALUE USING THE PER CAPITA NOMINAL*  
28 *GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE, AS*

1 PUBLISHED BY THE NATIONAL STATISTICAL  
2 COORDINATION BOARD (NSCB).”

3 [“a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or  
4 form the juice, syrup or sugar of the cane, provided such materials are produced  
5 commercially in the country where they are processed into distilled spirits per proof liter,  
6 Eleven pesos and sixty-five centavos (P11.65)]

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

11 [“(1) Less than two hundred and fifty pesos (P250.00) – One hundred twenty six  
12 pesos (P126.00) per proof liter;]

13 [“(2) Two hundred and fifty pesos (P250.00) up to Six hundred and seventy-five  
14 pesos (P675.00) – Two hundred fifty-two pesos (P252.00), per proof liter; and]

15 [“(3) More than Six hundred and seventy-five pesos (P675.00) – Five hundred  
16 four pesos (P504.00), per proof liter.]

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

21 “This tax shall be proportionally increased for any strength of the spirits taxed  
22 over proof spirits, and the tax shall attach to this substance as soon as it is in existence as  
23 such, whether it be subsequently separated as pure or impure spirits, or transformed into  
24 any other substances either in the process of original production or by any subsequent  
25 process.

26 “‘Spirits or distilled spirits’ is the substance known as ethyl alcohol, ethanol or  
27 spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever  
28 source, by whatever process produced, and shall include whisky, brandy, rum, gin and  
29 vodka, and other similar products of mixtures.

30 “‘Proof Spirits’ is liquor containing one-half (1/2) of its volume of alcohol of a  
31 specific gravity of seven thousand nine hundred and thirty-nine ten thousandths (0.7939)  
32 at fifteen degrees centigrade (15°C). A ‘proof liter’ means a liter of proof spirits.

33 [“‘Net retail price’, as determined by the Bureau of Internal Revenue through a  
34 price survey to be conducted by the Bureau of Internal Revenue itself, or by the National  
35 Statistics Office when deputized for the purpose by the Bureau of Internal Revenue, shall  
36 mean the price at which the distilled spirits is sold on retail in at least ten (10) major  
37 supermarkets in Metro Manila, excluding the amount intended to cover the applicable  
38 excise tax and the value-added tax. For brands which are marketed outside Metro Manila,  
39 the ‘net retail price’ shall mean the price at which the distilled spirits is sold in at least  
40 five (5) major supermarkets in the region excluding the amount intended to cover the  
41 applicable excise tax and the value-added tax.]

42 [“ Variants of existing brands and variants of new brands which are introduced in  
43 the domestic market after the effectivity of this Act shall be taxed under the proper  
44 classification thereof based on their suggested net retail price: *Provided, however,* that  
45 such classification shall not, in any case, be lower than the highest classification of any  
46 variant of that brand.]

1           [“ A ‘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.]

3           [“ New brands, as defined in the immediately following paragraph, shall initially  
4 be classified according to their suggested net retail price. Willful understatement of the  
5 suggested net retail price by as much as fifteen percent (15%) of the actual net retail price  
6 shall render the manufacturer liable for additional excise tax equivalent to the tax due and  
7 difference between the understated suggested net retail price and the actual net retail  
8 price.]

9           [“ ‘New brand’ shall mean a brand registered after the date of effectivity of R.A.  
10 No. 8240.]

11           [“ ‘Suggested net retail price’ shall mean the net retail price at which new brands,  
12 as defined above, of locally manufactured or imported distilled spirits are intended by the  
13 manufacturer or importer to be sold on retail in major supermarkets or retail outlets in  
14 Metro Manila for those marketed nationwide, and in other regions, for those with  
15 regional markets. At the end of three (3) months from the product launch, the Bureau of  
16 Internal Revenue shall validate the suggested net retail price as defined herein and  
17 determine the correct tax bracket to which a particular new brand of distilled spirits, as  
18 defined above, shall be classified. After the end of eighteen (18) months from such  
19 validation, the Bureau of Internal Revenue shall revalidate the initially validated net retail  
20 price against the net retail price of the time of revalidation in order to finally determine  
21 the correct tax bracket which a particular new brand of distilled spirits shall be classified:  
22 *Provided, however,* That brands of distilled spirits introduced in the domestic market  
23 between January 1, 1997 and December 31, 2003 shall remain in the classification under  
24 which the Bureau of Internal Revenue has determined them to belong as of December 31,  
25 2003. Such classification of new brands and brands introduced between January 1, 1997  
26 and December 31, 2003 shall not be revised except by an act of Congress.]

27           [“ The rates of tax imposed under this Section shall be increase by eight percent  
28 (8%) every two years starting on January 1, 2007.]

29           [“ Any downward reclassification of present categories, for tax purposes, of  
30 existing brands of distilled spirits duly registered at the time of effectivity of this Act  
31 which will reduce the tax imposed herein, or the payment thereof, shall be prohibited.]

32           [“ The classification of each brand of distilled spirits based on the average net  
33 retail price as of October 1, 1996, as set forth in Annex ‘A’, including the classification  
34 of brands for the same products which, although not set forth in said Annex ‘A’, were  
35 registered and were being commercially produced and marketed on or after October 1,  
36 1996, and which continue to be commercially produced and marketed after the effectivity  
37 of this Act, shall remain in force until revised by Congress.]

38           “Manufacturers and importers of distilled spirits shall, within thirty (30) days  
39 from the effectivity of this Act, and within the first five (5) days of every third month  
40 thereafter, submit to the Commissioner a sworn statement of the volume of sales for each  
41 particular brand of distilled of spirits sold at his establishment for the three-month period  
42 immediately preceding.

43           “Any manufacturer or importer who, in violation of this Section, knowingly  
44 misdeclares or misrepresents in his or its sworn statement herein required any pertinent  
45 data or information shall, upon final findings by the Commissioner that the violation was  
46 committed, be penalized by a summary cancellation or withdrawal of his or its permit to  
47 engage in business as manufacturer or importer of distilled spirits.

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

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

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

10           SEC. 2. Section 142 of the National Internal Revenue Code of (1997), as amended by  
11 Republic Act No. 9334, is hereby further amended to read as follows:

12           “SEC. 142. *Wines.* – On wines, there shall be collected per liter of volume  
13 capacity, the following taxes effective January 1, 2013:

14           “(a) Sparkling wines/champagnes regardless of proof [, if the net retail price per  
15 bottle (excluding the excise tax and the value-added tax) is:] – THREE HUNDRED  
16 PESOS (P300.00);

17           [“(1) Five hundred pesos (P500.00) or less – One hundred forty-five pesos and  
18 sixty centavos (P145.60); and]

19           [“(2) More than Five hundred pesos (P500.00) – Four hundred thirty-six pesos  
20 and eighty centavos (P436.80)]

21           [“(b) Still wines containing fourteen percent (14%) of alcohol by volume or less,  
22 Seventeen pesos and forty-seven centavos (P17.47)]; and]

23           [“(c) Still Wines containing more than fourteen percent (14%) but not more than  
24 twenty-five percent (25%) of alcohol by volume, [Thirty-four pesos and ninety-four  
25 centavos (P34.94).]

26           “(b) STILL WINES, REGARDLESS OF PROOF – FIFTY PESOS (P50.00)

27           *PROVIDED, THAT, EVERY YEAR THEREAFTER, THE EXCISE TAX*  
28 *RATES PRESCRIBED HEREIN SHALL BE ADJUSTED TO ITS PRESENT VALUE*  
29 *USING THE PER CAPITA NOMINAL GROSS DOMESTIC PRODUCT (GDP)*  
30 *GROWTH RATE, AS PUBLISHED BY THE NATIONAL STATISTICAL*  
31 *COORDINATION BOARD (NSCB).”*

32           “Fortified wines containing more than twenty-five percent (25%) of alcohol by  
33 volume shall be taxed as distilled spirits. ‘Fortified wines’ shall mean natural wines to  
34 which distilled spirits are added to increase their alcohol strength.

35           [“Net retail price’, as determined by the Bureau of Internal Revenue through a  
36 price survey to be conducted by the Bureau of Internal Revenue itself, or the National  
37 Statistics Office when deputized for the purpose by the Bureau of Internal Revenue, shall  
38 mean the price at which wine is sold on retail in at least ten (10) major supermarkets in  
39 Metro Manila, excluding the amount intended to cover the applicable excise tax and the  
40 value-added tax. For brands which are marketed outside Metro Manila, the ‘net retail  
41 price’ shall mean the price at which the wine spirits is sold in at least five (5) major  
42 supermarkets in the region excluding the amount intended to cover the applicable excise  
43 tax and the value-added tax.]

1           [“Variants of existing brands and variants of new brands which are introduced in  
2 the domestic market after the effectivity of this Act shall be taxed under the proper  
3 classification thereof based on their suggested net retail price: *Provided, however,* That  
4 such classification shall not, in any case, be lower than the highest classification of any  
5 variant of that brand.]

6           [“A ‘variant of a brand’ shall refer to a brand on which a modifier is prefixed  
7 and/or suffixed to the root name of the brand.]

8  
9           [“New brands, as defined in the immediately following paragraph, shall initially  
10 be classified according to their suggested retail price.”]

11           [“ ‘New brand’ shall mean a brand registered after the date of effectivity of R.A.  
12 No. 8240.”]

13           [“ ‘Suggested net retail price’ shall mean the net retail price at which new brands,  
14 as defined above, of locally manufactured or imported wines are intended by the  
15 manufacture or importer to be sold on retail in major supermarkets or retail outlets in  
16 Metro Manila for those marketed nationwide, and in other regions, for those with  
17 regional markets. At the end of three (3) months from the product launch, the Bureau of  
18 Internal Revenue shall validate the suggested retail price of the new brand against the net  
19 retail price as defined herein and determine the correct tax bracket under which a  
20 particular new brand of wine, as defined above, shall be classified. After the end of  
21 eighteen (18) months from such validation, the Bureau of Internal Revenue shall validate  
22 the initially validated net retail price against the net retail price as of the time of  
23 revalidation in order to finally determine the correct tax bracket which a particular new  
24 brand of wines shall be classified: *Provided, however,* That brands of wines introduced in  
25 the domestic market between January 1, 1997 and December 31, 2003 shall remain in the  
26 classification under which the Bureau of Internal Revenue has determined them to belong  
27 as of December 31, 2003. Such classification of new brands and brands introduced  
28 between January 1, 1997 and December 31, 2003 shall not be revised except by any act  
29 of Congress.]

30           [The rates of tax imposed under this Section shall be increased by eight percent  
31 (8%) every two years starting on January 1, 2007 until January 1, 2011.]

32           [Any downward reclassification of present categories, for tax purposes, of  
33 existing brands of wines duly registered at the time of the effectivity of this Act which  
34 will reduce the tax imposed herein, or the payment hereof, shall be prohibited.]

35           [The classification of each brand of wines based on the average net retail price as  
36 of October 1, 1996, as set forth in Annex ‘B’, including the classification of brands for  
37 the same products which, although not set forth in said “Annex B” were registered and  
38 were being commercially produced and marketed after the effectivity of this Act, shall  
39 remain in force until revised by Congress.]

40           “Manufacturers and importers of wines shall, within thirty (30) days from the  
41 effectivity of this Act, and within the first five (5) days of every month thereafter, submit  
42 to the Commissioner a sworn statement of the volume of sales for each particular brand  
43 of wines sold at his establishment for the three month period immediately preceding.

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

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

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

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

10           SEC. 3. Section 143 of the National Internal Revenue Code of (1997), as amended by  
11 Republic Act No. 9334, is hereby further amended to read as follows:

12           “SEC. 143. Fermented Liquor. – There shall be levied, assessed and collected an  
13 excise tax on beer, lager beer, ale, porter and other fermented liquors except *tuba*, *basi*,  
14 *tapuy* and similar fermented liquors [in accordance with the following schedule:] AN  
15 EXCISE TAX EQUIVALENT TO TWENTY-FIVE PESOS (P25.00) PER LITER  
16 EFFECTIVE JANUARY 1, 2013; *PROVIDED, THAT*, EVERY YEAR THEREAFTER,  
17 THE EXCISE TAX RATE PRESCRIBED HEREIN SHALL BE ADJUSTED TO ITS  
18 PRESENT VALUE USING THE PER CAPITA NOMINAL GROSS DOMESTIC  
19 PRODUCT (GDP) GROWTH RATE, AS PUBLISHED BY THE NATIONAL  
20 STATISTICAL COORDINATION BOARD (NSCB).”

21           [“(a) If the net retail price (excluding the excise tax and the value-added tax) per  
22 liter of volume capacity is less than Fourteen pesos and fifty centavos (P14.50), the tax  
23 shall be Eight pesos and twenty-seven centavos (P8.27) per liter;]

24           [“(b) If the net retail price (excluding the excise tax and value-added tax) per liter  
25 of volume capacity is Fourteen pesos and fifty centavos (P14.50) up to Twenty-two pesos  
26 (P22.00), the tax shall be Twelve pesos and thirty centavos (P12.30) per liter;]

27           [“(c) If the net retail price (excluding the excise tax and the value- added tax) per  
28 liter of volume capacity is more than Twenty-two pesos (P22.00), the tax shall be Sixteen  
29 pesos and thirty-three centavos (P16.33) per liter.]

30           [“Variants of existing brands and variants of new brands which are introduced in  
31 the domestic market after the effectivity of this Act shall be taxed under the proper  
32 classification thereof based on their suggested net retail price: *Provided, however*, That  
33 such classification shall not, in any case, be lower than the highest classification of any  
34 variant of that brand.]

35           [“A ‘variant of a brand’ shall refer to a brand on which a modifier is prefixed  
36 and/or suffixed to the root name of the brand.]

37           [“Fermented liquors which are brewed and sold at microbreweries or small  
38 establishments such as pubs and restaurants shall be subject to the rate in paragraph (c)  
39 hereof.]

40           [“New brands, as defined in the immediately following paragraph, shall initially  
41 be classified according to their suggested net retail price.]

42           [“‘New brand’ shall mean a brand registered after the date of effectivity of R.A.  
43 No. 8240.]



1           [“Suggested net retail price’ shall mean the net retail price at which new brands,  
2 as defined above, of locally manufactured or imported fermented liquor are intended by  
3 the manufacturer or importer to be sold on retail in major supermarkets or retail outlets in  
4 Metro Manila for those marketed nationwide, and in other regions, for those with  
5 regional markets. At the end of three (3) months from the product launch, the Bureau of  
6 Internal Revenue shall validate the suggested net retail price of the new brand against the  
7 net retail price as defined herein and determine the correct tax bracket to which a  
8 particular new brand of fermented liquor, as defined above, shall be classified. After the  
9 end of the eighteen (18) months from such validation, the Bureau of Internal Revenue  
10 shall revalidate the initially validated net retail price against the net retail price as of the  
11 time of revalidation in order to finally determine the correct tax bracket which a  
12 particular new brand of fermented liquors shall be classified: *Provided, however,* That  
13 brands of fermented liquors introduced in the domestic market between January 1, 1997  
14 and December 31, 2003 shall remain in the classification under which the Bureau of  
15 Internal Revenue has determined them to belong as of December 31, 2003. Such  
16 classification of new brands and brands introduced between January 1, 1997 and  
17 December 31, 2003 shall not be revised except by an act of Congress.]

18           [“Net retail price’, as determined by the Bureau of Internal Revenue through a  
19 price survey to be conducted by the Bureau of Internal Revenue itself, or the National  
20 Statistics Office when deputized for the purpose of Bureau of Internal Revenue, shall  
21 mean the price at which the fermented liquor is sold on retail in at least twenty (20) major  
22 supermarkets in Metro Manila(for brands of fermented liquor marketed nationally),  
23 excluding the amount intended to cover the applicable excise tax and the value-added tax.  
24 For brands which are marketed outside Metro Manila, the ‘net retail price’ shall mean the  
25 price at which the fermented liquor is sold in at least five (5) major supermarkets in the  
26 region excluding the amount intended to cover the applicable excise tax and the value-  
27 added tax.]

28           [“The classification of each brand of fermented liquor based on its average net  
29 retail price as of October 1, 1996, as set forth in Annex ‘C’, including the classification of  
30 brands for the same products which, although not set forth in said Annex ‘C’, were  
31 registered and were being commercially produced and marketed on or after October 1,  
32 1996, and which continue to be commercially produced and marketed after the effectivity  
33 of this Act, shall remain in force until revised by Congress.]

34           [“The rates of tax imposed under this Section shall be increased by eight percent  
35 (8%) every two years starting on January 1, 2007 until January 1, 2011.]

36           [“Any downward reclassification of present categories, for tax purposes, of  
37 existing brands of fermented liquor duly registered at the time of the effectivity of this  
38 Act which will reduce the tax imposed herein, or the payment thereof, shall be  
39 prohibited.]

40           “Every brewer or importer of fermented liquor shall, within thirty (30) days from  
41 the effectivity of this Act, and within the first five (5) days of every month thereafter,  
42 submit to the Commissioner a sworn statement of the volume of sales for each particular  
43 brand of fermented liquor sold at his establishment for the three-month period  
44 immediately preceding.

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

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

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

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

10           Sec. 4. Section 144 of the National Internal Revenue Code of (1997), as amended by  
11 Republic Act No. 9334, is hereby further amended to read as follows:

12           “SEC. 144. Tobacco Products. – There shall be collected a tax of [One peso  
13 (P1.00)] TWO PESOS AND FIFTY CENTAVOS (P2.50) on each kilogram of the  
14 following products of tobacco:

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

17           b) Tobacco prepared or partially prepared with or without the use of any  
18 machine or instruments or without being pressed or sweetened except as otherwise  
19 provided hereunder; and  
20

21           c) Fine-cut shorts and refuse, scraps clippings, cuttings, stems and sweepings  
22 of tobacco except as otherwise provided hereunder.

23           Stemmed leaf tobacco, tobacco prepared or partially prepared with or without the  
24 use of any machine or instrument or without being pressed or sweetened, fine-cut shorts  
25 and refuse, scraps, clippings, cuttings, stems, midribs; and sweepings of tobacco resulting  
26 from the handling or stripping of whole leaf tobacco shall be transferred, disposed of, or  
27 otherwise sold without any prepayment of the excise tax herein provided for if the same  
28 are to be exported or to be used in the manufacture of cigars, cigarettes, or other tobacco  
29 products on which the excise tax will eventually be paid on the finished product, under  
30 such conditions as may be prescribed in the rules and regulations promulgated by the  
31 Secretary of Finance, upon recommendation of the Commissioner.

32           On tobacco specially prepared for chewing so as to be unsuitable for use in any  
33 other manner, EFFECTIVE JANUARY 1, 2013, on each kilogram, [Seventy-nine  
34 centavos (P0.79)] ONE PESO AND EIGHTY-SEVEN CENTAVOS (P1.87).

35           [“The rates of tax imposed under this Section shall be increased by six percent  
36 (6%) every two years starting on January 1, 2007 until January 1, 2011.”]

37           *PROVIDED, THAT ON JANUARY 1, 2014 AND EVERY YEAR*  
38 *THEREAFTER, THE EXCISE TAX RATES PRESCRIBED HEREIN SHALL BE*  
39 *ADJUSTED ANNUALLY TO THEIR PRESENT VALUE USING THE PER CAPITA*  
40 *NOMINAL GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE, AS*  
41 *PUBLISHED BY THE NATIONAL STATISTICAL COORDINATION BOARD*  
42 *(NSCB).”*

43           Manufacturers and importers of tobacco products shall, within thirty (30) days  
44 from the effectivity of this Act, and within the first five (5) days of every month  
45 thereafter, submit to the Commissioner a sworn statement of the volume of sales for each

1 particular brand of tobacco products sold [at their establishment] for the three-month  
2 period immediately preceding.

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

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

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

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

17 Sec. 5. Section 145 of the National Internal Revenue Code of 1997, as amended by  
18 Republic Act No. 9334, is hereby further amended to read as follows:

19 "SEC. 145. Cigars and Cigarettes.

20 A) Cigars. – There shall be levied, assessed and collected on cigars [an *ad*  
21 *valorem* tax based on the retail price] A TAX OF TWO HUNDRED PESOS  
22 (P200.00) per cigar. [(excluding the excise tax and the value-added tax) in  
23 accordance with the following schedule:]

24 ["1) If the net retail price per cigar is Five hundred pesos, (P500.00) or  
25 less, ten percent (10%); and]

26 ["2) If the net retail price per cigar is (excluding the excise tax and the  
27 value-added tax) is more than Five hundred pesos (P500.00), Fifty pesos  
28 (P50.00) plus fifteen percent (15%) of the net retail price in excess of Five  
29 hundred pesos (P500.00)."]

30 *PROVIDED, THAT ON JANUARY 1, 2014 AND EVERY YEAR*  
31 *THEREAFTER, THE EXCISE TAX RATE PRESCRIBED HEREIN SHALL BE*  
32 *ADJUSTED ANNUALLY TO ITS PRESENT VALUE USING THE PER CAPITA*  
33 *NOMINAL GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE, AS*  
34 *PUBLISHED BY THE NATIONAL STATISTICAL COORDINATION BOARD*  
35 *(NSCB)."*

36 (B) *Cigarettes Packed by Hand.* – There shall be levied, assessed and collected on  
37 cigarettes packed by hand a tax at the rates prescribed below:

38 EFFECTIVE ON JANUARY 1, 2013, FOURTEEN PESOS (P14.00) PER  
39 PACK;

40 EFFECTIVE ON JANUARY 1, 2014, TWENTY TWO PESOS (P22.00) PER  
41 PACK;

42 EFFECTIVE ON JANUARY 1, 2015, THIRTY PESOS (P30.00) PER PACK.

1 "PROVIDED, THAT ON JANUARY 1, 2016 AND EVERY YEAR  
2 THERAFTER, THE EXCISE TAX RATE PRESCRIBED HEREIN SHALL BE  
3 ADJUSTED ANNUALLY TO ITS PRESENT VALUE USING THE PER  
4 CAPITA NOMINAL GROSS DOMESTIC PRODUCT (GDP) GROWTH  
5 RATE, AS PUBLISHED BY THE NATIONAL STATISTICAL  
6 COORDINATION BOARD (NSCB)."

7 Duly registered or existing brands of cigarettes or new brands thereof packed by  
8 hand shall only be packed in thirties. ANY BRAND NOT PACKED IN  
9 THIRTIES SHALL BE PROHIBITED AND SUBJECTED TO PENALTIES  
10 PROVIDED UNDER THIS ACT, WITHOUT PREJUDICE TO OTHER  
11 ADMINISTRATIVE OR CRIMINAL PENALTIES THAT MAY BE IMPOSED  
12 ON THE MANUFACTURER, IMPORTER AND DISTRIBUTOR OF THE  
13 SAID BRAND.

14 ["Effective on January 1, 2005, Two pesos (P2.00) per pack;]

15 ["Effective on January 1, 2007, Two Pesos and twenty-three centavos (P2.23) Per  
16 Pack;]

17 [Effective on January 1, 2009, Two pesos and forty-seven centavos (P2.47) per  
18 pack; and]

19 [Effective on January 1, 2011, Two pesos and seventy-two centavos (P2.72) per  
20 pack.]

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

23 EFFECTIVE ON JANUARY 1, 2013-

24 (1) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX  
25 AND THE VALUE-ADDED TAX) IS TEN PESOS (P10.00) AND  
26 BELOW PER PACK, THE TAX SHALL BE FOURTEEN PESOS  
27 (14.00) PER PACK;

28 (2) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX  
29 AND THE VALUE-ADDED TAX) IS MORE THAN TEN PESOS  
30 (P10.00) PER PACK, THE TAX SHALL BE THIRTY PESOS  
31 (P30.00) PER PACK;

32 EFFECTIVE ON JANUARY 1, 2014-

33 (1) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX  
34 AND THE VALUE-ADDED TAX) IS TEN PESOS (P10.00)  
35 AND BELOW PER PACK, THE TAX SHALL BE TWENTY-  
36 TWO PESOS (P22.00) PER PACK;

37 (2) IF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX  
38 AND THE VALUE-ADDED TAX) IS MORE THAN TEN  
39 PESOS (P10.00) PER PACK, THE TAX SHALL BE THIRTY  
40 PESOS (P30.00) PER PACK;

1 EFFECTIVE ON JANUARY 1, 2015, THE TAX SHALL BE  
2 THIRTY PESOS (P30.00) PER PACK;

3 *PROVIDED*, THAT ON JANUARY 1, 2016 AND EVERY YEAR  
4 THEREAFTER, THE EXCISE TAX RATE PRESCRIBED HEREIN SHALL BE  
5 ADJUSTED ANNUALLY TO ITS PRESENT VALUE USING THE PER  
6 CAPITA NOMINAL GROSS DOMESTIC PRODUCT (GDP) GROWTH  
7 RATE, AS PUBLISHED BY THE NATIONAL STATISTICAL  
8 COORDINATION BOARD (NSCB).”

9 ALL BRANDS OF CIGARETTES EXISTING IN THE MARKET AT THE  
10 TIME OF THE EFFECTIVITY OF THIS ACT SHALL BE CLASSIFIED  
11 ACCORDINGLY FOR THE PROPER DETERMINATION OF THE TAX  
12 LIABILITY IN ACCORDANCE WITH THE SCHEDULE PROVIDED  
13 ABOVE.

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

16 [“Effective on January 1, 2005, Two pesos (P2.00) per pack;

17 [“Effective on January 1, 2007, Two pesos and twenty-three centavos (P2.23) per  
18 pack;]

19 [“Effective on January 1, 2009, Two pesos and forty-seven centavos (P2.47) per  
20 pack; and]

21 [“Effective on January 1, 2011, Two pesos and seventy-two centavos (P2.72) per  
22 pack.]

23 [“(2) If the net retail price (excluding the excise tax and the value-added tax) is  
24 Five pesos (P5.00) but does not exceed Six pesos and fifty centavos (P6.50) per pack, the  
25 tax shall be:

26 [“Effective on January 1, 2005, Six pesos and thirty-five centavos (P6.35) per  
27 pack;]

28 [“Effective on January 1, 2007, Six pesos and seventy-four centavos (P6.74) per  
29 pack;]

30 [“Effective on January 1, 2009, Seven pesos and fourteen centavos (P7.14) per  
31 pack; and]

32 [“Effective on January 1, 2011, Seven pesos and fifty-six centavos (P7.56) per  
33 pack.]

34 [“(3) If the net retail price (excluding the excise tax and the value-added tax)  
35 exceeds Six pesos and fifty centavos (P6.50) but does not exceed Ten pesos (P10.00) per  
36 pack, the tax shall be:]

37 [“Effective on January 1, 2005, Ten pesos and thirty-five centavos (P10.35) per  
38 pack;]

39 [“Effective on January 1, 2007, Ten pesos and eighty-eight centavos (P10.88) per  
40 pack;]

1 ["Effective on January 1, 2009, Eleven pesos and forty-three centavos (P11.43)  
2 per pack and;]

3 ["Effective on January 1, 2011, Twelve pesos (P12.00) per pack.]

4 ["(4) If the net retail price (excluding the excise tax and the value-added tax) is  
5 above Ten pesos (P10.00) per pack, the tax shall be:]

6 ["Effective on January 1, 2005, Twenty-five pesos (P25.00) per pack;]

7 ["Effective on January 1, 2007, Twenty-six pesos and six centavos (P26.06 per  
8 pack;]

9 ["Effective on January 1, 2009, Twenty-seven pesos and sixteen centavos  
10 (P27.16) per pack; and]

11 ["Effective on January 1, 2011, Twenty-eight pesos and thirty centavos (P28.30)  
12 per pack.]

13 Variants of existing brands and variants of new brands of cigarettes which are  
14 introduced in the domestic market after the effectivity of this Act shall be taxed under the  
15 proper classification thereof based on their suggested net retail price: *Provided, however,*  
16 that such classification shall not, in any case, be lower than the highest classification of  
17 any variant of that brand.

18 A '*variant of a brand*' shall refer to a brand on which a modifier is prefixed  
19 and/or suffixed to the root name of the brand.

20 Duly registered or existing brands of cigarettes or new brands thereof packed by  
21 machine shall only be packed in twenties. ANY BRAND NOT PACKED IN TWENTIES  
22 SHALL BE PROHIBITED AND SUBJECTED TO PENALTIES PROVIDED UNDER  
23 THIS ACT, WITHOUT PREJUDICE TO OTHER ADMINISTRATIVE OR CRIMINAL  
24 PENALTIES THAT MAY BE IMPOSED ON THE MANUFACTURER, IMPORTER  
25 AND DISTRIBUTOR OF THE SAID BRAND.

26 Any downward reclassification of present categories, for tax purposes, of existing  
27 brands of cigars and cigarettes duly registered at the time of the effectivity of this Act  
28 which will reduce the tax imposed herein, or the payment thereof, shall be prohibited.

29 "New brands as defined in the immediately following paragraph, shall initially be  
30 classified according to their suggested net retail price.

31  
32 "*New brand*" shall mean a brand registered after the date of effectivity of [R.A.  
33 No. 8240] THIS ACT.

34 "*Suggested net retail price*' shall mean the net retail price at which new brands,  
35 as defined above, of locally manufactured or imported cigarettes are intended by the  
36 manufacturer or importer to be sold on retail in major supermarkets or retail outlets in  
37 Metro Manila for those marketed nationwide, and in other regions, for those with  
38 regional markets. At the end of three (3) months from the product launch, the Bureau of  
39 Internal Revenue shall validate the suggested net retail price of the new brand against the  
40 net retail price as defined herein and determine the correct tax bracket under which a  
41 particular new brand of cigarette, as defined above, shall be classified. After the end of  
42 eighteen (18) months from such validation, the Bureau of Internal Revenue shall  
43 revalidate the initially validated net retail price against the net retail price as of the time  
44 of revalidation in order to finally determine the correct tax bracket under which a

1 particular new brand of cigarettes shall be classified. [; *Provided, however,* That brands  
2 of cigarettes introduced in the domestic market between January 1, 1997 and December  
3 31, 2003 shall remain in the classification under which the Bureau of Internal Revenue  
4 has determined them to belong as of December 31, 2003. Such classification of new  
5 brands and brands introduced between January 1, 1997 and December 31, 2003 shall not  
6 be revised except by an act of Congress.]

7           '*Net retail price*', as determined by the Bureau of Internal Revenue through a  
8 price survey to be conducted by THE NATIONAL STATISTICS OFFICE [the Bureau of  
9 Internal Revenue itself, or the National Statistics Office when deputized for the purpose  
10 by the Bureau of Internal Revenue], shall mean the price at which the cigarette is sold on  
11 retail in at least twenty (20) major supermarkets in Metro Manila (for brands of cigarettes  
12 marketed nationally), excluding the amount intended to cover the applicable excise tax  
13 and value-added tax. For brands which are marketed only outside Metro Manila, the '*net*  
14 *retail price*', shall mean the price at which the cigarette is sold in at least five (5) major  
15 supermarkets in the region excluding the amount intended to cover the applicable excise  
16 tax and the value-added tax. THE MAJOR SUPERMARKETS SHALL BE THOSE  
17 WITH THE HIGHEST TOTAL GROSS SALES IN METRO MANILA OR THE  
18 REGION, AS THE CASE MAY BE, AS DETERMINED BY THE NATIONAL  
19 STATISTICS OFFICE.

20           [“The classification of each brand of cigarettes based on the average net retail  
21 price as of October 1, 1996, as set forth in the Annex ‘D’, including the classification of  
22 brands for the same products which, although not set forth in said Annex ‘D’, were  
23 registered and were being commercially produced and marketed on or after October 1,  
24 1996, and which continue to be commercially produced and marketed after the  
25 effectivity of this Act, shall remain in force until revised by Congress.]

26           Manufacturers and importers of cigars and cigarettes shall, within thirty (30) days  
27 from the effectivity of this Act, and within the first five (5) days of every month  
28 thereafter, submit to the Commissioner a sworn statement of the volume of sales for each  
29 particular brand of cigars and/or cigarettes sold [at his establishment] for the three-month  
30 period immediately preceding.

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

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

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

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

45           Section 6. Section 131, Subsection A of the National Internal Revenue Code of 1997, as  
46 amended by Republic Act No. 9334, is hereby further amended as follows:

47           “SEC. 131. *Payment of Excise Taxes on Imported Articles.* –

1 (A) x x x

2 x x x

3 The provision of any special or general law to the contrary notwithstanding, the  
4 importation of cigars and cigarettes, distilled spirits, fermented liquors and wines  
5 into the Philippines, even if destined for tax and duty-free shops, shall be subject  
6 to all applicable taxes, duties, charges, including excise taxes due thereon. This  
7 shall apply to cigars and cigarettes, distilled spirits, fermented liquors and wines  
8 brought directly into the duly chartered or legislated freeports of the Subic Special  
9 Economic and Freeport Zone, created under Republic Act No. 7227; the Cagayan  
10 Special Economic Zone and Freeport, created under the Republic Act No. 7922;  
11 and the Zamboanga City Special Economic Zone, created Republic Act No.  
12 7903, and such other freeports as may hereafter be established or created by law;  
13 *Provided, further,* that NOTWITHSTANDING THE PROVISIONS OF  
14 REPUBLIC ACTS 9400 AND 9593, importations of cigars and cigarettes,  
15 distilled spirits, fermented liquors and wines made directly by a government-  
16 owned-and-operated duty-free shop, like the Duty-free Philippines (DFP), shall be  
17 exempted from all applicable duties only; x x x

x x x

18 Articles confiscated shall be DESTROYED USING THE MOST  
19 ENVIRONMENTALLY FRIENDLY METHOD AVAILABLE. [disposed of in  
20 accordance with the rules and regulations to be promulgated by the Secretary of  
21 Finance, upon recommendation of the Commissioners of Customs and Internal  
22 Revenue, upon consultation with the Secretary of Tourism and General-manager  
23 of the Philippine Tourism Authority.]

x x x

24 (B) x x x

25 Section 7. Section 288, subsections b and c of the National Internal Revenue Code of  
26 1997, as amended by Republic Act No. 9334, is hereby further amended to read as follows:

27 “(B) *Incremental Revenues from Republic Act No. 8240.* – Fifteen percent (15%) of the  
28 incremental revenue collected from the excise tax on tobacco products under R.A. No.  
29 8240 shall be allocated AS FOLLOWS: [and divided among the provinces producing  
30 burley and native tobacco in accordance with the volume of tobacco leaf production. The  
31 fund shall be exclusively utilized for programs in pursuit of the following objectives]

32 (1) A PORTION SHALL BE DIVIDED AMONG THE PROVINCES PRODUCING  
33 BURLEY AND NATIVE TOBACCO, IN ACCORDANCE WITH THE  
34 VOLUME OF TOBACCO LEAF PRODUCTION, THE AMOUNT OF WHICH  
35 SHALL BE DETERMINED BY THE DEPARTMENT OF AGRICULTURE.  
36 THE FUND SHALL BE EXCLUSIVELY UTILIZED FOR PROGRAMS TO  
37 PROMOTE ECONOMICALLY VIABLE ALTERNATIVES FOR TOBACCO  
38 FARMERS AND WORKERS SUCH AS:

39 a. PROGRAMS THAT WILL PROVIDE INPUTS, TRAINING, AND OTHER  
40 SUPPORT FOR TOBACCO FARMERS WHO SHIFT TO PRODUCTION  
41 OF AGRICULTURAL PRODUCTS OTHER THAN TOBACCO.



- 1 b. PROGRAMS THAT WILL PROVIDE FINANCIAL SUPPORT FOR  
2 TOBACCO FARMERS WHO ARE DISPLACED OR WHO CEASE TO  
3 PRODUCE TOBACCO VOLUNTARILY.
- 4 c. COOPERATIVE PROGRAMS TO ASSIST TOBACCO FARMERS IN  
5 PLANTING ALTERNATIVE CROPS OR IMPLEMENTING OTHER  
6 LIVELIHOOD PROJECTS.
- 7 d. PROGRAMS TO EXTEND CREDIT GUARANTEE ASSISTANCE TO  
8 FARMERS WHO SHIFT TO PRODUCTION OF AGRICULTURAL  
9 PRODUCTS OTHER THAN TOBACCO.
- 10 e. PROGRAMS TO PROVIDE INSURANCE PROTECTION TO  
11 AGRICULTURAL PRODUCERS WHO WILL SHIFT TO PRODUCTION  
12 OF CROPS OTHER THAN TOBACCO.
- 13 (2) A PORTION SHALL BE USED TO AUGMENT FINANCING FOR THE  
14 ADJUSTMENT MEASURES PROGRAM FOR THE PREVENTION OF JOB  
15 LOSSES AND ASSISTANCE TO DISPLACED WORKERS, THE AMOUNT  
16 OF WHICH SHALL BE COMPUTED ON THE BASIS OF THE ANNUAL  
17 REQUIREMENT OF THE SAID PROGRAM AS DETERMINED BY THE  
18 DEPARTMENT OF LABOR AND EMPLOYMENT.
- 19 ["(1) Cooperative projects that will enhance better quality of agricultural products and  
20 increase income and productivity of farmers;"]
- 21 ["(2) Livelihood projects, particularly the development of alternative farming system to  
22 enhance farmer's income; and]
- 23 ["(3) Agro-industrial projects that will enable tobacco farmers to be involved in the  
24 management and subsequent ownership of projects, such as post-harvest and secondary  
25 processing like cigarette manufacturing and by-product utilization.]
- 26 "The Department of Budget and Management, in consultation with the DEPARTMENT  
27 OF AGRICULTURE AND THE DEPARTMENT OF LABOR AND EMPLOYMENT  
28 [Oversight Committee created under said R.A. No. 8240], shall issue [the corresponding]  
29 rules and regulations governing the allocation and disbursement of this fund, NOT  
30 LATER THAN ONE HUNDRED EIGHTY (180) DAYS FROM THE EFFECTIVITY  
31 OF THIS ACT.
- 32 (C) *Incremental Revenues from the Excise Tax on Alcohol and Tobacco Products.-*
- 33 [(1) Two and a half percent (2.5%) of the incremental revenue from the excise tax on  
34 alcohol and tobacco products starting January 2005 shall be remitted directly to the  
35 Philippine Health Insurance Corporation for the purpose of meeting and sustaining the  
36 goal of universal coverage of the National Health Insurance Program; and]
- 37 [(2) Two and a half percent (2.5%) of the incremental revenue from the excise tax on  
38 alcohol and tobacco products starting January 2005 shall be credited to the account of the  
39 Department of Health and constituted as a trust fund for its disease prevention program.]
- 40 ["The earmarking provided under this provision shall be observed for five (5) years  
41 starting from January 2005."]
- 42 "THE REMAINING BALANCE OF THE INCREMENTAL REVENUES  
43 COLLECTED FROM THE EXCISE TAXES ON ALCOHOL AND TOBACCO  
44 PRODUCTS FROM THIS ACT SHALL BE ALLOCATED TO FINANCE THE

1 UNIVERSAL HEALTH CARE PROGRAM, THE AMOUNT OF WHICH SHALL BE  
2 COMPUTED ON THE BASIS OF THE ANNUAL REQUIREMENT OF THE SAID  
3 PROGRAM AS DETERMINED BY THE DEPARTMENT OF HEALTH. THE FUND  
4 SHALL BE USED EXCLUSIVELY FOR THE FOLLOWING MEASURES IN  
5 PURSUANCE OF THE UNIVERSAL HEALTH CARE PROGRAM OF THE  
6 GOVERNMENT:  
7

8 A.) FINANCIAL RISK PROTECTION THROUGH EXPANSION IN NHIP  
9 ENROLLMENT AND BENEFIT DELIVERY - THE POOR ARE TO BE  
10 PROTECTED FROM THE FINANCIAL IMPACTS OF HEALTH CARE USE  
11 BY IMPROVING THE BENEFIT DELIVERY RATIO OF THE NATIONAL  
12 HEALTH INSURANCE PROGRAM (NHIP);

13 B.) IMPROVED ACCESS TO QUALITY HOSPITALS AND HEALTH CARE  
14 FACILITIES - GOVERNMENT OWNED AND OPERATED HOSPITALS  
15 AND HEALTH FACILITIES WILL BE UPGRADED TO EXPAND  
16 CAPACITY AND PROVIDE QUALITY SERVICES TO HELP ATTAIN  
17 MDGS, ATTEND TO TRAUMATIC INJURIES AND OTHER TYPES OF  
18 EMERGENCIES, AND MANAGE NON-COMMUNICABLE DISEASES AND  
19 THEIR COMPLICATIONS;

20 C.) ATTAINMENT OF THE HEALTH-RELATED MILLENNIUM  
21 DEVELOPMENT GOALS (MDGs) - PUBLIC HEALTH PROGRAMS SHALL  
22 BE FOCUSED ON REDUCING MATERNAL AND CHILD MORTALITY,  
23 MORBIDITY AND MORTALITY FROM TB AND MALARIA, AND THE  
24 PREVALENCE OF HIV/AIDS, IN ADDITION TO BEING PREPARED FOR  
25 EMERGING DISEASE TRENDS, AND PREVENTION AND CONTROL OF  
26 NON-COMMUNICABLE DISEASES.”

27 SECTION 8. ANNUAL REPORT- THE DEPARTMENT OF BUDGET AND  
28 MANAGEMENT, THE DEPARTMENT OF AGRICULTURE, THE PHILIPPINE HEALTH  
29 INSURANCE CORPORATION, AND THE DEPARTMENT OF HEALTH SHALL EACH  
30 SUBMIT TO THE OVERSIGHT COMMITTEE CREATED UNDER R.A. 8240 A DETAILED  
31 REPORT ON THE EXPENDITURE OF THE AMOUNTS EARMARKED THIS SECTION,  
32 ON THE FIRST WEEK OF AUGUST OF EVERY YEAR. THE REPORTS SHALL BE  
33 SIMULTANEOUSLY PUBLISHED IN THE OFFICIAL GAZETTE AND THE AGENCIES’  
34 WEBSITES.

35 SECTION 9. OVERSIGHT COMMITTEE - THE COMPOSITION OF THE  
36 OVERSIGHT COMMITTEE CREATED UNDER R.A. 8240 SHALL INCLUDE THE  
37 AGRICULTURE AND HEALTH COMMITTEE CHAIRPERSONS OF THE SENATE AND  
38 THE HOUSE OF REPRESENTATIVES, AS PART OF THE FOUR (4) MEMBERS TO BE  
39 APPOINTED FROM EACH HOUSE.

40 UPON RECEIPT OF THE AGENCIES’ ANNUAL REPORTS, THE COMMITTEE  
41 SHALL REVIEW THEM AND ENSURE THE PROPER IMPLEMENTATION OF THIS ACT  
42 AS REGARDS THE EXPENDITURES OF THE EARMARKED FUNDS.

43 SECTION 10. REVIEW OF TAX RATES UNDER THIS ACT - WITHIN 30 DAYS  
44 FROM THE OPENING OF CONGRESS REGULAR SESSION IN 2017, AND EVERY FIVE  
45 (5) YEARS THEREAFTER, AN INTER-AGENCY COMMITTEE SHALL SUBMIT TO THE  
46 CHAIRPERSONS OF THE HOUSE AND SENATE COMMITTEES ON WAYS AND MEANS  
47 AS WELL AS HEALTH, A STUDY ON WHETHER OR NOT A MODIFICATION OF THE  
48 TAX RATES UNDER THIS ACT IS IN ORDER, TAKING INTO CONSIDERATION THE  
49 HEALTH AND REVENUE OBJECTIVES OF THE GOVERNMENT, AS WELL AS ITS  
50 COMPLIANCE WITH THE RELEVANT PROVISIONS OF THE WORLD HEALTH  
51 ORGANIZATION FRAMEWORK CONVENTION ON TOBACCO CONTROL. THE

1 COMMITTEE SHALL BE COMPOSED OF THREE (3) REPRESENTATIVES EACH FROM  
2 THE DEPARTMENT OF HEALTH AND THE DEPARTMENT OF FINANCE AS  
3 MEMBERS, AND THE SECRETARY OF HEALTH AND SECRETARY OF FINANCE AS  
4 JOINT CHAIRPERSONS.

5 SECTION 11. *Implementing Rules and Regulations.* – The Secretary of Finance shall,  
6 upon the recommendation of the Commissioner of Internal Revenue, [and in consultation with  
7 the Department of Health,] promulgate the necessary rules and regulations for the effective  
8 implementation of this Act, NOT LATER THAN ONE HUNDRED EIGHTY (180) DAYS  
9 UPON THE EFFECTIVITY OF THIS ACT. THE RULES AND REGULATIONS TO BE  
10 PROMULGATED UNDER SECTION 6 HEREOF SHALL FORM AN INTEGRAL PART OF  
11 THE IMPLEMENTING RULES AND REGULATIONS.

12 SECTION 12. *Separability Clause.* – If any of the provisions of this Act is declared  
13 invalid by a competent court, the remainder of this Act or any provision not affected by such  
14 declaration of invalidity shall remain in force and effect.

15 SECTION 13. *Repealing Clause.* – All laws, decrees, ordinances, rules and regulations,  
16 executive or administrative orders, and such other presidential issuances that are inconsistent  
17 with any of the provisions of this Act are hereby repealed, amended or otherwise modified  
18 accordingly.

19 SECTION 14. *Effectivity.* - This Act shall take effect on 1 January 2013.

Approved,